

THE *Freeman*

IDEAS ON LIBERTY

JANUARY 1965

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THE *Freeman*

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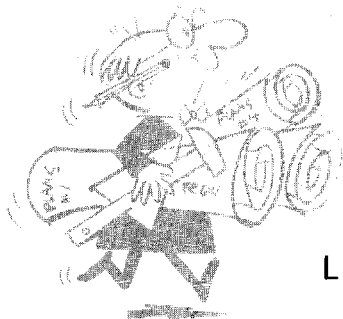
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LET'S **NOT** SAVE THE WORLD!

STATUS QUO is a Latin phrase meaning, in a modern translation, "the mess we are in." A great number of our contemporaries must understand it so, because never have so many persons and organizations come forward with such a variety of schemes for reforming other people and improving the world. This is the age of the Man with the Plan. The reformer, with his blueprints for social uplift, is in his heyday.

I suppose that I too would be classified by some as a reformer, for I travel around the country making speeches and taking part in seminars. And the gist of what I have to say is that, indeed, things *are* in bad shape, but that they might be improved if we ap-

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education, Book Review Editor of *The Freeman*, lecturer, and seminar discussion leader. This article is from an address before the Montreal Dental Club, October 28, 1964.

proached economic and political problems in a different spirit. If the distinguishing mark of a reformer is his yen to save the world, then I am not a reformer — in this sense. The principal reform I seek is the reformation of reformers! But I live close enough to the tribe so that many of them send me their literature.

Across my desk come the outpourings of many earnest souls, offering salvation to the world if only the world will embrace their particular panacea. The panaceas peddled by these folk come in all sizes and styles, ranging from world government to a low cholesterol diet. In between are the socialists, the land reformers, the money reformers, the prohibitionists, the vegetarians, and those who believe that the world is in the strangling clutch of a far-flung conspiracy of sinister men who operate anonymously behind the

scenes. As I read this material, I am thankful that the world has so far refused to let itself be saved on the terms each and every one of these reformers lay down. These people differ wildly among themselves as to the details and precise nature of the remedy; but they are in basic agreement as to the general pattern reform should take. Reform — as they understand it — consists of A and B putting their heads together and deciding what C should be forced to do for D. William Graham Sumner said something like this about a century ago, which means that this reformist mood has been with us for a long time.

People Are the Basic Ingredient

Every reformer, presumably, yearns for the good society — however much reformers might differ among themselves as to the earmarks of the good society and the appropriate means for reaching it. Each reformer is confident, however, that all we have to do is install his machinery and utopia will arrive tomorrow.

But in his preoccupation with the apparatus for making society over, the reformer omits one important factor from his calculations: he omits people. It is the people comprising a given society who make that society what it is, and it is they who distinguish it

from other societies made up of people of a different sort. Chinese society is unlike Hindu society; and how different is each of these from Western society as we know it in New York or Montreal! The characteristics of a given society are derived from the nature of its people; a society is warlike if its members are belligerent; an agricultural society is one in which people are farmers; a society whose members go down to the sea for trading or fishing is a maritime society; and so on.

It follows from this, that a good society is not to be achieved by any kind of social apparatus or political machinery, however elaborate; a good society is the happy by-product of good people functioning at par, and it comes about in no other way. If you have good people — defining “goodness” so as to include a modicum of intelligence — a good society follows automatically. But without the right kind of people, a good society is impossible.

A Parable

Let me, at this point, offer you a little parable. This story has to do with a bright boy of five whose mother took him to a toy store and asked the proprietor for a challenging toy for the young man. The owner of the shop brought out an elaborate gadget, loaded with

levers, buttons, coils of wire, and many movable parts. The mother examined the complicated piece of apparatus and shook her head. "Jack is a bright boy," she said, "but I fear that he is not old enough for a toy like this."

"Madam," said the proprietor, "this toy has been designed by a panel of psychologists to help the growing child of today adjust to the frustrations of the contemporary world: No matter how he puts it together, it won't come out right."

The world never has come out right, despite the best efforts of countless men, but this very fact incites every new generation of reformers to even more frantic applications of their esoteric cures. Utopians, dreaming of an earthly paradise, have drawn up their blueprints for a heaven on earth, but in practice, every attempt to realize a perfect society has resulted in an intolerable society. Newfangled heavens on earth—as exemplified in the totalitarian countries—resemble nothing so much as the old-fashioned hell.

My idea, on the other hand, is to seek—not a perfect society—but merely a tolerable one. If we cut our garments to fit the cloth and work toward a tolerable society, we may yet achieve it.

In other words, I am deeply distrustful of any and every "per-

fect" solution for social problems. Human life, as a matter of fact, is not a problem to be solved; it is a reality to be lived.

I am defining the reformer as a type of man who is determined to save the world, even to the point of disregarding the wishes of the people involved. His opposite number is one who believes that people have a right to live their own lives, and that when their lives are lived in a truly human way the good society will appear as a bonus or dividend.

Three Reformers

Reform is in the air in the modern world, and most of us absorb some of it through our pores by a kind of osmosis. The average man, whenever anything goes wrong, says, "There ought to be a law...." But the reformer mentality is best understood by examining several fully developed examples of this type of mind.

American politics for more than a generation has been dominated by the New Deal-New Frontier-New Republicanism psychology. As the proponents of this doctrine view the matter, society is to be masterminded by a political quarterback calling plays from Washington. Join scientific humanism to majoritarian political processes, they say, and achieve peace, progress, and plenty. One of the lead-

ers of the early New Deal Brain Trust was a professor of economics named Rexford Guy Tugwell, who poetically acknowledged:

I have gathered my tools and my charts;
My plans are fashioned and practical;
I shall roll up my sleeves —
make America over.

Somewhat earlier, there was the philosopher and educator, John Dewey. Dewey introduced many changes into the curricula of our schools; he is thought of as the godfather of progressive education and the classroom emphasis on adjustment to the group. But more fundamental than even these things, Dewey was a prime mover in the installation of a new *Weltanschauung*. John Dewey worked out a major reconstruction of philosophy, life, and society, and himself best articulated the new mood and temper which he championed. This new outlook, in his own words, "marks a revolution in the whole spirit of life, in the entire attitude taken toward whatever is found in existence." What is this revolution? It is "a change from knowledge as an esthetic enjoyment of the properties of nature regarded as a work of divine art, to knowing as a means of secular control. . . . (Nature) is now something to be modified, to be intentionally controlled. . . . Ideas are worthless except as they pass

into actions which rearrange and reconstruct in some way, be it little or large, the world in which we live. . . . Modern experimental science is an art of control."

Carry this matter back to the middle of the nineteenth century and we come to the man from whom so many twentieth century problems stem — Karl Marx. The determining factor for men, Marx wrote, is "the mode of production in material life." A man's very consciousness is determined by his social existence. "Men's ideas," he added, "are the most direct emanation of their material state." The logic of this is fantastic, for according to Marx's own statement, he himself is a mere mouth-piece for the material productive factors of 1859; Marx's mouth may frame the words, but his mind does not generate the ideas. The ideas come from "the mode of production in material life."

Marx does not stop here; he goes on to fashion an idol. Declaring himself an atheist, he excoriates those who do not "recognize as the highest divinity the human self-consciousness itself." This new mortal god has only one obligation to the world: Change it! Aristotle's god, the Prime Mover, derived esthetic enjoyment from contemplating the world he had made; and many philosophers, and ordinary folk as well, have enjoyed

the starry heavens and the glories of nature.

But if Marx were to have his way, such pleasures would be prohibited. "The philosophers have only *interpreted* the world in various ways," he wrote; "the point, however, is to *change* it." (1845) A contemporary of ours, Bertram Wolfe, writing critically of Marxism, gives us this interpretation: "History was to be given a new meaning, a new goal, and a new end in Time. . . . At last man would become as God, master of his own destiny, maker of his own future, conscious architect of his world."

From now on a kind of activism will take over in human affairs. Everyone is supposed to be doing something all the time. In the United States, if anyone wants to apply a withering epithet to Congress, he calls it "a do-nothing congress." We are so busy acting that we have no time for thinking. We don't much care where we are going, just so long as we can get there in a hurry. With the result that nearly everyone is afflicted with a bad case of the jitters. The mood of our time may be summed up in one word — disenchantment. The recurring theme of our literature is "alienation." Modern man, who should be the proud, upright lord of creation, has to be kept going by increasing doses of as-

pirin, tranquilizers, and psychoanalysis. We're in the position of the man riding a tiger; we don't like the ride, but fear we'll be worse off if we dismount. We know there's something wrong with us, but we've learned to live so well with our illness that we're afraid the cure would kill us!

Letting Things Alone

Well, what's the alternative? The journal with which I am associated is called THE FREEMAN. Between 1920 and 1924, the editor of THE FREEMAN was a unique personality named Albert Jay Nock. Associated with Nock was a group of young writers such as Suzanne LaFollette, Van Wyck Brooks, and Lewis Mumford. Someone remarked to Nock, "You've done wonderful things for these young people."

"Nonsense," said Nock, "all I've done was to let them alone."

"True," replied his friend, "but it would have been different if someone else had been letting them alone."

Letting someone alone is not the same thing as doing nothing. It requires great effort on the part of parents properly to let our children alone, so that they will grow up, not as carbon copies of ourselves, but as their own unique personalities.

Rightfully letting things alone,

in statecraft, is Edmund Burke's policy of "a wise and salutary neglect." But it is to medicine that we must turn for the clinching illustration of this technique.

Certain medical theorists of about a century ago examined the human organism and found it a crude contrivance of pipes, tubes, levers, and dead weight. This botched mechanism could be kept going only if someone constantly patched and repaired it. Writing of this antiquated medical theory, an historian says: "This held that the body was a faulty machine and Nature a blind worker. The student made an inventory of the body's contents and found, as he expected, some out of place, some wearing out, some clumsy make-shifts . . . and some mischievous survivals left over." Medical practice, based on this theory, was to interfere with the body's working by probing, operating, removing, and altering. The practice often proved disastrous to the patient!

Medical theory has changed in the past fifty years. The modern theory, according to the same historian, regards the body as "a single unit, health a general condition natural to the organism . . . and the best diet and regime, to live naturally." This new theory regards the body as a self-regulating, and for the most part, a self-curative organism. It need not be

interfered with except to repair or remove an obstruction that prevents the free flow of the healing power of nature. Medical or surgical ministrations do not create health; the body does that of itself if let alone.

The new outlook in medicine is summed up by the title of a famous book by Harvard professor, Walter B. Cannon: *The Wisdom of the Body*. I believe it was Dr. Cannon who introduced the concept of "homeostasis," the idea that the human body maintains all the balances necessary to health unless something interferes.

Freedom in Society

There is a striking analogy between present-day theories of health and the ideal of freedom in human affairs. The believer in freedom is one who has come to the realization that society is a delicately articulated thing, each part depending on every other. Hence, arbitrary interference with anyone's peaceable willed action not only diminishes the freedom of the person restrained but affects all other men in society. The attempt to masterplan society upsets the balance which every part of society naturally has with every other part.

Nearly everyone favors freedom in the abstract. Most intellectuals champion freedom of speech, aca-

demic freedom, freedom of the press, and freedom of worship. The only freedom which is everywhere under fire is economic freedom. Why is this? Following the analysis I have been using, it is self-evident that those who would deny men freedom in the market place assume that, in the absence of political controls, economic life would be chaotic. Karl Marx indeed did speak of the anarchy of the free market. The assumption, in other words, is that manufacturers would not produce the goods consumers want unless government stepped in and told them what to make, and in what sizes, styles, and colors. The assumption is that farmers would grow nothing but weeds and brambles unless crops were assigned and acreages allotted. The assumption is that the vast transportation industry — which can jet us across the ocean, take us by rail or bus wherever we want to go, provide us with millions of automobiles — would still be using wheelbarrows and the oxcart if government did not direct it. Merely to state these assumptions is to expose their absurdity, but we have to go one stage further in order to make the absurdity manifest.

What Is Economics?

Why is there economics, and what is the economic problem? On

the human side of the economic question is man, a creature of insatiable needs and desires but with only limited energy. On the other side of this equation is the world of raw materials. Very few things in their natural state can be used or consumed directly; human effort must be expended on them in the form of the work required to grow, manufacture, or transport them. Raw materials are scarce, relative to human demands for them, and finished products are even scarcer. And this means that there will always be unsatisfied human wants; people will always want more.

For a thing to qualify as an economic good, two requirements must be met: the item must be needed or wanted and it must be in short supply. Air, despite the fact that it is necessary to our lives, is not an economic good, for it is not in short supply; under normal conditions there is enough air for everyone and lots left over. But conditioned air *is* an economic good, even though it is not necessary for life but only ministers to our comfort. Conditioned air is in short supply, there is not as much of it as people want, merely for the taking, and so they have to pay for it; that is to say, they have to give up something in exchange for it.

Economics, then, is the disci-

pline which deals with goods in short supply; and the problem it faces is how to allocate scarce goods so as to best satisfy the most urgent human wants. The free market approach to this problem is to rely on the individual free choice of consumers, as manifested in their buying or abstention from buying. The buying habits of people form a pattern which tells entrepreneurs what to produce, and in what quantities, sizes, and so on.

This is the tactic of liberty as applied to the workaday world; this is the market economy, or the price system, and if government merely protects people in their productive activities, and in their buying and selling — protects them by curbing predation and fraud — the economic activities of man are self-starting, self-operating, and self-regulating. The free market is the only device available to men for allocating scarce resources equitably; its performance is so efficient and so intelligent that it has excited the admiration of those who have studied and understood its workings. Virtually every one of the charges that has ever been directed against the free economy proves, upon examination, to be aimed at a problem caused by some misguided political interference with the free economy.

In the United States, no one likes the term, socialized medicine, but there are many people — including some doctors — who support a thing called Medicare. The professed aim of Medicare is to increase the availability of medical and dental services, and Medicare seeks to do this by political interventions and subsidies. Now medical and dental services are in short supply, relative to the demand for them. This is to say that medical and dental services are economic goods, and — because they are scarce — a way must be found to allocate them. The free market is the only efficient and fair way to allocate scarce goods, and therefore the free market can be relied upon to furnish the greatest quantity of high grade medical and dental service at the lowest possible price, to a citizenry which has a great variety of other needs and desires to satisfy as well. Every political alternative to the market means a wastage of economic goods and resources; it means less for all.

An Orderly Universe

Examine any area of life you wish; events on the surface may not appear to exhibit a pattern, but dig deep and you find order, harmony, and balance. This is a *universe* we live in, not a *multiverse* or a chaos. The discovery of

orderliness in nature together with better means of cooperating with that order has resulted in the great progress of the natural sciences during recent centuries. The human sciences and the social sciences are somewhat more complex, and therefore we have a little more trouble in these areas. For thousands of years we have known what we *ought* to do in the moral and spiritual dimensions of our lives, but we find it difficult to perform as we should at this level. Man likes to think that he can "get away" with things, and so he ignores or defies the Purpose which manifests itself in and through the universe. The universe tolerates wayward man up to a point, but if man does not learn his own lessons from his waywardness, he is taught the hard way. "Things won't be mismanaged long," said Ralph Waldo Emerson.

Victor Hugo in his great novel,

Les Misérables, put the matter more dramatically. You recall his long description of the Battle of Waterloo and the downfall of Napoleon. "Why Napoleon's Waterloo?" Hugo asks. "Was it possible that Napoleon should gain this battle? We answer No. Why? Because of Wellington? Because of Blucher? No; because of God! Bonaparte victor at Waterloo — that was no longer according to the law of the nineteenth century. Another series of events was preparing wherein Napoleon had no further place. . . . Napoleon had been denounced in the infinite and his downfall was resolved. He bothered God. Waterloo is not a battle; it is the universe changing front."

And so I say, Let's not try to save the world! Saving the world is God's job; our job — yours and mine — is to make the world worth saving. ♦

IDEAS ON LIBERTY

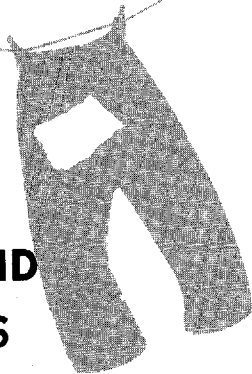
Hot and Cold

THE STURDY INDIVIDUALISTS in the country who resent any political interference apply for it every week. The manufacturers, whom I will call the sturdy believers in private enterprise, think Government ought to keep out of it, are with us every week or with the Tariff Board every week or with something or other every week.

There is hardly a section in the community today that does not in one breath protest its undying hostility to Government activity and in the next breath pray for it.

Australian Prime Minister, ROBERT G. MENZIES,
before the National Press Club in Canberra, September 14, 1964

LET'S *First* MEND TOMMY'S TROUSERS



W. A. PATON

A STORY that was one of my grandfather's favorites, and which he enjoyed embellishing with local color and varying details, needs retelling. The yarn, in a nutshell, was as follows:

Little Tommy was out on the street, very dirty and with both the knees and seat of his pants in tatters. A passing neighbor, noting that the youngster's condition was somewhat more disreputable than usual, complained: "For heaven's sake, Tommy, why doesn't your mother mend your trousers?" To which query Tommy replied cheerfully: "Oh, my mother is too busy

to do that. She's over at the parsonage sewing for the heathen."

The lesson to be learned from this miniature tale is quite obvious, but nevertheless seems to have been widely forgotten — along with many other pearls in our accumulated stock of common sense — at this juncture. The point to be made, of course, is the desirability of putting one's own house in order before tackling the chore of redding up either the place next door or a more distant establishment, at home or abroad. This bit of homely wisdom is age-old and is reflected in many familiar adages and admonitions that have come down through the centuries. "Let every man mind his own business" is the blunt and

Dr. Paton is Professor Emeritus of Accounting and of Economics, University of Michigan, and is known throughout the world for his outstanding work in these fields. His current comments on American attitudes and behavior are worthy of everyone's attention.

restrictive way that Cervantes (and doubtless others before him) put it.¹ Biblical injunctions in this area range from the pithy "physician, heal thyself" to the striking and unforgettable "cast out first the beam out of thine own eye, and then shalt thou see clearly to pull out the mote that is in thy brother's eye."²

A Man's First Duty

The view that self-improvement comes before trying to remake the other fellow certainly has substantial merit, and straightening out one's own thinking and developing one's own character are such difficult and lengthy undertakings as normally to require many years of effort and growth—a lifetime for a lot of us, with the task still unfinished at the end. In other words, only a few ever reach the stage where they are fully justified in "telling off" the folks whose ideas and actions they regard as objectionable. Not many are truly "called" to this task.

This is not saying that all teaching and preaching activities should

¹ According to Bartlett, from Lockhart's translation. The only statement along this line that I have found in my old copy of the *Adventures of Don Quixote*, a translation by Charles Jarvis, is the following: "Let everyone turn himself round, and look at home, and he will find enough to do."

² See Luke 6:41-42, for the complete parable.

be condemned. Family conduct is closely related to individual behavior, and parents have and should accept the major responsibility for guiding the actions and molding the attitudes of their children, as well as taking on the humdrum job of providing food and the other physical essentials. Many persons are reasonably competent to give instruction to young or old in specific subjects such as algebra or piano playing.

But when we turn to the broad fields of economics, politics, and morals (to say nothing of sociology, and the burgeoning array of satellite pseudo sciences dealing with human behavior), the number adequately qualified to teach—or preach—is painfully small. Anyone has a right to offer his services in these difficult and controversial areas, in a free market, but it is unfortunate when an educational structure develops which in effect compels high school and college students to suffer under continuous dosing by instructors who have little more by way of strings to their bows than zeal for "social reform."

Group Reformation

The lesson may also be readily applied to group policies and actions aimed at inducing other groups, by persuasion or compulsion, to change their ways. The

outstanding current example, of course, is the massive "foreign aid" program of the United States, which bids fair to become a permanent millstone on the neck of American taxpayers. How did we ever get this way? As one looks over the prevailing landscape in this country, and takes note of the conspicuous blemishes and blotches, it makes the sensitive person cringe with embarrassment when he considers the pose we have assumed of Santa Claus and mentor for the whole wide world. Yes, we have attained a high level of material well-being, but what else do we have to crow about, especially now that our constitutional form of limited government is on the verge of going down the drain and a large part of our structure of liberty — freedom to assume responsibility and make decisions — has been washed away by the tide of socialist intervention?³

And look at the daily reports of increasing crime, including many grisly and terrifying cases

³ Almost everybody, including most politicians, still give lip service to "free enterprise," but the plain fact is that American business is seriously hobbled by an ever-expanding network of restrictions, regulations, and interferences, especially at the Federal level, and the mechanism of the market, indispensable to a free economy, is limping badly and no longer giving effective guidance in the utilization of resources.

(fostered in part by the prevailing policy of coddling lawbreakers, by social workers and the courts); the senseless slaughter on the highways (more than a third of all Americans who die between the ages of fifteen and twenty-five are killed in automobile accidents); the widespread outbreaks of rioting and looting, uncontrolled for days at a stretch; the growing swarm of rude, disheveled, and otherwise obnoxious young people, to be found everywhere, and now conspicuously in evidence on college campuses; the contemptuous brushing away of moral standards, in all levels and sections of American life, including top governmental officialdom.

Strength Through Struggle

It's not a pretty picture, and as one contemplates the scene, he gets to wondering if affluence is superior to austerity as a condition for mankind, for the long pull. There is considerable evidence that the pinch of poverty has merit as a character builder. In climbing the slope and overcoming obstacles the human being often exhibits amazing courage, persistence, and resourcefulness. But when he gets to the top, has it made, he doesn't seem to know how to maintain either his energy or his integrity. At this stage he's inclined to forget the factors

required for material progress, and look to government, "Big Brother," as a means of securing him in the enjoyment of his gains to date and at the same time providing more and more for less and less effort. Can the race stand prosperity? is a truly basic question.

In any event, it is quite apparent that the astronomical hand-outs of more than one hundred billions abroad during the past twenty years have not won us either the friendship or respect of the handoutees. They take our money, and want more; but they don't like us and they don't change their political and social views and practices to conform to those we are supposedly trying to export. And possibly one reason Uncle Sam's give-away program is a flop is that he doesn't have his own house in order, doesn't set a good example.

The foreign aid program is political, widely publicized, even somewhat patronizing. There is much accompanying talk of "underdeveloped," "backward" nations. If the folks abroad, in Latin America, in Africa, and elsewhere, find this annoying and become nastily resentful (to the point, at times, of offering violence to the giver), it should not be surprising. Perhaps there is something to be said for the ideas and ways of

life of these "backward" peoples, including the remaining primitive tribes of the deserts, jungles, and forests, even if they lack automobiles, television sets, and central heating. Who are we to criticize and give way to the uplifting urge on the grand scale? Even if we assume that we are smart enough to run the other fellow's life as well as our own, isn't it a bit presumptuous to attempt this, particularly if the other fellow prefers to take care of his own affairs? Are we justified in interfering with the opportunity of others to realize the satisfaction that comes from accepting responsibility and climbing the slope in their own way?

The Helping Hand

Do these unfavorable comments on massive aid for the "heathen" abroad (and which are scarcely less applicable to governmental welfare programs and antipoverty drives on the domestic front) aim in the direction of condemnation rather than praise for the somewhat instinctive urge to lend a helping hand to a fellow man in distress? Was the Samaritan of the famous parable on the wrong track? Having spent a substantial number of years of my life in a primitive farm community, where the helping hand was much in evidence, in the form of par-

ticipation in barn raisings, husking bees, threshings, and so on, as well as in connection with specific accidents, fires, and other misfortunes, I can't escape the conclusion that there are circumstances under which the individual may properly render assistance to neighbors — and strangers, too — and to that extent interfere in their affairs.

I recall the time that I was driving the nine-mile trip to town with a team and bobsled, hauling a 5,000-pound load of baled hay. Snow was deep on the road, and there had not been much traffic since the last fall. As a result, probably, of a mite of careless driving, a runner went down in a soft spot and all the bales of hay, and myself, left the rack and were piled up every which way in the deep drifts along the road. Reloading 200-pound bales under these conditions is difficult, and I was much pleased when Irving Abbott drove up behind me and helped mightily with advice and muscle. (In this case, Irving wanted to get the road unblocked as well as to help me out.)

Six Suggested Requirements or Limitations on Aid

Giving counsel or other assistance is ticklish business, and if aid is to be constructively helpful, without bad side effects, there are

severely limiting factors to be observed. First, aid should generally be on an individual rather than a group basis (although private association activity need not be ruled out); second, it should be strictly voluntary, not given at the point of a gun or under compulsion by government; third, it should be welcomed, if not actually invited, by the recipient; fourth, it should be related to specific difficulties and distresses (such as the personal example just recounted) and should not become continuing, habitual; fifth, wherever practicable the kind deed should be in the form of the needed service or goods (for example, helping a neighbor to repair tornado damage to his home, or providing emergency shelter); sixth, in general the giver of aid should be in close contact with the distress he is trying to relieve, or at least be familiar with the facts. Under these specifications the helping hand can be defended. But aid so restricted is a far cry from contributions to all sorts of domestic or distant "reform" and "welfare" programs and causes, about which the giver has no firsthand or dependable information as to nature or accomplishments. Aid to others in this framework, moreover, is completely at odds with massive and continuing programs of grants at the political level, for which we

are compelled to dig down in our pockets to provide the funds.

The inherent obligation of each individual, to sum it up, is to improve himself intellectually, technically, morally, to the utmost of his ability, and provide service to his fellow men primarily through the process of voluntary exchange, on the free market if such an institution is available. He should not become so preoccupied with the faults or the wants of others, real or fancied, as to forget his

own limitations, and that charity begins at home. At the same time he should be glad to lend a helping hand on occasions where temporary assistance is clearly needed and will be welcomed. But he should always remember that every man deserves the precious opportunity to assume responsibility for his own course, whether he is swimming courageously upstream or paddling lazily, with plenty of company, in the other direction. ♦

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DEAN RUSSELL

IT IS OFTEN CLAIMED that "capital" has an advantage in bargaining with "labor" because capital can move easily from one place to another while labor must stay put.

In truth, however, the reverse of that tired old cliché is more in harmony with reality. For the issue is *not* capital in the form of dollar bills but capital in the form of factories and machines. And

factories are not quite as mobile as factory workers.

It is true that there have been cases of factory machinery being dismantled and moved from one state to another. But this is so rare that the event is headline news — and the union leaders immediately demand a law to prevent the machinery (and the owners) from "escaping."

Meanwhile, millions of workers shift around happily every year.

That story is partially told in the following two statements from the book, *Economic Forces in the U.S.A.* (Department of Labor, Bureau of Labor Statistics, sixth edition, 1960): "Between March 1957 and March 1958 about 33 million people, a fifth of the whole population, moved from one house or apartment to another. Over 5½ million of them (3 per cent of the population) moved out of one state into another." (page 16) Thus, it is obvious that *moving as such* presents no particular problem. But what about changing jobs?

"It has been estimated that with an average of about 68 million persons in the labor force (economically active) in 1954, roughly 100 million shifts, either into or out of the labor force, or between farm and nonfarm jobs, took place. If an additional 70 million job changes occurred within farm and nonfarm employment, then a total of 170 million moves were made in that year—a ratio of over 200 per cent of the average labor force." (page 31)

And still it is claimed that "labor" is at a disadvantage in bargaining for wages with "capital" because capital can move while labor can't!

During the past 30 years, I have lived for longer than one year in each of six different states and two foreign countries. And I have

changed jobs at least ten times. During the last three decades, how many times have *you* changed jobs or moved from one place to another? We Americans are a moving people.

Even in those cases where it would be a considerable hardship for a worker to quit his job and move to another state to search for a new job, he still isn't at any disadvantage in bargaining with his employer for higher wages. For to whatever extent a threat to move can cause wages to rise, that service is done anyway by the workers who can move and are quite willing to do so. They are the ones who make sure that the highest possible wages are paid to all, including even those who would rather take a cut in pay than to move.

As long as the market remains free, this situation necessarily must continue for all industries and all workers. For it is only in a controlled economy that men are forbidden to move and to shop around for better jobs. And thus it is only in a controlled economy that workers are at a disadvantage in bargaining with their employers.

On this issue of mobility, clearly, it is labor (not capital) that still has the advantage here in the United States. ◆

Is
the
UN
Really
NECESSARY

?

WILLIAM HENRY CHAMBERLIN

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THE UNITED NATIONS has been and is the recipient of an enormous amount of propaganda ballyhoo, official and unofficial. Its supposed virtues and merits are trumpeted from the housetops; criticism of its numerous failures and structural defects is hushed and muted. Universities, churches, civic organizations are pressed into service in the UN cause. As a result, there has been created among the American people a widespread image of a universal organization serving the purposes of peace and justice and entitled to maximum individual and national support.

The truth, as a very concise survey of the indisputable facts of the UN record shows, is quite different. There have been a number of small wars and still more threats of war since the UN was established almost twenty years ago. Its influence on these wars and threats of war has been negligible, if not nonexistent. If only because of the tremendous risk of self-annihilation involved in a major conflict in the nuclear age, there is no reason to suppose that any big war would have taken place if the United Nations had not been brought into existence. Should some future would-be

world conqueror decide to take the risk of unleashing such a conflict, the disapproval or censure of the United Nations, proved impotent in so many cases, would be the least of his worries. Those who still live in a dream world of euphoria about the United Nations and its achievements would be well advised to read the chapter, "Paul Bunyan and the United Nations," in the recently published tart, realistic book on international affairs by retired American diplomat, John Paton Davies.¹ To quote some of the more pungent paragraphs:

"The UN . . . is an arena of conspiracy, petty intrigue, and bombast. Some conflicts of national interest may be resolved in the UN, but many are inflamed and spread from local or regional disputes to worldwide proportions.

"The level of irresponsibility in the UN will continue to rise with Dr. Jagan's Guiana, Red China and more freshly cut-adrift colonies in prospect for membership . . . The more, perhaps, the merrier, but not, perforce, the wiser.

"Many of the new statesmen frequenting the UN, prominent among whom were Alex Quaison Sackey, Raul Roa, Sukardjo Wir-

jopronato, Dondogyo Tsevegmid, and Vengalil Krishan, Krishna Menon, were enthusiastic practitioners of busybody diplomacy . . .

"It is sometimes contended that the UN plays an indispensable role as a seminary in which immature nations can be tutored to stay out of mischief and fit themselves for our kind of international society. This view glosses over the competitive tutelage by the Communists, the presence of mature delinquents in the UN and the depth of antipathy to our kind of society in the immature nature. In any event the artificial environment of the UN is a poor cram course for international realities."

Look at the Record

Perhaps the best means of testing the efficacy of the UN's supposed role as a keeper of the peace is to run over the more serious international crises and conflicts that have occurred since it was organized and recall what it did, or, far more often, failed to do, in each.

1948-49. The Soviet blockade of all routes of rail, road, and water access to West Berlin, designed to force the Allied powers to quit the city by creating conditions of mass starvation. The blockade was countered and finally broken by the American-

¹ *Foreign and Other Affairs* by John Paton Davies, Jr. (New York: W. W. Norton Co., 1964).

British airlift, supported by the enthusiastic cooperation of the population of West Berlin, which gladly put up with temporary hardship rather than fall under communist tyranny and slavery. If there was any official protest from the UN against this inhuman effort to starve a large city into submission the fact has escaped the historical record.

June, 1950. A North Korean army, completely outfitted and supplied with modern weapons by the Soviet Union, crossed the 38th Parallel and invaded South Korea, massacring all known anticommunists as it advanced. This time, due to the accidental circumstance that the Soviet representative was boycotting sessions of the Security Council and was unable to cast his veto, the Security Council was able to authorize resistance, of which about 98 per cent of the burden in lives and treasure fell on South Korea and the United States. Small units from Great Britain, France, Turkey, Greece, and a minority of UN members fought creditably in Korea. But, by and large, it was a UN war and a U.S.-South Korean fight.

And against the help supplied by a few UN member states must be set the backseat driving and interference with strategic necessities which would not have oc-

curred if the United States had been fighting the war independently. One need only recall the failure to bomb the bridges over the Yalu River over which Chinese forces poured after the North Korean army had been thoroughly shattered, the rejection of Chiang Kai-shek's offer to send Chinese nationalist troops to Korea, the rejection of General MacArthur's proposals to blockade the coast of mainland China and bomb selective targets in China after the Chinese intervention was an accomplished fact. Most of the UN member states, notably India, seemed more afraid of victory in Korea than of having the American effort there end in frustrated stalemate.

1956. Hungary and Suez. Almost simultaneously, the Soviet government, by massive military intervention, overthrew the legitimate government of Hungary; and Israel, from one direction, and Great Britain and France, from another, invaded the territory of Egypt. The Israeli attack followed a series of incursions into Israel by guerrillas organized on Egyptian soil and the Anglo-French military move was in reaction to Egyptian dictator Nasser's nationalization of the Suez Canal, in which most of the stock was held by French and British citizens.

On Hungary, by far the more flagrant and unprovoked of the two breaches of the peace, the UN did absolutely nothing, apart from serving as a forum for some critical speeches. In the case of Suez, a United Nations security force was sent to patrol certain sensitive areas along the Israel-Egyptian frontier. But the fighting ceased because the British and French withdrew under the combination of diplomatic and economic pressure from the United States and threats from Moscow.

1958. Red Chinese bombardment of the offshore islands of Quemoy and Matsu held by the Chinese Nationalists. UN action, nil. The Nationalists maintained — and still maintain — possession of Quemoy and Matsu mainly because the American Secretary of State at that time, John Foster Dulles, refused to be bluffed and intimidated by Red Chinese shells and an accompanying barrage of fainthearted articles by frightened commentators in the United States into putting pressure on Chiang Kai-shek to evacuate. Quemoy and Matsu, written off as “indefensible” by advocates of appeasement who suddenly turned into armchair military strategists, easily withstood the effects of the bombardment, which tapered off into a token operation.

1960. The Congo. The premature Belgian abandonment of political responsibility for this vast rich area of Central Africa — inhabited by illiterate primitive native tribes quite uncontrollable by the few half-educated native politicians in the cities — created a chaotic vacuum in which first Soviet, later Chinese, communism sought to create conditions for a take-over. So complete was the breakdown of elementary conditions of normal life, following the wholesale mutiny of the ragtag and bobtail armed forces, that even the first left wing “President” of the Congo “Republic,” Patrice Lumumba, called for UN aid in restoring law and order and making it possible for public service to operate. For almost four years a UN military force, recruited from Sweden, Ireland, India, and some African states, was operating in the Congo; and the UN assumed wide advisory functions in civilian administration and economic life.

The whole venture ended in political, moral, and financial bankruptcy, mainly because the political directions which were voted by the UN General Assembly reflected the ultranationalist views of African and Asian member states, not the realities of the chaotic Congo. It would take too long to reconstruct the whole

murky story of Congo farcical politics, tribal feuds, intrigues, and bewildering shifts of leading government figures.

But the UN got involved in senseless feuds with the two most constructive forces in the Congo: (1) Moise Tshombe's orderly bi-racial administration in Katanga, which protected Europeans and made it possible for the copper mines and other industrial enterprises to function smoothly; and (2) the Belgian technical specialists who were willing to continue serving in the Congo if they could receive elementary assurances of personal security, who were thoroughly acquainted with the country and its ways, and who were desperately needed if essential health and transportation services were to be kept in operation and the Congo was to be saved from a lapse into its original barbarism. The result was that, although some UN experts rendered valuable service, the balance-sheet of UN intervention was far from positive. When the last UN forces left the Congo the situation was little, if at all, more orderly than it had been when they took over.

The grossest misuse of the UN force was to attack and overthrow Tshombe's administration in Katanga. It was indeed a sorry day in December, 1962, when simultaneously the UN forces battered

their way into Elizabethville, capital of Katanga, and the United States advanced a large loan to the brash anti-Western dictator of Ghana, Nkrumah, who had been making all the mischief in his power in the Congo, following the abdication of Belgian power. There was a final touch of irony when Tshombe, vilified and denounced by all the propaganda resources at the disposal of the UN and also of the United States, took over the central administration of the rickety Congo government and was accepted in Washington as the man most likely to create some semblance of unity, peace, and orderly conditions in his distraught country. So — although, in contrast to the usual record of inaction in the face of threats to peace, there was UN action in the Congo — the course and result of this action give little ground for hope that this conglomerate organization of nations with widely differing forms of government, economic and social systems, and degrees and standards of education can successfully guide such a difficult and complex enterprise as the reconstruction of the Congo.

1958-62. The off-and-on Soviet threat to the independence and security of West Berlin. This was a continuing and potentially very

serious threat to freedom and to international peace. In November, 1958, Soviet dictator Nikita Khrushchev, perhaps intoxicated by Soviet successes in space exploration, gave a six months time limit for the withdrawal from West Berlin of the small American, British, and French forces which are the guaranty of the independence of West Berlin, an island in the surrounding sea of the Soviet Zone. This time limit was subsequently canceled, then reimposed, and put off again. What the UN did, even in words, about this real and constant threat to peace in Berlin was precisely nothing.

1962. There was an even more dramatic confrontation, with possibilities of nuclear conflict, in Cuba in the autumn of 1962. Khrushchev smuggled a considerable number of Soviet intermediate range missiles, capable of devastating American cities, into Cuba. The United States government imposed a naval blockade and was prepared to resort to stronger measures to get the missiles — which Khrushchev probably intended to use for blackmailing purposes on the Berlin issue — removed from Cuba. After a tense few days the Soviet dictator backed down and consented to remove the missiles. And this also marked — at least for the next two

years, until Khrushchev's fall from power — the end of the Soviet-provoked Berlin crisis. The firmness which the United States showed on the issue of Soviet missiles in Cuba finally convinced Khrushchev that he could not force the Western powers out of West Berlin without risking a major war.

It is interesting and significant to note that in the ultimate showdown over the Cuban missile threat the UN made no contribution to a settlement. The American people had to rely on the purpose, strength, and firmness of their own government. It is also worth remembering that the UN never uttered a peep of censure or protest against the erection of the notorious wall which cut the city of Berlin in two, separated from each other members of thousands of families, and was repeatedly the scene of acts of revolting cruelty when armed guards shot down East Germans making a desperate attempt to escape to the liberty of the West.

Another violation of peace in the autumn of 1962 was the Red Chinese invasion of India. That country had been one of the most persistent advocates of neutrality, of nonalignment between East and West. In season and out of season India had urged the admission of Red China to the UN. But when

Red China made this rather ungrateful return for India's good offices, India had to look for help to the United States and Great Britain, not to the UN.

Other acts of violence and aggression on which the UN has not uttered even the mildest protest or condemnation are India's forcible seizure of Goa in 1961, the Indonesian annexation of West New Guinea, preceded by landing of troops in the area, and the current guerrilla war which the Indonesian dictator Sukarno is waging against Malaysia.

A False Image

American public opinion has been deluded long enough about the nature and possibilities of the United Nations. A false image has been created of an organization with an independent personality of its own, which it is the duty of the United States to support and strengthen as an effective shield of international peace. But it is nothing of the kind. Over 100 Soviet vetoes prove that the UN, even if it desired, could take no effective action against any aggression, direct or indirect, which the Soviet Union might favor. Moreover, the present UN, now swelled to more than double its original membership, largely because of the proliferation of new independent African and Asian

states, many of them minuscule in population and resources (Africa is absurdly overrepresented because of the fragmentation of the French colonial empire into a dozen minor principalities) is more and more dominated by a spirit of have-not neutralism.

About the only resolutions for which a majority is certain in the UN Assembly are intemperate denunciations of "colonialism" (so long as this is not of Soviet or Chinese origin), appeals for all-out disarmament, with no provision for necessary safeguards, and expressions of the belief that the rest of the world owes the "under-developed" areas a living.

The UN Charter envisages the Security Council, composed of five permanent and six nonpermanent members, as the strong executive right arm of the organization. But a paralyzed right arm is of little value. And what common purpose can be expected from a Security Council now made up of the United States, the Soviet Union, Great Britain, France, Nationalist China, Bolivia, Brazil, Czechoslovakia, Norway, Morocco, and the Gold Coast, the last one of the little splinters of the French colonial empire? Obviously, none at all. And conflict and diversity of viewpoints explain why the Security Council has accomplished virtually nothing during the last

two decades. The United Nations does not live up to its name. As an association of profoundly divided nation states its deliberations and resolutions often suggest the Biblical Tower of Babel.

The Present Alignment

In the UN as now composed it would be impossible to count on even an adverse vote of censure, much less on any positive effective action against aggression directed from Moscow or Peiping. On the other hand, there is serious danger that undue respect for UN resolutions on such issues as the conduct of the South African government and the settlement of the status of Southern Rhodesia could draw the United States into actions which are contrary to its best interests.

The attempt to place the authority of the United Nations behind acceptable statements of principle has been unsuccessful because of the basic incompatibility between communist and free society ideals. A UN proposed convention on freedom of the press and information came out so badly that the United States felt obliged to withdraw its support. The point was that communist-ruled states regard freedom of the press and all other freedoms as privileges, to be granted or withheld at the discre-

tion of an absolute state, while the framers of the United States Constitution upheld the principle of man's natural, God-given rights, which no government may lawfully deny or abridge.

There is every likelihood that on such issues as crusading anti-colonialism, share-the-wealth projects, and unsound disarmament schemes the United States may find itself in the embarrassing position of being outvoted in the UN Assembly. In view of this possibility, in view of the proved incapacity of the United Nations to serve as an effective deterrent to wars and threats of war, advocacy of "strengthening" the organization makes little sense.

Small wars and internal disturbances have occurred in many areas, in Cyprus, in Yemen, in Vietnam, along the Chinese-Indian border, in Algeria, and the Congo, to mention only a few. And the United Nations has displayed no ability to stop these. Nor has it been a factor in warding off the occasional threats of bigger conflicts. It is a fifth wheel in international relations. America's best security against blundering into war or having war forced on it by an insatiable aggressor remains just what it has been in the past: the power of its armed forces, the stability and validity of its alliances, the firmness, skill,

and intelligence of its diplomacy. The United Nations can accomplish nothing that old-fashioned diplomacy cannot do better, if only because of the absence of the play of Klieg lights on the latter proceedings.

The UN has received such a propaganda build-up that it would probably not be practical politics to recommend outright American withdrawal, except in response to some gross affront to the American moral sense, such as the admission of Red China to member-

ship. If such a contingency should loom, it would be wise and appropriate for the United States government to make it clear that there is one UN seat Red China can have any time: ours.

Barring any such challenge, the most suitable policy would be that of disengagement, of realistically downgrading the importance of an organization where there is such a divorce of power and responsibility, where Upper Volta votes in the Assembly on equal terms with the United States, the Soviet Union, and Great Britain.



LIFETIME JOB SECURITY

RECENTLY the head of one of America's largest labor unions came up with an old idea — that corporations should guarantee lifetime job security to workers. This idea is certain to appeal to many people because it sounds like a worthwhile and humane goal — but this suggestion is based on a false idea. Then there are also some

hidden implications that run contrary to the course of events.

First, why *is* the idea of lifetime job security, guaranteed by a corporation, built on a sandy foundation? Simply because a corporation, regardless of size, does *not* have the economic power to fulfill such a guarantee. From an economic standpoint, an employee doesn't retain his job at the discretion of the corporation — but,

rather, at the discretion of the corporation's *customers*.

In other words, while a worker's paycheck is handed to him *by* the corporation, it doesn't come *from* the corporation. All wages come *directly* from consumers who buy what the corporation offers for sale. If customers stop buying, wage and other expense monies stop coming in — and all the good intentions or guarantees in the world won't enable a corporation to keep unneeded employees on the payroll. There just isn't enough money in the till to do so. In short, since consumers hold life or death power over all jobs, *only they* are able to guarantee job security — and this they won't do!

And why won't they? Consumers won't guarantee you *your* job, or me *my* job because the only guarantee *they* have of getting the most for *their* money is their freedom to shop. This is called the "discipline of the free market." And, if we think about it, we wouldn't have it any other way — because we, in the final analysis,

are consumers ourselves. We work to fill our wants; and when we fill our wants, we consume.

Second, what about the hidden implications mentioned above? The most obvious is that, to gain the greatest degree of job security from consumers, employees must readily submit to consumer demands. But consumers don't impose their demands on employees *directly*, they do it through *employers*. Since this is so, the best way employees can meet consumer demands is to allow their employer, the corporation, as free a hand as possible in meeting consumer demands. This calls for a high degree of flexibility in areas of cost control (of which wages are a part), work rules, and others too numerous to mention. Employees who thus cooperate with their employer in wooing the consumer dollar will come closest to winning lifetime job security. In short, workers will be wiser to look to the *consumer*, the real source of job security — not to the corporation. ♦

"THE ONLY STANDARD today is the pleasure of the hearers no matter what sort of men they are, but those are blind who have no clear standard, and the divine is the eternal measure."

ON *Freedom*

AND ORDER

LEONARD E. READ

MY PURPOSE in this essay is to throw some light on an important but obscure argument concerning the orderly nature of the free market economy. Unless the point is understood, the free economy stands in danger of extinction. But if the point is to be clarified, it must first be isolated from the general confusion that attends the fear of chaos and the desire for order.

Most of us claim an affinity for freedom; but if given a choice between a freedom suspected of chaos and a regimentation assured of order, we would choose the regimentation. We instinctively fear and detest the opposite of order which is chaos, and for a good and compelling reason: man cannot exist unless nearly everything in his life situation is orderly, that is, unless a vast majority of expectations can be taken for granted and counted on to materialize.

Man's existence requires a fairly dependable level of order.

For example, man could not exist if he could not count on oxygen in the next volume of air he inhales or if he could not confidently expect Old Sol to rise on the morrow. Were there any doubt about the continual rhythm of these events, the doubt alone would do him in. Or let only minor mishaps intrude themselves into the autonomic nervous system — which, beyond conscious effort, controls heartbeats, breathing, glandular and countless other bodily activities — and man's earthly days are over. Man is a nervous animal and one of the conditions of survival is a dependable, orderly sequence of things to come.

Nor need we limit our observations to the necessity for orderliness in nature or in man's person; also required is an orderly social environment so that man can

know what to expect, within limits, from his fellow men. Suppose, for instance, that no one could be counted on to keep his word, that promises were meaningless, that capriciousness in everything were the rule: buy a can of beans only to find it filled with mud; hire workers who refuse to work; contract one price and get charged a higher price; earn a livelihood that is subject to confiscation at anyone else's pleasure; act peacefully but with no security of body and limb; and so on and on. Man can endure but little of this; he can't cope with life at sixes and sevens, with many things in the realm of uncertainty. And because of this he will pay almost any price — even his freedom — for certainty, for order. Indeed, when confronted with but a modicum of chaos, he will accept with alacrity numerous variations of the goose step, those constraints which minimize uncertainties and thus give him the semblance of order.

But most of these "goose steps" which give a semblance of order such as controls of prices, wages, rents, hours of labor, or "planned" production and exchange — economic freezes, one might say — are not, in fact, order. On the contrary, these rigidities are examples of chaos and of interference with men's choices and expectations.

"Where We Want to Be"

The truth is that order and chaos in the economic realm are the reverse of what is generally supposed to be the case. It is doubtful if anyone could more strikingly phrase this common confusion than was done by one of our country's most powerful labor officials. He wrote:

Only a moron would believe that the millions of private economic decisions being made independently of each other will somehow harmonize in the end and bring us out where we want to be.¹

If "where we want to be" is under a dictatorship, this statement about the market might make sense. Otherwise, this evidences an utter confusion as to the nature of man and the nature of the market.

Analogous to the labor leader's "millions of private economic decisions" are the "millions" of creative decisions within each human being, such as: 1,000,000,000,000,000,000,000,000,000 atoms of numerous configurations; some 30,000,000,000,000 cells; bone marrow producing 1,000,000,000 new red blood cells every 60 seconds; each kidney having some 5,000,000 complex glomeruli; a diencephalon, a portion of the brainstem that acts independently of con-

¹ See *The New York Times*, June 30, 1962.

sciousness; a cranium filled with nerve tissues having a seemingly unlimited supply of neuroblasts — unfinished nerve cells — which can, with conscious effort and other disciplines, be transformed into functioning neurons. Such enormous, utterly staggering phenomena of man's composition — “fearfully and wonderfully made,” unfathomable to our finite minds — appears as chaos. These trillions upon trillions of data, about which we have but the dimmest notions, can easily tempt one to conclude: “Only a moron would believe that these will somehow harmonize in the end and bring us out where we want to be.”

These phenomena are not chaotic as they appear to be but, instead, are an order of creation we cannot comprehend. For they do harmonize and bring us out where we want to be: a human being, the most amazing example of order within our awareness.

Of Markets and Men

Order, I suspect, is never the product of chaos; it would seem that only order can beget order. And I firmly believe that this rule applies as much to the market as it does to man. True, we do not seriously question the point as it relates to man; we are so dumb-founded by the mystery of life that we readily concede that only

God can make a tree — or a man. But there is all too little of this faith and humility as it concerns the market. Here, when we witness millions of economic decisions made independently of each other, we will, if not perceptive, call them chaos; whereas, in fact, we are viewing an order the complexity of which cannot be brought within our limited grasp. What we lightly pass off as chaos is but a reflection of our failure to comprehend.

Take only a casual look at our economic world. Visit Russia, Red China, Cuba, East Germany. Like our labor official and many of our educators and business “leaders,” these unfortunate people do not understand how millions of decisions made independently of each other could possibly harmonize in the end and bring about efficacious results; that is, their minds, deficient in awareness, sensing only chaos in the complex data of the free and unfettered market, proceed to bring “order” out of it. How? A Mr. Big takes over and substitutes his one-source decisions for the millions of decisions that would otherwise be made independently of each other. But observe that one man's orders bring about everyone's chaos, as deadening in the end as if he himself were to take over the forces that make him a human

being. He can no more mastermind market data than he can the data of his own being, that is, without disaster.

A Housewife's Nightmare

Unfortunately, the chaos brought on by one-source decisions — dictatorship — is seldom thought of as chaos once the subjects have endured it for a short time. Like wild animals placed in zoos — as soon as the shock of contrast is over — the subjects come to think of their fetters as more a part of ordered than chaotic life. But let an American housewife, for instance, accustomed as she is to an economy in which decisions are made more or less independently of each other — where the free market is approximated — awaken suddenly to a Russian, one-source-decision situation: the larder bare, no telephone, no car, no taxi available, standing in line hours on end only to find a scrap of this or that for her family; freedom of expression, of writing, of religion denied; a suppression of desires, aspirations, ambitions. What a shock such a sudden contrast would evoke! Mrs. America would, indeed, be conscious of an unbelievable chaos; she would correctly conclude that a great deal of order had been removed from her life situation.

The more a country's economy

is politically ordered or "planned," the more chaotic is production and exchange. Conversely, the freer the market — that is, the greater the extent that economic decisions are made independently of each other — the more order there is in production and exchange. Try making purchases in Havana and then try in Chicago or Keokuk. You will have little doubt as to where the order is. Or if it be argued that Cuba hasn't had time to "make socialism work," then compare experiences in Moscow with Hong Kong. Russia has been at it for nearly half a century! Also bear in mind that the chaos which is manifest in the Moscow market place must have its origin in chaos: a one-source-decision apparatus; that the order which is manifest in the Hong Kong market place must have its origin in order: millions of economic decisions made independently of each other.

The Nature of Things

Order is not necessarily characterized by things in a static, motionless relationship, as is so often thought. Take, for instance, heavenly bodies: *motion in relation to one another is of their nature*; they manifest order only when orbiting. Were they to behave contrary to their nature, that is, were their swift flight through the void

to halt, cosmic chaos would result.

Now, reflect on neat rows of cemetery headstones. As distinguished from heavenly bodies, *a static, motionless relationship of each to the others is of their nature*. Were these headstones to go into motion or orbit, a behavior contrary to their nature, we would observe the contrary of order: chaos!

These observations are meant to suggest that it is the frustration of the nature of a thing that spells chaos — order consisting of what is in harmony with a thing's nature. What is order in one instance might be chaos in another. The nature of the thing prescribes the characteristics of the order and the chaos peculiar to it.

The Nature of Man

Consider the nature of man. The Greek philosopher, Heraclitus, amusingly oversimplified it when he suggested that man is on earth as in an egg; that he cannot go on forever being a good egg; that he has to hatch or rot. Man's nature, as distinguished from that of other animals, is to evolve, to emerge; it is to grow in consciousness, awareness, perception; it is to make strides as a rational animal and, eventually, to make choices with intelligent discrimination and, to some extent, to will his own actions. Men — potentially,

at least — must be included in creative phenomena and any thwarting or frustration of this, his sensitive and spiritual nature, must induce chaos. The man-imposed goose step in its social, political, and economic versions — the headstone kind of static, motionless order — is the antithesis of any order that has to do with expanding consciousness.

Man, in the light of his destiny, is not a static organism. This is unthinkable. Furthermore, the free and unfettered market is but the unfrustrated economic manifestation of man's creative, emerging, spiritual dynamism. Man enjoys freedom only if he be free to act. This is self-evident; it needs no proof. Thus, it follows that man can be free only if his peaceful, creative actions are not aborted. This is to say that man can be free to emerge in the direction of his destiny only if his market — economic expressions of men — be free. The free market, founded on economic decisions made independently of each other and resting, as it does, on common consent, is consonant and in harmony with freely acting man. Dynamism, in this context — moving, flowing, creative, kinetic energy — is as much a characteristic of the free market as it is of the individual human being, man and his market being but two parts of a

whole: this dynamism is of the nature of each. Order in either case — man or his market — exists only as this dynamism, showing forth peacefully and creatively, finds unfrustrated expression. Any man-imposed goose step must breed chaos just as surely as if some human dictator were to stop the heavenly bodies in their orbits.

In the above I have tried to suggest that we must look to the nature of a thing to determine what is order and what is chaos. Whenever we impose the headstone variety of static, motionless order to man and his market, that is, whenever we substitute one-source decisions for millions of decisions made independently of each other, we get chaos for our unintelligent pains. *And it is axiomatic that freedom must disappear as we practice the error!*

The Miracle of the Market

To illustrate the mysterious order of the free market, think of any one of a million goods or services: corn flakes, atomizers, hats, automobiles, radios, TV sets, telephones, machine tools, computers, illumination, and so on, things that are left more or less to countless decisions made independently of each other. Millions upon millions of tiny think-of-thats, little creativities, individual acceptances and rejections, whims,

likes and dislikes — forces too numerous ever to recount and which appear as chaos but are, instead, complex order — miraculously combine to form the fantastic order of these artifacts by which we live. Observe that the order of these is so perfect, their production and exchange and their demand and supply so nicely balanced, that we take them as much for granted as we do the air we breathe. Never a second thought! No argument! And, further, the very fact that an automobile, for instance, is an orderly mechanism is testimony in itself that it originated out of order, not out of chaos.

Now, reflect on those goods and services no longer entrusted to the millions of economic decisions made independently of each other in a free market but delegated instead to one-source governmental decision as a way of bringing “order” out of “chaos.” To cite a few: an ever-enlarging part of employment, many wages, prices, exchanges; a good deal of housing; wheat, tobacco, corn, cotton; more and more power and light; roads, education, money value, and others. Observe the imbalances and note that these are the only goods and services we ever argue about. By this method, we do not bring order out of chaos but, rather, chaos out of order! The very fact that these are in a cha-

otic state is testimony in itself that they have their origin in chaos.

One consequence of confusing order and chaos is a static market and its aftermath, a frustration of man's nature, the free market being but the extension or manifestation of the free man. Damage cannot be done to the free market without an equal damage to man's nature. When men are compelled to look to a one-source decision instead of to the individual decisions of men, man is robbed of his wholeness. Self-responsibility, the corollary of self-decision and the wellspring of man's growth, gives way to cheap politics, mass plunder, pressure grouping, protectionism. Any time a society is organized in such a manner that a premium is put on the obeisance paid to political planners and when little, if any, reward attends integrity and self-reliance, the members of that society will tend more to rot than to hatch!

If human beings were meant to be ordered in such fashion as are the moving atoms in a molecule of motionless mineral, is it conceivable that any one man or organized group of men would be capable of planning and directing the lives and activities of all others? It is precisely because we differ from one another, because — as even the communists admit — each

has his needs, that human beings require freedom to express those needs and to satisfy them, individual by individual. The free market affords a mechanism for the expression of these countless differences, in the bidding and asking prices, the voluntary buying and selling of scarce resources, whereby each may pursue his own proper interests without infringing upon or denying the nature and the interests of any other peaceful person. When alternatives have been sought to the open market, the result always has been some variation of the master-slave arrangement, with one man's order bringing chaos into the lives of others.

Why the Confusion?

We are led to speculate on why this confusion about order and chaos. While there are few who put the case for the headstone variety of order as boldly and as honestly as the labor official, all who argue for and introduce rigidities into the market are up to the same mischief. Sadly, not a category of the population is exempt: teachers share heavily in the guilt as do preachers, business and civic leaders; indeed, were it said, "Let him who is without sin cast the first stone," few rocks would fly.

When the error is as general as this one, the cause must lie very

deep, indeed. Inspect this suspicion of mine and see if it makes sense. Man — most men — suffers a fearful contradiction. There is on the one hand his God-given nature: to be born on this earth, to grow and to emerge in consciousness; to age and, eventually, to depart this earth. This cosmic, evolutionary tug is a powerful force but not as a rule, a force about which man is sharply conscious. Then, on the other hand, there is man's slight, budding ability to reason and choose — an ability still linked to an abysmal ignorance. Being but dimly aware of his natural destiny or how ignorant he is, man tends to ascribe to his reason an omniscience out of all proportion to what the facts warrant. Thus, man — most men — is confronted with two powerful commandments that are in conflict, one might say, at war with each other.

Man's nature calls for a flexing, an improving use and a continuing growth of the faculties, regardless of how uncomfortable or painful this perpetual stretching may be. Then, in opposition, is his defective ability to reason which commands him to remove himself from the struggle, to get out of rather than into life, in a word, to seek ease.

That man's "reasoning" is often a more powerful push than is the

tug of his natural destiny is evidenced by his fear of earthly departure. Viewed rationally, it would seem that departing this earth is as congenial to man's nature as being born. Both arrival and departure are but two parts of life's equation; whatever has a beginning has a conclusion. Yet, note how general the fear is.

Afraid to Die—or Live

But now to my point: Not only is man — most men — fearful of that aspect of his nature which is his earthly demise, but he is equally fearful of that aspect of his nature which is life's living! Observe the tendency to run away from problems, obstacles; the passion for wealth as a means of relief from employment; the yearning for security; the ambition to retire; and, specifically to my point, the dread of competition and the craving for protection. Man — most men — as a consequence of this "reasoning," seeks a static, motionless kind of order — the headstone variety — while his nature calls for an order of the dynamic variety which man, unless perceptive, looks upon as chaos.

Competition — our attitude toward it — gets to the heart of the problem. It is the great antistatic force, the enemy of status; competition is the activating agent,

the gyrator, so to speak, in man's life and in his market; it keeps things whipped up, moving, changing, improving, always uncomfortable, sometimes painful, but, nonetheless, dynamic. A noncompetitive society is a monopolistic society. Competition is the ally of man's natural destiny and, thus, it is the preservative of his freedom; without competition man's market and man himself would fall into a state of lethargy; the static kind of order would prevail, in which freedom is impossible.

Be it noted that human beings, as if in response to their natural and evolutionary destiny, favor competition for everyone — except one person: self! As for self, "reason" takes command and seeks protection against the uneasiness competition imposes.

When everyone favors competition for me — except me — it would seem that the competitors have it, that protection for me would be impossible. But when we let government — organized police force — intervene in the market place, that is, in creative human actions, thus permitting government a power sway over and beyond keeping the peace, we provide a fatal flaw in the armor of freedom. It is called logrolling: "I'll vote for your protection if you'll vote for mine." And, as protection spreads, competition correspondingly decreases,

and monopoly increases, and freedom diminishes. We achieve the headstone kind of order which, for man, is chaos.

We may never be able to mend the aforementioned flaw until we acquire a more rational view of competition — human dynamics — than we now have; not a more rational view of competition for others — this we possess — but for self. If I concede that competition is desirable for all others, how, rationally, can I make an exception of myself? It doesn't make sense.

Keeping in mind man's natural, evolutionary destiny, competition is as good for me as for anyone else. Admittedly, experience helps in being rational: About forty years ago my competitors ran me out of the wholesale produce business. I had to sell my home, furniture, car, everything to pay the creditors. Broke! A painful experience, indeed! But had it not been for competition, I would, no doubt, be in that business today. Not that there is anything wrong with being a wholesale produce merchant; it is that I did not belong in that role. Others were better fitted for it. And, important to me, I was led — not happily at first — to discover that there were other employments that better suited my aptitudes. Competition made it possible for me to discover how

best to allocate those few resources peculiar to my own person. Competition is at once the economizer and activator; it helps to keep us on the creative move and to find the niche appropriate to the distinctive abilities of each.

If the above reflections are at all valid, it is certain that individual freedom cannot exist among people whose main emphasis is on security, status, protection. Building fences (protectionism) against freedom in transactions (the free market) is of the same ill-suited order as rejecting those evolutionary forces which conspire to make

improving human beings out of mankind. The fixations and rigidities implicit in status are of an order in which freedom is impossible.

Freedom exists only as her imperative is observed: *all peaceful and creative actions unrestrained.* True, this calls for an order so complex that it gives the appearance of chaos but, instead, it is only incomprehensible order; it is the order of a living tree, of emerging man, of creation going on before our eyes.

Freedom is a condition of all creation, including man's share in it. ◆

IDEAS ON LIBERTY

The Pressure to Succeed

NOTHING IS MORE DANGEROUS to the well-being of a theatre than when the director is so placed that a greater or less receipt at the treasury does not affect him personally, and he can live on in careless security, knowing that, however the receipts at the treasury may fail in the course of the year, at the end of that time he will be able to indemnify himself from another source. It is a property of human nature soon to relax when not impelled by personal advantage or disadvantage.

WOLFGANG VON GOETHE,
from Eckermann's *Conversations of Goethe*

The Great Difference

PAUL L. POIROT

VARIETY is much more than the spice of life. It also is the bread and butter of life, the meat and potatoes. A gray sameness is the hue of death, not life.

This is common knowledge. Yet, many of us today are so preoccupied with the search for common causes, common interests, and common denominators that the variety among human beings upon which our lives and livelihoods depend is threatened with obliteration. We forget that our differences, not our likenesses, afford the only reasons there are to associate and cooperate with one another.

Could any one, or any possible combination of us, help any other if all of us were in every way the same? And in that event, even if we agreed to do one another's laundry, what could be the point? It would all be the same in the end, and no one would have gained anything by reason of such exchanges.

So, perhaps we need to remind ourselves and one another of our individual natures, our differences, our variable abilities, and our variable needs if we would continue to develop our respective lives in the company of others. Instead of seeking sameness from

*Our lives depend upon
our differences.*

the cradle to the grave, let us explore and exploit the differences by which we live.

"Human equality" is not a working formula of the Creator; it is a technical term of limited political application.¹ Our mani-

¹ We acknowledge that men should be "equal under the law." Civilized co-existence requires certain minimum rules such as mutual respect for life and property. Penalties are to be assessed impartially against any violator of these basic rules.

fest and manifold inequalities extend to every facet of our beings, from the tiniest of our physical features to the highest powers of our intellects and spirits, including all the goods and services and products and all the other results toward which human thought and action are directed. No two individuals are equally motivated to any given end nor equally endowed to achieve it; nor are the economic, political, and moral circumstances of any one's environment precisely the same as for any other.

It may be argued in this connection that persons can and do cooperate or combine their similar qualities in a joint venture, as do the oarsmen of a college crew, or the "Rockettes" at Radio City Music Hall, or the helpful neighbors at a barn raising. But it should be remembered that college crew racing remains a popular sport precisely because oarsmen are different rather than identical; otherwise, no crew ever could win or lose a race. The precision dancing of the "Rockettes" does not reveal the divergent reasons why each girl dances, or the reasons why customers pay to view the performance. Each man straining to hoist the side of a neighbor's barn will have in his mind's eye the help he expects on his own pet project when the time comes.

Through different eyes we see different worlds against which to match our different scales of values. And by what human standard can anyone attest that this is not the way things are or ought to be?

Whether or not we like it, this is the competitive nature of our world. Every moment for every living thing is a continuing struggle to bring its differences into harmony with an ever-changing environment. The living is in the struggle and the competition. The individual living entity loses its identity — dies — when it ceases to compete, when it lets itself be fully merged into another body or organism or group or system, becoming as an atom in a stone rather than a dynamic self-motivated being.

Competition the Life of Trade

From memory, if not from understanding, we know that competition is the life of trade. This simply is another way of saying that all economic relationships, as conducted in the open market, are based upon our differences. As we survey scarce resources through our different scales of value and respective consumer tastes, we find opportunities for specialized production and voluntary exchange, to the advantage and satisfaction of everyone involved.

Each party to every voluntary exchange must necessarily gain, giving up what he values less in order to get what he values more, else he would not freely enter the trade.

Now, it is true that many prospective buyers may be competing for every available unit of an economic good, and this competition may seem to drive up the price that must be paid for the unit. But consider for a moment what price one might have to pay if he were the only person in the world who wanted a 1965 Cadillac — and the manufacturer knew in advance that this was going to be the demand situation! The cost would be fantastic. Competition among buyers does not necessarily mean higher priced merchandise. The fact that several prospective buyers are in the market affords the opportunity for lower unit costs through mass production.

Also, there is likely to be competition among prospective suppliers or sellers of any given item and of various substitutes for it. Such competition to sell is the buyer's insurance that prices will be reasonable. It also affords each manufacturer or supplier a check of his own methods and operations and his finished products against those of competitors, so that any improvements and efficiencies introduced by any one of them will

soon be copied and in turn improved upon by others in the business. Competition also lets a man know promptly when he fails while there is yet time to try his hand elsewhere.

This competition among manufacturers and suppliers activates and stimulates the markets for labor and raw materials. The raw materials will be drawn from farms and forests and mines, slowly or rapidly as the market forces may signal, but always with an eye to the conservation of scarce resources and the substitution therefor of less expensive and more plentiful alternative factors of production.



**Variety is the essence of life,
competition the life of trade.**

Labor, of course, is one of those always-scarce factors of production which the unhampered market strives to conserve and use sparingly, competitors constantly weighing the comparative costs of additional tools and mechanization versus extra men on a given job. Competition among employers bids wage rates up to the limits the market will allow at any given time and place. And competition among workers encourages each to

move toward the best job opportunities available to match his particular skills and aptitudes.

In every open and unhampered market economy or society there is constant competition among those who want to utilize available goods and services, whether they be ultimate consumers of food, clothing, medical care, shelter, and the like, or whether they be industrialists seeking additional capital, raw materials, goods and services, to be used in the further output of producer and consumer goods. The same open market serves us all, and serves very well indeed if free to do so — that is, if it is not restricted by artificial man-made barriers to trade and by interference with the voluntary movement of capital and labor. The free market recognizes and respects our manifold differences and affords each individual the maximum opportunity to express his individuality and to pursue his own interests by serving others.

Perhaps a reminder is in order at this point, the reminder that our individualities, our different interests, and our abilities to achieve them, extend beyond our persons — our physical bodies — and include the private property each has earned and owns. A man's property is the extension of his life, a part of his means of livelihood, which he may consume or

sell or give away or save or use in whatever manner seems to him to best serve his own interests. Thus, property — in land or buildings or tools or consumer items or whatever form — tends to take upon itself the characteristics of each owner and thus to reflect the differences and the infinite variability to be found among human beings.

Privately owned property is by no means the same as that which is supposedly owned in common and therefore belongs to no one. Private ownership, like personal freedom of choice, is essential if there is to be voluntary exchange or any other act of peaceful cooperation among individuals. In other words, we trade upon our differences, not our sameness; and our differences extend to and through the property each owns.

The Unhappy Alternatives

To more fully appreciate the blessings of competition and trade through which our differences are exercised to everyone's best advantage, let us now consider some of the alternative concepts and plans that always have stood in the way of the slow progress of man toward becoming human.

The modern extension of poverty in India under the successive "Plans" of the Nehru government affords a sad illustration of the

failure of compulsory equalization among men. The years of effort to industrialize the economy of India, aided and abetted by gifts and loans through the governments of other nations, have so disturbed her traditional agricultural production that serious famine and mass starvation now seem certain. Heavy taxes have tended to drain from agricultural uses the little capital that might otherwise have been available. Land reform measures have taken management responsibilities from the more capable and transferred the task to those less able to manage. Price control and rationing programs have precluded any progress the free market might have afforded in conserving scarce resources and encouraging further production of those most needed items.

The basic premise behind Nehru's plans was that all Indians either are, or ought to be, alike. And whether recognized or not, this has to be the premise for all schemes of compulsory equalization. There is no more respect for the individual dignity of those to be aided than for the individual rights to life and property of those compelled to render the aid. Differences among men are to be obliterated; and if this is accomplished, then to that extent are wiped away the reasons men have for trading, cooperating, volun-

tarily helping one another. And with this destruction of mutual respect goes the loss of self-respect. This is the great problem of India today, and it is the inevitable consequence of compulsory equalization, all over the world, whenever and wherever it is undertaken.

American Experiments

Countless other examples could be cited from abroad, but the sad fact is that we already have the counterpart of all of them right here on our own doorstep in the United States.

After more than a generation of heavily subsidized agriculture, which presumably should have im-

To the extent that we compress our differences by force, we diminish ourselves and each other — we die.

proved the economic status of farmers and given an abundance of food for all consumers, we are now told by the master planners that millions of U. S. citizens go to bed hungry each night and that additional Federal aid is needed for farmers.

No less acute is the housing crisis following years of rent control, public housing, and urban renewal programs designed to eliminate differences and bring

about greater equality in the enjoyment of housing facilities. The more the government intervenes in this area, the greater the cry for further intervention because landlords and tenants can no longer find a reasonable basis for voluntary exchange, because prospective home builders and prospective home buyers are finding more and more barriers in the traditional market lines of communication with one another.

Government intervention by way of the Wagner Act and subsequent labor legislation has all but destroyed the opportunity for competitive bargaining and peaceful exchange between employers and employees. The higher the government-enforced minimum wage rates and unemployment benefit payments, the more serious becomes the problem of caring for the unemployed. When the law sanctions union practices that tend to equalize the output of workers and the wages they receive, regardless of performance, this compulsory elimination of differences among men denies them the opportunity to cooperate and trade voluntarily. "Collective bargaining" and "arbitration" have come to be synonyms for coercion.

After 25 years of taxing and coddling the aged under compulsory social security, the oldsters

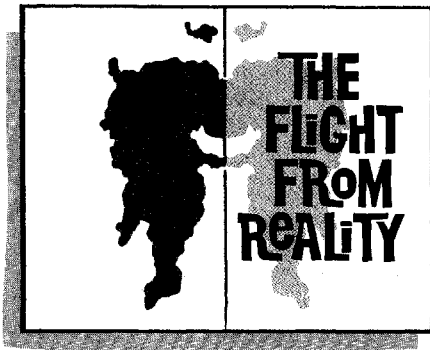
have largely lost the capacity or the will to care for themselves, and it is difficult to see how a self-betrayed older generation can command the respect of the youngsters expected to support them.

The problems of education increase in direct proportion to the extent of state and Federal aid and government control over education.

There is every reason to expect that electrical services may become as unreliable and inefficient as the postal service if the government moves further toward monopoly of the power and light business. The compulsory elimination of competition is the ultimate in equalization, after which neither love nor money will enable a customer to obtain anything better than the mediocre.

Enough examples; the evidence is all about us that our lives depend upon our differences, that variety is the essence of life, competition the life of trade. To the extent that we compose our differences by force, we diminish ourselves and each other—and we die.

Let us cultivate and exploit our individualities and our differences, for this way points the upward path of human progress — economically, socially, spiritually — the path of peaceful cooperation among men. ◆



4. *Cutting Loose from Reality*

CLARENCE B. CARSON

Let us face . . . the bleakness of the modern world: admit that religion and philosophy are projections of the mind, and set about the betterment of man's condition.

— JOHN BOWLE on Auguste Comte

THE BENT of men to reform — to make over man and society in their image — was held in check by traditional philosophy. Philosophy reined in the unbridled imagination just as religion tended to puncture the human ego and divest it of false pride. Above all, rational philosophy imposed a strict discipline upon thought. The philosopher had to keep checking his conceptions and holding them up beside reality; ideas had to bear a demonstrable relation to reality. Reality had objective existence in traditional Western philosophy; its being did not depend upon the human mind.

Men come to know reality by

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the use of reason. But reason was not conceived as a creation of human ingenuity; it was rather a marvelous faculty given to man that he might guide himself by its use, its possession not an occasion for pride but an indication of the obligation to use it. Indeed, traditionally reason was authority, second only to revelation, and some would give it first place. The weight of authority, of reason, of reality, smothered any incipient reformism. It could be argued that philosophy, coupled with religion, usually did the job too well, that philosophers were too sanguine about the possibilities of human improvement, that too low an estimate of human nature was usually held, that the imagination was too severely circumscribed.

This may well have been the case. But if the point needed making, it has been made a thousand times over by now. Moreover, the matter need not detain us in this study. The limits of the imagination and the character of human nature are matters to be determined by reference to reality. They cannot be made by those engaged in a flight from reality, nor are such things simply a matter of striking a nice balance between opposing views. Anyone who believes that a balance between opposing views bears any *necessary* relation to truth or right is already far along on his flight.

My major point is that philosophy disciplined thought and required thinkers continually to refer their ideas to reality. In these circumstances, reality was the main obstacle to reform, as it always is in fact so far as ameliorative reforms by government are concerned, and such reformers as there were had to keep their programs modest or make it clear that they were simply constructing romances.

By focusing upon an enduring reality, philosophers built an imposing amount of knowledge over the centuries. This movement came to its climax, to the present, in the seventeenth and eighteenth centuries. The central insights of this Western tradition of philos-

ophy, to review them, were: (1) there is an order in the universe; (2) this order is rational; (3) reality is objective — that is, exists outside the mind; (4) cause and effect operate in the universe and are inseparably linked together; (5) everything has a nature that is fixed and immutable; and (6) men do not create; instead, they discover, represent, reproduce, copy, and report. So long as these views held sway, the vision of pervasive reform was limited to recognized dreamers and romancers.

Philosophers Set the Lead

A great reversal has taken place. Today, reformist intellectuals have gained the upper hand virtually everywhere, though their tenure in many places is probably precarious. They hold sway, and they press for continuous reform in virtually every area of life. A great many developments preceded this triumph. One of the most essential of these was the cutting loose from reality.

The way was prepared for the departure from reality by accredited philosophers. Figuratively, we might even say that the launching pads were built by philosophers. This is not the same as saying that the men in question were no longer in touch with reality. Indeed, no such judgment

is intended, and no critique is to be made of the philosophical speculations which prepared the way for the flight. It is doubtful that philosophers should be blamed for what other men make of their thought. At any rate, even as conceptions of the nature of man and the universe were being clarified and propounded, even as these conceptions were being used to buttress order in society and extend liberty – that is, in the midst of the eighteenth century – some philosophers began to cut the ground from under the conceptions. The most notable of these thinkers were George Berkeley, David Hume, and Immanuel Kant.

Berkeley Removed the Substance

Bishop Berkeley undermined the belief in the substantiality of reality. It was a common belief that there are substances such as we denominate wood, glass, iron, and so forth. These substances are called matter, in general terms. By a strict empirical approach, Berkeley demonstrated that we never actually experience any such substances. We see colors, hear sounds, smell odors, taste tastes, and feel hardness or softness. If material substances exist, they cannot be known by the senses. "What Berkeley was concerned to show," says one philosopher, "was that nothing exists

independently of minds. He believed that people used the word 'matter' to designate such a supposed independent existent, and he proposed to show that this word, so used, was merely a meaningless noise to which nothing corresponds."¹ He argued that only that which can be known can exist, or that it must be known to exist.

But mind knows only ideas. If matter existed, it could not be known. To affirm something as existing but unknowable involved an unacceptable contradiction to Berkeley. Apparently, he was not really interested in proving that we are wrong in conceiving of substance. Rather, he was concerned to show that it depends for its existence upon our thinking it. As he said, "All the Choir of Heaven and the furniture of earth, in a word all those bodies which compose the mighty frame of the world, have no substance without a mind."² The objectivity of reality tended to diminish to the vanishing point when this view was accepted.

Cause and Effect Denied by Hume

David Hume, radical empiricist and philosophical skeptic, challenged, among other things, the

¹ W. T. Jones, *A History of Western Philosophy* (New York: Harcourt, Brace, 1952), p. 753.

² Quoted in *Ibid.*, p. 758.

conception of necessary causality. Traditionally, effect was said to follow cause of necessity, that is, cause and effect are linked in such a way that they *must* happen in conjunction. One text describes Hume's reasoning in the following way:

But now Hume asks, how have we arrived at this idea of necessary causality? To what actual experiences or impressions does this idea correspond? The ideas of cause and effect, he replied, are derived from nothing more than our experience of linking two events, one of which immediately precedes the other in time. That which comes first is known as the cause and that which follows is called the effect. . . . Nowhere do I find the *impression* of a *necessary relation* between the two. Where, then, does the idea of causal necessity come from? The answer is that it is based upon psychological habit.³

Hume no more disproved the operation of cause and effect than Berkeley disproved the existence of substance, but he did attempt to indicate that the basis of the belief in cause and effect is psychological rather than simply empirical. Moreover, he cast doubt upon the uniformity and regularity of its operation.

³ Eugene G. Bewkes, J. Calvin Keene, et al., *The Western Heritage of Faith and Reason* (New York: Harper & Row, 1963), p. 574.

It might be well to add that Berkeley and Hume had done little, if any, more than to demonstrate the limits of simple empiricism. By so doing, they were showing the weakness of Locke's psychology and perhaps some of Descartes' assumptions. Since these latter may have been aberrations from the Western tradition, as some philosophers think, the assault might have done nothing more than to turn thought back into the mainstream. It did not, at least for most thinkers. The centuries-long assault upon Aristotle and the Schoolmen had borne fruit: they were discredited. Moreover, the Moderns were too proud of their achievements to repudiate them in the face of philosophical difficulties.

Ties Between Reason and Reality Severed by Kant

Instead of returning to the mainstream of Western thought, then, most thinkers continued on the journey away from it. The central figure for this further shift was Immanuel Kant. Thought has followed divergent paths since the time of Kant, and most of these directions were made possible, if not tenable, by what he did to philosophy. Kant severed some of the major ties between reason and reality; this operation very nearly killed meta-

physics.⁴ More specifically, he dealt with the questions which Berkeley and Hume, among others, had raised, that is, the question of validating empirically derived data. Kant believed that scientists were accumulating knowledge, that this was much more certain than Hume's skepticism would allow. Yet he accepted the views that knowledge is mind-dependent and that the senses bring us much less information than they appear to do. It turns out, by Kant's exposition, that the mind is equipped with categories — notably of time and space — which enable it to arrive at knowledge with the help of data.

This is most convenient for the scientist, but, having affirmed the central role of the mind, would Kant not go further and let the mind arrive at truth — via reason — independently of the senses? He would not. Such Pure Reason could not give us certain knowledge. All sorts of conceptions might be arrived at in this manner, but "these are conceptions the possibility of which has no ground to rest upon. For they are not based upon experience and its known laws; and without experience, they are merely arbitrary

conjunction of thoughts, which, though containing no internal contradiction, has no claim to objective reality. . . . As far as concerns reality, it is self-evident that we cannot cogitate such a possibility . . . without the aid of experience; because *reality is concerned only with sensation*, as the matter of experience, and not with the form of thought, with which we can no doubt indulge in shaping fancies."⁵

Metaphysics Assigned Minor Role

Kant went on to maintain that we cannot attain certain knowledge of the soul, of the universe, or of God by the use of Pure Reason. They may exist, but reason does not certify this. Since no direct empirical evidence can be had of them, they cannot be rationally proved or disproved. The proper use of metaphysics, Kant maintained, is to do with it precisely what he had done, to reveal the categories or forms of knowledge, forms which are given such content as they have by experience.

In short, metaphysics seems to be relegated to the role of telling us how we know what we know we know. Even this role for meta-

⁴ For an exposition of this development, see Etienne Gilson and Thomas Langan, *Modern Philosophy* (New York: Random House, 1963), pp. 428-35.

⁵ Immanuel Kant, *Critique of Pure Reason*, J. M. D. Meiklejohn, tr. (New York: Dutton, Everyman's Library, 1934), p. 168. Italics mine.

physics is not certain (Kant is baffling and ambiguous, as usual), for he rules that empirical psychology should be separated from metaphysics,⁶ and this could conceivably result in an empirical science of how knowledge is attained. This leaves metaphysics with the almost wholly negative role of being used to demonstrate the limits of reason. Kant suggests as much:

That, as a purely speculative science, it is more useful in preventing error, than in the extension of knowledge, does not detract from its value; on the contrary, the supreme office of censor which it occupies, assures to it the highest authority and importance.⁷

If Kant be accepted, the only further use of metaphysics would be in the elucidation of Kant's ideas (a not inconsiderable task), since he has already used it fully in the way it can be used. In short, metaphysics could be relegated to the field of history of philosophy. In the main, this is what has happened.

A Substitute for Reason

What Kant took away with one hand — the Pure Reason — he returned with the other — Practical Reason. What we cannot know — that is, God, freedom, immortality, moral imperatives, principles,

ideals — must be assumed. To accomplish this intellectual feat, Kant resorted to the traditional distinctions between appearance and reality. The phenomenal world, the world accessible to the senses, the only world that can be known, is only an appearance. The real world is unknown and unknowable, as Kant had earlier demonstrated to his satisfaction. Yet it must exist. No, that is not quite right. We must act *as if* it existed.

Kant affirmed the traditional morality, insisted upon the necessity of faith, and proclaimed that man participates in a moral order. Practically, Kant would have it, we do seem to know that there are moral imperatives. There may even be generally accepted beliefs about what many of these are. They can even be "proved" by the Practical Reason, by which Kant means reason operating upon assumptions about what reality must be like in order for appearances to be as we perceive them. Yet this kind of reason operates upon possibilities, not certainties, so far as philosophy is concerned. Kant said as much himself:

It is just the same as if I sought to find out how freedom itself as causality of a will is possible; for, in so doing, I would leave the philosophical basis of explanation behind,

⁶ *Ibid.*, p. 480.

⁷ *Ibid.*, p. 481.

and I have no other. Certainly I could revel in the intelligible world, the world of intelligences, which still remains to me; but although I have a well founded idea of it, still I do not have the least knowledge of it, nor can I ever attain to it by all the exertions of my natural capacity of reasons.⁸

This stolid German, this resolute metaphysician, this determined moralist, had left the house of philosophy in ruins: of this there should be no doubt. Let us review the "achievement." Kant had changed the meaning of "objective" from something which exists outside the mind to make it refer to a property of mind itself; he had brought it into the interior world of consciousness.⁹ He had taught that mind can only know phenomena. Reason can only deal with reason. Then he declares that phenomena is only appearance, that reality is unknown and unknowable.

Kant did try to put the house together again, or at least to build a shelter to protect the contents. This shelter appears to have been sustained only by the will and intellect of Kant. To put it another way, it was held together by the

will to believe. When that was gone, the edifice collapsed. Since Kant could not bequeath to us the will to believe, he left us only the wreckage of philosophy. It is hardly an exaggeration to say that the history of thought since his time has been largely the story of men picking up this or that piece of wreckage and trying to make a philosophy out of it.

Slow, but Inevitable

Several things need to be kept in mind in evaluating the impact of the deterioration of philosophy upon men and societies at large. First, any development in philosophy may wait a long while before it has any general consequences. Men, even most thinkers, tend to operate on the basis of received ideas, and these may be little altered in the course of a generation. Second, the generality of men do not know what philosophers are thinking and would probably think them demented if they did. Most men accept the reality of an objective universe outside themselves, are conscious of its resistance to their wills, know something of the rules by which one deals with it (at least so far as these rules have bearing upon their immediate tasks), accept cause and effect in the areas to which their immediate decisions reach, and are not apt to be

⁸ Immanuel Kant, *Foundations of the Metaphysics of Morals*, Lewis W. Beck, tr. (New York: Bobbs Merrill, 1959), p. 81.

⁹ See Gilson and Langan, *op. cit.*, p. 417.

much concerned about how they know what they know. Third, many of the major developments of the nineteenth century continued to rest upon traditional philosophical beliefs and the seventeenth and eighteenth century foundation. Thus, in the political realm the trend was toward constitutionalism, representative government, laissez-faire economy, the establishment of natural rights as civil liberties—all of which were based in earlier thought.

Yet the impact did come. It was felt first in the realm of thought itself, as thinkers diverged in virtually every direction from any unity. One intellectual historian, speaking of nineteenth century thought, says: "In the restless inquiry and searching that have marked men's intellectual pursuits since those days [eighteenth century], it is hard to find any . . . clear picture. Not only did men . . . fail to reach a measure of agreement on fundamentals; even within particular fields it is not easy to trace any simple line of development."¹⁰

Whatever explanations may be made of this phenomenon, one is central: the loss of the disciplinary role of philosophy. Kant had

opened the door to every sort of doctrine or idea. It does not matter much that Kant had not intended such a result, or that he had labored mightily to divert men's minds in the direction he wanted them to go. (Let us not attribute too much to Kant. After all, Hume's skeptical work preceded his.) But if reason can deal only with reason, not with reality, why should men bother to test their ideas by reason? If Kant can decide what reality is while asserting that it cannot be finally proved that it is that way, why can't men imagine a reality of their own? After all, some men would not be enamored of Kant's moral universe. If the only knowledge that can be validated is that which comes by way of the senses, why not narrow the search for knowledge to empirical data? If no final proof can be offered for a transcendental realm, why assume that one exists? Why not simply accept the physical world for all there is? These are, indeed, some of the main directions that have been taken since the time of Kant. The flight from reality into melioristic reform was prepared for by these developments in thought. The position ascribed to Auguste Comte, quoted at the beginning of this piece, clearly follows the breakdown of philosophy.

But the concern here is with

¹⁰ John H. Randall, Jr., *The Making of the Modern Mind* (Boston: Houghton Mifflin, 1954, rev. ed.), p. 389.

the cutting loose from reality, not as yet with the flight from it. Developments in philosophy prepared the way for it, but the actual break occurred in specific work by thinkers. There were three major steps in the movement away from a fixed reality.

1. *Abstract Rationalism*

The first of these was the appearance of a widespread tendency to *abstract rationalism* among would-be intellectuals or thinkers. Abstract reason is reason cut loose from foundations. Reason must have a referent; it must be about something. Abstract rationalism occurs when someone employs reason without reference to that which is necessary to its valid use. If reason is to lead to any valid conclusions, it must do so in terms of some reality. That is, it must refer to some metaphysical or physical reality, and, in the case of social thought, it must be tied to the way things can and do happen. It should be obvious, then, that no one intends to reason abstractly, except possibly as an exercise in logic. There has been no conscious movement devoted to the use of abstract reason. Rather, its employment can be ascribed to ignorance, or, more kindly, to the failure to attend to reality.

There have been many varieties of usages of abstract rationalism.

Perhaps the most common occurs when there is an attempt to apply a rational truth without regard to the concrete situation or to the temporal manner and order in which things can and do occur. Rationalists are most apt to fall into this error. Eighteenth century thinkers and actors, imbued as they were with rationalism, inclined to attend to the nature of things, were prone to this kind of behavior. Some of the best examples of abstract rationalism at work occurred during the French Revolution and its aftermath. The French National Assembly issued a decree in August of 1789 which opened with these words: "The National Assembly hereby completely abolishes the feudal system."¹¹ There follows a lengthy list particularizing what was abolished. The character of many of these provisions is illustrated by the following example:

Inasmuch as a national constitution and public liberty are of more advantage to the provinces than the privileges which some of these enjoy, and inasmuch as the surrender of such privileges is essential to the intimate union of all parts of the realm, it is decreed that all the peculiar privileges, pecuniary or otherwise, of the provinces, principalities, districts, cantons, cities

¹¹ Eugen Weber, *The Western Tradition* (Boston: D. C. Heath, 1959), p. 504.

and communes, are once and for all abolished and are absorbed into the law common to all Frenchmen.¹²

Presumably, all local prerogatives were abolished by one stroke of the pen. To fill the vacuum created by the abolition of exceedingly complex and tangled relations, the Assembly proceeded to issue, a few days later, a general statement of the new political relationships which should prevail. The abstractness of some of the principles is astounding. For example:

The source of sovereignty is essentially in the nation; no body, no individual can exercise authority that does not proceed from it in plain terms.¹³

Does this mean that parents shall not exercise authority over their children until the nation authorizes them to do so? Possibly not, but who could say? At any rate, catastrophe followed.

It might be supposed that the French leaders had not taken sufficient care in defining their principles. Even so, the matter cuts deeper than that. Another example may reveal the deeper dimensions of the problem of abstract rationalism. Napoleon sent the following message to his appointee as king of Westphalia in 1807:

You will find enclosed the constitution of your kingdom. . . . You must faithfully observe it. . . .¹⁴

Napoleon had caused to be drawn up a Constitution for a kingdom and sent it along to be observed. There had been no examination of the concrete situation, nor was there any consultation of the peoples involved. There was a logic behind this action. Human nature is everywhere the same. Natural law is universally applicable. Why not draw up a code for everyone? Though they may not, must not, be obvious to rationalists, there are many reasons why this should not be attempted. In the first place, it is both superfluous and ridiculous to enact natural laws. Natural laws operate just the same, and universally, whether they are enacted or not. Moreover, natural laws are of the nature of principles, not of laws passed by legislatures. These principles may inform human acts, but acts are particular things, and they must be if they are to be enforced by courts. Second, positive law must be cast in terms of the language, the customs, the institutions, the procedures, even the beliefs, of the peoples involved. If they are not,

¹⁴ Quoted in R. R. Palmer with Joel Colton, *A History of the Modern World* (New York: Alfred A. Knopf, 2nd ed. rev., 1958), p. 392.

¹² *Ibid.*, p. 506.

¹³ *Ibid.*, p. 507.

they will either wreak havoc or be of no effect, or a combination of both.

Reason, engaged in constructing programs, must be informed by the concrete situation, else it becomes abstract rationalism. There have been many other kinds of abstract rationalism. They cannot be explored in detail here, though some of them crop up in historical exposition elsewhere in this work, but they can at least be named. Abstract rationalism occurs when anyone attempts to maintain that reality is restricted to that which can be known by reason. For example, some have denied the reality of altruism; it is, they say, only a mask under which self-interest is hidden. Self-interest can be rationally explained, so they claim, and there is no need to posit altruism to aid in explanation. Reason has been extended beyond its legitimate function and by so doing it has been made abstract.

Another abuse which may be ascribed to abstract rationalism is the raising of temporary phenomena to the level of universal truths. This results from failing to distinguish between the enduring and the changing. Rationalists are prone to this fallacy. A good example of this is T. R. Malthus' formulation of exact laws of population increase and the increase of the means of subsistence. To wit:

It may safely be pronounced that the population, when unchecked, goes on doubling itself every twenty-five years, or increases in a geometrical ratio. . . .

[T]he means of subsistence, under circumstances the most favorable to human industry, could not possibly be made to increase faster than in an arithmetical ratio.¹⁵

If these "laws" have any other referent than the recent history of England, it does not appear. Perhaps the most common variety of abstract rationalism in intellectual circles is the effort to impose a theoretical system upon reality. This results from what may be a laudable attempt to find the common denominator in a mass of phenomena. Numerous instances of this have occurred in the case of historians applying Marx's class struggle theory to history.

Abstract reason, then, is reason cut loose from reality. Rationalists may have ever been inclined or have tended to extend the use of reason beyond its proper sphere. But this was greatly aggravated from the early nineteenth century on by the state of philosophy. Kant used the Pure Reason to reduce the sphere of reason to a purely formal role. But then he used the Practical Reason to affirm

¹⁵ Quoted in Louis L. Snyder, *The Age of Reason* (Princeton: D. Van Nostrand, Anvil Book, 1955), pp. 150-51.

what could not be arrived at by reason. The impact of this was to leave "rationalism" unchecked by reason. This allowed such thinkers as Auguste Comte, and later Karl Marx, to produce and propagate their "rational" systems without being subjected to the traditional philosophical checks.

2. *Imagination*

A second development in cutting loose from reality occurred by way of the Romantic emphasis upon *imagination*. Romanticism was a conscious movement, more or less, which had its hey-day in Europe in the late eighteenth century and the first half of the nineteenth. Just as most of the paths which modern thought has taken converge on Kant as their starting point, so romanticism was the spirit or medium in which this thought was developed. There is a vagueness about the thought of Romantics which extended study does little to dispel. Romanticism was a protest, in part, against the Age of Reason, and Romantics tended to exalt the imagination. In consequence, virtually every sort of idea might be advanced and seriously considered.

My purpose, however, is to call attention to a facet of romanticism only, not to make a general description or evaluation of it as a movement. The facet which con-

cerns us has to do with the impetus it gave to the cutting loose from reality. This was mainly by way of the emphasis upon imagination, and its unfettered use.

The philosophical background to this is quite relevant. David Hume, with his radical empiricist approach to knowledge, had shown that we get only bits and pieces — fragments — of information from the senses. Thus, though we have a clear idea of a house, for example, we have never seen a house all at once. We can see part of it at a glance, but to see more we have to shift our perspective; when we do that, we lose sight of the part we saw earlier. Our idea of a house, then, must consist of more than sense impressions; it must have been developed by the imagination. Hume moved the imagination to a central position for philosophical consideration. Berkeley had already maintained that all ideas are mind-dependent. Kant claimed that knowledge is possible because of categories in the mind, went further and moved objectivity into the mind.

We can leave the philosophers at this point, for they were still somewhat disciplined in their speculations. Others were not. They found in these new theories a license to use the imagination at will. More, some returned to faith and idealism after the demise of

reason; they felt not only free to use the imagination without stint but a call to do so. The free and extended use of the imagination was the way to the highest truths.

Ralph Waldo Emerson, the American, may be used to stand for those who thought in this way. In his tribute to "The Poet," Emerson gives unstinted praise to the unrestricted use of the imagination:

The poets are thus liberating gods. . . . An imaginative book renders us much more service at first, by stimulating us through its tropes, than afterward when we arrive at the precise sense of the author. I think nothing is of any value in books excepting the transcendental and extraordinary. If a man is inflamed and carried away by his thought, to that degree that he forgets the authors and the public and heeds only this one dream which holds him like an insanity, let me read his paper, and you may have all the arguments and histories and criticisms. . . . Therefore we love the poet, the inventor, who in any form, whether in an ode or in an action or in looks and behavior, has yielded us a new thought. He unlocks our chains and admits us to a new scene.

The emancipation is dear to all men, and the power to impart it, as it must come from greater depth and scope of thought, is a measure of intellect. Therefore all books of the imagination endure, all which ascend

to that truth that the writer sees nature beneath him, and uses it as his exponent. Every verse or sentence possessing this virtue will take care of its own immortality. The religions of the world are the ejaculations of a few imaginative men.¹⁶

Romantics, then, were cutting loose from reality by way of the imagination. Man might not yet be a god, though Emerson uses the word to describe the work of the poet, but he was almost certainly a demigod. Perhaps he did not yet create his own reality, but if he did, would he not have reached even greater imaginative heights? In the exaltation of mood, feeling, emotion, what vulgarity it would be to hold the imagination to mundane reality!

3. Darwinian Evolution

The third movement culminated in the triumph of Darwinian evolution. This marked the definitive break with an enduring reality and an almost exclusive focus upon change. The cynic might observe that the circle of philosophy had been completed. From Heraclitus in Ancient Greece to Charles Darwin in the England of the latter part of the nineteenth century was a long time and a considerable

¹⁶ Ralph W. Emerson, "The Poet," *Collected Works of Ralph Waldo Emerson* (New York: Greystone Press, n. d.), p. 137.

distance, but reality had once again been located in the flux of change. The way had been prepared for Darwin in philosophy. G. W. F. Hegel had located reality in certain ideas at work in history, had made growth and development the center of attention, and had made of the dialectic the process by which historical change took place. Herbert Spencer, the English philosopher, had elaborated a philosophy embracing the evolution of societies. Auguste Comte, the French social planner, had reduced the development of man to three stages. Karl Marx was already busily inverting Hegel to make the class struggle which arises out of the control of the instruments of production the moving force in history, rather than ideas. It remained for Charles Darwin to give scientific sanction to the philosophy of change.

Actually, Darwin did much more. He brought man into the stream of evolution, denied the fixity of the species, and proposed particular theories that would account for change, or so he hoped. He collected a great deal of material with which he buttressed his generalizations. Above all, his work served as a base for the popularizations of evolution.

By that time, the attention of

thinkers had been drawn almost entirely away from trying to discover an enduring reality. They were no longer looking for the nature of things. They were no longer describing an enduring order but rather seeking for the order or sources of changes. The quest for natural laws, so far as it survived, was turned toward discovering the laws of growth and development. Thought had moved from eternity into time, and men began to locate "reality" in the future. They had cut loose from reality and embarked on the strange journey into the unknown and the unknowable—unknowable, at least, until they get there, though it is not at all clear how they would know when they had arrived.

Even before all this had occurred, however, some men were becoming increasingly enamored of the visions of the better world they thought they could create. The imagination could conceive of a better world. Abstract rationalism could be used to give a "scientific" or "philosophical" gloss to their visions. They were sufficiently cut loose from reality to believe that they could make a better social world, and they "set about the betterment of man's condition." ◆

The next article in this series will treat of "The Utopian Vision."

the Meral and Mysterious

HENRY HAZLITT's *The Foundations of Morality* (Van Nostrand, \$9.95) is an ambitious attempt to ground a system of ethics in the pragmatic necessities of daily life. The book, which is in the great line of utilitarian thinking that comes down from Hume, Adam Smith, and Bentham, is lucid, persuasive, and soundly argued; and in a nonreligious age one can only hope that Mr. Hazlitt will succeed in converting those who insist that the claims of morality are purely relative to the moment and subject to change without notice.

But if Mr. Hazlitt takes us a good distance, it should also be said that he doesn't reach the end of the road. My own fundamental objection to Mr. Hazlitt's reasoning is that he refuses to admit that he, too, makes a few assumptions, or value judgments, that are intuitive. In his own way he is just as mystical, say, as Albert Schweitzer, or any of the philosophers of natural law whom he chides in ever so gentle terms.

Before going into the subject of intuitive assumptions, however, one must pay tribute to Mr. Haz-

litt's refinement of the grosser view of Bentham's "pleasure-pain" explanation of ethics. He thinks Carlyle did Bentham a great disservice in calling Benthamism the "pig philosophy." To get around Carlyle, Mr. Hazlitt says, "It seems the part of practical wisdom, and the best way to minimize misunderstanding, to use the terms 'pleasure' and 'pain' very sparingly, if not to abandon them almost altogether in ethical discussion." The terms confuse everybody by bringing up visions of the rewards and penalties of purely carnal pleasure. What Bentham was really talking about, according to Hazlitt, was "happiness as an aggregate," which could, of course, include a good deal of denial of short-run pleasures in order to create the basis for long-term satisfactions.

Prudence, benevolence, social cooperation, and altruism all find a place in Mr. Hazlitt's refined utilitarianism, for they all help to create a livable community. If Mr. Hazlitt remains an unreconstructed believer in competitive capitalism, it is because he thinks economic

competition between separate business units is the only really workable way of inducing people to cooperate to the end of raising the standard of living. This isn't a paradox, for the competitive spirit is what hones any team to the supreme cooperative effort.

Capitalist vs. Socialist Ethics

The most telling chapters in Mr. Hazlitt's book are those on the ethics of capitalism versus the ethics of socialism. Capitalism, he says, is not "ethically indifferent," or "ethically neutral," for it depends on voluntary social cooperation through mutually beneficial exchanges. Quoting Murray Rothbard, Hazlitt insists that in a system of beneficial exchanges one man's gain is necessarily another man's gain. The system naturally develops more practical social sympathy than any other, even though some capitalists may be mighty egoists.

In any case, it is socialism, not capitalism, that emphasizes the jungle competition of tooth and claw. The discipline of competition between units disappears, and men cut each other's throats in the scramble for preferment within the one big unit of the state. "Office politics" under communism are magnified beyond belief. Socialism means coercion of the individual, and he who does

not obey does not eat. Naturally, a great majority of men become sly malingerers under such a system. And, as Hayek said long ago in *The Road to Serfdom*, in a system that depends on coercion, the "worst get on top."

Hazlitt, following Hume, makes the point that no society can be happy if its citizens are not willing to abide by general rules. It may seem cruel to apply the principle of "equality before the law" to a man who steals because he is in need, but if individuals are to become the judges of their own need a society must thereby become a jungle of distrust. When judges and juries begin to exercise too much compassion, delinquency grows by leaps and bounds.

Somewhere, A Premise

Most of Mr. Hazlitt's book comes under the heading of eloquently expressed common sense. But when he comes to discuss such things as intuitionism and natural law he reminds me of the psychologists who organized a valiant crusade to kill the word "soul" and ended up by substituting for it the word "psyche," which, like the "soul," is also an impalpable thing that nobody has yet succeeded in situating in any specific part of the human anatomy. Besides, as Chesterton said,

"psyche" means "soul" in Greek. Mr. Hazlitt thinks that the term "natural rights" is unfortunate in that it has helped to perpetuate a "mystique" which regards rights as having existed since the beginning of time. But he is willing to accept the "concept" of natural rights as long as it is understood to mean "ideal rights," or the "legal rights that every man ought to enjoy."

It is at this point that one becomes aware of Mr. Hazlitt's own dependence on the Schweitzer intuition that human life is, or should be, held sacred, not because of any utilitarian reason connected with the "greatest happiness of the greatest number," but for reasons that can only be called religious. Under a cannibal system, the "greatest happiness of the greatest number" could be mathematically fixed at the point where a majority would be consuming a minority without leading to the extinction of the species. But this would not be "right" even though it might be called "rational." One has to fall back on intuitive assumption at some point in the discussion of rights, which is not a pleasant predicament for anyone who believes in the supremacy of reason. Yet there it is, and I, for one, find it less offensive to accept certain truths as "self-evident" gifts of

a Creator than I do to make no assumptions at all.

For the fact is that every human being who abstains from suicide proceeds on the assumption that life is worth living, which in itself is not susceptible of "proof" in any scientific sense of the word. One lives, one accepts the Schweitzerian intuition of the sacred value of one's own body and soul (or psyche), just as one accepts the facts of digestion, blood pressure, reproduction, and a lot of other things. There is no need to try to "ground" the perception of "natural right" in anything; it is simply there.

From this initial assumption the whole doctrine of "natural rights" flows. If one has a right to life, one has rights to liberty and property as the necessary means to sustaining life.

A Starting Point

Without the first assumption of human life as a sacred gift from a Creator (whatever or whoever the Creator may be), Mr. Hazlitt's chosen economic system becomes a purely arbitrary thing. Why, indeed, should a Soviet commissar give up his post of power merely to satisfy the craving of a peasant for his own plot of ground unless the peasant has rights to control his own life? There is no reason why the strong

should not oppress the weak if the right to life is not "self-evident," i.e., beyond the necessity of proof in a scientific sense.

These are deep waters, and I don't feel comfortable when trying to navigate them. Nobody ever spoke to me out of a burning bush, so I have to take the felt conviction of a basic right to life on intuitive trust. But there is no sense denying that existence is rooted in mystery. My only objection to Mr. Hazlitt's book is that it does not make enough allowance for mystery. He tries to put the Deity in a hole by propounding a conundrum: Is a thing right because God wills it, or does God will it because it is right? Now it is entirely possible that, as the Deity sees it, the very formulation of such a conundrum proceeds from a deficiency in the human ability to penetrate mystery. Cats can't do algebra, the amoeba can't think as a cat — and why should human beings at this particular stage in evolution be expected to know everything? ♦

► **THE OTHER AMERICA:** *Poverty in the United States* by Michael Harrington (Baltimore: Penguin Books, 1963), 203 pp. 95¢.

Reviewed by Edmund A. Opitz

THE FIRST THING to do with poor people, Tolstoy said, is get off their backs. This, the very govern-

ment which has declared war on poverty, is not doing. The new official poverty line for a family is drawn at somewhere around \$3,000 a year. Yet, a couple without dependents who earn this much money are forced by the national government to pay an income tax of roughly \$300. Not to mention local and state levies, plus the hidden taxes on every item purchased!

Poverty in a society is overcome by productivity, and in no other way. There is no political alchemy which can transmute diminished production into increased consumption. Government interventions into economic life can redistribute goods by taxing everyone and subsidizing a few, taking money out of the pockets of some and putting it into the pockets of others. But, obviously, no such scheme can elevate the *general* welfare. The economic welfare of all can be raised only by removing artificial (usually political) impediments from wealth production. More can be consumed only if more is produced.

Men have been freer to produce up to individual capacity in American society, historically, than in any other society, and our affluence, as a result, is the envy of the world. Hindsight tells us that we might have done even better if our statutes had per-

mitted as much economic freedom as we said we believed in. Actually there has been much anti-economic legislation since 1789, but it was not till a generation ago that we began cutting our economic throat on principle. To the extent that the politically inspired "war on poverty" succeeds, it will be that much harder for poor people to improve their economic circumstances.

According to Mr. Harrington, about a fourth of our nation lives on Tobacco Road; between forty and fifty million Americans are "maimed in body and spirit." "The poor," in his view, constitute almost a separate species, to be analyzed and acted upon politically, i.e., impersonally.

An ideological passion to change

the structures of American society informs this book. It would eliminate the free market economy as well as Constitutional guarantees of liberty which preserve individual and social sectors of immunity against governmental power. This would not help the poor, and it would hurt everyone. Mr. Harrington declares (p. 17) that the welfare state which arose in the thirties "helped the poor least of all." His super state welfareism would be more of the same, and worse. This is why we must oppose him. Political liberty, the Rule of Law, and the free market are the hallmarks of a free society; and only a truly free society, with its ethical and religious principles in working order, can resolve the problem of poverty. ♦

IDEAS ON LIBERTY

Confused Thinking

OUR DIFFICULTY lies not so much with obnoxious Communists in our midst as with the fuzzy-minded people who think we can have totalitarian economics in the hands of bureaucracy, and at the same time to have personal liberty. . . . Their confused thinking convinces them that they are liberals – but if they are liberals, they have liberalism without liberty. Nor are they middle-of-the-roaders as they claim to be: They are a half-way house to totalitarianism.

HERBERT HOOVER, before the Republican National Convention
in Philadelphia, June 22, 1948

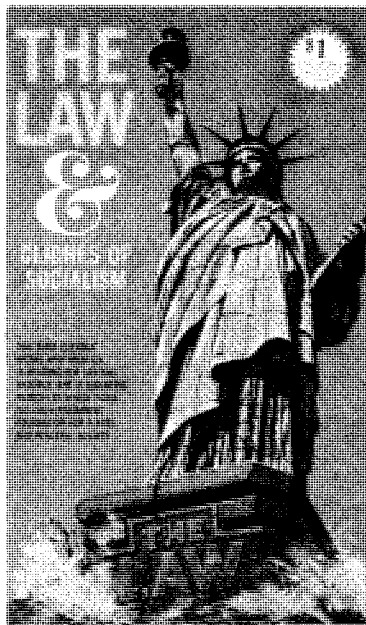
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THE *Freeman*

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FEBRUARY 1965

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.



A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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THE

FORMATION

AND

FUNCTION

OF

PRICES

HANS F. SENNHOLZ

FOR almost two thousand years economic investigation was handicapped by the common notion that economic exchange is fair only as long as each party gets exactly as much as he gives the other. This notion of equality in exchange even permeated the writings of the classical economists.

Back in the 1870's the Englishman Jevons, the Swiss Walras, and the Austrian Menger irrefutably exploded this philosophical foundation. The Austrian School, especially, built a new foundation on the cognition that economic exchange results from a *difference in individual valuations*, not from an equality of costs. According to Menger, "the principle that leads men to exchange is the same principle that guides them in their economic activity as a whole; it is the endeavor to insure the greatest possible satisfaction of their wants." Exchange comes to an end as soon as one party to the exchange should judge both goods of equal value.

In the terminology of the economists, the value of a good is determined by its marginal utility. This means that the value of a good is determined by the importance of the least important want that can be satisfied by the available supply of goods. A simple example first used by Böhm-Bawerk,

Dr. Sennholz heads the department of economics at Grove City College, Pennsylvania. This article is taken from one of his lectures delivered last November before libertarian groups in Guatemala and Costa Rica.

the eminent Austrian economist, may illustrate this principle.

A pioneer farmer in the jungle of Brazil has just harvested five sacks of grain. They are his only means of subsistence until the next harvest. One sack is absolutely essential as the food supply which is to keep him alive. A second sack is to assure his full strength and complete health until the next harvest. The third sack is to be used for the raising of poultry which provides nutriment in the form of meat. The fourth sack is devoted to the distilling of brandy. And finally, after his modest personal wants are thus provided for, he can think of no better use for his fifth sack than to feed it to a number of parrots whose antics give him some entertainment.

It is obvious that the various uses to which the grain is put do not rank equally in importance to him. His life and health depend on the first two sacks, while the fifth and last sack "at the margin" has the least importance or "utility." If he were to lose this last sack, our frontier farmer would suffer a loss of well-being no greater than the pleasure of parrot entertainment. Or, if he should have an opportunity to trade with another frontiersman who happens to pass his solitary log cabin, he will be willing to exchange one

sack for any other good that in his judgment exceeds the pleasure of parrot entertainment.

But now let us assume that our frontier farmer has a total supply of only three sacks. His valuation of any one sack will be the utility provided by the third and last sack, which affords him the meat. Loss of any one of three sacks would be much more serious, its value and price therefore much higher. Our farmer could be induced to exchange this sack only if the usefulness of the good he is offered would exceed the utility derived from the consumption of meat.

And finally, let us assume that he possesses only a single sack of grain. It is obvious that any exchange is out of the question as his life depends on it. He would rather fight than risk loss of this sack.

The Law of Supply and Demand

This discussion of the principles of valuation is not merely academic. In a highly developed exchange economy these principles explain the familiar observation that the value and price of goods vary inversely to their quantity. The larger the supply of goods the lower will be the value of the individual good, and vice versa. This elementary principle is the basis of the price doctrine known as the

law of supply and demand. Stated in a more detailed manner, the following factors determine market prices: the value of the desired good according to the subjective judgment of the buyer and his subjective value of the medium of exchange; the subjective value of the good for the seller and his subjective value of the medium of exchange.

In a given market there can be only *one* price. Whenever businessmen discover discrepancies in prices of goods at different locations, they will endeavor to buy in the lower-price markets and sell in the higher-price markets. But these operations tend to equalize all prices. Or, if they discover discrepancies between producers' goods prices and the anticipated prices of consumers' goods, they may embark upon production in order to take advantage of the price differences.

Value and price constitute the very foundation of the economics of the market society, for it is through value and price that the people give purpose and aim to the production process. No matter what their ultimate motivation may be, whether material or ideal, noble or base, the people judge goods and services according to their suitability for the attainment of their desired objectives. They ascribe value to consumers'

goods and determine their prices. And according to Böhm-Bawerk's irrefutable "imputation theory," they even determine indirectly the prices of all factors of production and the income of every member of the market economy.

The prices of the consumers' goods condition and determine the prices of the factors of production: land, labor, and capital. Businessmen appraise the production factors in accordance with the anticipated prices of the products. On the market, the price and remuneration of each factor then emerges from the bids of the competing highest bidders. The businessmen, in order to acquire the necessary production factors, outbid each other by bidding higher prices than their competitors. Their bids are limited by their anticipation of the prices of the products.

The pricing process thus reveals itself as a social process in which all members of society participate. Through buying or abstaining from buying, through cooperation and competition, the millions of consumers ultimately determine the price structure of the market and the allocation of the income of each individual.

Prices Are Production Signals

Market prices direct economic production. They determine the

selection of the factors of production, particularly the land and resources that are employed—or left unused. Market prices are the essential signals that provide meaning and direction to the market economy. The entrepreneurs and capitalists are merely the consumers' agents, and must cater to their wishes and preferences. Through their judgments of value and expressions of price, the consumers decide what is to be produced and in what quantity and quality; where it is to be produced and by whom; what method of production is to be employed; what material is to be used; and they make numerous other decisions. Indeed, the baton of price makes every member of the market economy a conductor of the production process.

Prices also direct investments. True, it may appear that the businessman determines the investment of savings and the direction of production. But he does not exercise this control arbitrarily, as his own desires dictate. On the contrary, he is guided by the prices of products. Where lively demand assures or promises profitable prices, he expands his production. Where prices decline, he restricts production. Expansion and contraction of production tend to alternate until an equilibrium has been established between supply and demand. In final analysis,

then, it is the consumer—not the businessman—who determines the direction of production through his buying or abstention from buying.

If, for instance, every individual member of the market society were to consume all his income, then the demand for consumers' goods would determine prices in such a way that businessmen would be induced to produce consumers' goods only. The stock of capital goods will stay the same, provided people do not consume more than their income. If they consume more, the stock of capital goods is necessarily diminished.

If, on the other hand, people save part of their incomes and reduce consumption expenditures, the prices of consumption goods decline. Businessmen thus are forced to adjust their production to the changes demanded. Let us assume that people, on the average, save 25 per cent of their incomes. Then, businessmen, through the agency of prices, would assign only 75 per cent of production to immediate consumption and the rest to increasing capital.

Our knowledge of prices also discloses the most crucial shortcoming of socialism and the immense superiority of the market order. Without the yardstick of prices, economic calculation is impossible. Without prices, how is

the economic planner to calculate the results of production? He cannot compare the vast number of different materials, kinds of labor, capital goods, land, and methods of production with the yields of production. Without the price yardstick, he cannot ascertain whether certain procedures actually increase the productivity and output of his system. It is true, he may calculate in kind. But such a calculation permits no value comparison between the costs of production and its yield. Other socialist substitutes for the price denominator, such as the calculation of labor time, are equally spurious.

Government Interference with Prices

Economic theory reveals irrefutably that government intervention causes effects that tend to be undesirable, even from the point of view of those who design that intervention. To interfere with prices, wages, and the rates of interest through government orders and prohibitions is to deprive the people of their central position as sovereigns of the market process. It compels entrepreneurs to obey government orders rather than the value judgments and price signals of consumers. In short, government intervention curtails the economic freedom of the people and enhances the power

of politicians and government officials.

The price theory also explains the various other economic problems of socialism and the interventionist state. It explains, for instance, the unemployment suffered in the industrial areas, the agricultural surpluses accumulated in government bins and warehouses; it even explains the gold and dollar shortages suffered by many central banks all over the world.

The market price equates the demand for and the supply of goods and services. It is the very function of price to establish this equilibrium. At the free market price, anyone willing to sell can sell, and anyone willing to buy can buy. Surpluses or shortages are inconceivable where market prices continuously adjust supply and production to the demand exerted by the consumers.

But whenever government by law or decree endeavors to raise a price, a surplus inevitably results. The motivation for such a policy may indeed be laudable: to raise the farmers' income and improve their living conditions. But the artificially high price causes the supply to increase and the demand to decline. A surplus is thus created, which finds some producers unable to sell their goods at the official price. This very effect explains the \$8 billion agricultural

surplus now held by the U.S. Government.

It also explains the chronic unemployment of some 5 million people in the United States. For political and social reasons and in attempted defiance of the law of supply and demand, the U.S. Government has enacted minimum wage legislation that is pricing millions of workers right out of the market. The minimum wage is set at \$1.25 per hour — to which must be added approximately 30¢ in fringe costs such as social security, vacations and paid holidays, health, and other benefits — so that the minimum employment costs of an American worker exceed \$1.55 an hour. But in the world of economic reality, there are millions of unskilled workers, teenagers, and elderly workers whose productivity rates are lower than this minimum. Consequently, no businessman will employ them unless he is able to sustain continuous losses on their employment. In fact, these unfortunate people are unemployable as long as the official minimum wage exceeds their individual productivity in the market. This kind of labor legislation, even when conceived in good intentions, has bred a great variety of problems which give rise and impetus to more radical government intervention.

The price theory also explains

most money problems in the world. For several years after World War II, many underdeveloped countries suffered a chronic gold and dollar shortage. And in recent years, the United States itself has had serious balance-of-payments problems, which are reflected in European countries as a dollar flood.

No matter what the official explanations may be, our knowledge of prices provides us with an understanding of these international money problems. Price theory reveals the operation of "Gresham's Law," according to which an inflated depreciated currency causes gold to leave the country. Gresham's Law merely constitutes the monetary case of the general price theory, which teaches that a shortage inevitably results whenever the government fixes an official price that is below the market price. When the official exchange ratio between gold and paper money understates the value of gold, or overstates the paper, a shortage of gold must inevitably emerge.

And finally, our knowledge of the nature of prices and of the consequences of government interference with prices also explains the "shortages" of goods and services suffered in many countries. Whether the interference is in the

form of emergency or wartime controls, international commodity agreements, price stops, wage stops, rent stops, or "usury laws" that artificially limit the yield of capital — and whether they are imposed on the people of America,

Africa, Asia, or Europe — government controls over prices control and impoverish the people. And yet, omnipotent governments all over the world are bent on substituting threats and coercion for the laws of the market. ♦

"The Government Is All of Us."

LEONARD E. READ

A RENOWNED and respectable sociologist once wrote, "The Government is All of Us," and a President of the U.S.A. voiced the same idea in another of its several versions, "The Government is the People."

How this notion, so at odds with American concepts of limited government, ever insinuated itself into our folklore is a mystery. It may have had its start — who knows? — with a misinterpretation of the Preamble to our Constitution: "We the People of the United States, in order to form a more perfect Union . . ." Semantically, this is tricky: a correlation of two collective terms, "People" and

"Union." Instead of being construed as intended, namely, that All of Us should support the idea of a government of limited scope, many have misread this as saying that "the Union is the People," which is to say, that the Government is All of Us.

Regardless of the esteem in which we may hold the authors of a concept, we are in no way absolved from thinking the concept through for ourselves — especially if the inferences drawn from it lead to mischief. We must never commit the present to errant ways because of a sanctimonious regard for the past. If we let our ancestors do our thinking for us, we

shall do no thinking for ourselves, nor will we ever really understand what their thinking was.

Anything That's Peaceful

In an ideal free society each individual may do anything he pleases as long as it is peaceful. The role of government is limited to keeping the peace. There is a principled justification for All of Us to support a government thus limited; but it is absurd to conclude that this commits everyone to support everything a contemporary Government may undertake in the name of All of Us! This perversion would virtually acknowledge that we count for nothing as individuals. It would identify Government with All of Us, and imply that the regulation of every detail of our lives is a proper function of Government — because “we are doing it to ourselves!” A comparable perversion would be to suggest that a company, having employed and given its backing to a group of company guards, thereupon becomes a company of guards, and nothing else!

The dictators headquartered at Moscow and Peiping are not the People — far from it. And in democracies where majorities have the political say-so, the Majority is not All of Us, for there is the Minority! Indeed, there is no conceivable organization of society in

which the Government is the People.

How, then, can mischief grow out of such a silly idea? An idea prevails because someone believes it. Ideas rule our lives. People are led in wrong as well as in right directions by ideas. Ideas, in turn, are sometimes clarified and sometimes confused by the words and phrases in which they are expressed; all of us are under semantic influences. Americans, by and large, favor the idea of democracy, that is, they would decide on the proper scope and functions of government by majority vote. Rightness and wrongness, to most citizens, turns on what the majority decrees. If the majority approves social security, or sending men to the Moon or Mars, or paying farmers not to farm, or whatever, then such is within the proper scope of government! The majority does not fret about — or even discern — the dire consequences of these policies, and this explains, in part, why majoritarianism is satisfactory to most Americans as a means of deciding on right and wrong. “We voted for it!” That’s their shallow political way of testing morality!

How Schemes Develop

It matters little that the American people, for the most part, have not *initiated* these schemes which

take government out of bounds. It wasn't "The People" who demanded federal urban renewal or the Peace Corps or going to the Moon or social security. These — the whole kaboodle of socialistic antics — were the inventions of the political Establishment or of the few who are able to maneuver the Establishment and then, after the fact, drum up majority approval for their schemes.

Except in unusual circumstances, individuals in Government are bent on enlarging the Establishment, that is, on extending their control over the rest of us. If the point once be accepted that

the Government is All of Us, it follows that whatever the individuals in Government favor — going to Mars or whatever — is the will of All of Us. This is how this cliché — an absurdity — leads toward the total state: socialism.

I am not suggesting that the trend toward all-out statism is a conscious objective of all who further the trend. I am insisting that some in Government, no less than some among All of Us, can be and are being victimized by loose and erroneous concepts, one of the worst being "The Government is All of Us."

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IDEAS ON LIBERTY

Double Standard

IF WE HAD THE MONEY, we could get a "cease-and-desist" order against every businessman in the United States who is engaged in interstate commerce. The businessman has nothing to say. He can only hope the law of averages will keep him off the wrong end of a complaint.

As an administrator of two antitrust laws diametrically opposed to each other, it was not difficult for me to accuse everybody at a trade convention with being some kind of a lawbreaker. Either they were all charging everyone the same prices, a circumstance indicating a violation of the Sherman Act, or they were not charging everyone the same price, a circumstance indicating a violation of the Robinson-Patman Act.

LOWELL B. MASON, Former Federal Trade Commissioner



FALLACIES IN THE CURRENT

Cult of Progress

FRED DEARMOND

"HUMAN KNOWLEDGE has doubled in the last 12 years. It will double again in the next five years, and by 1980 it will be doubling itself every three months." This exaggerated herald of an onrushing millennium by a well-publicized space navigator has been widely quoted and acclaimed.

Another speaker solemnly declared that in the decade 1960-70 more scientific knowledge will be developed than in all the centuries that preceded 1960. Now, a belief exists that if only enough billions are spent on research, cancer and heart disease can be wiped out by scientific blitz. Such speculation is symptomatic of the unbalanced state of mind in the soaring 1960's. It exhibits a deplorably

narrow concept of what human knowledge is and how it is accumulated.

This new gospel of technology by the specialists is a result of focussing on the immediate and close-up while blurring the achievements of all the thinkers who preceded our generation. It magnifies the present and minifies the traditional wisdom of the ages. Our contemporary wise men should be reminded that in all they discover they stand on the tall shoulders of Aristotle, Kepler, Galileo, Newton, Spencer, and all the others who did the pioneering. If each scientist or inventor had to start from scratch, how far would any have gotten toward such startling innovations as irradiated foods, tranquilizing drugs, and guided missiles?

It seems reasonable to ask by what standards is human knowl-

Mr. DeArmond, lecturer, writer, and business consultant on personnel training, is a contributor to numerous periodicals and the author of books such as *The Executive at Work* and *How to Sell and Unsell Ideas*.

edge bounded by those who see its range being expanded at such fantastic rates. Are modern automation gadgets to weigh heavier in the scales than the centuries-long and laborious study and experimentation by which the physical facts of the universe such as the laws of thermodynamics and the persistence of motion were determined? The question is like asking which is the more important, a child's early training when he is learning how to perceive, to react, to reason, and to communicate, or the later development when he applies to the refinements of practical living the basics of what he has learned in childhood and youth.

Rejection of Tested Values

What we are witnessing is the growth of a cult of Progress. "Everything you thought you knew about marketing as long as five years ago is out of date; throw it away and go modern," a speaker said at a meeting of a Sales and Marketing Executive's club. This is simply nonsense, of course. If I could have the choice of talking for an hour with Claude Hopkins or John H. Patterson, or of interviewing the present head of a leading New York advertising agency, I would unhesitatingly choose the former.

People have the same basic de-

sires, aspirations, and frailties that they had five years or 500 years ago. They display the same courage, curiosity, cupidity, generosity, and brutality in somewhat changed forms as in the times of Dante and Chaucer. The capacity to learn is as great but no greater than when Plato walked and talked in his Academy. So slow is the process of evolution that the spirit and body have remained unchanged through 50 centuries of recorded history. Nietzsche's Superman has not appeared.

In the 1790's the French Jacobins pursued a revolutionary cult to a tragic conclusion. They attempted a premature delivery of a perfect society based on liberty, fraternity, equality, plus a worship of the Goddess of Reason. May not the outcome of the present aberration be an abortion, also? To anyone who makes the smallest pretense to a sense of the historic values, it is positively frightening to see so many presumably literate leaders hailing the millennium when they are obviously ignorant of the past and the process of societal evolution. The main tradition of our Anglo-American race has been to make every advance on the tested foundation of the best in the past.

My friend E. W. Dykes has well said that "evolution is the nearest

thing to eternal purpose which man can discover." But humanity has a way of chasing the recurring illusion that progress is a steady march toward perfection. The illusion may be illustrated in a parable out of the experience of Peary, the polar explorer. One whole day he traveled northward, urging his sleigh dogs on at a brisk pace. But when at the close of the day he checked his bearings, he was astonished to find that he was much farther South than he had been in the morning. He had been toiling all day toward the North on an immense iceberg being drawn southward by an ocean current.

Some of our vaunted advances in civilization are a counterpart of Peary's illusion. The sum total of human satisfactions might be as close a criterion as we could establish for genuine progress. In that respect, as Alfred N. Whitehead said in his *Dialogues*, "One of the happiest times in the history of mankind was the 30 years roughly from 1880 to 1910." That was surely about the peak of liberty and contentment for Americans.

One who thinks of 1964 as a pinnacle of achievement might profit in perspective by looking back just over a century, to the year 1859. During that twelve-month period these literary clas-

sics were published: Darwin's *Origin of Species*, George Meredith's *Ordeal of Richard Feverel*, Thackeray's *The Virginians*, Tennyson's *Idylls of the King*, Dickens' *A Tale of Two Cities*, Fitzgerald's *Rubaiyat of Omar Khayyam*. Also Wagner's opera, *Tristan and Isolde*. In that year, too, the first oil well, "Drake's Folly," was brought in at Titusville, Pennsylvania. Could we match this score in '64?

All this moved Emerson to note in his Journal that "the only progress ever known was of the individual, not the race."

Overspecialized Scientists

Today the scientists are erecting a dazzling utopia on man's increasing mastery over the forces of nature. Everything is to be done by machine, and soon man will not even have to raise his hands to clothe and feed himself. Their supremacy in the world inspires Jacques Barzun to ask, "What do they know of science who only science know?" He goes on to add, ". . . if college boys and girls think that science steadily and automatically makes for a better world—then they have wasted their time in the science lecture room."

A narrowly specialized scientist is surely the most gullible babe-in-the-woods for plausible eco-

conomic, political, and ethical fallacies. In his own field the scientist is inclined to be dogmatic, doctrinaire, scornful of "laymen's" opinions. In any other field, but especially the nonscientific, he is prone to accept almost any pronouncement that carries authority. He will follow slavishly any line promulgated by another specialist of status.

The enormous branching out of scientific specialties moved Will Durant to a comparison of our age with that of the great Greek philosophers, when science limped so far behind theory. "Our modern danger," he wrote, "is precisely opposite; industrial data fall upon us from all sides like the lava from Vesuvius; we suffocate with uncoordinated facts; our minds are overwhelmed with sciences breeding and multiplying into specialistic chaos for want of synthetic thought and a unifying philosophy. We are all mere fragments of what a man might be."

Conventional Wisdom Ridiculed

The two magic words in advertising are "free" and "new." Both are attached like barnacles to the mores of our century. Adults with college degrees, no less than the unsophisticated, fondly swallow those all-purpose pills that promise something for nothing from the hucksters. "New" has become

the very embodiment of the "good" word, taking precedence over such favorite adjectives as "sacred," "true," and "sound."

This passion for novelty, coupled with an admiring worship of our time as vastly ahead of any that went before it, has given the present generation a distorted sense of values. We are being exhorted by tremendous forces of conformity to judge everything by its newness. A leading spokesman of the prevailing pragmatism is John K. Galbraith, professor of economics at Harvard and mentor of New Frontier presidents. In his *The Affluent Society*, Galbraith reserves his most withering irony for what he repeatedly calls "the conventional wisdom" in an economic society. His admired predecessor, John Maynard Keynes, likewise discarded in toto the wisdom of Adam Smith, David Ricardo, John Stuart Mill, and others. Thus, the Western world suffers from having embraced an economic philosophy that sneers at the past.

It seems that the ultimate reach of ridicule heaped upon a conservative statesman or politician is to relegate him to oblivion as an anachronism who belongs in the nineteenth or the eighteenth century. Then there is the peculiar assumption that a political leader who is "ahead of his time"

is per se a very great man. All the political leaders who have achieved greatly have been abreast of their times and aware of the past. That is where Abraham Lincoln always stood. William Lloyd Garrison, Wendell Phillips, and Horace Greeley marched on ahead and found themselves alone in the great slavery-secession struggle. Because Lincoln didn't

isolate himself from the slowly developing public opinion in the North, he saved the Union. Lincoln knew that to turn the clock forward is quite as bad as to turn it back.

And so I rest on the wise epigram of the great Spanish thinker, Jose Ortega y Gasset, "We know so much that we do not understand!" ♦

IDEAS ON LIBERTY

Do Our Best

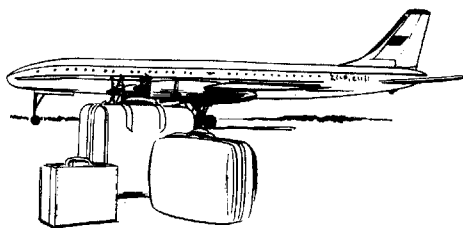
SOME OF US are sensitive and hate to see any man compelled to work for less than he needs for a decent standard of living. Many claim they have a way out — socialism, single tax, communism, birth control, prohibition, the golden rule, co-operation. All have been tried somewhere or other. Not one has equaled the expectations of its advocates.

In the meantime, we have made a good deal of progress under our present system of private ownership, with individual initiative and responsibility. The trouble is that no degree of prosperity seems to disturb the relative distinctions. The poor men of today are probably as well off as the well-to-do of a century ago. But that is no consolation to the man who is low in the scale. So we shall probably always have complaining. I don't know what we can do about it except to do our best to improve conditions, and be philosophic.

WILLIAM FEATHER, *The William Feather Magazine*, October, 1964.

SAM H. HUSBANDS, JR.

FLYING



SOCIALISM

IT STANDS TO REASON that persons who want certain things accomplished will get the job done more promptly and efficiently than it could be done under compulsion — that competitive private enterprise in a free market is more efficient than government operation and control. But this is a difficult matter to prove, for governments seldom enter a business activity without claiming a monopoly — that is, passing a law to forbid competition.

The international airline traffic situation affords a rare opportunity to compare private enterprise with government operation in the same competitive area. Here we may observe various privately owned and managed airlines operating side by side with government lines, using similar equipment,

flying similar routes, and offering similar services.

Most of the airlines serving within the United States or originating here are privately owned and operated, whereas nearly all of the major airlines from other countries are under government ownership and control. For the most part, these major trunk lines, whether privately or governmentally owned, use similar equipment and must be assumed to face similar costs for depreciation, replacement parts, and fuel. The remaining major cost factor, and the one that might be expected to show the greatest variation between businesses managed for profit and those under political management, would be the amount of labor used. The labor efficiency of handling passenger service, overhaul, promotion, administration, and flying operations can readily be measured

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in terms of the number of revenue passenger miles flown per employee by the various airlines.

Government Lines vs. Private Lines

A striking contrast between two airlines operating over similar international routes with similar equipment is afforded by British Overseas Airways Corporation (BOAC) and Pan American Airways. Both are characterized by comparatively long flights per passenger, averaging 3,200 and 1,800 miles respectively. Pan American is the larger of the operations, with slightly more than twice the

number of aircraft operated by BOAC. In 1963 Pan American flew more than 2.6 times as many revenue passenger miles (8,069,397,000) as did BOAC (3,023,470,000), but with only 20 per cent more personnel.

A comparison between Air France and TWA shows the latter providing nearly 2½ times the number of revenue passenger miles per employee as did Air France in 1963.

KLM, operating 57 aircraft in contrast to 50 for Northwest Airlines, showed only 101,968 revenue passenger miles per employee com-

1963 WORLD AIRLINE STATISTICS

<i>Airline</i>	<i>Revenue Passengers (Thousands)</i>	<i>Revenue Pass. Miles (Millions)</i>	<i>Load Factor (%)</i>	<i>Number of Aircraft</i>	<i>Number of Employees</i>	<i>Rev. Pass. Miles per Employee</i>
Air France	3,483	3,266	52.6	135	25,000	130,623
TWA	6,197	7,016	51.8	144	21,730	322,883
BOAC	946	3,023	51.3	56	20,783	145,478
Pan American	4,478	8,069	57.2	116	24,851	324,711
KLM	1,466	1,591	43.6	57	15,600	101,968
Northwest	2,768	2,367	52.2	50	6,090	388,626
Lufthansa	1,992	1,621	54.0	39	12,224	132,608
National	2,167	1,726	51.5	33	4,416	390,816
Swissair	1,802	1,160	52.7	30	8,471	136,833
Continental	1,697	1,210	50.5	23	3,081	392,861
SAS	2,377	1,592	49.7	47	11,772	135,208
Western	2,813	1,615	50.1	36	3,503	461,087

pared with 388,626 for Northwest.

Lufthansa, Swissair, and SAS all averaged about 135,000 revenue passenger miles per employee, whereas National, Continental, and Western, with reasonably similar equipment and flight conditions, averaged from 390,000 to 461,000 revenue passenger miles for each employee. In other words, according to these figures, it takes approximately three government employees to do the work of one employed privately under the profit motive.

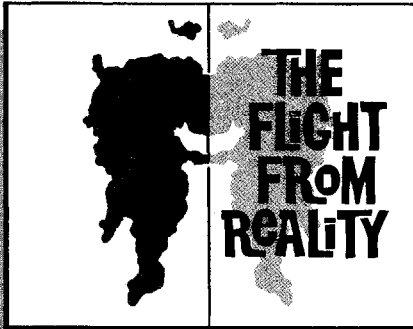
It may be argued that wage rates are lower for foreign airlines, and that the number of employees is not a fair measure of the airline's efficiency, but it is noteworthy that flight crew personnel number about the same for privately owned airlines and government owned, and that U.S. airlines operating internationally employ mostly foreign nationals in their overseas ground operations. In any case, to the extent that an airline has more personnel than needed to do the job, it is sacrificing the standard of living, not only of those extra employees, but of all consumers in the economy.

Private Lines Would Reduce Fares

The excuse for nationalization of industry is often expressed in terms of "national interest" or "for the benefit of the people." It is ironic, but predictable, that the recent request for rate reductions of almost 30 per cent on the North Atlantic run was made by Pan American Airways and TWA. Equally predictable is that their government-owned competitors would argue to hold existing rates, as they contemplated the increased red ink they would show if these rate reductions were installed.

The socialist insists that his ability to plan relieves his world of the anarchy of the free market, all to the benefit of the people. Yet, in this one area of the transportation industry where we can make a direct comparison, we find the government-owned airlines relatively inefficient. Further, the indications are that, without the competition from free enterprise, the government airlines would charge even more for their services than they do now. Would that these lessons could be learned by all advocates of socialized production. ♦

"A REASON why the Russian communists are increasingly adopting free market practices in their economy," suggests Dean Russell, "is that they'd rather be fed than Red."



5. *The Utopian Vision*

CLARENCE B. CARSON

... I know that society may be formed so as to exist without crime, without poverty, with health greatly improved, with little, if any, misery, and with intelligence and happiness increased an hundredfold; and no obstacle whatsoever intervenes at this moment, except ignorance, to prevent such a state of society from becoming universal.¹

—ROBERT OWEN, 1816

THE CONNECTION between visions of utopia and reformers may not be apparent to everyone. Utopians are often thought of as quaint characters who lived and wrote sometime in the past, somewhat impractical but harmless fellows. If they were literary figures in their own right, or if they had a pleasing style, excerpts from their works crop up in anthologies of literature, and whole books are sometimes reprinted. But they are not generally credited with

having had much to do with what has happened. The matter is quite otherwise, in fact.

Hardly a reform proposal has been made in the twentieth century which did not have antecedents in utopian literature of the nineteenth century or earlier. As one writer points out, in the earlier period "utopists were anticipating the 'welfare state,' the nationalization of industries, 'socialized' medicine and health programs, unemployment insurance, old-age pensions, and numerous other such proposals. . . ."²

More specifically, one historian points out that Robert Owen, an

¹ Quoted in W. H. G. Armitage, *Heavens Below* (London: Routledge and Kegan Paul, 1961), p. 77.

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² Glenn Negley and J. Max Patrick, *The Quest for Utopia* (New York: Henry Schuman, 1952), p. 16.

early nineteenth century utopian, had a considerable impact upon historical development. "Owen . . . was influential in bringing to pass the first labor legislation, the British Factory Acts in 1819. . . . The co-operative buying societies among the poorer folk. . . are also the direct outgrowth of Owen's experiments of New Lanark. He was one of the pioneers of the trade union movement, and laid down the first plans for labor bureaus on the national scale."³ This writer goes on to give similar examples for many other utopians.

Utopias are articulated visions of a perfect society. They are products of the imagination of their authors, neither existing anywhere at the time they are described nor ever having existed anywhere. They are futuristic in orientation, though there is often an admixture of a return to felicity which man once enjoyed before corruption. Even so, their realization is to come at some future time, or at least that is the implication and hope. Even so, the "role of utopias in social thought . . . is not analogous to that of blueprint to house. Such a misconception makes them of little importance, for as such they have hardly entered the stream of hu-

man history at all. Instead, utopias more nearly play the part of the idealized picture of the completed house which precedes the drawing of the blueprint. Utopias are the best societies which their authors can imagine, distant goals toward which their creators would have us move, unhampered in their conception by gross obstacles and difficulties."⁴

The Vision and the Means

The construction of a utopia, then, is an elemental flight from reality. The author who does so must, by the nature of his task, withdraw from concrete reality, must envision something which does not exist. Insofar as he neglects to take into account the nature of man and the universe, as most modern utopians have, he is engaged in a full-fledged flight from reality. The role of utopian thought in the development of meliorist reform is this: Utopians provided the vision of the perfect society toward which meliorist reform is supposed to move. Quite often, they also described the means which might be used to achieve utopia and ways of doing things in the perfect society. Utopia is the end; meliorist reform is the means. Utopias have served as

³ Joyce O. Hertzler, *The History of Utopian Thought* (New York: Macmillan, 1923), p. 282.

⁴ Clarence B. Carson, "Their Young Men Dream No Dreams," *Spiritual Life*, IX (Spring 1963), 32.

the visionary and imaginary flight which has preceded the actual flight.

The fact that twentieth century reformers have usually disavowed any particular utopian hopes must not be permitted to obscure the actual connection. The vagueness of the goals of contemporary reformers are not even to be pitted against any particularized version of utopia. This would tend to discipline reformers to some limited extent, though this may not be the reason for the avoidance of embracing a utopia. Nonetheless, a vague generalized vision of utopia does impel reformers to their exertions.

As I have pointed out elsewhere, this vision is of a utopia that "is altogether pleasant and enticing. It is of a place and time where suffering and privation have been banished, where the inhabitants are secure from the ravages of disease and unemployment, where all men have enough of the good things of life. . . , where education and environment have banished the baser things and men have willingly and gladly turned to the finer things of life, where one may speed in a carefree manner down the highway of life with no fear of a collision along the way."⁵

⁵ *The Fateful Turn* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1963), p. 178.

Sir Thomas More and Company

The content for a vision which has become progressively more vague was provided in luxuriant detail by nineteenth century utopians.

Before utopian thought could enter the life stream of that social thought which is believed to have relevance to actuality, a transformation had to take place. Such a transformation had taken place for many of those in intellectual circles by the early nineteenth century. It has already been described as the cutting loose from reality. Uninhibited rationalism became abstract rationalism; the imagination was cut loose from the fetters of reason; men turned their eyes away from the nature of things, from an enduring reality, from metaphysical or eternal realms, to focus their attention upon change and development. In these circumstances, they could not only envision utopias with the utmost freedom but also actually begin to believe in them as possibilities.

The literary genera which we refer to as utopias was not new to the nineteenth century, of course. The name itself adorned a work of Sir Thomas More, a book which was published in the early sixteenth century. But More's book was modeled upon one of much more ancient vintage, Plato's

Republic. It should be noted, though, that Plato's good society differed significantly from most modern utopias. Plato did not envision the transformation of human nature; he took men as they are and proposed to build a good society for them. This would involve, as he saw, a rather rigorous regimentation, and he did not shrink from these implications. Hence, the meaning of Plato's *Republic* for those who prefer liberty (whether he could be numbered among them or not) is clear; it is a cautionary tale, showing the consequences of trying to institute the good society. There were other utopias written in the classical period, but the genera disappeared for the Middle Ages and did not reappear until More's work.

Following More, there were a good many utopian writers from the sixteenth into the eighteenth centuries — what historians are likely to call the early modern period. They include Francis Bacon's *New Atlantis*, Tommaso Campanella's *The City of the Sun*, James Harrington's *Oceana*, Fénelon's *Telemachus*, Andrae Valenti's *Christianopolis*, and Robert Filmer's *Patriarcha*. These utopias have mainly an academic interest. That is, they constitute an historical background for the utopianism which came to inform meliorist reform but they entered into the

stream of social thought at the time, little, if at all. They did contain many of the ideas which went into later utopias.

Indeed, More's work contained what can now be recognized as most of the staple ingredients of utopian literature. Utopias almost invariably have two sorts of materials: a critique of conditions contemporary with the work being written, and a vision of the perfect society. More's book has both. Moreover, the good society is pictured as a communistic one. Private property is an evil to be rooted out, a theme which runs the gamut of utopian literature from the sixteenth to the twentieth centuries. More said,

I am persuaded, that till property is taken away there can be no equitable or just distribution of things, nor can the world be happily governed: for as long as that is maintained, the greatest and the far best part of mankind will be still oppressed with a load of cares and anxieties.⁶

The great change that will be wrought by the abolition of property is described:

In all places it is visible, that while people talk of a commonwealth, every man seeks his own wealth; but there, where no man has any property, all men zealously pur-

⁶ Quoted in Hertzler, *op. cit.*, pp. 132-33.

sue the good of the public: and, indeed, it is no wonder to see men act so differently; for in other commonwealths every man knows that unless he provides for himself, how flourishing soever the commonwealth may be, he must die of hunger; so that he sees the necessity of preferring his own concerns to the public; but in Utopia, where every man has a right to everything, they all know that if care is taken to keep the public stores full, no private man can want anything; for among them there is no unequal distribution, so that no man is poor, none in necessity; and though no man has anything, yet they are all rich; for what can make a man so rich as to lead a serene and cheerful life, free from anxieties. . . .⁷

The chances are good that More was engaging in superb irony throughout much of this work, that at most it is only an exercise of the fancy. In any event, later writers have presented such fancies with deadly, and deadening, seriousness.

Most of the utopian ideas appear to have been suggested during this early period, but we had best not stop to explore them. A considerable change had come over utopian literature by the nineteenth century. Indeed, this century was the century of utopians, par excellence. Many intellectuals turned their attention to describ-

ing perfect societies and offering programs for realizing them. There were utopian socialists, communitarians, anarchists, "scientific" socialists, syndicalists, and perfectionists. There was a great deal of enthusiasm for utopian projects, and men began actually to try to put them into effect.

Utopian Communities

The first considerable effort along this line was the communitarian movement. In general, the idea in founding communities was for a group to separate itself from the corrupting influence of the "world" and arrive at perfection in isolation from contaminating influences. There were a great many such communities attempted. Some were religious in orientation, for there was a great deal of religious enthusiasm in the first half of the nineteenth century. Others were secular in origin and aims. But whether religious or secular they were usually communistic, that is, they proposed to labor for the common good and share equally, or at least according to need, in the goods produced.

America was a popular place to locate such experiments, since they needed physical isolation and considerable tolerance from political authorities. Some of the more famous of the American communities were Brook Farm, New Har-

⁷ *Ibid.*, p. 135.

mony, North American Phalanx, Amana, Oneida, Nashoba, Fruitlands, Icaria, and the religious communities of the Shakers and Rappites.

Two examples of such communities will suffice. One of the most famous was the one located on the banks of the Wabash river in Indiana; it was called New Harmony. New Harmony was the brain child, and purse child, of Robert Owen, a wealthy Scottish manufacturer. Owen's idea was to found self-sufficient villages. As one writer describes his utopia:

He saw the world made up of villages, rid of the capitalist and free from that private property which was completely incompatible with social well-being, producing solely for the collective good. . . . Briefly stated, he recommended . . . that colonies of workers should be formed on the co-operative principle. These colonies or villages of co-operation with a population varying from 500 to 2000 souls . . . were to be engaged in both agriculture and manufacturing; they were to be housed in great quadrangles located in the midst of each colony, containing the common dormitories, common kitchen and dining rooms, common schools, library, reading rooms, guest rooms, etc. . . . All were to work at suitable tasks according to their ability. . . .

These villages were to be joined together in a great federation

which would replace the old world of the "capitalistic system with its poverty and misery, its injustice and inequality, its falsehood and deception; and all were to be united in brotherly co-operative effort."⁸

In Owen's most ambitious attempt to put his ideas into effect, the community of New Harmony, he was confronted by continual difficulties for the short time that he continued the effort. Splinter groups of dissenters were continually forming and moving off elsewhere. There were complaints about those who ate but did not work. Since decisions were to be made democratically, all work and other activity was frequently stopped for discussions and votes. Some complained that Owen was profiteering from the sale of land, though he sold the land on credit or gave leases for ten thousand years. "Money had been officially abolished but in every lane and alley the Harmonists privately traded and bargained and bickered over cash."⁹ "There was trouble over liquor. Prohibition was decreed, but everywhere people were drunk, supplied by sly bootlegging members."¹⁰ In short, before its

⁸ *Ibid.*, pp. 219-20.

⁹ Everett Webber, *Escape to Utopia* (New York: Hastings House, 1969), p. 151.

¹⁰ *Ibid.*, p. 147.

hasty demise New Harmony had witnessed some of the classic ills accompanying efforts to make over men.

The Oneida Community, founded and watched over for many years by John Humphrey Noyes, carried communal sharing to what most would probably consider its logical extreme. To be specific, in this community they practiced what was called complex marriage. That is, each adult who was a full-fledged member of the community might be considered married to every other such adult of the opposite sex. Noyes was a religious leader, and the strange beliefs of the community were a part of the religion he taught. He believed in the possibility of perfection here and now, and those who had arrived at perfection no longer lived under the old dispensation. In anticipation of the Kingdom of Heaven—which was the name bestowed upon the first establishment begun by Noyes—he wrote:

When the will of God is done . . . there will be no marriage. The marriage supper of the lamb is a feast at which every dish is free to every guest. Exclusiveness, jealousy, quarreling, have no place there, for the same reason as that which forbids the guests at a thanksgiving dinner to claim each his separate dish, and quarrel with the rest for his rights. In a holy community, there is no

more reason why sexual intercourse should be restrained by law, than why eating and drinking should be. . . .¹¹

Though the community lasted for a longer period than most such undertakings, it did eventually break up. One writer points out that young people went away to college and came more and more “to desire the marriage customs of the world where people were allowed to fall in love and not required to cultivate a specious enjoyment at seeing their loved ones bandied through a wide circle of holy hands.”¹²

Utopian Socialism

A second, and related, development in utopian thought in the first half of the nineteenth century was the setting forth of what has been called utopian socialism. The theory of modern socialism was developed in this period by those whom Marx scornfully dubbed utopians. They were mostly French, and included Morelly, Babeuf, Saint-Simon, Fourier, Cabet, and Blanc.

Fourier and Cabet developed theories, and attempted to apply them in communities. Fourier's dream may serve as an example of these, though they differed considerably one from another. “In

¹¹ *Ibid.*, pp. 375-76.

¹² *Ibid.*, p. 405.

brief, Fourier proposed to eliminate wasteful competition, and oppressive government, by organizing self-sufficient and mainly agricultural units of production."¹³ These units he called Phalanstères. They would, he thought, solve the problems of production, and each person would be guaranteed a basic standard of living. "Along with this expanding production, will go an educational revolution. . . . It will raise mankind to perfection in body and mind. . . . Our present teachers — slaves to abstractions — know how to produce Neros; we know how to turn potential Neros into men like Gods."¹⁴

Mankind was made for perfection and harmony, according to Fourier, not discord and competition. His system would achieve the true end of man. "This economic and educational revolution, by housing the population in self-supporting, autonomous and self-conducted luxury hotels, in which all the occupants would work and play in industrious harmony, would solve the problems of poverty, war, and wickedness."¹⁵ All that he needed to get this plan underway, he believed, was to find

a wealthy patron who would finance it, and he waited expectantly through his later years for such a benefactor.

Several important changes in utopian literature occurred in the latter part of the nineteenth century. For one thing, there was apparently a great increase in the number of such works produced. One book lists the better known ones, mainly in English or English translation, for the period 1850-1950. This indicates a great concentration of production of such literature from about 1883 to 1912. Only six works are listed from 1850 to 1883; whereas, there are seventy-four works from 1883 to 1912, seven for 1894 alone."¹⁶

The Shift from Local Groups to a World-wide Organization

Another development was the shift from the conception of utopian communities to dreams of world-wide organization. As one account has it, "it was to become rapidly and increasingly apparent that the utopian community was so unrealistic that it could provide no more than a setting for fantasy or satire. Modern utopia must be a state, and indeed it was already beginning to be evident that modern utopia must be the world." By some kind of metamorphosis, "the

¹³ John Bowle, *Politics and Opinion in the Nineteenth Century* (New York: Oxford University Press, A Galaxy Book, 1964), p. 142.

¹⁴ *Ibid.*

¹⁵ *Ibid.*, p. 143.

¹⁶ See Negley and Patrick, *op. cit.*, pp. 19-22.

economic ideal of utopia, through a kind of economic necessity, becomes the ideal of the world."¹⁷

A third development was the organization of movements to act not in isolated communities but within societies at large, the attempt to make utopia scientific (as in Comte and Marx), and the development of programs and plans for the realization of the good society, no longer cast in the guise of utopia. In short, men were preparing to achieve utopia in society at large. Steps were being taken to translate utopian visions into reformist measures in the latter part of the nineteenth century.

The Ingredients of Utopia

It may be well, at this point, to sum up and indicate the main strains which went into utopian thought. Utopia was concocted out of a compound of some of man's deepest longings, longings for felicity, harmony, order, peace, security, and repose. Utopian visions have had appeal because they embraced remnants of mythology, relics of religious hopes (quite often transposed), immemorial prejudices, along with notions borrowed from scientific theories. Some of the ingredients of this compound are worth dwelling upon.

The "Golden Age" Myth

One of the strains that has frequently been woven into the fabric of utopia, or at least evoked by it, is the myth of the Golden Age. This myth appears to have had virtually universal appeal, and even extensive and intensive indoctrination in progressivism in contemporary society does not appear to have completely succeeded in exorcising it. The Golden Age myth locates the time of felicity and harmony in the past. The variations on the particular locale range from the recent past to the Garden of Eden.

At its deepest, the Golden Age myth is of a time before man had lost harmony with nature, or with God. In theological terms, it could refer to the time before man became a moral being, a time before all the travail, tension, and unpalatable choices entailed in being moral. In pagan terms, it could refer to the time when man was simply an animal, guided and living by instinct rather than thought. There have, of course, been many efforts to account for the appeal of the Golden Age myth. Some see it simply as a result of the tendency to romanticize that which lives only in memory, others as the effort to return to the womb, and so forth.

At any rate, elements from the Golden Age myth crop up in much

¹⁷ *Ibid.*, pp. 582-83.

of utopian literature. Utopias quite often have strenuous criticisms of recent social and economic trends, criticisms of everything from the enclosure movement of an earlier time to industrialism in the nineteenth century. It is easy to see that the communitarian ideas owe much to a romanticizing of the medieval manor. Robert Owen even wanted to abolish the plow and return to the spade. "The spade," he said, "wherever there is sufficient soil, opens it to a depth that allows the water to pass freely below the bed of the seed or plant. . . ." Whereas, the plow is a "mere surface implement, and extremely defective in principle."¹⁸ Utopians quite often want to be rid of money—the source of the hated cash nexus—and return to primitive barter and exchange. The appeal of many of their plans is the appeal of the return to primeval simplicity and felicity.

Heaven on Earth

A second ingredient in utopia, quite often sublimated and transposed in it, is millennialism. Christian eschatology places the Golden Age at the end of time rather than at the beginning (or in addition to placing it at the beginning). Whether this Golden Age is to be for eternity in a transcendental

Heaven or for a thousand years upon a transformed earth (or that both shall be) has long been a matter for controversy. Of course, utopians have used only the conception of a heaven on earth. For some of them, the Kingdom of God became a kingdom to be made here on earth.

In utopian thought, however, millennialism was divorced largely from its religious content, humanized, and the vision of heaven quite often became the vision of a materialistic earthly paradise. The dictatorship of the proletariat of Marx and Engels does not appear to share much in common with the Kingdom which John saw descending to earth in his vision recorded in the Book of Revelations, but Marx turned more than Hegel upside down (or right side up, as he claimed), and his is indeed an apocalyptic vision of the ushering in of the Golden Age.

In short, millennialism was quite often subsumed into utopian thought, placing the Golden Age in the future, and subtly appealing to deep religious hopes.

Progressivism

By the latter part of the nineteenth century, however, millennialism was being domesticated and secularized as progressivism. Progressivism was a third ingre-

¹⁸ Quoted in Bowle, *op. cit.*, pp. 148-49.

dient of utopianism. This statement needs modifying; progressivism was a late comer to the scene. Earlier utopias could not have used it. Thus, its major function became a mode for the achievement of utopia. Progressivism, as it is relevant to utopianism, was born out of technological progress by historical inevitability, evolution being the midwife. The flight from reality owes much of its believability both to evolutionary theories and technological progress. These, in turn, made the realization of utopia appear possible. It is not strange that anyone viewing the course of invention and industrial development in the modern era should be struck by the great possibilities of human ingenuity.

At any rate, Karl Marx and Friedrich Engels described a state of earthly bliss and devised a theory to make its coming historically inevitable. The tools they worked with were technological change, the theory of evolution, and a theory of historical change. By so doing, they associated progress with the realization of utopia, and, for those who have sought utopia by way of reform, unwittingly associated progress with reform — a wholly gratuitous connection, one might add. Reformers in the twentieth century have got maximum mileage out of the sup-

posed connection between reform and progress.

The Static Society

A fourth strain in utopianism is the implied vision of life without tension. To put it another way, though not the way a utopian would describe it, utopia is a land where stasis or absolute stability has been achieved. This does not appear to be compatible with progressivism, any more than progressivism is compatible with a Golden Age in the past. But these are logical objections to nonlogical flights of fancy. Consistency is a requirement of dialectical reason, and it must be remembered that Kant had already cut the ground from under such reason.

In the real world, one may believe that change, development, even progress, are the products of tension. But in utopia one can have the products of capital without capitalism, the products of invention without the incentives to invention, the advantages of freedom without the corollary disadvantages of responsibility, and so on. Why raise difficult questions about the mode of progress without tensions, without frustrations, without incentives? At any rate, utopia will be a land without tensions, without that which produces crime, war, and other disorders. There will be no jealousy, no self-

ishness, no competition, and no abrasiveness in relationships.

Perhaps this is an overstatement of the case. Some utopians did envisage the continued presence of some dissidents. Let us take a look at what one utopian — Chauncey Thomas in *The Crystal Button* — proposed to do with such people. They are to be kept in hospitals, of course. Why hospitals? Because they are morally deranged. The explanation continues:

“Morally deranged?”

“Yes, I believe you used to apply the term ‘prison’ to the institution used for the confinement of moral patients.”

“They are convicts, then? But why are these associated with your hospitals?”

“Why not? They constitute a part, though happily a small part of the patients that come under the same management and treatment. We simply treat them as persons who are morally deformed or ailing.”¹⁹

Judging by this insight into what utopia will be like, we may be nearer to it than some have thought!

Environmentalism and Anarchism

A fifth ingredient of utopia has usually been environmentalism.

¹⁹ Quoted in Negley and Patrick, *op. cit.*, pp. 88-89.

This has provided utopians with an explanation of sorts for the imperfections which they readily observed and vigorously denounced. If man is perfect or perfectible, if there is no ingrained obstacle within him that would prevent the perfect society, why, one might ask, does perfection not prevail? One historian explains the utopian view, particularly the utopian socialist view, in the following manner:

One and all believed that with proper environment man would be actually perfect. He was naturally good, but existing environment with its overwhelming imperfections and maladjustments destined him to evil and woe.²⁰

The correction of the environment, and the education of men, would remove these obstacles to perfection. The Rubicon for such explanations, of course, is how to make an account of why things have not always been perfect.

A heady strain in much of nineteenth century utopian thought, particularly that of socialists, was anarchism. Marx proclaimed that the state would wither away. Marx was in a line extending from Godwin and Proudhon through Kropotkin and Sorel. Those utopian socialists who abominated the state and govern-

²⁰ Hertzler, *op. cit.*, p. 222.

ments apparently arrived at their position through some such reasoning, or unreasoning, as this: Private property is the root of all social evil, and its existence the cause of man's "fall." (Rousseau thought as much.) Private property, it has been claimed, sets one man against another, leads men to pursue their own interest to the harm of others, promotes selfishness, and so on. The state, as they saw it, was the prime bulwark of property. The vast paraphernalia of government — the courts, the police, the bulk of laws — had to do with the protection of property. Abolish property, and government would lose its reason for being. Or, as revolutionary anarchists were apt to believe, abolish government and things would revert to their natural, and perfect, condition. As one writer says:

A strong line of thinking thus became absolutely hostile to the State; it considered this most important of all political phenomena either as infinitely elastic and compressible (J. S. Mill), altogether dispensable (Marx and Engels), or the supreme obstacle to total happiness.²¹

The flight from political reality

²¹ Thomas Molnar, *The Decline of the Intellectual* (Cleveland: World Publishing Co., A Meridian Book, 1961), p. 73.

has had horrible consequences in our century. Anarchists did not succeed in abolishing the state, but they did turn thought away from the very practical problems of how to contain the state. Eventually, most socialists reconciled themselves to the state, used it to their ends, but it tended to become the uninhibited state of totalitarianism. It is worth pointing out that some contemporary libertarians have similar views toward government to those of nineteenth century utopians. Socialists saw the state as the bulwark of property; these libertarians witness the state as violator of liberty and property at the hands of social reformers. Both fail to realize that government is an *instrument*, not a cause, of men's behavior and beliefs.

There were many other strains in utopian thought. Equality and distributive justice were prominent in many utopias. However, in the nineteenth century some thinkers expected utopias to be controlled by scientific elites. Such arrangements have been called technocracies. Scientism crops up quite often in these visions of the future. Rationalism and education were linked by thinkers as assumption and method for arriving at utopia. The above comprise the major assumptions and beliefs of utopians.

The Urge to Reform

Utopia, then, contained the vision of earthly bliss which has drawn us into the crucible of melioristic reform.

It must be made clear, though, that there is a great gulf between Robert Owen's utopian vision of a world without poverty and President Johnson's War on Poverty. To most of his contemporaries, even as for us, Owen was an impractical visionary, one to be taken advantage of by cynical joiners of his communities or to be avoided by more upstanding people. President Johnson, on the other hand, would certainly be reckoned to be a "practical" politician. But the difference between Owen and Johnson is not in the vision they hold forth; it is in the means to be employed. The gulf has been bridged. What was once clearly visionary is now being pursued with all the instruments of power of centralized states, is even the stock in trade of the most corrupt politicians. We are no nearer to utopia in our day, I think, but we are cheek by jowl with a whole panorama of compulsive devices that are billed as instruments for ushering in utopia (though the word itself is not employed).

Most of the remainder of this story will have to do with how the gulf was bridged. It was a tremendous undertaking. It must be

kept in mind that thus far we have pursued mainly the development of some ideas among some intellectuals. Though utopian novels were becoming more popular in the late nineteenth century, as indicated by sales, utopian thought had even then hardly entered the mainstream of political thought. Apparently, it was as clear to most of our ancestors as it may be to some of us that utopian visions are flights from reality. Intellectuals had not yet come into the circle of power, certainly not utopistic intellectuals. The position of these people, and their kind, in the nineteenth century is described by one writer:

These people belonged to no great disciplined order; they are backed by no European authority. . . . When they rebel, they become outcasts and refugees, as were Marx and Lenin, appealing away from the bourgeoisie to which they belong to the masses without.²²

In short, such people were largely loners and outcasts. We must trace them in their move to the seats of power. Such a movement has been made, and it is rather clear that such intellectuals would be in line for a Freedom Medal from some President today.

It is not practical, however, to follow the movement from utopia

²² Bowle, *op. cit.*, p. 29.

to reform, from visionary to presidential adviser, from lonely dreamer to practical politician, on an international scale. The perspective will now be shifted to the national

scale, to the United States, so that the story can be told of how one nation was drawn into the web of those engaged in a flight from reality. ◆

The next article in this series will pertain to "An American Dream."

BRITAIN RETURNS to MERCANTILISM



GEORGE WINDER

THE BRITISH GOVERNMENT took another step back toward the ancient policy of mercantilism when last October it placed a 15 per cent surcharge upon all imported manufactured goods. This was against all modern trends and against the interests of G.A.T.T., the Common Market, the Commonwealth, and particularly damaging to the European Free Trade Association agreement to remove all tariffs

against manufactured goods by 1966.

The Labour government has announced that this policy is only temporary, but no definite date is given for discarding it. There doubtless will be plenty of time to build up protected industries which soon acquire a vested interest in the tariffs that support them.

The object of this return to mercantilism is to save the pound, which the Exchange Equalization Account is sending out of the

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country in large quantities, thus depleting the country's reserves.

The British government wishes to persuade foreigners to take her goods instead of her money. The only practical way of doing this is to keep the price of goods down so that others want to buy them; but the British today are unable to do this, for they are pursuing the same inflationary policy which has characterized their economy since World War II and which caused them to devalue the pound in 1949. This policy has earned for the economy the description, "stop-go."

***First the Inflationary Boom,
Then the Credit Squeeze***

The Chancellors of the Exchequer who have presided over Britain's economy since the war fall into two classes: the first fails to balance the budget and experiences a boom, but soon runs into an overseas payment crisis; the second comes in to clear up his predecessor's errors. He does this by reducing the budget deficit and placing the economy under the rigid conditions of a high Bank Rate and a credit squeeze. The subsequent high rates of interest for all borrowing tend to stop the credit expansion, and a painful and depressing period follows — but for the time being the pound is saved. It is left to the

next Chancellor to begin the cycle all over again.

The outstanding periods of depression since the war have been in 1947, 1949, 1952, 1957 (when the Bank Rate went to 7 per cent), 1961, and now when Britain again is in overseas payment difficulties.

The cause of trouble this time is not difficult to find. Mr. Maudling was an expansive Chancellor who budgeted for a large deficit in 1963 and gave Britain a mild boom. At budget time in the spring of 1964, he was urged by almost every newspaper in the country to go ahead with an expansionary budget. What matter if Britain had to borrow from the International Monetary Fund? Does not every business borrow sometimes? He succumbed to this pressure and unbalanced his budget by several hundred million pounds.

During the summer of 1964 the pound lost more purchasing power than usual — that is to say, prices went up considerably, and in time to be noticed by the electors. At the same time, exports began to fall and imports increased. Imports always increase at this point of the cycle; an abundance of money to spend, and a fixed rate of exchange, result in a great demand for imported goods.

The extent of Britain's adverse balance was announced every month to the electors, and did the

Conservative cause no good. Many people thought the Conservatives were waiting until they had won the election before applying their customary remedies. But they lost the election and a chance of rectifying the position.

The Labour government complains that the former government left a bill of £800 million to settle. This is the amount by which Britain's imports are said to have exceeded her exports. Since a symptom of the trouble is high imports, the government has decided that it will reduce them by a surtax of 15 per cent against all imported manufactured goods, these accounting for about one-third of Britain's total imports.

Opening Pandora's Box

In announcing this policy, the Labour government stirred up a hornets' nest. The European Free Trade Association complained that Britain had broken her solemn treaty to lower duties on manufactured goods until they reach zero by 1966.

G.A.T.T. also complained and threatened retaliation, although a few members, notably the U. S., have expressed sympathy with Britain's position.

Ireland says it is a body blow, because England was her best customer. Japan, France, Italy, and many other countries have

protested. Even the Commonwealth has not escaped. Canadian newsprint is hit, because it is considered a manufactured commodity. Hong Kong, the last remaining free trade area in the world, is a special sufferer.

Those who suffer most, however, are Britain's own nationals. They were given no notice of the extra duties which took effect from midnight of the day of the announcement. This naturally caught many importers with their goods on the high seas; when those goods are landed the extra duties will have to be paid. One importer, who has sold a thousand tons of steel bars, tells me he will have to meet the extra duty out of his own pocket. Another will have to pay the surtax on hundreds of tons of aluminum sheets he is importing from Austria and the E.F.T.A. countries. Thousands of importers will have difficulty in meeting the increased tax, and some will go bankrupt. Such is the fate of the individuals when the government manages the economy.

Will It Solve the Problem?

But the question remains: Will this policy of taxing imported manufactured goods really work? Is it not attacking the symptom instead of getting at the cause of the trouble? Manufactured goods are themselves often the raw ma-

terials of the export industries, especially in Britain which imports large quantities of machine tools and machinery. The sale of goods is essentially an act of exchange. Who knows what trade channels will be permanently blocked when the surcharge is removed? Mr. George Brown, the Minister of Economic Affairs, is expecting the British people to buy more British goods; yet the government says the surcharge is only temporary.

It looks as if the Labour government wants it both ways. It harbors the old mercantilist superstition that you can export and not import.

Inflation Must Be Curbed

The real cause of Britain's trouble lies in her excess of money. This, coupled with a fixed rate of exchange, acts like a sponge which draws the goods over the tariff wall in spite of the surcharge. Previously, when Britain faced

such a problem, the remedy — except in 1949 — was to squeeze the economy by raising the Bank Rate and making money hard to get.

Even if the Labour government's policy does stop imports, the excess money will still circulate and press the price level upward. Either the Bank Rate has to be raised to bring about a credit squeeze,* or Britain will have to devalue the pound once again before she can restore equilibrium and sell her exports.

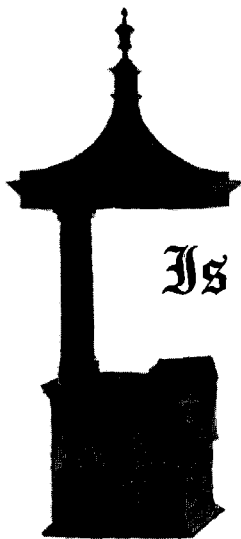
Devaluation is an expedient the British government has avoided since 1949. It involves repudiation of many millions of pounds loaned in good faith to the government. But this is the only thing left for any government to do if it goes on inflating the currency. And a reversion to all the mercantilistic failures of the past will be of no avail against the eventual day of reckoning. ◆

*Editor's Note: The discount rate has been raised, of course, to 7 per cent from 5 per cent since Mr. Winder submitted his analysis.

IDEAS ON LIBERTY

Good as Gold

YOU HAVE TO CHOOSE as a voter between trusting to the natural stability of gold and the natural stability of the honesty and intelligence of the members of the government. And with due respect to these gentlemen I advise you . . . to vote for gold.



Is God a Keynesian?

WILLIAM HENRY CHAMBERLIN

THERE IS a growing tendency on the part of some religious organizations and ministers of religion to lend religious sanction to left-wing social and economic views and even to pass the modern equivalent of sentences of excommunication on political figures who disagree with this outlook. This came out very strongly in the recent American presidential political campaign, as the following examples show.

Christianity and Crisis, edited by such prominent churchmen as Dr. Reinhold Niebuhr and President John C. Bennett of Union Theological Seminary, professed to find

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a conflict between Goldwater's "record and the judgment of the Christian churches on most of the major issues of our time." Dr. Joachim Prinz, president of the American Jewish Congress, went on record to the effect that "a Jewish vote for Goldwater is a vote for Jewish suicide." Equally strong was the statement of the Rev. William Sydnor, rector of Christ Episcopal Church in Alexandria, Virginia:

When one listens to and reads Senator Goldwater, one finds that respect for God's law is shockingly absent. Never in the history of our nation have an aspirant for the presidency and his backers espoused principles and practices that so brazenly ignore God's commands dealing with love, peace, reconciliation, brotherhood, care of the poor, respect for law and the constitutional authority.

Many similar declarations could be cited. And a similar attempt to extend a spiritual sanction to what would be a very grave decision of

temporal policy recently occurred in the discussion at the Roman Catholic Ecumenical Council in Rome concerning the use of nuclear arms. Some paragraphs in a proposed declaration on problems of peace call for the total elimination of nuclear weapons without mentioning controls to insure that disarmament is made universal.

It is unlikely, to put it mildly, that the communist regimes in Moscow and Peiping will be responsive to admonitions from the Vatican Council. A complete renunciation of nuclear weapons by noncommunist powers, principally the United States, would have as its consequence the confrontation of free nations with the alternative of surrender or annihilation, scarcely a desirable moral objective. It is to be hoped that the objections to the proposed draft raised by American and British prelates at the Council will be heeded. An adoption by such a widely respected religious gathering of a resolution in favor of absolute abandonment of nuclear weapons would be another deplorable example of the harm that can be done when men of good will make hasty pronouncements on subjects outside their range of competence and in fields where hard choices are necessary and ideal perfection is not to be expected.

Moral Obligations upon Individuals

Is there sound warrant for assuming the moral superiority of a collectivist to an individualist economic system, for imparting religious sanction to Keynesian economics and welfare state policies? The answer is No.

All the great religious and ethical systems emphasize the moral obligations of compassion and charity, the virtue that accrues when an individual foregoes a part of his wealth to help someone less fortunate or to promote some desirable cause in such fields as education, health, and general well-being. Incidentally, Americans, sometimes dismissed as materialistic, have been more responsive to this kind of moral appeal than any people in the world. Nowhere is there a quicker and warmer response to the call for relief from distress. There is nothing in Europe to compare with the Rockefeller, Carnegie, and Ford Foundations; nowhere have men of wealth shown such willingness voluntarily to give up a vast share of their wealth.

Nor is there any parallel to the number of American colleges and universities which owe their existence to private donations, not to state aid, or to the generosity with which such institutions are supported by their alumni and friends. Nor is American willing-

ness to extend the boundaries of health and education restricted to the boundaries of the United States. In far-off cities which few Americans have ever seen, in Istanbul, Beirut, Teheran, Salonika, colleges and schools founded by American initiative and supported to a considerable extent by American contributions have broadened considerably the educational opportunities in the countries where they are located.

The Far East was a prominent field of American missionary effort, with important educational and health by-products. This is still true as regards Japan and Taiwan. China, before the communist take-over, was dotted with American-founded colleges, schools, hospitals, research institutions; and the schools and colleges for many young Chinese eased the transition to study abroad in the United States and other foreign countries.

None of Great Religions Endorses Welfare State

Individual prosperity does pose moral challenges and Americans have met these challenges on a much larger scale than many European or Oriental peoples whose wealthier representatives are apt to let generosity stop at the limits of the family. But where is the moral element when the state

transforms taxation from an instrument of raising revenue into an instrument for reallocating income, for pillaging the thrifty for the benefit of the thriftless? One will find in the Bible, in the Koran, in the writings of Buddha, Confucius, and other religious prophets, moralists, and sages many injunctions to practice charity and make voluntary sacrifices for the common good. What one does not find is any endorsement of a communist or collectivist form of society, anything that could reasonably be construed as a divine commandment in favor of the welfare state or Keynesian economics. On the contrary, the assumption is always that the individual enjoys enough of the fruits of his own labor to be able to share these, in one form or another, with those less fortunate.

And a very good case can be made, on moral as well as economic grounds, for a system in which the individual is required to stand on his own feet, not to lean on the state for handouts. Character, resourcefulness, capacity are formed and developed in struggle with obstacles, not in waiting passively for benefits from outside. Not the least of the causes of the juvenile delinquency which sometimes spills over into senseless and brutal riots is a sense of boredom, of having "nothing to do." This complaint

could scarcely be voiced in earlier times when young people expected and were expected to earn their livelihoods, instead of having these furnished on a silver platter.

For the individual to be intelligently generous with his own money is a meritorious and enriching side of life in a free political and economic system. For designing politicians and empire-building bureaucrats to be generous with other people's money is something quite different. The more Federal, state, and local agencies exact in taxation, the more limited is the scope of private beneficence. And an individual gift is much more likely to be well spent than a government grant.

So, there is no warrant in logic or morals for trying to place the authority of religion behind measures of social and economic collectivism. Indeed, there is a much stronger case for arguing that the sense of individual responsibility — which is a key indispensable factor in making it possible for the individual to distinguish between right and wrong — is best assured under a system in which the human being is mainly committed to his own care and required to make his own decisions, instead of being shaped and molded in line with some scheme of bureaucratic planners.

Misinterpretation of Biblical Reference to "Brother's Keeper"

It has been said that the devil can quote Scripture. And a Biblical reference that is often used completely out of context, and for collectivist ends, is the reference in Genesis to "my brother's keeper." There is a widespread attempt to twist Cain's reply, "Am I my brother's Keeper?" when Jehovah interrogates him about the whereabouts of his brother Abel, as a divine injunction on all human beings to play the role of "brother's keepers"; that is, to assume responsibility for and, by implication, direction of enormous numbers of strangers, from riotous juvenile delinquents at home to feuding cannibals in the Congo.

It should be noted that the use of the phrase in Genesis carries no such implication. "Am I my brother's keeper?" is not a divine injunction for all human beings. It is the guilty Cain, taking the Fifth Amendment when charged with murder. And the whole idea of men and nations playing in relation to each other the role of "brother's keeper" carries more than a little suggestion of condescension, even of insult. Among the dictionary definitions of the verb "keep" are "guard," "manage," "conduct," "detain," "confine" — a rather ominous series of connotations. A "keeper" may be

a warden in a prison, a supervisor of animals in a zoo.

A person of spirit and independence would give the rough edge of his tongue to anyone who tried to play the role of "keeper" by intruding into the concerns of his private life. And this is just as true for nations as for men. There is something naive in the surprised distress with which some Americans receive the not infrequent news that a mob in the capital of some country which has been on the handout list for foreign aid has pulled down the American flag or smashed the handsome quarters of the United States information agency.

Foreign Aid Resented

Behind such episodes is often an element of communist instigation. But this is by no means the whole story. No matter how poor a people may be, they have an instinctive revulsion against the idea of being "kept" by another. Here is one psychological explanation of why American aid has so often been met by brickbats, not bouquets. Another irritant is the large number of Americans in diplomatic and related establishments and the visibly lavish style in which they live. The poorer and more undeveloped the country economically, the more noticeable is this sort of thing.

There has been much anguished discussion, with the aid of high-powered psychology and opinion polls, of the question why Americans are not better liked abroad. One of the reasons, beyond reasonable doubt, is America's self-assumed role as "brother's keeper" for a vast number of peoples in foreign lands, many with profoundly different traditions, cultures, tastes, and habits. Even the most tactfully proffered advice can easily be resented as intrusion and interference; and the sudden injection of large numbers of free-spending Americans has sometimes created awkward financial and trade problems.

Looking back to the far-off days when the political systems and the economies of distant lands in Asia, Africa, and Latin America were regarded as the concern of the natives of these lands, when government-to-government grants were unknown, when Americans were content to invest and do business in countries where they were welcome and to stay away from those where they were not, when the United States government considered its first task as protecting the security and legitimate interests of its citizens abroad, one wonders whether Americans were not just as well or perhaps better liked when their government was not trying to play beneficent Big

Brother to the rest of the world. And behind this lies still another question.

Is it so important to be a winner in an international popularity contest? In the age of Britain's greatest international power and prestige, in the nineteenth century, there is no evidence that the British government or individual traveling Britons cared very much about the "national image" or attached undue importance to the question whether they were liked or not.

Perhaps respect is a more reasonable and feasible goal than liking, which is sometimes least achieved when most pursued. No doubt many individual Americans have won esteem for themselves and, incidentally, for their country by striking out as pioneers of some new project in economic development, or health, or education in a foreign country. But there is precious little indication that the bureaucrats who shovel out foreign aid have won a place in the hearts of the natives of the countries to which they have been assigned.

The "brother's keeper" philosophy, with its false interpretation of Scripture, is just as inapplicable in dealings between individuals as in relations between nations. Meddlers in other people's affairs, however good their intentions, seldom win much thanks for

their pains. Sometimes the theory of collective responsibility is carried to truly absurd lengths.

It was by no means uncommon, after the assassination of President Kennedy, for orators in and out of pulpits to put forward the idea that the whole American people was responsible for this tragedy. This is sheer nonsense. According to all the evidence collected by painstaking search of a government commission, supplemented by the private investigations of many journalists and publicists, a single unbalanced person conceived and executed the assassination, without accomplices, without instigation. How, in the name of reason and common sense, can the whole American people be regarded as participants in the demented act of this person?

More Harm than Good

Throughout history the efforts of religious spokesmen to take sides and pronounce judgments on secular political and economic issues has probably wrought more harm than good. It is the primary function of religion to elevate the soul and improve the conduct of the individuals who respond to its teachings. There is no reason to assume that there is a divine sanction for Keynesian or other forms of collectivist economics.

And an international society of

individual, self-respecting peoples and a national society of independent, self-reliant individuals, who would vigorously resent the idea that anyone had the right to act as their "keepers," are far more attractive than the idea of some individuals and some nations

assuming the impossible and undesirable burden of minding everyone else's business. No human being, no people worthy of its salt, has the slightest desire to submit to the ministrations, however benevolent in design, of a self-appointed "keeper." ♦

\$48,000

PAUL L. POIROT

IT WAS a receipted bill for electrical service rendered in 1907 by the Edison Light and Power Company to a customer in Wichita, Kansas. The bill was for \$7.00, for a month's service — for only 14 kilowatt-hours of electricity. (Collection must have been something of a problem in those days, because the bill specified: "Less 20 per cent if paid before the 10th of the month.")

The bill was made out on a postal card, the other side of which bore the one-cent stamp that paid for its delivery across town.

In the 58 years since 1907, the postage rate has risen to 4 cents a card — 400 per cent of what it was then; whereas, the price for electricity has steadily declined from 50 cents per kwh to 2 cents now — 4 per cent of what it was then.

An average American home today, if fully electrified with air conditioning and heating, would use about 24,000 kwh annually, costing \$480. At the 1907 rate, that cost would be \$12,000; and if kwh prices had behaved as has the price for delivering a post card,

the electrical bill would be \$48,000 annually. Except, that no one would use electrical appliances!

One may speculate as to what those respective rates might be today had the situations been reversed, with a government monopoly of electrical service, and a free enterprise postal service!

How much profit was earned over the years by the Edison Light and Power Company and its successors in Wichita is unknown to us, but we do know that within a recent period of years while the Post Office was accumulating a deficit of \$10 billion, its largest competitor in the communications field, the privately owned American Telephone and Telegraph, showed \$22 billion in profits — despite the fact that the rates it could charge for phone service were regulated and controlled by the Federal Communications Commission.

The comparative performance of governmental and private enterprise, even when both are subject to price control, is further illustrated in adjoining news items from the front page of *The Wall Street Journal* of November 27, 1964:

Postal rate increases for business mail may be recommended by President Johnson in his January budget message. The increases might be as much as \$300 million annually. Postmaster General Gronouski said the President ordered him to draw up proposals for rate boosts on second and third class mail. These would chiefly affect newspaper and magazine publishers and users of direct-mail advertising.

American Telephone reductions in long-distance interstate rates estimated at \$100 million annually were announced by the Federal Communications Commission. The cuts take effect in two stages on Feb. 1 and April 1. The FCC said it had moved for the reductions, to which AT&T indicated it had agreed reluctantly, after reviewing the company's profit picture.

In view of all the talk about protecting consumers, the record suggests that private enterprise is a better caretaker than the government. ◆

(Reprints available at 2 cents each.)

FROM EDEN TO PARADISE

Choice versus Compulsion • DEAN BANKS



OUT of the civil-
rights and related
issues emerges
that old problem
which has haunt-
ed civilized man
ever since his cu-
riosity got the

upper hand in Eden. By what force, he keeps asking himself, will the desires and activities of men be governed? Must all human behavior fall under the rule of law, or can there be a functional division between "law" and "moral duty"—between established legal procedure, which demands compliance with basic social ideals,

¹ Throughout this study, "moral-legal" and "voluntary-compulsory" are used interchangeably. Since some philosophers delight in pointing out that man is "free" to obey or disobey law, moral or voluntary obligation will always refer to a course of action solely dependent upon the individual will and involving no penalty except that admitted by the individual.

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and individual sense of moral obligation, which persuades one to comply with general principles of humanity?¹

Apparently, the problem of voluntary-versus-compulsory social duty has been the basic issue of all the great "revolutions" of the past, whether the birth of Christianity, the Renaissance, Reformation, French Revolution of 1789, or, in its earliest stages, the Russian upheaval of the early twentieth century. Always, one question headlined the tattered banner of progressive humanity: What is the ideal relationship between individual freedom and legal order? A definitive answer will be provided only when mankind completes the long journey from Eden to Paradise, that beautiful land void of apples and crafty reptiles which cause so much human imperfection. Here on earth, most societies have succeeded only in establishing some kind of balance between the extremes of voluntary and compulsory activity. The "bal-

ancer" in this society is the Constitution, a fundamental guideline which embodies the universal ideals of moral behavior while prescribing limitations on the legal enforcement of those ideals. This is the Constitutional order of the "free society," a functional compromise between choice and force.

Moral Responsibility and Restraint

Though the word "free" is habitually used to describe the voluntary character of our national organization, there certainly is nothing free about maintenance of the existing Constitutional balance. The free society's normal appetite for human sacrifice would stun even the old pagan gods. Heading the list of sacrificial demands are two essentials which members of this society must constantly place afresh on the altar of sustenance: fulfillment — rather than evasion — of moral responsibility, and moral restraint based on awareness of moral-legal distinctions.

Concerning fulfillment of moral duty, it is apparent that a free society cannot exist apart from the humanitarian spirit which sustains it; the history of all civilization underscores this fact. Only through a sense of moral obligation can men live in harmony outside the restraint of law.

As a nation's moral fiber begins to rot, men become something less than human, and this inevitably results in an ever-increasing willingness to employ additional law as a remedy for such social "defects." In the free society, extension of law is directly proportional to diminishing morality.

Moral restraint, the second basic demand of Constitutional order, implies little more than recognition of moral limitations. Not having reached Paradise, mankind still falls short of angelic perfection, and therefore social order remains somewhat defective — it does not live up to our moral ideals. Men may, however, overlook this fact when possessed by unrestrained humanitarian fervor. When this happens, moral dedication becomes just as destructive as moral laxity, for invariably passion obscures the vital difference between moral responsibility and moral influence for remedial legislation. Thus, the fiber which restrains law may snap from stress as well as decay — the results are identical.

Today, it seems that both stress and decay are threatening to tip the scales in favor of ever-expanding legislation of social duty — at the expense of previous choice. On one hand are unrestrained forces which seek perfectionist reforms. "The outdated legal limitations

must be removed," they seem to be saying. "Progress demands a new order capable of satisfying all human need. It is right; society must do it — now." These idealistic voices belong to authoritative *secular* and "*religious*" equalitarians, men in positions of leadership who apparently have dedicated themselves to legislating Paradise on earth. Part of the problem before us, then, is the examination of the equalitarian leadership and its response to the two basic demands of the free society, but this takes care of only half the task. The light of inquisition should be placed also on the "grass roots," to examine the role of the individual in upsetting or maintaining the moral-legal balance. Even a brief study of this sort may disclose which is the greater villain — passionate leadership or passive individual. Most likely, it will be a tossup.

Secular Equalitarians

Consider first the secular equalitarian, a person whose frustrated desire for human perfection finally leads him to believe that society, like a machine, may actually be regulated to assure absolute precision. Possessed by fervent desire to cure society of its malady, chaotic individualism, this idealist disowns the moral, voluntary spirit of social organization and

resorts to uninhibited legislative promiscuity.

It is not difficult to understand this lack of respect toward Constitutional order, for the equalitarian thesis clearly rests on one assumption: outside of legal regimentation, there can exist only irresponsible, inhuman individualism. Law is the great and simple equalizer with which egoistic men and women — the gears and springs — may be assigned a "human," impersonal role in the great social machine. Whether intentionally or unconsciously, the secular equalitarian assumes the role of a materialistically divine creator who suggests, "Let us re-create man in our own image. Let us legislate Paradise on earth. Progress demands it."²

The Church in Politics

As stated previously, the secular perfectionist shares his utopian aspirations with another, vastly influential force, official representatives of most churches. Though this is nothing new, only recently

² The liberal-equalitarian concept of "progress" is an essential part of the moral-legal question, but cannot be dealt with in this brief study. Always, "progress," "the march of events," "the mainstream of history," and so forth are used to justify reform, but search in vain for definitions of these slogans (e.g., see J. K. Galbraith's *The Affluent Society*. N. Y.: Mentor Books, 1963, p. 21ff.).

has the secular-religious romance grown so ardent that it presents an immediate threat to the free society. As one Texas preacher exclaimed to this writer last summer, "Looks as though we'll have to start asking God to protect the state from the church, since we have no antitrust laws to forbid collective church influence on social legislation." He referred, of course, to the decisive role of the church in pushing the Civil Rights Act through Congress. The minister, like many others in all church bodies, was quite concerned about the "religious" tendency toward converting moral responsibility into legal compulsion — some call it "legislating morality." And, to repeat the point, that is the danger of the equalitarian coalition, a joint venture into secular-religious idealism which can sweep aside existing legal limitations. Without church support, there could be no hope for success; but, the church seems eager and frighteningly able.

"Religions are many, reason one" — this observation by the well-known philosopher, George Santayana, catches the full flavor of current "religious" psychology.³ Today, religious bodies are search-

ing for common ground, the most common point of identification, around which they may reason together. The camp meeting has settled down on social grounds, a nonspiritual realm void of theological differences, and social reform has become the *cause célèbre* of the united religious establishment. If such reforms were to be accomplished through increased religious-moral dedication, we could all rejoice and sing praises to a reborn church. But, regretfully, there is no reason for such elation.

Secularized Religiosity or Rational Morality

The church conciliatory movement results primarily from progressive theological "modernization," which erases fundamental spiritual differences that naturally create disunity among religious bodies. Church modernization has thus produced a secularized religiosity or, as Santayana called it, "rational morality."⁴ At the same time, the church retains its spiritually derived vision of Paradise and projects it onto society. The

⁴ "Undoubtedly the principle of rational morality is utterly independent of each and all religion, and rather inimical to any special gospel; because rational morality coordinates all interests. . . ." George Santayana, *Dominations and Powers* . . . (N. Y.: Charles Scribner's Sons, 1951), p. 155.

³ See George Santayana, *The Life of Reason* (N. Y.: Charles Scribner's Sons, 1953), p. 181 ff. This is the one-volume edition.

result might be called "the political gospel."

Emphasizing the similarity between religious and social idealism, Santayana stated that political guidance is the natural role of "a systematic religion." Perfection of society, he said, "is precisely what wise legislation and good government profess to do: so that the spheres of systematic religion and of politics, far from being independent or incommensurable, are in principle identical."⁵ So, it seems almost natural that religion unshackled from spiritual purpose would tend to become a political force, rather than an influence for voluntary, moral application.

In any religious mind, Paradise and social perfection occupy similar planes of thought; absolute social harmony corresponds with the heavenly ideal. Therefore, the important distinction between spiritually oriented religion and religion of the rational variety lies not in the desire for human perfection, but in the manner in which perfection will be attained. In secularized religion, the earth-godly power of law replaces spiritual force as the regenerator of imperfect man. The state displaces God. The Son becomes only a source of Christian ethics accord-

ing to which society is to be governed. The evil fruits of human individualism wither away under the influence of law, an impersonal force which remolds disruptive personal will.⁶ Certainly no one should be too surprised to find "modern" church spokesmen collaborating with the secular equalitarian leadership; with the spiritual quality removed, both stand exposed as dedicated social idealists.⁷

⁶ It is difficult to ignore the similarities between this thinking and that of Marx — the general ideas merge into one predominant thought: through compulsion, human nature can be "perfected." In a fairly recent study, Harold J. Blackham provides an interesting summary of "theocrats" who seek to stabilize society (eradicate individual will) through impersonal law (Harold J. Blackham, *Political Discipline in a Free Society*. London: George Allen & Unwin Ltd., 1961).

⁷ In contrast to the modern church, fundamental Christianity profits from Scriptural knowledge of human nature and seeks perfection only in Paradise. Fundamentalist churchmen quite definitely reject physical compulsion as an instrument of Christian attainment — this has been the case ever since Christianity, the "law" of example and persuasion, replaced the physically compulsory Mosaic law. Dietrich Bonhoeffer (the controversial German Lutheran theologian executed by the Nazis at Flossenbürg) exemplified the fundamentalist attitude by calling on the church to leave its shell and respond to the problems of this world. Throughout his writings, Bonhoeffer pleads for the church to do one thing: witness for Christ through personal example and persuasion. He specifically rejects church politics and

⁵ Santayana, *Dominations and Powers*, p. 163.

A Duty of Leadership

In a society founded on concepts of popular government, however, leadership's primary duty is to promote a sense of reality, as well as humanitarian idealism. Its main functions are to cultivate individual moral and legal responsibility and to remain loyal, itself, to the fundamental law of social organization. The two tasks are equally important; both can be unbearably frustrating to men who cannot discipline themselves to acknowledge human imperfection. The responsible leader suppresses the urge to discharge moral responsibility through the catharsis of legislation, and thus preserves that most important virtue of authority — moral restraint.

Through its example, leadership testifies that Constitutional order can be maintained through moral dedication to the principles of humanity and personal application to the political business of self-government. On the individual's voluntary assumption of both responsibilities rests the future; and whether or not the individual meets the demand will depend largely on the example of leadership. Doctor Harold Bosley,

the idea that social progress and the "Kingdom of God" are related (See the authoritative analysis of Bonhoeffer's works: Martin E. Marty, ed., *The Place of Bonhoeffer* . . . N. Y.: The Association Press, 1962).

former Duke Divinity School dean and now pastor of Christ Church, New York City, emphasized this point at a Methodist conference last July. Because the churches, the government, and other groups tend to "shrink back from direct involvement," Doctor Bosley said, the Civil Rights Act and the 1954 Supreme Court school decision were enacted.⁸ When moral leadership begins to ebb, expect a legislative flow.

Undisciplined Human Nature

An old rule of human behavior indicates that a person will usually tend to abandon a duty which someone else tries to assume for him. Another ancient principle suggests that authority, secular or religious, has an intrinsic disposition toward assuming the "burdens" of others. These two fundamental truths point out the central problem of any hierarchical system. The desire to lift responsibility from the stooped shoulders of those in the lower ranks may arise from lust for power or from human compassion; but whatever its origin, it is destructive if it enables individuals to escape basic moral and political responsibilities.

Undisciplined human nature seems to abide by one rule: It is

⁸ *The Houston (Texas) Post*, July 4, 1964.

easier to receive than to give. So, with this reality in mind, authority has to remain alert to the task of cultivating Constitutional discipline, rather than undermining it through unrestrained paternalism. As Walter Lippmann once stated, only when men have "learned the grammar of constitutionalism," acquired it as "intuitive habit" and "the normal idiom of . . . behavior," will the full promise of liberty be realized.⁹

Though secular and religious leadership has a major role in nourishing the free society, its efforts are almost entirely dependent on the individual's ability to *sense* his responsibility and *act* to fulfill it. It is a mistake to regard either of these responses as natural or automatic; neither the feeling of obligation nor the execution of duty is naturally convenient or enjoyable.

In a prosperous nation, moral duty can become little more than a hindrance to the pursuit of immediate profit and pleasure — thus, as in the case of leadership, morality is frequently and conveniently

discharged through legislation. Santayana provides a good explanation of this moral-legal conversion by stating that "people always do as they like; but while they are believers, they must confess that they have sinned; whereas by the easy method of discarding their faith, they can have their fun and call themselves virtuous."¹⁰

Taking the Easy Way

Though Santayana refers to religious responsibility, the same psychology applies to the purely moral realm: a person may think that he can discharge moral duty through law, and thereby satisfy his conscience. The beauty of the method is its efficacy in relieving the individual of the physical mechanics of moral duty. The final result, as Santayana points out, will be a complete loss of conscience (faith).

What a person cannot accomplish through self-discipline or moral strength, he may assuredly achieve through law. It is always easier to command than to persuade, whether the object of attention is oneself or another; so, to the individual of conscience living in the modern society, the end (rather than the means) becomes

⁹ Walter Lippmann, *An Inquiry into the Principles of the Good Society* (Boston: Little, Brown & Co., 1943), p. 343. Lippmann emphasizes throughout his work the vital importance of moral responsibility in social organization. *The Good Society* and a later work, *The Public Philosophy* (1955), are strongly recommended for those interested in a depth study of the problem.

¹⁰ George Santayana, *Dominations and Powers*, p. 153.

of utmost importance. Having satisfied conscience through law, the timesaving instrument of "accomplishment," the shirker goes about reveling in the irresponsible freedom of being free. This attitude represents the new materialistic individualism of this age, a doctrine of self-service that steadily slashes away at the moral fiber binding that impatient devourer of human freedom. What has produced this attitude? How can it be changed? These are difficult questions, but some answers are clear enough.

Man and His Attitudes

Material prosperity has often been blamed for corrupting man's moral character, but this seems quite unbelievable. To say that material objects produce human attitudes is simply to excuse men of responsibility for those attitudes. No, the corrupting influence lies in the individual's inability or unwillingness to evaluate the prevailing ideologies which permeate his social, economic, and political life, particularly the equalitarian ideology of "individual freedom."

The liberal-equalitarian declares that progress follows man's inner urge to free himself from the shackles of exploitation. Always, the emphasis is placed on man as a creature struggling for his "rights" — and never his respon-

sibilities. By its unrestrained, hypnotizing chant of "Rights! Rights! Rights!" the collectivist leadership has, indeed, given impetus to the loosening of human shackles: it has helped snap those fragile chains of moral responsibility which link individual men to civilized humanity. This is the nature of equalitarian "freedom," an ideology of rampant idealism which worships the god of immediate satisfaction. The sole responsibility for evaluating such shortsighted doctrines belongs to the individual. If he is unable to do so, he must strive to educate himself so that he can; if he is unwilling, . . .

Responsibility, unlike instinctive pursuit of pleasure, proceeds from inner conflict, fought on a battleground stretching from man's brain to his soul. From this individual struggle emerges a sense of values expressed through physical activity. To the spiritually motivated person, the source of values is, as Bonhoeffer expressed it so well, the Christian manifestation, a timeless example of men rising above instinct and taking up their crosses of spiritual and earthly responsibility.

The individual lacking spiritual impulse toward moral duty must, it seems, derive his values through human reason. Only as he does this can he call himself a free man,

as Spinoza emphasized a few decades ago. "The freer we conceived man to be," the great rationalist philosopher wrote, "the more we should be forced to maintain that he must of necessity preserve his existence and be in possession of his senses And so man can by no means be called free because he is able not to exist or not to use his reason, but only in so far as he preserves the power of existing and operating according to the laws of human nature."¹¹ Generally, Spinoza argues that freedom exists for the individual only when he strives to derive a code of human conduct (basic values) from the experiences of civilized man. Strangely enough, this is the process by which the existing Constitutional order was established.

Resolution Plus Action

Individual responsibility, however, involves not only reference to the experiences of man, but also mental application in projecting future consequences of personal attitudes and activities. When the individual does this, he always arrives at one conclusion: Freedom of action becomes a lasting value, rather than raw enjoyment, only as a person *resolves* to

secure it and then *works* to do so. Mere enjoyment of freedom requires no human intelligence—even a coyote can run freely across the meadow and joyfully bark at the moon. It does, however, take the human quality to recognize that *future* liberties rest on established order and that such order must be maintained by moral, human application.

The free society will thrive as its moral fiber is strengthened, and moral sensitivity will spread and intensify as the individual learns to function as a responsible social being. This requires personal inventory of human nature, accomplished through reference to the humanities and social sciences. A person's concern for things outside himself seems to increase in proportion to his awareness of the world in which he exists, and this comes through knowledge. Knowledge alone, however, provides only a base for responsiveness; it never transforms an individual into a responsible human being.

A person must acquire proficiency in the fine art of critical thinking, he must be capable of evaluating knowledge in relation to himself. Out of centuries of human experience, the individual has to "find himself," see himself as he stands in comparison with the lasting values of civilization.

¹¹ Benedict De Spinoza, *Writings on Political Philosophy*, ed. A. G. Balz (N. Y.: Appleton-Century Co., Inc., 1937), p. 88.

Then, he is able to determine his own values and purposes in life. Through this process, man develops respect for himself as a human being, and this sense of self-respect or self-approval encourages him to display his human, moral qualities — thus, the human “conscience” rejoices over its humanity.

“The strength of self-government and the motive power of progress must be found in the characters of the individual citizens who make up a nation.”¹² In

¹² Elihu Root, “Experiments in Government,” 1913 — a lecture delivered while Root was a Republican Senator

this free society, such individual character rests on a deep sense of moral duty and a clear recognition of the Constitutional division between moral persuasion and legal compulsion. Such character acknowledges, regretfully, that there is no short cut between Eden and Paradise. ♦

from New York. The great jurist and former Secretary of State under T. Roosevelt was warning against a too-rapid pace of reform. The most accessible copy of the lecture (a partial text including the quotation above) is included in the following collection of documents: Richard Hofstadter, *Great Issues in American History*, vol. II (N. Y.: Vintage Books, 1958), pp. 283-85.

Why Social Security Must **Fail**

DEAN RUSSELL

IT IS mathematically impossible for everyone to “get his money back” under our social security program. The total group of participants must necessarily get back *less* than they pay in. Here’s why:

All of the costs of administering the program are, by law, supposed to be paid by the participants. Regardless of the amount of these administrative costs deducted by

government from the “premiums” paid in, it is certain that the same money cannot be paid back to the “policy holders.” That’s why it is impossible for all of the participants to get back as many dollars as all of the participants pay in. Various individuals will unquestionably gain, especially those who get there first. But the group as a whole must unquestionably lose, especially the young people who are now compelled to pay for the

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

next 30 or 40 years. There just isn't any way to avoid this "group loss" when the costs of administering the program can be met only from the money paid in by the group.

As a contrast, this is not true in the case of retirement income policies sold by private insurance companies. The premiums on real insurance offered by most private companies are keyed to an *expected return from invested funds*. Since these funds can be used for productive purposes, various companies and persons are quite willing to pay for them. Thus, private insurance companies can (and usually do) pay back to everyone more than everyone pays in; the participants as a group can all win.

The Fund a Bookkeeping Entry

When our government officials tell us that our social security funds are (like private insurance premiums) also invested and earn a return of three per cent, you might laugh — or perhaps cry. For the so-called "social security fund" is strictly nominal, since it amounts to less than one per cent of today's accrued liability. Even then, this woefully inadequate fund is "invested" by government in the government's own bonds. The interest that the government "earns" from its investment nec-

essarily comes from you and me in the form of more taxes; there is no other place it can come from. That is why the government's social security scheme was mathematically and necessarily bankrupt from its inception; it was (and is) merely a political mechanism designed for persons who can be lulled into believing that the police power of government is the proper moral and financial base on which to build a sound retirement program.

The harsh reality of our financially and morally unsound social security program must be faced sooner or later; if not by our generation, then by our children and grandchildren. True enough, increases in premiums (up to some unknown point) can probably postpone the eventual collapse and the revolution that may follow it. Increased inflation can also be used by government to prolong the life of that unsound scheme. But our social security program *must* collapse eventually, since it is founded on continuing and automatic losses for the participants as a group.

Check the Mathematics

Finally, have I based my argument on sound mathematical reasoning? Well, I think so, but I must admit that it was once challenged by a professor of econom-

ics. He pointed out that *all* taxpayers are compelled to pay interest on the government's debt, including the interest on those bonds in the social security fund. But not all of the "interest payers" draw social security. Further, some taxpayers pay a greater part of the interest than do other taxpayers. Therefore, the professor deduced, it *is* theoretically and mathematically possible for the social security fund to pay back to all of the participants more dollars than they pay in. "Now what do you say to that?" he challenged me.

Two things. First, the interest income from those bonds amounts to no more than 4 per cent of total social security benefit payments at present. And this amount will necessarily diminish in significance as the accrued liabilities further mount and the "fund" declines. Let's arbitrarily assume that one-half of that amount (2 per cent of current payments) comes from the taxes of nonparticipants in the social security program, and that the other half is

paid by the participants themselves. Now by the same measurement, what is the total governmental cost for administering both the bond program and the social security program? No one knows, including the administrators. But surely it is at least 10 per cent. And based on the inherent inefficiencies of governmental operations, it could run as high as 25 per cent, if all costs (including alternate opportunity and such) were properly included. That would mean an automatic loss of at least 8 per cent (probably much more) to the social security participants as a group.

Second, let us assume for the moment (incorrectly) that it is theoretically possible to make the social security program work mathematically by seizing income from some persons and giving it to other persons. Only a depraved people could knowingly and willingly endorse such a cynical scheme. And when a nation's people sink to that low moral level, the mathematics of the situation becomes relatively unimportant. ♦

THE GREATEST SECURITY a person can have comes from within himself, not from the outside. Nothing anyone can do for you can begin to match what you can do for yourself.

THE INDIVIDUAL AND THE STATE

WILLIAM H. PETERSON

THE IDEA that the public sector of our economy is being "starved" while the private sector is becoming more "affluent" is gaining popularity in the United States. Perhaps the most famous disciple of this idea is Professor John Kenneth Galbraith. In his book, *The Affluent Society*,¹ he stated:

"The community is affluent in privately produced goods. It is poor in public services. The obvious solution is to tax the former and provide the latter — by making private goods more expensive, public goods are made more abundant."

Yet in 1927 the tax and other governmental revenue take of the net national product by local, state, and Federal authorities came to but 13.8 per cent, and in 1961 the

take had risen to 34.4 per cent, and today it is higher still.

The following table measures the growth of the public sector in terms of the tax and other governmental revenue take by Federal, state, and local authorities as a per cent of net national product.

GOVERNMENTAL REVENUES 1902-1961

<i>Fiscal Years</i>	<i>Total Revenue (Millions)</i>	<i>Per cent of Net National Product</i>
1902	\$1,694	9.0
1913	2,980	8.9
1922	9,322	14.0
1927	12,191	13.8
1932	10,289	17.3
1936	13,588	19.3
1940	17,804	20.3
1944	64,778	34.0
1946	61,532	30.7
1950	66,680	27.1
1952	100,245	31.8
1956	119,651	31.8
1958	130,403	32.4
1960	153,102	33.9
1961	158,741	34.4

¹ Houghton, Mifflin, 1958, p. 315.

This article is extracted by permission from the pamphlet, "The Private Sector and the Public Sector," published May, 1964, by the Intercollegiate Society of Individualists, Inc. At the time of the writing Dr. Peterson was professor of economics at New York University.

SOURCE: U. S. Bureau of the Census, *Historical Summary of Governmental Finances in the U. S.*, 1957; U. S. Bureau of the Census, *Governmental Finances in 1961, 1962; Survey of Current Business*, November, 1962.

But even the bare statistics of the heavy increase in the financial magnitude of the public sector, sometimes called the "starved" public sector, do not imply enough about the growing role of the state in our lives. For the public sector intervenes in a million and one otherwise private decisions.

Consider, for example, the pervasiveness of the Federal income tax — or should I say loophole — mentality in our day-to-day lives. Thus, coupled to the common modern dilemmas of how many calories, and where do I park, nowadays Americans also have to confront the problem: Is it deductible?

Many Forms of Control

Still, taxation is but one part of state intervention. For under state power, rents will be controlled, coffee burned, cotton propped, foreign competition subsidized, the underdeveloped world aided in perpetuity, wages raised by fiat, tariffs erected, trade made "fair," currency inflated, farmers paid not to farm, prices fixed, and mergers forbidden.

Little wonder then that in his *Revolt of the Masses*, the Spanish philosopher Ortega y Gasset wrote:² "This is the greatest change that today threatens civilization: State intervention—the ab-

sorption of all spontaneous social action by the State . . . Society will have to live for the State, man for the governmental machine. And as, after all, it is only a machine whose existence and maintenance depend on the vital supports around it, the State, after sucking out the very marrow of society, will be left bloodless, a skeleton, dead with that rusty death of machinery, more gruesome than the death of a living organism."

Of course, some public officials argue the larger the public sector the better. In a Presidential talk we were asked to consider how public expenditures "help determine the level of activity in the entire American economy." According to this line of reasoning, the more the government spends, the more activity it creates in the economy, the richer we all become. One rub to this line of reasoning, however, is that government has no spending money other than that which it taxes or borrows from its people. To be sure, the Keynesian economist may point to the possibility of deficit financing — of spending without equivalent taxation. This deficit finance, though, when based on a permanently expanding bank-financed public debt, can only be maintained through the printing press — through inflation — through this hidden and highly regressive tax upon the

² Norton, 1932, pp. 120-121.

people. Hence, either one way or the other, the people are taxed; government has no source, has no resources, other than those it appropriates from the people.

This is the irony of those advocates of a larger public sector; they would pile greater debt on our already debt-ridden economy. In 1958, for the first time in history, Congress raised the debt limit twice in one year. In 1963 Congress was forced to raise the limit again — and again. The situation reminds one of the drunk who asks for but one more for the road and then argues that there are still quite a few more roads to travel. Meanwhile, the Federal government distributes its welfare largesse with a free hand, in effect buying votes with the taxpayer's own money. How much money can be gauged from the fact that the Federal, state, and local governments cost the American people \$158.7 billion in 1961, or some \$900 for each American. This figure does not include indirect costs for bookkeeping, report-filing, legal fees, and accounting and various clerical expenses. Direct beneficiaries of this spending include some 40 million individuals regularly receiving monthly government checks. This huge bloc and their families are not likely to approve candidates, proposals, or philosophies calling for diminu-

tion of the public sector. But this bloc is not alone in securing government favors. Other blocs include beneficiaries of tariffs, defense contracts, favorable tax rulings, regulatory privileges, price supports, and the like.

Or as political analyst Samuel Lubell wrote in his *The Future of American Politics*:³

“The expansion of government to its present scale has politicalized virtually all economic life. The wages being paid most workers today are political wages, reflecting political pressures rather than anything that might be considered the normal working of supply and demand. The prices farmers receive are political prices. The profits business is earning are political profits. The savings people hold have become political savings, since their real value is subject to abrupt depreciation by political decisions.”

To sum up, the public sector is a necessary sector. But so too is the private sector. Each depends on the other, but as one expands at a faster rate of growth, the other necessarily shrinks in proportion. The American dilemma seems to be that the public sector is expanding rapidly without discipline, without plan, without the constraint necessary to preserve the private sector — the sector of individual liberty. ♦

³ Doubleday Anchor, 1956, p. 274.

Freeing Our Economy

JOHN DAVENPORT's *The U.S. Economy* (Regnery, \$5) is a short book, but, with the possible exception of Henry Hazlitt's *Economics in One Lesson*, it packs more wisdom in less space than can be found in any other contemporary essay on the subject.

Where else, in so short a compass, could you find something that:

1. Tells you why the free market, far from being the creation of anarchists, depends on a legal and institutional framework protected by a special type of government that is itself limited by law;

2. Brings Bastiat up to date in showing why the "unplanned" market economy (which is in actuality the meshing of a million voluntary plans) is more efficient than any other way of coordinating the energies of men;

3. Explains what profit is, and tells why its appearance or disappearance is a signal that is indispensable to the efficient deployment of the factors of production;

4. Makes mincemeat of such re-

cent "original" thinkers as Adolf Berle and John Kenneth Galbraith, who have spawned a new "conventional wisdom" that fails to make connection with what is necessary to produce and distribute affluence;

5. Shows us where Keynes was right as well as where he went wrong—and then tells us what befell the American economy of the nineteen thirties when the disciples of Keynes mistook the meaning of what the master had said about the relation of profits to wages;

6. Shows how our farm policies have made the rich farmers richer, the poor farmers poorer, and, for better or worse, have driven thousands off the land to seek employment in the city;

7. Demonstrates the shortsightedness of labor leaders who seek to push wages higher than the natural growth of productivity will support;

8. Moves easily through the tangled thickets of monetary theory, foreign exchange problems,

tax policy and governmental spending for the "public sector"?

The answer to the foregoing lengthy question is that nobody in recent years has let his mind sweep over so wide a horizon and brought back so much in such a pithy manner of writing.

The effect, of course, is to make a corresponding pith in a review extremely difficult, for how condense something that is in itself 190 pages of rigorous condensation? One is forced to be arbitrary in picking something out of Mr. Davenport for extended discussion. I won't attempt to talk about Mr. Davenport's description of the workings of the economy of New York City, for that would be to fracture something that is a little jewel of writing. Maybe the best thing to pull out of Mr. Davenport's pages at this moment is his outline of how the Federal budget could be cut.

Some Ways to Save

Mr. Davenport would not do anything to hurt our military establishment, for he believes that the Communists would not hesitate to attack us if they thought they could beat us. But he would hack large gobs of expenditures from space exploration and foreign aid. He doesn't see why families who are having trouble sending children to college should be

forced to contribute to "shooting the moon." And, while he would support such outposts of the free world as Formosa and Korea, he would definitely curtail aid to countries that are either inside the Communist camp or are so "neutral" against us that they think nothing of shooting our planes down, wrecking our overseas information libraries, or helping the pro-Communist forces in Latin America or the Congo.

In agriculture, Mr. Davenport would save the taxpayer \$3 to \$4 billion a year by following a responsible policy of lowering supports and eliminating controls. He sees no sense in burdening the great mass of the population with a price-support system which extracts \$5 billion a year from city folks just to pass most of it along to the top layer of farmers that could get along in an unrigged market anyway. Presumably our agricultural support policy could be changed without really hurting anybody if we would establish a cut-off point, giving aid only to farmers who are below the \$5,000-a-year income mark. And this aid could be made contingent upon a willingness on the part of the poor farmer to learn some new trade, or to take part-time employment in decentralized industry.

Mr. Davenport doesn't mind it when the Federal government

dredges the Mississippi River or interests itself in flood control. But he thinks the budget could be slimmed down if we were to refrain from turning river development into a drive to develop government-generated electric power. The TVA, which was started to bring flood control and water-generated power to the American southeast, is now burning coal to make much of its electricity. The ironic thing is that much of this coal comes from strip mines which rip off topsoil in the general area whose devastated lands the TVA fertilizer was supposed to improve.

The elimination of the Federal bulldozer from the scene could save the government another pretty penny. As things have been going, "urban renewal" has been lifting slum populations out of one congested area only to dump them down into another. On two blocks in the center of a city close to my home, urban renewal has driven out at least twenty small businesses to replace them with two big department stores, one of them owned by a national chain. Thus, urban renewal abets the growth of monopoly — and the taxpayer helps finance it. Mr. Davenport would let the cities renew themselves by repealing local rent control laws (which penalize private builders), and by eliminating antiquated building codes.

Precious Incentive

Mr. Davenport does not try to total up the budget savings that might result from the application of his ideas. But they would surely enable the Federal government to get back into the \$80-billion area, which would permit a more rational tax policy. The cry would go up that this would be "starving" the "public sector." But, as Mr. Davenport suggests, Americans have always been ingenious in taking care of their needs by developing a multiplicity of voluntary means. The U.S. public already spends more than \$20 billion a year for private medical care, and 80 per cent of the population has some form of health insurance. In order to take care of all this, it is important that the medical profession should continue to attract good men. The compulsions involved in the "socialization" of medicine, even as manifested in the proposed Medicare, are hardly likely to lure competent people into the medical schools.

Mr. Davenport was a poet before he was an economist, and a philosopher before he was either. He looks at economics in its wider context, as a branch of human action that often competes with other activities for time and energy. Because he realizes that economics is shot through with value judgments, Mr. Davenport

knows that it cannot be considered apart from ethics, a theory of government, and even religion. His own bias is in favor of a life devoted to the extension of freedom, but he knows that economic and political institutions are often the prey of people who love power for its own sake. His general awareness of the whole flow of history keeps his book from being just one more sterile contribution to the sort of science that has been called dismal. ◆

IDEAS ON LIBERTY
So, Be Discouraged!

DISCOURAGEMENT is not negative *per se*. The word, says Webster's, means the state of being deprived of courage or confidence. A truly creative thinker wants to *lose* the courage to take every course except the right one. He wants to *lose* confidence in former ways which are insufficient to meet present needs. He wants to be guided to right action by his failure to find success in wrong actions.

My own experience as a mechanical engineer, after I left college, is a case in point. I was involved with the design of products and equipment that for commercial reasons needed to be patentable. Whatever could be designed after past patterns was of no use. So I learned to rejoice (literally) whenever I came across an obstacle that nothing extant could overcome — an obstacle that completely discouraged the use of past patterns of design. I knew if I could design around that obstacle I would in all likelihood have a patentable product. "Therefore," said Paul, "I take pleasure in infirmities, . . . for when I am weak then am I strong."

THE Freeman

IDEAS ON LIBERTY

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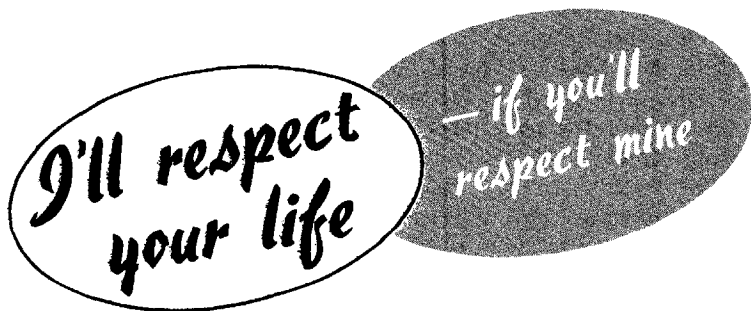
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IF A PERSON were to say to you, "I'll respect your life, if you'll respect mine," you might hastily react with, "Fair enough," and let it go. But the chances are that, after a moment's reflection, you'd begin to wonder what kind of a nut he is or just what he had in mind. Did he think you were about to attack him? Doesn't he trust you? Or, had he been thinking about attacking you? Perhaps he was trying to throw you off guard before launching his attack? That he would even think of offering such a proposition certainly places him under a cloud of suspicion! You might expect a child to thus bargain over whether to be good or not, but an adult . . . ?

What you really would be saying to yourself, through such reflections, is that respect for life doesn't begin that way, as a deal between persons involved. Some-

one has to begin, and the beginning consists of the unconditional, unilateral decision: "I'll respect your life, and all life." This is an act of faith, faith that others will respond in kind to one's conduct toward them.

Respect for private property had its beginning in that same way, when someone decided: "I'll not steal." The idea never could have come to fruition had the proposition been: "If you'll not steal from me, I'll not steal from you." Someone, all by himself, had to begin not stealing, as an act of respect for his fellow man and an act of self-respect, self-confidence, self-responsibility.

Yes, the personal practice of freedom begins at home, with the individual. It begins with the unilateral, unconditional behavior of a person with a highly developed sense of moral responsibility, a

sense of self-responsibility that grows out of self-respect. This must be the message of the admonition to love one's neighbor as oneself. A truly self-respecting individual sees the wisdom of respecting others, voluntarily and unconditionally acting toward them as he hopes they may react toward him, whether or not they have so acted in the past or agreed to act in the future.

The religious or moral case for the practice of the Golden Rule ought to be sufficient, but the practice also is sound from a strictly utilitarian point of view. It pays to respect the dignity of others and their rights to property. A very wealthy businessman once expressed the wish that everyone in the world might be wealthier than he. His point was that his services would be in even greater demand in such a society so blessed with riches. And the point would stand, whether a man has accumulated vast savings of his own, or not. In any event, whether wealthy or poor, it would be to his advantage to respect the property rights of all to whom he might hope to sell his own goods and services. Their property is all they have to offer him in exchange. And unless private property rights are recognized and mutually respected among men, there is no chance for the easy way of earning

a living through specialization and voluntary exchange. It would be impossible to accumulate the savings that represent the tools and capital necessary to create job opportunities for workers. Unless property is respected as the foundation for voluntary production and trade, the only alternative is a dog-eat-dog struggle that literally leaves each person fighting for his life. That would be the hard way to live, and not many of us could hope to last very long if we tried it.

Our Daily Bread

In the vast majority of our daily affairs, most of us unconsciously follow the easy way. If we want a loaf of bread or a can of beans, we simply go to a grocer and buy them; it never occurs to us that the grocer wouldn't be there with his well-stocked shelves if we had failed to respect and uphold his rights to property. Nor will he be willing to sell to us unless he respects our right to the money (property) we offer in exchange for the bread and beans.

In contrast to this simple, easy way of life, suppose that we tried taking the bread we want through force. We'd probably organize the Amalgamated Militant Breadwinners of America in an attempt to outnumber and overpower the members of the Bakers Protective

Association — with the result that very little, if any, bread would be baked, or consumed. Not everyone would starve to death, of course; many would have died in battle. That would be the hard way of life, the penalty Nature levies upon those who will not respect life and property.

Now, it's true that we may say to the baker, "I'll give you 25 cents if you'll give me a loaf of bread." And at that stage of the bargaining or exchange process, there is a deal involved, a *quid pro quo*, something for something. But the point to be remembered is that prior to any contract of sale, each party must show unconditional respect for the other fellow's property. Would you buy from anyone what you know is not his to sell? Your inclination, in that case, would be to take what you want, just as he did. So, property rights and trade go together, and tend to disappear together when either is threatened or jeopardized.

State and Federal Aid

This principle of respect for private property is not too difficult to understand and practice at the local level among those we know and love. But distance from home tends to becloud the issue. It is far from clear to many persons why the state government should not be called upon to stand

between those who want to purchase schooling for their children and those who want to provide such education. And an overwhelming majority of the electorate can be mustered in favor of "state aid" for education. Thus, property rights are violated; property is taken from some, without their express approval, and designated for use by others who have not earned it. Lacking are both of the prerequisites for continuing peaceful exchange: (1) a *quid pro quo* or something-for-something, and (2) the prior unilateral expression of self-respect and faith — "I'll not steal." The result is a chronic shortage of educational facilities — a result that can be predicted with absolute certainty any time the government is invited or allowed to erect barriers between the willing buyers and the willing sellers of any particular commodity or service. If subsidies are offered to those in need of education, their "needs"—like any other subsidized "needs"—will expand beyond any possibility of satisfaction.

Rent control affords another example of the frustration of willing exchange. When the state or Federal government is authorized to come between landlords and tenants, setting a price too low to balance supply and demand, the result will be a housing shortage.

When rental properties are thus confiscated, landlords will tend to divert their savings and efforts to other purposes. The higher the subsidy available to tenants, the more space they will want to occupy; and their demand can never be satisfied by that method. The intervention at the state or Federal level tends to blind and corrupt neighbors who otherwise might have respected one another and their rights to property.

International Trade

Finally, there are the questions of international trade, with the greatest possible distances and other barriers between buyers and sellers — where at least one government and possibly several governments are involved. An American importer might be quite willing to assure a Japanese exporter: "I'll respect your property; I'll not steal." But by the time such an assurance can be delivered through our State Department and theirs, translated into diplomatic language, it most surely will be offered as a deal: "If you'll first agree not to discriminate against our goods, we'll not discriminate against yours." This is like threatening a man: "If you cut off your nose to spite your face, I'll cut off mine!"—as if that would serve him right.

The simple fact, of course, is

that it would be to the advantage of consumers to allow Japanese goods to enter the United States free of import taxes, whether or not the Japanese government taxes goods imported from the United States. The counter charge will be that this would deprive Americans of jobs. The charge is unfounded when the "job" market is viewed as a whole. But, more important, since when is it the duty of any American to make work for others to do? There is no future in such a business. A businessman's duty is to provide goods or services customers are *willing to buy*. If he can do so without working, or without employing anyone, more power and profit to him — the millennium will have arrived.

If anyone can buy goods from Japan for less than his cost of producing or buying them elsewhere, he should be free to do so — and no one would be injured as a consequence. This, like any other sound business practice, would simply free scarce factors of production for other and more profitable uses. His ability to ferret out better opportunities to serve and profit is the businessman's only excuse for existence as an entrepreneur. If this involves creative work for others, fine; but there never has been and never will be a market demand for work as such

— the work must at least promise to yield something that workers, and customers, want.

Though the full strength of logic favors free trade internationally, as well as domestically, the stubborn myth prevails that especially in international affairs one should never unilaterally offer not to steal, not to kill, not to discriminate against the products, the services, or the persons of peaceful individuals. Misdirected nationalism blinds one to the fact that, by such discrimination, the nose he cuts off is his own.

Such border barriers to the free movement of goods and services (people) make tempting military targets, and thus afford dubious protection for the businesses or the lives of citizens. Yet, we hear it everywhere, every day: "If you'll first reduce your tariffs, we'll reduce ours." "If you'll stop inflating your currency, we'll stop inflating ours." "If you'll ship in our merchant vessels, we'll ship in yours." "If you'll grant rights of way to our airlines, we'll accommodate yours." "If you'll moderate your farm support policies, we'll moderate ours." "If you'll respect and protect private property in your country, we'll do so in ours." "If you'll let us use your canal, you may use ours." "If you'll cancel your flight to Mars, we'll cancel ours." "If you'll stop med-

dling in our business, we'll stop meddling in yours."

This is by no means the entire list, but it is sufficient to illustrate the confusion concerning proper procedure for international trade. This partial listing also may afford a clue as to the cause of the confusion: in most of these situations there is no clear title of ownership; the commodity or service is either owned or regulated by the government; instead of a strictly voluntary transaction between willing buyers and willing sellers, there has been injected an element of compulsion. This may well be the major reason why trading seems so complex at the international level. But it also may be the reason why we find complications arising as they often do in domestic transactions where national, state, or local governments have intervened with regulations and controls of one kind or another that cloud the titles of ownership and interfere with the seller's or buyer's freedom of choice.

A Corrupting Use of Power

Are we saying that governments are a positive evil when they constitute barriers between willing buyers and willing sellers and thus frustrate individuals? Yes, this is what we are saying, that governmental force or coercion is out of order when it is employed

in a socialistic manner to interfere with the creative activities and voluntary relationships among peaceful persons. This is how governments behave when they are constituted or organized upon the contractual and unrealistic principle of "I'll respect your life if you'll respect mine."

We are not saying that this is necessarily the foundation for government or that government has to be socialistic and disruptive of peaceful human affairs. Among peaceful persons who have individually recognized the morality and wisdom of volunteering unilaterally not to kill, not to steal, not to injure another deliberately, there would be no need for government if everyone were capable of living according to his good intentions. Yet, within a society primarily comprised of property-respecting, peaceful persons, individuals make mistakes; and there is a place for an organized agency

of force with sufficient power to suppress or discourage any errant threat to life or property. One may solemnly pledge not to break the peace himself and yet consistently advocate a government police force strong enough to overcome and subdue him if in a moment of rashness he should forget or violate his pledge. Self-control is a most difficult thing; a properly limited government is a form of organized self-control and may be helpful in that limited role. But when government exceeds that very limited purpose and begins placing barriers between willing buyers and sellers, it then becomes the positive evil we know as socialism and all of its variations.

When anyone tries to make a deal to respect your life if you'll respect his, tell him to forget it — but respect his life anyway, because it is the right thing to do.

IDEAS ON LIBERTY

Good all the Way

AS MORAL GUIDES, the Golden Rule and the Decalogue are not evil and dangerous things, like a painkilling drug, to be taken in cautious moderation, if at all. Presuming them to be the basic guides of what is right and good for civilized man, one cannot overindulge in them. Good need not be practiced in moderation.

A

MORAL CODE

FOR

RATIONAL

MAN

WILLIAM HENRY CHAMBERLIN

LONG a sturdy and consistent champion of the free economy, with the free market and the profit system as its foundation stones, Henry Hazlitt in *The Foundations of Morality* (D. Van Nostrand, 398 pp., \$9.95) brings the familiar gifts of his felicitous writing style, lucid exposition, persuasive logic, lightened by a good sense of humor, to the subject of the moral rules which should govern human conduct. What he offers is a system of practical ethics, not bound to but also not excluding any specific religious commitment.

Modestly admitting that it would be presumptuous for any writer to claim very much originality in a subject that has engaged the earnest attention of the

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. In addition to writing a number of books, he has lectured widely and is a contributor to *The Wall Street Journal* and numerous magazines.

world's greatest minds over 25 centuries, Mr. Hazlitt takes his stand pretty definitely in the tradition of the British utilitarian moralists, beginning with Hume and proceeding through Adam Smith, Bentham, and Mill. There is also a dash of pragmatism, suggestive of Benjamin Franklin and William James, in his view that there is seldom a clash between morality and happiness — that, in his own words, “immoral action is almost always shortsighted action.”

Mr. Hazlitt sees in generally accepted rules of moral conduct an instrument for eliminating clashes between individuals and also between the individual and society. Believing that the word utilitarianism has perhaps outlived its usefulness, he calls his own ethical system by a new term, co-operatism.

Rejecting extremes of egoism

and altruism, he rejects as a false antithesis the question whether moral rules should be framed to promote the long-run happiness of the individual or the long-run happiness of society. For, as he argues, only a rule that would do the first would do the second, and vice versa. Society is the individuals that compose it. If each achieves happiness, the happiness of society is necessarily achieved.

Author's Advantages

In considering public, as distinguished from private ethics, Mr. Hazlitt enjoys an advantage over his eighteenth and nineteenth century predecessors. Socialism and communism are no longer theories, of which the validity can be neither proved nor disproved by actual experience. Now about one-third of the world's population lives under communist rule, and a considerable number of other states have introduced varying degrees of socialism.

In view of the author's lifelong preoccupation with economics, it is not surprising that two of the most vigorous and incisive chapters in his book are devoted to the ethics of capitalism and the ethics of socialism, which he equates, as did Karl Marx, with communism. He comes close to the heart of the question when he remarks that the central issue

between capitalism and socialism is liberty, and expands this idea with a significant quotation from Friedrich Hayek:

"Free enterprise has developed the only kind of society which, while it provides us with ample material means, if that is what we mainly want, still leaves the individual free to choose between material and nonmaterial reward. . . . Surely it is unjust to blame a system as more materialistic because it leaves it to the individual to decide whether he prefers material gain to other kinds of excellence, instead of having this decided for him."

Five Characteristics

Mr. Hazlitt lists as follows five basic characteristics of the free economy: Private property, free market, competition, division and combination of labor, and social cooperation. And he established a close, intimate relationship between the free economy and the maintenance of morality and civilization. For free enterprise is possible only within a framework of law and order and morality. Not only does free enterprise presuppose morality; it also helps to preserve and promote it, most of all by making possible the freedom of choice, which is a basic characteristic of any meaningful ethical system.

Immoralism of Communism

The author emphasizes the basic immoralism of communism, the contempt for ordinary rules of decent conduct expressed in the writings of Marx, Lenin, and Stalin. It is not the least of the virtues of the free enterprise system that it makes for tolerance and discourages the fanatical willingness to sacrifice all principles of humane conduct in the name of an abstract goal to be realized at some time in the future.

Mr. Hazlitt does not hesitate to grasp the nettle of the "rather Red than dead" slogan. If the alternative were submission to communist slavery or the prospect of destruction in nuclear war, many of us, as he says, would choose annihilation as the lesser evil. But the alternative is false. When President Kennedy took a firm stand against Soviet missiles in Cuba, he improved the long-range prospects of peace. And, as Mr. Hazlitt says, appeasement on the part of the West, in the face of Soviet threats, merely increases the danger to the West. And he drives home this point with a little parable, "Johnny and the Tiger," which he originally published in *The Saturday Evening Post* and which is worthy of George Orwell, in the vein of *Animal Farm*.

Mr. Hazlitt has composed an excellent manual of conduct for a rational and humane society. If there is a fault in the work, it is perhaps inadequate consideration of the forces in human nature which make for irrationality and inhumanity.

Mystics receive scant consideration from Mr. Hazlitt and one misses some discussion of the philosophic Roman Emperor, Marcus Aurelius, perhaps the most inspiring of stoic thinkers. The work stands squarely in the framework of British common-sense rationalism of the eighteenth and nineteenth centuries, supplemented by such modern libertarian thinkers as Friedrich Hayek and Ludwig von Mises.

For its erudition, its exposure of the fallacies of statism and political and economic coercion, its smooth development of a system of practical ethics that is closely linked with jurisprudence and economics, *The Foundations of Morality* deserves a high rating among the many books that have been the fruits of Mr. Hazlitt's long and distinguished career as a publicist. Its appearance is an excellent accompaniment to the author's recent celebration of his seventieth birthday. ◆

The Failure of International Commodity Agreements

KARL BRANDT

IT IS, if I am not mistaken, the goal of all free countries with government by law to diminish poverty, squalor, and drudgery for the greatest number of their citizens, and to expand opportunities to all self-respecting, responsible citizens to develop their personal potential. This goal includes the obligation of the nation to respect the dignity and integrity of all men of good will.

If this national goal is accepted, the economy must have the institutional framework to promote the gradual improvement of the real income of the people by improving the productivity of human, natural, and man-made resources. This requires, in the production of goods and services, more division of labor, speciali-

zation, and increased efficiency from research, innovation, and better management. But in order to have some orientation for such endeavor it is essential to give the consumer the sovereign power to allocate resources to the satisfaction of his needs and of his more and more refined wants. This provides the powerful incentive to all people to make the effort to earn the money to get the goods and services they want. Such an arrangement is ideally guaranteed in the market with freely moving prices by the daily plebiscite in which housewives and the consumer in general express their preference in francs and centimes, or dollars and cents.

In the modern economy, in which this allocation of resources applies to all goods, durable and nondurable, to houses and motor vehicles, and to all services — educational, medical, culinary, artistic, and to entertainment, travel, insurance, recreation, and multi-

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tudes of others — economic growth is bound to accelerate and to become all-pervasive. Such dynamic growth, to be stable and continuous, requires a high degree of mobility of human resources, such as shifts from the production of goods to the performance of services.

Such economic growth or development, which requires above all stability of the national currency and the discipline of monetary and fiscal policies to keep inflation in check, calls also for an optimum of foreign trade. It is generally agreed that the promotion of peaceful relations in this turbulent and dynamic world requires economic development in all countries, particularly those with still predominantly rural living conditions. This development in formerly colonial and other industrially retarded countries is definitely needed for the healthy development of the advanced nations, because industrial economies maintain growth and stability by a reliable flow of essential raw materials.

The Need for Leadership

Of all the conditions for increasing the income of the people in the world's rural countries, by far the most strategic are continued healthy and stable growth of the leading industrial countries

and their avoidance of prolonged economic stagnation or contraction. Any idea of accelerating growth in underdeveloped countries by sapping the strength of industrial nations belongs in the moth-eaten fabric of ideas of Marxian determinism and the *fata morgana* of the dictatorially-ruled "paradise for all proletarians." Since these grand ideas have been tried for close to 40 years in a laboratory experiment with several hundred million people, they have lost their luster and gaudy colors.

Today, the economies of industrial and developing countries are mutually interdependent, as is the guardianship of peaceful cohabitation of nations. Hence, while the industrial countries need an adequate and growing flow of primary material from developing countries, they will pay for these, as well as for manufactured goods from light industries, by exporting to those countries an increasing volume of manufactured producer and consumer goods, and will also help them to industrialize gradually.

If this mutually beneficial exchange is to flourish, all nations must act in accordance with their optimal comparative advantage, i.e., the opportunity to produce and sell at lower unit costs. To let this principle work requires

optimal diminution or removal of hindrances to trade expansion, not only import quotas and customs duties but the whole arsenal of nontariff trade impediments in lieu of duties.

All the proposed solutions have one common denominator. They suggest that, by setting up international and regional world-wide administrative machinery to control and regulate prices for optimal financial liquidity of developing countries, the pace of raising the income of the poorest people in the most agrarian countries can be accelerated at will, and that more perfect equity and justice in distribution among independent nations can be attained.

A Dubious Device

Perhaps the most persuasive and yet the most dubious proposal to remedy the instability of foreign exchange earnings of developing countries is the device of international commodity agreements, abbreviated in the literature as ICA. This form of intervention in the international market for primary commodities is an excellent example that makes clear where the generating power originates that drives a national economy, and how complex and delicate a self-adjusting system the market economy actually is. When I speak of the market economy, I do not

mean a laissez-faire system with no rules, but a competitive private enterprise economy with effective enforcement by the government of regulations, quality standards, and rules for competition.

International commodity agreements are arrangements between contracting governments, aimed at preventing precipitous price declines of a primary commodity on the world market, in order to avoid serious balance of payment and illiquidity problems for the governments of the exporting countries. But the attempt to forestall disastrous price declines also demands that brakes be put on too steeply rising prices, because such increases may unduly stimulate expansion of production, with resulting sharp price declines later.

This remedy for price instability consists basically of a type of market intervention that was adopted in the late twenties and early thirties on the European continent, in the United States, and in other parts of the world: farm income support through guaranteed minimum prices for specified agricultural commodities. These price support policies amount to a compulsory government-controlled cartel, with innumerable variations in detail. Since more than 30 years of experience with this policy have accrued in the industrially advanced

countries and in the world market, it is relevant for our discussion to summarize the *modus operandi* and the economic results of this remedial counteraction to price instability.

Once the government supports the price of a commodity, the price can theoretically still move, but only above the so-called "floor" or guaranteed minimum. By political compromise this level is deliberately set above equilibrium, which by definition is the price that would clear the market. The politically set level is meant to be remunerative to the high cost or marginal producers, the low income farmers on whose behalf price stabilization is mainly established. It is therefore unavoidable that the price, and the elimination of any risk of its change by government guarantee, will act as a forceful incentive, especially to efficient producers, to expand the area for the specific crop. To counteract this the government imposes an area limit, the so-called "acreage allotment." Some sort of base is needed for its determination; usually a historical base is chosen, such as each farmer's actual average acreage of the crop cultivated in several base years. However, the common experience in all countries is that the combination of a profitable guaranteed price with the acreage allotment

acts as a still more effective incentive for increasing output per unit of land on limited acreage by more intensive farming. More fertilizer, better seed, more irrigation, better pest and weed control, more cultivation, and various other methods are used. Hence, the government has to buy and store more grain to keep the price at the support level.

The Sorry Results

Up to this point the results of this intervention are already remarkable:

1. There is no longer any mobility of the geographical location of production. It is frozen from the moment the allotments are established.

2. The unintentionally subsidized intensification of production has created surpluses that exceed effective demand.

3. Therefore, the government has to finance and operate storage of commodity stockpiles.

4. Hence, the government at taxpayers' expense has entered the commodity business.

5. The price can no longer move upward but is tightly pinned to the "floor." Instead of a price support or the guarantee of a minimum price, one has a fixed, totally inflexible price.

6. This fixed price still governs producers, processors, everybody

in the trade chain, and consumers. The price signals are set in false position for all of them. Although an excess supply exists, everybody can act only according to the price which indicates shortage, namely by consuming less, by substituting other commodities. The processors and the speculative trade reduce stock carrying because the government keeps the excess stocks at public expense.

7. In other words: without any intent to do so, the government has socialized stock carrying.

8. As a further result, the most effective commodity price and supply stabilizing institution, the commodity exchange with its trading in future delivery contracts, is made idle.

However, even those are by no means all the side effects. The Treasury has to pay for moving the commodity into and out of storage and for storing it, as well as for losses when the surplus is disposed of. Thus, there are innumerable secondary beneficiaries of stockpiling excess output, such as railroads, truckers, labor union members, and many others. All these receivers of windfalls acquire a vested interest in maintaining farm price supports. Much worse is the fact that the market in farm real estate discounts the subsidy-earning value of the acreage allotment. Hence, price stabili-

zation of farm products boosts the value of farm land; in due time higher land prices and rents on leased land increase the costs of farming and force more intensive use. This is another unintentional side effect.

Marketing Quotas Assigned

When the excess production begins to bleed the Treasury too badly, the next step is to tighten the cartel by efforts to control the supply in the market. In addition to the acreage allotment the government imposes on all farms a marketing quota, which is established by subdividing a national quota prorated in accordance with individual acreage allotments. This national quota is fixed by a precarious government estimate of how large the domestic consumption and the net export may be one year later. Since the marketing quota tends to be smaller than the output, it immediately poses the problem of a black market and the necessity of suppressing it by heavy penalties. Output that exceeds the marketing quota can be stored, converted, or consumed by the farmer, but it cannot be marketed legally. Even in countries with a customarily law-abiding farm population, the temptation to profit by disposing of such illegal supply by barter or other black deals is strong, and actual enforcement is difficult.

The cartel price-fixing for agricultural commodities also unintentionally subsidizes increased production of the same commodity in other countries. Price-fixing thus creates effective competition abroad. Since it is politically unpopular and difficult to lower the guaranteed price level even when costs of production are declining, stabilization by political decision is practically identical with "stabilizing upward."

Finally, the greatest ordeal for the government agency responsible for operating the cartel is the obligation to dispose of the accumulated excess stocks so as not to undermine the fixed price. Such disposal would be simple if it were done by destroying the supply. Grain could be burned or dumped in the ocean, although even this costs money. But powerful social, moral, and political taboos prevent this solution for any major non-perishable food commodity. Only in the case of coffee in Brazil was destruction used as a market-corrective action. Therefore, the government must seek to release the excess of staple food commodities in foreign countries as gifts, on credit, or with lowered prices. Except for the gifts, this amounts to dumping, and has a deleterious impact upon producers in the recipient country, and secondarily on the exporting country's foreign

markets and on its foreign economic relations.

A Commodity in Quarantine Still Affects the Market

It is a psychological fact that a commodity kept off the market by a government, in quarantine, so to say, is still a powerful factor influencing both the price and the actions of all parties in the market. Grain "in jail" is still grain, because if it is not destroyed it will in due time appear as market supply.

National commodity markets are a remarkably effective system of communicating vessels in which millions of interested consumers, retailers, wholesalers, speculators, and farmers keep the flow going. The idea of inserting into the market, via detours, major quantities of supply, under perfect quarantine or segregated from the ordinary supply, belongs in the realm of fiction. Only private charity distribution can minimize the impact on the market. Even the ably administered food stamp plan of the late thirties in the United States proved that free food did not cause additional consumption of food, but actually subsidized consumption of other goods and services. To change the determined consumer's preference in his family budget decisions takes far more than free distribution of

goods, the more so the poorer and prouder he is.

The cartel operation produces still other undesirable side effects. In many instances, particularly for industrial raw material products in agriculture such as cotton, jute, hemp, and sisal, the raised fixed price gives the greatest incentive to producers of substitutes. This exerts pressure on consumption of the original product, say cotton, at the expense of the farmer, whose marketing quota will be cut if national consumption shrinks.

The industrial temperate zone countries, which make a virtue out of the backwash of domestic political necessity and subsidize exports of agricultural raw materials such as cotton, thereby slide to the next necessity of granting more subsidies. Manufacturers of cotton textiles, who have to compete in the foreign market as well as in the domestic one, now need a subsidy to restore equal raw material costs. And so there are three recipients of subsidies: the farmer; the exporter of the farm product; and the manufacturer who uses the raw material.

However, I have not nearly exhausted the appalling record of unforeseen and unwanted distortions of economic processes caused by government intervention that attempts to remedy instability of commodity prices. Subsidized sur-

plus disposal by gifts diverted to other countries can assist private charity that reaches the destitute, the sick, and helpless widows and orphans. But it cannot cure the causes of poverty. Only increased productivity on farms, in craftshops, in factories, and in the wholesale and retail trade can do that. It is here that the disposal of surpluses from abroad does its greatest harm. The majority of people in underdeveloped countries are small farmers who earn their cash income by selling farm commodities. Dumping such commodities in their market may be a boon to some of their customers in the cities, but the farmers resent it, and it diminishes the incentive for them to produce more.

One Control Leads to Others

I have yet to give the reasons why I believe that, whatever action may be taken to mitigate the impact of unstable commodity prices on the balance of payments of developing countries, the International Commodity Agreement method is not only inadequate and dubious but outright harmful to the best interests of the developing countries and to world trade in general. Basically, the sobering experience of sovereign governments of advanced nations with this enigmatic cartel policy in their national markets applies also

to the immeasurably more difficult situation in the international commodity market.

The worst feature of all market intervention with price fixing is that, while dealing with one commodity or a few closely related commodities, this inevitably changes the relations between the price of the regulated commodity and the prices of all other commodities and services. The insertion of one rigid price into a range of flexible prices for some 160 or 170 agricultural products is like a boy who knows nothing about the meaning or the effects of the different positions turning switches at the control board of an automated factory. The far-reaching adjustments that farmers and all other affected parties must make to the accidental price relationships caused by fixing the price of one commodity are unpredictable. Therefore, such isolated treatment of the price mechanism for one country contributes more uncertainty tomorrow than there was instability prior to price fixing. The case for all such trouble-multiplying cures rests on the assertion that the adjustment of supply and demand under the rule of flexible prices does not function — an assertion that contradicts all evidence and economic experience.

The intent of stabilization is

realized so long as the stabilization is upward. When, however, larger stocks have been accumulated and their disposal is unavoidable, the same consequences arise as in the case of price supports in domestic markets. Necessity commands that besides regular commercial sales, concessional sales be undertaken, or part of the supply be given away. This procedure leads to serious disorganization and corrosion of markets. The United States, with \$6 billion worth of agricultural exports, disposes of over 30 per cent in the form of concessional deals. This is not done on principle. Far from it. It is simply the accumulated backwash of an ill-chosen method of social income support.

Enforcement of ICA regulations is even more difficult than is enforcement in single countries. When one begins to speak of "policing the markets of coffee beans," I wonder how one dares suggest the feasibility of such control in vast areas where the United Nations is faced with the problem of preventing the murder of rural people by armed bands.

Problems of the Board

Aside from the dubious state of effective government administration, a serious question is whether competing countries can possibly agree on export or production

quotas and thus freeze the geographical location of production, or administer shifts in location. The board of an ICA must try to achieve principles of equity and justice for all signatory parties to the multigovernment cartel. Originally, commodity agreements included exporting countries only and thus represented producer interests exclusively. They led to defensive policies by importing countries and their effect was nullified. Naturally, the enthusiasm of producers diminished as consumers won equal representation on ICA boards. Yet, without importing governments, such cartels are doomed.

Today, all such agreements include major importing as well as exporting countries. This demands far more wisdom than the fairest and ablest board possesses. Suppose one exporter earns 80 per cent of foreign exchange from the commodity, another 20 per cent. When quota restrictions are necessary to raise the price, will the exports from both countries be cut by the same percentage? If not, what principle shall determine the degree of discrimination and the number of years it shall last? If drastic changes in costs of production or handling or transportation of the regulated commodity occur, which apply to one or more countries but not to all, shall all

nevertheless receive the same price? If the commodity comprises a range of qualities, with lower grades produced at disproportionately lower costs, shall quotas treat all the same? Such questions indicate that ICA's are bound to end up with all kinds of soft political compromises on the main points of control over supply, and even of price arrangements.

Subsidizing the Competition

As soon as there is a serious contingency of substitution for the commodity by other natural, processed, or synthetic products, ICA price stabilization begins to sound the death knell for the original commodity. I indicated earlier that in many cases price supports operate, via detours of economic processes, to the long-run detriment of the cartelized producers. To prove my point that ICA's may become deadly poison I have only to mention the cases of rubber, wool, linseed oil, or tungnut oil.

Natural rubber was one of the commodities on which price stabilization ideas were tested in a world-wide experiment under Dutch and British management. The attempted producer-exporter cartel was mainly instrumental in pushing rubber plantations into other tropical areas, in stimulating experiments with other latex-yielding crops, and in boosting synthet-

ic production of plastomers with large government subsidies in industrial countries. To kill the remaining industrial use of linseed oil, tungnut oil, or soybean oil, one need only fix the prices internationally.

Five ICA's are at present in existence: on wheat, sugar, coffee, olive oil, and tin. Only four, excluding olive oil, are important. The one for wheat is proclaimed by its supporters the outstanding success. It can be proved beyond discussion that the ICA's for wheat, sugar, and coffee amount to no more than sanctimonious declarations of good intentions. They have neither stabilized the incomes of the exporting countries nor avoided the whole range of unintentional distortions of world trade that do far more harm than good. Insofar as the wheat agreement has given some semblance of stabilizing price — though not income — it was due to the fact that the governments of the United States and Canada shouldered the burden of carrying the gigantic excess stocks. But both governments have had to enter into a multitude of noncommercial disposal arrangements that violate the principles of truly competitive international trade.

There is one little defect in all plans for administering economic progress at specified growth rates,

which the econometricians usually fail to mention: no genius, no power in this world, has the ability to forecast the future supply, the demand, or the price for any commodity, or to predict the performance of one or of many national economies one, three, or five years from now. The most fabulous computers have not changed this situation one bit. We now know much faster and more accurately what has happened up to today. But as to the future, we get the wrong guesstimates also much faster, and with more scientific trimming.

Restrictive compulsory cartel policies that raise prices to benefit high cost producers and artificially throttle output and supply to maintain such arbitrarily fixed prices, belong in the tool chest of the static society and its dirigism. Such policies are technically possible, but they are the antithesis of what the dynamic economy of an open and free humane society requires.

I expect much sound development in those primary material exporting countries that succeed in taming the monster inflation and, relying on their producers' ability to compete, pave the way for sound private investment of foreign capital, as the transfer of funds from government to government diminishes. ◆



WINNER Take All!

EDMUND A. OPITZ

THE CENSUS of 1960 turned up one hundred and ninety million souls living in these United States. Of this number, roughly one hundred and eight million qualify to register as voters. This is 56 per cent of the nation, and this body of people constitutes the electorate of the United States. But, of the number of persons eligible to register, only eighty-one million have actually done so; twenty-seven million have not, for reasons ranging from indifference to intimidation. The total vote cast in the 1964 Presidential sweepstakes was roughly sixty-nine million. This is 64 per cent of the electorate, but it is only 36 per cent of the population. The 1964 election was won by a candidate who garnered forty-two million votes. This figure translates into 60 per cent of the votes cast, 51

per cent of the registered voters, 38 per cent of the electorate, and only 22 per cent of the population. This is "the majority" which, in the eyes of some political theorists, confers a mandate on the victorious party to impose its program on the reluctant "minority" of the nation, that is, on the other 78 per cent!

This is the theory of majoritarianism, ardently espoused by some articulate intellectuals. Here, for example, is Professor James McGregor Burns of Williams College. Dr. Burns declares that "... as a liberal I believe in majority rule and majority rule is a question of adding up 'bodies' (or, I hope, adding up minds)." Professor Burns believes that men who embrace the conservative position have thereby foresworn what he calls the numbers game, this game having been staked out by liberals as their very own. "Because as

The Reverend Mr. Opitz of the Foundation staff is active as a lecturer and seminar leader.

soon as conservatives start to base their principles on numbers," he writes, "then they're playing the liberal game (what they call the liberal game; what I would call subordinating their basic values to a liberal premise, which is the premise of majority rule)."

It may be conceded that a "majority" has, by definition, the power to bull its way through and work its will on the nation, but does it have the *right* to do this? Is there not some principle or right or rule of ethics which even a "majority" ought to acknowledge, and to which it should yield? Addressing himself to this question, Professor Burns rephrases it and then gives his answer. "What does a majority have the right to do?" he asks. "It has the right to do anything in the economic and social arena that is relevant to our national problems and national purposes — except to change the basic rules of the game."

Unqualified Majority Rule

That final disclaimer sounds like an afterthought, and some political theorists support the majority rule idea without qualification. Professor Herman Finer of the University of Chicago, for instance, writes, "For in a democracy right is what the majority makes it to be." In other words,

the majority has the power to carry out its will, and thus whatever it does is all right; its program is right, by definition.

If so, then the liberals, by winning an election, have won the right to run the country as they please — including, Burns suggests, the right to be let alone by conservatives! The liberals now have a majority of the nation behind them, Professor Burns asserts, and "I want the liberals of the nation to have a right to rule in what I think is their day today."

Professor Burns seems not to have noticed, but in saying this he has abandoned the majority rule idea for the more exciting notion of Winner Take All! In the politics of winner-take-all — which is modern liberalism — officials begin to treat public office as their own private property, with benefits for them to enjoy but without the responsibilities owners assume in rightful property relationships. The national government becomes an article of commerce whose capture is worth over a hundred billion dollars annually to those who gain possession of it. Those who win an election, even by the slimmest of margins, have a mandate from the country — provided they are liberals! — to impose their program on the whole nation. It is amusing that those who begin

by playing the numbers game in politics wind up with a mathematical absurdity; a majority, 51 per cent, is — in their book — not only equal to the whole, 100 per cent, but superior to it!

This is what the idea of majority rule boils down to. Stated baldly, it is absurd, but it is difficult to examine the notion of majority rule coldly because most of us are scared off by what majoritarians say are the alternatives to majority rule. Those who question majority rule are emphatically *not* thereby committed to minority rule, or one man rule, or rule by an elite — or any other kind of rule — meaning by “rule” the subordination of some to the will of of another. These are false antitheses, for all varieties of rule are on the same side of the ledger. On the other side of the ledger is the proper alternative to all species of rule, namely, the system of individual liberty. The system of liberty stands in contrast to majority rule, minority rule, and all other forms of rule. Individual liberty within a proper spiritual, moral, and legal framework is in one category; majority rule is in another. And the two categories must not be confused. When the alternatives are spelled out, that is to say, when we understand the implications of majority rule, on the one hand, and the implications

of a system of liberty on the other, some will choose the former, others the latter. But obviously we cannot make an intelligent choice if there is confusion as to what we are choosing.

Second-Class Citizens

What does majoritarianism mean? Whenever a society subordinates every other principle to the principle of majority rule — or whatever the label authoritarianism may assume — it winds up with a political arrangement in which winner takes all; and the politics of winner-take-all results in a society with a permanent body of second-class citizens, a servile society. If a majority of the voters, 51 per cent, controls the whole society, then the 49 per cent who lose the election are prevented from exercising their full citizenship rights. I do not mean to say that the losers are completely deprived of their rights, for this is not the case; but the losers — merely by coming out second best in an election — no longer have the same rights as the victors. Some rights remain, but there is no longer equality of rights, and this is the critical point.

An illustration may make this clearer, an illustration from the field of religion, where the old principle of equality of rights is

still pretty much intact. Suppose that my denomination, Congregationalism, were to grow and grow until, numerically, we were to constitute a majority of the electorate. Then suppose we decided to play the game of winner-take-all politics (as we once did, as a matter of fact, and kept on doing in Massachusetts, until 1833). We would win a national election and use the fact of victory at the polls to "establish" this denomination. Now that we are "established" we are able to levy taxes on Methodists, Baptists, Catholics, and Holy Rollers, and force you to contribute to our support. We would not, of course, close the doors of your churches, nor forbid you to attend services whenever you chose. All we'd do is deprive you of part of your income and property, and then we'd use *your* income and *your* property to promulgate *our* doctrines. If 10 or 15 per cent of *your* income is being spent by us to further *our* purposes, it's obvious that you have that much less money to spend on your own programs.

Not Religious Freedom

Now, money is not everything in religion, but it is something. It takes money to build churches and keep them up; it takes money to train and support ministers; it

takes money to print hymnbooks and textbooks and send out missionaries, and so on. And it is obvious that your religious program will suffer to the extent that we force you to pay for *our* program. There is a sense in which you are still free to practice your religion, but you are not *fully* free to practice it; your religious liberty has been impaired.

Most people would say, as a matter of fact, that the society I have conjured up in my illustration does not have religious liberty. And anyone who argued—in defense of this arrangement—that the Methodists and Baptists shouldn't complain, but rather should work toward becoming a majority so that they too could operate a racket, would be hooted down, and properly so. The believer in religious liberty will not settle for an ecclesiastical arrangement which invariably puts minority religions at a disadvantage; he wants full freedom for all. Nor will the believer in political liberty settle for a theory which contemplates a permanent category of second class citizenship as an intrinsic part of its operation. And yet this is precisely what present-day liberalism stands for; this is what it offers us as the latest thing in politics and morals!

No majority had the right, un-

der our original system, to impose its religion on any minority, or impair its freedom of utterance, or deprive it of property. But under the new dispensation "The Majority" is almighty. All it has to do is gain control of government and then it has a legal cloak behind which an actual numerical minority of the nation uses the governmental machinery to work its will on the rest of the society. According to the theory of majority rule, the governmental machinery is always "up for grabs" for such a purpose.

Neglected Questions

Collectivist regimes act as if the apparatus of government were the private property of officeholders, through which these men exercise their ownership of a country, and their power over the lives of the citizenry. The excuse offered is that "we are doing it to ourselves." What a misuse of language this is! If Methodists are doing it to Baptists or Congregationalists to Presbyterians, it is obvious that some people are doing something to other people; "we" aren't doing it to "ourselves." The "we" who are doing it aren't the same people as the "ourselves" to whom it is done!

Those who put their trust in majoritarianism proclaim that there is no other test of the good-

ness of a law than its ability to muster the might of the majority behind it. Any law that has majority support is a good law, by definition, and there is no other test. By the same token, government's role is to perform whatever services a majority demands of it, and short of not killing the goose, the majority is entitled to all the golden eggs it can get.

I have analyzed and condemned this doctrine; it deviates from earlier American practices, as well as from sound principles of political philosophy. Majoritarianism gives wrong answers to questions about the proper role of government in society, and it neglects questions about the attributes of good law.

The Prescribed Limits

No one can read our Constitution without concluding that the people who wrote it wanted their government severely limited; the words "no" and "not" employed in restraint of governmental power occur 24 times in the first seven articles of the Constitution and 22 more times in the Bill of Rights. Why this distrust, and what was their intention? These men understood the necessity of the police power in a society. But they recognized its potential danger, as well, and so they designed the machinery for keeping their

government limited to the performance of policing functions. The police power is, ideally, competent to maintain the peace and order of the community, which is what the policing of a society means. If the police power — government — is limited to policing, then the society is free; the public sector is small and well defined, the private sector is large enough to give peaceful people plenty of elbow room.

The Constitution designed a federal republic with both territorial and numerical representation. It is improper to refer to the government in Washington as “the federal government”; it is the *national* government. The federal structure is comprised of the national government plus the governments of the sovereign states. Government is the power structure of society, and federalism limits power by dividing it between nation and states. Power is divided still further by separating functions within the several governments. The federal structure deals with the problem of power in much the same way as a Gothic cathedral handles architectural stresses. The enormous weight of the roof of one of these medieval structures presses outward against the walls and would level them, except for the flying buttresses which exert an equal

pressure inward to maintain the building in a dynamic equilibrium. A national government tends to extend its sway over a whole nation unless its centrifugal force is countered by the centripetal force exerted by the states and the congressional districts.

The Philosopher-King

The structural complexity of the American system of government makes sense if we understand the premises of those who created it. They were concerned to limit and cramp the style of government in order to hamstring the proven capacity of men in power to do evil. The rather awkward machinery they put together may offend against elegance, but it serves admirably the purpose for which it was designed. It is not, however, an efficient, streamlined political mechanism, such as would be erected by those who believe government should be unfettered and strengthened in order to give the wise men who wield this power increased opportunity for doing good. This idea goes back to Plato's Philosopher King.

The Philosopher-King idea is first to create elaborate and powerful governmental machinery, capable of running society and doing wonderful things for The People, and then to put the wisest and best men in control. This ap-

proach was repudiated in the Constitution, by the most sophisticated political thinking on record. This thought is premised on the understanding that human nature is such that if power situations are deliberately created, the worst men will gravitate toward them, and such good men as are given arbitrary power will be corrupted by it. At stake here are two contrasting estimates of man.

Two Views of Man

What is your reading of human nature and the consequences of power? Optimists and utopians tend to think in terms of erecting large and powerful structures of government with wise and good men in charge. Overlooking the corruption in human nature they dream of the benefits which might flow from such an arrangement. Realists, on the other hand, will try to limit the power of government in order to forestall evil men from snatching control of it and doing great harm. A federal republic along the lines of the American model is the product of this outlook. "When it comes to questions of power," wrote Jefferson, "let no more be heard of the goodness of man, but bind him down from mischief by the chains of the Constitution."

The very structure of constitutional government, then, reflects

a philosophy of man; the political machinery itself disperses power and thus limits it. Then, those in the old-fashioned Whig and Classical Liberal tradition placed further controls on power by laying down the earmarks of good law. They may be briefly summarized. In the first place, a good law makes no pretensions to perfection. No human laws are in fact perfect, and the attempts of some to apply their "perfect" laws to imperfect human beings have been disastrous. A good law will take human shortcomings into account; it will reflect our limited understanding and sinful nature.

In the second place, a good law will be written so as to correspond to what the eighteenth century referred to as the Higher Law. A good law, in other words, will not violate our ethical code; it will not supplant morality with mere legality.

Equality before the Law

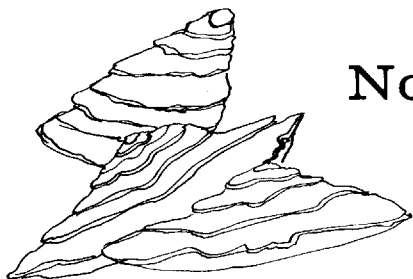
Generality is a feature of a good law. Everyone should be equal before the bar of justice, and so a good law is one which applies to all men alike and without exception. Men are different in several important ways; some are bright and some dull; some are rich, others are poor. There are differences of nationality, color, and religion; there are employers and

employees, and so on. These are important distinctions and classifications — but not to the law! The law should be blind to such differences, and any law which is general, applying to one man as to all cannot have much wrong with it. Fairness in application coupled with proper enforcement induces respect for law and makes for a high level of law observance.

Besides being imperfect, moral, and general, a good law is conditional; it has an “iffy” quality about it. It says, *if* you steal, or *if* you defraud, or *if* you drive on the left side of the road, you will be punished. A good law takes the side of the negative, saying “Don’t,” or “Thou shalt not.” This means that it is theoretically possible for a man to negotiate life without encountering the law, provided he sticks to the positive. The fifth and final point in this abbreviated list is something like the first; a good law reflects the customs and habits of a people — otherwise it is an attempt to reform them by law, and reformist law is bad law.

When a man thinks he’s Napoleon, and acts on that assumption, the rest of us lock him up out of

harm’s way. Things aren’t so simple when a whole society is smitten by ideas of grandeur. When a society projects its Napoleonic fantasies onto government, the picture unfolds much as we have observed it during recent history. Current history has given many sensitive people the jitters, as anyone can confirm for himself who will inspect the present offerings of our poets, playwrights, and artists. They testify to an epidemic sense of alienation and conflict. Man, they say, is at war with his own creations; he can’t get along with his fellows, and he’s at odds with himself. The modern malaise is not, of course, primarily political, but if it disposes us to retrace our steps to the point where we’d seriously overhaul our understanding of man’s nature and his destiny, important political consequences would follow. Appraise man realistically and governments would lose their Napoleonic pretensions. Limit governments to policing functions and, although that alone wouldn’t solve social problems, these would then challenge rather than threaten us. And challenge is just what we need to grow on! ♦



Nor Oysters from The Desert Sands

JOHN C. SPARKS

COMMUNITY LEADERS, striving "to get their share" of Federal funds for local projects to alleviate slum conditions and improve the city, are doomed to disappointment. For it is a law of nature that evil begets evil, regardless of good intentions, and no matter how often the mistake is repeated.

Recent comprehensive studies of the results of government urban renewal programs reveal that slum dwellers displaced from their homes are likely to find even worse housing accommodations elsewhere, and frequently at higher cost than they paid before.¹

¹ "The federal urban renewal program has made it more difficult for low and middle-income groups to obtain housing because of the amount of low-rent housing destroyed. Many of the families that are required to move go into housing as bad as or worse than their original homes

Mr. Sparks is a business executive of Canton, Ohio.

From *Barron's* of July 27, 1964, comes this editorial summation: "In short, the most striking achievement of urban renewal, whether in Stamford or San Francisco, Kansas City or Brooklyn, has been the wholesale bulldozing of human and property rights. . . . Under urban renewal more speculative profits than slums have been cleared. . . . Far from reducing the number of slum dwellers, it has swelled their number."

Not only are residents of low-income homes being pushed around without regard to their rights, but also the small businessmen who adequately serve these and other similar neighborhoods have found

in neighborhoods that are as bad or worse than their original neighborhoods. And they often pay higher rents at the new location." *The Federal Bulldozer* by Martin Anderson (The M.I.T. Press, Massachusetts Institute of Technology, Cambridge, Mass., 1964), p. 220.

it impossible to continue in business under urban renewal. Peter H. Prugh reports in *The Wall Street Journal* of November 18, 1964 "...the difficulties of the Hyde Park - Kenwood urban renewal neighborhood are typical. It is almost axiomatic that, when rubble makes its inevitable appearance in urban renewal projects, small businessmen as inevitably begin to disappear."

One could go on and on with examples of the urban renewal injustice forced upon those persons already in the lower economic strata of society. There is no doubt that urban renewal, as a means to improve housing conditions for these people, has been a dismal disappointment — though it is to be expected whenever ownership rights are violated, whenever self-reliance and self-responsibility are discouraged, whenever the voluntary choices of free people in a free market are frustrated.

The Chaotic Consequences

The chaotic result is that people are displaced from the best homes they could or would afford. The dispersal of old neighborhoods means broken friendships, removal of familiar faces and places, and the expiration of local church and social centers. Small neighborhood businesses simply disappear. How such chaos affects the lives of

these persons, aside from the economic losses involved, is next to impossible to measure.

Leonard Read put it this way: "Damage cannot be done to the free market without an equal damage to man's nature. When men are compelled to look to a one-source decision instead of to the individual decisions of men, man is robbed of his wholeness. Self-responsibility . . . the wellspring of man's growth, gives way to cheap politics, mass plunder . . . and members of that society will tend more to rot than to hatch."²

During a recent seminar discussion on urban renewal, a question was asked typifying both the sincerity and the gullibility of the proponent who allows glittering goals to blind him to the wrong methods proposed.

Although the questioner had heard telling arguments and unimpeachable testimony of the failure of the government renewal program to bring better living conditions, he could not bring himself to face the truth of the situation. Surely, the cause of failure in communities everywhere over the nation must be due to inept leadership or lack of administrative ability, he rationalized. Confident of these reasons for the failures, and equally confident that

² "On Freedom and Order," *Freeman*, January, 1965.

neither of these faults would be repeated in his city, he was sure of the program's success, if only his city would participate — economic and moral facts of life be hanged! His anxiety to help his fellow man toward better living conditions clouded his reason.

As an analogy, let us suppose that numerous municipalities all over the country had recently decided to run their police cars on water rather than gasoline. Due to the national publicity and claims of success by municipal officials, the local city council considers switching its patrol cars from gasoline to water also. In reply to protests, the advocates suggest that the automotive maintenance engineers in the other communities, where failures have been rumored, surely must have been incompetent and unfit; but the members of the local city council, being men of wisdom, will find a qualified automotive engineer who, with their help, will make no mistakes. Will the switch succeed? No answer is required. The outcome of the scheme is clearly foreseen and one could not but wonder at the foolishness of its supporters.

Yet, is not an artificial, unnatural substitution of government urban renewal for the operation of free enterprise in a free market just as clearly unworkable?

A Rational Universe — and Our Lives Depend on It

Man exists in a rational universe, and doubtless would perish if it were not rational. Apple trees grow apples and can be counted on to produce apples, rather than grapes or blackberries, next harvest season. Oysters come from waters of the sea, not from the sands of the desert. The seasons of the year occur in never-ending rotation; never yet has winter followed spring. There is a steady certainty about mathematics. Even romantic musical tones are of certain quality and can be defined by the number of vibrations per second.

Over the centuries we have come to know that not all kinds of action will bring desired results in a rational universe. Only those causative actions consistent with the final results will succeed in producing them. Thus, the proper design of an airship will enable it to fly in the manner conceived by its creators. However, if a designer were inept, and an attempt were made to fly his creation, one could reasonably expect a frightening crash at the end of the runway. No matter that the designer was enthusiastic and ardently wished his airships to fly. No matter that this intent was good. Desire alone will not overcome the inconsistency of his

design with the natural laws of the universe — nor will the sincerity of his intent prevent the shattering devastation of airplane metal and human bodies.

Historian Clarence B. Carson, noting that industry, thrift, and frugality lead to independence, rewards, increased possessions, and savings, explains that “these actions are not good because they have good consequences; they have good consequences because they are good — i.e., that they are in keeping with the moral order. Self-respect begets respect for others; honor begets honesty; fidelity begets faithfulness.”³ And the converse holds equally true: sincere, well-intended ignorance in the selection of a fallacious means begets nothing but despair and disappointment — evil begets evil!

³ *The American Tradition*. (Irvington-on-Hudson, New York: The Foundation for Economic Education, Inc., 1964), p. 238.

Expropriation of private property, without the owner's consent, falls squarely within the definition of stealing — certainly an immoral action. Yet, that is the standard procedure in Federal urban renewal programs, and the results are consistent with the immoral nature of the action, notwithstanding the good intentions of civic leaders seeking to provide better living conditions for residents of slum housing via government aid. An improper means, consequently and logically, must yield unhappy results.

One cannot run a gasoline engine on water. One cannot put an airship in flight with malformed wings. Elberta peaches will not grow from a clump of thistles, nor oysters from the desert sands. Nor can well-functioning communities be expected to sprout from the government-planned frustration of the lives of individuals. ♦

IDEAS ON LIBERTY

State Medication

THE WORST THING that can happen to a working man is to work for a company that isn't making money. Such a company, not growing, can never provide individuals with the security and opportunities they would like to have. The liberal who cries out for broad welfare measures and state control lacks inherent faith in people and in our free society. He treats them as though they were some type of chronic disease. As a result his approach has been one of continuous medication by the state.

L. C. MICHELON, Republic Steel,
to NAM Institute on Industrial Relations, 1964

LIGHT

**BRINGS
FORTH
THE EYE**

LEONARD E. READ

THE LONGEST way round may sometimes be the shortest way home, even when "home" is the free market economy and its ideological running mate, individual liberty. My thesis is that most devotees of freedom have been attempting an illusory short cut, following a mirage so to speak; whereas the right way to the free society is both long and difficult — but possible.

First, a word of background about "home," that is, the goal or where it is we want to go.

Our economic world is being torn asunder, but so pronounced is popular opinion to the contrary that one must insert, "in *my* opinion," to qualify the judgment. But this is, indeed, *my* opinion. Simply observe: The American people are turning away from the free market; they are looking more and more to government for their security, welfare, and prosperity, and calmly accepting the

controls incidental thereto. Such abandonment of self-control in favor of state domination means economic regression over the long pull.¹

In view of this unmistakable and continuing trend, it behooves citizens interested in freedom to reflect seriously on an effective way — regardless of how long the way may be — as an alternative to the illusory and futile short cuts most of them have been attempting.

Let us concede that the American people are sharply divided on the question at issue. On the one side are the millions who give enthusiastic approval to governmental responsibility for security, welfare, and prosperity. On the other side are the very few who see only ruin in the current drift,

¹ For a further development of this point, see "Freedom Follows the Free Market," by Dean Russell, *The Freeman* January, 1963.

who have a profound faith in free market processes and rely exclusively upon them for economic progress.

**What's Wrong with Them,
or with Ourselves?**

Being one of the latter few, my purpose is to discover why the millions do not understand what we understand, or what ails *us* who would bring understanding. Are they not educable and, if not, why not? Is there something out of kilter with our educational methods and, if so, what is it?

What of these millions, the enthusiasts for statism? Could it be that they have really lost heart for an economy richer in its material outpourings than any other ever known? Ortega suggested this possibility:

We are now beginning to realize that these centuries, so self-satisfied, so perfectly rounded-off, are dead within. *Genuine vital integrity does not consist in satisfaction, in attainment, arrival.* Cervantes said long since: "The road is always better than the inn." When a period has satisfied its desires, its ideal, this means that it desires nothing more; that the wells of desire have been dried up. This is to say, our famous plenitude is in reality coming to an end. There are centuries which die of self-satisfaction through not knowing how to renew their desires, just

as the happy drone dies after nuptial flight.²

If Ortega was correct, then we live in a period which has satisfied its most urgent "desires, its ideal." In order to weigh properly the nature of this "ideal," we need to contrast it with the general poverty of less than 200 years ago. According to Adam Smith, there were mothers who had to bear 20 children to assure two reaching adulthood. Life expectancy at birth was less than 39 years, as against today's 70!

Then came the Industrial Revolution followed by the flowering of specialization and freedom in transactions: the free market economy more fully realized than ever before. Reckoned in terms of evolutionary time, we witness in only a moment millions upon millions of people rising from abject poverty to a state of unprecedented affluence — millionaires galore and an enormous upper middle class with the power to acquire luxuries of every sort — our "famous plenitude." Indeed, so fantastically has this approximation of the free market performed that countless people — with little ability and little effort — have acquired great wealth. Because of a freedom they know nothing about,

² From *Revolt of the Masses* by Ortega y Gasset (N. Y.: W. W. Norton & Co., 1932).

many have in real life approximated the fantasy of something for nothing.³

No Place to Go

This emerging from abject poverty to a state of great affluence has been a fascinating experience for Western man; wealth became his desire, his ideal, his aim in life. Millions fulfilled their desires, and the rest came to believe that fulfillment was just around the corner. Political opportunists with their something-for-nothing schemes assure them of this.

But reaching a goal dries up the desire for it. The road is always better than the inn. Ever so many of those with materialism as their god are now at the inn. There is no more road for them, no place to go — and no happiness at the inn! Millions of affluent Americans are less satisfied than Russian peasants still on the road, struggling in vain for the same

³ The gaining of wealth without ability or exertion must not, from the economist's standpoint, be condemned. The value of a good or service is not determined by either ability or effort exerted but, instead, by what others will give willingly in exchange. The making of a funny face on TV may have more value than the labored efforts of a college professor. For a brief study of this all-important subjective theory of value, see *Value and Price*, by Eugen von Böhm-Bawerk, 160 pp. Obtainable from the Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. Paper, \$2.00.

false god but unaware of the hopelessness of their struggle. In this sense, "ignorance is bliss."

An ideal is the conception of something in its perfect form and, thus, it is beyond the reach of imperfect men. Anything that is attainable loses its ideal qualities. If becoming wealthy is held as an ideal, what remains after wealth's attainment? The ideal vanishes the moment the inn is reached; the situation is "rounded-off, dead within."

The reason for this catastrophe appears simple enough: Western man has confused means and ends. There is a moral purpose in a good economy. The aim is not to finance luxury, opulence, retirement from the road, a fancy suite at the inn. Wealth used thus proves to be an empty end or objective of earthly existence. Wealth, if its moral purpose is to be achieved, is but a means of freeing oneself from the enslavement which poverty imposes. Wealth consists of all the tools that make possible the refinement of those aptitudes and faculties for which each individual is best fitted; it permits everyone to freely exchange the product of the resultant specialization. Wealth—the services of many others in exchange for one's own contribution — affords each man a better opportunity for getting more ef-

fectively into life. But wealth can be quite as enslaving as poverty if used to escape from life, which is the case when wealth is regarded as an end in itself. Wealth should not be considered an ultimate desire or ideal but, rather, a means for the more efficient pursuit of something that can qualify as the ideal.

Persons who desire wealth for wealth's sake, as their ultimate desire, are in trouble if they attain their ideal. Ortega concluded that they die of self-satisfaction *through not knowing how to renew their desires.*

Assessing the Obstacles

Let us now consider the obstacles that confront the few who would, if they could, halt the drift into statism and turn toward the free market economy and individual liberty. It is a fatal error to underassess the difficulty:

- Wealth or materialism as an ultimate desire has proved to be a dead-end road, and the millions who have concentrated exclusively on it as an ideal cannot, by themselves, find anything else for which to yearn and strive, anything that can qualify as an ideal. Persons who have been able to obtain so much for so little are inclined to mistake their opulence for a personal wisdom and,

thus, are not easily teachable. They lack an eye with which to perceive the principles of freedom.

- The millions who haven't yet become affluent, the ones who envy the affluence they see about them, as well as the ease with which it came, and who can be taken in by something-for-nothing schemes, are not easily teachable. They also lack an eye.
- The millions with a hankering for power and who see appeals to mass gullibility as a means to attain it — those folks who specialize in contriving something-for-nothing schemes — are far from teachable. They especially lack an eye for the free market philosophy.

Even though the above references encompass many millions of people, they hardly "scratch the surface." I am merely trying to establish the point that we are confronted with a blindness problem; that is, there isn't much in the way of an eye to perceive the free market and its miraculous workings.

It is appropriate, however, that we first assess our own faults. Can it be that we, also, are afflicted with blindness? Unquestionably, yes, for many of us insist on trying to take nonexistent short cuts, and we learn nothing from

our experiences. In a word, many of us refuse to concede that the longest way round may be the shortest way home.

An abbreviated self-portrayal, a sort of montage of us few: We have no trouble at all in seeing through the sham of the attractive nicknames and the loftily worded preambles of political power schemes. There is no distraction to us by reason of these wordy adornments. A very good eye here! Nor are we blind as to their essence. We clearly see that all of them, without exception — TVA, Post Office, Farm Allotment Program, Urban Renewal, or whatever — are no more than something-for-nothing concoctions.⁴ We see that these grandiose political plans are founded on something being given in return for nothing, and given by a government which *has nothing of its own to give*. An excellent eye up to this point!

But beyond this comes the blindness: Too many of us wish to correct the thinking of these millions who approve false meas-

ures by “telling ’em off”; to spread the true word by pounding into their heads that there’s no such thing as a free lunch, and that these schemes are a fraud and delusion; to elect the “right” people to public office. And more: to give them economics in capsules; to put the gist of our wisdom in parables; to get our message across to the masses; to convince the man in the street. As the sales manager puts it, “Get out there and sell! sell! sell!”

Education is a *drawing forth* process, induced by an attraction to light. These attempted short cuts, on the other hand, are *pushing* thrusts, and if they have any effect at all, it is to repel. They do not serve to educate. The record is clear on this. Better nothing than these.

The Pursuit of Excellence

Not only is the longest way round the shortest way home, it is the only way home! The formula, as old as thinking man, is simple in pronouncement but as rare and difficult of achievement as any of life’s disciplines. It is the road that has no earthly inn, the ideal unattainable, the renewal of desires that knows no satiety; it is, as Hanford Henderson phrased it, “the passionate pursuit of excellence in everything.” This he termed “a religion.”

⁴ Some of the millions will counter that people pay for TVA power and light, for postal service, for money borrowed from government, and so on. They do, in part. But the feature of these socializations is below-cost and below-market pricing. It is the uncollected part which has to be met by taxpayer subsidy that is the something the “beneficiaries” will receive in return for nothing.

Relating this longest way round to the problem at issue, it is plain that millions of citizens, at least in their present state, cannot perceive free market processes. For these they have no eye. What brings forth the eye? Why the light itself brings forth the eye!

We see that animal species committed to the depths of the sea or to subterranean existence lose or never develop sight, and from this conclude that where there is no light there is no eye for seeing.

Nor need we confine these observations to the kind of light that can be precisely measured in candle power. The same principle is applicable to that inner light — enlightenment — which we know not how to measure. In societies where there are no enlightened individuals we also note that there is neither light nor eyes developed to perceive it.

Where the eye is blind or underdeveloped, disaster to a once great economy cannot be avoided. Thus, any person concerned about the environment in which it is his lot to live, is warranted — yes, selfishly justified — in doing what he can to bring forth the eye. But analysis reveals that one's influence in this respect is limited to self-perfection, that is, to increasing one's own candle power; approximating, as nearly as possible, one's creative potentialities;

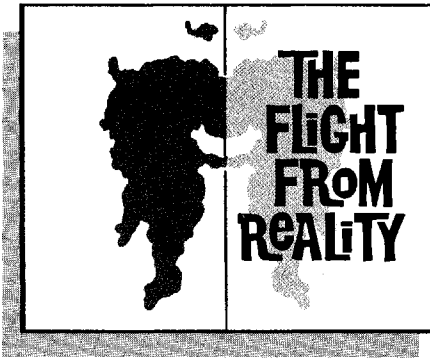
acquiring the ability not merely to perceive but to *conceive* ideas; in a word, it is the art of becoming human.⁵

It is this long way round, the continual emphasis on personal emergence in consciousness and awareness, along with ever-improving expository qualities—self-generated enlightenment — that should be what we mean by *individualism*.

It is, of course, as unindividualistic as it is futile to urge this form of individualism on anyone. Individualism, in this highest sense, is a product of the Creative Light and of self-urging. But of one thing I am certain: Regardless of any pretensions to the contrary, no one but an individual dedicated to and having success with his own upgrading has any influence whatsoever on bettering the perception of others, on improving society or the free market or whatever. Can one develop light enough to open eyes? That's the question. For light, and light only, brings forth the eye!

If this longest way round has the "fault" of being difficult, it at least has the virtue of being realistic — and possible — in *my* opinion. ◆

⁵ For a further exploration of this idea, read Lecomte du Nouy's commentaries on the evolution of man, especially Chapter XI in his *Human Destiny*. Now available in paperback. A Mentor Book.



6. *An American Dream*

CLARENCE B. CARSON

No man any more has any care for the morrow, either for himself or his children, for the nation guarantees the nurture, education, and comfortable maintenance of every citizen from the cradle to the grave.¹

— EDWARD BELLAMY, 1888

THE ATTRACTION of ameliorative reform is the promise of a better world in which to live. There may be some exceptions to this rule, notably for those who find in reformist activity the means of exercising power over people. But for the generality of people improvement, not power, has been the lure. They have been drawn into the labyrinth of reform programs by visions of what the world would be like when the reformers had instituted their reforms. Utopian visions have been the magnets pulling peoples into the orbits of reformers.

Yet, so far as we know, most people have rejected and do reject

the possibility of utopia. "Utopian" is a term of derision for describing impractical dreamers. The more practical minded perceive the fallacies in the utopian blueprint. Those with keener imaginations foresee the emptiness of utopia, even if it were possible. Man was meant to strive, some will say; contentment is for cows. Even so, it may be that the argument against utopia that has the broadest appeal is the manifest impossibility of achieving it. In short, man and the universe are not so constructed as to make utopia possible.

But the reformist bent has triumphed in America, and in many other places, in our day. And

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¹ Edward Bellamy, *Looking Backward—2000-1887* (Boston: Houghton Mifflin, 1888), p. 90.

ameliorative reform has as its implicit goal the achievement of utopia. How can this state of affairs have come about? How can men have rejected utopia and embraced reforms which have as their end the achievement of utopia?

From Reality to Utopia

Two developments made such a contradiction appear not to be one. First, there was the cutting loose and flight from reality. This did not make utopia appear possible to most sane people, but it did help to render programs and plans drawn from utopian visions apparently feasible. Second, a particularization of utopia took place, and social reformers advanced what appeared to be limited programs which they hoped would move them to their ultimate goal. At the same time, though, that the means were particularized in specific programs, the goal was generalized into such hazy rhetorical phrases as peace, prosperity, and progress. Thus, a reversal of the utopian mode occurred as the attempts were made to actualize utopia. In utopian literature, the goal—the good society—is often pictured in luxuriant detail; while the means to the arrival at this goal are not usually specified. Note that the utopian could thus avoid the odium that would be associ-

ated with the coercion and revolution by which his goal has to be pursued, and the reformer could avoid the disrepute attached to utopianism.

It is hazardous, however, to follow a general analysis of these developments any further. These generalizations do not do full justice to the complexity of the phenomena. Moreover, the above formulations may be interpreted as implying that utopians and reformers have intentionally played down or remained silent about certain facets of their programs. This may not have been the case. On the contrary, utopians did not envision the force and violence which would accompany efforts to arrive at their goals. By a similar myopia, reformers need not know that they are utopians. It must be kept clear that intellectuals have not only drawn others into an illusory mental realm; they are quite often victims of the same delusions. This was made possible by the flight from reality. But the point at hand is that the impetus to the flight from reality which has eventuated in the triumph of melioristic reform was provided by utopian visions, though these have long since receded beyond the horizon from whence today they emit the colors that are identified by believers as peace, prosperity, and progress.

The American "Lag"

Those advancing the flight from reality had great difficulty in launching America. The fact has not been sufficiently appreciated. When writers note that Americans did not rush to adopt ameliorative reforms as avidly as Europeans, the matter is often treated as the "social lag" of Americans. Americans "lagged" more than fifty years behind Germans in providing certain kinds of "insurance" programs for workers. Americans "lagged" many years behind England in providing old-age pensions, and some several years in empowering labor unions. Contrariwise, France is far ahead of the United States in rent controls (and in housing shortages), and England is much further along the road to completely socialized medicine.

The matter can and should be described in quite different terms. Americans held out against the lure of utopia, the promises of reformers, the blandishments of revolutionaries much longer than many Europeans. Reform, when it came to America, was more moderate and mild than in most European countries, and did not so drastically alter the existing situation. Still, it has come, and the gradualness of the movement has obscured for many Americans the import of it.

There were tremendous obsta-

cles to the triumph of reformism in America. The institutions, traditions, habits, and beliefs of Americans ran counter to the outlook and practices associated with ameliorative reform. But, the casual observer might object, on these grounds reformism should have come much more readily to America than to Europe. No country was more deeply locked in age-old ways than Russia. The British tradition was hoary with age before America was an adolescent. Surely, America was more flexible than bureaucrat-ridden France, the American more amenable to reform than the Slavic peasant. Besides, the governments in America were generally more responsive to the populace than in Europe.

The greatest weakness in these objections is a misunderstanding of how reformism has been advanced, and by whom. If the "people" had originated and advanced ameliorative reform, it should have come very early to America. Traditions and customs in America were not so firmly fixed as in many countries. On the other hand, popular government was much better provided for in America than in most countries. To blame governmental intervention and security programs upon democracy, however, is to confuse effect with cause. Undoubtedly, there are now many people who

have vested interests in certain governmental programs, and there are many others who have accepted the notion that their prosperity is due to the efforts of politicians. But these are effects, not causes, though they do contribute to the continued feasibility of politicians advancing ameliorative reform. Reforms were and are advanced by *intellectuals* (and their satraps among the bureaucracy). In any country where there was a moderately enlightened electorate, it has taken many years of vigorous activity to get a majority for reforms of any great dimensions. The experience of reformers in England and America should give ample evidence for this statement.²

Drastic social reforms were introduced most readily in Russia, Germany, and Italy. It was the work of intellectuals, or pseudo-intellectuals. These were countries without a lengthy experience in popular governments, but countries within which tradition was strong. But the intellectuals were — as they have tended to be increasingly everywhere — disaffect-

ed from the tradition. Not only was tradition without effective spokesmen quite often, but also the populace was inexperienced in defending it.

Stabilizing Influences

In America, things were quite different. The United States Constitution had been formed by the leading thinkers in America. Much of the political tradition had taken shape in the historical memory of much of the populace. The traditions had been freely formed, for the most part, and had the support of intellectuals for most of the nineteenth century. Americans revered their institutions, took pride in them, were accustomed to thinking of them as the best in the world.

Equally important as an obstacle to reform was the character of American institutions. The United States Constitution — and probably most state constitutions — is a conservative document. That is, the government which it provides for makes change difficult to accomplish. For a bill to become law it must be passed by a majority of the House of Representatives, a majority of the Senate, and signed by the President. Even then, it may be nullified by the courts as being unconstitutional. The Constitution can, of course, be amended, but amendments must

² There is, of course, a demonstrable corollary between universal suffrage and the triumph of reformism in many countries. And reformers have been eager proponents of universal suffrage. The significance of this is not far to seek: the illiterate, unpropertied, and politically inexperienced succumb more readily than does a limited electorate to the promises of reformers.

be approved by conventions or legislatures in three-fourths of the states to become a part of the Constitution. Yet there can be no legitimate occasion for violent revolution on majoritarian grounds, for the Constitution can and has been amended, and laws can be and have been passed. (It should be noted here that reformers have managed to advance their unconstitutional programs in the twentieth century without getting the Constitution amended. How they have done this will be taken up later.)

The Constitution was the bedrock of political reality to Americans for most of their history, too. There was good reason for this belief. It was written and approved by men deeply immersed in historical experience and accustomed to attending to the enduring nature of things. It is often alleged that the endurance of the Constitution can be ascribed to its elasticity. The fact that it has lasted so long might better be attributed to its foundation in enduring realities, in realities about the nature and purpose of government, about the nature of man, about the dangers of concentrated power, and about the importance of limited action. The principles derived from these realities were the bases of the checks and balances instituted. These latter were mighty

buttresses to liberty just as they were formidable obstacles to reform.

A Multiplicity of Dreams

It was with some trepidation that I decided to call this piece "An American Dream." It is mainly about a utopian vision, and utopia was not *the* American dream. Indeed, there was *no* American dream, and this becomes apparent when the situation is viewed historically. There were many American dreams. From the earliest colonial days the diversity and multiplicity of American dreams are obvious. The Puritan leaders in New England had one kind of vision, the settlers of Virginia another. The society envisioned by Quakers in Pennsylvania was different from that of those who planted North Carolina. The dream of Roger Williams in Rhode Island differed dramatically from that of the Lords Calvert for Maryland.

Nor when a united body had been wrought out of these diverse elements did the multiplicity of dreams disappear. The American agreement, as I have pointed out elsewhere, was an agreement to disagree. American unity was not fashioned by the crushing of diversity but by providing a framework in which each man could have his own vision, dream his

own dream, make his own way. If a man had visions of utopia, and some did, he was free to pursue it alone or in the company of others, so long as the others joined him voluntarily and could leave when they were ready. The American way was the voluntary way. It was, in essence, individualistic.

Religious and Political Liberty

Still, there were dreams shared by a sufficient number of Americans that they could be called American dreams. One of the earliest and deepest of these was the desire of men to practice their religious beliefs freely. For most, this was not yet a vision of religious liberty when the earliest settlements in English America were made. The Pilgrims only wanted a place to practice their own version of Christianity; so it was, too, with that larger group of people known as Puritans. They drove out dissenters from among them, proclaiming that those who disagreed with them were free — free to go! Even the enlarged view of religious freedom in Maryland after 1649 encompassed only those who prescribed to certain tenets of religious orthodoxy. Some of the Anglican colonies — notably Virginia — permitted no other religious practices. But by the time of the American revolt from England many Americans had come to ac-

cept a new vision, a vision of a land in which each man might freely choose and practice his religion without let or hindrance. Within a few decades, this had become the established practice throughout America.

There was another shared dream, too. It is aptly described in a phrase used by Dumas Malone and Basil Rauch as the title of a textbook for American history. Americans hoped to create an *Empire for Liberty*.³ The word “empire” had not been loaded with pejorative connotations at the time of the founding of the Republic. It was still a descriptive word. It meant the presence of diverse peoples — diverse in origin, in religion, in language, and so on — under one system of government and one flag. The dream of an empire for liberty in America, then, was the dream of many peoples united by a single constitution, one which protected them in their diversity and provided for individual liberty. This was the American political dream, and it came very close to realization in the course of the nineteenth century.

Many individuals shared a dream, too, each for himself. The essence of the vision is captured in the phrase, *personal independence*. Americans used more

³ (New York: Appleton-Century-Crofts, 1960, 2 volumes).

earthy phrases to describe the vision: "to be one's own man," "to be beholden to no man," "to be free, white, and twenty-one." The articulation of this vision ranged from Thomas Jefferson's prized yeoman farmer to Horatio Alger's youth who made good in the big city. The dream was realized (and still is) by many Americans, though not all went from bobbin boy to industrial magnate as did Andrew Carnegie or from obscurity to great influence as did Dwight L. Moody. But affluence and influence were the further reaches of the dream, for it could be both modestly envisioned and fulfilled. For most, it involved such things as a home of one's own, a shop or store with a dependable clientele, a farm free of debt, and so on through the variation of goals which free men may set for themselves.

These were not visions of utopia, nor of euphoria. They involved hard work, careful husbandry, continued striving, and perchance the faith that if one had shown himself a worthy steward of his possessions, there would await him at the end of life the inimitable praise, "Well done . . .," promised in religious teachings. The utopian dream is the opposite of the American dreams. It is a vision of earthly bliss, not of struggle and accomplishment. It is

a collective vision, not an individualistic one. The vision is one for society, and everyone in society must be drawn into it, whether he will or no. It is monolithic; diversity must yield to uniformity and conformity for it to be realized (if it could be). Utopians have, of course, pictured release and "freedom" for individuals in their utopias, but such evidence as we have from attempts to create utopias indicates that no importance need be attached to these claims.

"The Dream" Emerges

In the course of time, though, American dreams have begun to be subsumed into An American Dream. Even in our day, individuals still dream and work for the fulfillment of their dreams — with considerable success as measured by the homes, farms, vacation cottages, and businesses that they own. But the Dream is swallowing up the dreams, as property is circumscribed by restrictions, as taxes increase at all levels, as government guarantees of security replace individual provisions for security, as inflation destroys the utility of money as a means of saving, and as people are bombarded on every hand by products of thought carried on at the level of social units rather than individuals. In short, a transformation has taken place in the type of

dreams that are approved by society, and a long term effort has gone on to draw men into the mental context of a single dream or vision.

In political terms, the Dream has had a variety of names: the Square Deal, the New Freedom, the New Deal, the Fair Deal, the New Frontier, and, most recently, the Great Society. In the latter two phrases the character of the Dream is made manifest with greater clarity: it is a collective vision to be arrived at collectively by the use of government to reconstruct men and society.

The terms may be new, but the Dream is an old one. It is a utopian vision for America. The struggle to implant the vision in the minds of Americans has been a long one (and will require considerable verbiage in the telling of it), for the vision was set forth in a manner that began to appeal to some Americans in the last years of the nineteenth century. Utopian novels poured forth in great number and variety from about 1885 to 1911. As one book points out, "the 1890's in the United States [w]as the most productive single period in the history of utopian thought."⁴ Some of the more important utopias, mainly by

American writers, were: Ignatius Donnelly, *Caesar's Column* (1890); William Morris, *News from Nowhere* (1890); Thomas Chauncey, *The Crystal Button* (1891); Ignatius Donnelly, *The Golden Bottle* (1892); William D. Howells, *A Traveler from Altruria* (1894); H. G. Wells, *The Time Machine* (1895); and Edward Bellamy, *Equality* (1897).⁵

"Looking Backward"

One book, however, may have been more important than all the others combined in awakening the vision in America. It certainly gave great impetus to the production of utopias by its success. This was Edward Bellamy's *Looking Backward*, published in 1888. By 1890 the book had sold 200,000 copies, and was in that year selling at the rate of 10,000 every week.⁶ It is, even today, available in an inexpensive paperback edition. Within two years after the publication of the book, 162 clubs located in 27 states were holding meetings. They were called Nationalist clubs. Bellamy did not use the word socialist to describe his obviously socialist system, and his early followers took a more neutral word also. A magazine,

⁵ See *ibid.*, pp. 19-20.

⁴ Glenn Negley and J. Max Patrick, *The Quest for Utopia* (New York: Henry Schuman, 1952), p. 138.

⁶ Daniel Aaron, *Men of Good Hope* (New York: Oxford University Press, 1951), p. 104.

called *The Nationalist*, was founded by friends of Bellamy to spread the ideas. The book had an impact upon such well-known figures as William Dean Howells, Mark Twain, and Thorstein Veblen. The Populist Party was influenced by Bellamy, for an observer at the Convention in 1892 declared that Bellamy's readers "were the brains of the convention. They were college professors, editors, artists, and authors. . . ." ⁷ Bellamy was friendly with all sorts of reformers and intimate with some of the professed socialists. Henry Demarest Lloyd wrote him in 1896, "The movement we are in is International Socialism. . . . Why not recognize it and say so!" ⁸ Bellamy, however, made socialism palatable as a dream to many people without calling it by that name.

What was there about this book that occasioned its great impact? An examination of *Looking Backward* is in order. It is a novel, a romance, a fantasy. It is set in the city of Boston in the year 2000. It has its hero (Julian West) and its heroine (Edith Leete) who give the story its "love" interest. The very clever device for unfolding the story is that the hero was mesmerized in 1887 and slept unbeknownst to anyone until 2000. This device allows the reader to

identify with West as he encounters the surprising changes that have occurred during his long sleep. Boston has been transformed. His first view of the city convinces him of this:

At my feet lay a great city. Miles of broad streets, shaded by trees and lined with fine buildings, for the most part not in continuous blocks but set in larger or smaller inclosures, stretched in every direction. Every quarter contained large open squares filled with trees, among which statues glistened and fountains flashed in the late afternoon sun. Public buildings of a colossal size and an architectural grandeur unparalleled in my day raised their stately piles on every side. Surely I had never seen this city nor one comparable to it before. ⁹

It was Boston all right; the familiar pattern of the Charles River assured him of that. But it was a New City he beheld, located on a New Earth. In short order he was to learn that not only had the change occurred in Boston but also throughout the United States. Beyond that, Europe had been transformed as well, and the rest of the world was in the process of a similar change. Utopia had been achieved.

In this New Age, war has been banished from the face of the earth; universal peace reigns supreme. There is no longer any

⁷ Quoted in *ibid.*, p. 130.

⁸ Quoted in *ibid.*, p. 132.

⁹ Bellamy, *op. cit.*, p. 38.

crime to speak of, only something called atavism — vestigial remains of the criminal mind from another era — which produces occasional antisocial acts. There is no longer any corruption or demagoguery in politics — in fact, there is very little politics. There are no labor problems, nor any other class or group problems. All destructive activities have been banished, and a vast surge of constructiveness and creativeness has emerged. As Dr. Leete, the interlocutor of the story, describes the situation:

“It has been an era of unexampled intellectual splendor. Probably humanity never before passed through a moral and material evolution, at once so vast in its scope and brief in its time of accomplishment, as that from the old order to the new in the early part of this century. When men came to realize the greatness of the felicity which had befallen them, and that the change through which they had passed was not merely an improvement in details of their condition, but the rise of the race to a new plane of existence with an illimitable vista of progress, their minds were affected in all their faculties with a stimulus, of which the outburst of the mediaeval renaissance offers a suggestion but faint indeed. There ensued an era of mechanical invention, scientific discovery, art, musical and literary productiveness to which no previous age of the world offers anything comparable.”¹⁰

The Planned Economy

What had wrought all these marvelous changes? It all came about very simply, or so Bellamy would have us believe. All private production of goods and provision of services was taken over by the government. The economy was rationally organized — i. e., planned, money abolished, income equalized, production scientifically planned, competition eliminated, and men bountifully supplied with goods and services. Labor was provided by an industrial army, to which every male was subject from 21 to 45. The industrial forces were organized in great guilds, and the President of the country chosen from these. Professionals had their own organizations.

One might suppose that this drastic alteration in ways of doing things had been accomplished by revolution. Not at all; instead, it came about by peaceful evolution. Let Dr. Leete describe the process once more:

“Early in the last century the evolution was completed by the final consolidation of the entire capital of the nation. The industry and commerce of the country, ceasing to be conducted by a set of irresponsible corporations and syndicates of private persons at their caprice and for their profit, were intrusted to a single syndicate representing the people, to be conducted in the common interest for

¹⁰ *Ibid.*, p. 161.

the common profit. The nation, that is to say, organized as the one great business corporation in which all other corporations were absorbed; it became the one capitalist in place of all other capitalists, the sole employer, the final monopoly in which all previous and lesser monopolies were swallowed up, a monopoly in the profits and economies of which all citizens shared. The epoch of trusts had ended in 'The Great Trust. In a word, the people of the United States concluded to assume the conduct of their own business, just as one hundred odd years before they had assumed the conduct of their own government, organizing now for industrial purposes on precisely the same grounds that they had then organized for political purposes."¹¹

In the accomplishment of this, "there was absolutely no violence. The change had been long foreseen. Public opinion had become fully ripe for it, and the whole mass of the people was behind it."¹² Neither violence, discord, nor compulsion ushered in the new age, nor characterized relationships within it. Instead, as Dr. Leete explains to Julian West, "If I were to give you in one sentence, a key to what may seem the mysteries of our civilization..., I should say that it is the fact that the solidarity of the race and the brotherhood of man . . . are

. . . ties as real and vital as physical fraternity.'"¹³

Julian West poses the obvious question at an earlier point in the book:

"Human nature itself must have changed very much," I said.

"Not at all," was Dr. Leete's reply, "but the conditions of human life have changed, and with them the motives of human action."¹⁴

A minister takes up the explanation:

"... Soon was fully revealed, what the divines and philosophers of the old world never would have believed, that human nature in its essential qualities is good, not bad, that men by their natural intention and structure are generous, not selfish, pitiful [full of pity], not cruel, sympathetic, not arrogant, godlike in aspirations, instinct with divinest impulses and self-sacrifice, images of God indeed, not the travesties upon Him they had seemed. The constant pressure, through numberless generations, of conditions of life which might have perverted angels, had not been able to essentially alter the natural nobility of the stock, and these conditions once removed, like a bent tree, it had sprung back to its normal uprightness."¹⁵

The mode of the transition from the old to the new society is vague

¹¹ *Ibid.*, p. 56.

¹² *Ibid.*, p. 57

¹³ *Ibid.*, p. 137

¹⁴ *Ibid.*, pp. 60-61

¹⁵ *Ibid.*, pp. 287-88.

and inexplicit. Unlike Khrushchev — and Marx before him — Bellamy believed that it was possible to make omelets without breaking eggs. But no such vagueness attends the descriptions of the good society which has emerged in 2000 A. D. It is described in loving detail. Julian West visits the department stores from which goods are obtained, and the distribution system from central warehouses is amply described. The system of state issued credit which replaces money is pictured minutely. How men are got to perform the various services for society are spelled out in intricate detail.

Blueprint for Tomorrow

It does not require a great deal of imagination, either, to see that many things which Bellamy envisioned have begun to emerge in many tendencies of our day — if one ignores the compulsion, the thrust to power of politicians, the unpleasantness, and the dreary uniformity of state produced things, that is, if one removes the utopian elements. Bellamy made it clear, in a letter appended to *Looking Backward*, that he intended the book as predicting things to come:

Looking Backward, although in form a fanciful romance, is intended, in all seriousness, as a forecast, in ac-

cordance with the principles of evolution, of the next stage in the industrial and social development of humanity, especially in this country....¹⁶

A few examples of some "forecasts" will reveal Bellamy's prescience. Saving is no longer a virtue in this socialist heaven. Dr. Leete explains why this is so:

"The nation is rich, and does not wish the people to deprive themselves of any good thing. In your day, men were bound to lay up goods and money against coming failure of support and for their children. This necessity made parsimony a virtue. But now it would have no such laudable object, and having lost its utility, it has ceased to be regarded as a virtue."¹⁷

The explanations that are currently offered for the phenomenon differ somewhat from this, but saving is no longer generally recognized as a virtue among us. Nor in the good society pictured for us is there any longer any connection between amount of work and rewards for it. Dr. Leete is again the narrator:

"Desert is a moral question, and the amount of the product a material quantity. It would be an extraordinary sort of logic which should try to determine a moral question by a material standard. . . . All men who do their best, do the same. A man's en-

¹⁶ *Ibid.*, p. 334.

¹⁷ *Ibid.*, pp. 89-90.

dowments, however godlike, merely fix the measure of his duty."¹⁸

In short, each person receives the same income, regardless of his contribution. Greater ability only denotes greater responsibility to contribute to the general well-being. We have developed a variety of devices, notably the progressive income tax, for achieving this ideal.

Many other similar examples are given. There is no longer anything which could be called charity. Each person receives an income by virtue of his being a person, and this income is conceived of as his by right. They spend their surplus on public works, "pleasures in which all share, upon public halls and buildings, art galleries, bridges, statuary, means of transit, and the conveniences of our cities, great musical and theatrical exhibitions, and in providing on a vast scale for the recreations of the people."¹⁹ (It could be that John Kenneth Galbraith's recommendations for spending on the "public sector" were not as original as has been supposed.) Children are no longer dependent upon parents for their livelihood, and the only family bonds are affectional. State governments have disappeared,

and such power as remains has been centralized in Washington. World peace is maintained by "a loose form of federal union of world-wide extent. An international council regulates the mutual intercourse and commerce of the members of the union, and their joint policy toward the more backward races, which are gradually being educated up to civilized institutions."²⁰

Of course, Bellamy was not forecasting; he was dreaming. He was dreaming a dream which evoked or reinforced a vision which had already begun to take shape in the minds of many reformist intellectuals. He made socialism so vague as to how it was to be achieved and so bright as to the future it would bring that many began to lose their misgiving-

²⁰ *Ibid.*, p. 140. Bellamy provided something else, too, a distorted version of history in the latter part of the nineteenth century, which many a history textbook still carries. Note this description of competition. "The next of the great wastes was that from competition. The field of industry was a battlefield as wide as the world, in which the workers wasted, in assailing one another, energies which, if expended in concerted effort . . . would have enriched all. As for mercy or quarter in this warfare, there was absolutely no suggestion of it. To deliberately enter a field of business and destroy the enterprises of those who had occupied it previously . . . was an achievement which never failed to command popular admiration. Nor is there any stretch of fancy in comparing this . . . with actual warfare."²⁰ *Ibid.*, pp. 230-31.

¹⁸ *Ibid.*, p. 94.

¹⁹ *Ibid.*, p. 243.

ings about it. Above all, he domesticated and "Americanized" socialism and contributed greatly to sowing the seeds which have produced a plant that comes nearer and nearer to being An American Dream. By 1964, Democrats in convention could evoke many of the attributes of Bellamy's utopia as recent accomplishments or things to come in the future unabashedly. They could do this, just as Bellamy could, without reference to the compulsion, intervention, loss of vitality in human relations, power in the hands of politicians, spreading delinquency, international disorder, and terror and violence let loose in the world. In short, many people have now flown far enough from reality that they no longer distinguish between utopian fancies and the realities of the world in which they live.

This did not come about overnight, however. Some intellectuals, artists, politicians, and unwary readers may have taken up Bellamy's dream as their own in the 1890's, but most Americans did not. The indications are that a great preponderance of Americans who thought about it in those years would have agreed with Andrew Carnegie, who wrote in 1889:

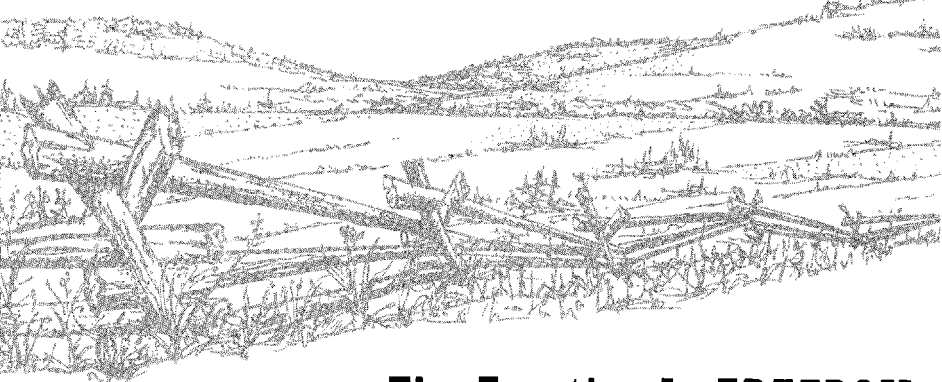
...To those who propose to substitute Communism for... Individualism the answer, therefore, is: The race has tried that. All progress from that barbarous day to the present time has resulted from its displacement. ... It necessitates the changing of human nature itself. ... We might as well urge the destruction of the highest existing type of man because he failed to reach our ideal as to favor the destruction of Individualism, Private Property, the Law of Accumulation of Wealth, and the Law of Competition; for these are the highest results of human experience. ...²¹

At any rate, American voters turned back populism at the polls, rejected Bryan and his more moderate reformism, turned down the Socialist Party in election after election, and would accept only bits and pieces of reformism for many years.

Before Americans would be drawn into the orbit of the vision, their eyes had to be drawn away from viewing human nature, laws in the universe, absolutes and principles, and the record of history. A new outlook had to precede the general acceptance of the dream. The flight from reality had to be extended. ♦

²¹ Andrew Carnegie, "Wealth," *Democracy and the Gospel of Wealth*, Gail Kennedy, ed. (Boston: D. C. Heath, 1949), p. 3.

The next article in this series will concern "The Pragmatic Sanction of Flux."



The Frontier Is FREEDOM

EDWARD P. COLESON

IN the report of the Superintendent of the Census for 1890 appeared the remark that at long last the frontier was gone, that while there were still pockets of unsettled territory, there could hardly be said to be a frontier line anymore. Thus closed an epoch in American history, an heroic and often tragic story of the winning of a continent.

But the passing of the actual frontier was not the end of the story, just the beginning: apparently the energies once expended on the Oregon Trail or clearing a plot of land about the cabin door were now to be released on a new fictional frontier where countless millions of cowboys and Indians would perish on movie and TV

screens. The battle for the West had just begun.

Furthermore, the preoccupation with the American frontier is more than an obsession of "pulp" magazine writers and their fans. Serious scholars have attributed all sorts of virtues to the American people, clearly the consequence of the pioneer experience, or so they think. Others were sure that such calamities as the Great Depression were in fact the consequences of the passing of the frontier: we just couldn't live without one! And, finally, when politicians run out of slogans — New Deals, Fair Deals, and the like — there is always the New Frontier to catch votes.

Just what was this "frontier effect," which has such a hold on the American imagination, and

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how has it shaped our country for good or ill?

What the Frontier Didn't Do

The opening up of the New World by Columbus, Cabot, Drake, and a host of others was a tremendous event to a Europe which had been stewing in its own juice for centuries. Here were boundless horizons and new frontiers without limit. Surely, our contemporaries reason, liberty was the natural outgrowth of such an expansive situation in a world of unspoiled abundance. It is inevitable also, according to the same logic, for us to find ourselves in quite a different situation today with our empty lands long since filled and our resource base already seriously depleted. The freedom of the frontier is no longer possible; and anyone who insists we could and should operate our economies and governments according to the principles of the "Gay Nineties" is completely out of contact with reality, or so we are told.

Now, as a matter of fact, the latter part of the nineteenth century and the early years of the twentieth, up until about World War I, was one of the outstanding eras of human liberty in world history. John Maynard Keynes extols this period in the most complimentary terms. But we must

not assume, as people tend to do, that if life in the 1890's was relatively simple and unfettered that the 1790's must have been freer and the 1690's still more so. This just isn't the truth. The world of three or four centuries ago, with the machine age still well in the future and vast areas yet unexplored, was as complicated and repressive in its way as our own — and for the same reason. Freedom is the consequence of a philosophy of life, a *Weltanschauung* or "world view" as the Germans would say, a *modus operandi*, the outworking of a deliberate choice, and not the spontaneous result of living at a special time in history or in some favored natural environment.

The notion that freedom is as natural as breathing for those hardy souls who dwell on the pioneer fringe is not supported by the facts. If the English settlers in America absorbed the love of freedom by osmosis from the air or water of the New World, then why didn't the French and Spanish catch it, too? New France was born in chains and never prospered; that is one of the reasons why the English finally won out.

Spain's regulations of her American colonies were, if anything, even more stupidly repressive. In fact the only legal outlet for an

Argentine cow, about the only likely export of the fertile pampas back then, was westward across the continent, up over the Andes (the second highest range in the world), by ship from Peru to Panama, then across the fever-infested Isthmus, and finally once a year to Spain, when the royal convoy sailed. All of this man-made complexity and confusion, when a child could see that the obvious and practical route was out the front door through Buenos Aires by direct sea route to Europe!

The colony would have languished utterly but for an active smuggling trade carried on in spite of terrible penalties. Had one remonstrated with the royal bureaucracy about this or a multitude of other equally inane prohibitions, he would have been told that there was already a "surplus" and, but for these benign restrictions which like a dam held back this ruinous wave of potential abundance, the markets of the world would be inundated with such a glut that every tradesman, merchant, and farmer would be bankrupt.

This pleniphobia, or fear of abundance, was as much of an obsession to the seventeenth century mercantilists as it is to our contemporaries who are sure automation will be our ruin. It is hard

for us to see how they ever got the notion that their meager little was too much; yet, so many fail to see that there are still vast unmet needs even today.

Frontier Abundance and Reality

Not only is freedom far from a spontaneous development on the frontiers of the world, but the familiar notion of the fabulous wealth of a bounteous nature needs some qualification. Many a "modern" who prates endlessly about the departed glories of earlier days would return by jet plane, the next flight, should anyone exile him to some pioneer settlement of today. Trees on the stump and ore in the ground are indeed assets, but they take some fixing before they are very useful. One might starve or perish from exposure in the midst of such natural abundance, as indeed many have, simply because most of nature's gifts must be processed to be of any use to mankind.

Of the many broad and rich frontiers of George Washington's day — and the world was mostly "new frontier" from pole to pole back then — only a few conspicuous areas have developed phenomenally. The rest are still backward, probably now the beneficiaries of some development program. They haven't advanced and won't, not because resources are

lacking but because the conditions necessary for progress are lacking. While such people need modern machinery, education, sanitation, and about everything else imaginable, these tools and techniques still won't get them started down the road of progress in any permanent way unless they change their minds fundamentally. The philosophy of freedom, liberty under law, could accomplish for them what multiplied billions in foreign aid has not done and cannot do.

When the Industrial Age started somewhat more than two hundred years ago, the Western world suffered from the same health and nutritional problems that plague the backward areas even today. There was the same desperate problem of poverty and want that casts its shadow over many a land today. In England two centuries ago, a bushel of wheat cost nearly a full week's wages for a common laborer. The diet was meager and monotonous, and famine stalked the land when the scanty crops failed due to natural calamities. Epidemics swept away large fractions of the population on occasion. Infant and childhood mortality was appallingly high: Adam Smith remarked that it was not uncommon to find a peasant mother in the Highlands of Scotland who had borne twenty children but had

not even two yet surviving. In short, we find the same heart-rending conditions that can be found in the backward areas of the world even today. What happened to change all this for a few favored people like you and me in the midst of a world of ignorance and want, where the typical individual goes to bed hungry every night?

Frontiers or Freedom?

While some were seeking New Frontiers, other Englishmen began to tinker with textile machinery in the early years of the eighteenth century. Somewhat later Watt produced a practical steam engine that got industrial production off to a vigorous start. While it is never possible to know all the conditions which went into making a given situation develop as it did, one thing is certain. This movement for the betterment of mankind came close to dying in its infancy. Watt was not permitted to set up a shop in Glasgow, and might never have gotten his chance at all if the University had not taken him in as the official instrument maker. Savage mobs attacked the new textile mills and destroyed them. The sewing machine was invented in France before it was known in America, but was destroyed by French tailors who feared auto-

mation. A mowing machine was devised in England before McCormick invented the reaper, but again it was throttled in its infancy. Ingenious people no doubt invented many a contrivance again and again across the ages, only to have them stillborn because of the difficulties of machining without the lathes and other machine tools we take for granted and more particularly because the neighbors simply would not allow the new labor-saving device to come into being.

There is little reason to believe that the frontier held the magic that a lot of people ascribe to it. Astounding progress has exploded in old settled lands such as the England of George III or West Germany after World War II. Frontier lands have remained primitive for generations. Nations with great natural resources have stagnated while tiny countries like Switzerland have forged ahead without much of anything to go on. The mysterious ingredient of industrial progress is simply the freedom to try and the assurance that creative effort will be rewarded. The stagnation of the Great Depression was the consequence of massive governmental interventions in the economic proc-

ess, not the passing of the frontier.

Certainly, the backwardness of many an underdeveloped nation today is related to the fact that the enterprising individual is stigmatized and ruined by his neighbors and the local officials. To have lived in some remote "native" village long enough to know how their social curbs on progress operate is to understand why the best laid plans of economic development schemes have a way of failing utterly. Without freedom to achieve and without a measure of security for life and property, aid is useless; and with freedom, it is unnecessary. Any enterprising investor is happy to put his money into a going concern and nothing succeeds like success. But the rigidities of a managed economy stifle initiative and scare off venture capital, keeping the depressed area stagnant and backward. Only a rich country can afford the economic interventions of socialism — and they can't afford it for long.

Freedom is not a luxury for a few wealthy nations, as many of our liberal pundits try to tell us, but a necessity for the poor and hungry as Erhard's Germany so eloquently demonstrated after her crushing defeat in World War II.



"The Great Society"

NOT SO LONG AGO one would have sworn that collectivist and interventionist thinking was losing its appeal. The economists were revolting against Lord Keynes, at least to the extent of becoming "neo-Keynesians" or "post-Keynesians." Students were becoming Young Americans for Freedom, or joining the Intercollegiate Society of Individualists. The conservative movement was gaining many new adherents.

Now, suddenly, everything seems to be reversed. The Left has come back with a rush. A socialist book, *The Other America - Poverty in the United States*, by Michael Harrington, becomes the Bible of those who are pushing an anti-poverty campaign that depends on self-defeating state action. The ancient League for Industrial Democracy, an outgrowth of the Intercollegiate Socialist Society, does not seem to be stirring, but the W.E.B. DuBois Clubs, which proclaim an unaffiliated Marxism, have started to snowball, particularly on the West Coast. The young who were looking to a revival of

conservatism yesterday have been followed by an even younger set who are going in for "personalist" commitment to nonlibertarian causes.

In the middle of it all President Lyndon B. Johnson has become enamoured of a phrase, "the Great Society." Whether he plucked the phrase out of his own memory, or whether it was fed to him by one of the task force papers which Professor Eric Goldman of Princeton has been in the course of assembling, is immaterial. The point is that the phrase comes from the title page of a pre-World War I book, *The Great Society*, by a Fabian socialist Englishman named Graham Wallas. Thus the movement started by Bernard Shaw, H. G. Wells, Mr. and Mrs. Sidney Webb, and the other members of the English Fabian Society in the eighties and nineties of the last century is still bearing fruit.

Since I have long been interested in the relations between ideologues and politicians, I took Graham Wallas's book off the

dusty shelves the other day and started reading it for the first time in some forty years. As Wallas used the phrase, "the Great Society" was merely descriptive of the increasing urbanized condition of life imposed on the Western world by the spread of the Industrial Revolution. Wallas spoke of the steam engine and the rise of the Manchester cotton mills as imposing an "extension of the social scale" upon the human species. The argument is now so familiar as to be platitudinous: the villager in northern Michigan or the Orkney Islands cannot escape the implications of the international division of labor and the coming of the population explosion.

Wallas was not advocating anything tendentious by his use of the term "the Great Society" as a description of an historical trend. But when he came to proposing means of adaptation to this society, he could think of nothing better than Fabian penetration of the economic system by collectivist bureaucrats and collectivist methods. He wanted a Mixed Economy, even though that term had not yet come into general usage in 1914.

Modern Variations

Lyndon Johnson's use of Graham Wallas's book title twists

things around a bit. To LBJ's way of thinking, we have not yet arrived at "the Great Society." What the President has in mind when he uses the phrase is not "the extension of social scale" imposed by jet aircraft, or computers, or automated factories. The Great Society of Lyndon Johnson's dreams won't be here until we have used modern scientific developments to eradicate poverty, to give every child a good education, and to make all our communities healthy, happy, and beautiful.

Nobody, of course, can make a brief for poverty, ignorance, and ugliness. But the disturbing thing about the current belated romance with Graham Wallas's Fabian tract of 1914 (which, incidentally, was dedicated to Walter Lippmann) is that the 1965 program for reaching "the Great Society" has a distinctly Fabian flavor of its own. Those now in the political driver's seat want their own gradualist approach to federally-supported medicine and to Washington-directed programs for wiping out pockets of poverty in the Appalachians and bringing schoolbooks and remedial reading teachers to Harlem and back-of-the-yards Chicago.

Back in the early nineteen twenties, when I first read Graham Wallas, I could have been for the

current program. But since then the Britain which Wallas hoped to reform by a Fabian "organization of happiness" has given a rather thorough trial to the schemes now being proposed. The result has not been the attainment of the sort of "Great Society" which our officeholders want. On the contrary, Britain in 1965 is floundering in a most unhappy way.

Socialized Medicine

Britain has its compulsory medical insurance program. But it has not been building new hospitals, and doctor friends of mine who are by no means "reactionary" insist that medicine in the Britain of today is in a period of decline. The British have had to recruit nurses from overseas. Young doctors have been emigrating to Canada and Australia. "It's poor medicine for everybody today in Britain, and good medicine only for the rich who can pay for private service," says a New Haven, Connecticut, gynecologist, Dr. Virginia Stuermer.

Using Fabian techniques, Britain has been trying to modernize its industry to the point of wiping out poverty. But its steel mill owners frightened by the probability of a final nationalization of basic steel-making facilities, have had no incentive to make

their plants as efficient as some in the German Ruhr or in Gary, Indiana. The British pound is today in trouble because Fabian "planning" has kept the British industrial machine from making itself competitive with continental Europe, the United States, and Japan in world markets. Wages in Britain have outpaced productivity increases. Prices are still rising. And the response of the Harold Wilson government to this state of affairs has been to try to insulate the British economy from that of the outer world by putting a 15 per cent tax on imports.

The Fabian way is to impose controls from the top in order to "socialize" individual income. The 1965 approach is admittedly a bit different: subsidizing new schemes of production in the mountain backwaters of Kentucky and paying for schoolbooks in Manhattan is not all-out socialist "central planning." But the impact on the budget can hurt the currency in which the entire nation does its business. The adoption of the Fabian "inevitability of gradualism" to the solution of our problems necessarily aggrandizes the power of the central state.

The Voluntary Way

The shame of it is that the present program for attaining the

"Great Society" will be imposed from Washington on a nation that has given every indication of solving its problems by a combination of voluntary individual action and local, state, and municipal measures. I think of Richard Cornuelle's success in establishing a private reinsurance program for banks which have been lending money to deserving college students. I think of the Western Student Movement, which has been recruiting high-stand university undergraduates to help cut down on school drop-outs by offering free tutoring services to slum children in the Los Angeles, San Francisco, and San Diego areas. Anything that's peaceful and voluntary, as Leonard Read says, is a proper means of getting to the Great Society. Instead, Graham Wallas is being heeded, though his 1914 ideas have already failed wherever they have been tried. ♦

► **THE MIND AND ART OF ALBERT JAY NOCK** by Robert M. Crunden (Chicago: Henry Regnery Company, 1964). 230 pp., \$4.95.

Reviewed by Robert M. Thornton

THIS IS the first full-length study of Albert Jay Nock, and happily for admirers of that "superfluous

man" Mr. Crunden's primary interest is not the personal life of his subject but rather what the man thought and how he came to think it.

In a scholarly fashion Crunden tells of Nock's public career as a man of letters and discusses systematically the men who exerted the greatest intellectual influence on him — Matthew Arnold, Herbert Spencer, Henry George, and Franz Oppenheimer. He also explains Nock's fondness for such diverse personalities as the little appreciated "humorist" of Civil War days, Artemus Ward; the often misunderstood French writer of the sixteenth century, Francis Rabelais; and the cantankerous Mayor of New York in the early 1900's, William Jay Gaynor.

Crunden fully realizes that Nock cannot be neatly pigeonholed. With some justification he might be called a nineteenth century liberal (he was in favor of repealing laws and reducing government interference to a minimum), or a conservative (he wished to preserve everything worth saving and refused to entertain the illusion that society can and should be made over at the whim of reformers), or a radical (he sought true reforms and scoffed at the superficial changes that usually leave things worse

than before). But Crunden is no doubt right in tagging Albert Jay Nock a Jeffersonian, for Nock, like our third President, instinctively championed the cause of individual liberty against government intervention, even when the latter came disguised as benevolence.

Crunden not only discusses Nock's ideas and the books he read, but he also evaluates the ideas in the air during the man's lifetime. Crunden regards Nock as one of the early challengers of the collectivist ideology that began to enjoy popular acceptance during the first half of the twentieth century; as such, Nock was one of the founding fathers of the present-day libertarian-conservative movement.

Nock was one of the few intellectuals of his day not guilty of what has been called "the treason of the clerks." He never lost his faith in the power of ideas, and thus stood apart from those around him who rushed out to "do something." He knew that right thinking must precede right action and that you change the world only by changing individuals—a job not to be accomplished by any sort of "machinery" such as world government, disarmament, or welfare legislation.

Another thing separating Nock from many "intellectuals" was

the essential Christianity behind so many of his views. He opposed government doles, for instance, on the grounds that if it is truly "more blessed to give than to receive," then government takeover of charity deprives us of one of the great joys of life. He distrusted many government activities, not simply because they were questionable politically and economically but because the totalitarian state encourages a slave mentality among its citizens and discourages the sense of individual responsibility to one's God. It may be argued that Nock was a highly religious man (but not in the conventional sense) although many would class him as a heretic. Likely, he would have concurred with their opinion! Nock was not especially interested in "organized Christianity" for his religion was that of the first century Christians, a religion that was "a temper, a frame of mind . . ." "Religion," he wrote, "is the highest effort of the human spirit towards perfection; it is an enthusiastic inward motion towards what St. Paul called 'the fruits of the spirit.'"

It must be emphasized that Crunden offers us, not indiscriminate acclaim of his subject but a disinterested work, the fruit of diligent research and serious study.

A. J. Nock's great value, says Crunden, is that whether you agree with him or not, he will irritate you into thought. As a critic of high order Nock is "abrasive, insistent, and immovable." And, continues Mr. Crunden, "it is as critic and not as political thinker, of whatever label, that Nock should be remembered. He was far more a gadfly than an expounder of a fixed position. If, as should be obvious by now, he was

often wrong, misguided, or simply eccentric, he was unfailingly his own man — incorruptible, unshakably honest. If he was also superfluous, it was both the fault of, and a loss to, the country which incomprehendingly brought his ire and his intellect to life. . . . No matter where he stood, he did not seem to belong. He could only spatter ink on the most outrageous of the world's blemishes, and return to his own garden." ♦

IDEAS ON LIBERTY

The Cost of Eating

A NATION'S STANDARD OF LIVING can be thought of as being inversely proportional to the percentage of its labor force required to produce food. Compare the United States' 7 per cent on the farm with Canada's 10 per cent, West Germany's 13 per cent, Japan's 33 per cent, Russia's 39 per cent, India's 70 per cent, and Communist China's 87 per cent.

ELLISON L. HAZARD, President, Continental Can Company, from an address, "The Real Danger in Automation," October 9, 1964.

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- ✓ Chamberlin called special attention to an essay on "The State," so it seemed appropriate to carry the full text p. 10
- ✓ Finally, there is a report of student reactions to Bastiat's *The Law*, which a professor had assigned as a special class project p. 18

- ✓ Melvin Barger explains how freedom comes with the maturity of the individual p. 27
- ✓ Ask not what government can do for you, but what you should be free to do for yourself and others of your choice p. 30
- ✓ Instead of a new governmental bureau to "focus on consumer needs," why not leave it to those who earn their living at it — businessmen? p. 32
- ✓ Dean Russell throws a new beam of light on the old issue of freedom of the press p. 35
- ✓ Believe it or not, John Maynard Keynes once knew precisely why inflation is a disastrous policy p. 36

- ✓ In this chapter of *The Flight from Reality*, Dr. Carson shows how change came to be worshipped for its own sake p. 40
- ✓ Rebecca West here captures the essence of the authoritarian complex that rules so many lives p. 55
- ✓ Freedom, explains Miss Cross, is the fruit of self-discipline and responsible choice and action p. 56
- ✓ John Chamberlain ponders whether the people of Britain, or any nation so submerged in socialism, can find their way out p. 60
- ✓ Whittaker Chambers' *Cold Friday* finds the approval of reviewer Robert Thornton p. 63

Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.



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THE WISDOM OF



BASTIAT

WILLIAM HENRY CHAMBERLIN

AMONG the intellectual champions of the free economy, none surpasses in brilliance, clarity, wit, and humor the French economic writer, Frederic Bastiat, whose life coincided with the first half of the nineteenth century. Thoroughly consistent in outlook, he fought socialism, protectionism, and every form of state intervention in the economic field with a powerful arsenal of weapons, convincing logic, parable, humorous hyperbole. His definition of the state — never more topical than at the present time when its powers

in the economic field have swelled far beyond Bastiat's wildest dreams or nightmares — should of itself insure him immortality:

"The state is the great fictitious entity by which everyone seeks to live at the expense of everyone else."

And this is only the high point of a superb essay on the state which is a masterpiece of realistic exposition, brushing aside cant and illusion and making clear, one would think, even to the dullest mind, the illusory fallacy that the state can give without stint or limit, and not, in some way or other, take back the equivalent of its gifts, plus the cost of its own bureaucratic administration,

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. In addition to writing a number of books, he has lectured widely and is a contributor to *The Wall Street Journal* and numerous magazines.

from the supposed beneficiaries. The two paragraphs of elaboration that follow the designation of the state as the supreme fiction are as prophetic an indictment of the welfare state as one could find:

Each of us, more or less, would like to profit from the labor of others. One does not dare to proclaim this feeling publicly, one conceals it from oneself, and then what does one do? One imagines an intermediary; one addresses the state, and each class proceeds in turn to say to it: "You, who can take fairly and honorably, take from the public and share with us!" Alas, the state is only too ready to follow such diabolical advice: for it is composed of cabinet ministers, of bureaucrats, of men, in short, who, like all men, carry in their hearts the desire, and always enthusiastically seize the opportunity, to see their wealth and influence grow. The state understands, then, very quickly the use it can make of the role the public entrusts to it. *It will be the arbiter, the master, of all destinies. It will take a great deal; hence, a great deal will remain for itself. It will multiply the number of its agents; it will enlarge the scope of its prerogatives; it will end by acquiring overwhelming proportions.*

But what is most noteworthy is the astonishing blindness of the public to all this. When victorious soldiers reduced the vanquished to slavery they were barbarous, but they

were not absurd. Their object was, as ours is, to live at the expense of others; but, unlike us, they attained it. What are we to think of a people who apparently do not suspect that reciprocal pillage is no less pillage because it is reciprocal, that it is no less criminal because it is carried out legally and in an orderly manner; that it adds nothing to the public welfare; that, on the contrary, it diminishes it by all that this spendthrift intermediary that we call the state costs. (*Italics supplied.*)

Tocqueville's Foresight

This prediction of the expanding role of the state recalls another vision of the perceptive French political scientist and traveler in America, Alexis de Tocqueville, expressed in somewhat more poetic terms:

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. That power is absolute, minute, regular, provident and mild. It would be like the authority of a parent, if, like that authority, its object were to prepare men for manhood; but it seeks, on the contrary, to keep them in perpetual childhood; it is well content that the people should rejoice, provided they think of nothing but rejoicing. 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 stupifies 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*. I have always thought that servitude of the regular, quiet and gentle kind which I have just described might be combined more easily than is commonly believed with some of the outward forms of freedom; and that it might even establish itself under the wing of the sovereignty of the people. (Italics supplied.)

Bastiat's Distinctive Service

Bastiat's works, quite extensive despite the fact that he died comparatively young, are not as well-known to American readers as they should be. So it is a distinct public service of the publishers, the Van Nostrand Company, with the aid of the Volker Foundation,

to issue English translations of three of his works under the titles *Selected Essays on Political Economy* (352 pp., \$7.50), *Economic Sophisms* (291 pp., \$6.75), and *Economic Harmonies* (596 pp., \$11.50).

Unlike economists who put their ideas in forbiddingly abstruse and difficult terms, Bastiat operated with humor and satire, understandable to all. He was a master of the device known as *reductio ad absurdum*, making an unsound idea ridiculous by carrying it to extreme conclusions. Two examples of this method are his proposal for "a negative railway" and, best of all, his imaginary petition of candlemakers against the unfair competition of the sun.

Some eager beaver, intent on the local interests of Bordeaux, had proposed that a new railway from Madrid to Paris should have an artificial break, with change of trains at Bordeaux. This would benefit local hotels, carriers, porters, and others standing to gain employment from such a break. An excellent idea, comments Bastiat. But why stop with Bordeaux? Why not break the railway at half a dozen other way stations, for the same supposedly beneficial results? Better yet, why not construct a railway line that is all breaks, a "negative railway"?

The Candlemakers and the Sun

Even better is the Gargantuan joke of the petitioning candlemakers, protesting to parliament against "the ruinous competition of a foreign rival who apparently works under conditions so far superior to our own for the production of light that he is flooding the domestic market with it at an incredibly low price." The rival, of course, is the sun, and in a superb parody of protectionist arguments the candlemakers suggest that the sun is an agent of England, where it is less frequently visible than in France, and urge, as a remedy, the passing of a law forbidding windows and other means of access to the sun.

Such a law, they argue, would benefit immeasurably the whole French economy. If France consumes more tallow for a larger output of candles, there will have to be more cattle and sheep. So there will be an increase in cleared fields, meat, wool, leather, and especially manure, the basis of all agricultural wealth. As more oil is required for light, there will be an expansion in the cultivation of olives and poppies. Thousands of vessels will be required for whaling; the need for chandeliers and other appurtenances for lighting will grow; there is not one Frenchman, from the wealthy stockholder to the humble seller of matches,

whose prosperity will not be enhanced. As the final clinching argument the petitioners point out that customs barriers serve the purpose of keeping cheaper products out of France and they end their appeal:

"Make your choice; but be logical. So long as you ban, as you do, foreign coal, iron, wheat, and textiles, in proportion as their price approaches zero, how inconsistent it would be to admit the light of the sun, of which the price is zero all day long."

As Henry Hazlitt, who writes the introduction to this volume, *Economic Sophisms*, says:

"The petition of the candlemakers is devastating. It is a flash of pure genius, a *reductio ad absurdum* that can never be exceeded, sufficient in itself to assure Bastiat immortal fame among economists."

When he dispenses with humor and resorts to pure reason, Bastiat can be a formidable debater. Consider this passage from one of the sophisms entitled, "Abundance and Scarcity":

There is a fundamental antagonism between the seller and the buyer.

The former wants the goods on the market to be scarce, in short supply, and expensive. The latter wants them abundant, in plentiful supply, and cheap.

Our laws, which should at least be neutral, take the side of the seller against the buyer, of the producer against the consumer, of high prices against low prices, of scarcity against abundance. They operate, if not intentionally, at least logically on the assumption that a nation is rich when it is lacking in everything.

One wishes Bastiat had been alive in the twentieth century to observe the operation of the United States farm subsidy legislation, under which all consumers and taxpayers are required to subsidize a few producers for producing as little as possible. One suspects that his normal flow of ridicule and invective would have dried up; he would have felt that it was enough to state the facts without further comment.

A Gifted Pamphleteer

Bastiat is not so much an original, seminal thinker in economics as a highly gifted pamphleteer, prepared to break a lance any day for the propositions that the best service government can render to business, industrial or agricultural, large or small, is to let it alone; that the free market is a far better, more reliable, and painless adjuster of economic difficulties than a variety of state interventions; that the state is incapable of creating wealth and can only give to some by taking

from others; that no service or benefit is given free. His message is well summarized in the opening sentences of Arthur Goddard's preface to the English Language Edition of his works:

Ever since the advent of representative government placed the ultimate power to direct the administration of public affairs in the hands of the people, the primary instrument by which the few have managed to plunder the many has been the sophistry that persuades the victims that they are being robbed for their own benefit. The public has been despoiled of a great part of its wealth and has been induced to give up more and more of its freedom of choice because it is unable to detect the error in the delusive sophisms by which protectionist demagogues, national socialists and proponents of government planning exploit its gullibility and its ignorance of economics.

Many of Bastiat's essays are comparatively short and, naturally, there are a number of references to individuals and events of his country and time, although the editors, along with indices and notes, have supplied useful explanations where these seem required. One of his longest and most fruitful essays, entitled "What Is Seen and What Is Not Seen," composed shortly before his death, is a searching examination of the invisible as well as the

visible effects of economic measures. This is a very important subject, because almost every instance of state intervention may seem justified in terms of an immediate favorable effect. It is the long range consequences, invisible at first sight, that are less desirable.

As is often his custom, Bastiat illustrates this point with a homely illustration. Suppose a careless boy breaks a window pane. His father pays six francs for a new pane. Here, it would seem, is a small subsidy and stimulus for the glass industry. In the view of some economists the broken pane is a blessing in disguise. But suppose the pane had not been broken. The six francs would have been spent for a new pair of shoes. The gain of the glass industry is the shoe industry's loss. Bastiat is continually in arms against the fallacy that the government can improve employment by "making" work out of public funds. For what is spent on promoting one kind of job is withdrawn from the support of another.

He exposes this fallacy with one simple example after another. Suppose a farmer wants to drain his land. But the money which he proposed to employ for this purpose is taken away by the tax collector and transferred to the entertainment allowance of the Ministry of

the Interior. The Minister may offer a more lavish state dinner; but the farmer loses the advantage of having his land drained. What one group of workers gains is withheld from another. The author sums up his proposition as follows:

In noting what the state is going to do with the millions of francs voted, do not neglect to note also what the taxpayers would have done, and can no longer do, with these same millions. You see, then, that a public enterprise is a coin with two sides. On one the figure of a busy worker, with this device: *What Is Seen*; on the other, an unemployed worker, with this device: *What Is Not Seen*.... The state opens a road, builds a palace, repairs a street, digs a canal; with these projects it gives jobs to certain workers. *That is what is seen*. But it deprives certain other laborers of employment. *That is what is not seen*.

Refutation of Ricardo's Law

In one of his more ambitious works, *Economic Harmonies*, Bastiat lights on an important truth, which, incidentally, refutes Ricardo's "iron law" of wages. This Ricardian concept, so influential on Marx in formulating his theory, and now knocked into a cocked hat by experience in all leading noncommunist industrial nations, held that the poor would grow poorer and more numerous and the rich fewer and richer.

The truth Bastiat discovered is that, as the amount of capital employed in a nation increases, the share of the resulting production going to the workers grows, both in percentage and in total amount. This is exactly what has happened in the United States and other countries as capital accumulates under the conditions of a market economy.

It is fashionable in some circles to regard capitalism as a luxury that wealthy countries can afford, whereas the underdeveloped areas of the world are supposed to be under some compulsion to adopt socialism. This is one of the least feasible of dogmatic theories. In the first place, how did the capitalist countries invariably become wealthier, if not by permitting the benefits of the market economy under free competition and security of private property? In the second place, why do the "underdeveloped" countries, with their assorted socialist experiments, become steadily poorer, notwithstanding foreign aid on an unprecedented scale? Is it not highly probable that these socialist experiments, with their expropria-

tion of domestic capital and their discouragement of foreign investment, lead inevitably to impoverishment, no matter how much of the accumulated savings of the more well-to-do lands is poured down the drain of subsidization?

The United States and other free countries could well use more Bastiats today to direct a drum-fire of reasoned argument and witty ridicule against the current fallacies of the all-powerful state and the supposed curative virtues of state planned economies. To be sure, one of the principal dangers of our age was not a reality in Bastiat's time, when no finance minister would have advocated a planned deficit as a sure recipe for continuing prosperity. Much of his reasoning is based on the assumption that a state expenditure must be balanced by a state-imposed tax.

What Bastiat would have said if confronted with a proposal for higher state expenditures, lower taxes, and budget deficits indefinitely prolonged would defy the imagination. Perhaps his comment would scarcely have been printable. ◆

NOTE: The three volumes of the new translation of these works of Bastiat, published by Van Nostrand, may be ordered from the Foundation for Economic Education, Irvington-on-Hudson, New York 10533.

THE STATE

Frederic Bastiat (1801-1850) was an economist, statesman, and author during a period when France was drifting rapidly toward socialism. His clear description of that trend and its evil consequences, written in 1848, merits serious consideration in the United States of America today.

FREDERIC BASTIAT

I WISH SOMEONE would offer a prize – not of a hundred francs but of a million, with crowns, medals, and ribbons – for a good, simple, intelligible definition of the term, *The State*.

What an immense service such a definition would render to society!

The State! What is it? Where is it? What does it do? What should it do? We only know that it is a mysterious being; and, it is certainly the most petitioned, the most harassed, the most bustling, the most advised, the most reproached, the most invoked, and the most challenged of any being in the world.

Translated and condensed by Mallory Cross, formerly of the Foundation staff, from "L'Etat" in *Sophismes Economiques*, Volume I. Paris: Guillaumin, 1878. See also Miss Cross's article on page 56 of this issue.

I have not the honor of knowing my reader, but I would stake ten to one that sometime in the last six months you have designed Utopias, and if so, that you are looking to The State for the realization of them.

But alas! That poor unfortunate being, like Figaro, knows not which plea to hear nor where to turn. The hundred thousand mouths of the press and of the platform cry out all at once –

- Organize work and the workmen.
- Cover the country with railways.
- Irrigate the plains.
- Reforest the hills.
- Establish model farms.
- Colonize Algeria.
- Educate the youth.
- Assist the aged.
- Equalize the profits of all trades.

Lend money without interest to all who wish to borrow.

Emancipate Italy, Poland, and Hungary.

Encourage the arts, and train musicians and dancers for us.

Restrict commerce, and at the same time create a merchant marine.

Discover truth, and put a bit of sense into our heads. The mission of The State is to enlighten, to develop, to ennoble, to strengthen, and to sanctify the soul of the people.

"Wait, Gentlemen! A little patience," says The State beseechingly. "I will try to satisfy you, but for that I must have some resources. I have prepared plans for five or six entirely new taxes, the mildest in the world. You will see how gladly people will pay them."

But then a great hue and cry arises: "No! No! A fine thing — doing something with resources! This is hardly worthy of The State! Instead of loading us with new taxes, we call upon you to repeal the old ones. Decrease the salt tax, the liquor tax, the stamp tax, customhouse duties, monopoly license fees, and tolls."

In the midst of this tumult, the people have changed their government two or three times for failing to satisfy all their demands. To date, everything presenting itself under the name of The State is soon overthrown by the people,

precisely because it fails to fulfill the somewhat contradictory features of its platform.

I fear we are, in this respect, the dupes of one of the strangest illusions which has ever taken possession of the human mind.

The Origin of Plunder

Man recoils from effort, from suffering. Yet, he is condemned by nature to the suffering of privation if he does not make the effort to work. He has only a choice then, between these two: privation, and work. How can he manage to avoid both? He always has and always will find, only one means: to *enjoy the labor of others*; to arrange it so that the effort and the satisfaction do not fall upon each in their natural proportion, but that some would bear all the effort while all the satisfaction would go to others. This is the origin of slavery and plunder, whatever form it takes — whether wars, impositions, violences, restrictions, frauds, etc., monstrous abuses, but in accord with the idea which has given them birth.

Slavery is subsiding, thank heaven, and our disposition to defend our property prevents direct and open plunder from being easy. However, there remains the unfortunate, primitive inclination in all men to divide the lot of life in-

to two parts, throwing the trouble upon others and keeping the satisfaction for themselves. Let us examine a current manifestation of this sad tendency.

The Intermediary

The oppressor no longer uses his own force directly upon his victim. No, our conscience has become too sensitive for that. There is still the tyrant and his victim, but between them is an intermediary which is The State — the Law itself. What could be better designed to silence our scruples and — more important — to overcome all resistance? Thus do all of us, by various claims and under one pretext or another, appeal to The State:

“I am dissatisfied with the ratio between my labor and my pleasures. In order to establish the desired balance, I should like to take part of the possessions of others. But that is a dangerous thing. Couldn't you facilitate it for me? Couldn't you give me a good post? Or restrain my competitors' business? Or perhaps lend me some interest-free capital, which you will have taken from its rightful owners? Or bring up my children at the taxpayers' expense? Or grant me a subsidy? Or assure me a pension when I reach my fiftieth year? By this means I shall achieve my goal with an easy con-

science, for the law will have acted for me. Thus I shall have all the advantages of plunder, without the risk or the disgrace!”

All of us are petitioning The State in this manner, yet it has been proven that The State has no means of granting privileges to some without adding to the labor of others.

The State is the great fiction through which everybody endeavors to live at the expense of everybody.

Today, as in the past, nearly everyone would like to profit by the labor of others. No one dares admit such a feeling; he even hides it from himself. So what does he do? He imagines an intermediary; he appeals to The State, and every class in its turn comes and says to it: “You, who can do so justifiably and honestly, take from the public; and we will partake of the proceeds.”

Alas! The State is only too much disposed to follow this diabolical advice; for it is composed of ministers and officials — of men, in short — who, like all other men, desire in their hearts and eagerly seize every opportunity to increase their wealth and influence. The State quickly perceives the advantages it can derive from the role entrusted to it by the public. It will be the judge, the master of the destinies of all. It will take a

lot: then much will remain for itself. It will multiply the number of its agents, and increase its functions, until it finally acquires crushing proportions.

The Great Illusion

But the most remarkable thing is the astonishing blindness of the public while all this takes place. In the past, when victorious soldiers reduced the vanquished to slavery they were barbarous, but they were not foolish. Their object, like ours, was to live at the expense of others; but they succeeded, where we fail. What are we to think of a people who never seem to realize that *reciprocal plunder* is no less plunder because it is reciprocal; that it is no less criminal, because it is carried out legally and peacefully; that it adds nothing to the public good, but rather diminishes it by the amount of the cost of that expensive intermediary we call The State?

And this great illusion we have placed, for the edification of the people, as a frontispiece to the Constitution. Here are the first words of the preamble:

"France has constituted itself a Republic to . . . raise all the citizens to an ever-increasing degree of morality, enlightenment, and well-being."

Thus it is France — an *abstrac-*

tion — which is to raise the French — or *realities* — to morality, well-being, and so on. Isn't it our blind attachment to this strange delusion that leads us to expect everything from a power not our own? Isn't it suggesting that there is, apart from the French people, a virtuous, enlightened, rich being who can and should bestow its favors upon them?

The American Ideal

The Americans develop a different idea of the relationship of the citizens with The State, when they placed these simple words at the beginning of their Constitution:

"We, the people of the United States, in order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain. . . ."

Here is no shadowy creation, no *abstraction*, from which the citizens may demand everything. They expect nothing except from themselves and their own energy.

I contend that the *personification* of The State has been in the past and will be in the future, a fertile source of calamities and revolutions. There is the public on one side, The State on the other,

considered as two distinct beings; the latter obligated to bestow upon the former, the former having the right to claim from the latter a flood of human benefits. What must happen?

The State has two hands, one for receiving and the other for giving—a rough hand and a smooth one. The activity of the second is necessarily subordinate to the activity of the first. Strictly speaking, The State can take and not give back. This can be seen and can be explained by the porous, absorbing nature of its hands, which always retain part and sometimes all of what it touches.

But that which is never seen, which never will be seen, and which cannot even be imagined, is that The State can return *more* to the people than it has taken from them. Therefore it is ridiculous for us to appear before The State in the humble attitude of beggars. It is utterly impossible for it to confer a specific benefit upon some of the individuals who make up the community, without inflicting a greater injury upon the community as a whole.

A Great Dilemma:

Many Benefits and No Taxes

Our demands, therefore, place The State in an obvious dilemma! If it refuses to grant the request-

ed benefit, it is accused of weakness, ill-will, and incapacity. If it tries to grant their requests, it is obliged to load the people with increased taxes — to do more harm than good — and to bring upon itself general displeasure from another quarter.

So, the public has two hopes, and The State makes two promises: *many benefits and no taxes*—hopes and promises, which, being contradictory, can never be realized.

Is not this the cause of all our revolutions? For between The State, which lavishly promises the impossible, and the public, whose hopes can never be realized, there come to interpose two types of men: the ambitious and the Utopians. The circumstances give them their cue. These office seekers need only cry out to the people: "The authorities are deceiving you. If we were in their place, we would load you with benefits and exempt you from taxes."

And the people believe, and the people hope, and the people substitute a new government for the old.

No sooner are their friends in charge of things, than they are called upon to redeem their pledge. "Give us work, bread, assistance, credit, instruction, colonies," say the people, "and meanwhile deliver us, as you promised, from the clutches of the tax gatherer."

The Problem Persists

The new government is no less embarrassed than the former one, for it is easier to promise the impossible than to do it. It tries to gain time which it needs for maturing its vast projects. First it makes a few timid attempts: On one hand, it slightly expands primary education; on the other, it makes a small reduction in the liquor tax. But the contradiction always confronts the administration: If it would be philanthropic, it must attend to its treasury; if it neglects the treasury, it must give up being philanthropic.

These two promises are always and inevitably clashing with one another. To live upon credit, that is, to exhaust the future, is certainly a temporary method of reconciling them — an attempt to do a little good now, at the expense of a great deal of harm in the future. But this procedure calls forth the specter of bankruptcy, which puts an end to credit. What is to be done then? Why then, the new government defends itself boldly. It unites its forces to maintain itself: It smothers opinion, has recourse to arbitrary measures, ridicules its former slogans, declares that it is impossible to govern except at the risk of being unpopular; in short, it proclaims itself *governmental*.

And this is what other candi-

dates for office are waiting for. They exploit the same illusion, follow the same course, obtain the same success, and are soon swallowed up in the same abyss.

The Great Society!

The latest manifesto of the Montagnards, which they issued at the time of the presidential election, concludes with these words: —“*The State ought to give a great deal to the people, and take little from them.*” It is always the same tactics, or rather, the same mistake. The State must:

Give free instruction and education to all the citizens.

Give a general and professional education, as much as possible adapted to the needs, talents, and capacities of each citizen.

Teach every citizen his duty to God, to man, and to himself; develop his perceptions, his aptitudes, and his faculties; teach him, in short, the skill of his trade; make him understand his own interests, and give him a knowledge of his rights.

Place within the reach of all literature and the arts, the heritage of thought, the treasures of the mind, and all those intellectual possessions which elevate and strengthen the soul.

Give compensation for every disaster, fire, flood, etc., experienced by a citizen. (The *et cetera* means more than it says.)

Act as mediator in the relations

between capital and labor, and become the regulator of credit.

Give substantial encouragement and effectual support to agriculture.

Purchase railroads, canals, and mines — and doubtless administer them with its characteristic industrial ability!

Encourage useful experiments, promote and assist them by every means likely to make them successful. As a regulator of credit, it will have extensive control over industrial and agricultural associations in order to assure their success.

The State *must* do all this, in addition to the services to which it is already pledged! For instance, it is always to maintain a menacing attitude towards foreigners. The signers of the manifesto say that: "Bound together by this holy union, and by the precedents of the French Republic, we carry our wishes and hopes beyond the barriers which despotism has raised between nations. The rights which we desire for ourselves, we desire for all those who are oppressed by the yoke of tyranny; we desire that our glorious army should, if necessary, again be the army of liberty."

You see that the gentle hand of The State — that good hand which gives and distributes — will be very busy under the direction of these reformers. You think perhaps it will be the same with the

rough hand — that hand which penetrates and takes from our pockets?

Political Promises

Do not deceive yourselves. The politicians would not know their trade, if they had not the art, when showing the gentle hand, to conceal the rough one. Their reign will assuredly be the jubilee of the taxpayers!

"It is luxuries, not necessities," they say, "which ought to be taxed."

Won't it be wonderful that the treasury, in overwhelming us with favors, will content itself with curtailing our luxuries!

This is not all. This party of reformers intends that "taxation shall lose its oppressive character, and be only an act of brotherhood." Good heavens! I know it is the fashion to thrust brotherhood in everywhere, but I did not imagine it would ever be put into the proclamations of the tax gatherer.

Well, I ask the impartial reader, is this not childishness, and more than that, dangerous childishness? Is it not inevitable that we shall have revolution after revolution, if it is once decided never to stop till this contradiction is realized: "Give nothing to The State and receive much from it"?

Citizens! At all times, two polit-

ical systems have been in existence, and each can justify itself with good reasons. According to one of them, The State should do a lot, but then it should take a lot. According to the other, this twofold activity ought to be limited. We have to choose between these two systems.

But the third system, which partakes of both the others, and consists in exacting everything from The State without giving it anything, is chimerical, absurd,

childish, contradictory, and dangerous. Those who advocate such a system are only flattering and deceiving you, or at least are deceiving themselves.

As for us, we consider that The State is and ought to be nothing whatever but *community force* organized, not to be an instrument of oppression and mutual plunder among citizens, but, on the contrary, to guarantee to each his own, and to cause justice and security to reign. ♦

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IDEAS ON LIBERTY

Government's First Duty

SUCH A LAWLESS SEIZURE of property no government worthy of the name will tolerate or condone. . . . When any individual or organization under whatsoever name attempts to use force to gain his or its ends, they are attempting to usurp governmental functions. This attempt unless promptly and effectively restrained by legally constituted authority leads to lawlessness, disorder, and anarchy, which is the very negation of all government. The law cannot temporize with lawlessness. *The first duty of government is to govern*, that is, to maintain law and order at all hazards and regardless of expense; only by doing this does it fulfill its legitimate function, which is the protection of life, liberty, and property.

CHIEF JUSTICE MAXEY, Supreme Court of Pennsylvania
*Carnegie Illinois Steel Corp. vs. United Steelworkers
of America.* [353 Pa. 420, 45 A. 2d 857 (1946)]

RELIGION AND

A professor of religious instruction at Brigham Young University explains how Frederic Bastiat assists in his classes.

"THE LAW"

GLENN L. PEARSON

MY STUDENTS come from all walks of life, nearly every state of the Union, and many foreign lands. They are the product mainly of public schools. They believe the Founding Fathers established a democracy. In most cases, the U.N., not Christ, is their hope for peace. They believe the truth can be established by ballot. They probably never have met anyone who comprehended the free market idea. To them, free enterprise is a conspiracy between rich men and crooked politicians. They are not raw material; they are the half-finished product of a machine that was confused about what it was supposed to be making. They are my challenge — the reason why

I go on teaching despite the lure of greener pastures.

Teachers of the freedom philosophy have to be "as wise as serpents and as harmless as doves" — wise enough to induce students to listen to ideas they have been conditioned to reject.

My latest plan to stimulate thinking was to require a book report on *The Law*, by Frederic Bastiat, from all students seeking a top mark in my course on religion. There were 413 students involved in this experiment. One hundred five accepted the challenge, though not all of them earned A's in the course. None objected to the project, and several stated that they read the book

even though they did not report on it.

Statement of the Premise

In presenting the project to the students, I capitalized on the fact that they were voluntarily enrolled in a private university. They had prior knowledge of the university's policies and requirements. So they were in the class by voluntary contract. Early in the semester I discussed the relationship of the students to the school, to me, and to the project. This is the essence of what I said:

"This is a private university. It is not operated by public servants nor supported by taxes. Your tuition and fees pay for about one-fourth of the immediate costs of the education you receive here. The rest is paid out of the voluntary contributions of the members of the Church to which most of you belong.

"You came here voluntarily as far as we know. Therefore, you are taking this course by voluntary contract, not by compulsion.

"When two parties enter into a contract, they do so because each hopes to benefit by the contract. You hope to be spiritually and materially benefited by your education here. We who pay most of the bill hope to see you saved from the misery of a life without principle or spiritual direction, which

we suppose is more apt to be the case without religious education. Ours is an intangible benefit, but it is just as real to us as anything you hope to gain. If you are not a willing party to the contract, you have no business being here.

"You also have an implicit personal contract with me. At registration you chose my class for some reason or other. You all know your reasons. In each case you hoped to gain something by making the choice.

"Now that you are here, I owe you something and you owe me something. I owe you my sincere effort to offer you what I believe is true and good for you, and still respect your right to reject it. You owe me the respect to try to understand me. You do not have to believe me, and you will not be graded on whether or not you believe me. Your grade will depend in part on how well you understand me. I do not pretend to sit in judgment on your beliefs, your convictions, or your characters. There is no way I could do that successfully even if I wanted to. But I will try to discover how well you understand me.

"I want you to know that I believe that government should be limited to the protection of life, liberty, and property. I believe in a free market economy and a republican form of government such

as our Founding Fathers attempted to establish when they met in Philadelphia to write the Constitution. I believe that liberty is in great jeopardy in America, that the Constitution is 'hanging by a thread,' and that the American people are, in large measure, living by legal plunder. I believe all of these ideas are religious in nature to any man who claims to believe in God. Indeed, I believe religion and liberty are as inseparable as life and blood. And I believe that the solution to America's problems is a reawakened respect for God and righteousness.

"You no doubt have heard the welfare state defended on the grounds that it is our duty to be our 'brother's keeper.' To hear the other side of a matter is to be made free to decide which side is right. One of the best books I have read on 'the other side' of the welfare state is *The Law* by Frederic Bastiat. This book was written in 1850. As you read it, you will wonder how anyone who lived that long ago could know our times so well.

"I strongly recommend that all of you read *The Law*. I will not make it a requirement to pass the course. But I will expect all who are trying to demonstrate that they are A students to read it and write a report on it.

"I urge you to read *The Law* with an open mind. I consider it one of the dozen books that have had the most profound effect on my life. I do not ask you to believe it; but I do ask you to understand it. In your report I want you to demonstrate that you understood the book and that you see why I consider it a fit supplement for this course in religion."

The Students Respond

Four of the 105 who reported on *The Law* wrote adverse criticisms. Three said they believed Bastiat was right but that his ideas wouldn't work. About twenty confined their remarks to an accurate, knowledgeable report of the contents of the book. But the vast majority were enthusiastic in their praise. Following are some typical statements:

~ "Evidently I am one of many individuals who has been duped into believing that, without the law to instigate and enforce public education, charity, civil rights, etc., the general population would be too lackadaisical and stupid to initiate these and similar needs on their own. . . He has stirred my imagination enough that I want to continue my reading and find answers to my questions. I believe in his theory, but now I need more information to rearrange my present thinking."

~ "*The Law*, written by the nineteenth century economist and statesman, Frederic Bastiat, is a short and powerful pamphlet that serves as a yardstick for the validity of any government that has existed or ever will exist. . . .

"The one most important thing that this book declares is that truth and righteousness in government are as simple as truth in anything else no matter what the time or the circumstances. If the law is perverted, justice no longer exists."

~ "*The Law* by Frederic Bastiat is a very outstanding book. It opened my eyes to the real aim of legislators and government. It also brought to my realization the true meaning of liberty, and that it is the most precious thing to everyone. We should guard our liberty as a priceless possession; therefore, we should learn what true liberty is. *The Law* helps one to really understand liberty, law, and government so that we may know the good and the bad of the society in which we live.

"I can see from reading this book why Mr. Pearson has said so much about the government, the United Nations, education, and politics."

~ "Just as *The Law* was a book for the people of France in 1850, it is a book for the people of

America in 1965. As I read *The Law*, I realized more than ever that men create their own problems. Because of this, problems usually are the same, even over a long period of years. In 1850 Frederic Bastiat mentioned what he termed legal plunder. Unknowingly, Americans engage in this very thing almost daily. . . . Often we hear politicians say, "I'll look after you." We need to fear these words now, just as Bastiat did in his day. Passiveness leads to dictatorship."

~ This forceful thesis gives a very thought provoking and penetrating message. . . . I believe that every citizen should read this book and become seriously acquainted with all it advocates."

~ "One cannot help but look around and see the many evidences of legal plunder in the United States. People seem to have the attitude that government should do what one cannot do for himself, yet they have let it go many steps farther than that. Through their greed, they are anxious and willing that the government should do the many things for them that they are unwilling to do for themselves. As the daughter of a farmer, I am well aware of the protective tariffs and subsidies that the farmer receives from the government. But, because they do benefit

us, we justify them. The people themselves are their own enemy, the enemy of freedom. . . .

“The material presented in this book can serve as a warning to us that we can destroy ourselves as the civilizations of old did through their greed.”

~ “Unless we return to the original purpose for which governments have been established, we will be pushed further into the socialistic state. Mr. Bastiat has prophetically warned us of the dangers and the road to political and moral destruction. Those that think we have nothing to fear should listen to the words of our President: ‘We are going to try to take all of the money that we think is unnecessarily being spent and take it from the *haves* and give it to the *have nots* that need it so much.’”

~ “We can see throughout the United States the effects of complacency toward the law. We seem to care not what it does as long as it seems to be aiding us — and therein is the fallacy of socialism.”

~ “Little did I suspect when I sat down to read *The Law* the enjoyment and enlightenment which I would receive. . . . Never before had I stopped to seriously consider the misuse of the ‘law’ here with-

in our own United States. . . .

“Having recently read the book entitled *Animal Farm*, having spent a year living in a socialistic country [Norway], and having just completed a research paper for economics on capitalism vs. socialism, *The Law* had a deeper meaning for me. The greatest hatred I have ever found develop within me has been against socialism in watching it in action. [I know this boy well and am sure he is devoid of real hatred. He is one of the most loving and kindly souls I have ever known.] And I agree completely with Mr. Bastiat that ‘protectionism, socialism, and communism are basically the same plant in three stages of its growth.’”

Many of the best comments were too deeply involved in the personal religion of the students to make them quotable. The lives of these students will never be the same for having read *The Law*. Even the four students who rejected the general thesis of the book praised it in part and said it had spurred them on to greater thought.

Four Critics—Six Points

Three of the critics agreed that Bastiat was right, but thought his ideas wouldn’t work. This is to say that the truth either won’t work,

or that it isn't right after all. It denies the validity of Jesus' statement that "Ye shall know the truth and the truth shall make you free." It denies the idea that the human race can improve its standards and conditions or work toward the perfection enjoined by the Sermon on the Mount.

This damning of the truth "with faint praise" is, in essence, the argument of expediency. Some people believe in principle whatever the consequences. Others are what a colleague of mine calls "card players." They make their decisions on the basis of what they think is best for themselves at the moment. This is living by policy instead of principle.

In dealing with this attitude, I find that it pays to get the student to think through an extreme prototype of the expediency argument. What prototype you choose will have to be determined by your convictions and those of your students. One that has never failed me goes like this:

Teacher: Do you believe it is good for women to bear children?

Student: Yes.

Teacher: Suppose all women conspired to stop bearing children; would you then advocate the use of rape as a means of solving the problem?

Usually the point is seen without elaboration: resorting to vio-

lence is never justified no matter what good you think you can accomplish by it. Most people see this when it is graphically explained to them. Freedom does not demand that all think alike, only that all are protected from plunder alike; we can afford to let the few who do not see the point go on in their darkness.

The Cry of Anarchy

Another common adverse criticism was that *The Law* advocated a lawless or anarchic society. One of the students who made this accusation was rather vague. His paper was mostly a matter-of-fact review of the book. Then, in his concluding paragraph, he stated, "This book has given me an appreciation of the so-called 'conservative position' of our present day. I can correlate many of the teachings of religion with Mr. Bastiat's. . . . I do not agree fully, however, in all of Mr. Bastiat's postulations. I think he shows, at times, signs of anarchism. Again, I state that my appreciation and understanding of the conservative position is greatly enhanced."

There was no hint as to what other "postulations" he disagreed with. Of course, Bastiat does not "postulate" anarchy; but the cry of anarchy is a common complaint against those who believe in the free market.

It isn't the quantity of law and regulation which determines whether a state of anarchy exists. It is the quality of the law. If there were no law but this, *I will not rob another man of his property nor control what he does with it* — and if that law were written on all men's hearts, it wouldn't have to be in a book, and we would need very little else as a legal framework on which to build a truly "great society."

No, Bastiat cannot be called an anarchist — either of the so-called far left or the so-called far right. He believed in strong governmental protection of life, liberty, and property. He believed in strong voluntary adherence to God's law and natural law. And he believed in strong protection of the natural rights of all men when those rights were endangered by the lawless who sought to live by plunder — legal or illegal.

Let's Be Constructive

A third adverse criticism of *The Law* followed a common cliché of our times: "He is good at criticism; but he offers no solution to the problem." Many think that, if they can label a man as one who has offered no solution, they have destroyed the value of his criticism. They demand that there be some kind of a state plan for agriculture, education, and so on.

In economic matters, the best plan is to have no master plan. Leonard Read has explained this in *Anything That's Peaceful*, chapter twelve, "The Most Important Discovery in Economics." He sums it up in a sentence: "*Let the payment for each individual's contribution be determined by what others will offer in willing exchange.*"¹ In essence, this is the plan that Bastiat offered. It not only is a brave idea, but it is so foreign to the thinking of those who deem the state the instigator of all good action and the provider of all goods and services that they may miss the point entirely.

From one young man's paper, I got the impression that he visualized the government as a sort of flexible undergirding, an air mattress under the body-politic. But unlike the usual air mattress, in this case instead of the air departing to areas of less pressure when you walk on it, it would rush to the spot where you place your foot and hold you on an even plane with the rest of the mattress. Thus, when some part of society fails to

¹ Leonard E. Read, *Anything That's Peaceful* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1964), p. 154. I consider this book a logical sequel to *The Law*. It answers all objections to *The Law* raised by my students and gives a more complete and up-to-date rationale for the principles of liberty.

produce the contribution expected, the government will step in and take care of the deficit. The student applied this principle especially in schooling. He was sure that if the government were not there to keep things going, there would be no education. He agreed that it would be well if this could be done without the government, but thought there must be a powerful government waiting to rush in to prevent civilization from crumbling when "society" fails.

Fixing the Responsibility

A fourth criticism of *The Law* was a variant of the third. One student said that Bastiat failed to make anyone responsible for education. This presumes that education is something that is given, not received or sought for, and that it must be formal to be effective. It also presumes that you can educate someone against his will, that you can educate the uneducable, and that passing from one grade to another is education.

There is a natural responsibility for education. The responsibility lies in part with the man and wife who brought the child into the world. They can enter into voluntary relationships with like-minded people to take care of part of this responsibility. Since all education is religious education no matter what the field or what you

try to do with it, it follows that religious societies are a natural focal point for parents to unite in the education of their children.

The greatest responsibility for education lies with the individual himself. As he emerges into more and more of an independent personality and agent, he must assume this responsibility. In fact, he *does* assume it no matter what the state or his parents may try to do to prevent it. All they accomplish is a wasteful frustration of his will and productive capacity when they try to force their will upon him.

Only one student of 105 bewailed Bastiat's failure to fix the responsibility for education, while scores noticed that he had the ideal solution to the problem. Especially did they quote and enlarge upon his statement to the effect that the socialists accuse us of being against education simply because we are opposed to education based upon legal plunder.

Propaganda

A fifth adverse comment criticized *The Law* as being propaganda. This boy defined propaganda as something which is written to generate action. If one agrees with that definition and with the student's further assumption that all propaganda is evil, then *The Law* is what he concluded it was,

an evil book. In that case, so is the Bible. Anyone who knows much about the methods of propaganda will recognize this as a clumsy attempt to use propaganda methods to discredit *The Law*.

Propaganda is a big subject. Obviously it isn't necessary to say much about it here. But there is one idea that I will attempt to impart to this young man if I get another chance: The use of propaganda becomes increasingly dangerous and sinister as it becomes increasingly the tool of the most powerful agency in any given community. Or, put another way, the potential danger in propaganda methods is proportionate to the potential power of the agency using it. *The Law* has no coercive power behind it. But who

can say how dangerous it is? The truth has destroyed empires and caused the schemes of wicked men to come to nought.

The sixth objection to *The Law* was highly personal and tied up in the student's religious views. It was more of a total rejection of his teacher's religious philosophy than of Bastiat's views on economics and morality.

In summation, I have no evidence that the reading of *The Law* did anyone any harm. All but the propagandist seemed to profit greatly from it. The high percentage of warm acceptance is a tribute to the power of truth to win out over error when it has a chance to be heard. The experiment will be continued. ◆

The Law and Education

YOU SAY: "There are persons who lack education," and you turn to the law. But the law is not, in itself, a torch of learning which shines its light abroad. The law extends over a society where some persons have knowledge and others do not; where some citizens need to learn, and others can teach. In this matter of education, the law has only two alternatives: It can permit this transaction of teaching-and-learning to operate freely and without the use of force, or it can force human wills in this matter by taking from some of them enough to pay the teachers who are appointed by government to instruct others, without charge. But in this second case, the law commits legal plunder by violating liberty and property.

THE FREEDOM OF MATURITY

MELVIN D. BARGER

The truly unfettered life is that marked by order and responsibility.

NOT TOO MANY years ago it was considered an exercise of personal freedom when great-grandfather drove strangers off his land at gunpoint or solved the problem of bothersome neighbors by pulling up stakes and heading west. This freedom to act as our hardy ancestor did is, in most cases, denied the members of today's complicated society.

But now our increased knowledge of human behavior suggests that, for all this freedom of action, great-grandfather might not have been free where it really counted—in his own mind. He may have been the slave of his own emotional immaturity. And his actions, though bold and daring on the surface, may have been a cover for fears that he never dared to face.

The need to develop personal maturity, to face the problems that our forebears sometimes ignored, is getting increased attention these days in the social sciences, in religious organizations, and in business. Typical of the growing concern in this area of study is a recent paper entitled, "A Look at Emotional Maturity," issued by a college in southern Michigan.¹

The authors of the paper define maturity as effective or adequate adaptation to inner and outer stress and strain. The lack of sufficient maturity, they say, is most commonly revealed in stress situations by reactions which they term "fear," "flight," and "fight."

As an illustration of an immature reaction which involves both

From the January 1965 issue of *The Flying A*, a publication of the Aeroquip Corporation of Jackson, Michigan, of which Mr. Barger is Editor.

¹ The Hillsdale College Leadership Letter, Hillsdale, Michigan, October, 1964. Issued by the Leadership Workshop and edited by Laurence J. Taylor, Vice-President for Leadership Development.

"fear" and flight," they cite the case of a store manager who arrived at work on a Monday morning to discover that his failure to adjust the refrigeration at Saturday's closing had caused the spoilage of frozen foods. His reaction? He simply relocked the store and fled, not to be found until that afternoon. Meanwhile an assistant arrived at work and solved the problem.

In another case studied, an executive would blow up on the job and fly into temper tantrums. For several days afterward he would sneak into his own office by a private entrance, seeing only his secretary. And in still another case of personal immaturity—one which might be termed the "fight" method of reacting—a machine shop foreman would throw things and shout obscenities at a workman who had made a mistake.

These cases could be multiplied by thousands, and they all add up to a heavy toll in personal wear-and-tear on the individuals involved as well as considerable financial cost to business.

Of course these victims of immaturity usually lead troubled lives and, in actual practice, have far less freedom to control their affairs than do emotionally stable people. The immature person's way of life, the authors of the paper say, is the way of the slave

and the automaton. It is the way of failure, disappointment, misery, and strife.

What to do about it? The answer, of course, lies in the direction of self-improvement, of achieving personal growth and maturity. The paper does not outline a route or offer an easy short cut to such growth. It does, however, suggest several qualities of character which seem to be present in mature persons. The individual's job is to face himself as he really is and to seek more of these qualities in himself, thus becoming mature or "growing up."

Principles to Grow By

Not surprisingly, one condition for growth seems to be the development of definite principles as well as purpose. The paper says, "Whatever one calls it, a balanced life calls for goals, beliefs, and baselines which act as a guide for the thought and action of an individual. He can think through the what and why before he moves to the how of his conduct."

Such a person "responds" to situations, he doesn't react to them. An insult does not throw him into rage, mistakes or threats do not cause him to lose control. He remains in charge of himself. "Why should I let this other person decide what my conduct should be?" replied a man, when asked

why he hadn't struck back at an insult.

A second characteristic of the mature person is flexibility, the ability to "roll with the punch." This is not indifference or resignation. The authors insist that the individual must keep at his best. But he should have the capacity to yield gracefully and with no great sense of personal loss when the occasion calls for it. The mature man recognizes the need for change and for accommodating himself at times to the views and wishes of others. He does not waste his time and energy in a rigid defensive effort to have his own way all the time.

Self-acceptance seems to be the third quality of mature personality. The grown-up person has learned to accept himself as he is and does not lose himself in vain fantasy or a futile yearning for perfection. He knows that he is a creature of mistakes and he lives with that reality.

At the same time, however, he perceives his own possibility for improvement and growth. He may never become perfect, but if he continues to try, he will get better. That knowledge alone is enough to lift today's efforts and problems to a higher plane in his attitude toward them.

The last quality named is courage, indispensable in the freedom

of maturity. Without courage, no person could face himself in the first place, or go through the enormous personal effort and heartache that usually accompany growth. But it is courage that gives the individual his forward motion.

Courage sometimes has a dramatic sound, as if it's something that is exercised only on the battlefield or in time of great danger. But the best examples of courage are constantly unfolding all around us. The person who faces a problem in himself and overcomes it has demonstrated courage. So has the individual who tries something new and daring — a business venture, a different line of work, a change of viewpoint. And it takes considerable courage for a person to admit that he's been wrong.

But the individual who finds the courage to face problems arrives at his goal; he becomes mature by facing problems — the seeking becomes its own reward. He also discovers that many problems can be solved before they ever occur if they're faced realistically. In any case, he begins to live as he learns to face and to affirm life. And learning to control himself, he gains a certain degree of control over his life. He has found the freedom that comes with emotional maturity. ♦

NO
SPECIAL
PRIVILEGE
FOR
ANYONE

LEONARD E. READ

THOSE WHO SEEK to promote liberty by limiting the power of government often are “flooded” with a tricky question, “Very well! Just what would you eliminate?”

It would take a lifetime to answer that question in detail. But it can be answered on principle, leaving some of the difficult details to the questioner. For example:

“I would favor the rescinding of all governmental action — Federal, state, or local — which would interfere with any individual’s freedom:

. . . to pursue his peaceful ambition to the full extent of his abilities, regardless of race or creed or family background;

. . . to associate peaceably with whom he pleases for any reason he pleases, even if someone else thinks it’s a stupid reason;

. . . to worship God in his own way, even if it isn’t “orthodox”;

. . . to choose his own trade and to apply for any job he wants — and to quit his job if he doesn’t like it or if he gets a better offer;

... to go into business for himself, be his own boss, and set his own hours of work — even if it's only three hours a week;

... to use his honestly acquired property in his own way — spend it foolishly, invest it wisely, or even give it away. Beyond what is required as one's fair share to an agency of society limited to keeping the peace, the fruits of one's labor are one's own;

... to offer his services or products for sale on his own terms, even if he loses money on the deal;

... to buy or not to buy any service or product offered for sale, even if refusal displeases the seller;

... to agree or disagree with any other person, whether or not the majority is on the side of the other person;

... to study and learn whatever strikes his fancy, as long as it seems to him worth the cost and effort of studying and learning it;

... to do as he pleases in general, as long as he doesn't infringe the equal right and opportunity of every other person to do as he pleases."

Unless a devotee of statism specifies which of the above liberties he would deny the individual, he implicitly approves the free market, private property, limited government way of life.

If, on the other hand, he insists that the individual should be deprived of one or more of the above liberties, then let him defend his position. Trying to present his case will more surely convince him of his error than any reform talk a libertarian can contrive. Let him talk himself out of his own illiberality!

In short, instead of attempting to explain the thousands upon thousands of governmental activities you would eliminate, let the author of the tricky question explain just one peaceful activity he would deny to the individual. Isn't this putting the burden of proof where it belongs? ♦



**"FOCUS
ON
CONSUMER
NEEDS"**

PAUL L. POIROT

THE CONSEQUENCE of the Federal government's latest attempt to carry out a program of consumer protection on a major scale was that housewives couldn't get meat or butter or sugar to satisfy their family needs, except as they might find a butcher or grocer or someone willing to practice bootlegging. The time was a generation ago during World War II; and the Office of Price Administration was the intervening agency responsible for those barriers between willing buyers and sellers.

Many Americans, however, had gained some practice and skill in "black marketing" during the years of Prohibition from 1920

through 1933. So, aside from the petty annoyances and inconveniences of price control and rationing, the government's program for protecting consumers during World War II was not the national calamity it might have been if rigid enforcement had prevailed. It didn't result in famine as similar "protections" have done in India, or cause the United States to lose the war as happened when Antwerp tried price control to protect its citizens under siege in 1585.¹ By and large, the attempted intercession on behalf of consumers during World War II simply did not succeed; American consumers managed to protect themselves.

Governments, however, are prone to repeat mistakes, for the resources squandered in such ventures by government officials are rarely their own. Hence, as a tactical maneuver in the War on Poverty, the President has appointed a Committee on Consumer Interests which is charged with the responsibility, among other things, to "focus on consumer needs which can appropriately be met through Federal action, whether under existing laws or new legislation."

What all this means is that, if

¹ See "How to Lose a War" by John Fiske, *THE FREEMAN*, December, 1964, page 17.

we're going to try to *consume* our way to prosperity, we'll need to use coercion. No individual can peacefully consume his way out of poverty; he might be able to steal his way out, but that would be both immoral and illegal.

The poor individual's only peaceful recourse — aside from charitable offerings — is to try to work his way out of poverty, that is, produce or earn the additional goods and services he wants. And a helpful means to that end is voluntary exchange in the open market.

An outstanding feature of the open market is the businessman, whose success or failure depends entirely upon his ability to "focus on consumer needs" and so combine existing and potential factors of production to serve consumers most efficiently. The only constructive role government can play under the free market method of overcoming poverty is to see that the participation of individuals is strictly voluntary — that none is permitted to steal from or cheat or enslave another. In the free and open society, the organized force of government is to be used only if necessary to protect the lives and the property of peaceful individuals. In other words, the proper function of government is to protect against robbery rather than practice it.

***By the Choice of the Individual,
or Government Control?***

The alternatives are quite clear. The question is whether human energy is to be free for use according to the choice of each individual; or, is the government to regulate and control the productive efforts of individuals and the fruits thereof?

As each of us faces that particular decision, he should be well aware that competitive private enterprise by way of a free market can never be expected to overcome poverty in the absolute sense that all desires will be satisfied or that all will be equal in their possession and enjoyment of the necessities and comforts of life. Even if by some miracle it were possible to start everyone equally each morning, each with freedom to use his share as he pleased, by nightfall the material wealth of the world would again be distributed unevenly and the "lower third" would "go to bed hungry." Freedom assures the individual of nothing but the unbridled opportunity to do the best he can with the abilities with which the Creator endowed him.

This may seem to some persons to be inadequate — that the poorly endowed are entitled to more than they are capable of earning. Anyone who feels that way surely should be free to exhaust his own

resources in behalf of the poor. Beyond that, however, if such persons then feel prepared to take upon themselves the role of the Creator — which must be the presumption of anyone advocating government direction of peaceful human affairs — they also should be well aware that never yet, in the long history of mankind, has there been a single case where such intervention has resulted in the alleviation of poverty. Joseph's and the Pharaoh's ever-normal granary in ancient Egypt lured a nation into bondage; the share-and-share-alike-from-a-common-storehouse plan of the Pilgrims at Plymouth Rock had to be abandoned lest everyone perish; and the agrarian reformers in modern Red China still face the same old consequences of massive coercion: mass starvation.

Not Necessarily So

We may acknowledge that in the comparatively free market economies, even in the United States today, there is no equality of material possessions. Some persons have a great deal more than the minimum requirements to sustain life, while others face poverty; and perhaps there may be some few who actually go to bed hungry at night. But to observe that the free market has not totally eliminated poverty does not

justify the conclusion that poverty, therefore, will automatically be overcome if the market is abandoned and the government placed in control of distribution.

To observe that a man cannot walk very well with a broken leg does not necessarily mean that he will be able to walk better if we equalize matters by breaking his other leg, too! If a person has only the ability and the incentive to earn two square meals a day, it does not necessarily serve him right to relieve him of the incentive — the necessity — to earn those two meals. If the government subsidizes poverty, it does not necessarily mean that poverty will thereby be diminished; on the contrary, it necessarily means that poverty will tend to be popularized as a way of life.

The free market rewards those who are most productive, those who serve consumers most efficiently, whereas government intervention on behalf of consumers rewards those who produce the least and operate most inefficiently. These opposed methods of reward have different effects on the production process; the market method encourages production, whereas the coercive government method takes away the incentive to produce. Which method will be most likely to alleviate poverty ought to be perfectly clear. ♦

FREEDOM OF THE PRESS

DEAN RUSSELL

TO THE BEST of my knowledge, freedom of the press (the printed word) is complete in the United States today. That is, anyone can still write whatever he pleases and (subject to our reasonable libel laws) the police will protect both him and his manuscript. But all too many of us confuse "freedom to write" with "what is printed." Both my liberal and conservative friends are equally guilty of this disservice to freedom. If they disagree with what is printed in the newspapers, they are often prone to complain that freedom of the press doesn't exist. That attitude demonstrates a total misunderstanding of the meaning of freedom of the press.

For example, it so happens that I am in general disagreement with the editorial viewpoints expressed by more than 90 per cent of the

large daily newspapers in our country. But that fact has nothing whatever to do with the existence of freedom of the press. The only issue of consequence is whether or not the owners and editors of the newspapers are printing what *they themselves* choose to print — and for any good or bad reason that pleases them. If any publisher is ever compelled to print viewpoints that do not appeal to him personally, freedom of the press will be finished.

There is, of course, only one source from which that compulsion could come — government. Yet I have heard many of my teaching colleagues seriously propose the idea that newspapers should be compelled to print all viewpoints or, worse yet, that the government should establish "opposition newspapers" as a "public service." Both proposals are, of course, the reverse of freedom of the press.

The only valid test of freedom of the press is this: Can you write anything you please, pay to have it printed, and send it through the mails at your own expense without police interference? If so, freedom of the press is complete. If not, there is no freedom of the press. The fact that you may not have the large amount of capital that is today required to establish a daily newspaper is in no way related to this issue. ◆

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INFLATION

The decisions of a person in high political office have an immediate (and sometimes disastrous) effect on all of us. Thus, it is obvious that what such a person says can be far more important than what any one of the rest of us says. But if our objective is to improve our own understanding of truth, we should devote more attention to what is said than to who says it. It is in this latter sense that we here offer this incisive explanation by Lord Keynes of inflation and its destructive results. The fact that he later repudiated his own brilliant logic is beside the point, for we are reprinting his 1920 explanation,* not because Keynes said it, but because it is true.

The following passage was published shortly after Keynes's resignation as the official representative of the British Treasury at the Paris Peace Conference, and before the worst of the postwar German inflation.

JOHN MAYNARD KEYNES

LENIN is said to have declared that the best way to destroy the Capitalist System was to debauch the currency. By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate *arbitrarily*; and, while the process impoverishes many, it actually enriches some. The sight of this arbitrary rearrange-

ment of riches strikes not only at security, but at confidence in the equity of the existing distribution of wealth. Those to whom the system brings windfalls, beyond their deserts and even beyond their expectations or desires, become "profiteers," who are the object of the hatred of the bourgeoisie, whom the inflationism has impoverished, not less than of the proletariat. As the inflation proceeds and the real value of the currency fluctuates wildly from month to month, all permanent relations between debtors and creditors, which form the ultimate foundation of

*From *The Economic Consequences of the Peace* by John Maynard Keynes, copyright, 1920, by Harcourt, Brace & World, Inc., renewed, 1948, by Lydia Lopokova Keynes. Reprinted by permission of the publishers.

capitalism, become so utterly disordered as to be almost meaningless; and the process of wealth-getting degenerates into a gamble and a lottery.

Lenin was certainly right. There is no subtler, no surer means of overturning the existing basis of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction, and does it in a manner which not one man in a million is able to diagnose.

In the latter stages of the war all the belligerent governments practised, from necessity or incompetence, what a Bolshevik might have done from design. Even now, when the war is over, most of them continue out of weakness the same malpractices. But further, the Governments of Europe, being many of them at this moment reckless in their methods as well as weak, seek to direct on to a class known as "profiteers" the popular indignation against the more obvious consequences of their vicious methods. These "profiteers" are, broadly speaking, the entrepreneur class of capitalists, that is to say, the active and constructive element in the whole capitalist society, who in a period of rapidly rising prices cannot help but get rich quick whether they wish it or desire it or not. If prices are continually rising,

every trader who has purchased for stock or owns property and plant inevitably makes profits. By directing hatred against this class, therefore the European Governments are carrying a step further the fatal process which the subtle mind of Lenin had consciously conceived. The profiteers are a consequence and not a cause of rising prices. By combining a popular hatred of the class of entrepreneurs with the blow already given to social security by the violent and arbitrary disturbance of contract and of the established equilibrium of wealth which is the inevitable result of inflation, these Governments are fast rendering impossible a continuance of the social and economic order of the nineteenth century. But they have no plan for replacing it.

No Will to Defend

We are thus faced in Europe with the spectacle of an extraordinary weakness on the part of the great capitalist class, which has emerged from the industrial triumphs of the nineteenth century, and seemed a very few years ago our all-powerful master. The terror and personal timidity of the individuals of this class is now so great, their confidence in their place in society and in their necessity to the social organism so diminished, that they are the easy

victims of intimidation. This was not so in the England twenty-five years ago, any more than it is now [1920] in the United States. Then the capitalists believed in themselves, in their value to society, in the propriety of their continued existence in the full enjoyment of their riches and the unlimited exercise of their power. Now they tremble before every insult; — call them pro-Germans, international financiers, or profiteers, and they will give you any ransom you choose to ask not to speak of them so harshly. They allow themselves to be ruined and altogether undone by their own instruments, governments of their own making, and a press of which they are the proprietors. Perhaps it is historically true that no order of society ever perishes save by its own hand. In the complexer world of Western Europe the Immanent Will may achieve its ends more subtly and bring in the revolution no less inevitably through a Klotz or a George than by the intellectualisms, too ruthless and self-conscious for us, of the bloodthirsty philosophers of Russia.

The inflationism of the currency systems of Europe has proceeded to extraordinary lengths. The various belligerent Governments, unable, or too timid or too shortsighted to secure from loans or taxes the resources they required,

have printed notes for the balance. In Russia and Austria-Hungary this process has reached a point where for the purpose of foreign trade the currency is practically valueless. The Polish mark can be bought for about three cents and the Austrian crown for less than two cents, but they cannot be sold at all. The German mark is worth less than four cents on the exchanges. In most of the other countries of Eastern and South-Eastern Europe the real position is nearly as bad. The currency of Italy has fallen to little more than a half of its nominal value in spite of its being still subject to some degree of regulation; French currency maintains an uncertain market; and even sterling is seriously diminished in present value and impaired in its future prospects.

A Sentimental Value

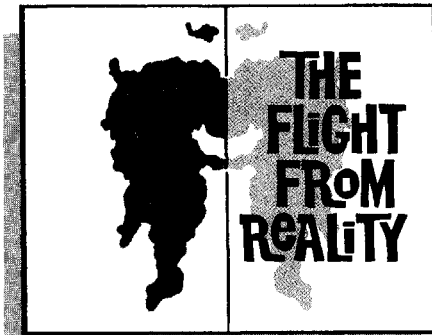
But while these currencies enjoy a precarious value abroad, they have never entirely lost, not even in Russia, their purchasing power at home. A sentiment of trust in the legal money of the State is so deeply implanted in the citizens of all countries that they cannot but believe that some day this money must recover a part at least of its former value. To their minds it appears that value is inherent in money as such, and they do not apprehend that the real

wealth, which this money might have stood for, has been dissipated once and for all. This sentiment is supported by the various legal regulations with which the Governments endeavor to control internal prices, and so to preserve some purchasing power for their legal tender. Thus the force of law preserves a measure of immediate purchasing power over some commodities and the force of sentiment and custom maintains, especially amongst peasants, a willingness to hoard paper which is really worthless.

The presumption of a spurious value for the currency, by the force of law expressed in the regulation of prices, contains in itself, however, the seeds of final economic decay, and soon dries up the sources of ultimate supply. If a man is compelled to exchange the fruits of his labors for paper which, as experience soon teaches him, he cannot use to purchase what he requires at a price comparable to that which he has received for his own products, he will keep his produce for himself, dispose of it to his friends and neighbors as a favor, or relax his efforts in producing it. A system of compelling the exchange of com-

modities at what is not their real relative value not only relaxes production, but leads finally to the waste and inefficiency of barter. If, however, a government refrains from regulation and allows matters to take their course, essential commodities soon attain a level of price out of the reach of all but the rich, the worthlessness of the money becomes apparent, and the fraud upon the public can be concealed no longer.

The effect on foreign trade of price-regulation and profiteer-hunting as cures for inflation is even worse. Whatever may be the case at home, the currency must soon reach its real level abroad, with the result that prices inside and outside the country lose their normal adjustment. The price of imported commodities, when converted at the current rate of exchange, is far in excess of the local price, so that many essential goods will not be imported at all by private agency, and must be provided by the government, which, in reselling the goods below cost price, plunges thereby a little further into insolvency. The bread subsidies, now almost universal throughout Europe, are the leading example of this phenomenon. ◆



7. *The Pragmatic Sanction of Flux*

CLARENCE B. CARSON

. . . A pragmatist turns his back resolutely and once for all upon a lot of inveterate habits dear to professional philosophers. He turns away from abstraction and insufficiency, from verbal solution, from bad a priori reasons, from fixed principles, closed systems, and pretended absolutes and origins. He turns towards . . . facts, towards action and towards power.

—WILLIAM JAMES, 1907

Instead of a closed universe, science now presents us with one infinite in space and time, having no limits here or there, at this end, so to speak, or at that, and as infinitely complex in internal structure as it is infinite in extent. Hence it is also an open world. . . . And change rather than fixity is now a measure of "reality" or energy of being; change is omnipresent.

—JOHN DEWEY, 1920

HOW DIFFICULT it was to launch the bulk of Americans on the flight from reality! What obstacles were met with in the efforts to turn Americans into the path of melioristic reform! Only a reformer of some years back can really appreciate the immense energy and ingenuity that went into providing a new outlook for Americans and getting them to accept it. Utopian

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visions appealed to some, but there was still the difficulty of convincing people that these dreams could be turned into reality. Philosophical thought could be cut loose from its moorings in reality, but the generality of men, probably even intellectuals, did not know about it. European ideologies proliferated, but Americans, when and if they heard of them, tended to reject them. No great violence will be done to the reality to describe it figuratively. Hence, Americans clung tenaciously to constitutionalism, to private property, to free

enterprise, to the individual way, and to the belief in an order in the universe.

The tasks of those who advanced reformist ideas in the late years of the nineteenth century and the early years of this century were manifold. They had to overcome the inertia which blocks the acceptance of any innovation. They had not only to implant a new version of reality but also to convince many people that they had based their lives upon an illusion rather than upon reality. Moreover, they had to counter the intellectual trends of the times. In our day, we are accustomed to the bulk of professors, teachers, preachers, journalists, and so on being favorable to reform. It was not so in the period under consideration. Colleges, schools, religious denominations, and publications had not yet been won to the melioristic view.

The Trend Toward Nationalism

Indeed, the leading trend in social thought in the latter part of the nineteenth century was diametrically opposed to meliorism. This trend has been called by several names — naturalism, social Darwinism, rugged individualism, among others. Naturalism may be a better generic name for a whole range of thought at the time, embracing the arts and sciences as well as social thought. Social Dar-

winism may be understood as naturalistic thought in its relation to society. One historian says that the cosmology of the naturalists "was compounded out of the nebular hypothesis of Kant and Laplace, the uniformitarian geology of Lyell, and the organic evolution of Darwin. It assumed universal change under natural law."¹ Social Darwinism, on the other hand, is usually applied to the particular social application of evolutionary ideas by Herbert Spencer and his American disciple, William Graham Sumner. Since this particular usage is common, it may be appropriate to discuss the naturalistic view first, and social Darwinism as a variant of it.

In essence, naturalism was an account of reality in natural terms. That is, the earth, man, life, inanimate matter, and the universe were viewed as the result of natural processes. As evolutionists, naturalists turned away from any enduring reality and focused upon change. But they took with them an interest in natural law from the older outlook. The major impetus of scientists for several centuries had been the quest for natural law. Naturalists were full to overflowing with the scientific (or scientific) animus, and they contin-

¹ Stow Persons, *American Minds: A History of Ideas* (New York: Holt, 1958), p. 222.

ued the search for laws. But a most important change had occurred in the conception of natural law. To earlier thinkers, indeed to virtually the whole tradition of Western thought, natural law had been something fixed in the universe. It was that enduring order in the universe as it is known to man. To naturalists, natural law was the law by which changes occurred, the law, or laws, of evolutionary development.

Natural law was active rather than fixed or passive. It was felt through *forces* at work in the universe. Naturalists gave their attention either to discovering and expounding the stages of development or to describing the forces which produced the changes. In short, they were greatly concerned with what was *determining* the course and direction of changes that had been and (presumably) were occurring. Naturalists were determinists, then; they pictured man's actions as products of forces within or without him but, whichever, beyond his control.

These interpretations amounted to a radical transformation of the significance of natural law. Natural law as order-in-the-universe has ever been a liberating concept. It has served as the basis for limiting governments, for freeing economies, as foundation for positive law, as the basis of govern-

ment by law, and as the substructure for peaceful relations among nations and peoples. But natural laws as forces are tyrannical, though not necessarily arbitrarily so. That is, natural laws then become active rather than passive, subject to change rather than enduring, founts of change rather than bases for rational order. Naturalism pervades the thinking of Karl Marx, Charles Darwin, Emile Zola, William Graham Sumner, John W. Draper, Frederick Jackson Turner, Theodore Dreiser, and many other writers and thinkers.

The point that concerns us here is the opposition of such an outlook to reform. If change occurs as a result of forces, if the course and direction of change is determined by processes beyond the power of man to alter, if social changes are the product of such processes, reform is impossible. Human intervention in the process is virtually impossible, and, were it possible to any extent, it would be undesirable, for it would only deter the beneficent course of evolution — or so the more optimistic naturalists thought.

William Graham Sumner

The social view of the significance of evolution that was most congenial to the prevailing American way, and to many Americans, was that of William Graham

Sumner. His views, as I have suggested, are often cited as the epitome of social Darwinism. Sumner was a thoroughgoing Darwinian, naturalistic in emphasis, and his works are replete with references to "forces" at work upon and within society. Yet the views which he set forth appeared to be in keeping with American institutions and basic beliefs. For example, in defending a higher stage of civilization, he said:

It sets free individual energy, and while the social bond gains in scope and variety, it also gains in elasticity, for the solidarity of the group is broken up and the individual may work out his own ends by his own means. . . .²

He defends private property, and praises virtues which are undeniably those admired by many Americans of his day. Thus,

The only two things which really tell on the welfare of man on earth are hard work and self-denial (in technical language, labor and capital), and these tell most when they are brought to bear directly upon the effort to earn an honest living, to accumulate capital, and to bring up a family to be industrious and self-denying in their turn.³

² William G. Sumner, "Sociology," *American Thought: Civil War to World War I*, Perry Miller, ed. (New York: Rinehart, 1954), p. 81.

³ *Ibid.*, p. 87.

Moreover, he conceived that sociology would provide facts and theories which would support the American system. It could answer one of the most important questions, he thought. "Shall we, in our general social policy, pursue the effort to realize more completely that constitutional liberty for which we have been struggling throughout modern history . . . ?"⁴

Short Shrift for Reformers

Most important for the matter under consideration, Sumner held an uncompromising position to the effect that melioristic reform was practically impossible. Of utopians and socialists, he said: "These persons, vexed with the intricacies of social problems and revolting against the facts of the social order, take upon themselves the task of inventing a new and better world. They brush away all which troubles us men and create a world free from annoying limitations and conditions — in their imagination."⁵ Why can't men simply conceive a world of the sort they want and then set out to build it? Sumner offers many reasons — human nature, the nature of the world, natural law — but the primary one was of a different order. This was the argument from the evolution of society.

⁴ *Ibid.*, p. 91.

⁵ *Ibid.*, p. 73.

Specifically, society had reached an industrial stage of development. Sumner conceived society as an organism, and industrial society-as-organism was highly and complexly organized. To talk of altering this organization and instituting another by taking thought was utter folly. Men do not control it;

It controls us all because we are all in it. It creates the conditions of our existence, sets the limits of our social activity, regulates the bonds of our social relations, determines our conceptions of good and evil, suggests our life-philosophy, molds our inherited political institutions, and reforms the oldest and toughest customs, like marriage and property.

In short, "the industrial organization" exercises an "all-pervading control over human life. . ."⁶ He offers a technological explanation of how this all-pervading organization came about. "The great inventions both make the intension of the organization possible and make it inevitable, with all its consequences, whatever they may be."⁷ The only thing that men can constructively do is this: "We have to make up our minds to it, adjust ourselves to it, and sit down and live with it."⁸

⁶ William G. Sumner, "The Absurd Effort to Make the World Over," in *ibid.*, p. 94.

⁷ *Ibid.*, p. 95.

⁸ *Ibid.*

The Sociologist Emerges

The perils of the sociological mode of thought are great; Sumner's premises had led him to a strange conclusion. In the first essay cited, originally published in 1881, he had boldly asserted that sociological knowledge would expose the tyranny of reformism and demonstrate the blessings of liberty. Yet, in the second essay cited, published in 1894, he was opposing reform by proclaiming that all of us are caught in the web of the social organization, and he did so in words and phrases that would have been worthy of Karl Marx. Sumner's thought is confused and contradictory. Much that he wrote has an individualistic tenor, but he was committed by his mode of the search for truth to the study of thought in terms of society. His confusion was further complicated by the use of analogies drawn from the biological thought of Darwin, thought concerned rightly with organisms, but which could not be appropriately transferred to the consideration of society. Natural law had been moved into the historical stream to become force. Thus, Sumner's conclusion derives from the premises he was using, but it was hardly propitious for human freedom. His assumptions had induced myopia — the myopia which perceives society-as-organism and natural-

law-as-force — and he was opposing flights from reality by arguments drawn from a distorted view of reality.

Be that as it may, the evolutionary premises had been used to erect an apparently formidable argument against reformism. The Darwinian modes of progress — competition for available resources, struggle for life, survival of the fittest — natural law interpreted as force, and the prevailing trends ran counter to reform. If one rejected these, he was hardly nearer to a position which made reformism intellectually feasible, for the traditional view of reality was an even more formidable obstacle to such reformist visions than social Darwinism.

The Turning Point

But could the evolutionary ideas not be turned to the advantage of meliorism? They could be, and were. Moreover, those who turned the arguments could appear to be on the side of the angels — that is, in favor of freedom, in favor of the amelioration of circumstances, in favor of humanity. The chances are good that reformers did not generally see this clearly at the time, but social Darwinism made an excellent target, and the repudiation of this pseudo-philosophy could bring down with it much of the traditional philosophy

which it had subsumed. At any rate, something like this did occur.

Before examining these latter developments, however, it is in order to show how the evolutionary obstacle to reform was overturned. Social Darwinism carried with it a heavy freight of assumptions about continuous change, stages of development in civilization, and organicism. Who could say what the next stage of development would be like? Something that was impossible at one stage could become highly probable, even inevitable, at the next stage. Sumner admitted as much in his discussion of private property. He believed that the development of protections to private property had been a great advance. However, it “may give way at a future time to some other institution which will grow up by imperceptible stages out of the efforts of men to contend successfully with existing evils. . . .”⁹

Lester Frank Ward

Lester Frank Ward, a contemporary of Sumner, a sociologist and meliorist, proclaimed that a new stage in evolution had been emerging for millennia, and he believed that it was ready to be brought to fruition. The new stage was the “advent with man of the

⁹ Sumner, “Sociology,” *ibid.*, p. 82.

thinking, knowing, foreseeing, calculating, designing, inventing and constructing faculty, which is wanting in lower creatures. . . ." It repealed "the law of nature and enacted in its stead the psychological law, or law of mind."¹⁰ He held that men could now take over the direction of social development, and that they could shape it to human ends. His work was a call to men to take up their rightful place in the universe and bring nature and natural law to heel:

. . . When nature comes to be regarded as passive and man as active . . . , when human action is recognised as the most important of all forms of action, and when the power of the human intellect over vital, psychic and social phenomena is practically conceded, then, and then only, can man justly claim to have risen out of the animal and fully to have entered the human stage of development.¹¹

Ward retained the evolutionary frame, the focus upon society, the progressive tendency of naturalism, but he turned the argument against the possibility of reform and opened the way for the ad-

vance of meliorism. He drew attention away from the enduring features of man and the universe even more emphatically than Sumner had done. The alternatives which he offered can be put this way: either men in society are controlled and determined by natural laws of social development or they are free to alter and control the development of society.

Probable Errors

It should be emphasized that the analysis of both Sumner and Ward is gross. Ward had no more proved that any particular melioristic reform was possible than had Sumner proved that it was impossible. Both of them were at least three removes from the relevant reality. In the first place, the arguments are conducted at too general and abstract a level. One is reminded of Zeno's paradox which purports to prove that there can be no change. The problem lies in the premises upon which the argument is based, not in reality. Second, both arguments rely upon a most dubious extension of evolutionary ideas. Third, both thinkers conceived society organically rather than viewing the matter from the point of view of individuals. Moreover, both appear to have been confused, or at least confusing, about the nature of natural law.

¹⁰ Quoted in Henry S. Commager, *The American Mind* (New Haven: Yale University Press, 1954), p. 206.

¹¹ Lester F. Ward, "Mind as a Social Factor," *American Ideas*, Gerald N. Grob and Robert N. Beck, eds., II (New York: Free Press of Glencoe, 1963), 129.

Even so, Ward had opened the way to reformist efforts within the contemporary outlook. Other reformers took advantage of the opening to press through the defenses and advance their reforms.

Developing a New Philosophy of Pragmatism

But reformers needed more than the vision which utopia provided and the theoretical possibility of reform. They needed a philosophy to replace older views and one which would buttress meliorism. Such a philosophy was provided by *pragmatism*. Pragmatism offered refutations of traditional philosophy by proclaiming its irrelevance, was futuristic in its orientation, and made boundless reconstruction the aim and purpose of thought. Most important, it made meliorism intellectually respectable, a necessary step to draw in the bulk of the intellectuals, and it made it possible for thinkers to advance reform without avowing any particular ideology.

Pragmatism stands for an approved method and attitude today. Not only are intellectuals proud to be known as pragmatists, but they bestow what they conceive to be one of the highest accolades upon politicians by describing them as pragmatic. The word has long since passed into the vernacu-

lar, and many people use it without any clear conception of its meaning. It is sometimes employed as if it were a synonym of practical, and it is adopted as a mode of thought by those who have given little or no thought to philosophy.

The word was given philosophical currency by Charles Sanders Peirce, a rather obscure American thinker of the latter part of the nineteenth century. But it was popularized by William James. When this had occurred, Peirce abandoned the word, "pragmatism," for a new formulation, "pragmaticism."¹² John Dewey, who was the most prolific writer of this school of thought, called his variant of pragmatism, "instrumentalism." This left James as the only major exponent of pragmatism who used that name for his philosophy. There were important differences, particularly between Peirce and the other two, but these do not concern the basic meaning of pragmatism. Each of them contributed to its development. As one writer says, "It suffices . . . to say that if Peirce may be regarded as the Socrates of pragmatism, and James as its Plato, Dewey is certainly its Aris-

¹² See Charles S. Peirce, "What Pragmatism Is," *Philosophy in the Twentieth Century*, William Barrett, ed., I (New York: Random House, 1962), 138-40.

tote."¹³ This may be taken to imply, also, that pragmatists claimed to be constructing a new philosophy as important for the future ages as the ancient philosophy had been for those from that time.

Peirce "framed the theory that a *conception*, that is, the rational purport of a word or other expression, lies exclusively in its conceivable bearing upon the conduct of life; so that, since obviously nothing that might not result from experiment can have any direct bearing upon conduct, if one can define accurately all the conceivable experimental phenomena which the affirmation or denial of a concept could imply, one will have therein a complete definition of the concept, and *there is absolutely nothing more in it.*"¹⁴ This was what he meant by pragmatism. With his gift for simplification and clarity, James defined pragmatism in the following way:

To attain perfect clearness in our thoughts of an object, then, we need only consider what conceivable effects of a practical kind the object may involve — what sensations we are to expect from it, and what reactions we must prepare. Our conception of these effects, whether immediate or remote, is then for us

¹³ Henry D. Aiken, "Introduction," *ibid.*, p. 49.

¹⁴ Peirce, *op. cit.*, p. 138.

the whole of our conception of the object, so far as that conception has positive significance at all.¹⁵

Dewey defined the same concept *instrumentally*:

If ideas, meanings, conceptions, notions, theories, systems are instrumental to an active reorganization of the given environment, to a removal of some specific trouble and perplexity, then the test of their validity and value lies in accomplishing this work. If they succeed in their office, they are reliable, sound, valid, good, true.¹⁶

A Radical Departure

How radical pragmatism was (and is) may not appear from these definitions. There is an ambiguity in these formulations of the method. Conceivably, it might be a method for discovering truth, finding principles, uncovering laws that are in the universe. One might proceed from "effects" to their causes, and from thence to the order which makes for regularity of the operation of cause and effect. If this were what is involved, pragmatism would be only a particular formulation of the inductive method of reasoning. It

¹⁵ William James, "What Pragmatism Means," *Pragmatism and American Culture*, Gail Kennedy, ed. (Boston: D. C. Heath, 1950), p. 13.

¹⁶ John Dewey, *Reconstruction in Philosophy* (New York: Henry Holt, 1920), p. 156.

must be made clear, however, that pragmatism was not intended by its proponents to be fitted into any traditional mode of thought, that it was not intended as a means for finding truth, order, or regularity, that it was founded upon a counter view of reality.

Pragmatists were not concerned to discover any fixity or absolutes, nor were they building upon traditional philosophy. On the contrary, a part of the work of all three men under consideration was devoted to refuting (and denouncing) absolutes, fixities, and traditions. Peirce declared that pragmatism "will serve to show that almost every proposition of ontological metaphysics is either meaningless gibberish . . . or else is downright absurd. . . ." ¹⁷ In making expositions of his philosophy, James alternated between repudiations of rationalism, idealism, objectivity, and metaphysics and affirmations of pragmatism. Of the belief in the Absolute, he said, "it clashes with other truths of mine. . . . It happens to be associated with a kind of logic of which I am the enemy; I find that it entangles me in metaphysical paradoxes. . . ." Therefore, "I personally just give up the Absolute." ¹⁸ Dewey points out that in the older philosophy truth and

falsity "are thought of as fixed, ready-made static properties of things themselves. . . . Such a notion lies at the back of the head of everyone who has, in however an indirect way, been a recipient of the ancient and medieval tradition. This view is radically challenged by the pragmatic conception of truth, and the impossibility of reconciliation or compromise is . . . the cause of the shock occasioned by the newer theory." ¹⁹

Ever-Changing "Truth"

Truth is not something pre-existing to be discovered, according to the pragmatists; it is brought within the evolutionary frame of the continually changing. It is not fixed, but changing; not pre-existent, but evolving; not discovered, but made. Peirce says that the *summum bonum* consists "in that process of evolution whereby the existent comes more and more to embody those generals which were just now said to be *destined*. . . ." ²⁰ James says, "The truth of an idea is not a stagnant property inherent in it. Truth *happens* to an idea. It *becomes* true, is *made* true by events." ²¹ Elsewhere, he makes clear the relationship of this no-

¹⁹ Dewey, *op. cit.*, pp. 158-59.

²⁰ Peirce, *op. cit.*, p. 149.

²¹ William James, "Pragmatism's Conception of Truth," *Philosophy in the Twentieth Century*, I, 194.

¹⁷ Peirce, *op. cit.*, p. 144.

¹⁸ James, *op. cit.*, p. 22.

tion to the concept of evolution: "When the whole universe seems only to be making itself valid and to be still incomplete (else why its ceaseless changing?) why, of all things, should knowing be exempt? Why should it not be making itself valid like everything else?"²² John Dewey says "that there is change going on all the time, that there is movement within each thing in seeming repose; and that since the process is veiled from perception the way to know it is to bring the thing into novel circumstances until change becomes evident. In short, the thing which is to be accepted and paid heed to is not what is originally given but that which emerges. . . ."²³

To the pragmatists, then, the universe was open. Reality was not something given, something to be discovered, something with fixed feature; it was open, alterable, and changing. For Peirce, according to one interpreter, "laws, like habits, are 'emergent' principles which characterize only certain limited phases of the evolutionary process. In this sense, laws themselves are mutable. . . . There is, however, no universal law of development. . . . The universe as a whole is fundamentally open-ended. . . ."²⁴ Ac-

ording to Dewey, fixity, where it apparently existed, was not something to be observed, recorded, and admired. "Rather, the experimental method tries to break down apparent fixities and to induce changes. The form that remains unchanged to sense, the form of seed or tree, is regarded not as the key to knowledge of the thing, but as a wall, an obstruction to be broken down."²⁵ What were once conceived as enduring realities Dewey would have us view as temporary obstacles.

Primarily a Method

Pragmatists agreed with one another that theirs was primarily a method. In terms of the above elucidation, it should be clear that it was a method for operating in a world of flux and change. Change and development do not adequately describe the world view of these pragmatists. The universe must also be described as in a state of flux, for there is no necessary direction to its development. Men located in a world where things are forever fluctuating may be likened to someone embarked on a voyage into perpetually uncharted seas. There would be great need, in these circumstances, for something by which to steer. Peirce, James, and Dewey proposed that pragmatism should be that guide.

²² William James, "A World of Pure Experience," *ibid.*, p. 235.

²³ Dewey, *op. cit.*, p. 114.

²⁴ Aiken, *op. cit.*, p. 62.

²⁵ Dewey, *op. cit.*, p. 113.

They accepted a method, then, to replace the knowledge they had repudiated. The model for that method, or so they believed, was the scientific method. Someone has observed that pragmatism is not so much a philosophy as a way of doing without a philosophy. With equal justice, it should be observed that pragmatism is not so much a method for acquiring knowledge as a means of operating in lieu of knowledge and certainty. At any rate, pragmatism resulted from the efforts of the founders to render the scientific method, as they understood it, into a philosophy. These men were conscious that this latter was what they were doing. Peirce declared that after the "gibberish" of metaphysics had been swept away, "what will remain of philosophy will be a series of problems capable of investigation by the observational methods of the true sciences. . . ."²⁶

Confusion of the Scientific Method with Technology

It should be made clear, though, that the scientific method James and Dewey, at least, had in mind was not the method as it received its classic formulation in the seventeenth century. That was a method designed for and aimed at *discovering* and *describing* the

laws in the universe — what is today vestigially referred to as "pure" science. Rather, the conceptions of the pragmatists were based on the technological applications of science. The scientist, as technologist, is concerned with ways to reshape, reform, and reorder natural things. Such technologists have had (and are having) remarkable successes. It has been stated so often that it is now a cliché — but it will bear repeating in this context — that these technological achievements rest upon prior achievements in "basic" science. The meaning is, or should be, that technologists achieve their effects because of a knowledge of underlying laws which preceded their labors. Their work rests upon a foundation of laws, regularities, and established connections.

This is precisely the point which James and Dewey, particularly Dewey, missed. They apparently thought that the technologist was doing what he appeared to be doing — experimenting at random until he came up with something, then going on to other modifications and experiments. Dewey conceived of the scientist not as discoverer but as innovator. Scientific knowledge is obtained, he declared, by the "deliberate institution of a definite and specified course of change. *The method of*

²⁶ Peirce, *op. cit.*, p. 144.

physical inquiry is to introduce some change in order to see what other change ensues; the correlation between these changes . . . constitutes the definite and desired object of knowledge."²⁷ He made clear that he thought that there was only one valid scientific method, and it was the method used both in laboratories and in industries. "Moreover, there is no difference in logical principle between the method of science and the method pursued in technologies."²⁸

At any rate, James and Dewey took what they thought was the scientific method from the limited arena of applied science and gave it universal application as *the* method. They attempted to make experimentation into a way of life. Ideas and concepts were conceived, in this context, as a scientist was believed to conceive of hypotheses, that is, as instruments of change. As James put it,

*Theories thus become instruments, not answers to enigmas, in which we can rest. We don't lie back upon them, we move forward, and, on occasion, make nature over again by their aid.*²⁹

²⁷ John Dewey, "The Quest for Certainty," *The Golden Age of American Philosophy*, Charles Frankel, ed. (New York: George Braziller, 1960), p. 414.

²⁸ *Ibid.*, pp. 414-15.

²⁹ James, "What Pragmatism Means," *op. cit.*, p. 15.

Dewey spells out the implications of this belief:

. . . Here it is enough to note that notions, theories, systems . . . must be regarded as hypotheses. They are to be accepted as bases of actions which test them, not as finalities. . . . They are tools. As in the case of all tools, their value resides not in themselves but in their capacity to work shown in the consequences of their use.³⁰

As tools, then, ideas are relative to the uses to which they are put. If the point does not emerge, it must be stated: pragmatists are relativists.

John Dewey Spells It Out

The importance of pragmatism for social reform was made abundantly clear in the numerous works of John Dewey. The indications are that Charles Sanders Peirce was interested in technical philosophy rather than reform. William James was more concerned with the psychology of belief than with social reform. It was left to Dewey, then, to apply pragmatism to ameliorative reform. He is best known as an educational reformer, but he was much concerned with all sorts of reform. He may well have been the central figure in the promotion of reformism in America.

³⁰ Dewey, *Reconstruction in Philosophy*, p. 145.

Dewey openly advocated that philosophy should be reoriented so as to perform a social function, that is, to make over men and society. Too long, he thought, philosophers had pretended to have some special method for arriving at truth, to be concerned with Reality beyond reality. The time had come for philosophy to come out in the open and get on with the task it had been covertly performing all along. "Philosophy which surrenders its somewhat barren monopoly of dealings with Ultimate and Absolute Reality will find a compensation in enlightening the moral forces which move mankind and in contributing to the aspiration of men to attain to a more ordered and intelligent happiness."³¹ More bluntly, and in the form of rhetorical questions, he proclaimed what he conceived to be the real end of philosophy:

. . . But would not the elimination of these traditional problems permit philosophy to devote itself to a more fruitful and more needed task? Would it not encourage philosophy to face the great social and moral defects and troubles from which humanity suffers, to concentrate its attention upon clearing up the causes and exact nature of these evils and upon developing a clear idea of better social possibilities; in short upon projecting an idea or ideal

which . . . would be used as a method of understanding and rectifying social ills?³²

Despite the appearance of caution in formulating the ideas, there should be no doubt that Dewey thought philosophy should perform a melioristic function.

Reshape the Environment

In sum, then, the pragmatists had denigrated and repudiated traditional philosophy. They held forth the vision of a universe in a continuous state of flux. Such order as existed would have to be wrought by man, and no order would be final or complete. Man's task was to reshape and remake himself and his environment. There were no pre-existing rules — no fixed principles, no enduring laws, no underlying order — to guide or restrain him in his endeavor. Traditionalists had been wrong in believing that there were static natural laws; naturalists had been wrong in thinking there were forces-as-laws governing development. Pragmatists affirmed a radical new freedom — the freedom to reshape reality according to how they would have it be. The method for operating in this flux was to be pragmatism, the method of continual experimentation in moving toward their indefinite goals.

³¹ *Ibid.*, pp. 26-27.

³² *Ibid.*, p. 124.

A philosophy had been formed to buttress and promote melioristic reform.

One other point needs to be made. It has often been claimed that reformism is alien to America. There is a sense in which this is true. That is, it is alien to the system of constitutionalism developed in America, and to the beliefs by which it was buttressed. But it was not alien in the sense of being foisted upon Americans by foreigners. Instead, the reformist bent was established by citizens of America, in the main. This is most important to understanding the nature of reformism in America. Insofar as it was

pragmatic, it was not specifically socialism nor communism. Pragmatists do not define goals in such rigid fashion as this. Of course, the reforms have been socialistic in tendency, but this can be ascribed to the utopian visions which reformers imbibed, which were socialistic, rather than to a consciously worked out program to achieve socialism. Of course, other assumptions, to be taken up later, bent the reformer toward socialism. But the pragmatist, *qua* pragmatist, just continues to experiment, not toward a final goal but toward the general goal of growth and improvement which is never to end. ♦

The next article in this series will concern "The Deactivation of History."

IDEAS ON LIBERTY

Source of Natural Law

THIS TENDENCY to the conservation of society, which we now expressed in a rude manner, and which tendency is in agreement with the nature of the human intellect, is the source of *Jus*, or Natural Law, properly so called. To this *Jus* belongs the rule of abstaining from that which belongs to other persons; and if we have in our possession anything of others, the restitution of it, or of any gain which we have made from it; the fulfilling of promises, and the reparation of damage done by fault; and the recognition of certain things as meriting punishment among men.

HUGO GROTIUS, *On the Rights of War and Peace* (1625)

GERDA'S EMPIRE

REBECCA WEST

Rebecca West's Black Lamb and Grey Falcon (Viking Press, 1941) analyzes the dictator complex exemplified in Gerda, encountered by Miss West and her husband in their travels through Yugoslavia.

GERDA has no sense of process. That is what is the matter with Gerda. She wants the result without doing any of the work that goes to make it. . . . She is angry because we have some money. She feels that it might just as well belong to her . . . For her, the money might as easily have been attached to her as to us by a movement as simple as that which pastes a label on a trunk . . . As she has no sense of what goes to bring people love, or friendship, or distinction, or wealth, it seems to her that the whole world is enjoying undeserved benefits; and in a universe where all is arbitrary, it might just as well happen that the injustice was pushed a little further and that all these benefits were taken from other people, leaving them nothing, and

transferred to her, giving her everything.

Given the premise that the universe is purely arbitrary, that there is no causality at work anywhere, there is nothing absurd in that proposal. This is the conqueror's point of view . . . Let us admit it, for a little while the whole of our world may belong to Gerda. She will snatch it out of hands too well bred and compassionate and astonished to defend it. What we must remember is that she will not be able to keep it. For her contempt for the process makes her unable to conduct any process . . . To go up in an aeroplane and drop bombs is a simple use of an elaborate process that has already been developed.

But you cannot administer a country on this principle . . . Gerda's empire . . . will be an object of fear and nothing else. For this reason, I believe that Gerda's empire cannot last long. But while it lasts it will be terrible. And what it leaves when it passes will also be terrible. For we cannot hope for anything but a succession of struggles for leadership among men whose minds will have been unfitted for leadership by the existence of tyranny and the rupture of European tradition, until slowly and painfully, the nations re-emerge, civilization re-emerges. ♦

Self-Discipline: Free Choice: Responsibility

MALLORY CROSS

ALTHOUGH strongly independent by nature, my friend thought certain government welfare projects were necessary – because he had never heard of an alternative. As I presented the libertarian viewpoint, he listened attentively, but very soon caught me up.

“Freedom? Are you sure freedom is always good?”

“Oh, yes,” I replied innocently.

“Well, some people want freedom to line their own pockets, to run riot and steal and get rich without working. They want freedom to do exactly as they please!”

“Wait a minute: I should have said, ‘equal freedom.’ Each man should have equal freedom to run his own life without interference from others.”

“Then you want to give everybody equal freedom to do exactly as he pleases? To steal or attack others?”

“No, I said *without interference*

from others. Every man should have equal freedom to undertake creative activities, so long as he doesn’t interfere with other men’s creative work.”

“Then freedom is not always good for everyone. And you do not really want to grant *all* men freedom.”

“Not if it means interfering with someone else’s creative activity. Freedom must be accompanied by responsibility.”

“Ah,” said my friend, “*freedom with responsibility*: that is a different picture altogether!”

In the years since that conversation, I have made the same discovery that anyone who is growing in libertarian understanding must eventually make. If we talk only about “freedom for all,” or “equal freedom” or even “freedom to be creative,” we may be misunderstood.

Socialists want freedom to be creative, too: they want to create

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an egalitarian society where men work for the "common good," and each receives according to his need — no more, no less — regardless of the size of his contribution. The Union of Soviet Socialist Republics has been creative in that field for over forty-five years.

What, then, is the essence of human life at its best? What can we be for, in a positive way, that will not be misunderstood? All men have one goal in common, regardless of differences of race, creed, or political philosophy. All men want to be happy, to have a better life. That is the "common good."

St. Augustine said in 390 A.D., "Error comes about when we follow an aim which does not lead us where we wish to go." The question is, how can we achieve happiness, the "common good," without falling into error? The best I can do in answer is this: *Combine self-discipline and freedom of choice with responsibility.*

Three Aspects of Self-Discipline

Self-discipline is admired in all countries, especially in the USSR. There, each citizen is expected to fulfill his obligations, and to criticize his own shortcomings in public meetings. In all nations the discipline of parading troops is admired. Each soldier makes an effort to keep in perfect step, know-

ing he will be called to account if he fails. Here we have two examples of discipline and responsibility imposed on the individual by threat of force, rather than his own free will, or conscience, or desire for betterment. His freedom of choice is narrowly limited: to accept or refuse to comply with another's will, under threat of punishment. (Note that punishment invariably involves a further restriction of free choice.)

Self-discipline means "self-teaching," or "self-government," or "self-chastisement."

Self-teaching means not only learning facts and ideas, but also learning from experience. Each must set his own goals (have an incentive), and bear the burden of any error in his choice of goals or in his efforts to achieve them.

Self-government means not only controlling one's temper, but also directing one's choice of goals and choosing the means to reach them. It includes the will to deprive oneself of a short-run good in order to attain a greater good in the long-run.

Self-chastisement means not only admitting a mistake and backtracking when one has made an error; but also refusing to follow passions, relationships, or ideas once recognized as erroneous, i.e., as means which will not lead to the desired end. This may be called

“punishment” by those who are shortsighted, but chastisement also means “correction.” Thus, it is intimately related to learning and governing: learning prepares one to choose wisely; governing is the act of choice; chastisement is correction of wrong choice.

Freedom of choice must therefore be combined with all three meanings of self-discipline. “Free” means “unrestrained” or “unlimited.” “Choice” means “the act of choosing from among available alternatives.” Combining the words, we then define *freedom of choice* as: “the unrestrained act of choosing from among available alternatives.” When the act of choosing is not restrained by other persons, then the only limitations are those imposed by nature and our own will. However, we must remember that our choices may not necessarily be good from other people’s point of view. Here we come to the concept of responsibility.

Answerable for Our Actions

Responsible means “answerable.” We all talk to ourselves sometimes, but generally an answer is elicited in response to a question from someone else. Man does live in society, in company with others. As soon as we choose a course of action and start moving toward it, we find other peo-

ple in our path. Some of them may have no business there; others may have a perfect right to ask, “Where do you think you’re going? How are you going to get there?”

Your answer may draw one of several reactions. “Do what you like; it doesn’t interest me.” Or perhaps, “May I come along? I’m going that way myself.” Or: “You’re crazy—you don’t know what you’re talking about!” (Possibly he is right; we had better have a little talk with that one.) But there may be one more standing in the path: “You can’t go this way because I refuse to permit it.” (This may be your government, but it may also be your wife or your conscience or your banker.)

Family, friends, and government can all take up those various positions: indifference, cooperation, warning, or opposition. Now it may be that the just answer from you should be, “You’re on the wrong track.” (The indifferent one perhaps ought to be interested.) But we cannot ignore them, even if the error be theirs rather than ours. All those who demand an answer must be satisfied, or we shall not be allowed to get on toward our goal unhampered—if at all.

Responsibility is a habit of character that looks far ahead,

that tries to foresee what obstacle or opposition — justified or not — may arise, and prepare to meet it with satisfactory answers. A responsible person does not start a vacation in his car without seeing that there is air in the tires, gas in the tank, money in his pocket, and an open road ahead.

Each time we encounter firm opposition the cycle of self-discipline, choice, responsibility begins anew. These qualities are needed daily and hourly as long as we live in this world. The greater our self-discipline, the less will our own weakness and ignorance delay us. The wider area of choice we have, the less serious will be any particular obstacle to our constructive purposes. The more responsible we are, the farther-seeing we will learn to be,

tracing our route ahead of time to avoid insurmountable barriers.

Let us work continually to develop and use these qualities in ourselves. Here is an area where we can get action now, without waiting for the other fellow. Even in the area of choice, we are not exercising our freedom to the fullest unless we always choose the highest good as we see it, instead of moving with the herd. This means fighting our own battles and cheerfully accepting the consequences.

Individually, all men seek happiness. But how can we achieve the "common good"? It will be revealed progressively as one by one we learn to combine self-discipline with freedom of choice and responsibility. ◆

IDEAS ON LIBERTY

Seek The Good

ALL WISH TO BE HAPPY, but not all are able so to be. Not all wish to live rightly, which is the only state of will that deserves a happy life

All . . . seek the good and shun evil, but they follow different aims because they have different opinions about the good. If a man seeks what ought not to be sought, he errs, even though he would not seek it unless he thought it was good. . . . Therefore, in so far as all men seek a happy life, they are not in error.

"Contracting Out"

of Socialism

THE INSTITUTE of Economic Affairs in Great Britain, which is a nonparty group of economists "held together by a common interest in the working of free economic institutions," has put out a remarkable paperback book, *Rebirth of Britain* (Pan Books, Ltd., 8 Headfort Place, London S.W.I.; 5 shillings). Eighteen authors have contributed to it, and some of their essays would perplex any classical liberal of the nineteenth century. The key to both the tone and the strategy of the papers is the fact that a nation which is far gone in state welfarism gives its citizens very little room in which to maneuver in their efforts to restore individual freedom of action. Because of the situation in Britain, the contributors to this book do not argue for an immediate restoration of free capitalist institutions. Instead, they concentrate on taking their adversaries on the flank, proposing only "a drastic pruning

of unnecessary state welfare services." The key to that statement is the word "unnecessary." Who is to say?

Well, an "unnecessary" state service in our various authors' estimation is one that does not permit a voluntary choice between private and public welfare agencies. This implicit definition controls the strategy of the *Rebirth of Britain* authors. They don't really advocate dismantling any of the features of the welfare state. But they do suggest the idea of "contracting out," presumably on a basis that would still compel all people to maintain some form of insurance protection against such things as sickness and old age.

In this book we find Arthur Seldon advocating enough government welfarism to provide some state support to "people with low incomes." But he would not provide this support through free services. Instead, he would have

the government give to the poor "generous cash money grants or vouchers to enable them to assert themselves in the market place by exerting a choice between state and private welfare services." The idea would be to put the welfare agencies of the state into renewed competition with private insurance agencies, private schools (or "public," as they are called in England), and private businesses.

The voucher idea has been advanced in the United States by Professor Milton Friedman, who thinks it could be adapted to aid to education without putting the government into the business of supporting colleges with grants of money that might corrupt the curriculum. Obviously, in America the creation of a system of higher educational vouchers would increase the sum total of state welfare. This is sufficient to raise the hackles of libertarians. But in the existing British context, a voucher system might very well represent an advance toward libertarianism over what they now have.

This would seem to be especially true in the case of the British health services. If a British citizen were to be permitted to "contract out" of dependence on the apparatus of the National Health Service, wouldn't it be a net gain for freedom?

Counterbarrage to Planners

Rebirth of Britain was provoked by a special issue of *Encounter* magazine in which sixteen writers under the general editorship of Arthur Koestler wrote on economic planning, education, state welfare, and related topics. The Koestler group, a bunch of latter-day Fabians who lamented the coming "suicide" of Britain simply because the state hadn't managed to conscript more than a fifth of the national wealth for compulsory welfare schemes, advocated a far greater direction of the national energy from the top. This so appalled the economists who are banded together in the Institute of Economic Affairs that they decided to let go at the Koestler total planners with a counterbarrage advocating as much of a retreat from state compulsion as can be made plausible to Britons who have forgotten that there ever was a classical tradition in economics.

Well, what in *Rebirth of Britain* is deemed a plausible retreat toward freedom in the current British context? Graham Hutton would curb the unions but continue "a national minimum wage plus locally negotiated supplements differing between industries, firms and regions." Jack Wiseman would relate payments for TV entertainment to "quantity consumed,"

which would not necessarily put the government-owned British Broadcasting Company out of business but would force it to compete more directly for favor with commercial broadcasting. Mr. Wiseman would return some government monopolies (coal, transportation) to private ownership, but remains doubtful about gas and electricity. Gwyn James would decrease the government supports to British agriculture, but finds a good word to say for the Swedish Land Acquisition Act of 1945 which prevents "unsuitable amalgamations" of farm property and keeps nonfarmers from acquiring farm and forest land.

Denis Thomas, like Jack Wiseman, would not do away with the BBC, but would hold it "in check by competition." Colin Clark would reduce the structure of state welfare by limiting the sum total of taxation to twenty-five per cent of the national income. (He quotes John Maynard Keynes as saying to him that "your figure of twenty-five per cent" is "the maximum tolerable proportion of taxation.")

Arthur Seldon would let schools be "sold in stages to private individuals, partnerships, companies or trusts," and he would permit "doctors' private lists" to "increasingly replace National Health Service lists," but he would also create a "Permanent Commission

on the Social Services" to "advise which state services should be run down and which expanded." E. G. West would increase the amount of private education, but would give all parents a basic annual sixty pounds in state vouchers "spendable on schooling."

Getting from Here to There: The Gradualist Approach

It is apparent from the foregoing recital that not even those who are "held together by a common interest in the working of free economic institutions" dare propose in England a whole hog reversion to the world of Adam Smith. Some of the contributors of *Rebirth of Britain* — notably John Jewkes, John Brunner, John Carmichael, and Josselyn Hennessy — make a general case for economic freedom, but when it comes to "getting from here to there" the vast majority of the authors represented in this book would be content to cut the welfare state back by slow degrees.

What the whole business adds up to is a sort of Fabianism-in-reverse-gear, approaching freedom as a limit in much the same manner that Bernard Shaw, H. G. Wells, and Sidney and Beatrice Webb used in approaching socialism as a limit back in the eighteen nineties. It is the "inevitability of gradualism" all over again, but

with the arrows pointing in a different direction.

Well, maybe such gradualism toward freedom as a limit is the only viable program for an England in which a socialist-minded Labor Party still insists that the steel business would be nationalized. Of course, it all seems a lamentably far cry from what was once preached in the land of Cobden, Bright, Lord Acton, the early John Stuart Mill, Ricardo, and Adam Smith. But Americans, these days, can't afford to feel very superior to British Fabianism-in-reverse. It won't be long at the rate we are going before we, too, are saddled with state medicine and more government supported colleges and heavy subsidies to depressed regions and all the other things that have made Britain so regressive. When we have gone down the garden path a bit longer, we, too, may be reduced to putting our hopes on the idea of "contracting out" from all manner of state programs. ♦

▶ **COLD FRIDAY** by Whittaker Chambers (New York: Random House, 1964), 327 pp., \$5.95

Reviewed by Robert M. Thornton

IF AN INTELLECTUAL may be defined as a person concerned with the things of the mind, Whittaker

Chambers qualifies with flying colors. Widely read and conversant in several languages, he sought not knowledge alone but also wisdom, the right use of knowledge. His joy and reverence for the wonder and mystery of life set him apart from those whose ultrasophistication renders them incapable of experiencing the higher emotions. This great difference—Chambers, a humble poet, seeking God, while his fellow-intellectuals too often were content to sit smug in the confidence that "God is dead"—helps explain the treatment accorded Chambers when he revealed his break with the Communist Party.

Chambers hated the notoriety of the Hiss Case. This was not a man eager for the plaudits of the world but a man forced by his own integrity to do what he believed was right regardless of consequences. His break with communism was not unlike the experience of a narcotic addict or alcoholic "taking the cure." It left a permanent scar.

Dr. Franz Winkler has said that Western civilization is breaking down because its spiritual foundation has been ignored or discarded, first several generations ago by the "intellectuals," and now by the common man. Chambers documented this with his life. He tells of his early college days when

few professors, if any, advocated communism, but many teachers scorned religion and derided anyone who believed in the objectivity of transcendent reality. But since man must have some religion, be it good or bad, the vacuum left by the rejection of Christianity (a good religion) was sometimes filled by communism (a bad religion).

Communism, then, is not the disease itself; it is a symptom. The "disease" is the denial of God. The world is not divided between good and bad nations, for good and evil are to be found in every nation. The problem for the West is not to "defeat" com-

munist or "coexist" with communism but to achieve a rebirth of the spiritual life among its own people, and restore its value system. This is not a job for committees, government or private, and no amount of money will bring it about. Rather, it is for each of us to look searchingly at his own life and at his spiritual heritage.

Cold Friday is a field in Chambers' Maryland farm, deeded by Chambers to his son — a piece of the good earth as a heritage from father to son. *Cold Friday*, Whitaker Chambers deeded to posterity. ♦

IDEAS ON LIBERTY

Whittaker Chambers

IT IS IDLE to talk about preventing the wreck of Western civilization. It is already a wreck from within. That is why we can hope to do little more than snatch a fingernail of a saint from the rack or a handful of ashes from the faggots, and bury them secretly in a flowerpot against the day, ages hence, when a few men begin again to dare to believe that there was once something else, that something else is thinkable, and need some evidence of what it was, and the fortifying knowledge that there were those who, at the great nightfall, took loving thought to preserve the tokens of hope and truth.

From a letter to *National Review*, July 29, 1961

THE *Freeman*

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

THE *Freeman*

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

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HOW MUCH MONEY?

PERCY L. GREAVES, JR.

MOST PEOPLE want more money. So do I. But I wouldn't keep it long. I would soon spend it for the things I need or want. So would most people. In other words, for most of us, more money is merely a means for buying what we really want. Only misers want more money for the sake of holding on to it permanently.

However, if more money is to be given out, most of us would like to get some of it. If we can't get any for ourselves, the next best thing, from our viewpoint, would be for it to be given to those who might buy our goods or services.

Mr. Greaves is a free-lance economist and lecturer.

For then it is likely their increased spending would make us richer.

From such reasoning, many have come to believe that spreading more money around is a good thing — not only for their personal needs, but also for solving most all of the nation's problems. For them, more money becomes the source of prosperity. So they approve all sorts of government programs for pumping more money into the economy.

If such programs are helpful, why not have more money for everyone? Why not have the government create and give everyone \$100 or \$200 or, better yet,

\$1,000? Why not have the government do it every year or every month or, better yet, every week?

Of course, such a system would not work. But why not? When we understand why not, we will know why every attempt to create prosperity by creating more money will not work. When we have learned the answer, we shall have taken a long step toward eliminating the greatest cause of both human misery and the decay of great civilizations.

One way to find the answer is to analyze the logic which seemingly supports the idea that more money in a nation's economy means more prosperity for all. If we can spot an error in the chain of reasoning, we should be able to make it clear to others. Once such an error is generally recognized, the popularity of government money-creation programs will soon disappear. Neither moral leaders nor voting majorities will long endorse ideas they know to be false.

Stable Price Argument

Perhaps the basic thought that supports an ever-increasing money supply is the popular idea that more business requires more money: if we produce more goods and services, customers must have more money with which to buy the additional goods and services.

From this, it is assumed that the need for prosperity and "economic growth" makes it the government's duty to pump out more purchasing power to the politically worthy in the form of more money or subsidies paid for by the creation of more money.

Support for such reasoning is found in an idea that goes back at least to medieval days. In the thirteenth and fourteenth centuries some of the world's best minds believed there was a "just price" for everything. The "just price" was then thought to be determined by a fixed cost of production. Actual prices might fluctuate slightly from day to day or season to season, but they were always expected to return to the basic "just price," reflecting the supposedly never-changing number of man-hours required for production.

From such thinking, it naturally follows that increased production can only be sold when consumers have more money. More goods might be needed for any of several reasons, let us say for an increased population. However, no matter how much they were needed, they would remain unsold and unused unless buyers were supplied additional funds with which to buy them at, or near, the "just price."

What is the situation in real life? What do businessmen do

when they have more goods to sell than customers will buy at their asking price?

They reduce prices. They advertise sales at mark-down prices. If that doesn't work, they reduce their prices again and again until all their surplus goods are sold. *Any economic good can always be sold, if the price is right.*

The way to move increased production into consumption is to adjust prices downward. Businessmen, who have made mistakes in judging consumer wants, will suffer losses. Those who provide what consumers prefer will earn profits. Lower prices will benefit all consumers and mean lower costs for future business operations. Under such a flexible price system, there is no need for more money. Businessmen soon learn to convert available supplies of labor and raw materials into those goods for which consumers will willingly pay the highest prices.

What Are Prices?

Prices are quantities of money. They reflect a complex of inter-related market conditions and individual value judgments at any one time and place. Each price reflects not only the available supply of that good in relation to the supply of all other available goods and services, but also the demand of individuals for that good in

relation to their demand for all other available goods and services.

But even this is only one side of price-determining factors. The money side must also be taken into consideration. Every price also reflects not only the supply of money held by each market participant, but also — since very few people ever spend their last cent — how much money each participant decides to keep for his future needs and unknown contingencies.

Prices thus depend on many things besides the cost of production. They depend primarily on the relative values that consumers place on the satisfactions they expect to get from owning the particular mixture of goods and services that they select. However, prices also depend on the amount of money available both to each individual and to all individuals. In a free market economy, unhampered prices easily adjust to reflect consumer demand no matter what the total supply of money or who owns how much of it.

What Is This Thing Called Money?

Money is a commodity that is used for facilitating indirect exchange. Money first appeared when individuals recognized the advantages of the division of labor and saw that indirect exchange was easier and more efficient than the

clumsy, time-consuming direct exchange of barter.

In the earliest days of specialized production, those who made shoes or caught fish soon found that if they wanted to buy a house, it was easier to buy it with a quantity of a universally desired commodity than with quantities of shoes or fresh fish.

So, they first exchanged their shoes or fish for a quantity of that commodity which they knew was most in demand. Such a commodity would keep and not spoil. It could be divided without loss. And most important, all people would value it no matter what the size of their feet or their desire for fish. The commodity which best meets these qualifications soon becomes a community's medium of exchange, or money.

Many things have been used as money. In this country we once used the wampum beads of Indians and the shells found on our shores. As time passed, reason and experience indicated that the commodities best suited for use as money were the precious metals, silver and gold. By the beginning of this century, the prime money of the world had become gold. And so it is today. Gold is the commodity most in demand in world markets.

Money is always that commodity which all sellers are most happy to accept for their goods or

services, if the quantity or price offered is considered sufficient. Money is thus the most marketable commodity of a market society. It is also the most important single commodity of a market society. This is so because it forms a part of every market transaction and whatever affects its value affects every transaction and every contemplated transaction.

Kinds of Goods

There are three types of economic goods:

1. Consumers' goods.
2. Producers' goods.
3. Money.

Consumers' goods are those goods which are valued because they supply satisfaction to those who use or consume them. Producers' goods are goods which are valued because they can be used to make or produce consumers' goods. They include raw materials, tools, machines, factories, railroads, and the like. Money is that good which is valued because it can be used as a medium of exchange. It is the only type of economic good that is not consumed by its normal usage.

In the case of consumers' goods and producers' goods, every additional unit that is produced and offered for sale increases the wealth not only of the owner but

of everyone else. Every additional automobile that is produced not only makes the manufacturer richer but it also makes every member of the market society richer.

How?

The more useful things there are in this world, the larger the numbers of human needs or wants that can be satisfied. The market system is a process for distributing a part of every increase in production to every participant in that market economy. When there is no increase in the money supply, the more goods that are offered for sale, the lower prices will be — and, consequently, the more each person can buy with the limited amount of money he has to spend. So every increase in production for a market economy normally means more for every member of that economy.

On the other hand, when any consumers' goods or producers' goods are lost or destroyed, not only the owner but all members of the market community suffer losses. With fewer goods available in the market place, and assuming no increase in the money supply, prices must tend to rise. Everybody's limited supply of money will thus buy less.

Recently, a Montreal apartment house was destroyed by an explosion. The loss to the occupants and the owners or insurance com-

panies is obvious. The loss to all of us may be less obvious, but nevertheless it is a fact.

The market society has lost forever the services and contributions of all those who were killed. It has also lost for a time the contributions of all those whose injuries temporarily incapacitated them. There is also a loss for all of us in the fact that human services and producers' goods must be used to clear away the wreckage and rebuild what was destroyed. This diversion of labor and producers' goods means the market will never be able to offer the things that such labor and producers' goods could otherwise have been used to produce. With fewer things available in the market, prices will tend to be higher. Such higher prices will force each one of us to get along with a little less than would have been the case if there had been no explosion.

Thus, we are all sufferers from every catastrophe. Be it an airplane crash, a tornado, or a fire in some distant community, we all lose a little bit. And all these little bits often add up to a significant sum.

This is particularly true of war losses. Every American killed in Vietnam hurts every one of us not only in the heart but also in the pocketbook. Our government must supply some monetary com-

compensation to his family and an income, however little, to his dependents. In such cases, the loss may continue for years. The killed man's services are lost for his normal life span and his dependents become a long-term burden on the nation's taxpayers and consumers. Such losses can never be measured or calculated, but they are real nonetheless.

So, in a market society every increase in consumers' goods or producers' goods permits us to buy more with whatever money we have, and every decrease in consumers' goods or producers' goods means ultimately higher prices and less for our money. Increased supplies of such economic goods help both the producers and everyone else who owns one or more units of money.

Limited Goods Available

With money, the situation is quite different. Any increase in the supply of money helps those who receive some of the new supply, but it hurts all those who do not. Those who receive some of the new supply can rush out and buy a larger share of the goods and services in the market place. Those who receive none of the new money supply will then find less available for them to buy. Prices will rise and they will get less for their money.

Pumping more money into a nation's economy merely helps some people at the expense of others. It must, by its very nature, send prices up higher than they would have been, if the money supply had not been increased. Those with no part of the new money supply must be satisfied with less. It does not and cannot increase the quantity of goods and services available.

There are some who claim that increasing the money supply puts more men to work. This can only be so when there is unemployment resulting from pushing wage rates above those of a free market by such political measures as minimum wage laws and legally sanctioned labor union pressures. Under such conditions, increasing the money supply reduces the value of each monetary unit and thus reduces the real value of all wages. By doing this, it brings the higher-than-free-market wage rates nearer to what they would be in a free market. This in turn brings employment nearer to what it would be in a free market, where there is a job for all who want to work.¹

Those who create and slip new supplies of money into the economy are silently transferring

¹ See "Jobs for All" by Percy L. Greaves, Jr. in the February 1959 issue of THE FREEMAN.

wealth which rightfully belongs to savers and producers to those who, without contributing to society, are the first to spend the new money in the market place. When this is done by private persons, they are called counterfeiters. Their attempts to help themselves at the expense of others are easily recognized. When caught, they are soon placed where they can add no more to the money supply.

Governments Inflate

In recent generations our major problem has not been private counterfeiters. It has been governments. Over the years, governments have found ways to increase the money supply that not more than one or two persons in a million can detect. This is particularly true when production is increasing and when more and more of the monetary units are held off the market. Nonetheless, whether prices go up or not, every time a government increases the money supply, it is taking wealth from some and giving it to others.

This semi-hidden increase in the money supply occurs in two ways:

One, by the creation and issuance of money against government securities. This is a favorite way to finance government deficits. Government securities that private investors will not buy, because

they pay lower-than-free-market interest rates, are sold to commercial banks. The banks pay for such securities by merely adding the price of the securities to government bank accounts. The government can then draw checks to pay suppliers, employees, and subsidy recipients. (This process is encouraged and increased by technical actions and direct purchases of the nation's central bank. In the United States, these powers reside in the Federal Reserve Board, which has not been hesitant about using them.)

The government thus receives purchasing power without contributing anything to the goods and services offered in the market place. It thus gets something for nothing. As a result, there is less available for those spending and investing dollars they have received for their contributions to society. The consequence of such government spending is that prices are higher than they would otherwise have been.

Two, the other major semi-hidden means of increasing the money supply is for banks to lend money to private individuals or organizations by merely creating or adding a credit to the borrowers' checking accounts. In such cases, they are not lending the savings of depositors. They are merely creating dollars, in the form of bank ac-

counts, by simple bookkeeping entries. The borrowers are thereby enabled to draw checks or ask for newly created money with which to buy a part of the goods and services available in the market place. This means that those responsible for the production of these goods and services must be satisfied with less than the share they would have received if the money supply had not been so increased.

By such systems of money creation, our government and our government-controlled banking system have, from the end of 1945, increased the nation's money supply from \$132.5 billion to an estimated \$289.9 billion by the end of 1964. This is an increase of \$157.4 billion. During the same period, the gold stock, held as a reserve against this money and valued at \$35 an ounce, fell from \$20.1 billion to \$15.4 billion. The increase in the money supply for 1964 amounted to \$21.0 billion.²

All these new dollars provided the first recipients with wealth which, had there been no artificial additions to the money supply, would have gone to those spenders

and investors who received their dollars in return for contributions to society. Last year alone, political favorites were helped to the tune of \$21 billion, at the expense of all the nation's producers and savers of real wealth.

These money-increasing policies remain hidden from most people, particularly when prices do not rise rapidly. It is now popular to say there is no inflation unless official price indexes rise appreciably. This popular corruption of the term inflation, originally defined as an increase in the money supply, makes it seem safe for the government to increase the money supply so long as the government's own price indexes do not rise noticeably. So, if these price indexes can somehow be kept down, the government can continue buying or allocating wealth which has been created by private individuals who must be satisfied with less than the free market value of their contributions.

Price Rise Kept Down

Since World War II, there have been two continuing situations which have helped to keep official price indexes from reflecting the full effect of this huge increase in the money supply. The first such situation is that throughout this period American production of wealth has continued to increase.

² Figures from the *Federal Reserve Bulletin*, February 1965. Figures for the money supply include those for currency outside of banks, demand deposits, and time deposits of commercial banks which in practice may be withdrawn on demand.

The second is that during these years foreigners and their banks and governments have taken and held off the market increasing supplies of dollars.

If there had been no upward manipulation of the money supply, the increased production of wealth would have resulted in lower prices. This would have provided more for everyone who earned or saved a dollar. It would also have reduced costs and increased the amount of goods and services that would have been sold at home and abroad.

As it was, with prices rising slowly over the 1945-64 period, the Federal government and our government-controlled banking system have been able to allocate the benefits of increased production, and a little bit more, to favored bank borrowers who pay lower than free market interest rates and those who received Federal funds over and above the sums collected in taxes or borrowed from private individuals or corporations.

Untold billions of dollars have also gone into the hands or bank accounts of international organizations, foreigners, their banks, and governments. Many of these dollar holders consider \$35 to be worth more than an ounce of gold. Such dollar holders have felt they could always get the gold and,

meanwhile, they can get interest by leaving their dollars on deposit with American banks. Foreign governments could even count such deposits as part of their reserves against their own currencies. For example, the more dollars held by the Bank of France, the more it can expand the supply of French francs. So the inflations of many European governments are built on top of the great increase in their holdings of dollars.

Short term liabilities of American banks to foreigners at the end of 1945 were only \$6.9 billion.³ By the end of last year, they had risen to an estimated \$28.8 billion, an increase of \$20.9 billion.⁴ How many more dollars rest in foreign billfolds or under foreign mattresses cannot even be guessed. Should such foreign dollar holders lose confidence in the ability of their central banks to get an ounce of gold for every \$35 presented to our government, more and more of these dollars will return to our shores where their presence will bid up American prices.

This whole process of increasing the money supply by semi-hidden manipulations is not only highly questionable from the viewpoint of morality and economic incen-

³ Federal Reserve Board "Supplement" to *Banking and Monetary Statistics*, Sec. 15. International Finance.

⁴ *Federal Reserve Bulletin* February, 1965.

tives, but it also has a highly disorganizing effect on the production pattern of our economy. Over the years, as these newly created dollars have found their way into the market, they have forced profit-seeking enterprises to allocate a growing part of production to the spenders of the newly created dollars, leaving less production available for the spenders of dollars which represent contributions to society. Once this artificial creation of dollars comes to an end, as it must eventually, those businesses whose sales have become dependent upon the spending of the newly created dollars will lose their customers.

This will call for a reorganization of the nation's production facilities. Such reorganizations of business have become known as depressions. The depression can be short, with a minimum of human misery, if prices, wage rates, and interest rates are left free to reflect a true picture of the ever-changing demands of consumers and supplies of labor, raw materials, and savings. Private business will then move promptly and efficiently to employ what is available to produce the highest valued mixture of goods and services. Any interference with the free market indicators will not only slow down recovery but also misdirect some efforts and reduce the

ability of business to satisfy as much human need as a completely free economy would.

The day of reckoning can only be put off so long. Once the nation's workers and savers realize that such semi-hidden increases in the money supply are appropriating a part of their purchasing power, they may take their dollars out of government bonds, savings banks, life insurance policies, and the like in order to buy goods or invest in real estate or common stocks, and even borrow at the banks to do so. If this trend should develop, the government would soon be forced to adopt sound fiscal and monetary policies.

The same effect might be produced by a rush of foreign dollar holders to spend the dollars they now consider as good as one thirty-fifth of an ounce of gold. In any case, an ever-increasing supply of dollars and ever-increasing prices will eventually bring on a "run-away inflation," unless the government stops its present practices before the situation gets completely out of hand.

The important thing to remember is that increases in the nation's money supply can never benefit the nation's economy. Such increases in the money supply do not and cannot increase the supply of goods and services that a free economy would produce. Such

inflations of the money supply can only help some at the expense of others. Even such help for the politically favored is at best only temporary. As prices rise, it takes ever bigger doses of new money to have the same effect, and this in turn means still higher prices.

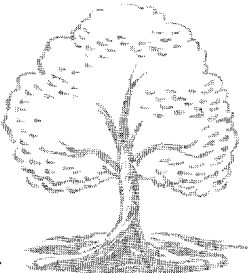
The fact is that no matter what the volume of business may be, any given supply of money is sufficient to perform all the services money can perform for an economy. All that is needed for continued prosperity is for the government to let prices, wage rates, and interest rates fluctuate so that they reveal rather than hide the true state of market conditions.

Under the paper money standard, politicians are easily tempted to keep voting for just a little more spending than last year, and just a little less taxing than last year. The gap can be covered by a semi-hidden increase in the money supply — just a little more than last year. Then, too, the illusions of prosperity are often helped along by an easy money policy — holding interest rates below those of a free market. This tends to increase the demand for loans above the amount of real savings available for lending. The banks then meet the demand for more credit by the bookkeeping device of increasing the bank accounts of borrowers.

Clever financial officials must then find ways to put off the day of reckoning. If gold continues to flow out, private travel, imports, and investments can be blamed and controls instituted. When the first controls do not succeed, more and more controls can be added. When these fail, public attention can always be diverted by a war. War is now generally considered a sufficient excuse for more inflation and a completely controlled economy of the type Hitler established in Germany.

No man or government should ever be trusted with the legal power to increase a nation's money supply at will.

The great advantage of the gold standard is that gold cannot be created by printing presses or by bookkeeping entries. When a country is on the gold standard, politicians who want to vote for spending measures must also vote for increased taxes or sanction the issuance of government securities paying free market interest rates that will attract the funds of private savers and investors. Under a true gold standard, men remain free, the quantity of money is determined by market forces, and both the manipulated inflations and the resulting depressions are eliminated, along with all the poverty and human misery that they cause. ◆



UNDER A GUM TREE

STANLEY YANKUS

Stanley Yankus moved to Australia some years ago in protest at not being allowed to grow as much wheat as he pleased on his own farm in Michigan for his own chickens without paying a penalty tax. We are pleased to share here a recent letter from him, concerning the practice of freedom.

A SOUTH AMERICAN correspondent asks: "What progress are you making in promoting the ideas of liberty in Australia?"

Australia is a vast country. The nature of my job prevents my wandering off to Toowoomba, Queensland, or some other town a thousand miles away. So how can I promote liberty all over Australia?

Did you ever get the feeling that you can't do much alone? On the surface it seems most of us lack the funds and are ill-equipped to promote freedom without belonging to a large organization. But I'm in favor of two-man conversations held under the shade

of an Australian gum tree, or any other convenient place, as one of the best means of promoting liberty. If one's ideas are good, I have faith the ideas will spread like dandelion seeds. If the ideas are worthless like some seeds, they won't even germinate.

To illustrate, let me relate a recent conversation with a libertarian friend concerning the following story:

Back in the days of horse transportation, a group of tourists were being hauled around the countryside by team and wagon. The driver was an expert with his whip. Whenever a fly landed on a horse, the driver flicked it off with a quick snap of the whip. Then a bee land-

ed on one of the horses, but the driver never moved. One of the curious tourists asked, "Why don't you use your whip on the bee?"

The driver winked his eye knowingly and replied, "The bees are too well organized!"

This story was intended to show that organizations have great powers while individuals have none. But my libertarian friend doesn't eat everything that's put on his plate. He had sharper insights. "Suppose," he said, "you were given the task of eliminating all the bees or all the flies. Which task would seem easier to accomplish? How easy it would be to sneak up on a hive at night and capture the entire organization of bees by throwing a plastic bag over the whole lot. How difficult it would be to catch all the flies. They seem to be everywhere and nowhere, unorganized as they are."

Likewise, the unorganized libertarian can go about his business of promoting liberty unnoticed in the middle of the action taking place. Have you ever noticed how unobtrusive one is while strolling through a crowded shopping center — seen and unseen at once? Edgar Allen Poe in his short story, "The Purloined Letter," illustrated how well a letter could be hidden in plain view on top of the desk.

But what can an unorganized

individual do to promote liberty without such tools of communication as newspapers, radio, and TV publicity? After all, what good are the ideas of liberty if no one else knows about them but you?

Hidden Tape Recorders

After purchasing a tape recorder, I eagerly demonstrated my new possession to a family visiting our home. The lady, who heard herself for the first time on the play-back of the tape recording, commented, "I would not like to be recorded secretly by a hidden tape recorder."

Her husband shrewdly observed, "You are tape recorded by every man, woman, and child you talk to. Not only that, you are televised by family, friends, neighbors, and strangers who see you. All of us have mental recollections of facial expressions and conversations we saw and heard many years ago."

Since most of us come in contact with thousands and thousands of individuals during a lifetime, the number of mental tape recordings we leave in other minds becomes difficult to calculate — even for a mathematics professor. All this communication takes place without spending a penny on the publicity of newspapers, radio, and TV. The lesson to derive from an awareness of the multitude of im-

pressions made on others by our words and behavior is to work toward self-improvement — to make ever better tape recordings of self.

These ideas were not generated by a large organization aiming to

reform others, but, rather, by two ordinary individuals who were mutually trading ideas on liberty for their own self-improvement — one hand washing the other. How better can one promote liberty in Australia or elsewhere? ♦

IDEAS ON LIBERTY

How to Advance Liberty

ONCE AN INDIVIDUAL who would advance liberty has settled on self-perfection as correct method, the first fact to bear in mind is that ours is not a numbers problem. Were it necessary to bring a majority into a comprehension of the libertarian philosophy, the cause of liberty would be utterly hopeless. Every significant movement in history has been led by one or just a few individuals with a small minority of energetic supporters. The leaders have come from strange and odd places; they could not have been predicted ahead of time. One, I recall, was born in a manger. Another, the leader of a bad movement, was an Austrian paper hanger. Who, more than any other, will advance liberty in America? I do not know; you do not know; that very individual does not know, for each person is possessed of aptitudes and potentialities about which he or she is unaware.

LEONARD E. READ



LABOR
DRIVES
FOR
“TOTAL SECURITY”

PAT VINCENT

You are hired by the company the day you leave school.

You move up the seniority ladder at a fixed and unalterable pace.

There's no need to make a special effort or develop new skills: your position and pay are fixed by the time you spend on the job.

You receive financial assistance when you marry, later get additional benefits for your children.

You retire at the age of 55.

The worker's paradise?

Not so, say Japanese union leaders about the “lifetime employment plan” which covers approximately 40 per cent of their country's work force. In fact, both labor and management are now trying to find some way of dismantling Japan's tradition-bound system. Unions are restive, point-

ing out that the worker is stuck with one job for life, has no incentive to develop additional skills, and can't better himself by taking advantage of opportunities in a different industry. Management is hobbled by a work force that is stagnant, regimented, and unadaptable to changing times.

France, West Germany, Belgium, the countries of Latin America, have had “job security” programs for decades, but with no perceptible increase in labor satisfaction. There is always the example of the American “capitalist” worker with his high standard of living, his freedom to move up the economic ladder at his own pace, to goad the security-bound worker of other lands into a realization of his own plight.

Or at least there has been — until now. For the mid-sixties is witnessing a massive drive by the

Mr. Vincent is a free-lance writer specializing in the business and industrial field.

labor hierarchy to impose a similar strait jacket on management and employees in this country in the guise of "total security."

Decked out in the full panoply of expensive union propaganda, the term has an undeniable seductiveness: it is all-encompassing, impatient with logic and history. It promises everything to the worker and asks nothing; seemingly, he can't lose.

The Obvious Strategy

The strategy of implementation is becoming clearer day by day. You can see it in the attempt to focus attention on a few untypical situations as universal models, and in the increasing number of theoretical articles being published in those reliable bellweathers, the journals of opinion. "See — it works!" says the first. "And it's an intellectually respectable concept, too," says the second.

Take the case of the total job security program recently negotiated by the United Steelworkers of America with Alan Wood Steel Company. In itself, the program for the 2,500 employees of the small Pennsylvania steel firm would have little if any repercussion on the economy. As a pattern for negotiations with the can industry, steel industry, and all industry, however, it has been moved to the center of the labor arena

with deliberate fanfare by United Steelworkers' president, David J. McDonald. Here, he has said in effect, is the shape of things to come.

The basics of the contract are familiar to everyone by now. For each worker, a guaranteed average rate of earnings which will "protect" him from a reduction of more than 5 per cent because of demotion or other job changes by management; a guarantee of 38 hours pay for each week in which an employee works, even though he is on the job only part of the time; payment to each worker with 10 or more years tenure of the equivalent of 85 per cent of his pay should he be laid off, until retirement; and sharing with all employees 32.5 per cent of savings achieved through labor or materials efficiencies.

No Mention of Weaknesses

In "selling" this program to the country, labor spokesmen make no mention of the many factors in the program which have caused disillusionment abroad, such as the worker's loss of mobility and versatility, the discounting of incentives, the sapping of individual initiative, and the inability of companies to compete or even stay in business under this kind of financial burden.

Instead, any suspicion as to the economic feasibility of the program is to be allayed by the intellectuals. Providing an ideological base from which to influence the mass media is their role in the strategy of implementation. And just what is the philosophical justification for "total security"? Just how is this concept to be structured into American life?

Here is Robert Theobald, author of *Free Men and Free Markets*, writing in *The Commonweal* of September 4, 1964: "... we had to develop a new, human and constitutional right — the right to an income. . . . Every citizen who has resided in the United States for a period of five consecutive years should be guaranteed the right to an income sufficient to enable him to live with dignity. No government agency, judicial body or other organization whatsoever should have the right to suspend or limit any payment assured by this guarantee."

As Mr. Theobald candidly states, this concept "justifies income without toil."

And how is this total security to be paid for?

By penalizing each employee who has the ambition and initiative to develop and market his skills beyond an arbitrarily fixed point. To quote Mr. Theobald, "We should establish the principle that the portion of income required to maintain a reasonable standard of living should be tax free. Taxes should only be paid on incomes rising above this level."

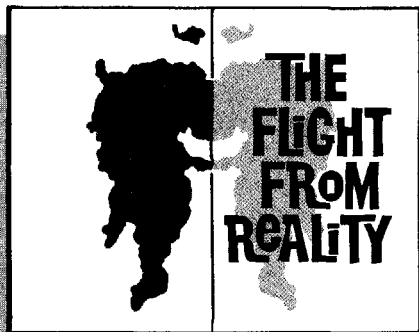
Here, then, is the cost which labor is to pay for "total security": regimentation, abrogation of the right to enjoy the fruits of one's labor, atrophy of skills, and a universal but minimum standard of living at a "reasonable" level.

Is it not ironical that just as labor in Asia, Europe, even behind the Iron Curtain, seeks to cast off the confining restrictions of "total" systems and gain some of the mobility and freedom of the American worker, the latter should be offered this same tired and withered concept as his shining hope? ◆

IDEAS ON LIBERTY

Legislated Security

THE INTRODUCTION of compulsory social insurance in cases of sickness, or compulsory social insurance in cases of unemployment, means that the workers must be subject to examinations, investigations, regulations, and limitations.



8. *The Deactivation of History*

CLARENCE B. CARSON

To-day . . . one rarely finds a historical student who would venture to recommend statesmen, warriors, and moralists to place any confidence whatsoever in historical analogies and warnings, for the supposed analogies usually prove illusive on inspection, and the warnings, impertinent. . . . Our situation is so novel that it would seem as if political and military precedents of even a century ago could have no possible value.

— JAMES HARVEY ROBINSON, 1912

The newer history . . . holds that few situations in a very remote past will allow of being used as data to test the validity or desirability of measures proposed for present or future application. It regards civilization as a great organic complex and contends that, as the general cultural setting of events in the past was so vastly different from the present situation, past events can furnish only a very doubtful and unreliable criterion for judging of the wisdom of present policies.

— HARRY ELMER BARNES, 1925

MANY OBSTACLES barred the way of those who were attempting to institute melioristic reforms. The most formidable obstacle was reality itself. As a matter of fact, since reality has not demonstrably changed, it still is an insurmountable obstacle to the success of many kinds of reforms. However, reformers have been able to *attempt* many of their innovations.

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This means that they have been able to alter generally held conceptions of reality. This was accomplished by embarking upon an extended flight from reality.

Thus far, the story of the advance of reformist ideas has been told within a framework of an enduring reality, and the departure of reformist conceptions from it. In order for large-scale attempts to make over man and society to appear feasible, men had to cease to believe in an underlying structured and ordered reality. Many

intellectuals made this step in their thought. It does not follow, of course, that the reason why they ceased to believe in an ordered reality was so that reforms could be instituted. On the contrary, many who contributed to this development in thought were not apparently interested in extensive reforms. Many nineteenth century thinkers who had ceased to believe in a metaphysical reality which endures did not, on the other hand, believe consciously directed reform to be possible.

Nonetheless, by dispensing with the metaphysical framework, they set the stage for reform. If man has a nature, if all things have a nature, if there is an underlying order which endures, it follows that there are great limits to the kinds of change that can be made. These conceptions are, however, metaphysical in character regardless of how obvious and demonstrable they may appear to some people who have not been trained in metaphysics. The metaphysical underpinnings of these conceptions were swept away by David Hume and Immanuel Kant, or, to be more precise, these philosophers held that they could not be directly validated by reason and sensual evidence. The house of philosophy collapsed in the early nineteenth century, and thinkers went off in every direction, erect-

ing ideologies out of the bits and pieces that remained from the wreckage of philosophy.

Reason cut loose from reality, and the imagination freed from the discipline of philosophy were used to draw up plans for new heavens on new earths. Even Americans began to feel the attraction of utopia by the latter part of the nineteenth century. When the enduring was cut away, time and change were all that was left. New pseudo philosophies — Hegelianism, Marxism, Darwinism — arose to offer accounts for changes in time. These were oriented, however, to the discovery and exposition of the laws of change and were not favorable to consciously initiated reforms. Pragmatists offered a way out of this dilemma by setting forth a radical new freedom, freedom from any underlying laws. John Dewey readily wrenched this pseudo philosophy into the orbit of reformism, calling his variant of the philosophy Instrumentalism.

An Obstacle to Reform

Some of the ground must be re-traveled at this point, however. By moving all of reality into time, thinkers did not remove the conceptual obstacles to the triumph of reformism. They only succeeded in making reality the subject mat-

ter of history. The traditional role of history was inspirational and cautionary. Men studied history to be inspired by examples of noble actions, to enrich their limited experience by that of others, to draw sustenance for their lives from the lives of others. There was a negative side to this study of history, too: one could find there indications of the limits of what should be attempted, be reminded of the consequences of precipitate action, discover anew what was beyond his power to alter, be chastened by the records of the failure of others. In short, history has usually played a conservative role in society. It was a major obstacle to reform, as men customarily thought of it and utilized it.

Some reformists, who were also historians, realized this. James Harvey Robinson, writing in the early twentieth century, declared: "History has been regularly invoked, to substantiate the claims of the conservative, but has hitherto usually been neglected by the radical. . . . It is his weapon by right, and he should wrest it from the hand of the conservative."¹ In short, Robinson, as a would-be reformer, perceived that history must be reconstructed in order to make it an instrument of

reform. The older history must be deactivated; it must be replaced by a "new history."

Traditional Use of History

Before describing how this deactivation and "instrumentation" of history took place, however, some examples of the traditional use of history are in order. In an earlier America, history was conceived of as a depository of experience which might be examined for guidance in the affairs of men. Nowhere is this usage better exemplified than in the debates over the adoption of the Constitution. In some of the state conventions there were veritable outpourings of historical erudition to buttress one position or another.

Americans were fearful at this time of entrusting overmuch power to governments. They found numerous instances in history of the working out of the dangers that they feared. For example, those attending the Massachusetts convention were treated to the following discourse on the matter:

Dr. Willard entered largely into the field of ancient history, and deduced therefrom arguments to prove that where power has been trusted to men, whether in great or small bodies, they had always abused it, and that thus republics had soon degenerated into aristocracies. He instanced Sparta, Athens, and Rome. The Amphictyonic

¹ James H. Robinson, *The New History* (New York: Macmillan, 1912), p. 252.

league, he said, resembled the Confederation of the United States; while thus united, they defeated Xerxes, but were subdued by the gold of Philip. . . .²

A Mr. Nason in the same convention points out the dangers of a standing army:

A standing army! Was it not with this that Caesar passed the *Rubicon*, and laid prostrate the liberties of his country? By this have seven-eighths of the once free nations of the globe been brought into bondage! Time would fail me, were I to attempt to recapitulate the havoc made in the world by standing armies.³

A Major Kingsley cites even more specific historical references, as he argues for better control by the people over their government:

Let us look into ancient history. The Romans, after a war, thought themselves safe in a government of ten men, called the *decemviri*; these ten men were invested with all power, and were chosen for three years. By their arts and designs, they secured their second election; but, finding, from the manner in which they had exercised their power, they were not able to secure their third election, they declared themselves masters of Rome, impoverished the city, and deprived the people of their rights.⁴

² Elliot's *Debates*, Bk. I, vol. 2, p. 68.

³ *Ibid.*, p. 136.

⁴ *Ibid.*, p. 62.

The Virginia convention was the scene of even more vigorous debate founded in historical allusions than was that of Massachusetts. James Madison was one of the most learned of these debaters. In the following citations, he is arguing from history that loose confederations are not adequate to the exigencies of government:

The Amphictyonic league resembled our Confederation in its nominal powers. . . . But, though its powers were more considerable in many respects than those of our present system, yet it had the same radical defect. . . .

The Achaean league, though better constructed than the Amphictyonic, . . . was continually agitated with domestic dissensions, and driven to the necessity of calling in foreign aid; this, also, eventuated in the demolition of their confederacy. . . .

The Germanic system is neither adequate to the external defence nor internal felicity of the people. . . .⁵

By historical references, Edmund Randolph argues for the desirability of union:

If you wish to know the extent of such a scene, look at the history of England and Scotland before the union; you will see their borderers continually committing depredations and cruelties of the most calamitous and deplorable nature, on one another. . . .⁶

⁵ *Ibid.*, vol. 3, pp. 129-31.

⁶ *Ibid.*, p. 75.

The manner in which they were employing history was not left in doubt. They were reaching back into history for lessons appropriate to actions they were considering. John Marshall makes this clear in the following passage:

We may derive from Holland lessons very beneficial to ourselves. Happy that country which can avail itself of the misfortunes of others — which can gain knowledge from that source without fatal experience!⁷

James Madison adds: "We may be warned by their example, and shun their fate, by removing the causes which produced their misfortunes."⁸

Common Sense and Philosophy

The didactic use of history rests upon both a common sense and a philosophical foundation. At the common sense level, it is only an extension of everyday practice. If we slip and fall on an icy street, we proceed with caution on icy streets thereafter, realizing that the same thing can happen again. By analogy, we reason that a street is not even necessary to recurrence, that it can happen anywhere on ice. Written history — that is, what is ordinarily thought of as history — is the formalized memory of a

people, the record of their experience. History is the public memory of a people, and may serve in more general affairs in much the way that an individual's memories of experience serve him — i. e., as a compendium of dangers to be avoided, a depository of successful methods, a storehouse of what the world is like and how one may operate within it.

At the philosophical level, the didactic use of history was based upon the existence of an underlying order. It assumes that events, in essence, can recur and that the reason for this is an order in which a given cause will produce a given effect. To return to the example used above, a man walking requires traction to proceed. When he loses traction, his forward motion will continue him downward to the earth, and since he will usually try to brake himself, he will usually fall backward. The occurrence of such events can be stated as laws; they recur and are even predictable.

In the same fashion, there are larger developments that can be expected to recur under certain circumstances. For example, if political power is concentrated, and not strictly limited, tyranny may be expected to result. The explanation is to be found in the nature of man. The didactic use of history rests, then, upon the

⁷ *Ibid.*, p. 225.

⁸ *Ibid.*, p. 311.

view that beneath the surface upon which changes occur there is a substratum which endures. This enduring substratum—this metaphysical realm—makes it possible for men to discover from the study of history what is apt to happen when a particular course is followed.

In everyday affairs, men have continued to recur to and use their experience very much as they always have. One suspects that even the most determined reformist intellectual wears his rubbers, or puts snow tires on his automobile, when he ventures out upon icy streets. He knows, as do we all, that "history" repeats itself many times over. But at the level of large and complex matters, history has been deactivated, the past has been cut off, and men have been disjoined from the common fund of experience. A new history has emerged which is not a useful record of experience but a herald of the future and an instrument for rebuilding society.

Defaming the Past

One of the culminating steps in the deactivation of history was the defamation of the older history. Just as the older philosophy had been defamed, just as the older education, religion, and economics would be defamed, just so history would be denigrated. The

work of undermining the older history was mainly the work of historians. Many contributed, but three men who mounted the assault in the first half of the twentieth century will provide us with sufficient illustrative material. These men were: James Harvey Robinson, Harry Elmer Barnes, and Charles A. Beard.

Robinson launched the attack upon the older history first. His position is made clear in the following:

It is true that it has long been held that certain lessons could be derived from the past. . . . But there is a growing suspicion . . . that this type of usefulness is purely illusory. The present writer is anxious to avoid any risk of being regarded as an advocate of these supposed advantages of historical study. Their value rests on the assumption that conditions remain sufficiently uniform to give precedents a perpetual value, while, as a matter of fact, conditions . . . are so rapidly altering that for the most part it would be dangerous indeed to attempt to apply past experience to the solution of current problems.⁹

Writing some years later, Barnes much more vehemently denounced the reliance upon past experience. He declared that "the past has no direct lesson for the present in the way of analogies and forecasts." He goes on to

⁹ Robinson, *op. cit.*, pp. 17-18.

cast doubt upon the "wisdom of the Fathers," that is, the wisdom of leaders in past times. "The fact that every civilization prior to our own has ended up in a hopeless wreck should be fairly proof of the frailty of patristic wisdom in all ages of men." In short, "we are grotesquely wrong in assuming that there has been any great amount of true wisdom in the past. . . ."¹⁰ But even if there had been wisdom in the past, he pointed out, it would not be relevant to contemporary problems. Conditions have changed.

Therefore, in our efforts to solve contemporary problems on the basis of the "wisdom of the past," we are somewhat more absurd in our attitude and conduct than the animal trainer who would strap his pet anthropoid in the seat of an aeroplane on the ground of his prior mastery of the technique of the tricycle. Not even a Texas Methodist Kleagle would think of taking his car to Moses, Joshua, Luther or George Washington to have the carburetor adjusted or the valves ground, yet we assure ourselves and our fellowmen that we ought to continue to attempt to solve our contemporary problems of society, economics, politics and conduct on the basis of methods, attitudes and information which in many cases far antedates Moses.¹¹

¹⁰ Harry E. Barnes, *The New History and the Social Studies* (New York: The Century Co., 1925), p. 588.

¹¹ *Ibid.*, p. 589.

It is not necessary to disentangle all the ideas which Barnes mistakenly or dubiously associated and confused. The point is that he denied the relevance of historical lessons to the present, and, in the same passages, rejected all that may have been learned in the past.

Charles A. Beard, a somewhat more disciplined thinker than Barnes, denied that cause and effect can be isolated in history. He maintained that no group of complications can "be isolated from surrounding and preceding complications. Even 'simple' events are complex when examined closely. 'George Washington accepted the command of the American troops.' What 'caused' that action?"¹² He goes on to conclude that it is impossible to draw a conclusion with certainty about the answer to the question he poses. In so complex a matter as the American Revolution, he continues, the attempt to assign causes is futile.

To apply the physical analogy of "cause and effect" we should be compelled to think of the American Revolution as an entity, like a ball, set in motion by impact of other entities. The latter are the "causes" and the motion of the ball is the "effect." The impossibility of making such analogy

¹² Charles A. Beard, *The Discussion of Human Affairs* (New York: Macmillan, 1936), p. 90.

conform to the recorded facts of the Revolution is apparent to anybody who employs historical knowledge in the effort. We know that thousands of events took place in time, and that thousands of personalities were engaged in them, but we cannot find chains of causes and effects in them.¹³

Questions Without Answers

However obtusely he had done so, Beard had put his finger on the nerve that goes to the center of the didactic use of history. If it is impossible to discover cause and effect, it is not possible to know what action produced what results. Without this information there is little to be learned from the past. Beard's examples do not prove his case; instead, they show that it is possible to pose questions in such a way that no answers can be found for them. In the first example, he asked what George Washington's motives were. He was quite right in pointing out that we cannot discover the answer to this question with any certainty. He was wrong, however, if he supposed that the answer to the question would matter if it could be known. The effects of actions, once they have taken place, are not altered by motives. Suppose he had asked another sort of question, a "simple" one involving George Washington. For example, Continental troops were so

disposed on Long Island that they could have been cut off by General Howe. Why did this occur? Washington had issued an order that they be situated in this manner. He had *caused* them to be so disposed. If the army had been captured, Washington could have been held responsible. If this had happened, there would have been instruction in it for future military commanders.

The case of the "cause(s)" of the "American Revolution," as Beard poses the problem, is even more instructive. It leads us toward an understanding of the position from which historians denied the relevance of the past for the present. Beard started with a dubious assumption, i. e., that there was some occurrence which could properly be called the "American Revolution." This is highly doubtful. At best, this phrase is a *convenient designation* for a considerable number of events and developments — e.g., the break from England, the war, the drawing of constitutions, the making of reforms, and so forth. Moreover, the question as posed may embrace motives, purposes, incentives, desires, accidents, influences, decisions, reasons, as well as cause and effect relationships, in its answer. "American Revolution," when used as a phrase to designate a large number of de-

¹³ *Ibid.*, p. 91.

velopments, is a fictional device, not a reality. The real question involving causation concerning a convenient designation should concern who invented it. To treat it as something that actually occurred, to ask what caused it to occur, is bound to lead to confusion. To fail to distinguish among all that an historian might offer as explanation — to lump everything together as “causes”—compounds the confusion. The question of causation is important for the didactic use of history as it concerns the results of human action. Beard had posed no question that brought the problem into focus.

Actually, then, the arguments were irrelevant to the positions taken. Beard had not disproved the existence of cause and effect relationships. Barnes had not shown that there was nothing to be learned from the past, nor that men in the past had no wisdom. Robinson had not shown that past experience is irrelevant in present circumstances. They, along with others, did succeed in discrediting didactic history, but what did the work was not the validity of their direct arguments against it but their assumptions. These men were historicists, and if one accepts the historicist position, he must, logically, reject the relevance of the past to action in the future.

A Hodgepodge of Details

In essence, historicism has been defined — or described — in the following way by one historian: “The subject matter of history is human life in its totality and multiplicity. It is the historian’s aim to portray the bewildering, unsystematic variety of historical forms . . . in their unique, living expressions and in the process of continuous growth and transformation.” In brief, “the special quality of history does not consist in the statement of general laws or principles, but in the grasp, so far as possible, of the infinite variety of particular historical forms immersed in the passage of time.”¹⁴

Historicism was developed by German historians in the nineteenth century; it stemmed from Herder and was shaped by von Ranke, Dilthey, and Meinecke. It arose as a protest against the scientific emphasis of eighteenth century thought and partook of the romantic concentration upon the concrete and the unique.¹⁵ It was, in its inception, a definition of the limits and extent of their craft by historians. They were saying something such as this: Each event when viewed as a

¹⁴ Hans Meyerhoff, ed., *The Philosophy of History in Our Time* (Garden City: Doubleday, an Anchor book, 1959), p. 10.

¹⁵ See *ibid.*, pp. 9-18.

whole is unique. That is how we propose to view every happening, occurrence, and development. Perchance, there may be common features to them, there may be laws and principles, but this is not our concern as historians.

Well and good, one might say, let other disciplines explore reality from their vantage points and discover such laws and principles as there are. But there was a catch. In the course of the nineteenth century, all of reality was being thrust into the domain of history by thinkers, by Hegel, by Marx, by the Darwinians. Everything was conceived of as changing, and the historicists themselves were among the first to claim every aspect of life as grist for their mills. This brought them into conflict with the various "scientific" schools (Hegelian, Marxian, Darwinian), for these sought for and expounded "laws" of historical change. On the whole, in the West, the historicists appear to have won.

In the main, however, it was an empty victory. Most of the ideas that were denied entrance at the front door by historicists came in at the back by way of assumptions. Thus, scientism, progressivism, determinism, and a host of other isms have pervaded historical work in the twentieth century. Historicism is particu-

larly vulnerable to determinism, and the historicist has no vantage point from which to resist the intellectual currents of his day. This is so because historicism is ineluctably relativistic. Each event is unique; each happening must be understood in terms of the context within which it occurs. To put it another way, everything is *relative* to its context. Rigorous historicists (some of whom were romantic individualists) have tried to avoid the implicit determinism in this view by insisting upon the uniqueness and individuality of each thing. But most historians are not troubled by such philosophical scruples; thus, they allow the implicit assumption of determinism free play in their work.

No Guide for the Future

The main point, however, is that historicism makes history useless so far as instruction for future action is concerned. Regardless of how luxurious the detail with which events are described — or because of it in part — these events contain no lessons. They are unique, self-contained, or, in the case of the way in which most practitioners handle them, prelude to the future. Future happenings will be unique also, perhaps shaped, even determined, by the past, but unlike anything in it. The relativism

in historicism can be utilized to reach yet another conclusion — that *the past is unknowable*. This is roughly the conclusion which Charles A. Beard had reached by the mid-1930's.¹⁶ The reasoning follows this line. Both men and events are conditioned by the context within which they occur, are relative to their "times." If this is so, it follows that the historian writes from his own unique position and can never be certain that he is making truthful statements about the past. It is much more likely that he is revealing much more about himself and his times than he is about the past. The idea was already current that each generation rewrites history in its own image, and Beard's position reinforced it.

The thought may well arise at this point, why bother with history, anyhow? It appears to be useless, meaningless, and in any case, probably unknowable. Some historians have indeed drawn such a conclusion. But the most vigorous defamers of the older history quite often had new uses in mind. They were what may be called historicist-progressives. From historicism they took the idea that history does not repeat itself, that

ideas and events are relative to the context within which they occur, and that it is the business of the historian to reconstruct the whole of the past, in all its luxurious detail. From progressivism came their idea that all of later history is a product of earlier history — that the past is prologue. If one could delineate all the trends at any present moment, they thought, he could discern the shape of the future. This was a watered down version of the various historical determinisms of the nineteenth century.

Changing the Past

Historicist-progressives turned to the conscious use of history to reform man and society. This was the purpose of James Harvey Robinson's *New History*. He declared, "We must develop historical-mindedness upon a far more generous scale than hitherto, for this will add a still-deficient element in our intellectual equipment and will promote rational progress as nothing else can do. *The present has hitherto been the willing victim of the past; the time has come when it should turn on the past and exploit it in the interests of advance.*"¹⁷ The historian should come forward and direct the reforms, it appears:

¹⁶ His most famous statement of it is in "Written History as an Act of Faith," *American Historical Review*, XXXIX (January, 1934) 219-29.

¹⁷ Robinson, *op. cit.*, p. 24. Emphasis added.

As for accomplishing the great reforms that demand our united efforts — the abolition of poverty and disease and war, and the promotion of happy and rational lives — the task would seem hopeless enough were it not for the considerations which have been recalled above. . . . The reformer who appeals to the future is a recent upstart. . . . But it is clear enough today that the conscious reformer who appeals to the future is the final product of a progressive order of things. . . . We are only just coming to realize that we can cooperate with and direct this innate force of change. . . .¹⁸

Even as long ago as 1913 the villain of the piece — conservatism — had been identified. "At last, perhaps, the long-disputed sin against the Holy Ghost has been found; it may be the refusal to cooperate with the vital principle of betterment. History would seem, in short, to condemn the principle of conservatism as a hopeless and wicked anachronism."¹⁹

Harry Elmer Barnes accepted the "value of historical knowledge as an aid in improving the present and in planning for the future. . . ." He declared that the "chief way in which history can be an aid to the future is by revealing those elements in our civilization which are unquestionably primitive, anachronistic and obstructive and by making clear those forces and

factors in our culture which have been most potent. . . . in removing these primitive barriers to more rapid progress."²⁰ The ubiquitous John Dewey can be quoted to the same effect: "Intelligent understanding of past history is to some extent a lever for moving the present into a certain kind of future."²¹

The Projection of Historical Trends

History was not only deactivated, then, but also reactivated. The older history was defamed and cast aside, but a New History was conceived to take its place. History ceased to be a record of man's experience from the past, rooted in an enduring reality, and was given a new role of being an instrument of reform in the present and for the future. This New History was (and is) presentistic and futuristic. The past is consciously and intentionally viewed from the present perspective and in terms of future goals. The emphasis is upon trends and forces at work in history, and upon the changing cultural setting within which men live and events take place.

History was rewritten to the above formulas. The *modus operandus* was something such as this.

¹⁸ *Ibid.*, pp. 263-65.

¹⁹ *Ibid.*, p. 265.

²⁰ Barnes, *op. cit.*, p. 16.

²¹ John Dewey, "Historical Judgments," in Meyerhoff, *op. cit.*, p. 172.

The historian combed whatever history he happened to be studying for currents and trends leading up to the present situation or which could be expected to culminate in the not too distant future. Quite often, such history was written with a particular idea, goal, or ideal in mind. A favorite goal for American history has been democracy. A historian writing from this angle is apt to discover "seeds of democracy" in Puritan New England, "limited democracy" in the constitutional period, "Jeffersonian democracy" in the time of the badly misunderstood Jefferson, and "Jacksonian democracy" a little later.

Of course, the Jacksonians only witnessed the Advent of Democracy, as any reader of such histories knows. A great struggle had yet to take place. Children and women labored long hours in inhospitable factories. The enfranchisement of the adult population was only well underway. In the latter part of the nineteenth century, the "plutocrats" almost succeeded in wrenching the control of the government out of the hands of "the people." But, in the early twentieth century, "the people" wrested control away from the usurpers, and turned it over to progressive reformers. From that time on, with some set-backs, the advance of "democracy" has been

upward and onward. The work is not finished, of course, as one historian points out in the peroration to his text:

High though our standard of living is, it reveals glaring inequalities. Vigorous efforts should be made to narrow the gap between the rich few and the poor many. A better life must be assured our millions of sub-standard tenant farmers, sharecroppers, migratory fruit-and-vegetable workers, and day laborers, both Negro and white. Millions of our people enjoy less than a decent standard of living, and consequently fall victim to illness, crime, and other misfortunes resulting from a low income. A high standard of democracy and a high standard of decency go hand in hand.²²

He has, of course, already described trends which, when they culminate, should deal rather effectively with these problems.

The Subtle Path to Reform

It should be noted that the historicist-progressive historian need not come out in the open as an advocate of reforms, as the above quoted historian does. He can, and usually does, accomplish his advocacy in more subtle ways. The story that he tells is usually oriented toward reforms. The

²² Thomas A. Bailey, *The American Pageant* (Boston: Heath, 1961, 2nd edition), p. 970.

trends he discovers make the reforms virtually inevitable. He can describe the surrounding circumstances in such a way (the handling of the Great Depression is a good example) that the reforms are made to appear unavoidable and entirely desirable. All of this he can do while maintaining a stance of "objectivity." All that he has been doing, he may protest, is to describe what happened, to show the context within which it happened, and to sort out the trends which led up to the happening. Actually, many historians of this stripe take no particular pains to hide their melioristic bias. The ones quoted above were hardly doing so. It is a handy stance to have around, however, when some historian arises to oppose reform.

It should be noted, too, that "lessons" have crept back into the New History. They usually have to do with the temporary triumph of the "forces of reaction." Perhaps the most commonly repeated "lesson" is the one to be learned from the failure of the United States to join the League of Nations. Many historians attribute failure of the League to the absence of American support. If America had joined, they say, things would have been different. Look at all the horrors that en-

sued. The hardly concealed "lesson" was that the United States should join the United Nations and should stay with it and support it at all cost. Notice that this is not a lesson to be learned from history at all. It is a preachment written into history. No one knows what might have happened had the United States joined the League of Nations. It is pure supposition that the course of events would have been much altered. It is not a lesson drawn from what men did and what the consequences were; it is a lesson drawn from what men *might* have done and what *might* have been the result had they done so.

As the above indicates, history has been cut loose from reality. The only reality with which history can properly deal is in the past. When, and to the extent that they did, historians cut loose from reality, they cut all of us off from much of our experience. They opened the way to reform efforts unchastened by experience. They turned history into an instrument for remaking man and society. They wrenched history out of its path of reliance on the concrete experience of the past and attempted to root it in their own subjective longings. ◆

The next article in this series will treat of "The New 'Reality.'"

THE WILL TO BE

Free

WYATT B. DURRETTE, JR.

IN THE STRANGE dialectic of Rousseau the mystery of freedom lies in the forcing of others to be free: a perversion so immense that it has captured many minds in its beguiling grasp.

The Founding Fathers of the United States suffered no such illusions, for they believed man capable of self-responsibility. As Dr. Felix Morley expressed it in *The Power in the People*: "To put the power in the people implies faith. It implies that the component individuals are, for the most part, already endowed with self-control. This Republic is grounded in the belief that the individual can govern himself. On the validity of that belief it will stand — or fall."

This is a recognition of the essential nature of freedom: that it cannot be imposed from without; it must exist and thrive in the minds and hearts of men or not at all. It is on this foundation that

the Founding Fathers sought to construct a nation. Though the structure is important, they knew, and we must remember, that freedom can only survive if men cherish and prize it above all else.

James Madison wrote in *The Federalist* (No. 39) of "that honorable determination which animates every votary of freedom, to rest all our political experiments on the capacity of mankind for self-government."

Benjamin Franklin voiced this same thought. The story is told that he was asked shortly after the Philadelphia Convention concerning the nature of the product which their labors had produced.

"We have given you a Republic, madam, if you can keep it," is reputed to have been the old gentleman's reply.

Usually this anecdote is recalled to emphasize that our government was conceived as a Republic, not a democracy, suggesting that the key to the continuity of our con-

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cepts of liberty and individual freedom lies in the preservation of this governmental structure. This accounts for much of the effort to protect the integrity of the Constitution by detailed analysis, laborious research, and scholarly writing, and explains why such importance is given to the balancing of power among the three repositories of Federal authority and between the national and state governments.

That this structure has contributed immeasurably to the preservation of liberty is not to be denied. Yet, there was more, an essential ingredient — present in the past, but fading today.

This ingredient is the spirit and vision of freedom captured by the Declaration of Independence and manifested in the Constitution, the fire of liberty which burns in the minds and hearts of individuals. Here is the foundation upon which this nation was built, and the only foundation upon which it can endure.

Thomas Jefferson knew that the strength of our Republic lay in the people's fidelity to the vision of 1776, to the spirit of freedom: "When that is lost," he wrote, "all experience has shewn that no forms can keep [people] free against their own will."

Thus viewed, Franklin's "if you can keep it" assumes greater sig-

nificance than is usually attributed to it. The structure was only as strong and enduring as man's will to be free.

As Judge Learned Hand phrased it: "Liberty lies in the hearts of men and women; when it dies there, no constitution, no law, no court can save it; no constitution, no law, no court even can do much to help it."

Here then lies our challenge. The governmental framework is important, perhaps vital; but even the best governmental structure is merely a paper barrier against tyranny unless there are those who value freedom.

Madison, Jefferson, Hand, and Franklin, among many others, have clearly seen this. They knew that freedom lives and breathes in the hearts of men, not in a constitution nor a formal code of law. At best these forms can only serve to preserve the conditions propitious to the continued life of the vision.

But when the vision goes, the structure soon follows. Our primary task is to rekindle that vision. Should we succeed, we need worry little about the structure. For the will to be free provides its own structure; and where freedom is found, men manage to create and preserve the framework around which it can grow. ♦

Hang the Expense-- It's Worth It to Me



BERTON BRALEY

MY FRIEND Jones, whom I don't keep down with, is very price conscious.

We were shopping in the same supermarket, and I had just dropped a package of Grandma's Oats in my cart.

"That," said Jones, "is an example of the way the consumer is gouged on the cost of living. Grandma's Oats — maybe four cents worth of oatmeal in a fancy package, nineteen cents! Four hundred per cent profit. It's a stick-up. It ain't worth it."

"It's worth it to me," I said. "I'm not paying nineteen cents for four cents worth of oatmeal, I'm paying 19 cents for oatmeal I know is accurately weighed, free of dirt and worms, cookable in five minutes instead of five hours, and put up in a convenient package to use or store in the cupboard.

Mr. Braley continues free-lance writing after fifty years as author, correspondent, and poet.

"Using Grandma's Oats instead of loose oatmeal saves on my gas bills, saves my wife labor and time, and adds maybe one cent to the cost of our breakfast. If the manufacturer and the retailer split a 400 per cent profit in furnishing me these advantages — they're welcome to it. So, 19 cents for Grandma's Oats — it's worth it to me."

Maybe our food cost runs a little higher than the Joneses — though I doubt there's much difference — but it's worth it to me in time and trouble saved by *not* worrying whether I could have got something two cents, or two dollars, in some cases, cheaper by bargain-hunting. It's worth it to me in the convenience and ease of shopping where pre-packaged and wrapped goods are all ready for me to pick up and take home.

So when Jones and I met again at the milk counter — I think he was haunting me to see what next

extravagance in buying I would commit — and as I put a container of homogenized milk and a half pint of heavy cream in my cart, he said, "Two cents extra for homogenizing — which probably costs half a cent. Another stick-up!"

I said, "It's worth it to me. I'm not too lazy to shake up the milk each time I use it, but I don't like to be bothered, and it's worth two cents a quart to me not to have to."

"Is it worth ten cents more a half pint to buy heavy cream instead of light?" he protested.

"It is to me," I replied, "I like real cream in my coffee, not fortified milk. Also, it's worth it in the economy sense. First, I need only half as much heavy as light cream to get the same effect, or better, in my Java. Second, I can get the same consistency as light cream — if I wanted it, which I don't — by mixing heavy cream with milk, at a mingled cost less than the light stuff."

In the vegetable department, Jones loaded a five pound bag of potatoes into his cart and I did likewise, only, as Jones pointed out, I was paying two cents a pound more than he was.

And I pointed out that I was getting selected, sized, and washed potatoes, in a transparent bag through which my wife could see

to pick out the particular potatoes she wanted to cook; while Jones was getting a heterogeneous lot of spuds that had to be dumped out to determine their size, and scrubbed by Mrs. Jones before they could be used.

If that extra work and bother to the Joneses is covered by the ten cents they save on the bag, it isn't worth it to me. And, again, if the potato-packer makes eight cents out of this "fancy packaging," he's welcome to it, as far as I am concerned.

However, Jones to the contrary notwithstanding, there are very few swollen profits wrapped up in packaged and frozen foods. With the competition as fierce as it is, the greedy purveyor would find himself out of business in a month if he tried to mulct the buyer for more than the packaging is worth.

And in pre-cut and wrapped meats, for instance, I find a saving not only of time, but of money. In my supermarket — which is typical — I can find exactly the kind, cut, quality, and quantity of meat I want, visible and easily handled in its cellophane wrapper, labeled with its weight, price per pound, *and* a guarantee as to quality. And I don't have to accept the extra ounces that a butcher frequently adds as he cuts to fill the order, or watch to see that he doesn't weigh his hand with the

steak, or pay him from two to ten cents a pound more than for the "prettified" kind from the pre-cut counter.

And, even if it were more expensive to buy the prepared stuff, it would be worth it to me in convenience, and the sanitary absence of flies.

In the list of grocery items for which I cheerfully pay a small premium in price are certain brands of coffee, salad dressing, tea, soup, pudding, detergents, scrubbing powder, and the like that have been recommended to me through years of national advertising, but permanently sold to me because experience proves their superior quality.

That same price differential is also worth it to me in a number of other categories — like car polish, floor wax, vacuum bottles, hand lotion, and razor blades, to list a few — in which certain brands demonstrably are best and most efficient to use. Incidentally, some of these special brands, while higher priced than many competitors, are not the most expensive. While I contend that paying more for the best is generally worth the difference, it doesn't follow that paying the most always gets you the best.

So, I agree with Jones about shopping around for some items.

There's no advantage to me in paying 29 cents for four ounces of perfumed lighter fluid when there's a chain store that sells it (unscented) for 9¢.

Paying 10¢ an ounce for nail-polish remover, when lacquer thinner (the same chemical) costs 50¢ a pint, isn't worth it to me.

Nor is it worth it, to a smoker who has "tried 'em all," to pay several dollars a pound for ultra-special blends of tobacco when a dozen brands at a dollar-a-pound are just as satisfactory and a lot easier on the throat.

And, to step into a higher bracket of expenditure, it isn't worth it to me — and wouldn't be if I were "loaded" or had a limitless expense account — to pay \$25 for a steak dinner at a swank bistro, when \$3.75 will get me as good a meal in surroundings just as luxurious except for the figures on the right of the *carte du jour*. I say that isn't worth it to me; yet, I readily concede that it must be worth it to those who freely and willingly partake of such fare.

With comparatively few exceptions, it's worth it to me to pay whatever is the small added price for a better or more conveniently packaged product; and let Jones use his price-conscience penny-wisdom in what I call pound-foolishness.

I've made this piece personal because I think I'm typical of the "improvident and extravagant American customer" who buys on impulse and doesn't count the cost — and because it's my personal opinion that the "extravagant and improvident American customer" is nothing of the kind, but actually a better economist than the price-conscious bargain hunter.

When he — or rather, she, (for women do most of the shopping) — buys advertised brands of soap or sealing wax, packaged cereals, pre-cut meats, frozen vegetables and fish, the cent or two more they cost (and not all of them do) are worth it to her in convenience, confidence in quality, time and labor saved.

It's because Mrs. Shopper is

convenience-minded, quality-minded, and time-minded that our producers have built up a market vaster and more varied than anywhere else on earth, in which "extravagant" shoppers can go on expanding the list of things that are worth it to them.

To the kind of mind that views saving string and straightening nails as economy, most Americans are heedless spendthrifts, but that sort of economy is sound only when fresh string and new nails are not on the market.

So, I think that the American buyer is basically the most intelligently provident of people in using "it's worth it to me" as his slogan. My opinion on this may not be worth your considering, but it's worth it to me. ♦

IDEAS ON LIBERTY

Serving the Consumer

THE PRINCIPLE which enables consumers to get the most of what they want is the principle of the free market. The heroine of the free market is the typical Queensway housewife who will go out of her way rejoicing to buy a box of detergent two cents cheaper.

Such an opportunity our heroine is glad to discover by shopping around. She would most vocally resent any restriction on her freedom to shop around. Without this vital freedom, all other freedoms — worship, speech, press, assembly, and so on — are shadowy if not impossible.

A PART OF THE PROBLEM

PAUL L. POIROT

ONLY the inimitable Victor Borge would have "an uncle who once invented a cure for which there is no known disease." But all of us can claim an "uncle" who is adept at formulating answers without knowing what the problem is; and "Uncle Sam's" favorite answer is, "Subsidy!"

In fairness to "Uncle," it may be conceded that his failure to identify problems clearly could be a shortcoming picked up from various of his nieces and nephews. It happens to the best of us!

For example, what about all these victims of poverty we see throughout the world? Blessed as we are today with our fast cars and planes and instantaneous radar and television entry into the most remote corners, we can detect the first pangs of hunger or the slightest sigh of suffering or hardship, in a matter of seconds, it seems, from anywhere on earth. Previously, when a man's "world" was little larger than he could circumscribe conveniently on foot

or horseback, his chances of spotting anyone much poorer or hungrier than himself were not great. And if there were a neighbor in need, it was not so difficult to figure out just what he needed and how to help him. In those days, if a farmer lacked a plow, none of his friends would have thought of giving him a fully automated steel mill.¹ If no one had an extra plow to give, at least someone would be willing to lend the tool in exchange for some help with the corn at harvest time.

If a family were really up against it, perhaps with illness and a shortage of food in the dead of winter, it wouldn't have been considered real neighborly to send over a "relief" check and a promise of more when needed. A nearby housewife might drop in with a pot of stew, and spend some time nursing the sick and tidying up the cabin before returning

¹ See "Statism and the Free Market" by Sudha R. Shenoy, *THE FREEMAN*, May 1962, p. 44.

home. And the expectation would be, in most cases, that when the stew kettle eventually was returned to its owner, it would contain a freshly baked pound cake or some repayment in kind. Or, a neighbor would stop to see if one of the boys from the needy family might be able to spend a few weeks helping with the chores at the neighbor's place — for his room and board, and perhaps a chance for some schooling.

There is an art to helping a person help himself, of being charitable toward anyone without damaging his self-respect and sense of self-responsibility. When those one would aid are close to home, well known and loved and respected, the temptation to be rash or careless in rendering aid is diminished. A friend's life and character is at stake, and the problem can be more clearly seen as not simply a need to fill his belly but a way for him to earn self-respect and a reason for living.

Contrast this with the modern method of perceiving poverty from a jet or helicopter or through a picture tube, a telescopic view of multitudes of strangers, too numerous to be counted or cared for one by one, too much of a job for any one neighbor.

The picture is accurate enough;

these are actual human beings who are hungry, homeless, ragged, diseased, illiterate. Their sad plight is real and evokes the sympathy of all who observe their condition. But feeding a starving multitude is no job for a friendly housewife with a kettle of stew. An individual, yes, or perhaps several members of a family can be cared for by any one of us — but viewing the problem en masse tends to conceal the fact that it still is the individual who suffers hunger, disease, privation. It is the individual who needs a purpose in life and a way to earn his own living — a way to achieve *his* purpose. Populating the earth with purposeless creatures is a goal unworthy of any human being; yet, this would seem to be the tendency inherent in most of the so-called charitable programs of the welfare state.

Aside from the case of hopeless cripples and invalids for whom others may care, poverty is a continuing problem only (1), to individuals who have no incentive to rise above that challenge, and (2), to those who take it upon themselves to perpetuate the situation through irresponsible subsidies. Of these two aspects of the problem, the latter is probably the more serious. ◆



Groping for the Secret of Fire

WILLIAM HENRY CHAMBERLIN

SUPPOSE that a primitive tribe in a distant jungle had forgotten the secret of how to make fire. Suppose the tribesmen were groping about with one experiment after another, trying desperately to regain the lost secret. There, in a nutshell, one would have a clue to much that has been going on in the Soviet Union before and since the fall from power of Nikita Khrushchev last October.

Anyone who has followed Soviet developments in the speeches of Soviet leaders and in Soviet newspapers and magazines during the last few years must be impressed by the amount of attention devoted to failings and breakdowns in the management of industry and agriculture. Khrushchev made one experiment after another. First, he set out to decentralize the cumbersome state economic bureaucracy that tries to run the national economy. Then, finding that the decentralized local "councils of national economy" were trying to keep for themselves more than their proper share of the available resources, he lurched uncertainly back to new methods of central direction. He was never able or willing to admit that the root of the trouble is in the sys-

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tem itself, not in this or that detail of administration or organization.

Khrushchev followed the same pattern in agriculture, regarding which he imagined himself a special authority. In his last years of power he was continually rushing about the Soviet Union, hauling local officials over the coals, issuing a stream of new recommendations and orders. In 1958, when good weather gave the Soviet Union a record harvest, the bouncy extrovert believed he had the farm problem licked. He began to boast that the Soviet Union would soon pass the United States in per capita output of meat and dairy products — a boast which inspired considerable skepticism in all who have lived and traveled in both countries.

But there was a very different story in 1963 when the Soviet Union was saved from hunger, if not actual starvation, by purchasing millions of tons of grain from the United States, Canada, and Australia. The other communist giant, Red China, found itself under the same necessity. A joke began to circulate about Khrushchev that he deserved a Nobel Prize in agriculture. He had planted grain in Russia and harvested it in America.

Although political change in the Soviet Union is enveloped in a

thick cloak of secrecy, it seems probable that economic failure ranks high among the reasons why Khrushchev had to go. For seven years he had stood on the pinnacle of Soviet power; he had been given his opportunity to make good on Stalin's old prediction that the Soviet Union would overtake and outstrip the leading capitalist countries, including the United States. (This boast elicited a private joke overheard by a number of foreign travelers in Russia: "We shouldn't get too far ahead or they will see we have nothing on our behinds.")

Standard of Living of Soviets Still Low by Comparison

There is a mountain of evidence to show that the Soviet standard of living today, with the fiftieth anniversary of the communist revolution less than three years off, remains abysmally low by comparison with the United States or most countries of Western Europe or even some of the Soviet satellite states in East Europe. Two recent news items may suffice. Here is an excerpt from the British *New Statesman* of October 23, 1964, written by a correspondent on the spot about living conditions in Moscow. (*The New Statesman* is a magazine of strongly socialist sympathies and, although not communist, cannot

be accused of bias against the Soviet regime.)

"Russia is still the only major world power which cannot provide an adequate supply of fresh milk, eggs, fresh fruit and vegetables for its population. Distribution is still shocking. The quality of the meat usually makes it fit only for stewing. The waiting time for a telephone is from three to five years, depending on where you live. Buses, trains, and the underground are hopelessly overcrowded at most times of the day, making traveling to work and back much more of a nightmare than the rush hour is in London. Laundries and shoe repair shops perpetually ruin or lose things and the consumer has little redress. The housewife has fewer labor-saving devices than anywhere else in the rest of Europe, although a great number of women go out to work."

Item Number Two: Radio Liberty, which broadcasts in Russian and other languages of the Soviet Union and monitors Soviet broadcasts, recently made a calculation of comparative New York and Moscow prices, in terms of working time required to earn this or that commodity. Roughly speaking, the Soviet worker or employee must toil ten times as long as the American for a quart of milk, sixteen times as long for a pound of sugar, ten times as long for a pound of coffee, seven times as long for a pound of pork — and so

on through a long list of commodities. And the important considerations of quality and availability are also much more disadvantageous in Moscow than in New York.

What with foreign tourists coming into the country, foreign broadcasts, and a limited number of Soviet citizens permitted to travel abroad, the Soviet citizen is becoming more and more aware of how badly off he is. The old excuses are played out. It is almost twenty years since the last shot was fired in World War II. If, as around-the-clock propaganda assures him, the Soviet economic system is superior to the individualist or capitalist, Ivan Ivanovich, the Soviet man in the street, would like to see a few tangible proofs.

An Urgent Problem

So, as several of their public statements indicate, the front men for the new Soviet regime, Leonid Brezhnev and Aleksei Kosygin, face an urgent problem in creating more tolerable living conditions. And it is in the field of internal economic policy that they have departed most noticeably from Khrushchev policies.

The fallen Khrushchev proceeded on the basis of tightening the control of the local branches of the Communist Party over every

detail of industrial and agricultural production. These branches were even split up into two departments, one for industry, one for farming. This split has been canceled and present policy is to let the Communist Party stick to the function of providing "general political guidance," leaving tasks of management to the state managerial class. Although the small private plots of land which are left to peasants in the collective farms for individual cultivation produce a disproportionate share of such foodstuffs as poultry, vegetables, and dairy products, Khrushchev had been cutting back on these allotments as a source of capitalist infection. One of the first acts of his successors was to repeal these cuts.

Professor Liberman Proposes Test of Sales and Profits

There now seems to be an intention to try out on a much larger scale the ideas of Professor Yevsei Liberman, of Kharkov University, who has long been advocating a freer hand for the individual enterprise within the general scheme of a state planned economy. Liberman's central idea, as he expressed it in a letter published in *The Economist* of London, is as follows:

"The success of a factory's work is judged, first by how well

its wares sell, and, second, by the profit level."

Formerly, the state planning agencies tried to dictate every detail of factory production and sales. This proved especially unworkable in the consumers' goods industries and created a temptation to fulfill the plan figures at any cost, paying little regard to quality or consumer desire. Now, the clothing industry and perhaps some others turning out consumer goods will experiment with the Liberman method, which will attempt to test genuine efficiency, not simply to produce a given number of units of this or that product. Many examples of the disastrous results of this latter method appear in the Soviet newspapers. So one can learn from *Pravda* — official organ of the Soviet Communist Party, which in this case was living up to its name, "Truth" — that every television set purchased by Muscovites in the first half of 1960 had been repaired at least twice; that the "Saratov 2" and "Dnieper" types of refrigerators were useless; that the shoe factory at Chernovtsy, in the Ukraine, had piled up 40,000 pairs of children's shoes that no one wanted to buy.

Equally instructive are the woes of one Mr. Kamenev, general manager of GUM, the department store in Moscow which is the big-

gest establishment of its kind in the Soviet Union. In a letter to *Izvestia*, another leading Soviet newspaper, he stated that during the previous year he had sent more than 100,000 letters of protest, complaint, and advice to the industries supplying his store, without receiving a single reply. In the overcoat department alone the unsalable stock had reached a value of 30 million rubles (nominally a slightly larger sum in dollars).

A hat factory with the martial name of Krasny Voin (Red Warrior) turned out every year 150,000 hats, all black and unacceptable in shape, and GUM lost a million rubles trying to sell them. When an inquiring reporter from *Izvestia* got in touch with the manager of the Krasny Voin, he received a standard reply in such circumstances: "We have fulfilled the production plan; the rest doesn't concern us."

To anyone who, like the writer, has lived for a considerable time in the Soviet Union, these complaints are a very old story. For, although criticism of the basic dogmas of Marxism and communism is strictly forbidden, Soviet citizens are permitted and even encouraged to blow off steam denouncing cases of poor quality and inferior service. But the psychological satisfaction of blowing off steam is about all they accom-

lish. For the automatic remedies which prevent the existence of such conditions in a free enterprise system — market pricing, competition, the penalty of bankruptcy for firms which fail to meet customers' requirements — have been entirely absent under the Soviet command economy. So far, the industrial manager there has been able to "get by" merely turning out an arbitrarily set figure of units of production, quite regardless of quality, durability, and general satisfactoriness. The Liberman proposals, which have been debated for years, represent an effort to inject something of these missing elements into the Soviet productive scheme.

Authority Without Responsibility

Whether the normal techniques of private capitalism can work within the strait jacket of a state-owned, state-controlled economy remains to be seen. On this question Mr. Henry Hazlitt ventures a pessimistic forecast in his recent book, *The Foundations of Morality*: "If I am a government commissar, selling something I don't really own, and you are another commissar, buying it with money that is really not yours, neither of us really cares what the price is."

But what is significant is that Khrushchev during his time of

power, and now his successors, recognized that some dynamo was lacking in the Soviet system of production and groped around as desperately as one might imagine primitive tribesmen doing who had forgotten how to light their campfire. This same trend is noticeable in the Soviet satellite states of eastern Europe, especially in Czechoslovakia, where a rigid planning system led to such a breakdown that a radical reorganization of the whole system of production and distribution is under way.

Conditions for Progress

To ignite fire or, to drop the figure of speech, to make a modern industrial and agricultural system function at high efficiency, the following elements are essential: the right to earn and inherit property, the payment of differential incentive wages for superior skill and diligence; the right to operate a business for profit — or loss; the existence of a free market to determine the value of what is being produced; a sound, freely exchangeable currency; and a competitive system as the surest and least painful guaranty of standards of quality and efficiency. When Lenin and his followers took over power, profiting by the chaos and disorganization of Russia, following years of costly war-

fare and the collapse of the traditional Czarist system, they threw over all these proved foundations of a productive economy and instituted what later became known as a system of war communism.

All forms of private ownership for profit were abolished; the state undertook to run the entire economy; money practically lost all value; it was meager ration that counted, not the pay in increasingly worthless paper rubles. Some of these changes were in line with communist ideology; others were forced on the regime by the exigencies of prolonged civil war.

The ultimate result was what even communist economists recognize as one of the most formidable breakdowns of production in world economic history, with industrial production falling to 20 per cent, farm output to about 50 per cent of normal. In 1921 there was a prodigious famine which took millions of lives and would have taken millions more if it had not been for the large-scale supply of food by Herbert Hoover's American Relief Administration and the smaller contributions of many other foreign humanitarian organizations.

By this time Lenin realized that something had to be done, and quickly, if the whole Soviet sys-

tem, which had won the civil war against the divided and poorly organized resistance of the anti-communist forces, was not to founder as a result of complete economic paralysis. He came up with what was known as the NEP, or New Economic Policy, of which one important feature was the substitution of a fixed tax for the former policy of requisitioning whatever the government judged was the peasant's surplus foodstuffs — a policy that produced more peasant uprisings than food. At the same time private trade was legalized and a regular wage system replaced the payment of wages in kind. Small industries were again permitted to function. Considerable inequalities in compensation were permitted and there was an attempt, not always successful, to keep the ruble currency fairly stable in terms of purchasing power.

Spectacular Results

The results of this lukewarm, halfhearted return to capitalism were spectacular, comparable with what happened in Germany after the mark was stabilized in 1948 and Economics Minister Ludwig Erhard made a bonfire of price and wage controls and told his countrymen it was up to them to improve their war-shattered standard of living by intelligent hard

work. In both cases there was an almost miraculous appearance of goods and foodstuffs; hope replaced despair, with bustling activity instead of bleak stagnation.

But, while Germany went from success to success on the pathway of full capitalist restoration, Josef Stalin, after getting a firm grip on the levers of power, proceeded to liquidate the NEP, abolishing private trade, forcing the peasants, with the most ruthless methods of compulsion, to give up their small private holdings and work in big state-controlled collective farms, imposing on the country all the rigors of a command economy. Stalin's goal was a swift build-up of the heavy industries and the war preparedness of the Soviet Union; and he succeeded — at the price of millions of human lives and a reduction of his subjects to a bleak, drab standard of living. He kept the personal incentive system in wages and salaries and he abolished some of the more foolish early ideas of the Revolution, highly permissive methods in education and preference in admission to universities for applicants of working-class origin. But he based the Soviet economic system on a foundation of hideously exploited and maltreated slave laborers. And the nominally free workers in factories and offices were forbidden to

change jobs without permission and were subject to imprisonment for tardiness or absence.

The Missing Spark

After the grim dictator's death in 1953 there was an easing of his more ruthless measures. Many of the victims of his slave labor camps were released and conditions in the camps were somewhat humanized. Slave-driving methods in the factories were relaxed. The peasants, who had been the low men on the Soviet totem pole, as they had been, indeed, throughout Russian history, were given a little more incentive.

Yet some essential sparkplug was lacking; and this fact became clearer as the Soviet economy became more complex. It had been comparatively easy to set a few simple goals: so much steel, coal, oil, and the like, although agriculture lagged badly as a result of the destruction of the peasant's old incentive of personal ownership of land. There were years under Stalin when the output of farm products was little more than it had been before the Revolution, despite the growth of population and the large injection of tractors and other modern machinery.

Somehow, the secret of fire had not been rediscovered and the groping for new methods of stimulating productivity under Khrushchev and under Khrushchev's successors let some curious skeletons out of the cupboard. It is obvious from the most orthodox Soviet sources that the national economy has bent, almost to the breaking point, under a crushing load of competing and often conflicting bureaucratic planning instructions. About the end of 1964 a deputy in the Supreme Soviet (parliament) cited the case of the Izhora factory, which received seventy different official instructions from nine state committees, four economic councils, and two state planning committees, all authorized to give orders.

Some of the grotesque things that have been happening would have defied the imagination of the great Russian satirical humorist Gogol. There was, for instance, a chandelier factory where the workers were paid higher bonuses for turning out heavier chandeliers. The upshot was that they produced chandeliers that pulled down the ceilings.

Small wonder that Yevsei Liberman and other would-be reformers are getting a hearing. Yet the pull of communist dogma and of the vested interests in maintaining the old system of bureaucratic controls should not be underestimated. Once a machine of bureaucratic planning is set up, disentanglement becomes as difficult

as for a fly to extricate itself from flypaper. It is still far from certain, given the Soviet political and ideological system, that its rulers will succeed in relearning the secret of fire.

However this may be, two conclusions seem to be in order. The first is that the Soviet Union is not and never has been and never will be under its present economic system, a serious challenger to the United States, or to any advanced industrial country, in terms of achieving a high standard of everyday living. The Soviet system makes possible successful concentration on costly stunts in space, of which the practical value

is extremely dubious. It does not make possible the assurance of an all-around high and rising standard of living.

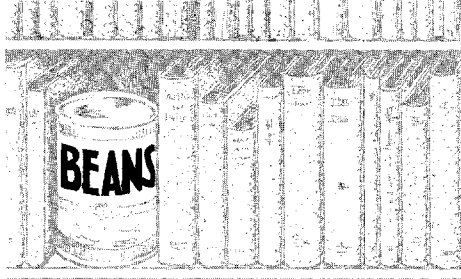
Second, we can see today a new illustration of the truth of Oxenstierna's maxim: With how little wisdom the world is governed! Just when state economic planning, pushed to extreme lengths in the Soviet Union, is emitting sounds that suggest a death rattle, the people of Great Britain, by a very narrow margin to be sure, have entrusted their government to a party which holds up the planning of productivity and the regulation of individual incomes as Alpha and Omega of progress and economic wisdom. ◆

IDEAS ON LIBERTY

Necessarily Inefficient

EVERY GOVERNMENT activity is delayed and directed by hundreds of democratic checks and balances. Economically, this is necessarily inefficient. But the preservation of freedom requires us to keep these checks and balances, even though the *cost* of government services and production is thereby greatly increased.

Inefficiency in government is the price we pay for liberty. If, in an attempt to make our government more efficient, we undermine the cumbersome checks and balances and divisions of power specified in our Constitution, liberty will disappear in the United States.



AMIDST the books on the shelves of an acquaintance of ours, whom we know to be a man of refined sensibilities, we found to our astonishment a squat, homely can of beans. Ordinary pork and beans. Here was a mystery — what could possibly have moved our friend to place such an humble object among his less earthy volumes. A moment of insanity? Never. Hunger? Impossible. It was hard to push back the suspicion — had he had some didactic purpose in mind? What, indeed, can one learn from a can of beans?

It was a preposterous object, and irksome. A mere fleck of chaos in the otherwise impeccable surroundings of a civilized man. We tried to ignore it, but tension grew between us and that smug, disorderly tin. Curiosity overcame reticence; we picked it up furtively and turned it this way and that, hoping to divine its secret. It yielded none, for it was, after all, just a can of beans.

What can one learn from a can

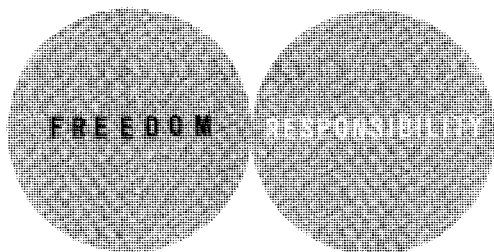
An editorial from the March 1962 issue of *Insight and Outlook*, a conservative student journal published in Madison, Wisconsin.

of beans? It has no poetic qualities to speak of, and is smaller than a breadbox. A symbol of the masses, perhaps, focusing their aspirations for material betterment with nature's parsimony? Dubious. Then we noticed the price: seven cents. Curiously low; was it some sort of novelty in the age of clipped coinage? What an enormous quantity of materials, tools, steps, services, and knowledge went into the production of the can: iron from the Mesabi, mined, shipped, refined, cast, stamped, rolled, shaped, coated with tin from Bolivia; paper label, a product of an entire industry, printed and dyed by two more; the beans themselves, and the pork, and sauce, raised, shipped, prepared, finally canned. Almost uncountable processes of production, transportation, and marketing set into motion to disgorge the can. No one man or one hundred men had all the knowledge necessary to produce it, and yet it appeared — for seven cents. An excellent symbol of the interdependence of economic effects on the market. As we thus pondered, can of beans *flagrante delicto* in the hand, our friend entered the room.

"Rather the essence of social co-operation," we said, replacing the can to the shelves.

"Just so," he said, unperturbed. "Just so."





THE COIN OF FREEDOM

D. M. WESTERHOLM

MY 12-YEAR-OLD SON looked up rebelliously from a flower bed he was weeding, his face flushed with exertion and firm intent to speak his mind. "The other kids don't have to weed flower beds. They're out playing baseball, and I don't think it's fair that I can't go, too!"

"Well, son," I said quietly, remembering earnest rebellions of my own childhood, "you did agree that you would do this chore each week. You said that you wanted to do your part to help the family; and you were mighty happy to earn some extra money, too. Right?"

"Sure, mom," he nodded impatiently, "but not when the guys need me to play shortstop!" And

he gave me a look which spoke eloquently of a 12-year-old's opinion of such obviously unfair tactics as reasonableness and logic.

This seemed to be the proper moment to give my lad a small (and somewhat sneaky) gift which we had acquired for just this sort of situation.

He reacted with cautious interest when I returned from the house and handed him a tiny box. Scrubbing his earth-stained hands on his pants, he opened the box and took out a silver disk about the size of a 50¢ piece, and slowly turned it over and back again. On one side was engraved the word *FREEDOM*; on the other side the word *RESPONSIBILITY*.

He studied the shining coin for awhile, and then grinned with

Mrs. Westerholm is a Registered Nurse, housewife, and student of liberty of Gardena, California.

elaborate mock resignation. "Guess there's supposed to be a lesson here, hmm?"

"Maybe," I smiled. "Know what it might be?"

He thought a moment and then ventured: "Could be that if I want the 'freedom' to play baseball, I ought to take care of my 'responsibility' for the weeds, first?"

"Could be," I nodded. "Maybe if you keep that in your pocket it might help explain some other things, too, as time goes on. Freedom always has that other side. Freedom of speech carries with it the responsibility not to malign or slander another by your speech, for instance. It isn't a true coin without both sides — just a counterfeit."

The Cat stuffed the coin carefully into his pocket and said a bit ruefully, "Oh, well — I guess some guys do carry good luck pieces!"

I grinned back at him. "You might find that this one can be a real 'good luck piece' if you use it to help yourself *think*."

"Mothers!" he muttered — but he was smiling as he resumed his weeding.

An Important Lesson

An unimportant little episode? Not at all. There was an extremely important basic concept involved here; and this was one step we were taking to try to teach it to

our oldest child. The relationship between freedom and responsibility is one that has been essential to the formation and growth of this nation. It must be a balanced, equal relationship if the value and strength of either is to be maintained — let alone increased. This relationship is also one which can only be maintained by individuals; for to attempt to delegate or refuse to accept individual responsibility is to lose freedom proportionately — not only for oneself but for all others as well. One cannot legislate away the burden of responsibility without also automatically legislating away an equal degree of personal control — and "personal control" is simply another way of saying "freedom."

It is easy to understand a threat to freedom when it is a matter of someone bursting over the horizon, shooting up the town, and killing or capturing the citizens. It is easy then to understand and recognize the need for assuming immediate personal responsibility for the safeguarding of one's freedom. It is far more difficult to recognize a threat to freedom which comes gradually, insidiously, and through legalized peaceful means, enacted by our own people and loudly claimed to be "for our own good." But the threat is just as real in either case!

A long careful look at the condi-

tions under which we now live in this greatest citadel of freedom will disclose an amazing lack of personal freedom, compared with the degree we once had. There is literally no phase of living which is not controlled in one way or another by some branch of the state — from the moment we bite into our breakfast toast (made of parity-priced wheat, and spread with price-controlled butter) and send our children off to school (to compulsory attendance, usually at a government-controlled school) and draw our paycheck (upon which all sorts of compulsory deductions have already been levied and withheld) and drive home (on multi-billion-dollar tax-built roads) to a rent-controlled or government-subsidized dwelling — and so on and on and on.

Our Sad Departure

When we speak, rather smugly and complacently, about our revered American heritage of individual freedom, we are *not* speaking of our present way of life. When we, step by step, legislated away our personal responsibility to handle the various problems of living, just so, step by step, we departed from that heritage of freedom. Granted, many so-called “benefits” have been gained — degrees of material security from birth to death — but at what a

price! The price is not only in terms of lost personal freedom — seldom missed until it is gone entirely — but also in more easily understood terms of dollars and cents.

Bureaucracy has always been a most expensive method of accomplishing anything, in contrast to the accomplishments of free competitive enterprise. A glance at our soaring national debt, the rate of inflation, the tax burden, should demonstrate quite clearly this hard dollars-and-cents price.

But there is another price we are paying, the disastrous price of gradual, inevitable loss of individual initiative and integrity — the loss of the individual *sense* of responsibility. Without these traits, respected and put into practice, we cannot hope to regain personal freedom and all it entails. Without these traits, we face deeper and deeper immersion into a collectivistic way of life.

Under any socialized scheme, there is less and less material or psychological incentive to attempt to develop the creative ability necessary for progress. Where is the incentive to excel, individually, under a system which guarantees the same benefits to all, regardless of effort or ability? Also, moral integrity is inevitably lost when the whole societal emphasis is on delegating personal responsibility and

placing it in the hands of the impersonal state. Moral integrity is a matter of individual growth, and cannot be legislated into existence.

Now, if we adults of this generation are practicing less and less personal responsibility, then we probably are teaching and emphasizing this trait less and less to our children. It seems reasonable that children thus untrained in the importance of initiative, integrity, and responsibility would certainly be apt to demonstrate less respect for others, less respect for property rights, less respect for the laws which were established to protect these rights, and less respect for the social courtesies. The term is "juvenile delinquency."

By the same token, children who have been taught respect for the rights of others, and have learned self-respect through initiative and achievement, are more apt to enter adulthood better prepared to enrich and enjoy their own lives and to help stem the tide of collectivism sweeping our country.

Most of us will quietly continue to try to teach ourselves and our children to understand freedom, to search after knowledge and wisdom, to love our Creator, to respect all men — and ourselves; to attempt to improve ourselves at all times, and to take humble pride in creative accomplishment. We will try to teach our children and ourselves that freedom must be *earned*, and guarded carefully; that it is a *privilege* which carries with it a real and continuous *responsibility*.

We will try to remember that these are *learned* concepts — not instinctive knowledge; that especially in this socialized society in which we live it is necessary to *teach* these concepts, deliberately and carefully, if we hope to prepare our children to face adult situations and problems in a capable and responsible manner.

And so, in our family, as an aid to learning, we each carry a small coin. One side says *FREEDOM*. One side says *RESPONSIBILITY*. We call it the coin of freedom. ♦

IDEAS ON LIBERTY

What's the Difference?

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

SUPPOSE that an entrepreneur with a sense of scenic beauty builds a million-dollar motel on the downstream side of a dam that harnesses a wild river for the needs of man. Shall the dam's owners, by reason of that motel, henceforth claim credit for \$1 million of annual flood damage prevention, and thereby justify further investment in the dam?

The Tennessee Valley Authority seems to figure that way. From the *Report of the Chief Engineer for 1963* we find that "at June 30, 1963, the estimated cumulative benefits from flood regulation of the Tennessee River system amounted to \$461 million. The total TVA investment allocated to flood control was \$184.8 million, and the cumulative expense of the flood control program was \$53.1 million." (p. 90)

The annual flood damage figure is calculated with the help of an appraisal curve that shows the recorded floods and the economic damage they would do if they occurred today without regulation by TVA dams. Every few years the curve is lifted to reflect new construction and higher values. Thus, the curve informs us that, according to 1961 values and state of development, damages averted in fiscal year 1963 amounted to

TVA

some \$113 million at Chattanooga and other locations at the Valley and to \$4 million along the lower Ohio and Mississippi Rivers. Thus, multibillion-dollar spending by the Federal government is "justified."

The 1963 edition of *Facts about TVA Operations* further reveals that "the Federal government is sole proprietor of an electric system which at the end of the fiscal year 1962 had a net worth of \$1.8 billion, well over half a billion more than the \$1.2 billion Treasury investment in the system." (p. 2) The adjoining income statement reveals a net income of \$56.2 million for 1962, and \$51.6 million for 1961.

Let us assume that this net income figure is correct, although the statistical and bookkeeping procedures cast grave doubt on its reliability. Every student of accounting and every investor knows that the capitalized value

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REPORTS

HANS F. SENNHOLZ

of a company with \$56.2 million net income usually is less than \$1 billion. Even with an assumed yield as low as 6 per cent, the market value of the TVA power system would be only \$937 million. Yet, bear in mind that TVA's total investment for all programs amounts to \$2,581 million, including a "nonpower investment" of \$652 million. (p. 2)

A bit later in the same report we find that "in the Tennessee Valley the operating costs per kilowatt-hour for producing, transmitting, and distributing electricity are about half the average for the Nation's private utilities. *These costs are unaffected by taxes and interest* — factors sometimes given as the reason why rates are low in the Tennessee Valley." (p. 5, italics added)

The preceding page, however, had seemed to say the very opposite in enumerating the TVA benefits to the Federal govern-

ment: "Despite the fact that most of the power systems in the Tennessee Valley region are exempt from Federal income taxes, the total financial benefits the Federal government receives from power operations are probably greater in this area than any other. Nearly half of all the power TVA sells goes to agencies of the Federal government, primarily the atomic energy plants at Oak Ridge and at Paducah. TVA's low rates, and the exemption of these Federal power sales from taxation by the states and counties of this region, result in large savings to the government and to taxpayers in all parts of the Nation who support these agencies." (p. 4)

Taxes and Costs

But the main reason for TVA's low operating costs, we are told, is yet another: the wisdom of its managers to charge low rates which in turn reduce costs! Here is the explanation by TVA's Director of Information: "The region does, of course, have low-cost hydroelectric power. And large amounts of coal in or near the area. But more important are the economies that TVA and the distributors accomplish through the mass production that is achieved by giving primary concern and constant attention to keeping rates as low as possible to

encourage the widest and most abundant use of electricity. It is generally accepted that low costs can produce low rates. The opposite also is true: low rates can produce low costs." (p. 5)

There follows a table of comparison of TVA costs with investor-owned utilities. In operation and distribution TVA costs are said to be 45 per cent of investor-owned utilities; in transmission and distribution, 35 per cent; in collection and customers accounting, 30 per cent; sales and demonstration, 25 per cent; administration overhead, 30 per cent; and finally, depreciation, 70 per cent. Altogether, TVA claims to operate at 45 per cent of the costs of investor-owned utilities.

To discover what accounts for this amazing comparison, we must understand the TVA method of cost allocation. TVA announces construction of "multiple-use dams" and then charges 22 per cent of the construction costs and 27 per cent of its common costs to "navigation," 14 per cent of construction and 31 per cent of overhead to "flood control," and only 64 per cent and 42 per cent respectively to "electric power." (p. 10)

Investor-owned companies, however, have no way to remove millions of dollars from cost accounting. They build dams whose pur-

pose is flood control, and yet every penny spent constitutes power cost.

"A Competitive Challenge"

This competitive challenge to individual enterprise is emphasized throughout the pages of *Facts about TVA Operations*. The following passage is indicative: "The effects of competition by comparison are apparent beyond the limits of the Valley region. Adjacent utility companies found that rate reductions which they initiated because of TVA's influence helped to bring rapid increases in the home use of electricity. The closer private utilities are to the Valley area the lower their residential rates tend to be. Similarly, rural electric cooperatives pay lower wholesale rates for electric power the closer they are to TVA and to the most nearly comparable other area, the Pacific Northwest. Federal Power Commission figures show that the private utilities have been helped, not hurt, financially by low-rate policies. The common stock earnings of all the large privately owned utilities in the U. S. multiplied about 4 times in the years 1937 to 1960; in the same period, nine large private companies adjoining the TVA area multiplied their common stock earnings more than 10 times." (p. 7)

The truth is that in recent years most privately-owned utilities have reduced their rates because of improved technology and rising productivity. Even in states where coal, oil, or gas have remained the most economical fuel, electricity has become an effective competitor. And it should not be surprising that despite such rate reductions, most utilities now show higher earnings than prevailed in the depression years of the late thirties. Yet, TVA would take all the credit!

Perhaps the most enlightening of all the *Facts about TVA Operations* is to be found in the concluding passages. While the report claims exceptionally economical operation in all TVA endeavors and thus "justifies" the Federal expenditures through extraordinary returns and benefits, it con-

cludes that the Tennessee Valley is entitled to this expenditure in the distribution of Federal funds. Why should New York, Pittsburgh, California's Central Valley enjoy Federal funds, and the Tennessee Valley be without them? In fact, the Tennessee Valley is said to have received less than its proper share in the redistribution of wealth and income. "Is it fair," the report asks rhetorically, "that such states as Texas, Oklahoma, and Louisiana should enjoy low-cost gas and oil, simply because their states are richly endowed with such resources, while people farther away must pay more dearly?" (p. 14) This, presumably, is why the people of the Tennessee Valley deserve TVA. The principle of sharing-the-wealth through redistribution could not be stated more succinctly. ♦

IDEAS ON LIBERTY

Socialized People

IN THE FINAL ANALYSIS, this study concerns *persons*, and not *things*. When we speak of the socialization of the electrical industry, we are, of course, referring to persons. Electricity doesn't care who or what produces it. In a like manner, when we speak of controlled production or controlled prices, we really mean controlled persons. Under a controlled economy, it is *persons* — not *things* — who are told by government what they must or must not do. This coercion of individual citizens is the vital issue. And in the long run the individual consumers of electricity have just as much at stake in this matter as do the private producers of electricity.

a Better Answer *Needed*

IF READERS will pardon the pun, Paul Goodman, the author of *Compulsory Mis-Education* (Horizon Press, \$3.95), is a really good man. But, as we shall see, he mistakes his natural friends for enemies, and he ends up by becoming lost between the two big camps that are contending for the control of the American educational system.

Being a man who can use his eyes and ears, he knows that the country is not getting its money's worth for the fantastic sums that are being spent on education. Great funds go to support scientific research, but in the past thirty years the average number of hours per week spent in classroom work by science teachers has dropped from nineteen to six. In huge educational factories, such as the University of California at Berkeley a common complaint is that a professor never really sees a student's paper; it is usually

read by a paid student reader who may or may not know what he is about. Yet a retired California English professor, George Stewart, who is a fine novelist and historian, insists that the ratio of teachers to students at Berkeley is not bad; students can get counsel and aid if they really ask for it. We must look elsewhere for the source of what is called the alienation of the student from the faculty. Hugh Kenner, who teaches at another branch of the University of California, the one at sun-drenched Santa Barbara, says the trouble with American education is that our schools and colleges are filled with boys and girls who should not be forced to hang on in hopes of getting degrees. They are there merely to mark time, and they keep real students from learning. In short, we need more dropouts, not fewer.

Paul Goodman agrees with Hugh Kenner that a "reasonable

social policy would be not to have these youth in school, certainly not in high school, but to educate them otherwise and provide opportunity for a decent future in some other way." The practical argument against such a social policy is, of course, that you have to have a degree—even an advanced degree—to hold down any sort of good job. Paul Goodman doesn't doubt that this is true, but he says it is a ridiculous state of affairs that is maintained by the stupidity of those in charge of hiring for big corporations. Naturally, he says, if a corporation insists that a youngster have a diploma, the correlation of schooling and employment is self-proving. Actually, the spread of automation means that most jobs are of such a nature that they can be done by people with no long background of schooling. The average job in General Motors' most automated plant, he says, requires only three weeks of training for people who have had no education whatever. And in the Army and Navy, complicated skills, such as radar operation, are taught on the job, sometimes to virtual illiterates.

A Problem of Degrees

Why, then, the rage to keep Johnny in school until he is twenty-two, or even twenty-five? Paul

Goodman suspects that it is because the unions don't want Johnny coming on the labor market as a teenager. He is obviously right about the unions' desire to limit the available work force, but this is not the primary reason for our national insistence on years and years of formal schooling. Mr. Goodman is closer to the mark in another context, when he talks about the "mass superstition" cultivated by our "school-monks," by which he means our "administrators, professors, academic sociologists, and licensees with diplomas who have proliferated into an invested intellectual class worse than anything since the time of Henry the Eighth." It is the "school-monks" who have set themselves up as "indispensable mentors for creativity, business-practice, social work, mental hygiene, genuine literacy—name it, and there are credits for it leading to a degree."

Because of our insistence on educational scaffolding and trappings and the parchment evidences of having spent time in school, the self-made man is becoming an impossibility in America simply because he is an "out" before he can even make a start. Mr Goodman recalls the time when the ninety-four per cent of Americans who did not finish high school were our future farmers, shopkeepers, millionaires, politicians, inventors,

and journalists. He speaks of "two master architects" who were born around 1900. One quit school at the eighth grade to leave home and support himself in an architect's office as an office boy. The other left school at age thirteen to support his mother by working for a stone cutter. "Would these two have become architects at all," so Mr. Goodman asks, "if they were continually interrupted by high school Chemistry, Freshman Composition, Psychology 106, at a time when they didn't care about such things?" Then he adds, "But they have learned them since, nevertheless."

"Shoot If You Must . . ."

This sort of plain speaking is iconoclasm with a vengeance. But Paul Goodman isn't really advocating a return to the old world that did not require a degree before a boy could get a job as a draftsman in an architect's office. In the old world children got solid drilling in such things as phonetics in the early grades, they read literature that provided them with some background of history ("Paul Revere's Ride," "Barbara Frietchie," and so forth), and they were permitted to work at a young age without having the policemen of the child labor and minimum wage laws descend upon them. Paul Goodman, as a believer

in the doctrines of John Dewey, denounces the "Rickovers and Max Raffertys" who would restore both discipline and intellectual nourishment to the first years of schooling. This doesn't make much sense, for Max Rafferty is one of our most effective enemies of the very "life adjustment" fetish that Paul Goodman himself deplors for its accent on "conformity." It also ignores the probability that there was a definite correlation between the type of education that one got in the grammar grades in pre-Deweyan times and the great efflorescence of self-made men that, among other things, produced Paul Goodman's two favorite architects.

**Learning by Doing —
But Doing What?**

The great paradox is that the nineteenth century, which really believed in "learning by doing," got along without John Dewey (or John Dewey's far more benighted successors), while the twentieth century, which has gone in heavily for "progressive" education, is producing students who can't "do" a coherent outline in a freshman college course. The old world was better: concentration on basics for a few years, then the "learning by doing" that went with actual experience in the world of affairs.

Mr. Goodman wants to simulate that old world of affairs by big spending in the "public sector," which would provide "educational occasions" for youths who could be put to work "on town improvement, community service, or rural rehabilitation." Somehow one doubts that "public sector" experiences would help very much. Mr. Goodman himself mentions the fact that "the professor-ridden Peace Corps needs \$15,000 to get a single youngster in the field for a year, whereas the dedicated Quakers achieve almost the same end for \$3,500." And "again, when \$13 millions are allotted for a local Mobilization for Youth program, it is soon found that nearly \$12 million have gone for sociologists doing 'research,' diplomatized social workers, the N.Y. school system, and administrators, but only one million to field workers and the youths themselves."

Paul Goodman seems to be caught in a major contradiction here. He hates what the exaltation of the "official" has done to our world. Yet his cure is to hand over more money to the state, which is always "official," to provide opportunities for experience and spontaneity to youths in some ill-defined outside-of-school schooling. The contradiction mars what is otherwise a most stimulating book. ◆

▶ A THEOLOGICAL INTERPRETATION OF AMERICAN HISTORY by C. Gregg Singer, Philadelphia: Presbyterian and Reformed Publishing Co., \$4.95, 305 pp.

Reviewed by Robert M. Thornton

SOME who read this book may not find Dr. Singer's theology entirely acceptable, but it would be hard to disagree with his statement that "it is impossible to understand completely the history of a nation apart from the philosophies and the theologies which lie at the heart of its intellectual life." These constitute the basic premises on which people act.

Dr. Singer contends that the history of this country since its early days reflects the drastic changes in its prevailing world-view from Puritanism through Deism, Transcendentalism, and Unitarianism, to Social Darwinism and the Social Gospel. Man, not God, comes to occupy the center of the universe, so it follows that man, now the master of his fate, can create a utopia here and now. The Kingdom of Heaven, brought to earth, becomes the goal of politics, and there is a growing acceptance of the belief that "government is responsible to people rather than to God and that law is little more than the embodiment or expression of the will of the majority." Hence man, for-

getting he is a creature of God, lets himself become a minion of the state. Statesmanship neglects principles and becomes the art of compromise or the art of the possible.

Dr. Singer's book is an urgent

warning to check our premises lest the political and economic order that has made this country free and prosperous crumble to the ground because its theological and philosophical foundations have been eaten away. ♦

IDEAS ON LIBERTY

The Process of Inflation

*As described by Secretary of Treasury,
Robert B. Anderson,
April 4, 1959*

NOW SUPPOSE I wanted to write checks of \$100 million starting tomorrow morning, but the Treasury was out of money. If I called up a bank and said, "Will you loan me \$100 million at 3½ per cent for six months if I send you over a note to that effect?" the banker would probably say, "Yes, I will."

Where would he get the \$100 million with which to credit the amount of the United States Treasury? Would he take it from the account of someone else? No, certainly not. He would merely create that much money, subject to reserve requirements, by crediting our account in that sum and accepting the government's note as an asset. When I had finished writing checks for \$100 million, the operation would have added that sum to the money supply.

Now certainly that approaches the same degree of monetization (creating money) as if I had called down to the Bureau of Engraving and Printing and said, "Please print me up \$100 million worth of greenbacks which I can pay out tomorrow."

THE *Freeman*

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COAST FEDERAL SAVINGS

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

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LUDWIG VON MISES

THE gold PROBLEM

WHY GOLD?

Because, as conditions are today and for the time that can be foreseen today, the gold standard alone makes the determination of money's purchasing power independent of the ambitions and machinations of dictators, political parties, and pressure groups. The gold standard alone is what the nineteenth-century liberals, the champions of representative government, civil liberties, and prosperity for all, called sound money.

The eminence and usefulness of the gold standard consists in the fact that it makes the supply of money depend on the profitability

of mining gold, and thus checks large-scale inflationary ventures on the part of governments. The gold standard did not fail. The governments sabotaged it and still go on sabotaging it. But no government is powerful enough to destroy the gold standard as long as the market economy is not entirely suppressed by the establishment of socialism in every part of the world.

Governments believe that it is the gold standard's fault alone that their inflationary schemes not only fail to produce the expected benefits but unavoidably bring about conditions that also in the eyes of the rulers themselves and of all of the people are considered as much worse than the alleged or real evils they were designed to eliminate. But for the gold standard, they are told by hosts of

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Further discussion of the gold problem may be found in his book, *The Theory of Money and Credit* (Yale University Press, 1953) also available from The Foundation.

pseudo-economists, they could make everybody perfectly prosperous.

Let us test the three doctrines advanced for the support of this fable of government omnipotence.

The Santa Claus Power of the State

The state is God, said Ferdinand Lassalle, the founder of the German socialist movement. As such the state has the power to "create" unlimited quantities of money and thus to make everybody happy. Irreverent people branded such a policy of "creating" money as inflation. The official terminology calls it nowadays "deficit spending."

But whatever the name used in dealing with this phenomenon may be, its meaning is obvious. The government increases the quantity of money in circulation. Then a greater quantity of money "chases," as a rather silly but popular way of talking about these problems says, a quantity of goods and services that has not increased. The government's action did not add anything to the available amount of useful things and services. It merely makes the prices paid for them soar.

If the government wants to raise the income of some people — e.g., government employees — it has to confiscate by taxation a part of some other people's in-

comes and to distribute the amount collected among its employees. Then the taxpayers are forced to restrict their spending, while the recipients of the higher salaries are increasing their spending to the same amount. There does not result a conspicuous change in the purchasing power of the monetary unit.

But if the government provides the money it wants for the payment of higher salaries by printing it, the new money in the hands of the beneficiaries of the higher salaries constitutes on the market an additional demand for the not increased quantity of goods and services offered for sale. The unavoidable result is a general tendency of prices to rise.

Any attempts the governments and their propaganda offices make to conceal this concatenation of events are vain. Deficit spending means increasing the quantity of money in circulation. That the official terminology avoids calling it inflation, is of no avail whatever.

The government and its chiefs do not have the powers of the mythical Santa Claus. They cannot spend but by taking out of the pockets of some people.

The "Cheap Money" Fallacy

Interest is the difference in the valuation of present goods and future goods. It is the discount in

the valuation of future goods as against that of present goods. It cannot be "abolished" as long as people prefer an apple available today to an apple available only in a year, in ten years, or in a hundred years. The height of the ordinary rate of interest, which is the main component of the market rate of interest as determined on the loan market, reflects the difference in people's valuation of present and future satisfaction of needs. The disappearance of interest, that is an interest rate of zero, would mean that people do not care a whit about satisfying any of their present wants and are *exclusively* intent upon satisfying their future wants, their wants of the later years, decades, and centuries to come. People would only save and invest and never consume. On the other hand, if people were to stop making any provision for the future, be it even the future of the tomorrow, would not save at all and consume all capital goods accumulated by previous generations, the rate of interest would rise beyond any limits.

It is thus obvious that the height of the market rate of interest ultimately does not depend on the whims, fancies, and the pecuniary interests of the personnel operating the government apparatus of coercion and compul-

sion, the much referred to "public sector" of the economy. But the government has the power to push the Federal Reserve System and the banks subject to it into a policy of cheap money. Then the banks are expanding credit. Underbidding the rate of interest as established on the not-manipulated loan market, they offer additional credit created out of nothing. Thus they are intentionally falsifying the businessmen's estimation of market conditions. Although the supply of capital goods (that can only be increased by additional saving) remained unchanged, the illusion of a richer supply of capital is conjured up. Business is induced to embark upon projects which a sober calculation, not misled by the cheap-money ventures, would have disclosed as malinvestments. The additional quantities of credit inundating the market make prices and wages soar. An artificial boom, a boom built entirely upon the illusions of easy money, develops. But such a boom cannot last. Sooner or later it must become clear that, under the illusions created by the credit expansion, business has embarked upon projects for the execution of which it is not rich enough. When this malinvestment becomes visible, the boom collapses. The depression that follows is the process of liquidating the errors committed in

the ecstasies of the artificial boom, is the return to calm reasoning and a reasonable conduct of affairs within the limits of the available supply of capital goods. It is a painful process, but it is a process of recovery.

Credit expansion is not a nostrum to make people happy. The boom it engenders must inevitably lead to a debacle.

If it were possible to substitute credit expansion (cheap money) for the accumulation of capital goods by saving, there would not be any poverty in the world. The economically backward nations would not have to complain about the insufficiency of their capital equipment. All they would have to do for the improvement of their conditions would be to expand credit more and more. No "foreign aid" schemes would have emerged. In granting foreign aid to the backward nations, the American government implicitly acknowledges that credit expansion is no substitute for capital accumulation through saving.

The Failure of Minimum Wage Legislation and of Labor Unionism

The height of wage rates is determined by the consumers' appraisal of the value the worker's labor adds to the value of the article available for sale. As the immense majority of the consumers

are themselves earners of wages and salaries, this means that the determination of the compensation for work and services rendered is made by the same kind of people who are receiving these wages and salaries. The fat earnings of the movie star and the boxing champion are provided by the welders, street sweepers, and charwomen who attend the performances and matches.

An entrepreneur who would try to pay a hired man less than the amount this man's work adds to the value of the product would be priced out of the labor market by the competition of other entrepreneurs eager to earn money. On the other hand, no entrepreneur can pay more to his helpers than the amount the consumers are prepared to refund to him in buying the product. If he were to pay higher wages, he would suffer losses and would be ejected from the ranks of the businessmen.

Governments decreeing minimum wage laws above the level of the market wage rates restrict the number of hands that can find jobs. They are producing unemployment of a part of the labor force. The same is true for what is euphemistically called "collective bargaining." The only difference between the two methods concerns the apparatus enforcing the minimum wage. The govern-

ment enforces its orders in resorting to policemen and prison guards. The unions "picket." They and their members and officials have acquired the power and the right to commit wrongs to person and property, to deprive individuals of the means of earning a livelihood, and to commit many other acts which no one can do with impunity.¹ Nobody is today in a position to disobey an order issued by a union. To the employers no other choice is left than either to surrender to the dictates of the unions or to go out of business.

But governments and unions are impotent against economic law. Violence can prevent the employers from hiring help at potential market rates, but it cannot force them to employ all those who are anxious to get jobs. The result of the governments' and the unions' meddling with the height of wage rates cannot be anything else than an incessant increase in the number of unemployed.

To prevent this outcome the government-manipulated banking systems of all Western nations are resorting to inflation. Increasing the quantity of money in circulation and thereby lowering the purchasing power of the monetary

unit, they are cutting down the oversized payrolls to a height consonant with the state of the market. This is today called Keynesian full-employment policy. It is in fact a method to perpetuate by continued inflation the futile attempts of governments and labor unions to meddle with the conditions of the labor market. As soon as the progress of inflation has adjusted wage rates so far as to avoid a spread of unemployment, government and unions resume with renewed zeal their ventures to raise wage rates above the level at which every job-seeker can find a job.

The experience of this age of the New Deal, the Fair Deal, the New Frontier, and the Great Society confirms the fundamental thesis of British nineteenth-century liberalism: there is but one means to improve the material conditions of all of the wage earners, viz., to increase the per-head quota of capital invested. This result can only be brought about by additional saving and capital accumulation, never by government decrees, labor union violence and intimidation, and inflation. The foes of the gold standard are wrong also in this regard.

U. S. Gold Holdings Shrinking

In many parts of the earth an increasing number of people real-

¹ Cf. Roscoe Pound, *Legal Immunities of Labor Unions*, Washington, D. C., 1957, p. 21.

ize that the U. S. and most of the other nations are firmly committed to a policy of progressing inflation. They have learned enough from the experience of the last decades to conclude that on account of these inflationary policies the ounce of gold will one day become more expensive in terms both of the currency of the U. S. and of their own country. They are alarmed and would like to avoid being victimized by this outcome.

Americans are forbidden to own gold coins and gold ingots. Their attempts to protect their financial assets consist in the methods that the Germans in the most spectacular inflation that history knows called "*Flucht in die Sachwerte.*" They are investing in common stock and real estate and prefer to have debts payable in legal tender

money to having claims payable in it.

Even in the countries in which people are free to buy gold there are up to now no conspicuous purchases of gold on the part of financially potent individuals and institutions. Up to the moment at which French agencies began to buy gold, the buyers of gold were mostly people with modest incomes anxious to keep a few gold coins as a reserve for rainy days. It was the purchases on the part of such people that via the London gold market reduced the gold holdings of the United States.

There is only one method available to prevent a farther reduction of the American gold reserve: radical abandonment of deficit spending as well as of any kind of "easy money" policy. ♦

IDEAS ON LIBERTY

Multiplying the Error

IF IT BE ADMITTED that a man, possessing absolute power, may misuse that power by wronging his adversaries, why should a majority not be liable to the same reproach? Men are not apt to change their characters by agglomeration; nor does their patience in the presence of obstacles increase with the consciousness of their strength. And for these reasons I can never willingly invest any number of my fellow creatures with that unlimited authority which I should refuse to any one of them.

THE
C H A N C E
TO
ESCAPE

DONALD WALTER SHOROCK

WHEN A PERSON leaves the normal environment of our culture to serve a prison sentence, he experiences many changes. Important among these is the exchange of freedom for security. The prisoner no longer has a wide range of alternatives in his actions, but is limited to a certain extent in what he may do. He is less free, but more secure, being reasonably certain of what is coming next. The prisoner is a classic example of the man who receives security through the planning of others.

The involuntary security, being contrary to the prisoner's desire for freedom, is met by various reactions, including the attempt to escape. The Bureau of Prisons of the United States Department of Justice has tabulated the attempts to escape from the Seagoville (Texas) Correctional Institution. A definite pattern can be seen in

the 102 escape attempts between June 25, 1945 and January 1, 1960. Of these attempts, 16 were made by inmates who had served less than 30 days; 24 of the attempts were by inmates in the second month of a sentence; 20 were in their third month; 11 in their fourth; and 5 each in the fifth and sixth. In contrast with those 81 attempts in the first six months, only 14 were made in the second six months of sentences. And only seven attempts were made after the first year.

The urge to escape appears to decline significantly after the second month. The exchange of freedom for security, while undesirable and rejected at first, becomes tolerated. As can be seen in the cases of prisoners who purposely try to be recommitted to prison life, the exchange can become accepted.

When you stop to think of it, the systems offered by the various

Mr. Shorock is a speech major in his junior year at Ottawa University in Kansas.

types of government interventionists (be they fascist, communist, welfare-statist, or what have you) all make much the same offer: the exchange of freedom for security. Under any interventionist program, you give up some alternatives in your choice of actions. In exchange, you are promised security. Government interventionism is like prison.

If we carry the analogy further, we see that there is a lesson to be learned from the declining propensity to escape. The loss of freedom eventually becomes tolerated and even accepted. The likelihood that people will want to try to escape from interventionism declines as time goes by.

Persons with no desire for self-control, anxious for the security of lives planned and controlled for them by others, may view with patient resignation the prevailing trend away from freedom in the United States and in most other lands. Things are going their way.

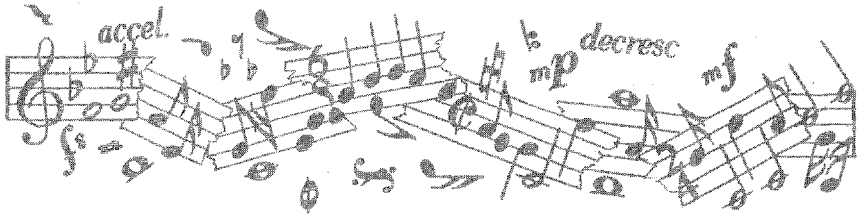
But anyone who views with alarm the growing interventionism will want to plan his escape soon. By tomorrow, or next month, or next year, he might have lost the will — and the capacity — to be free. The escape route, the path to freedom, lies in self-help, self-control, self-responsibility, self-reliance, self-improvement. And slow starters are unlikely to make it. ♦

IDEAS ON LIBERTY

An Empty Title

THE SAME LIBERAL CONSTRUCTION which is required for the protection of life and liberty, in all particulars in which life and liberty are of any value, should be applied to the protection of private property. If the legislature of a State, under pretense of providing for the public good, or for any other reason, can determine, against the consent of the owner, the uses to which private property shall be devoted, or the prices which the owner shall receive for its uses, it can deprive him of the property as completely as by a special act for its confiscation or destruction. If, for instance, the owner is prohibited from using his building for the purposes for which it was designed, it is of little consequence that he is permitted to retain the title and possession.

JUSTICE STEPHEN J. FIELD's dissenting opinion
in *Munn vs. Illinois*, 94 U.S., 113, (1877)



MUSICAL FORCED FEEDING

WILLIAM HENRY CHAMBERLIN

A VIOLATION of cultural freedom, of the right to reject as well as accept, is the sandwich type program which has become standard for most American symphony orchestras. The sandwich takes the form of beginning and ending the concert with works of general appeal by composers of the classical and romantic schools, for example, Beethoven, Mozart, Bach, Brahms, Wagner, Tchaikovsky. The sandwich effect is produced by injecting between these acceptable compositions some outpourings of more or less raucous dissonance. The only way in which musical

conservatives can avoid an undesired assault on their eardrums is to walk out in the middle of the concert, returning for the last work. They cannot dodge the musical forced feeding by arriving late or leaving early.

The music commentator, Henry Pleasants — whose little book, appropriately entitled *The Agony of Modern Music*, is a precious possession for lay music-lovers who do not like predominant trends in modern music but lack the technical training and knowledge to know exactly why — hits off this sandwich method of programming very well. Quoting the modern composer, Honegger, as authority for the statement, "The contemporary composer is a gate-crasher,

Though best known for his skilled observation and reporting of economic and political conditions at home and abroad, Mr. Chamberlin also writes knowingly as a patron of music and the arts.

trying to push his way into a company to which he has not been invited," Pleasants continues as follows:

"This penetrates to the essence of the matter. The familiar spectacle of the contemporary work sandwiched between Beethoven and Brahms exposes the gate-crasher in full silhouette. . . . It also shows the conductor's part in the conspiracy. There is Beethoven on one side to make sure that the audience comes in. There is Brahms on the other side to make sure that it does not get out before the gate-crasher has been heard."

Twelve-Tonal and Atonal

In order to understand why this musical forced feeding is an infringement on the right of individual choice one should consider, first, the predominant characteristics of modern music and, second, the distinction between hearing music, on one side, and reading literature or viewing art, on the other.

Early in this century the Austrian composer, Arnold Schoenberg, discarded previous rules of harmony and melody by writing music in the so-called twelve-tonal scale. From this innovation many other modern composers have proceeded to complete atonality. I am not qualified to give a detailed

musical analysis of the implications of these changes. But the effect is to take away from music the very characteristics which historically have provided most of its emotional and aesthetic appeal: clear and precise rhythm, ordered continuity, and the golden gift of melody.

At best, twelve-tonal and atonal music is dry and austere, suggesting an attempt to solve a difficult mathematical problem, not an appeal to the mind and heart. At worst, it produces an unbelievable chaos of clashing, discordant sounds. The Boston Symphony Orchestra — the one with which I am most familiar because of my place of residence — in an evil hour gave a "first performance" of a symphony by an American composer named David Diamond, which produced on most of the audience the effect the bullock feels from a stunning blow of the axe. To paraphrase Shakespeare, it was full of sound and fury, signifying nothing. And, as the brass sounded ever shriller discords, one felt that the situation called for two Harvard cheerleaders, one on each side of conductor Charles Munch, shouting at the tops of their voices: "Hit 'em again, Hit 'em again. Harder! Harder!"

Twelve-tonal and atonal music bears no relation whatever to the

great musical tradition, classical and romantic. Its exponents prefer discords to chords, dissonance to melody, cacophony to harmony. If it is argued that dissonance is sometimes found in the works of premodern composers, Henry Pleasants has an appropriate answer:

"The difference between dissonance then and dissonance now is that in Monteverdi, as also in Mozart and even in Wagner, the listener is excited by the clash and quieted and rewarded by its resolution in what the listener feels to be a consonance. In modern music there is no resolution. Without harmonic order there are no tonal safe havens. Both composer and listener are left as helpless flotsam on a sea of tonal discomfort."

Of course, music, like other creative arts, is subject to the processes of evolution. And the composers of the eighteenth and nineteenth centuries are individual personalities with distinctive styles. Yet, as I know from personal experience, a music appreciation broad enough to include composers of such differing types as Bach and Tchaikovsky, Wagner and Brahms, can reject, as intellectually unintelligible and aesthetically repulsive, the works composed on the basis of twelve-tonalism and atonalism.

Composer versus Audience

Because they have chosen such difficult and uncongenial forms of expression, modern composers have created a tremendous rift between themselves and the lay audience which is essential if music is to survive and flourish. So far as I know, there are no Gallup Polls on the subject of musical preferences. But there are enough ascertainable items of evidence to back up this statement, as the following list will show.

1. No opera of wide popular appeal has been composed during the last fifty years, as a glance at the Metropolitan Opera repertory will show. With perhaps one or two exceptions (and no great box-office enthusiasm for these) the list of operas presented in the 1960's could have been presented in the 1910's. There is no twentieth century Wagner or Verdi and this is more understandable because modern music, by its nature, is almost unsingable.

2. A New York radio station recently polled its listeners on their favorite composer and got the following result, as regards the first five preferences: Beethoven, Mozart, Bach, Brahms, Tchaikovsky. Not an atonalist in the lot.

3. Every year the Boston Symphony Orchestra gives a concert for the benefit of the Pension

Fund of its members. Members of its audience who do not admire discordant music wish that every program might be chosen on the basis that dictates the selection of the Pension Fund concert program, which is regularly dominated by Beethoven, Brahms, Wagner, and similar composers. If the probable financial consequences for the musicians would not be so disastrous, it would be interesting to see how many people would voluntarily pay higher than normal prices to listen to the works of Bartok, Stravinsky, Berg, Webern, and other exponents of discord. The directors are not likely to risk the experiment.

4. Consider the programs of such eminent pianists as Artur Schnabel, Rudolf Serkin, Van Cliburn, and other artists of like caliber. At least 90, perhaps 95 per cent of their selections were composed before 1900. The obvious inference to be drawn from this unmistakable fact is that pianists either do not consider contemporary works worth playing or know such works will have a repelling effect on the audience.

It is only the symphony orchestra, as a general rule, that engages in the musical forced feeding represented by the sandwich program. And they are only able to do this because they have what is essentially a captive audience.

With the wide growth of musical enjoyment and appreciation and the increase in the population, the concerts of every large orchestra are sold out by subscription in advance every season.

A Vast Difference

It may be argued that contemporary literature and art show off-beat and "*avant-garde*" tendencies and that it is only natural that music should also seek new paths. But this brings one to the point that there is an element of compulsion in listening to symphonic music that does not exist in the case of literature and art.

Suppose one doesn't believe in the popular equation: obscurity plus obscenity equals genius. One can simply ignore the books which are written on this principle. No one demands that one read *Finnegan's Wake*, *The American Dream*, and *Tropic of Cancer* as a condition for being allowed to read *War and Peace*, *The Brothers Karamazov*, and *Vanity Fair*. People who measure the impact of a novel by its number of four-letter words or intimate descriptions of sex relations can satisfy their taste. Those who have other standards can exercise their right of rejection.

This same freedom of choice, of acceptance or rejection, applies in art. If one visits one of the famous

European art galleries, the Uffizi or Pitti in Florence, the Prado in Madrid, one doesn't face a jarring contrast between the works of Raphael and Michelangelo and Titian and Velasquez on one hand, and on the other the weird "abstract" painting of the type easily imitated by a child or a chimpanzee. Modern art is reasonably housed in separate museums.

Forced Integration

But in music one enjoys no such freedom of choice. In music, alone among the arts, the pernicious dogma prevails that works of profoundly different style and content must be "integrated," presented on the same program. The psychological effect of hearing, after a beautifully melodic symphony of Schubert or Schumann, some modern experimental work that suggests a concrete mixer operating in high gear is jarring, to say the least. It is unfair to the listener of conservative musical tastes. And it is entirely unnecessary.

To dislike unmelodic music is not to be so arrogant or intolerant as to call for its suppression. All the musical conservative asks is a kind of co-existence, a system of programming that would give the nonmelodic composers as much time and representation as the conductor may believe they deserve, but not on the same pro-

grams as musical works constructed according to entirely different standards.

The writer recently had an opportunity to argue this case on a televised panel that also included Erich Leinsdorf, conductor of the Boston Symphony Orchestra, and Gunther Schuller, an American atonal composer. The reaction was surprisingly strong. I personally received scores of letters, telephone calls, greetings in public places from strangers, all favorable to my viewpoint. And on a subsequent television appearance Mr. Leinsdorf, although he did not agree with me, stated that his mail had also been strongly on the conservative side — one more proof of the gulf that yawns between the modern composer and his audience.

Homogeneous programs, two or three all pre-Schoenberg, followed by one devoted to the newer experimental forms, seem the obvious answer to the problem of how to take the curse of compulsory cacophony off symphony programs while giving full freedom of expression to the nonmelodic schools of music. When some conductor recognizes this truth and shapes his programs accordingly, hosts of unwilling listeners who have put up with Bartok and Stravinsky and Bloch and Toch and Roy Harris and David Dia-

mond and many others whose names are little known and will not be long remembered as the price of hearing the great classics and romantics will call him blessed. And the auditors who genuinely enjoy modern music — a much smaller number, one suspects, than that of those who pretend to enjoy it for fear of being considered “squares” or old fogies — could get their fill in concerts exclusively devoted to *avant-garde* compositions.

Appreciated by Their Contemporaries

Two objections to this viewpoint should be fairly stated and frankly faced. First, there is the banal cliché — which, historically, is entirely false — that truly great music is never appreciated in its own time. The truth is, and can be verified by consultation of works on musical history and biography, that there was not a single composer of the first rank who was not widely known and admired during his lifetime. The works of Haydn, Handel, Mozart, Beethoven, Brahms, Schubert, Schumann, Chopin, Liszt, Verdi, and Berlioz were widely played and enthusiastically applauded, not after their death, but while they were alive. Chopin was the toast of Paris and of other musical capitals. The new performance of a Verdi opera was an occasion for Italian national

celebration. Wagner faced more difficulties because of the scope of his operatic innovations and his exacting demands in staging. Yet, before he died, he was able to have a special opera house built according to his specifications in Bayreuth, paid for by public subscription, and to see the first of the festivals that still commemorate his works before packed audiences. Is there any living composer who would be likely to receive such a tribute?

The picture of the typical musical creative genius of the past starving in a garret and leaving a legacy of unpublished manuscripts for future generations to discover is unalloyed fiction. Henry Pleasants notes that on the occasion of the first performance of Haydn's “The Creation” the Vienna police had to be mobilized to keep order among the crowds. And he asks whether one could imagine such an outpouring of enthusiasm at the first performance of an oratorio by Honegger or Stravinsky.

The second argument for compulsory cacophony, for musical forced feeding, is that modern composers like to have their works measured against those of the masters of the past. There would be validity in this argument if they were abiding by the same traditions and standards and trying to create music according to the

same rules of composition. But this is definitely not the case.

One could no more compare David Diamond or Lukas Foss with Beethoven and Brahms than one could compare apples with oranges. It is not merely disparity of gifts; it is total difference of style and aim.

The models of the atonalists are Schoenberg, Bartok, the later Stravinsky, Berg, Webern, surely not Beethoven, Mozart, Brahms, Wagner, and Tchaikovsky. It is against these models which they prefer that their works could most reasonably be measured.

If homogeneous programs should become the rule, not the exception, three desirable results would be achieved:

Musical conservatives would be spared the irritation and frustration of being placed under pressure, through the "sandwich" type of program, to sit through works

to which their reaction is alienation and rejection.

A comparison of audience attendance at the all-classical and all-atonal and twelve-tonal concerts would furnish an index of public appreciation of these two styles of composition. There is not much difficulty in foreseeing how this kind of plebiscite would come out.

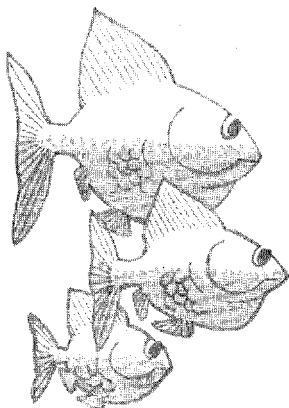
Finally, music would be freed from its present invidious position as the only art where the right of rejecting what is unacceptable is denied, *de facto* if not *de jure*. The obvious motive of the mixed program is to coerce audiences into listening to works which they would never attend of their free will and desire.

Music that cannot stand on its own feet, on its intrinsic appeal in the market place of public taste and judgment, will not survive; and it does not deserve to survive.

IDEAS ON LIBERTY

... For His Own Good

IN THE CONDUCT of human beings towards one another, it is necessary that general rules should for the most part be observed, in order that people may know what they have to expect; but in each person's own concern, his individual spontaneity is entitled to free exercise. Considerations to aid his judgment, exhortations to strengthen his will, may be offered to him, even obtruded on him, by others; but he himself is the final judge. All errors which he is likely to commit against advice and warning, are far outweighed by the evil of allowing others to constrain him to what they deem his good. . . .



people are not goldfish

D. M. WESTERHOLM

DURING a recent hospitalization, some imaginative friends brought me a small bowl of goldfish. Some of the nurses appeared dubious at first, but the fish behaved quietly and were allowed to remain — proving conclusively that nurses *are* human, after all.

I was amused by their golden dartings and flirting tails (the fish, that is — not the nurses) and the condescending acceptance of food and the way they would exchange stares with me while opening and closing their mouths — obviously speaking noble thoughts which I was much too stupid to comprehend. One morning, however, after their water had been changed and we had fed them their scientifically balanced diet (feeling so paternalistic and protective about the whole thing), it occurred to me that here was a way

of life deemed ideal by many humans.

You think not? Well, consider: these little denizens of the not-so-deep pay no rent or mortgages, do not have to work for their food, have all medical care provided, have no worries about old-age security, don't have to concern themselves about competition or self-protection or, indeed, accept any responsibility at all. All is provided by a benevolent master. Is this not the utopian existence so desired by millions? Plainly, for my small finny friends, the war against poverty has been won — fins down.

I'll admit that the life of a captive goldfish is not completely analogous with human paternalistic socialism, but it's close enough for some discomfoting comparisons. Some folks might ask: "What's so discomfoting about it? I should have it as good as those goldfish, and my worries would be over!" With my own worry and

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concern about the financial future, I can understand the question. The answer lies in another question, however: "What happens to my goldfish if I *run out of fish food*? Or forget them? Or drop dead?"

Those fish haven't learned survival techniques, because their environment has not demanded such learning. True, they still have the survival *instinct*, but their artificial rather than natural environment will not long support them if unattended — not even if their individual initiative and knowledge of self-responsibility and self-protection had not been atrophied by life-long disuse.

So, too, with a nationally socialized environment for humans. Sound economics, in effect, is the "fish food" of human society — essential to its life. Socialism is *not* economically *workable*. (Just ask the communists, who are somewhat clandestinely re-adopting various capitalistic methods, purely because socialism *doesn't* work.)

A government can operate at a deficit, inflating the currency, draining the internal resources of

the nation and the people, for just so long. Eventually, inevitably, it will run out of fish food. When that happens, the only hope for the citizens will depend upon their own survival efforts — individually. They will have to find, or grow, or manufacture their own "fish food."

Individual initiative, resourcefulness, full and efficient acceptance of personal responsibility — these are the tools needed for human survival outside the goldfish bowl. And these tools are not easily forged, or preserved, in the stultifying environment of paternalistic socialism or other varieties of collectivism.

I, for one, have no desire for the deceptive, dangerous, goldfish-bowl way of life. After all, people are not goldfish. People have the intelligence, the size, the physical and mental capacity to form their own environment. Why, then, should we be satisfied with an environment so precarious and dangerous as that forced upon my pretty, utterly dependent, little goldfish? ♦

BUSINESS IMPLICATIONS OF THE "NEW MORALITY"

HAROLD O. J. BROWN

"BUSINESS AND RELIGION! What does religion have to do with business? Theologians are not businessmen."

Believe that if you will, but to do so you have to ignore basic historic facts. Religious ideas have a tremendous effect on the structure of society and thus on the scope and quality of business permitted in it. What is communism itself if not a "religious" idea? It is this-worldly rather than other-worldly, but it is basically a religion, making a dogmatic assertion about the evils of private property which can never be proved but which must be taken on faith. This explains the hostility of communism to traditional religion: it is itself a competing religion.

It is not necessary to look to the communists for examples of

ways in which religious ideas directly affect the conduct of business. Prohibition and Sunday closing laws are examples from our own recent history. But over and above such specific legislation, which affects only segments of the business community, religion makes a basic contribution which is vital to business as well as to social and cultural life: the shaping of the general moral consensus.

The Moral Consensus

A society does not run on its statute laws alone. On the contrary, written laws can function only if there is a widely accepted moral consensus and if the written laws are in agreement with it. Law enforcement contributes to shaping this consensus, but religious ideas and the general moral feelings based on them make a much larger contribution. For example, there are laws against shoplifting, and supermarkets employ detectives to

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prevent it; but their task would be hopeless if there were not a tremendous moral consensus among the general population that shoplifting is wrong. If the fear of getting caught were the only deterrent, supermarkets could not keep the products on their shelves. When the moral consensus shifts, or when it is inactivated by some supposedly higher concern, as was the case with last summer's "civil rights" riots, the force of law and the presence of police is quite inadequate to prevent widespread looting and theft.

The "New Morality"

For several centuries, Western businessmen have been able to take the moral consensus pretty much as they found it, and all in all it has done them good service. It has provided an atmosphere where, in general, contracts were kept, employees were honest, and work was considered a holy duty rather than a burden to be shirked. This common heritage of Judaic-Christian religious thought, with all of its desirable effects, has been taken for granted for a long time.

Now it is under fire — and not only from the enemies of the Western world, but also from within. A group of theologians and church leaders, some of them very prominent, have for some years

been talking about a "new theology." Only rather recently have the implications of this "new theology" become clear in what is called the "new morality."¹ Right now the discussion is confined largely to academic circles — but so was the discussion of Marx's ideas in the 1890's, and things move faster in the twentieth century. To understand the trend, and its implications, it will help us to take a look at the "old" morality.

The Judaeo-Christian Consensus

The two main religious roots of Western civilization, Judaism and Christianity, have many differences, but in the moral and ethical sphere, they are agreed and together they have shaped our Western moral consensus, which up to the present time has proved so serviceable to economic progress. This consensus is typified in the *Ten Commandments*, which are important for two reasons: first, for what they are (or at least claim to be), and second, for what they say. The Commandments

¹ See Joseph Fletcher, "The New Look in Christian Ethics," *Harvard Divinity Bulletin*, October, 1959; John A. T. Robinson, *Honest to God*, Westminster, 1963; Douglas Rhymes, *No New Morality*, Bobbs, 1964. British authors Sir Arnold Lunn and Garth Lean have spelled out the deadly implications of the "new morality" for Great Britain in their joint work, *The New Morality*. Blandford, 1964.

are important because they claim to have been given to man by the ultimate Authority, i.e., by God. For this reason they cannot be changed by men — one can accept them or disobey them, but not alter them. This “given” quality about the commandments (which theologians discuss under the headings of “revelation” or “the divine imperative”) gave a sense of stability and permanence to the moral consensus. (It is precisely this givenness which the new theologians dislike: Bishop Robinson ridicules commandments received “second hand” from God.²) Its *details* were supplied by what the commandments actually say.

Summarizing for the sake of brevity, we see that the Judaeo-Christian consensus traditionally contains at least three elements which are crucial for the functioning of our economic life: (1) reliability or faithfulness in meeting obligations. No economic system could work if every contract had to be enforced by legal sanctions. “Blessed is the man who sweareth to his own hurt, and changeth not.” (Psalm 15:4) (2) the duty to engage in productive labor: “Six days shalt thou labor and do all thy work.” (Exodus 20:9) St. Paul makes this point even more strongly when he says, “If any would not work, neither should he

eat.” (II Thessalonians 3:10) (3) and finally, there is the obligation to exercise personal concern for the unfortunate, and not leave them to the care of an impersonal state: “Lord, when saw we thee an hungred . . . and did not minister unto thee?” (Matthew 25:44) This principle has until recently minimized the social burdens falling on the government. Economic and technological changes doubtless will increase the clamor for the state to take responsibility for the poor, the old, and the infirm; but the situation will become a great deal worse if old principles of personal and social responsibility are allowed to disappear. In fact, in many respects, the administration of welfare is already becoming increasingly burdened by the decline of the old consensus.

The Old Sanction

This Judaeo-Christian consensus was very useful to society, but it was never followed merely because it was useful. The rationale behind it was that these things were right because they were commanded by one who had the authority to say, namely, by God. Even people who were not particularly pious were often influenced by the dim suspicion that above and beyond all human laws and sanctions there was a God to

² Robinson, *op. cit.*, p. 106.

whom they would ultimately have to give an accounting. The obvious feedback from this view to practical affairs is suggested, for example, by the fact that Jesus Christ often describes this judgment in terms of a king examining his stewards' accounts. Whether or not one firmly believes in a God who will ultimately judge all men, the conviction or even the suspicion that He exists has been a very valuable factor in restraining the human tendency to unbridled self-interest. It is hard to imagine any other concept that will do the job as well.

The New Idea

Where the old morality had some positive, authoritative commandments as its starting point, the "new morality" rejects this and even ridicules it, as Bishop Robinson does in deriding it as "second hand." We must reject such ideas, he says, and form a new morality on our own. The basis for it, in the words of Prof. Fletcher, is this: "Only one thing is intrinsically good, namely, love: nothing else."³

Now love is a very fine thing, and it is the principal part of the Two Great Commandments in both Jewish and Christian thought.

From the traditional view, there is more to God than mere love, however: there is also holiness and justice. From the practical point of view, it is questionable whether any such idea of love will ever be as effective a stimulus to men to do their duty and to abstain from dishonesty as the old concept of a righteous Judge is. It is hard to rationalize one's way around the commandment, "Thou shalt not steal," especially if one suspects that one will one day stand before an omniscient Judge.

But if "only one thing is intrinsically good, namely love," one can always say, "I am not stealing if I am acting out of love." And indeed this theme is not only put forward, it is more or less taken for granted in much of the *avant-garde* literature of our day. But you do not have to resort to the writers of existentialist fiction; theologians will be found who advocate the idea of "occult compensation," which holds that a worker who considers himself underpaid can make up the difference without being immoral simply by taking things from his employer on the side.

According to the "new morality" nothing is ever right or wrong because of a specific commandment or principle. It is right or wrong because it is more or less loving. The implications of this for family

³ Joseph Fletcher, "The New Look in Christian Ethics," *Harvard Divinity Bulletin*, October, 1959, p. 8.

and sexual morality are immediately obvious, and in fact the new moralists are willing to tolerate promiscuity and even perversions if a spirit of love is involved.⁴ So far their discussion is in fact largely confined to sexual morality, but it will not be long before it spills over into areas of personal honesty (can't a lie be much more *loving* than the truth?), willingness to work, and the obligation to help those who are less fortunate. There will always be a certain amount of sexual looseness in any society, but when it becomes the pattern, it affects not only family happiness, but economic and even national survival—ancient Rome is only the most dramatic example from a history full of them.

One of the principles of the "new moralists" is that as long as sexual activity is self-giving instead of exploitative, it is morally unobjectionable, and will not adversely affect society. But the English sociologist, J. D. Unwin,⁵ and more recently our own Pitrim Sorokin,⁶ have shown that a high level of social energy and productivity in society is rapidly under-

mined by the spread of sexual looseness. This does not need to be proved from ancient history, for the Soviet Union, which permitted a great deal of sexual looseness following the Revolution found that this was destructive of social values, and has subsequently retrenched and become more "Victorian" than any Western country.

Implications for Business

Business is not directly dependent on religion, but it is certainly dependent on the moral consensus to which religious ideas contribute so greatly. Thus, the "new morality," which at the moment is more or less confined to the college campuses and theological seminaries, has frightening implications for our whole social order. Business and professional men, with rare exceptions, are not theologians or preachers, and they are not expected to be. But the vast majority of men who have accomplished something of value have done so only because they have a certain moral integrity, at least enough to enable others to trust them and to be influenced by them. This integrity is compatible with the old Judaeo-Christian moral consensus, and wins support and praise from it (quite apart from whether the men in question are believing Christians or Jews), but it cannot survive

⁴ Thus Douglas Rhymes in *No New Morality*, following *Towards a Quaker View of Sex*, permits homosexuality, and H. A. Williams praises prostitution.

⁵ *Sex and Culture*, Oxford, 1934.

⁶ *The American Sex Revolution* (Extending Horizons Book), Sargeant, 1957.

and co-exist with the "new morality." Businessmen converted to Christianity in a society where Judaeo-Christian principles have not been part of the consensus frequently complain of the tremendous difficulty of trying to live by these principles in a society which does not recognize them. In the twentieth century it does not take long for an academic fad to become universally accepted, and this is what will happen with the new morality, which is so pleasant, so agreeable, so easy to take, and so little demanding — if it is not checked.

A Counter-Measure

Business and professional men cannot be expected to herd their colleagues and employees into religious meetings to check this problem. Religion is seldom very convincing when it is advocated as a means to an end. Nevertheless, short of a national religious revival, there is something which individuals can do: they can decide where they stand on moral issues, and make it clear, gently but firmly, to those about them. When Joshua was leading the Israelites into the Promised Land, he was faced with a mutiny. He gave the people freedom of choice: "Choose you this day whom ye will serve," but at the same time—and this is crucial—he gave

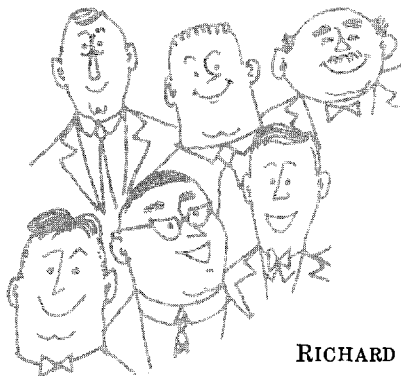
a clear statement of his own position, "but as for me and my house, we will serve the Lord." (Joshua 24:15)

One of the saddest stories to come out of my own work with college students was told by a psychiatrist on the Harvard faculty. He had as a patient a college girl, the daughter of a well-known surgeon. Troubled by the temptations to moral laxity all about her, this girl wrote to her father asking what he thought of pre-marital intercourse. His reply went like this: "My dear, you will have to make up your own mind; if you decide in favor of it, let me recommend a doctor who can supply you with the necessary contraceptives." The psychiatrist's comment was brief but apt, "That's a h— of a thing to tell your daughter." The girl had freedom of choice, indeed; but she had asked her father for his *convictions* on the subject, and he evaded the question. Perhaps he had some, perhaps he had none, but in any case the daughter had the right to an answer instead of an evasion. It was left to the psychiatrist, then, to help her achieve a worth-while set of values where her own father had left a vacuum.

In the moral ambiguity of the present day, which is being rendered more and more desperate by the "new morality," evasive-

ness of people who do have standards is not modesty; it is an abdication of responsibility and a real crime against the rising generation. Like Joshua, we must recognize that freedom of choice exists, but like him, we must have the

courage and principle to say, "but as for me and my house . . ." And we must finish that sentence and take our stand, not in pious humbug, but in the full honesty derived from moral strength and conviction. ♦



INEQUALITY-- a Blessing

RICHARD T. SCOTT

OUR INHERENT inequality is a national blessing. It is not a curse to be exorcised as many moderns would suggest! Unhappily, we Americans have forgotten the source of our greatness as a nation. We achieved a singular place in the family of nations by providing an environment which allowed man to reap the harvest from the unfettered function of his *unequal* capacities. When people are left free to function to the limits of their abilities, the most able rise to the top and, of

course, that means the least able filter downward. This is human *inequality* at work.

Diversity of natural endowments amounts to human *inequality*. On the other hand, it is imperative that treatment under the law be completely impartial or equal, for it provides optimum conditions for the full realization of our individual and very *unequal* inherent capacities. Accordingly, when our *unequal* human characteristics such as intellect, ambition, and physique operate in a free society whose laws provide equal protection for all, vastly

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unequal rewards must result. This, though it may be a bitter pill to swallow for some of the more militant "people manipulators," is perfect justice.

Granted, it means some will become millionaires and some will be paupers. Some will achieve, create, and produce; others will barely exist, creating nothing, and producing next to nothing. How is this perfect justice? What could be more just than a man receiving rewards proportionate to his mental and/or physical labors? The tradition of getting out of life what one puts into it has been the keystone of the American concept of justice, both written and tacit — at least until recently.

Some may claim that, if this is justice, it is a cruel justice. Can true justice ever be cruel? It may be harsh at times, but can it be cruel? If by cruel one means impartial, there can be no argument. It is true that in a pluralistic society, whose members have varying degrees of talent, those who have limited ability will reap limited rewards. It should be glaringly apparent, however, that it *would* be cruel if reward were determined by any other standard. And no one could argue that our system of justice is cruel if we define cruel to mean "desirous of inflicting pain and suffering." The pain and suffering exist, but not

as a result of conscious effort on the part of more handsomely endowed humans.

Man-Made "Justice"

While nature's justice may cause suffering, this is to be distinguished from the man-made suffering brought on by social reformers in their version of the "just society." The "justice" of the "people manipulators" is a meaningless concept, for it lacks the opposite values of good and bad rewards and all those which fall somewhere between the two extremes. Justice *demand*s appropriate and commensurate reward!

In one very real sense we feel compassion for those less fortunate than we, but we do not feel guilty. Yet this brings cries of righteous indignation. They accuse us of not caring for our less fortunate brothers and remind us that tax money used for welfare purposes, for example, does not seriously hurt the taxpayer and certainly it goes for a just cause.

True, it may not cause serious harm to the taxpayer. It is not true, however, that such use of tax money is a just cause. No cause is just if it rewards someone solely for his need. And for this reason, while the taxpayer is not always seriously harmed (though he sometimes is), he is always wronged. There are those

who claim that the needy are deserving of our support. How so? To be deserving implies the right to some form of reward. Suffering, pain, poverty, no matter how distressing, do not entitle people to the fruits of other citizens' labors. It should, therefore, be obvious that the suffering of others does not obligate the more capable individuals to provide any sort of aid to those in distress. They may wish to help, but they are not obligated.

If we allow that the more fortunate are obligated to help the less fortunate, we are, in essence, saying that the less fortunate have a blank check on the resources of those who are better off. Under such a moral code the only person with a clear conscience is the one who has nothing — mental, physical, or material. He can feel secure, secure in the knowledge that there is no one less fortunate than he to be obligated to. This is evil of the most debased kind. What is even more evil is that it robs man of his capacity to be charitable. How can one express his concern for unfortunates by offering material and inspirational gifts if the "haves" are obligated either by law or custom to give to the "have nots" who, of course, deserve these gifts?

We must be willing to pay the price of responsible individual

freedom. And a nation is not free if its citizens are not free — free to choose whether or not they want to spend their money on a cause that others feel is good. Only when the individual is free can he exist as a truly moral being. If moral choices are not his to make, they cease to be moral for him. As he gradually surrenders the responsibility of making moral and ethical decisions, these decisions are then assumed by the state. Man as a superior being ceases to be. He is reduced to a lower level of life, a lesser being of conditioned reflexes and programmed responses. He has adapted to an environment which he is no longer capable of shaping in even the slightest measure. All this in the name of social equality.

Progress — or Mediocrity?

Now to the point of our argument. We suggested earlier that *inequality* is a blessing. That it is! Society could not have been more blessed than to have each of its members diversely endowed, both qualitatively and quantitatively. The individual differences among us have been responsible not only for man's ills, but for his great scientific, social, philosophic, artistic, and economic progress. Progress in these areas has been fantastic in countries which have

a great deal of personal freedom; infinitesimal in primitive, totalitarian, and collectivist societies. Where individual liberty prevails, man is free to satisfy his ambitions, limited only by his own capacities. He is free to create and produce. Where this happens, everyone benefits.

In the United States, where individual freedom has resulted in the highest productivity in the history of the world, even the poorest among us would attract envious looks from the majority of the population in such countries as India, China, Bolivia, and too many others to mention here. Our poor are, with few exceptions, poor only in relation to our own national abundance. So long as enterprising and creative Ameri-

cans are allowed freedom to practice their *unequal* talents we will all benefit. Bring the exceptional down to a median level in an effort to raise the living standards of the below average and we all suffer. Where would we be if we had brought Edison down a peg — to a level of mediocrity; if we had hamstrung the Wright brothers, Henry Ford, and thousands of others who possessed talents superior in some respect to those of the average American?

Reduce American incentive to an average or *equal* level and you will have an average or mediocre America — all of us *equally* mediocre. Our inequality has made us what we are, and conversely, imposed equality can break our spirit, *and our nation.* ♦

IDEAS ON LIBERTY

Possessed

We do not take possession of our ideas
 But are possessed by them.
 They master us and force us into the arena
 Where, like gladiators, we must fight for them.

HEINRICH HEINE (1797-1856)



"PEOPLE'S SHARES" IN VOLKSWAGON

WELLINGTON LONG

BY CAR, bus, train, and bone-cracking motorscooter, they plunged toward a village in Northern Germany that bright summer day, running with the fever of men heading for a newly discovered gold field.

The analogy was apt, or so many thought, for they were owners of "People's Shares" which had trebled in price since issuance six months earlier. Now they were gathering for their first shareholders' meeting.

When all were jammed inside a factory hall in Wolfsburg, they numbered 7,000 of the new owners of the great Volkswagen concern, West Germany's and Europe's largest automobile maker, which the state had just sold to

the people. It was the largest shareholders' meeting ever held anywhere.

In later years, the crowd at the annual meeting has dwindled to about 3,000. But the popularity of "People's Shares" in Volkswagen and other former state-owned enterprises is undiminished, and the West German government intends to sell quite a lot more of its industrial holdings.

Ludwig Erhard, who guided West Germany's economic destiny for 14 years before he became Federal chancellor, summed up the government's hopes for its "Property for All" program in these words:

"It is hardly an exaggeration for me to say that now the era of the class war can finally be considered as having been over-

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come, and a new socio-political image is recognizable according to which the care, the improvement, and the expansion of productive capital is no longer the duty of the entrepreneur alone, but the concern of all citizens.

"If also the wage and salary earner and the small saver is better able to recognize that their fate, their social security, and the future of their children depends on the maintenance of our productive powers, then it must almost inevitably lead to a change of attitude, in the sense of a higher consciousness of responsibility of the individual for the whole. And that appears to me to be the best basis for any democratic order."

State Ownership

The conviction that German workers were hostile to the idea of owning property, other than perhaps their home, was widely held until the mid-1950's. Despite the disastrous experiences of state ownership in Britain, many Social Democrats still believed that nationalization of basic industries would insure economic prosperity and democracy.

But it was clear from the way the votes were being cast in parliamentary elections that a considerable number of workers had become disenchanted with Social

Democratic dogma. The "social market economy" ideas developed by Erhard, as Chancellor Konrad Adenauer's Minister for Economics, showed more results than the socialistic theories adopted in neighboring countries. The Social Democrats found themselves in a minority even in their traditional strongholds in the industrial Ruhr region.

Some of the men who supported Adenauer and Erhard thought "Christian Democracy," as they styled their philosophy, ought, however, to go beyond simply providing wage earners with a relatively high standard of living. They also were concerned over the dominant position the government had inherited in certain manufacturing industries as well as in mining and electricity. As the legal successor to the Third Reich, Bonn had acquired several billion marks' worth of enterprises which the Nazis had seized or created or inherited from earlier regimes. A few visionaries wondered if they couldn't put the little man in business while, at the same time, take the government out of it.

Hermann Lindrath Calls Turn

One such man was Hermann Lindrath, a banker and municipal administrator from Halle, in

what is now communist-controlled East Germany. Lindrath learned politics in the twenties, working alongside Gustav Stresemann, the leading liberal of the day. As Chancellor and Foreign Minister, Stresemann's attempt to bring political and economic democracy to Germany failed before the aggressive tactics of the extremists.

From 1945 to 1951, Lindrath stayed on in Halle, trying to work with the Russians. First in the city administration, later as a tax consultant, he experienced at first hand the mass expropriation of manufacturing firms and the deliberate ruination of small businessmen, and watched the sluggish efforts of the economy to wade through a swamp of state control. What he endured there convinced Lindrath that collective ownership is a sham, and inefficient. When his position in Halle became untenable in 1951, he fled to West Germany. There, he was elected to the Federal parliament in 1953, as a member of the Adenauer-Erhard party, and in 1957, was appointed Minister for Federally Owned Property.

Ideas into Practice

In his new job, Lindrath saw a chance to put his theories about individual ownership into practice. Chancellor Adenauer's government policy statement of October 29,

1957, promised "a wider distribution of the ownership of productive means." Lindrath told parliament "this socio-political goal is based on the experience of the past, in which the creation of private property, the aspiration for individual ownership, for personal property, the desire for an independent existence has been shown to be the main driving force behind the revival of the German economy."

With Germany moving into the Common Market, Lindrath argued, it was foolish to believe the government should continue to own manufacturing properties in order to influence price levels. "That," he declared, "is the function of competition in a free economy." Domestic prices depend on world prices, he pointed out, and a rise in German prices resulting from increased raw material prices on the world market could hardly be blocked by Federally-owned enterprises.

The government's holdings were organized as joint stock companies. Lindrath proposed to sell some or all of the shares of each to company employees or other low-income groups.

He was entering unexplored territory when he offered shares in the PREUSSAG (Preussische Bergwerks und Huetten AG) on March 24, 1959. PREUSSAG employed 20,000 persons in the ore,

coal, oil, and potash industries, and had an annual turnover of 800 million marks (\$200 million). Lindrath offered 30 million marks (\$7,500,000) of shares, about one-third of the total, to the public.

60,000 Anticipated, 200,000 Applied

Even Lindrath was astounded at the reception his scheme received. "We anticipated 60,000 buyers," he said. "More than 200,000 signed immediately the lists were opened."

The demand was so great that Lindrath promptly offered another 52 million marks (\$13 million) of PREUSSAG shares for sale, so that the government wound up holding less than 25 per cent of the shares.

Only persons with annual incomes of less than 16,000 marks (\$4,000) — about 50 per cent more than a production line worker earns — could buy PREUSSAG shares. None could hold more than 1/100th of the total issue, a provision thought necessary to prevent speculators from gaining control of the company.

Lindrath kept part of the shares in the government's hands so it could gather experience. But he promised the remainder would be sold soon, too.

More confident than ever, after this initial success, Lindrath expanded his philosophy.

"True freedom," he declared, "is unthinkable without property. The possibility to dispose over personal property in its various forms assures the individual greater security and greater independence of the vagaries of life than the Federal constitution is capable of doing. And it provides the basis for a special tie to and responsibility for the state and society.

"Beyond that, experience teaches us that there is no real freedom which is not spiritual freedom and at the same time material freedom. Freedom merely as a right guaranteed by the constitution is not real freedom as we understand it. The Federal constitution alone is incapable of making men free in the exercise of their daily lives. Constitutional freedom requires a foundation, and we want to create this by making the Germans a people of property owners.

"But only if the shares come into the hands of those who so far have had an insufficient share of the economy's productive capital can this be considered progress along the road from class war to responsibility. . . The class warrior of the past shall become an economic citizen."

The most obvious property for the government to sell next was the Volkswagen works. Hitler had

wanted a "People's Car" and tens of thousands of trusting Germans had paid their money to his "Labor Front" in anticipation of the day cars would roll off the lines in the sand hills of Lower Saxony for civilian instead of for military use.

"People's Shares"

After the war, the Federal government in Bonn and the Lower Saxony state government became joint owners. Volkswagen now had annual sales of almost five billion marks (\$1.2 billion), and was turning out 4,200 cars and trucks every day. A third of all new cars registered in West Germany each year were Volkswagens. They were a major export item and earner of dollars and gold. It was the hottest automotive property in Europe. And Lindrath reasoned that the factories making the original "People's Car" ought also to be owned by the people.

Lindrath died before the deal was closed. But his successor proposed that of Volkswagen's 600 million marks (\$125 million) capitalization, the government sell 60 per cent or 360 million marks (\$90 million) in "People's Shares." The Federal government and Lower Saxony state government would each retain 20 per cent.

"People's Shares" in Volkswag-

en would have a nominal value of 100 marks (\$25), but be sold for 350 marks (\$87.50). The rule prohibiting sales to anyone earning more than 16,000 marks (\$4,000) a year was retained. But married men earning less than 12,000 marks (\$3,000) per year would be given a 20 per cent "Social Discount."

Again the government underestimated the popularity of the scheme. It announced buyers would be limited to five shares each. But just as fast as the banks and brokers could record their names, 1,547,000 persons subscribed for shares. After some fast reckoning, the government announced each subscriber would get two shares, and the right to participate in a drawing for a third share. About one-third of the subscribers received a third share.

The day after the shares were issued, their price was quoted on the official exchanges. Within a week, they had doubled in price. Dealing in Volkswagen shares or at least following the course of their prices in the newspapers, said one commentator, "has become the national sport." By May, 1961, about two months after the shares were issued, they hit their peak of 1,108 marks (\$277), 3½ times their original price.

That first giant shareholder's meeting conducted by VW Gener-

al Director Heinz Nordhoff went off admirably, allaying the fears of those who thought it would be impossible for a crowd of that size to conduct business. A little later, he raised the price of the "beetle car." The daily *Welt* of Hamburg cartooned a cloth-capped worker looking at an announcement of the price increase, and explaining, "As a trades-union man I oppose it, but as a shareholder I approve it." Sales climbed steadily despite the price hike. But suddenly, public confidence in the Volkswagen shares faltered. Prices of the shares slipped, sagged, then nose-dived. On May 29, 1962, henceforth known as "Black Tuesday," the price hit bottom at 492 marks (\$123).

But it bounced, and by the time 3,000 shareholders gathered for their second meeting in July of that year, had again reached 550 marks (\$142.50). In the years since, public confidence in Volkswagen shares has never wavered, and it has been among the steady leaders on the exchanges.

Most significant to the men who followed in Lindrath's footsteps, however, was the tenacity with which original buyers hung on to Volkswagen shares. Four years after issue, 60 per cent of the first buyers still own their Volkswagen paper. And almost overnight, the nation had acquired two million new shareholders. In 1960, only 3

per cent of West German households owned shares. Three years later, the figure was 7 per cent, on a par with the United States, and is believed now to be even greater.

Other Sales Projected

Trades-union leaders still argue against the "People's Shares" scheme, proposing instead that "excess profits" be siphoned off large corporations — both public and private — into a special government-managed investment fund in which workers could buy non-voting stock. Probably because of official trades-union opposition, only 43 per cent of the PREUS-SAG employees bought shares in their company. But factory workers were soon infected by the general enthusiasm, and 97 per cent of Volkswagen's hands ignored the union's exhortations and bought company shares.

This summer, the government will sell "People's Shares" in the VEBA (Vereinigte Elektrizitaets — und Bergwerks AG), a government-owned stock company capitalized at 450 million marks (\$112.5 million).

Among other things, VEBA produces 10 per cent of West Germany's electricity and 9 per cent of its coal, and last year paid a 10½ per cent dividend, so its shares are expected to be hotly pursued. Initially, the government

will sell 100 million marks (\$25 million) of VEBA shares, but is prepared to let go another and equal amount if the demand is great enough.

And there is more being made ready for sale. Werner Dollinger, the Bavarian food wholesaler and and kiln owner who is now Minister of Federally Owned Property, reports the government still owns industrial properties with a nominal value of four billion marks (\$1 billion), and an annual production of 14 billion marks (\$3.5 billion), including 28 per cent of the nation's coal production, 30 per cent of its shipbuilding, and 74 per cent of its aluminum production.

The Debate Continues

The Social Democrats contend the "People's Shares" give an illusory sense of ownership. In parliamentary debate on the VEBA bill, Social Democrat Georg Kurlbaum — himself sole owner of a Nürnberg electronics manufacturing firm — said it was foolish for a government to be at the mercy of shareholders in determining such sensitive matters as power rates. "Only in a minimum of cases," Kurlbaum contended, "does the small shareholder actually control the way his vote is cast. Large banks hold proxies for most of the small shareholders

and the bankers actually vote." A more democratic system, he said, is for the government to be the sole owner and let the parliament representing all the people decide or supervise company policies. "We believe that properly used, Federal enterprises can contribute to smoothing out economic bumps, to slowing the tendency of prices to rise and to improve competitive conditions," Kurlbaum declared.

Anyway, the Social Democrat asserted, a wage earner doesn't want a voting share in a company as much as he desires security against creeping or sudden inflation.

Minister Dollinger challenged Kurlbaum's every point. In the first place, he said, the government was concerned at the growing concentration of capital in the hands of the state and a few private entrepreneurs. Concentration of production was perhaps inevitable and necessary in the modern world, but the government wanted to balance that process by deconcentrating capital ownership.

To Kurlbaum's anxiety that big bankers actually would control shareholders' votes, Dollinger said the government would insist that shareholders granting proxies state how they should be voted on each item of the annual meeting agenda.

The Social Democrat had said that for reasons of national defense, the government should maintain important holdings in the basic industries. But Dollinger believed that "precisely in such an important area as defense requirements, a healthy competition of private companies for state contracts is in the best interests of all participants."

Dollinger also objected to appropriating funds when state-owned corporations require fresh capital.

"Public monies, whether they come from the Federal, state, or municipal budgets," Dollinger declared, "are always tax monies. To use tax monies to fill the capital need of a Federally-owned undertaking means nothing less than to make the citizen poorer, while making the state richer and more powerful."

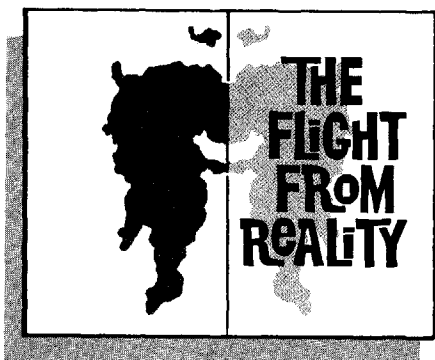
"The Federal government opposes such a solution," Dollinger reasserted. "Without personal, freely disposable property, the preservation of our personal freedom against collectivism is in the long run not possible.

"Free disposability is not ex-

hausted in that one is able to sell his property at any time. Rather it also must include a right of co-determination, which makes the people's shareholder a co-entrepreneur. As a matter of principle, therefore, 'People's Shares' are provided with a complete vote.

"Above all, we believe a man who owns something thinks differently than a man who does not. A man thinks and reacts with more responsibility when a decision involves his own property."

Even though some critics suggest that many of the shareholders at the annual Volkswagen meeting are merely harassing the directors instead of sharing in decision-making, Erhard and Dollinger really believe a change in the attitude of newly propertied workers is apparent whenever strike votes are called by the unions during wage contract negotiations. By Erhard's lights, shareholder-workers demonstrate more responsibility. The government admits the battle isn't won yet, but is confident of eventual victory in the contest between collective ownership and individual property. ♦



9. The New Reality

CLARENCE B. CARSON

[T]he characteristic mood of our own age [is] that the historical condition determines the human situation. Man's existence is history; or "life and reality are history, and history alone," as Croce said.

—HANS MEYERHOFF, 1959

From the perspective of the post-Second World War era, the work of the generation of the 1890's can be viewed as a "first attempt" at accommodation to a "new conception of reality." . . . In this process of concession and adaptation, the "activity of human consciousness" for the first time became of paramount importance.

—H. STUART HUGHES, 1958

We invoked what we believed to be the three constitutive facts in the consciousness of Western man: knowledge of death, knowledge of freedom, knowledge of society. . . . The third revelation came to us through living in an industrial society. . . . It is the constitutive element in modern man's consciousness.

—KARL POLANYI, 1944

IT HAS BEEN SAID that man is incurably religious. It may be said with equal validity that man is incurably metaphysical in his thought processes. The flight from reality of intellectuals commenced with the cutting loose of ideas from their foundations in an underlying order. This was an attempt to slough off metaphysics,

for metaphysics is the philosophical study which treats of the underlying order. In the course of time, it became (and still is) commonplace in intellectual circles to denounce conceptions—any that happened not to be considered worthy of consideration—as being "metaphysical." In short, metaphysics was laughed out of court; scorn and abuse were heaped upon this mode of thought.

Pragmatists boldly proclaimed a philosophy that was supposed

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to be shorn of metaphysical assumptions. They proposed to operate upon a basis of continuous experimentation to find successful methods within an ever shifting context. Rigorous adherence to pragmatism, however, would result in some surprises for pragmatists. They would begin to discover that there are regularities, that actions essentially the same will result in predictable consequences.

In brief, if the pragmatists adhered strictly to their method, they would begin to acquire knowledge. If they probed a bit deeper, they would discover that there are laws which account for these regularities and predictabilities. At the point that they discovered and believed in laws and principles they would return most likely to a truly metaphysical outlook.

In general, this has not happened. It certainly has not happened among ameliorative reformers, and these generally like to think of themselves as pragmatic. The reason is not far to seek. At the time of the setting forth of pragmatism, thinkers were already coming under the sway of a "new reality." This new reality was based upon assumptions which served in lieu of and could be used in somewhat the same manner as metaphysics. This is not to say that the conceptions

were indeed metaphysical. There is no need to corrupt the language by so denominating them. Rather, they served in this capacity; they rested upon conceptions of an underlying order. Explanations were made in terms of this "order." Pragmatism became largely a philosophy to justify the expediency of men operating on the basis of the "new reality."

Though the conceptions drawn from this new reality are used metaphysically, the fact is not generally recognized. Moreover, they are not subjected to rational examination. The decline of philosophy and the growth of irrationalism have made this state of affairs possible. Even ideologies in America have not usually been explicit. In consequence, assumptions have to be deduced from casually thrown phrases and the fag ends of ideas which one encounters. Still, the conceptions are there.

Three Basic Constituents: Change, Society, and Psyche

There are three basic constituents of the "new reality." They are: *change*, *society*, and *psyche*. These are not separate realities but interrelated parts of a single reality. Historically, each of them, as a metaphysic-like entity, can be traced back to its origins in nineteenth century European

thought. Change was "realized" in the thought of Hegel, Marx, Spencer, and Darwin. Society was "thingified" by a line of thinkers that includes Burke, Comte, Marx, and Mosca. Psyche began to assume its modern proportions for Schopenhauer, Nietzsche, Freud, Adler, and Jung. These ideas were picked up and extended by such Americans as Frederick Jackson Turner, James Harvey Robinson, William Graham Sumner, Charles A. Beard, Lester Frank Ward, John Dewey, William James, Thorstein Veblen, and Oliver Wendell Holmes, Jr.

The story of this transmigration of ideas — of Americans traveling to Europe, of their becoming enamored particularly with German thought, of the visits of European scholars in America, of the founding of schools in America based upon European ideas — is much too extended and complex even to be summarized here. Suffice it to say that such events occurred, and that American thinkers frequently followed paths very similar to their European counterparts. As a result of this interchange, American intellectuals embraced and expounded a "new reality."

Three sorts of explanations can be made from the vantage point of this new reality: historical, sociological, and psychological.

Three specialized intellectual "disciplines" were developed in the nineteenth and twentieth centuries to make these explanations: history, sociology, and psychology.

History a Tool for Change

Of course, history was not new to the nineteenth century. It had been consciously written since the time of Herodotus in ancient Greece, and had in fact been written and told long before that. Students had studied and learned it through the ages — but not as a separate "discipline." Prior to sometime in the nineteenth century, students learned history as a kind of bonus from the study of literature or "grammar," and men read and wrote it as the spirit moved them to do so. There was no distinct profession which had history in its keeping or was responsible for it. In the course of the nineteenth century, the study and writing of history was specialized and professionalized. And, as we have seen, in the early twentieth century the older history was defamed and a New History advanced. History was cut loose from its foundation in an enduring order and turned into an instrument for reshaping the society for the future.

There was no problem of re-making sociology. There had been no such study or discipline for

traditional scholarship. It was only developed after some thinkers began to believe in the reality of society. Its founding is usually ascribed to Auguste Comte, but it can be traced through a host of thinkers in its development. At any rate, sociology became the "discipline" to deal with society.

Psychology was a traditional study; it was a branch of philosophy historically. It has already been noted that the house of philosophy fell apart in the wake of the labors of Hume and Kant. Even so, psychology had to be wrested from the hands of philosophers who tried to cling to it before it could be "independent." The assault was upon introspective psychology (which was, in turn, innate psychology), and the effort was to make psychology scientific, or so its proponents claimed. The New Psychology was shaped by Wilhelm Wundt, Sigmund Freud, William James, John B. Watson, and others. Many different schools of psychology emerged, but they all shared a common faith in the New Psychology.

The initial effort, then, was to make history, sociology, and psychology separate intellectual disciplines, to get them recognized as a part of the curriculum of education, and, usually, to get them recognized as sciences in their own right. But in the twentieth

century there has been a considerable movement to "integrate" these studies. Those who want this have probably had their greatest success in the public schools, where, in some instances, they have been merged into social studies courses. But where they have retained some separation, as is usual, a great deal of "integration" has taken place. For example, sociological and psychological explanations now pervade much of the writing of history. There is a kind of inherent logic to this movement to merge these studies. If they could be joined, a New Philosophy might emerge to deal with the "new reality." Actually, of course, this New Philosophy has already emerged and is used to make explanations of developments. Such explanations are, of course, historical, sociological, and psychological.

All Social Science Affected

It may be objected at this point that history, sociology, and psychology do not deal with the whole of reality for contemporary intellectuals, even if they are supposed to deal with part of it. There are, after all, a great many other studies and approaches to learning. The above named do not even include all of the "social sciences." What of economics, of political science, of anthropology? It is in

order to point out that these have been historicized, sociologized, and psychologized, if one may employ somewhat facetiously a barbarized language. Note that this is precisely what Thorstein Veblen did to economics. My impression is that European economists regularly write in a way that we would call sociological. The critic may observe that the economic tail often wags the sociological dog in practice. This is only a surface observation, however, for economics is first permeated with sociological assumptions. Economic determinism, for example, is a sociological or psychological, not an economic, idea. As for political science, it is usually filled to overflowing with the above ideas. Anthropology is largely the result of the application of historical, sociological, and psychological methods to the study of primitive societies.

That group of studies known as the humanities may be disposed of quickly. Language has come to be thought of increasingly as an "instrument of communication." Literature is not only arranged chronologically but quite often taught historically. Philosophy, deprived of its content (except the *history* of philosophy and a few esoteric subjects such as ethics and esthetics) has tended to wither on the vine. My main point,

however, is that the humanities — or rather, those who teach and speak for them — do not speak authoritatively of any reality other than the historical, sociological, and psychological.

But surely, it may be argued, contemporary thinkers believe that the material realm, that realm with which the sciences are supposed to deal, is real. It is frequently asserted, by those who disagree with them, that reformist intellectuals are materialists. Nothing can be more readily demonstrated than their perpetual concern with material things, with better housing, with better diets, with higher standards of living, and so on. Yet these things are not real, in the sense we have been employing the word, to reformists. The natural world has no enduring form which would make it real. It is something brute, to be made over according to human will. The sciences are instruments to this end.

Pseudo-Scientific

Actually, the sciences have not been subdued as yet to this new conception of reality. The specialization that has occurred there plus the complex techniques now employed, make them largely *terra incognita* to nonscientists. The "social sciences" were born out of a desire to make the study of so-

cial phenomena scientific. Pragmatism was a more general application of an abstracted scientific method. The respect for the Sciences (personified) has continued, but there has been much talk of bringing them under control. But the sciences, too, have been largely severed from their philosophical roots; and since they are restricted to the world of nature, they pose no real threat to the "new reality." If and when reformist intellectuals achieve social controls, they are, of course, in control of scientists, too.

The sciences have played a duel role within the framework of the "new reality." In the first place, they are instruments for reshaping the physical environment to the needs and purposes of man. Second, they provided the method which was to be used for reshaping society and man. Lester Frank Ward, the American catalyst for so many of these ideas, stated the matter bluntly:

... We saw in the last chapter that most individual achievement had been due to invention and scientific discovery in the domain of the physical forces. The parallel consists in the fact that social achievement consists in invention and discovery in the domain of the social forces. . . .

If we carefully analyze an invention we shall find that it consists

first in recognizing a property or force and secondly in making material adjustments calculated to cause that property or force to act in the manner desired by the inventor. . . .

Now the desires and wants of men constitute the forces of society, complicated, as they are in the higher stages, by the directive agent in all its manifold aspects. *Social invention consists in making such adjustments as will induce men to act in the manner most advantageous to society.*¹

The story of the deactivation and instrumentation of the sciences deserves a separate chapter, or book. It was one of the most momentous developments of the modern era. Unfortunately, it must be reduced here to a few sentences. The sciences were once conceived as a method for getting truth about the universe, truth which provided a key to the purpose of God for man.² So conceived and employed, they provided much information about an underlying order in the universe. Techniques were instruments, within this framework, for the discovery of truth.

¹ Lester F. Ward, *Pure Sociology* (New York: Macmillan, 1909, 2nd edition), pp. 568-69. Italics mine.

² See Edwin A. Burt, *The Metaphysical Foundations of Modern Physical Science* (Garden City: Doubleday, an Anchor Book, 1954), *passim*.

But in the course of the nineteenth century, intellectuals (and everybody else, I suspect) began to confuse science with technology. When science came to be identified with technology, it had been "instrumented"; its truths became important as they were renderable into techniques. By the middle of the twentieth century, there was much voiced concern about the need for a revival of "pure" research. The justification was that this would lead to the discovery of laws which would, in turn, be renderable into techniques for technological purposes. In short, the sciences had become the handmaidens of technology.

The point of this discussion needs to be spelled out so that misunderstanding will be avoided, if that is possible. Nothing said is intended to disparage technology or to deny the connection between the sciences and technology. (Benjamin Franklin felicitously demonstrated the connection between science and technology around 200 years ago. He reasoned that lightning is electricity. He performed his famous kite experiment to prove his hypothesis. Since lightning is electricity, since electricity is a natural phenomenon, it behaves in predictable ways. In consequence of these conclusions, he made the technological application — i. e., invented the

lightning rod.) My point is that when the scientist became identified with technology, he ceased largely to speak authoritatively about the nature of the universe and, instead, provided means for manipulating things within it. He ceased to provide information about an enduring reality, or rather, he no longer made available information which was understood in this way. The treatment of reality was left to the proponents of the "new reality."

Instruments of Reform

Not only were the sciences "instrumented," then, but also they provided the method by which social reform was to be undertaken. Lester Frank Ward was enamored of the analogy between the social and the physical, and he treated the analogy as if it were a one-to-one relationship. "The sociologist," he said, "who really believes there is such a science has a right to claim that all the social forces may be utilized as the physical ones have been. He classes those who maintain the contrary along with those who once believed that the thunders were only engines of destruction, the winds powers of evil, and the gases demoniacal spirits."³

³ Lester F. Ward, *Dynamic Sociology*, I (New York: D. Appleton and Co., 1920, 2 volumes), 43.

Ward's is the underlying pre-conception of contemporary ameliorative reform. It should be noted that several strange equations were made: science with technology, the physical with the social, things with people. Ward saw nothing untoward, at that point, in recommending that people be manipulated according to the prescriptions of sociologists, in the same manner as physical scientists prescribe the manipulation of things. Neither has many another reformer.

The Personification of History

Before examining further the import of the "new reality," however, it is in order to give some demonstrations to substantiate the assertion that these conceptions of change, society, and psyche are used in a metaphysic-like manner. What does it mean to treat change as if it were real? It means to treat it as if it were an entity, a being with properties, attributes, and characteristics. Actually, this has frequently been done with change by personifying (thingifying, reafying, anthropomorphizing) it as History.

Let us take a simple and not very significant example first. One often hears some such statement as this: History will decide whether so and so was a great President or not. This is palpable

nonsense. There is no such being as History to render any such decision. It may be objected that I am taking a figure of speech literally, that those who make such statements really mean that historians will decide whether or not someone was a great man. If this latter were indeed the meaning to be attached to the initial statement, it would make sense, but it would be in error. Historians do not assemble in a great parliament to render the final verdict upon the characters of the past (for which oversight we should all be grateful). If they were to do so, they would only be playing at being gods. Those who have insufficient knowledge about such matters may suppose that historians come to a consensus about important figures of the past. This is not really the case. Vigorous controversies still go on about figures in the most distant past. In short, there is no reality which conforms to the view that History reaches final decisions.

But there is much reason to suspect that this usage is derived from a much more serious personifying of history. The usage to which I refer is the treatment of history as force or as a vehicle for a number of forces. The conception involved is that the past shapes the future, that the past contains trends, movements, de-

velopmental directions which act as forces upon the present and the future. These forces are thought of as acting ineluctably and inevitably to bring about certain developments.

The most famous of such theses was that of Karl Marx and Friedrich Engels, but the idea informs all reformist thought in the contemporary era. Progressivism is deeply imbued with the idea of history as a progressive force. It becomes apparent in such notions as the following: you can't turn back the clock; the latest is the best; it is necessary to adjust to changing times. Such words and phrases as the following, when they are used to refer to ideas, draw their sustenance from this view of history: reactionary, backlash, neanderthal, anachronistic, and so on.

Sir Isaiah Berlin says, "The notion that history obeys laws, whether natural or supernatural, that every event of human life is an element in a necessary pattern has deep metaphysical origins."⁴ The matter goes deeper than this, however. When history is dealt with as a being, it has itself become metaphysic-like. It has been made into a constituent part of underlying reality. If anyone objects

that the word "history" is only being employed as a metaphor, he should be ready to explain why we can't turn back the clock then. Surely, no metaphor would prevent it, or could cause all that has occurred. Whether History only stands for the forces or is itself the force is largely irrelevant. The forces themselves are treated by those who think in this way as metaphysic-like beings.

Is Society Real?

The second ingredient of the "new reality" is society. The belief in the reality of society was a precondition to the development of sociology, no doubt, and a continuing assumption of those who pursue the study. At any rate, that is the way it was and generally has been. But before going further with this analysis some distinctions should be made. There *are* social phenomena. Such phenomena include institutions, customs, traditions, folkways, habits, behavior patterns, and so on. Moreover, it may be descriptively useful to refer to those who share a preponderance of these as living in a society.

The development with which I wish to deal hinges, philosophically, upon whether society is a phenomenon or a noumenon. Or, somewhat more familiar language may be used in describing

⁴ Isaiah Berlin, *Historical Inevitability* (London: Oxford University Press, 1954), p. 13.

the basis upon which a distinction might be made: Is society an appearance or is it real? Is the word "society" a convenient designation for certain phenomena or does it refer to a real being in its own right? Do social phenomena stem from society or do they stem from people? Are individuals real or are they products (extensions) of society?

An Organic Whole

The above questions may make the development to be described clearer than it would otherwise be. My point is that thinkers began to treat society as if it were real. This does not mean that they explicitly treated it as a being distinct from those who were supposed to compose it. Lester Frank Ward said, "Society is simply a compound organism whose acts exhibit the resultant of all the individual forces which its members exert." Yet he went on to say, "These acts, whether individual or collective, obey fixed laws. Objectively viewed, society is a natural object, presenting a variety of complicated movements produced by a particular class of natural forces."⁵ But, one may ask, whence come these laws? Do they come from individuals? Strictly speaking, this would have to mean that individuals create

laws. This could not be, for such would not be laws.

Actually, Ward's confusion arose from the contradictory premises upon which he was operating. On the one hand he treated society as if it were real, spoke of social laws and forces, and worked to develop a sociology that would describe these laws of society.⁶ On the other, he wanted men to take over the direction of society and control the forces to desirable ends. For example, "The social forces only need to be investigated as the rest have been, in order to discover ways in which their utility can be demonstrated. Here is a vast field of true scientific exploitation as yet untracked. . . . To just what extent the present evil tendencies of society may be turned to good, under the management of truly enlightened legislation, it is impossible to predict."⁷ What does social force refer to, if not to men? And if they are forces acting upon men, how can men act upon and direct them?

Ward's thought lies athwart the path of two different modes of thought — the deterministic and melioristic — at the point of divergence. It was filled with the conclusions of nineteenth century deterministic thought — the talk of forces, progressive laws, social

⁶ See *ibid.*, pp. 1-2.

⁷ *Ibid.*, p. 43.

⁵ Ward, *Dynamic Sociology*, I, 35.

evolution—which were the intellectual currency of the time. He suggested the idea that mentality had evolved to the point that men could consciously guide further evolution. But his position was philosophically vague and internally contradictory.⁸ These contradictions have gone into reformist thought, for explanations have continued to be made in terms of social forces; whereas, reformers have exhorted their followers to conscious reformist efforts. Ward was the fount of this confusion.

Society was real to Ward, as it was to John Dewey, and as it has been to a host of other reformers. They speak of society as if it had a distinct being and use the word "social" as derived from it in this sense. The following usages by Ward, taken from the second volume of *Dynamic Sociology*, will illustrate the point. He refers to "social forces" (p. 161), "social progress" (p. 161), "social advancement" (p. 163), "the life of a society" (p. 163), "state of society" (p. 165), "protection of

society" (p. 214), "social growth" (p. 224), "will of society" (p. 230), "servant of society" (p. 242), "Society, possessed for the first time of a completely integrated consciousness" (p. 249), "agencies of society" (p. 250), "duty of society" (p. 251), "duties of society toward itself" (p. 467), "how to bring society to consciousness" (p. 467), "members of society" (p. 544), "superficiality of society" (p. 552), "the exclusive work of society" (p. 571), "the welfare of society" (p. 583), "responsible solely to society" (p. 589), "better for society" (p. 591) "society" as having "burden on its shoulders" (p. 595), and a "sphere prescribed by society" (p. 617). If phraseology be accepted as a good indication of underlying assumptions, and it should be, there should be no doubt that Lester Frank Ward believed in the reality of society.

John Dewey followed a similar pattern in his language. The following instances are taken from his *Problems of Men*.⁹ He refers to "socially necessary" (p. 32), "social control" (p. 35), "members of our society" (p. 37), "socially helpful" (p. 49), "social forces" (p. 52), "society" as "deprived of what they might contribute" (p. 61), "the interests and activities of a society" (p. 62),

⁸ Note his embroilment in the contradictions. "Although every act must in strict science be recognized as the resultant of all the forces, internal and external, acting upon the agent, still it remains true that achievement is the work of individuals thus acting. . . ." (Ward, *Pure Sociology*, p. 41.) With about as much sense, one may say: The spokes only turn when the wheel turns; still it is the spokes turning.

⁹ New York: Philosophical Library, 1946.

"social enterprise" (p. 76), "social pressure" (p. 85), "social breakdown" (p. 90), "social authority" (p. 94), "socially justified" (p. 101), "benefit to society" (p. 102), "social vacuum" (p. 104), "society . . . itself" (p. 131), "social power" (p. 132), "social knowledge" (p. 179), "social materials" (p. 180) "society" as "suffering" (p. 182), and "socially authorized" (p. 185). These are, of course, metaphysic-like usages. Such usage derives most of its meaning from the conception of society as an organism, which became common after the presentation of Darwinian evolution.

The Emphasis on Feelings

The third ingredient in the "new reality" was the psyche. More specifically, it was psychic phenomena thingified, made into positive active forces. Lester Frank Ward referred constantly to social forces. One may well wonder where these forces come from. They are operative in society, according to him, but they do not come from society. Instead, they arise from within men. Ward put it this way: "The motive of all action is feeling. All great movements in history are preceded and accompanied by strong feelings."¹⁰ Again, "Feeling alone can drive on the social train, whether

for weal or woe."¹¹ Moreover, "Egoism is the feeling which demands for self an increase of enjoyment and diminution of discomfort. Altruism is. . . a kind of feeling which results from the contemplation of suffering in others"¹²

Ward indicates in the following that feeling is his fundamental conception:

The root-idea to which I will here confine myself is the true supremacy which must be accorded in any just system of philosophy to the *feelings* as the real *end* toward which all efforts designed to secure the advancement of society must be directed. Although it is upon the intellect that we can alone rely to secure such a control of the social forces as shall successfully harmonize them with human advantage, it is feeling that must be alone consulted in determining what constitutes such advantage. Every true system must regard intellect as the means and feeling as the end of all its operations. . . .

The practical work which sociology demands is, when reduced to its lowest terms, *the organization of feeling*. The human body is a reservoir of feeling which, when wholly unobstructed, is all pleasurable.¹³

The concentration upon the psychological has led in many directions in the twentieth century.

¹¹ *Ibid.*, p. 12.

¹² *Ibid.*, p. 14.

¹³ *Ibid.*, pp. 67-68.

¹⁰ Ward, *Dynamic Sociology*, I, 11.

Some have followed Ward's lead in emphasizing the primacy of feeling. Need and desire have been virtually deified as realities by some writers. Others have focused upon motive as the most important area for knowledge and in terms of which to make explanations. Professional psychoanalysts have focused attention upon removing the obstructions to free expression and action. The arts and education fell under the spell of "self-expression." Many people came to believe that intention was more important than action.

Taken together, change, society, and the psyche provided a new conception of reality. The psyche provided the impetus, or force, society the framework within which and upon which the force was exerted, and history the plane upon which movement took place. This attributes greater clarity to these ideas than they have, however. By the early twentieth century, American thinkers were sloughing off the framework of natural (or social) law within which Ward cast his thought. They continued to use concepts, such as environmentalism, drawn from this framework but quite often without avowing it. The theoretical framework became much vaguer than it had been, even though this might not appear possible.

Most American reformist intel-

lectuals have adopted a pragmatic stance, disavowed conscious theory, and ostensibly acted in terms of each situation as it arose. They have not really done this, and it is doubtful whether anyone could. They have, instead, acted on the basis of assumptions and ideologies. Both of these are founded, insofar as they *are* founded, in the "new reality." Men who have no theory, metaphysics, or principles generally act upon the basis of the fag ends of those they picked up unawares.

Constantly Changing

The most important feature of this new reality is that it is constantly changing. Change is embedded in it as one of its constituents. The other constituents change, too. Few things can be more readily demonstrated than that social structures are greatly altered during the passage of time. As for the psyche, it is the root or origin of important changes, according to the above formulation. It is a force for change. There was an article of faith that reformers brought to the new conception of reality, namely, that it is *changeable*. The point of Ward's work was to establish the proposition that social change can be consciously directed, that it can be *planned*.

He asserted it over and over

again, from a great variety of angles. He called the conscious planning of social action meliorism. "Now, meliorism," Ward said, "is a dynamic principle. It implies the improvement of the social condition through cold calculation. . . . It is not content merely to alleviate present suffering, it aims to create conditions under which no suffering can exist. It is ready even to sacrifice temporary enjoyment for greater future enjoyment — the pleasure of a few for that of the mass."¹⁴ He proposed that this should be accomplished by legislation. "Legislation (I use the term in its most general sense) is nothing else but social invention. It is an effort so to control the forces of a state as to secure the greatest benefits to its people."¹⁵ He admits that governments have usually made a mess in most of their interventions in society. But this has been occasioned, he declares, by the ignorance of those who made the laws heretofore. The science of sociology will change all this.

Before progressive legislation can become a success, every legislature must become, as it were, a polytechnic school, a laboratory of philosophical research into the laws of society and of human nature. No legislator is qualified to propose or vote

on measures designed to affect the destinies of millions of social units until he masters all that is known of the science of society. Every true legislator must be a sociologist. . . .¹⁶

The means by which the changes in society should be brought about, according to Ward, were social invention and collectivization. Social invention will be devoted to discovering ways of exercising social pressure by legislation for the good of society. "Social invention consists in making such adjustments as will induce men to act in the manner most advantageous to society."¹⁷ He did not hold with prohibitions and punishments as a rule. These things restrict the liberty of some of the people. "But the contention is that only the most obdurate offenders require to have their liberty restricted, since they, too, have wants, and the social inventor should devise means by which such wants shall be spontaneously satisfied through wholly innocuous or even socially beneficial action."¹⁸

These actions were to be taken by the collective action of the populace (whatever such ideas may mean). The great collective problem, Ward thought, was of the proper distribution of goods. "This is an exclusively social prob-

¹⁴ *Ibid.*, II, 468.

¹⁵ *Ibid.*, I, 36.

¹⁶ *Ibid.*, p. 37.

¹⁷ Ward, *Pure Sociology*, p. 569.

¹⁸ *Ibid.*, p. 570.

lem and can only be solved by social action. It is to-day the most important of all social problems, because its complete solution would accomplish nothing less than the abolition of poverty and want from society."¹⁹

¹⁹ *Ibid.*, p. 571.

The "new reality," then, was the metaphysic-like foundation for social reform. It was, to speak metaphorically, the space station built by intellectuals on their flight from reality from which to launch their reformist experiments upon the earth. ♦

The next article in this series will treat of "The New Creativity."



DANGER to a Free Press

JOHN C. MERRILL

ALTHOUGH isolated journalists, statesmen, and academicians had long toyed with the term "responsibility" as well as "freedom" for the mass media, it was not until 1947 when the Commission on Freedom of the Press (headed by Robert Hutchins) brought out its *A Free and Responsible Press* that the concept gained much of an ideological foothold in the United States. Earlier, it had somehow been assumed that re-

sponsibility was automatically built into a libertarian press; that a "free press" in the Western sense was responsible *per se* to its society.

But the Hutchins group thought differently. Noting what they called a clear danger in growing restriction of communications outlets and general irresponsibility in many areas of the press, the group offered this ominous warning: "If they (the agencies of mass communication) are irresponsible, not even the First Amendment will protect their

Dr. Merrill, Associate Professor of Journalism at the University of Missouri, offers, among others, a graduate course on "Basic Issues in the News."

freedom from governmental control. The amendment will be amended."

Since 1947 there has been growing discourse about the responsibility of the press and less and less about its freedom to react independently in a democratic society. Undoubtedly many would-be "definers" of responsible journalism are among us who are ready and willing to turn our press in a new direction: toward "consensus" journalism hewing to some predetermined line which the "responsibility" proponents see as progress.

What Is "Social Responsibility"?

At first it would seem rather strange that modern liberals are in the forefront of the "social responsibility" advocates and thus opposed to our traditional pluralistic press philosophy. However, when one thinks of their skepticism as to the value of the individual, it is not too difficult to see them projecting this rationale to the press. Just as "liberals" are opposed to "laissez faire" economics, they are also opposed to "laissez faire" journalism. Inevitably, if they have their way, the American press can expect a great amount of control in the name of "responsible journalism" and a minimum of individual publisher freedom.

The social responsibility "theory" implies a recognition by the media that they must perform a public service to warrant their existence. Facts must be reported accurately and in a meaningful context. Responsibility, instead of freedom, must be the watchword. Such thinking leads to the advocacy of a regulatory system designed to keep the press "socially responsible."

This so-called theory of social responsibility, seriously embraced in "liberal" circles, has a good ring to it and, like "love" and "motherhood," has an undeniable attraction for many. There is a trend throughout the world in this direction, which implies a suspicion of, and dissatisfaction with, the libertarianism of Milton, Locke, and even Jefferson. Implicit in this trend toward "social responsibility" is the argument that some group (obviously a governmental one, ultimately) can and must define or decide just *what* is socially responsible. Also, the implication is clear that publishers and journalists acting freely cannot determine what is socially responsible nearly as well as can some "outside" or "impartial" group. If this power elite decides that the press (or portions of it) is not responsible, not even the First Amendment will keep publishers from losing their freedom.

This would appear to many as a suggestion of increased power accumulation at the national level, a further restriction of a pluralistic society.

Government Supervision

Few would deny that the press, in one respect, would be more "responsible" if some type of governmental supervision came about; indeed, reporters could be kept from nosing about in "critical" areas during "critical" times. The amount of sensational material could be controlled in the press, or eliminated altogether. Government activities could always be supported and public policy could be pushed regularly. The press could be more "educational" in the sense that less hard news (crime, wrecks, disasters, and the like) would appear, while more news of art exhibits, concerts, speeches by government personages, and national progress in general could be emphasized. In short, the press would stress the positive and eliminate, or minimize, the negative. Then, with one voice, the press of the nation would be responsible to its society; and the definition of "responsible" would be functional—defined and carried out by the government.

Some persons may object to this line of analysis, saying that to

guarantee "social responsibility" of the press does not necessarily imply government control. It is not difficult, however, to project control ultimately to government, since if left to be defined by various publishers or journalistic groups the term "social responsibility" is relative and nebulous. It is obvious that in the traditional context of American libertarianism no "solution" that would be widely agreed upon or enforced could ever be reached by nongovernment groups or individuals.

Social responsibility proponents insist that government would intervene "only when the need is great and the stakes are high." They assure us that the government should not be heavy-handed. The question arises, however, as to just when is the need great enough and the stakes high enough for government to intervene. And just how much intervention by government is enough to be "heavy-handed"?

"Social Responsibility" Implies Pluralistic Communication

The American press has been proceeding on unregulated initiative up until now. But its "liberal" critics do not think that a pluralistic information system is good enough. Under the diversified system we now have—including much nonconformist journal-

ism — the citizen does get information and a wealth of it. Admittedly, there are gaps in it, but anyone vaguely familiar with information theory and semantics knows that there will always be gaps, and if different reporters observe and communicate it, there will always be variant versions.

It is certainly not contended here that all information coming to the public from all mass media is reliable, honest, complete, fair, and “socially responsible” (whatever that means). Nobody really knows just how much of it is — or if any of it is. Since, in a nation such as the United States, there is no ready definition for “social responsibility,” there is really no standard to which our media seek to conform — even though, without a doubt, they would all conceive of themselves as “socially responsible.”

Their very pluralism — their very diversity — is the base of their nebulous idea that in our society they *are* responsible. Re-

sponsibility to our society implies a continuance of this very pluralistic communication, with all of its virtues and evils, and a constant guard against any encroachments by any group on any level to “define” what is “responsible,” thereby further aligning the press to its definition.

This “press pluralism” concept seems much sounder and certainly more meaningful, than “social responsibility.” All press systems can claim to be responsible to their societies, but the idea of a pluralistic media system injecting a variety of opinions and ideas into the social fabric is one which only the libertarian system can reasonably claim. The U.S. press should fight all attempts to cast all of its units in the same mold; the right of, or at least the possibility for, some press units to deviate from others must persist. If that be irresponsibility, we had better be content to continue living with it. ◆

More Lessons of Lost Weekends

MELVIN D. BARGER

IN MY FIRST FREEMAN article, "The Lessons of Lost Weekends" (March, 1961), I related my experiences as a recovered alcoholic to many of the social and economic conditions of the world. For example, I noted that the tippler's mistake is not unlike the error of those who see no harm in gradual doses of monetary inflation. The alcoholic's drinking starts with "taking only a few." He has no intention of letting it get out of hand, and he is more surprised than anybody when it does. In somewhat the same way, inflation begins rather innocently, but soon "hooks" its victims before they're aware of their danger. The same analogy was extended to other practices, such as deficit spending, foreign aid, and monetary controls.

As I review my article, four years later, I see no great weak-

Mr. Barger, a public relations representative in Jackson, Michigan, is a frequent contributor to THE FREEMAN and other journals.

nesses in the arguments made then. My modest conviction that the world is on a continuous bender of staggering proportions has, if anything, increased with the passing years. I am certain that a colossal "hangover" is waiting somewhere down the road. This causes me no joy, no hangover ever did. I hope I am wrong and that a miracle or some unexpected turn of events softens the blow or deflects it completely. But I suspect that in social affairs, as in alcoholism, the hangover is still a great unsolved problem.

In some ways, this concern over the drift of society became my own undoing, causing me to forget my own "lessons of lost weekends." I remain a grateful fugitive from John Barleycorn's house of bondage. But this is not to say that I have always behaved wisely or have avoided emotional benders. Some of these "benders" followed

the publication of "Lost Week-ends."

A listing of some of these traps might be helpful to others. They may benefit the person who wishes to think clearly about the free market philosophy, and to champion it effectively, without being led down dead-end byways. At the same time, it's good to remember that alcohol is not equally pernicious to all men, and the same ideas that "hooked" me will not be equally dangerous to all. In any case, here they are:

Treating Symptoms as Causes.

One difficulty that attends the prevention or treatment of alcoholism is that many people try to stamp out the drinking custom itself rather than the underlying problems. National prohibition was an attempt of this sort, as is the practice of imposing harsh punishments on alcoholics. In the same vein, many well-intentioned people try to rehabilitate alcoholics by yanking them away from their drinking cronies. Such solutions usually fail because they focus on "effect" rather than "cause."

In the past few years, I may have made a similar error in fretting over means of changing disturbing social trends. My own knowledge of the nature of things tells me that the drift into increasing statism goes on because people

think in certain ways and entertain certain ideas very deeply. Until this thinking changes, in an entirely voluntary manner, it is all but impossible to stop the spread of statism. It is like trying to stop an out-of-control fire singlehandedly or trying to gather up the waters of a dam that is already breaking up. This can be justified on the grounds that "we have an obligation to *do something*, to take action, not just to sit and let disaster happen!" The result can be an emotional bender of considerable dimensions, in which we fight a savage battle against effects long after the cause is lost for the time being.

Personalities before Principles.

Another characteristic of the alcoholic's life in the shadowy barroom circuit is that he tends to think in terms of "personalities" rather than "principles." He forgives all things in those he likes (his drinking buddies, for example) and condemns all things in those he hates. *Who* is right is always more important, to this person, than *what* is right. It is said that alcoholics, as a group, are more or less emotionally immature, and nothing proves it more than this tendency to think largely in terms of personalities.

In the arena of social controversy and strife, this matter of

putting "personalities before principles" is becoming a disconcerting and ugly thing. No political faction seems to be immune from it. And I found myself drinking the same heady juices as I read the literature on "both sides" and came to identify certain positions with specific individuals. Before long, I had formed lists of "good guys" and "bad guys" in my own mind. This did not help make me an effective advocate of free market ideas; if anything, it inhibited good thinking.

It's quite true that I still share most of the views of those whom I identified as "good guys" and oppose the views of those I saw as "bad guys." But I owe it to the goddess of Truth to sympathize with the "good guys" only when I perceive that a worth-while principle is involved. There are times when the "bad guys" may be right on certain issues, and if one's thinking is based on principles which he believes to be sound, he'll know when these times are. He'll be standing on the rock of principle rather than on that shaky platform which, for want of a better term, we could easily label "personalities on the rocks."

Violence. The dismal world of alcoholism is often a violent one, and one of the hazards of being a bartender or simply an innocent

patron is the likelihood of getting caught up in a sudden fight or brawl. Even the most respectable saloons sometimes become the scenes of knockdown, drag-out matches. This is because people in their cups are prey to anger and frustration, and when other measures fail to solve a conflict or forestall a threat, they seize upon violent action as a last resort.

Today I see growing violence in the social order around me, and I can well understand how such things happen. Caught up in the vortex of concern over the drift of things, and being unable to take effective action against it, it was amazing how often I was tempted to think dark, even violent, thoughts about those whose policies I opposed. I joined no mobs, I wrote no hate letters, I mounted no soapboxes to denounce my opponents. But at the same time I found myself feeling occasional resentment or contempt toward those with whom I disagreed. Such malicious thinking is, of course, the source of violence. This is dangerous wine, indeed, and even a little of it produces an awful hangover. And like the wine of the drinking world, it never solves the problem.

Fear. One final malady that often caught me up was a growing sense of fear concerning the

future of our society, of life itself. On every hand, I saw institutions and ideas that seemed to threaten all that I cherished. On the world scene, for example, I saw militant communism making its way steadily and with the apparent cooperation of many men who professed good will. On the domestic scene, I sensed that there was apathy toward this menace as well as indifference to the essential injustice implicit in communism. At the same time, there was a growing materialism and cynicism that had weakened the moral fiber of many, and had left countless others with no real principles to live by.

Peering down the tunnel of time, I could see only eventual disaster. There were times when I felt real despair. Sometimes, for example, a magazine article would paint such a hopeless picture that it would leave me reeling with worry. At other times, a particularly arrogant and fatuous utterance by a high-placed government official would destroy what fragile confidence I had in our own leaders. I was, in a very real sense, terribly afraid.

Yet fear is no friend of freedom, and it has its role in "lost weekends." When the malady of alcoholism is thoroughly examined, fear is found to be the root illness. Fear drives men to the slavery of the bottle, and it is also fear that

keeps them in political bondage. In dangerous times, fearful men do not protect freedom, they throw it away. Fear put Hitler at the head of the German nation, and it's fear that keeps most of the world in servitude today. Any student of freedom has, as his first duty, the job of banishing fear from his own mind, heart, and soul.

I've released much of my fear today, though it's clear that the world conditions which caused me so much concern are getting worse, not better. Beyond the shadow of a doubt, mankind is in real trouble in a number of ways. Growing forms of strife seem to be the rule rather than the exception, the economic structure is shaky at its foundations and the world itself lives on the edge of instant holocaust.

But why should I fear these things, when I have lived through personal defeat and disaster that, in a small way, is certainly no less severe than the evils that might descend upon the earth on a grand scale? I survived the *inferno* of alcoholism, lived for years in the *purgatorio* of occasional loneliness and self-doubt, and finally moved into the *paradiso* of some self-knowledge and self-assurance. If the world passes through an *inferno*, I am convinced that there is a *purgatorio* and a *paradiso* on

the other side of the flames. I am also convinced, as I wasn't fully convinced in my hour of fear and alcoholism, that we are guarded by a Love, a Power, and an Intelligence able to see solutions that have not yet passed into our own field of vision. In short, I believe that the world and freedom and justice will be saved in God's own good time.

So I would urge my friends to share these additional "lessons of lost weekends." I would urge them to focus more on causes and less on effects, to think in terms of principles rather than personalities, to

think understandingly and tolerantly of all men, and to believe, above all, in a Supreme Justice and Love that knows no fear. They may be surrounded by people who think otherwise. But like the recovered alcoholic who must maintain his own equilibrium even when immersed in cocktail parties and liquor advertisements, they must know that they are on the right path and that someday they will shine as the sun in its strength. Sometimes they may be outvoted, and they may be temporarily in eclipse. But Truth was never established by a show of hands. ♦

IDEAS ON LIBERTY

Inflation During the French Revolution

THE JACOBINS' FINANCIAL POLICIES were guided exclusively by one principle: to employ everything for present satisfaction and not to worry at all about the future. The tomorrow did not count for them. Every day the public administration was conducted as if it were the last day. This was the characteristic feature of all the acts of the Revolution. This was also the secret of its astonishing duration. In a rich and powerful nation the daily squandering of the accumulated reserves of wealth provided an unexpected amount of resources.

The assignats — as long as they still retained a minimum of purchasing power — inundated the country in continually increasing quantities.

The prospect of bankruptcy did not even for a moment slow down the flood of new emissions. Their emission stopped only when the public absolutely refused to accept any sort of paper money.

Forgotten Prophet

A GENERATION AGO there were many who could identify William Graham Sumner's "forgotten man." The "forgotten man" was the sober, hard-working, frugal middle-class citizen who patiently obeyed the law when the politicians fleeced him via taxes to pay for all manner of "humanitarian" schemes. When Franklin D. Roosevelt falsely identified Sumner's "forgotten man" with the reliefer who made no money and paid no taxes, he was quickly corrected in magazines like Mencken's *American Mercury*.

In recent years, however, it is Sumner himself who has become the "forgotten man." He has no real present-day successor at his own university of Yale, where the late Albert G. Keller and Maurice Davie once carried on in his name. It is doubtful that one in a thousand undergraduates today knows much about Sumner beyond the fact that he wrote *Folkways*, a book about the origins of human customs which has been taken to justify a complete relativism in the fields of ethics and politics. The *Folkways* misrepresents

Sumner, who was a stern moralist in economics and social theory and who was perhaps further away from the theory of "anything goes" than any other publicist of the late nineteenth century.

Because of the misrepresentation and neglect of this "forgotten man" who pioneered the study of sociology in the United States, it is good to welcome Murray Polner's selection from Sumner's speeches and magazine articles that is published as *The Conquest of the United States by Spain and Other Essays* (Regnery, Gateway paperback, \$1.45). This little book is astoundingly alive, and students who encounter Sumner as a writer on social problems for the first time will be amazed to see how directly he speaks to our own era.

Sumner opposed what he took to be the U.S. adventure in imperialism in 1898, when we drove Spain out of Cuba, Puerto Rico, and the Philippines. Since he was aiming his shafts at people who really wanted our country to become a colonial power in the exploitative mold of Great Britain, France, Germany, and Spain it-

self, his essay on the "conquest of the United States by Spain" was relevant to its time and place. His peroration to this essay has a glorious ring. "My patriotism," he wrote, "is of the kind which is outraged by the notion that the United States never was a great nation until in a petty three months' campaign it knocked to pieces a poor, decrepit, bankrupt old state like Spain. To hold such an opinion as that is to abandon all American standards, to put shame and scorn on all that our ancestors tried to build up here, and to go over to the standards of which Spain is a representative."

The True Causes of Decay

In the course of time the U.S. decided that Sumner was right in his excoriation of imperialism. We restored Cuba to its own politicians, we freed the Philippines, and we permitted the Puerto Ricans their own choice of government under a loose arrangement that ties them to Washington no more onerously than Canadians and Australians are tied to London. Sumner would have been pleased by this development, though he would probably be startled to see what a mess Fidel Castro has made of Cuba.

Sumner was not a particularly good prophet when he argued that our militaristic spree of 1898

would turn us into a France, a Germany, or a Spain. If the "old American republic" which Sumner defended has collapsed, it is for many reasons other than our indulgence in a three-months war that was fought, after all, by a volunteer army and navy. Real militarism in America didn't start until the draft was made compulsory in World War I. However, in other essays that are reprinted in Murray Polner's volume, Sumner hits accurately at all the true causes of decay. Such essays as "Discipline," "Legislation by Clamor," "The Absurd Effort to Make the World Over," "War," "Economics and Politics," and "Advancing Social and Political Organization in the United States" abound in truly profound prophetic insights.

The Academic World

In "Discipline" Sumner takes a poke at his own academic colleagues for failing to see that "the academic world is a little community by itself in which the great natural forces which bind older men to sobriety and wisdom act only imperfectly." The man who is "trained in chemistry," Sumner said, "will become a strict analyst . . . but he will be likely also to rest content with this destructive work. . . . The man who is trained on history will be quick to discern

continuity of force or law . . . but he will be content with broad phases . . . and will not be a strict analyst. . . . The man who is trained on mathematics will have great power of grasping purely conceptual relations . . . but he will be likely to fasten upon a subordinate factor in some other type of problem. . . . The man who is trained on the science of language approaches the continuity . . . of history with a guiding thread in his hand . . . but the study of language . . . always threatens to degenerate into a cram of grammatical niceties and a fastidiousness about expression, under which the contents are forgotten."

In recent years Sumner's listing of the defects of academic qualities has become all too obvious. Great scientists and mathematicians (Linus Pauling, Bertrand Russell, even Einstein) have talked enough nonsense about politics to fill the shelves of the British Museum. Historians who grasped the threat of Fascism have failed to trace its ancestry to Bolshevik variations on Marxist philosophy. And academicians of all types do not seem to know the difference between a true law, a hypothetical theory, and an ingenious assumption. To use Sumner's phrase, "they would put a saving clause in the multiplication table."

The lack of academic common sense has produced our modern political economy of perpetual inflation, which has been sanctioned by economists who come properly under the heading of men "trained on history" who are "quick to discern continuity of force . . . but will not be strict analysts."

The Prophetic View

Sumner knew what was coming, all right; he said "the next generations are going to see war and social calamities." In the essay on "The Conquest of the United States by Spain" he remarked that "the field for dogmatism in our day is not theology, it is political philosophy." In his essay on "War" he prophesied that the "race difference" in our Southern States "may prove worse and more fatal to the internal integrity of the peace-group than such old antagonisms of interest as disturb Ireland, the national antagonisms which agitate Austria-Hungary, or the religious antagonisms which distract Belgium. . . . No one has yet found any way in which two races, far apart in blood and culture, can be amalgamated into one society with satisfaction to both."

In the essay on "Economics and Politics," which was optimistic about the economic future but pessimistic about the political clash between doctrinaire democrats

and "plutocrats," Sumner let arrow after arrow of prophecy wing to the mark. "The discovery of the radio-active substances," he said, "may prove to be the greatest of all discoveries yet made by man." (This was uttered in 1905.) Attacking the Interstate Commerce Commission, he said "we are only at the beginning of . . . what has been written on that page headed 'Interstate Commerce.' . . . We know there is no commerce which is not, or may not at any moment become, interstate commerce." The New Dealers and the Great Societarians have since shown us how practically everything, from the drug store trade to a twenty-mile

intrastate commuting run, can be handled under the commerce clause of the Constitution. And as for recent political events, listen to Sumner as of 1905: "The unanimity of the vote proves nothing as to the convictions of congressmen . . . but only as to the excellence of the party discipline." And then there is the final stinger, again as of 1905: "The victorious party in an election is regarded as having conquered the country."

If you want wisdom and a guide to the future that is still ahead of us 55 years after Sumner's death, *The Conquest of the United States by Spain and Other Essays* is your book of the year. ♦

IDEAS ON LIBERTY

Force or Reason

DO YOU NOT SEE, first, that — as a mental abstract — physical force is directly opposed to morality; and, secondly, that it practically drives out of existence the moral forces? How can an act done under compulsion have any moral element in it, seeing that what is moral is the free act of an intelligent being? If you tie a man's hands there is nothing moral about his not committing murder. Such an abstaining from murder is a mechanical act; and just the same in kind, though less in degree, are all the acts which men are compelled to do under penalties imposed upon them by their fellow men. Those who would drive their fellow men into the performance of any good actions do not see that the very elements of morality — the free act following on the free choice — are as much absent in those upon whom they practice their legislation as in a flock of sheep penned in by hurdles. You cannot see too clearly that force and reason — which last is the essence of the moral act — are at the two opposite poles.

AUBERON HERBERT (1838-1906)

THE *Freeman*

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.



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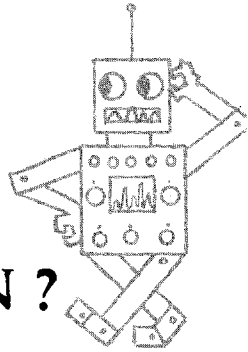
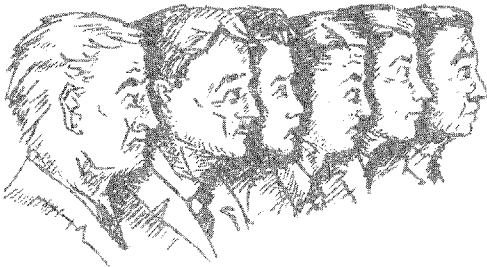
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WHY AUTOMATION ?

TOM ROSE

*Concerning the relations of prices and customers
to wages and employees*

AUTOMATION is a popular topic of discussion. Almost everyone is willing to express an opinion about it. Union leaders claim automation causes mass unemployment. Businessmen welcome it as a way to remain competitive. And social reformers use the "threat" of automation to plan new welfare programs.

The purpose of this article is to bring into focus some of the little-known aspects of automation and to stimulate and help crystallize thinking about automation and its ever-present twin, technological change.

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Some years ago a young man was hired to turn small boxes at right angles on a conveyor belt. After a few days he found that, by holding his finger at a certain angle, the boxes turned properly when they came in contact with it. The next day he brought a stick to work, clamped it to make proper contact with the boxes, and thereby "automated" his job!

One definition for automation is "the use of machinery to control machinery." But this is simply a refinement of the practical conveyor example given above. When a person views computers and automatically controlled machines in this way, he is apt to gain a

new perspective of automation — especially when he recognizes that the human energy that is replaced can be either physical or mental. Automation, then, is simply a new name for an old process: the transfer of work from people to machines in order to lighten man's burdens and to increase his output.

What Isn't Automation?

Actually, automation is blamed unjustly for effects it has not caused. It has become the public whipping post for a bigger thing called "technological change."

Technological change is change that is brought about by advances in the application of skills or methods of production or, even more importantly, change brought about by the discovery of new products that have new uses. For instance, the introduction of television dealt a tremendous blow to the movie industry.

Private companies have invested millions of dollars in research on a "new" metal called Titanium. It weighs about twice as much as aluminum but has some superior characteristics, so is preferred for some uses in aircraft and spacecraft. Cost has been a barrier to its use, but the millions of dollars invested in research have paid off by drastically lowering production costs. Soon it may compete with

aluminum on a cost-weight basis. When this happens, lost aluminum sales could cause lowered employment in the aluminum industry. If so, the drop in employment would also be a direct result of technological change — not of automation. However, aluminum producers might turn to increased automation in an effort to lower production costs and thereby win back lost customers.

This distinction between technological change and automation is one that more people should understand. And that better understanding may come through study of some basic economic principles.

Basic Economics As a Benchmark

When a man buys a telescopic sight for his rifle, the first thing he does after installing it is to "sight it in." Fire control men in the Navy also "sight in" a ship's guns to make sure they aim true. To assist in doing this, they select a fixed point somewhere on the ship as a "benchmark." Measurements are made from this mark to insure an unchanging point of reference.

When talking about automation and changes in production or products, we can refer to similar benchmarks. Such reference points can be found in the following unchanging economic principles:

PRINCIPLE #1

Man's Material Welfare equals Natural Resources plus Human Effort times Tools.

Man determines his material welfare (standard of living) by taking natural resources and applying his human effort to develop them with the aid of tools.

This is an absurdly simple statement of fact, yet how many people forget it when thinking about automation? If we remember the simple rule that man's standard of living is directly dependent on both the amount of effort he expends as well as the number and quality of tools he uses, it's easy to see that automation (i.e., better tools) can't possibly cause unemployment. Automation (better tools) can only increase production. Therefore, the real cause of unemployment must be found elsewhere.

PRINCIPLE #2

Man's wants are unlimited.

Some people claim automation increases production so much that overproduction results. This idea sounds plausible until we remember that man's wants have never been completely satisfied. Regardless of how many products there are, consumers always seem ready for more new ones.

For example, if we could go back

100 years and list all the things people could possibly want, the people of that day couldn't begin to name the thousands of wonderful new products that have been invented during the past century. If the list were up-dated every 25 years, people's wants would grow each time by leaps and bounds: from coarse black stockings to sheer nylon hose; from molasses and sulphur to modern antibiotics; from food cellars to automatically defrosted refrigerators. Yes, there's no doubt that people's wants always exceed the possibility of satisfying them. So, overproduction isn't the cause of unemployment either.

PRINCIPLE #3

All employment comes from customers—when customers are lost, unemployment results.

Once the truth of this statement is understood, the real cause of unemployment begins to rear its ugly head, and it's not "automation" or "changes in products or production." It's simply the refusal of customers to buy what is produced. A totalitarian government might possibly force customers to buy, but in America we rely on voluntary persuasion. And the best customer persuasion is usually a reduced price tag.

This leads to the next benchmark and to what brings about

automation and changes in products or production (technological change).

PRINCIPLE #4

When a customer buys something, he pays these five costs:

- *Cost of goods and services purchased from suppliers*
- *Cost of tools wearing out (depreciation)*
- *Cost of taxes*
- *Cost of human energy (wages)*
- *Cost of using tools (interest)*

In the long run these five costs make up the per-unit cost of everything produced. And payment for them, if a company is to operate successfully, must come from the people who buy its products or services — its customers.

The important word “if” constitutes the intriguing challenge of being in business: can a company recoup its costs of production from its customers? A history of business failures could provide many interesting, but sad, experiences of entrepreneurs who have personally faced the sad realization that costs do not determine prices that consumers are willing to pay. Rather, it is the other way around: market prices limit the costs that can go into producing an article for sale. If a producer is to operate profitably, he must stay under the costs the market is willing to cover.

The Difference Between Interest and True Profit

Perhaps it might be well to digress a moment to explain the above designation of *interest* rather than profit as the “cost of using tools.”

First, the question of profit as a cost. In its true economic sense, profit doesn't add to the market price. It is residual. Profit is the reward a producer gets for keeping his cost of production below the price his goods will bring on the market. When considered thus, profit certainly isn't a cost of production. It is extremely flexible. It might be very great or very small, and even negative if a business operates at a loss. The fact is that not very many businesses in a keenly competitive situation earn a true profit over and above interest costs.

Next, the designation of interest as the “cost of using tools.” This is also logical and practical. By “tools” we mean not only our plant and machinery, but all assets owned and used by the business. This also includes ideas that have been patented, temporary cash balance held to pay the other four costs of production, and the like. Without these tools, our business wouldn't exist. Unless a business earns interest on investment, it will soon lose its investors.

Now, to get back to the signifi-

cance of the five costs of production mentioned above. We've noted that costs do not determine market prices. Thus, when customers refuse to buy a product because the asking price is too high, producers must reduce the price to sell it. This reduced price will curtail future production of the item (with corresponding unemployment) unless total costs can be brought in line with the price ceiling set by the free market. If ways can be found, the product can be produced and sold, and unemployment thereby will be prevented. Now we begin to see the real cause for unemployment which is wrongfully blamed on automation: *Failure to reduce the five costs customers must pay each time they make a purchase.*

From the financial data contained in the 1964 annual report of a large U.S. auto manufacturer, we see that its income dollar was distributed like this:

1. Cost of goods and services purchased from suppliers	57¢
2. Cost of tools wearing out (depreciation)	5¢
3. Cost of taxes	6¢
4. Cost of human energy (wages)	27¢
5. Cost of using tools (interest)	5¢
	<hr/>
	\$1.00

How to Cut Costs

Now, suppose this is our company, and that customers stop buying our cars because they are priced too high. What do we do? We look to see where costs can be cut.

Our first three production costs shown above total 68¢. There is little chance to cut them very much. Competition determines the price we pay for our goods and services. Taxes and depreciation are fixed by government, and our accountant will vouch for the fact that present depreciation rates won't cover the cost of replacing our machines when they wear out.

Next, we look at the two remaining cost items. We find that only 32¢ remains to be divided between tool owners (stockholders) and tool users (employees). Here's how this 32¢ has been divided:

84 per cent was paid to employees	27¢
16 per cent accrued to owners	5¢

If savings have to be made in these two cost areas, the greater potential for reducing the cost of our cars, then, is the 84 per cent of divisible income paid to employees for the cost of human energy (wages). We can achieve this savings (remember, the need to lower costs is forced upon us by our customers) in two ways:

By paying fewer employees at existing wage rates, or

By paying the same number of employees at lower rates.

The goal we must reach to stay in business is clear: reduce our per-car cost to the point where customers start buying them again.

If an inflexible wage contract prevents us from employing all of our present workers at lower pay, we are forced to reduce wage costs by replacing some of them with machines (assuming that we can raise the necessary investment funds). If we don't, we will have to close up shop. Then everyone will be unemployed. It would not be right to blame the resulting loss of jobs on automation, since the real cause would stem directly from the problem of inflexible wages. (This is why many employers claim the decision to automate is forced on them. They are forced to replace people with machines in order to keep total wage costs from going too high.)

Customers in Control

In summary, then, we see that all jobs in our company are created by the customers who buy our cars. If the five costs which we ask each customer to pay get too high, we start to lose customers to our competitors. To win them back, we must cut the price

we ask for each car. This gives us less money to pay toward the five costs of producing each car. Whether our choice is increased automation at existing wages for some employees, or lowered wages for all employees, the *need to regain customers* is the cause that forces our decision.

Automation on one hand, or lower wage rates on the other, are only the effects caused by the unavoidable need to meet the price demands of customers. This fact should be stressed and stressed by businessmen until employees, stockholders, and the general public understand it.

Once the direct relationship between prices and customers to wages and employees is widely understood, a new basis for employee-employer understanding and cooperation will be opened. Employees will more readily recognize that the common interests of tool users and tool owners can be simultaneously achieved by conforming to the dictates of consumers. Such an understanding, in the long run, is the only hope to achieve the necessary high degree of labor-management cooperation to make our free enterprise system work at peak efficiency. So let us now consider some illustrations of the way in which automation serves to expand the market and regain lost customers.

How Automation Helps Expand Markets and Regain Lost Customers

The Coal Industry. After World War II, coal lost its competitive advantage to oil and gas. This was caused by two contrasting factors: Excessive wage demands had increased the price of coal, while new methods of production decreased the relative cost of gas and oil. Naturally, consumers spent their dollars where they got the most for their money. Domestic and foreign use of coal dropped. Production slipped from 688 million tons in 1947 to 439 million tons in 1962. Employment in the coal industry fell with production, and thousands of miners were left without jobs.

Now, coal has made a comeback through the combined help of automation and technological change.

Automated machines mine more coal at less cost.

Unitized trains and more efficient loading docks made lower freight rates possible.

Larger coal ships have reduced the cost of overseas shipments.

Big utility companies have increased coal purchases. Foreigners have, too, because U. S. companies can now mine and deliver coal in Europe at a lower cost than European coal companies. As a result,

coal industry employment has risen in the United States.

Electronics Industry. The radio business in the United States suffered a serious blow in 1959 when Japanese-made transistors were introduced. They were of excellent quality and cheaper, so consumers again spent their dollars where they got the best value. By 1962, Japanese producers had captured two-thirds of the transistor radio market in our country. The resulting decline in U. S. production caused a decrease in employment.

Recently General Electric announced it was selling transistor radios in competition with Japanese radios — not only in the United States, but even in far-off Japan! Again, it was automation and technological change — along with intelligent worker cooperation — that made the necessary savings in costs possible. Streamlined assembly lines, swift conveyor systems, more productive machines, and redesigned products all combined to produce quality products at competitive prices.

The Steel Industry. Widespread destruction in Europe and Japan during World War II provided opportunities to build efficient steel mills from scratch. Enterprising investors installed oxygen converters, computer-controlled systems, and other devices to increase effi-

ciency. These cost-saving tools, in conjunction with low wage rates, lowered the production costs of foreign steel mills tremendously. As a result, steel producers in the United States lost not only foreign customers, but also domestic customers. Within a few years the dollar value of our steel exports dropped almost 45 per cent while imports increased almost 250 per cent. Lost foreign customers and increased imports meant fewer jobs for American steelworkers. Better tools of production and lower wage rates in foreign countries stole away customers who pay the wages of American steelworkers.

To meet the foreign competition, our mills are installing automated equipment at a faster rate. For instance, one company is planning a new plant that will use three major advancements of recent years: the basic oxygen furnace which turns out steel five times faster, vacuum degassing to remove impurities, and continuous

casting which eliminates one production step. The benefits will be better steel at lower costs. These savings mean more customers and increased employment.

Every day we can see new examples of how automation and changes in production and products provide higher quality and lower prices to consumers — with increased employment resulting.

The key points in gaining a better understanding of automation, as we see it, are these:

All changes in production and products, all automation is aimed at winning customers.

If all segments of our economy will cooperate in meeting the quality and price demands of consumers, they will become customers.

All payroll dollars have only one ultimate source: the customer.

The key, then, is to concentrate on doing what is necessary to win customers. If this is done successfully, the jobs will follow. ♦

IDEAS ON LIBERTY

Equality of Opportunity

WE IN AMERICA have had too much experience of life to fool ourselves into pretending that all men are equal in ability, in character, in intelligence, in ambition. That was part of the claptrap of the French Revolution. We have grown to understand that all we can hope to assure to the individual through government is liberty, justice, intellectual welfare, equality of opportunity, and stimulation to service.

HERBERT HOOVER, *American Individualism* (1922)



THE THREAT OF COMPETITION

STANLEY YANKUS

IN ENGLAND, the direct sale of gasoline to passing motorists from mobile tank trucks is an established business practice. So, an Australian businessman decided to try it. The company's first tank truck parked in an area alongside the road, advertising gasoline at a 5-pence discount per gallon. The lower price reflected his lower overhead costs, and motorists recognized the bargain. One sale followed another in swift succession.

However, a nearby service station operator, upon learning of this new competition, jumped in his car and sped to the scene. First, he threatened to set the gasoline truck on fire. When this failed to scare his competitor, he threatened shooting, but the tank

trucker stood his ground. Eventually, two other service station operators arrived and the three of them parked their cars to block the access of passing motorists to the tank truck. Finally, the police arrived, and the service station operators were told to vacate the premises.

If all the service station operators had been allowed to vote to pass a law prohibiting the sale of gasoline from tank trucks to retail customers, that law would surely have been passed. Whenever someone has an advantage over us in our means of making a living, there is a particularly strong temptation to squash that competitor's advantage by force. Thousands of socialistic laws originate in this manner.

Here is a typical example of socialistic laws already in effect.

Mr. Yankus moved to Australia from Michigan in protest against government suppression of competition in agriculture.

Doctors who migrate to Australia are prohibited from practicing their profession unless they repeat their studies in Australian medical schools. In one glaring instance, a migrant doctor wrote a textbook which is in current use in Australian medical schools. Yet he was prevented from earning a living as a doctor by restrictive law. The evidence is clear. Local doctors aren't worried about the competence of migrant doctors; they do not want the competition. They personally find it distasteful to their conscience to threaten competitors with fire, shooting, or other forms of violence. So a law is passed empowering the police to fine, jail, or shoot the competitors who disobey.

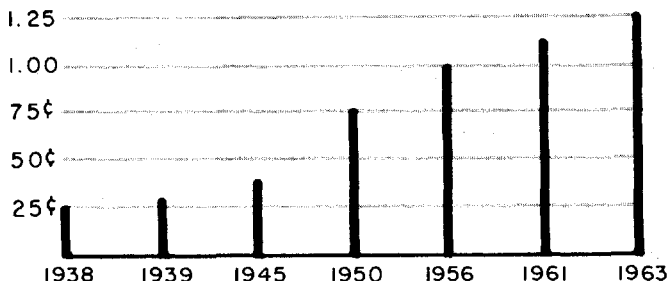
Few individuals would personally attempt to stick a pin in another person, or give him a kick or a punch. It is clear that such violence has a way of quickly turning upon its instigator. It is not

so easy to see that passing laws to suppress competitors would have the same effect. Suppose you had the police power to impose restrictions on another person. And for every restriction you imposed on him, he was empowered to impose a restriction on you. In such a simple situation, it's easy to see that the harm done to others by restricting their creative actions will return to those who inflict it. There would be as little appeal in imposing restrictions under such conditions as there would be in cutting off another man's finger, knowing that your own finger would be cut off the following day. Yet the list of laws suppressing competition is long indeed, simply because few individuals believe there will be a retaliation. The retaliation is often devious and not readily seen or understood. But, it is always there, and eventually will manifest itself one way or another. ♦

IDEAS ON LIBERTY

A Postscript from Stanley Yankus

"OUR LOCAL government officials hired a dog catcher. One of the first dogs to be caught was the Mayor's kelpie. The Mayor and other dog owners complained that the dog catcher was 'too efficient.' He who passes laws for others seldom realizes that the others include his wife, his children, and the friends he cherishes most of all."



REGARDING THE MINIMUM WAGE

JAMES E. BLAIR

GOVERNMENT REGULATION of wages is, of course, an old practice. In Western Europe there existed a wide range of wage regulations prior to the rise of classical liberalism in the nineteenth century. The North American continent was largely free from government manipulation of wages during the period which saw wages here become the highest in the world; however, from 1912 to 1923 a humanitarian concern for the poor resulted in the establishment of minimum wage laws in fifteen states, Washington, D. C., and Puerto Rico. These laws, when tested in the courts, were declared unconstitutional as viola-

tions of the Fourteenth Amendment.

The idea of a minimum wage law was revived with the Fair Labor Standards Act of 1938, based on the Federal government's power to regulate interstate commerce. The legal minimum wage was set at 25¢ an hour in October, 1938. This was raised to 30¢ in October, 1939 and to 40¢ in 1945. The rate went from 40¢ to 75¢ on January 25, 1950, then to \$1.00 on March 1, 1956, and was raised to \$1.15 on September 3, 1961 at the same time extending coverage to additional persons at \$1.00 an hour. In September, 1963 the minimum wage was increased to \$1.25 in all jobs covered prior to 1961 and to \$1.15 in jobs added

Dr. Blair is a research chemist in New Jersey.

in 1961. New York City unsuccessfully attempted to establish a \$1.50 minimum wage law in 1964, and "progressives" today are advocating a Federal minimum of \$2.00 an hour. Indeed, if it is possible to raise wages to any desired level by governmental decree, one wonders why large segments of the population, especially those in lower paid jobs, are usually excluded from minimum wage coverage, and also why the level is held down to what a typical low income worker is thought to need.

Theory

Before presenting the results of empirical studies made on the effect of minimum wage laws, it is desirable to review the results predicted by the classical theory of economics, to know what to look for in the mass of data published by the Department of Labor's Bureau of Labor Statistics. Let me hasten to assure the reader at this point that it is scientifically sound to use theory as a guide in the interpretation of data. Indeed, I hope to show that failure to consider data deemed important by theory has led many people to overlook some of the harmful consequences of our present minimum wage law.

Simple application of the law of supply and demand suggests

that employers forced to pay higher wages will employ fewer workers. This indicates that the industries affected will respond to minimum wage increases by either laying off existing help, or hiring fewer new workers than they otherwise would have done.

As a consequence of reduced employment opportunity in industries "protected" by the minimum wage coverage, one would expect an influx of workers into industries *not* covered by the law — workers who would "normally" have been employed in the protected industries. Thus, theory predicts that unprotected industries should show increases in employment, or unemployment, or both, depending on the particular industry's ability to absorb the new workers as the minimum wage is raised. As a result of the increased competition for jobs one would also expect that wages in the nonprotected industries would either fall, or else rise more slowly than normal, when the Federal minimum wage is increased.

As the legal minimum is extended to more workers, or is raised higher above the market value of the worker as determined by his productivity, the nonprotected industries will be less able to absorb the workers precluded from employment in the protected

industries. Hence, one would expect (all else being constant) an increase in the number of persons structurally unemployed. This should be greatest among persons with little skill, or those who are for one reason or another likely to seek employment in the low-pay jobs most affected by the law.

In the normal operation of the market economy, if unemployment develops in a given location (due, for example, to decreases in the demand for a product produced in that area), wages paid in that region tend to be reduced. The lower wages serve as an inducement for industry to move into the area, particularly industry such as textile and light manufacturing plants which do not require highly specialized skills in their workers. Insofar as minimum wage laws tend to reduce the wage differential between "depressed areas" and areas of normal employment, they would be expected to retard the movement of industry into depressed areas.

The "Ricardo Effect"

Another consequence of minimum wage laws (discussed by Ludwig von Mises in *Human Action*, pp. 767-769 of the 1949 Yale edition) is the "Ricardo effect," i.e., a high minimum wage causes employers to substitute machinery for labor because of the in-

creased cost of labor. It has been suggested by some that the Ricardo effect is desirable because it promotes automation. But this neglects the fact that it is usually lack of capital which checks a businessman's endeavor to improve the equipment of his firm. Since the minimum wage law does not create additional capital, the forcing of more capital expenditures in one industry leaves less for other industries where it would have been employed more efficiently, i.e., would have yielded a higher return on investment. Thus, the economy as a whole does not benefit from the Ricardo effect. And while the worker in the protected industry who has higher pay benefits from the law, the worker who is laid off or replaced by a machine may see things in a different light.

The Consequences of Intervention

To summarize, classical economics predicts reduced employment opportunity in protected industries, lower wages and increased employment in nonprotected industries, and more unemployment in both types of industries than would have otherwise been the case. In addition, a shift of capital expenditures from the rest of the economy into some protected industries would be expected. If the unprotected indus-

tries could not absorb the influx of workers precluded from the protected industries, the decreased employment opportunity in the latter would cause an increase in structural unemployment contributing to the development of "depressed areas." The classical theory does not claim that no worker will benefit, or even that wages in the protected industries cannot be raised for those workers fortunate enough to remain employed.

Proponents of minimum wage laws, or at least all of them that I have read, base their support on the assumption that the classical theory is invalid (if indeed they indicate having thought about it at all) and that employment opportunity will not be affected. In addition, they like to stress the humanitarian purpose of the law. On this point I offer two observations: (1) Since a law is not animate, we should rather talk about the purpose of the legislators who supported it. But this is impossible to determine without telepathy or a truth serum. Perhaps a congressman voted for it because he thought it would help the poor, or because it would aid in his re-election, or because he wants to reduce the likelihood of industry moving into depressed areas instead of into his state or district. (2) The "purpose" is not relevant to the actual effect.

The Data to Prove It

When the Federal minimum wage law was passed in 1938, there were no data available, from this country at least, on the effects of such a law. One could claim that he "knew in his heart" the classical theory is wrong. Now, however, there are both theory and data.

It is sometimes suggested in jest (and even in earnest) that since average wages in this country have increased, and the legal minimum wage rate has increased, the latter caused the former. This argument does not even qualify as *post hoc, ergo propter hoc* since the increases in the legal minimum in each case followed the average wage increase. I, for one, find it difficult to believe that the national average wage rose past the 75¢ per hour mark in the 1940's due to the minimum wage boost to 75¢ per hour in January of 1950. Studies on minimum wage law impact have to be done a bit more carefully than this.

For one thing, since most workers are not directly affected by any given boost in the legal minimum, either because they already earn more than that level or because they are excluded from coverage, the effect can be seen only by studying those industries or geographic areas where a rela-

tively large portion of workers receive low wages. An intelligent study must consider employment as well as wages, and must study the effect on industries excluded from coverage of the law as well as those included.

Support for the law comes from studies printed in the Department of Labor's Bureau of Labor Statistics' publication, *Monthly Labor Review*, so let us consider these carefully. The May, 1960, *Monthly Labor Review* (v. 83, no. 5, pp. 472-83) contains the most recent such study entitled "Effects of the \$1.00 Minimum Wage in Six Areas 1956-59." The six areas were selected in low-wage regions of the South where the law has a measurable effect. The survey reports average hourly wages in the areas before and after the legal minimum was raised to \$1.00 on March 1, 1956, and shows that in the industries covered by the law, average hourly wages jumped by around 10 per cent in most of the six regions. But no data are given on employment and unemployment figures in these regions at this time, and nothing is said about possible reductions in the work force. Indeed, the *average* wage in an industry can be raised by simply firing the lowest-paid employees. Hence, this Bureau of Labor Statistics' study is almost completely useless as an attempt

to test the predictions of classical economic theory.

The study does contain some interesting figures, however. Wages in the industries in these six areas which were not covered by the minimum wage law showed an average reduction in one of the areas (Dothan, Alabama), and they either stayed the same or increased by only a per cent or two in the other five areas. This was during an upswing in the economy as a whole, when wages would normally be expected to rise. Thus, the theoretical prediction that wages in unprotected industries will either fall or rise more slowly than usual appears to be supported. It should also be noted that this study shows that in all six areas wages in covered industries were already higher than in uncovered industries before the \$1.00 legal minimum went into effect. Thus the law produced an even greater difference in wages between the "high" and "low" pay jobs.

Higher Wages—Fewer Jobs

As a consequence of studies such as the above, *Monthly Labor Review* in an article on the "Results of U. S. Minimum Wage Laws" (March, 1960, pp. 238-42) concludes that we know from experience that it is possible to raise the average pay for workers

in low-paying industries by minimum wage laws. Classical economic theory doesn't dispute that.

America magazine (April 4, 1959, p. 8) at least deals with an actual prediction of the theory when the editors observed: "In the halting progress of the legal minimum wage from 40¢ an hour in 1939 (sic) to \$1.00 today, none of these dire predictions has been fulfilled. There has been no erosion of jobs. . . ." It should be noted in connection with this observation, made with no evidence cited to support it, that since World War II, with the Federal minimum wage law in operation, successive business cycles have each left an increase in unemployment. This pattern has been interrupted only recently, probably by the tax reduction. We have also witnessed a "depressed area problem." Both are in accord with the theoretical predictions of the effect of minimum wage laws, but since there are many factors working in the economy we cannot conclude without detailed studies that these problems are caused by the law. However, detailed studies of the law have been made and I will present some of the results.

Effect on Low-Wage Industries

The effect of raises in the legal minimum on employment in various low-wage industries covered

by the law is summarized in *Manpower, Productivity, and Costs* by Professor Yale Brozen of the University of Chicago. In the two years following the establishment of the 25¢ per hour minimum wage rate in October, 1938, 14 per cent of the workers in seamless hosiery plants lost their jobs. Likewise, when the rate was raised to 75¢ an hour employment in southern pine saw mills dropped by 17 per cent. Similar employment drops occurred in the cigar, fertilizer, shirt, footwear, and canning industries. The Bureau of Labor Statistics found an 8 per cent decline in total employment during the year following the increase to \$1.00 in the five low-wage industries it chose for detailed examination. The application of the \$1.00 minimum wage in 1961 to a certain sector of retail trade brought an 11 per cent decline in employment to that part of retail trade, while retail trade employment in the other sectors and in the nation rose. In each of these cases cited above, while employment in the protected low-wage industries dropped, sales, production, and employment were rising in the United States as a whole, because these figures were compiled during a cyclical upswing.

Another study of the economics of the minimum wage law is the

Ph.D. thesis of David E. Kaun, Stanford University (1964), which is summarized in *Dissertation Abstracts*, 25, no. 2, p. 881. Kaun studied fourteen low-wage industries, with large segments located in the South (where the direct effects of the minimum wage are greatest). He considered the behavior of wage distributions, employment, and labor force composition, among other things. His list of findings include "relative adverse employment effects occurring where the impact of the minimum wage is greatest," and "increases in the minimum wage appear to have adversely affected employment opportunities for certain classes of labor, namely, Negroes, females, younger workers, and workers living in rural farm areas." He concludes that his analysis "results in conclusions generally in agreement with the implications derived from the competitive hypothesis," i.e., classical theory.

A Cornell University study of the \$1.00 minimum wage law on New York retail trade, some of the results of which are given in *Monthly Labor Review*, March, 1960, pp. 238-42, found that the law resulted in

- lower profits to stores
- reduced hours for part-time help
- the laying off of workers, es-

pecially "inefficient" ones, which, the study explains, means elderly, handicapped, and part-time help

- reduced store hours, and
- "more careful recruitment of employees," which is explained to mean exclusion of the elderly, Negroes, and other "less acceptable" employees.

The Ph.D. thesis of M. A. Malik, University of Michigan (1963), summarized in *Dissertation Abstracts*, 25, no. 3, p. 1616, reports that of twelve low-wage industries studied in the United States, eleven experienced employment declines in the immediate period of two or three months after the establishment of the \$1.00 minimum (remember this was during a general economic upswing). Of these, ten continued to show employment declines a year later. Since there are many other constantly changing factors which influence the employment situation in any given industry, Malik tried to find alternate explanations for the employment reductions in these industries. But in at least five of the industries he could find no other reasonable explanation — the employment decline must be due to the minimum wage law. As expected, the industries where the law had the greatest impact regis-

tered the largest declines in employment.

The final study I shall cite is the effect of minimum wage law increases on a noncovered industry, household workers, by Yale Brozen in the *Journal of Law and Economics*, 5, pp. 103-109, October, 1962. Studying the period from 1950 to 1962, Professor Brozen's figures, from the Department of Labor and Bureau of the Census, show that in each instance when the minimum wage rate rose, the number of persons employed as household workers rose. The rise was not the result of unemployed household workers finding jobs, since there was also a rise in the percentage of household workers unemployed in each instance (except 1961-62, when the decline in unemployment percentage accounts for only 15 per cent of the rise). This increase in both employment and unemployment in the noncovered industry with raises in the legal minimum wage is exactly as predicted by classical economics, and indicates that workers driven or precluded from jobs in covered industries by the law must seek work in noncovered industries (like household work). Figures given on wage rates in household employment indicate that the wages are lower than they would have been without the Fair Labor Standards Act.

Other Reasons Offered, But They Are Invalid

As evidence of curtailment of employment in low wage industries resulting from the minimum wage law has mounted, some proponents of the law have adopted a new rationale for their position; they say the law is good because it helps to eliminate "sweatshops." Since some industries are covered and some exempt from coverage by the Fair Labor Standards Act, if some "sweatshops" have been eliminated, it has caused people employed in them to find jobs in others, generally at even lower wages. If the law covered *everyone* in the economy, (including babysitters and the like) those who were "saved from sweatshops" would have nowhere to go to find jobs. It is all very well for the "liberal" theorist to claim that a man is better off unemployed than working in a "sweatshop," but shouldn't the decision rest with the man in question?

One additional observation on this point: often a low-paying job gives a person the chance to learn the business or demonstrate his ability, and can lead to a higher-paying position. Consider the number of company presidents and high officials who started their careers in low-paying jobs, and imagine where they might be today if they had been "protected"

against being offered their first job by a minimum wage law.

Thus, we see that the minimum wage law can raise *average* wages in an industry by reducing the employment of low-wage help. In some respects the effects are like that of a tariff—it is easy to recognize those who benefit from the law, but harder to determine those who suffer from it. We can see the worker who is given a

raise because of the increased minimum, but the worker who is laid off when he otherwise would not have been, and the man who is not hired who otherwise would have been, are harder to identify. But while the harmful effects of the tariff are spread over the whole economy, those harmed by the minimum wage law are mostly the very poor, the unemployed, the elderly, and the unskilled. ♦

This article previously appeared in the January 1965 issue of *Insight and Outlook*, a conservative journal published by students at the University of Wisconsin.

IDEAS ON LIBERTY

Grossly Underpaid

AN INVESTIGATOR for the Anti-Poverty Commission was recently asked to check on reports that a farmer was paying his help below-standard wages. He went out to the farm and was introduced to all of the hired hands.

"This here is Gordon," said the farmer. "He milks the cows and works in the fields and he gets \$45 a week.

"This is Billy Joe, the other hired man. He works in the fields and tends the stock and he gets \$40 a week.

"And this young lady is Sue Ann. She cooks and keeps house and she gets \$30 a week, room and board."

"Fair enough so far," said the inspector. "Is there anyone else?"

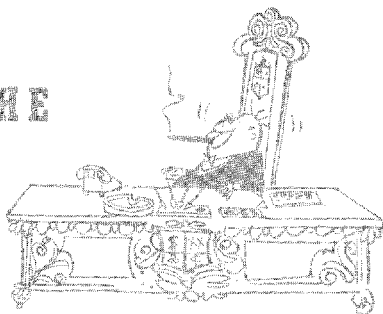
"Only the half-wit," answered the farmer. "He gets \$10 a week, tobacco, room and board."

"Aha," said the inspector. "I'd like to speak to him."

"You're talkin' to him right now," replied the farmer.

JOHN C. SPARKS

If I HAD THE POWER



A CLASSROOM DISCUSSION concerned a successful and wealthy industrial leader who had donated most generously to parks, museums, educational institutions, and other worthy endeavors during his lifetime, while expanding his company and the local job opportunities in the community at the same time. Then the teacher posed an interesting question to his high school students. How would the students have spent this man's wealth if they had had the opportunity; and further, was it proper that the spending of such a great amount of wealth should have been decided by one man? Written answers were requested.

There were a few exceptions, but generally the students failed to acknowledge the hard work, long hours, and ingenious ideas that were required over so many

years to create the wealth now theoretically in the hands of each student. Instead, only the second half of the old saying, "easy come, easy go," was evident in the imaginative spending spree. Unaware of the responsibility of creating wealth, they also lacked an awareness of the responsibility of using it. Obviously, most of the students thought they could have "spread" his wealth in a manner that would have accomplished more than the good achieved by the industrialist. Many suggested that the government could better have spent his wealth than he did.

One student, however, whose wisdom belied her years, wrote that the wealthy leader, who had built up such a successful company, produced good jobs, and amassed a substantial fortune, evidently knew better than others how to use his wealth. Besides,

Mr. Sparks is a businessman in Canton, Ohio.

she added, no matter what others thought about his use of his riches, it was no concern of theirs. It was his property, and he alone had the right to decide its use.

At one time or another, most of us doubtless have daydreamed about what we could do with a million dollars — not how we would study, learn, work, sweat, labor, and save to create the fortune — but only how we would spend it *if* we were suddenly to come into possession of it.

If I were king — if I were president — if I were rich — if I were manager of the Yankees baseball team — if I were calling the plays for the Cleveland Browns' professional football team. . . . What self-entertainment it is to speculate in this manner!

While it may be tempting to imagine oneself qualified to assume one of these positions of honor, it is convenient to forget that one has not paid the exacting toll to get there; and further, that one is not actually responsible for the consequences of decisions made only in fantasy.

Dividing the Pie

In a similar fashion, the government interventionist (socialist, collectivist) tries to enter the picture, at the top, after the goods have been produced by others. In this case, the speculation is not

innocent, passive fun but a vicious form of covetousness that would project the "if-I-had-the-power" ideas into reality.

These advocates of compulsory collectivism seldom find fault with the productive prowess emanating from a private-ownership, free enterprise economy. There is no suggestion from them how the owners of factories can produce more. No idea is presented that will improve quality, lower costs, and shorten production time. Not one of them comes up with the plan that encourages a worker to make his actual output equal the potential of his ability and effort.

The collectivist has no objection to the unbelievably huge quantities and varieties of material goods and services pouring out of the factories and into the market places of the nation every day. Compared with the quality and quantity of a century ago, or even a decade ago, he will concede the fantastic abundance flowing from a free economy. This is not his quarrel. More than likely, however, *it is his attraction*. A nation of great wealth has greater attraction to the collectivist than a poor nation where little is available to divide. Given a choice between two pies of different sizes, he prefers to divide the larger pie. Not at all concerned with making the pie larger, he wants only to

divide it in a manner he thinks just; and the bigger the pie, the more powerful and important he feels.

All Were Failures

One might wonder why the modern twentieth-century collectivist does not try to introduce his ideals to his fellow men by providing true-life illustrations of the wonders of collectivism in experimental communities. Almost any up-to-date manufacturing company that develops a new product will first test the product and its acceptance by the public in a limited number of marketing areas before attempting to sell it on a nationwide scale. Failure had best be ascertained sooner rather than later if disastrous losses are to be avoided by the company. On the other hand, successful promotion can better be planned for national introduction after experiencing satisfactory results in the test markets. The only sensible way, according to these manufacturing leaders, is to test the product on a small scale first.

Not for the modern collectivists, however! Collectivism, wherein the individual is pushed aside for the common good, has been tried repeatedly over the centuries in great variety — monarchies, empires, socialist states, welfare states, fascism, people's democ-

racies — to name a few of the forms of political despotism that have repeatedly deprived man of his full heritage of freedom. Today's collectivist is not about to show his wares in anything resembling a test market. And with good reason. The collectivist is bored with the hard facts of economic life. He does not want the responsibility to *create* abundance. Production tires him, and well it might, because the collectivist principle — from each according to ability, to each according to need — is not an incentive for anyone to work harder or strive for the better idea or the method that will produce more material goods.

During the nineteenth century, numerous voluntary experimental collectivist communities were tried, and failed. Many of these experiments in the United States were primarily religious in nature, including the earlier Plymouth Colony. The economic aspect was usually secondary and of concern only as a means to fulfill the spiritual objectives of the members of these societies. Nevertheless, after initial zeal, the good producers soon tired of being ill-fed. They left. They chose not to be responsible for feeding those who would rather be idle. In those communities where the experiment was primarily economic rather than religious, the com-

munes folded after only two or three years.

It should be remembered that under these experiments of voluntary collectivism, no walls or curtains of iron prevented the skillful and ambitious producers from packing up their families and leaving. No guards stood armed to shoot those who had enough of collectivism. They simply left. The collectivist officials, the zealous members, the idlers, and the unskilled who remained thus were faced with a choice — collectivism and poverty on one hand, to which the older members sometimes did not object, or a return to individual ownership and responsibility.

Two Reasons Why the Local Experiments Could Not Succeed

It would be pointless for the modern collectivist to attempt to prove the glowing dreams derived from a voluntary experimental community, because none has worked successfully in the past and none will work in the future — for two reasons. Membership in such an experimental community is *voluntary*. A member can dissociate himself with the minimum of inconvenience. And if he is worth his salt, he will. Obviously then, the modern collectivist cannot afford to permit any liberty to choose. Too few would prefer collectivism if they actually

understood the system. Therefore, the people who do not like it cannot be allowed to quit the national program. Good producers *must* produce for the benefit of the unskilled, indolent, and lazy — as well as for those administering the entire system.

The other reason why the experimental collectivist communities folded was the ready comparison between the results of collectivism and the results of private ownership, as seen in neighboring towns and cities perhaps only a few miles away. This detrimental comparison can be avoided only when the collectivist principle is adopted nationwide on a compulsory basis. The collectivist cannot afford to let the public see the results of his ideas at work, compared side-by-side with the results of private ownership and individual initiative. The comparison would reveal the collectivist shortcomings all too quickly. Therefore, collectivist laws must be adopted throughout the nation so that no comparisons exist.

People Can Be Misled

It seems unlikely that any people would accept a form of government in their communities that embraced collectivist principles. Would the populace of any civilized nation accede willingly and knowingly to despotism and reg-

imentation, particularly after having tasted freedom? One would expect them to be on guard, especially against any tendency to drift in that direction. Yet, paradoxically, what is impossible for the collectivist to achieve on a small scale in an experiment seems to be more readily attainable on the broad scale of an entire nation. This does not mean that collectivism can successfully bring about an abundant, happy, creative life. It cannot any more do this on the larger national scale than on the smaller community scale. But the public can be misled into it, especially when no comparison is readily available to show up the defects in a nation of complete collectivism.

This is freedom's great danger. This is collectivism's peculiar opportunity. Persons are attracted by the paternalistic-government promises even though they are not achievable.

Strangely enough, many of the advocates of these programs are not schemers or conspirators attempting to hoodwink the people, but sincere persons with the best of intentions. They honestly believe their system of compulsion will benefit mankind. They are frightened by the imagined "chaos" of millions of people, each one making hundreds of decisions every day of his life.

Let us once more be reminded that the collectivist does not like comparisons. Even in a country such as ours that suffers a milder case of the collectivist disease, the comparison of a government enterprise with a private enterprise of like nature will be carefully rigged to favor the former. For example, TVA electric power is represented as being less costly to produce than the electricity of private companies, although the TVA pays few, if any, of the tax costs for governmental "services." Low-interest or interest-free financing are simply ignored in the comparisons.

Eliminating Competition

The next step beyond a "rigged" government-private comparison, is the elimination by law of the private method altogether. The post office is an example. Only the government postal system is lawful; none other is permitted to deliver mail. Government education has not yet reached this point, although there have been suggestions to ban private education below the college level. In certain states, private insurance companies are prohibited from supplying workman's compensation insurance to employers. Only the state insurance "company" is permitted to operate.

Thus, no one can justifiably ac-

cuse a collectivist of being a good sport. He wants the rules of the game rigged so that no others can show up collectivism as the weak, incapable, unproductive, and immoral system it is. The system he advocates will not permit a contest on neutral ground and under uniform rules if it can be helped. The collectivist wants four strikes, while he restricts the private ownership competitor to two strikes, or one, or preferably *none!* It is not surprising then that no comparison *at all* is the preferred position. After six years of Castro, some Cubans are losing the sense of comparison. One Cuban parent says: "Despite what we parents tell them, the young people are beginning to forget what life was like before 1959. They don't remember what it's like to live well — or what freedom really means."¹

In order to guard against collectivism, it must be revealed for what it is, a system that removes

¹ "What Castro Is Doing to Cuba," *U.S. News & World Report*, LVIII (March 1, 1965), 70.

freedom of individual choice, that gives great power to a group of despots, that erodes the mind of accurate historical experience, and that will cause mankind to degenerate rather than climb toward greater material and spiritual levels.

Politically - elected officials in their government capacities cannot produce abundance. The most powerful political office of the world is incapable of producing a high level of material wealth, or of waging successfully a so-called war on poverty. Yet people, like sheep, are still swallowing these absurd claims of the political medicine man.

Increased productivity is the only antidote for poverty. To achieve such increase, all men must be free to be creative with their ideas and efforts. The free market stands ever ready to reward and provide the incentive to any who would achieve power — purchasing power — by the honest sweat of his brow and the inventiveness of his mind. ♦

IDEAS ON LIBERTY

Equality

NO SOCIETY can rightly offer less than equality before the law; but there can be no equality of condition between youth and age or between the sexes; there cannot be equality even between friends. The rule is that each shall act where he is strong; the assignment of identical roles produces first confusion and then alienation, as we have increasing opportunity to observe.

RICHARD M. WEAVER, *Ideas Have Consequences*

DEFINING LIBERTY

An Analysis of Its Three Elements

WENDELL J. BROWN

Abraham Lincoln said the American people were much in want of a good definition of the word *liberty*. Mr. Brown has accepted that challenge, and to define what liberty is he divides it into three elements and analyzes each. He writes of the goals liberty seeks to achieve, the procedures by which it moves, and the underlying faiths that sustain it.

SOCRATES thought that trial lawyers were too much in a hurry to be good philosophers. True enough, there are witnesses and documentary evidence to be examined. Trial lawyers do not have much time for the creation of philosophical systems. *A priori* thinking is usually confined to what we do when we guess what the law is before we take down the books to see what it is.

Lincoln was a trial lawyer. He used abstract exposition, but not for its own sake. Rather it pro-

vided him with a sense of direction during a period when there were enough hot heads around to satisfy the most belligerent. During that period one hundred years ago he took time to say: "The world has never had a good definition of the word *liberty*, and the American people, just now, are much in want of one."

Different from other forms of life, *Homo sapiens* does occasionally have use for concepts. Liberty is one of them. The word *liberty* is its symbol. Of late, I have not seen the word identified by its basic elements in one short piece. That is the intent of this short excursion.

In the context of a free society there are three elements in the

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concept of liberty. One of these is what liberty seeks to accomplish. The second is how to accomplish it procedurally. And the third is its underlying faiths.

I.

WHAT LIBERTY SEEKS TO ACCOMPLISH

In terms of what a free society seeks to accomplish, liberty is five freedoms for each individual: (1) freedom to come and go, (2) equality and justice before the law, (3) security of property, (4) freedom of speech, and (5) freedom of conscience. There are many other names for these five individual freedoms—freedom of the press, freedom of expression and opinion, freedom of religion, freedom of association, right of habeas corpus, right of assembly, right of jury trial, etc. But these five individual freedoms are the “blessings of liberty” that constitute the first element of the word.

The active and politically minded members of a free society may use a “more or less” liberal or an absolute “either-or” approach, but these five individual freedoms *are* what a free society seeks to accomplish.

The intent of a free society is to keep the use of all man-made power within the periphery of these five individual freedoms.

This requires that the activities provided for in our laws have to be limited by the inherent give-and-take requirements contained in each of these five individual freedoms. We do not expect either these five individual freedoms or their conflicts with each other to “wither away,” and we know that we could not have them where the state is everything, or where there is no state.

II.

PROCEDURAL WAYS TO REACH THE GOALS

Liberty is a political sense of direction. Therefore, liberty is also a current process based on its procedures and underlying faiths. The second element in the concept of liberty is identified in the debatable area of the best procedural ways to accomplish it.

When I was a boy in a small Indiana town, the statement was made with impunity by one of our articulate statesmen that, “what this country needs is a good five-cent cigar.” The popular inference intended by that otherwise irrelevant comment was that we could leave the processes of liberty alone and still have it. Today we are forced not to expect our procedures to work that perfectly. At every turn there is the requirement that an overwhelming number of us accept the responsibility

our procedures impose; at every turn we have learned to expect that some will not.

Universal Suffrage and Majority Rule

There is no one procedural formula applicable to all nations alike for the attainment of the five individual freedoms of liberty. The newborn of each nation come into a society which has institutions, mores, laws, and habits which they could not choose. The people of each nation have to custom-build their own procedures and institutions. They are not conceived in a cultural vacuum. In a nation that would have them, there must be a dominant number who have already made the convictions, morals, and habits of free men their own.

The force of public opinion controls. Different from the military practices and propaganda power of totalitarianism, communistic or other, it would be a contradiction of terms to say or think that liberty could be thrust upon the people of a nation. Physical power can be thrust upon the people of a nation, but not the power of liberty. Men are not persuaded, save they persuade themselves. The inspiration and perspiration that create and maintain a free state must ultimately move from within or not at all.

During the 2,500 years of re-

corded history there has never been a dominantly free society without some form of self-government. Historically, self-government has been a common denominator of all dominantly free societies. The statement that the perpetuation of the five freedoms of individual liberty requires universal suffrage and majority rule is of such persuasive power that even though we know that the majority has to be a responsible majority, I believe that we have to take that gamble. Procedurally we take that gamble aided by a written constitution.

A Written Constitution

In the United States our political procedures are realistically grounded. Many years before Castro, Hitler, and Mussolini, and in fact many years before Lord Acton said it, our Founding Fathers were aware that "power tends to corrupt and absolute power corrupts absolutely." Accordingly, under our procedures we seek to accomplish the five freedoms of individual liberty by a representative republic under an organic written law. By its terms and in fact our Federal Constitution is the "supreme Law of the Land." It provides for a diffusion of delegated power into judicial, executive, and legislative branches, a system of checks and balances, a

co-ordination of Federal with state rights and a Bill of Rights, all with the power to amend by orderly procedures. We have set up these procedural odds in favor of a free society.

Other free societies may prefer an unwritten constitution, but we believe that a written one is the best procedural way for us to accomplish the five freedoms of individual liberty. When we make it work for us, we avoid a concentration of arbitrary power, both private and public.

Thus far, we have found that when our written Constitution is interpreted by use of the cardinal rules of construction applied to legal instruments, it is a powerful tool in the maintenance of the five freedoms of individual liberty and the right to an equal ballot. This attitude toward our Constitution does not result in complete agreement, but that does not perturb me. On the contrary, I do scare easily when I read a majority opinion of our United States Supreme Court which shows an attitude toward our written Constitution that allows it to be interpreted without any real use of the cardinal rules of construction of written instruments. For example, such is the accusation of Justice Harlan in his dissenting opinion in *Reynolds v. Sims*, 377 U. S. 533 (1964), when he writes:

... It is meaningless to speak of constitutional "development" when both the language and history of the controlling provisions of the Constitution are wholly ignored.¹

Our procedures to maintain a free society do not allow for that attitude to become a habit. In the same dissenting opinion Justice Harlan says why this is so:

... The Constitution is an instrument of government, fundamental to which is the premise that in a diffusion of governmental authority lies the greatest promise that this Nation will realize liberty for all its citizens. This Court, limited in function in accordance with that premise, does not serve its high purpose when it exceeds its authority, even to satisfy justified impatience with the slow workings of the political process. For when in the name of constitutional interpretation, the Court *adds* something to the Constitution that was deliberately excluded from it, the Court in reality substitutes its view of what should be so for the amending process.²

In actual litigated controversies there have been more than 4,000 decisions authored by our United States Supreme Court which have interpreted and applied its less than 7,000 words — more than 50,000 pages of interpretative decisions. Some of these controversies

¹ 377 U. S. at 591.

² 377 U. S. at 625.

have stemmed from the use of legislative power, some from the use of executive power, some from the use of judicial power — and all from a claimed usurpation of public or private power. But in each new justiciable controversy we, the people³, return to our written Constitution for the tools of advocacy of political liberty, including the five freedoms of individual liberty. The periphery of separate legal controversies has thus been procedurally set.

The advocates of liberty are alert to the interpretative fact that the “interstices” in our Constitution are a part of that document in the same way that the interspaced cracks in a sidewalk are a part of a sidewalk. It is an entity and its parts are to be interpreted and applied in that way. The process of staying on the sidewalk, even for the sane and sober, is not uncontroversial. Still, I prefer having a written constitution to doing without one.

An Independent Judiciary

A paradox in our procedures to secure liberty is that an independent judiciary, our United States Supreme Court, without purse or sword, has a limited power of coercion. Justice Jackson reminds

us that decisional law could not exist except “where men are free . . . and judges independent.” This interdependence makes it doubly clear that (1) the zeal that a judge feels for what the law ought to be has to be tempered with a zeal for what the law is; and (2) a practical test of a free society is the willingness of its administrators to lend the judges their aid, and of its people to obey their constitutional decisions until changed by the court itself under its two-edged, self-imposed weapon of *stare decisis* or by amendment of the Constitution.

Learned Hand once wrote that “liberty lies in the hearts of men and women; when it dies there, no constitution, no law, no court can save it; no constitution, no law, no court can even do much to help it.”⁴ The underlying issue, I believe, for a free society to face head on is one of the acceptability or nonacceptability of a faith that there are progressively higher laws that can be merged into man-made laws under orderly procedures. When Charles Evans Hughes, a great trial lawyer, stated that the Constitution is what the Supreme Court says it is, he merely stated the hard fact that the trial lawyer has to face once the Supreme Court has spo-

³ Including trial lawyers and the members of the United States Supreme Court in most instances.

⁴ HAND, THE SPIRIT OF LIBERTY 144 (1944).

ken unequivocally. In a free society the procedural adaptation of liberty is not the sole responsibility of the three branches of our government. The supreme power and, therefore, the supreme political responsibility for the attainment of liberty resides in the people. There, too, are its underlying faiths, without which the five freedoms of liberty are unattainable with any procedures that we may devise.

III.

THE UNDERLYING FAITHS OF LIBERTY

The third element in the concept of liberty is its underlying faiths. My quest at this point is not for absolute certainty, but to understand, the best I am able, the underlying faiths of liberty. I venture to think that a more ambitious quest would fade away into a copiousness of words. The *why* of liberty is too deeply related to the *why* of life for me to expect to do more.

When I think of ultimates for the human race or for just me, there is no certainty. Harold Macmillan, former Prime Minister of Great Britain, recently made the comment that the only thing of which he is sure is that there is a God. Justice Holmes reminded us, "Every year if not every day we have to wager our salvation

upon some prophecy based on an imperfect knowledge."⁵ This mixture of ego and humility is not an uncommon asset of the advocate of liberty; it could never be found in an advocate of any political faith that it premised on infallibility.

There is a spirit of conciliation between reasonable men when we consider the finer reaches of the five individual freedoms which liberty seeks to accomplish. Also, there is a spirit of conciliation between reasonable men when we think of the best procedural ways to achieve liberty. But there can be no spirit of compromise in its underlying faiths. We believe in them or we do not believe in them. If we believe in them, we cannot be diverted from them or allow them to be destroyed.

The strength, the compassion, the courage and the intelligence behind the concept of liberty evolve from its underlying faiths. These underlying faiths either move from within ourselves or not at all. There is no formula for them and there is no certainty. The creed of liberty leaves all supposedly final philosophical formulas with an open end. It does not answer the *why* of life. Partly for that reason it has a chance to survive without changes in the sense

⁵ *Abrams v. United States*, 250 U. S. 624 at 630 (1919) (dissenting opinion).

of direction that is its underlying essence.

The creed of liberty, I believe, can be stated in one fairly short paragraph as:

A living organism differs from any mechanical device that man can conceive in that it forms itself and keeps itself in working order and activity. Man is a living organism. Biological and psychosocial cultural man is different from most or all other living organisms. Man has an inner power of choice that has to be kept alive or he ceases to live as such. With liberty he keeps himself in working order and activity. Without it he does not. It is, therefore, an operational need in the process of living of a human entity.

This is the basic approach to the underlying faiths of liberty. But I cannot stop with a statement which depends upon the word *liberty* itself. The more than semantic question persists: "What are the underlying faiths in the concept of liberty?"

In the United States it is our cultural habit to take it impatiently for granted that we know the answer to that question. Not merely that we would rather be thought blasé than to be thought naïve. Rather we feel that we have an intuitive sense of liberty that needs no further identification. We impatiently sense that when we refer to liberty, we refer to

that essential element in social, economic, and political life by which man is enabled to keep himself in working order and activity. This is essential, but it is not, I believe, the totality of our faiths in a free society.

After several "pace-offs," John Dewey decided that one fairly accurate way to conceive of the human mind is by reference to its ability to "resolve doubts as such." Human beings are endowed with the power to see that doubts are doubts, and to resolve some of them, rightly or wrongly. The first doubt for me to resolve in my search for all the underlying faiths of liberty is to determine what a faith is. I shouldn't take it for granted that I know what faiths in general are.

A faith is a "rule of conduct," but that answer is a part of the objective effect of a faith that we already have and does not completely identify what a faith is.

Different from a mathematical proposition, a communicable faith, before it can limit and govern our group actions, I suggest, must have an emotional appeal as well as a valid rational appeal. Liberty makes good use of the feelings of courage and compassion, for liberty begins when the weak become strong and ends when the strong lose their sense of compassion. The statement that emotion and

reason are a house divided is only a metaphor. Man functions as an entity. He is at once an emotional, instinct-packed, volitional, physical, and sometimes rational entity. The underlying faiths of liberty, like all faiths, must be a part of all of these characteristics functioning together, inasmuch as each man has to function that way if he functions at all.

Liberty is not a mathematical formula. Much less is it an artifact, a product of human workmanship that we can pick up with our hands and examine for color, size, and content. We cannot point to it, weigh it, or count it. To prove it we cannot explode it over the deserts of New Mexico. It is a belief system in the process of biological and psychosocial living, and a belief system requires a meeting of the minds about a faith which we have in common and which each of us has made his own. Before we can say that our faiths in liberty are a part of us, we must be able to say that "we feel them," "we think them," and "we act them." That is what faiths are.

Liberty Lies Within the Man

The core of individual liberty is a matter of faith, a faith that there is an inner life for each individual, the liberation of which will produce results, the only re-

sults over which we human beings have any control. These results are a part of a stream of life, but the advocate of liberty believes that they can be credited or debited to an individual account — an account without an infallible book-keeper.

The advocate of liberty believes that by the use of the individual inner drives of compassion, courage, reason, and intelligence, mankind need not inevitably destroy itself and that the course of mankind can continue. He believes that liberty, if he has it, is in the process of living and never at the end of a rainbow of wishful thinking. He believes that it is complementary of the orderly laws of cause and effect, of probability and of chance, of which man is not completely informed. It is complementary of them because it rests in part upon the faith that each individual is endowed by his Creator with some power of individual choice.

The great contemporary contributions of others in his scientific field caused Einstein to question what he could claim for his own. But with all his skepticism or humility, he never lost faith in his sense of selfhood. Each advocate of liberty believes that the responsive and positive chords in his life must be struck by him.

What are the underlying faiths

of liberty? A faith in the God-given and yet spontaneous spark of creativity in each of us which makes us different from all others; a faith that this spark of creativity can be preserved in its totality by just laws applicable to all equally; a faith in the worthiness of its preservation; a faith in the practicality of its preservation by the people themselves — these are the underlying faiths of liberty.

The division between scientific thought and critical philosophical thought, between observable objectivity and value judgments, though useful, does not cause one to think that man, individual man, does not have to function as a separate entity of energy if he is going to function at all, or that any political system can evade that fact and survive.

The discoveries of nuclear physics make it imperative that we, all mankind, use value judgments that are universal. We cannot throw senseless rhetoric or eliminative bombs at each other and expect the species *Homo sapiens* to survive in perpetuity.

More than Mere Words

Although there is easily observable evidence to the contrary, political liberty is not a mere play on words that each side of current controversies uses for its rhetorical effect. Rather, by its three

specific elements it is a synthesis of thought and action, a concept that can be accepted or rejected. It is not as certain, perhaps, as the concept that God made little green apples, but thus far the only perceivable bridge between science and philosophy and between nations and between men that will preserve the life and hopes of the individual and of mankind, is the concept of liberty — the grand concept of the dignity and brotherhood of man under a just and cosmic God.

“Where liberty dwells, There is my country.” These words, uttered by John Milton, the blind poet who yet could inwardly see, may have been words of pride or words of yearning. For mankind today they are optimistic words — words of hope. They suggest a sense of direction based on the three elements of liberty in the context of a free society. In a world in which man must seek his salvation with imperfect knowledge, could there be a better way?

It is the only way that I can see that will give my grandchildren a chance to decide for themselves the course their lives shall take in a free society. Right now they kick about going to bed at night, but I think they are tough enough to handle their share of responsibility in a free society when their time comes. ♦

THE GREAT COMMUNIST

SCHISM

WILLIAM HENRY CHAMBERLIN

BETWEEN 1917 and 1949, within the span of a generation, communism achieved a leap from the status of the small, little-known political sect in the Russian revolutionary movement to a system that dominated the lives of one-third of the population of the world, including the Soviet Union, mainland China, and the considerable area in Eastern and Central Europe which had been subjected to communism as a result of Soviet military invasion and occupation. Not since the early sweep of the Mohammedans from the deserts of Arabia over the Near and Middle East and North Africa had a new doctrine acquired

power so swiftly on such a large scale.

What made the success of communism seem more formidable was its apparent concentration of power and authority in Moscow. Stalin had only to whisper a command and it was translated into action not only in the countries under Russian military and police control, but also by the communist parties in America and Western Europe, where they had not yet gained power. An article in a French communist publication was sufficient to cause the American communists to discard the comparatively moderate leadership of Earl Browder and substitute the more violent, intransigent William Z. Foster.

The communists seemed to have

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discovered and applied, first in Russia, then in the satellite countries of Eastern Europe and in China, a magic formula for holding power, once a successful revolution had been brought about, whether by internal collapse, civil war, or military intervention from outside. This formula, which also served Hitler, Mussolini, and lesser fascist dictators very well (it was by no means the only feature common to communism and fascism in practice) might be summarized as follows: unlimited propaganda plus unlimited terror.

After a communist take-over, all means of information, entertainment, and instruction — the schools, the press, the radio, theater, and the arts — were pressed into the service of glorifying the all-powerful state and the ruling Communist Party. It was expected that this would prove especially effective with a younger generation that had no knowledge of foreign countries, no knowledge of previous conditions.

And, for those who did not accept the propaganda, there was ruthless unrelenting terror, ranging from loss of a job, denial of the right to publish writings, to the more extreme measures: arrest, exile to forced labor, execution before a firing squad. Diabolical as this technique was, from the standpoint of the free-

dom and dignity of the individual human being, it was also diabolically effective as a means of organizing and regimenting people and repressing and discouraging any organized resistance and dissent.

***Dissension Sown Abroad,
But Prohibited Domestically***

So, while the communists used every conceivable trick and device to extend their sway by setting class against class, race against race, group against group in non-communist lands, they insulated themselves against movements of protest and revolt in the countries they ruled by this steady application of the method of propaganda plus terror. With this were linked two characteristics of all communist regimes, regardless of other differences: one-party political dictatorship and economic collectivism in the sense that the state, in one form or another, became the sole employer, operating through various agencies all mines, factories, farms, stores, and other economic enterprises. It is difficult for one who has not lived under it to imagine the crushing weight of concentrated power represented by a state which combines the political power of the most absolute despots of the past with the economic mastery represented by a monop-

oly of possession of all economic enterprises.

Imagine a government operating without any of the safeguards for the individual written into the United States Constitution, directing the contents of every newspaper, of every radio broadcast and, on top of this, managing all the economic production facilities, with the functions of management and labor organization alike controlled by the single ruling party. That affords a fair picture of what the communist state is like and of how difficult it is to organize opposition or resistance to its monstrous grasp.

Signs of Internal Weakness

Yet, with communism, as with Mohammedanism and other world-conquering movements, internal schism among the communist states has clearly set in, creating difficulties which were not foreseen in the first years of the Russian Revolution which Lenin, Trotsky, and Stalin envisaged as merely the first step toward world domination through world revolution. The first breach in the granite façade of international communism occurred in 1948, when Josip Broz Tito, the communist dictator of Yugoslavia, seceded from the overlordship of Moscow.

Tito's breach with Moscow did not mean that Yugoslavia ceased

to be a communist dictatorship. But the Yugoslav dictator resented the idea that his power, even his life, might depend on the reports of the Soviet agents whom Stalin sent into Yugoslavia to spy on and supervise his activities. A veteran of the communist movement, he had built up such a tightly organized political machine in Yugoslavia that he was able successfully to defy Stalin's efforts to destroy his regime by all means short of war, including economic blockade and incitations to subversion. Sitting on the fence politically between East and West, although maintaining a generally "anti-imperialist" attitude in foreign relations and retaining a somewhat modified, maverick communism at home, Tito received large quantities of United States aid (considerably reduced in recent years). He also extracted some Soviet help when Stalin's successors decided to restore more normal state relations between Moscow and Belgrade, although continuing to censure Tito as a revisionist more or less severely when matters of communist theory were under discussion.

Stalin's death in 1953 was followed by several signs, in the Soviet Union and abroad, that communism was not the impregnable frozen fortress it had seemed to be. There were anticommunist re-

volts in East Germany in 1953, in Poland and in Hungary in 1956. These were all put down, the one in Hungary after a heroic, tragically uneven struggle by the majority of the Hungarian people, with workers and students taking a leading part, against the superior arms of the Red Army. But at least the myth of happy acquiescence of the peoples under communist rule was destroyed. And the Poles, who proceeded more discreetly than the Hungarians and did not push matters to the point of an armed clash, obtained the elimination of some of the more unpopular Soviet agents and of some of the cruder signs of Russian domination, especially distasteful because of bitter Polish memories of Russian oppression before the First World War.

Moscow vs. Peiping

Then, gradually but unmistakably, came the rift between the two communist giants, the Soviet Union and Red China. Because relations between Moscow and Peiping were like an iceberg, mostly concealed from public view, and because there were intermittent efforts, on the Soviet side, to coax the Chinese back into the orthodox communist fold, it is hard to set a definite date for a breach that also produced impor-

tant repercussions in the satellite states of Eastern Europe.

Perhaps the exclusion of the Soviet Union, as a "white" nation, from the Bandung conference of Afro-Asian countries in 1955 marked the beginning of the disagreement. Khrushchev's belated repudiation and denunciation of Stalin in 1956 did not appeal to the Chinese communists. When the latter, by bombardment and threats, attempted to oust the Chinese nationalists from the offshore islands of Quemoy and Matsu in 1958, Khrushchev offered only verbal support.

With the passing of time, differences of national interest and even of interpretation of communist ideology between the Soviet Union and China became more and more evident. In two ways the former is a "have," the latter a "have not" country. The Soviet Union today controls, directly or indirectly, far more territory than the Empire of the Czars. There is no unredeemed area with a Russian population. And, although economic well-being is far below the standards of the United States and Western Europe, the Soviet Union has built up a considerable industrial plant, which it would not like to expose to the hazards of nuclear war. So, apart from lapses like the threat to West Berlin and the injection of mis-

siles into Cuba, both of which ended in failure, Khrushchev and his successors so far have displayed a tendency to avoid sharp collisions with the United States and to rely on such methods as subversive propaganda and building up what they believe will be a superior economic system (not a likely prospect in view of the results to date) to sap and finally overthrow the capitalist order.

China is a much poorer country than the Soviet Union, probably at least a generation behind in economic development. It regards as a major foreign policy objective the reconquest of the island of Formosa, seat of the Chinese Nationalist government of Chiang Kai-shek. This objective, however, cannot be realized so long as Formosa is guarded by United States sea and air power. With less to lose in war, the Chinese, at least in words, are much more militant in preaching the doctrine of war against imperialism. And they resent Soviet unwillingness to "share the wealth" by giving them liberal economic aid, and Soviet unwillingness to back them up in military adventures against Formosa and India.

By 1960 Moscow-Peiping relations had become so strained that the Soviet government abruptly pulled out of China hundreds of Soviet scientific and technical ad-

visers who had been helping with many new Chinese industrial installations. These were left in various stages of incomplete construction; the Soviet advisers packed up their blueprints and departed, leaving the Chinese to cope with the situation as best they could.

Heated Words

It would go far beyond the bounds of a brief article to cite all the polemical exchanges between the two big communist powers. But two quotations show how envenomed the tone had become in recent years. A Soviet message to Peiping of October 18, 1963, read as follows:

"Serious differences are being used in Peiping to unfold a campaign against the fraternal parties, unprecedented in its scope, which is sharply hostile in tone. . . . All the resources at the disposal of a large state have been set in motion to wage a struggle within the communist movement. . . . Enormous harm is being done and every communist is obliged to do everything possible to stop the development of events in the direction Peiping wants to give them. If this is not done in time, the consequences for the entire communist movement may be extremely grave."

The Chinese response took the

form of contemptuous personal abuse of Khrushchev:

"The United States imperialists have not become beautiful angels in spite of Khrushchev's Bible-reading and psalm-singing. They have not turned into compassionate Buddhas in spite of Khrushchev's prayers and incense burning. However hard Khrushchev tries to serve the United States imperialists, they show not the slightest appreciation. . . . They continue to slap Khrushchev in the face and reveal the bankruptcy of his ridiculous theories prettifying imperialism."

Here one comes close to the root of the feud. The Chinese are claiming for themselves the role of champions of Leninist communist orthodoxy and accusing the Russians (the charge is spelled out in detail in many other Chinese publications and communications) of slackness in the revolutionary cause, of "revisionism," the most insulting word in the communist political vocabulary.

A Major Cleavage

What has happened is more serious than a dispute between the two largest communist parties. It is a schism in the whole international communist movement, some parties siding with the Russians, some with the Chinese. The Chinese appeal is especially strong in

Asia, where the communists of Indonesia, Japan, North Korea, Burma, and New Zealand are in the Chinese camp. This is apparently also true for the majority of the Indian communists. And the Chinese seem to be ahead in a bitter struggle for influence in North Vietnam. China has also acquired a European satellite in tiny Albania and has launched splitting movements in the parties of Italy, France, and Belgium. The Chinese have also been very active in Africa, competing with the Soviet Union in attracting students and bribing African government officials in the newly independent states. In Africa the Chinese emphasize the color line, pointing out that the Russians are, after all, a white people.

Most of the European communist parties have remained loyal to Moscow, but have taken advantage of the Moscow-Peiping rift to win more political and economic autonomy. Khrushchev was unable, despite many efforts, to convene an international conference for the purpose of excommunicating the Chinese Reds from the international communist movement. In Stalin's time Moscow's position as the sole center of the international communist movement was unchallenged. Now the conception of "polycentrism" put forward by the recently deceased

Italian communist leader, Palmiro Togliatti, has made considerable headway.

Rumanian Deviation

Because the Soviet communist leaders are under heavy pressure from the schismatic Chinese, they are in no position to impose strict discipline on the East European satellites. The liberalization of living conditions in Hungary, the sweeping departures from rigid state planning in Czechoslovakia, most of all, perhaps, the demonstrations of increased political and economic freedom from Moscow in Rumania are all significant straws in the wind.

Indeed, Rumania has put on a pretty good exhibition of the role of "the mouse that roared." Rich in salable oil and wheat, the Rumanians pressed on with steel development and trade with the West, despite Khrushchev's attempts to persuade them to hold back on industrial development and remain a supplier of raw materials to other communist-ruled countries. And about a year ago, in the spring of 1964, the Rumanian Workers (Communist) Party published a remarkably independent manifesto, which would have been unthinkable in the Stalin era.

This manifesto began by offering a number of criticisms and

recommendations to the Soviet and Chinese parties, with the professed objective of mediating their conflict. Then it repudiated in strong language the idea that some supranational planning body, such as the COMECON (the economic association of the communist-ruled states) should dictate to these states their proper lines of economic development and asserted Rumania's economic independence in the following terms:

"It is up to every Marxist-Leninist party, it is a sovereign right of each socialist state, to elaborate, choose or change the forms and methods of socialist construction... No party has or can have a privileged place, or can impose its line or opinions on other parties."

Dangers to the West

Polycentrism does not change the nature of communist regimes. These continue to deny political and civil liberties that are taken for granted in free countries. They retain strong political and economic ties with Moscow. They may be expected to continue voting with the Soviet Union and against the United States on most issues that come up in the United Nations. The governments in the East European states remain alien, imposed from without, and, in a big crisis, would look to Mos-

cow for support against any insurgent movements of their own peoples.

Nor is the effect of the dispute between Moscow and Peiping certain in all circumstances to work out for the benefit of the free societies. The pressure of Chinese competition in revolutionary propaganda could conceivably push the Soviet Union into steps which are not in line with its true interests and desires.

Yet, after making all due allowance for these possibilities, the great communist schism, on balance, seems advantageous to the cause of freedom. The nightmare of a monolithic communist bloc of almost one billion people, stretching from the Baltic to the Pacific Ocean, has been dispelled. We may be seeing only the beginning, not the concluding phases of the disintegration of the huge empire which Stalin, exploiting the moral and political weakness

of the Western powers, carved out after the Second World War. It is better that the Soviet Union and China should be at odds than that their resources should be combined for subversive ends.

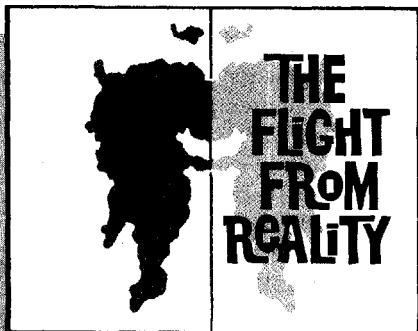
Provided there is no weakness, no appeasement in the face of threats emanating from Peiping or Moscow, provided that communist aggression is held in check, it is possible that in the course of time the hostility between Moscow and Peiping may advance from words to blows. The free nations muffed a promising diplomatic opportunity when they failed to direct their prewar diplomacy to the end of insuring that, if war must come, it should involve only the Nazi and communist tyrannies. If another such opportunity should arise, one may hope that experience will teach more insight and realism, that the free peoples will remain enthusiastically disengaged in the event of a clash between the two totalitarian giants. ◆

IDEAS ON LIBERTY

Protectorate

A PROTECTORATE was an arrangement by which a strong country agreed to protect a weak country from all tyranny. Except from the strong country itself.

From a child's exam paper
cited by Art Linkletter



10. *The New Creativity*

CLARENCE B. CARSON

*Divine am I inside and out, and I make holy whatever
I touch or am touch'd from.*

—WALT WHITMAN, 1855

. . . In fact, we philosophers and "free spirits" feel ourselves irradiated as by a new rosy dawn by the report that "the old God is dead"; our hearts thereby overflow with gratitude. . . . At last the horizon seems once more unobstructed . . . ; our ships can at last start on their voyages once more. . . .

—FRIEDRICH NIETZSCHE, 1882

. . . Now this empirical knowledge has grown till it has broken its low and limited sphere of application and esteem. It has itself become an organ of inspiring imagination through introducing ideas of boundless possibility . . . irrespective of fixed limits. . . . It is convertible into creative and constructive philosophy.

—JOHN DEWEY, 1920

THE TWENTIETH CENTURY abounds in paradoxes. Not the least of these is the disparity between technological developments on the one hand and developments in arts, politics, and social arrangements on the other. No other century in history can match what has already taken place in the twentieth in technological inventions, improvements, and devices. It stag-

gers the imagination to survey what has been wrought in the last hundred years, to extend the survey back into the previous century a few years. Some will not consider all the innovations unqualified blessings, but everyone must marvel at what has been provided: electric lights, automobiles, mechanical refrigerators, phonographs, airplanes, radio, television, typewriters, calculators, and so on through an ever-increasing list of contrivances. It has not been many years since a hospital

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was usually a way station to the funeral parlor. A revolution — to use the word dubiously — has occurred in the last generation in medicine. Scientific developments have taken place which have rendered the doings of scientists into something beyond the ken of outsiders. Technological progress has gone forward at an unparalleled pace.

By contrast, there has been a decided retrogression in the arts and literature. The techniques for purveying the arts and literature have kept pace with technological developments elsewhere. For example, the invention of recording and of phonographs has made possible, the reproduction of musical programs in the home with great fidelity to the original playing. But the quality of music composed in this century is generally far inferior to that of the preceding century. It is true that audiences will now tolerate a selection from a twentieth century composer — from Stravinsky, Bartok, Ives, or Copland — if it is surrounded in the program by pieces composed in earlier centuries.

Contemporary painting and painters apparently flourish, but the art of careful drawing and painting is largely kept alive by commercial requirements. The novel has degenerated into barely disguised biographical accounts of

the doings of bohemians, or into thinly coated historical recreations. Contemporary poetry consists of jingles on the one hand and jumbles of words without form or rhyme or reason on the other. If the case of architecture is somewhat better, it can probably be attributed mainly to the taste of those who pay the bills, not to those who purvey the services. Such exceptions as occur to the above generalizations only serve to highlight the general condition.

Objections Anticipated

The usual objections to the above critique need to be dealt with, at least summarily. It can be objected that the evaluation of the arts and literature is a matter of taste. This amounts, however, to saying that there are no standards by which to judge the arts. The belief, and the practices that follow from it, that there are no standards is just another instance, as well as a cause, of the deterioration in the arts. Another frequent objection to the above critique goes something like this: Every age and time has its mediocre and inferior artists. In the course of time, these are forgotten, and only the giants remain. Such is undoubtedly the case, but it is largely irrelevant as a refutation of the above contention.

My point is not simply that the twentieth century has no musical master of the caliber of Beethoven, or that not every writer has reached the heights of Mozart; it is rather that the composers rated as first rate are inferior to first rate composers of earlier centuries, that the second rate are inferior to the second rate ones, and that the caliber of music being produced does not measure up to past standards. I read somewhere that a composer had a scholarship for a year, I think it was, in which he composed a violin concerto. Mozart composed five concertos for the violin between April and December of 1775. If it be objected that Mozart was a genius, one should still note that like geniuses are missing from among us. In short, there is no evidence of progress in the arts commensurate with that in the sciences and technology.

Political and Social Deterioration

Political and social developments are not quite so difficult to evaluate, nor the positions taken quite so controversial as those about the arts. The evidence for positions taken is more readily assembled and more nearly apparent. The indications of political deterioration in this century are abundant and conclusive. In the political realm, the tendency al-

most everywhere in the world has been toward totalitarianism, dictatorship, arbitrary government, the police state, the rounding up and imprisoning of political dissidents, the overthrow of older orders, and political experimentation and manipulation. The belief in and observance of lawful modes of operation by agents of governments has fallen below what it was generally in the seventeenth century. (There are, of course, countries in which this is not yet the case.) Socially, the breakup of the authority of the family evinces itself in divorce rates and juvenile delinquency.

Many would object to the particulars of the above formulations, but there is widespread agreement that there is great disparity between developments in science and those elsewhere. In academic circles the disparity is acknowledged backhandedly by some such analysis as this: The humanities and social sciences need to catch up with the physical sciences and technology. Knowledge about human beings has not kept pace, it is alleged, with that about things.

In Proper Sequence

Such a way of putting it almost completely obscures the roots of the untoward political and artistic developments. It puts the best possible face on what has occurred

and allows the very men and ideas which have wrought the consequences to go free of responsibility for it. Historically, politics and the arts were not *behind* technology in the application of ideas drawn from science. If anything, the reverse was the case. The artistic, political, and social implications of modern science were being generally pointed out and applied by the eighteenth century. (It will be remembered that modern science emerged in the seventeenth century.) By contrast, the technological implications are still unfolding, and this is largely a nineteenth and twentieth century development.

It does not follow, of course, that the social studies and humanities are *ahead* of technology now. They are neither ahead nor behind. What has happened cannot be fitted into a nice progressivist formulation at all. Politics and the arts have been cut off from reality; the proponents and developers of them have been engaged in a flight from reality. By contrast, technology is still rooted in its scientific foundations, and practicing scientists appear to be closer to reality than do other intellectuals. If technology should follow the path of the social studies and the humanities it would be cut loose from its foundations in laws and might be ex-

pected, subsequently, to degenerate.

Creature or Creator?

The key to understanding what has happened in the humanities and social studies (and from them to the arts and to politics) is the new conception of creativity. The way has been partially prepared thus far in this study for understanding the New Creativity, but before pointing out the connections to it of positions already established it may be well to examine the idea of creativity from an historical point of view.

So far as I can tell, the use of creativity to refer to something that man does or can do is a recent innovation. Certainly, this usage has no foundation in the main Western tradition of thought. Traditionally, creation was what God did when he brought the universe into being, or, following the account in Genesis, gave the universe its form and brought beings into existence. One unabridged dictionary gives this as its first meaning of the word "creation." To wit: "The act of creating from nothing; the act of causing to exist; and especially, the act of bringing this world into existence." On the other hand, the *American College Dictionary* drops this particular meaning to third position, and deals with it as a

special phrase. It says, "*the Creation*, the original bringing into existence of the universe by the Deity." The most absolute view of creativity imaginable was held by St. Augustine concerning God's creation of the world. He held that it was created *ex nihilo*, out of nothing.

How, O God, didst Thou make heaven and earth? Truly, neither in the heaven nor in the earth didst Thou make heaven and earth; nor in the air, nor in the waters, since these also belong to the heaven and the earth; nor in the whole world didst Thou make the whole world; because there was no place wherein it could be made before it was made, that it might be; nor didst Thou hold anything in Thy hand wherewith to make heaven and earth. . . .¹

There were differences among philosophers, of course, as to the extent and character of the Creation. Aristotle did not even believe that the universe had been created; it has always existed, he thought. Probably a more usual view was that the universe was created, but that this consisted of giving it form and order. Be that as it may, what man does was not conceived of as creativity. Plato and Aristotle conceived of the artist as imitating reality. For ex-

ample, Aristotle said: "Tragedy, then, [by which he meant a tragic drama] is an imitation of an action. . . ."² They did not necessarily, or particularly, mean a literal imitation of things as they appear to the sight.

Conveying the Ideals.

Traditionally, the arts have been imitative of an underlying order. They have evoked ideals, caught the essence of man, or of a man, captured and set forth that which the most sensitive perceive in a thing. In short, the artists, too, labored in a metaphysical framework. They did not create; they imitated, but this was by no means a lowly task. Few things could be more worthy of doing than to make visible by painting and sculpture, to make audible by music, to communicate by drama and poetry, or to cast in concrete form by architecture the underlying order in the universe and the ideals of justice, honor, truth, beauty, and piety by which men should live. That the artist did not create these was no reproach; it was enough that he should convey them. In this context, if the artist were to create, he would be committing a fraud, for he would be deceiving men as to the nature of the underlying reality.

Nor were other kinds of activity

¹ Quoted in W. T. Jones, *A History of Western Philosophy* (New York: Harcourt, Brace and Co., 1952), p. 354.

² *Ibid.*, p. 250.

conceived of as being creativity. Social thinkers were not supposed to be creating social and political relationships, but rather discovering them and setting them forth. Morality was behavior in accord with the order in the universe and/or Divine injunction. Notice the language in which the work of authors and inventors is described in the United States Constitution in the phrase which empowers Congress "to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Even the inventor was apparently thought of as a discoverer.

Something New

But a change has occurred. Nowadays, all sorts of undertakings are described as being creative. There are courses in creative writing in colleges. There are books on creative thinking, researches into the sources of creativity, articles on creative group thinking, and public expressions of concern about how to foster creativity. Invention, discovery, innovation, artistic endeavor, and social thought are now conceived of as being creative. The following definitions and examples of usage indicate the scope of the word as it is now employed. One

writer approves this definition heartily: "Creativity is the imaginatively gifted recombination of known elements into something new."³ Another writer says:

*My definition, then, of the creative process is that it is the emergence in action of a novel relational product, growing out of the uniqueness of the individual on the one hand, and the materials, events, people, or circumstances of his life on the other.*⁴

He points out that his definition embraces all sorts of activities:

Creativity is not, in my judgment, restricted to some particular content. I am assuming that there is no fundamental difference in the creative process as it is evidenced in painting a picture, composing a symphony, devising new instruments of killing, developing a scientific theory, discovering new procedures in human relationships, or creating new formings of one's own personality as in psycho-therapy.⁵

Dictionaries have come to include these new meanings of creativity. The *American College Dictionary* offers as one definition of

³ Harold F. Harding, "The Need for a More Creative Trend in American Education," *A Source Book for Creative Thinking*, Sidney J. Parnes and Harold F. Harding, eds. (New York: Scribner's, 1962), p. 5.

⁴ Carl R. Rogers, "Toward a Theory of Creativity," in *ibid.*, p. 65.

⁵ *Ibid.*

"create": "to evolve from one's own thought or imagination." Another defines "creation" as "anything produced or caused to exist, in mechanics, science, or art; especially an unusual product of the mind; as the master *creations* of art."

It could be objected that this is all a matter of semantics, that the word has come to have an additional meaning, that at most there is some ambiguity in such usages. But the loose use of language is not something to be taken lightly, even if this were all that is involved. We think and express ourselves in words. We may not be conscious of the connotations and overtones of language; these nevertheless influence our thinking and color what we say for those who hear or read it.

But what is involved here is not simply a matter of semantics. A new conception of creativity has been developed. Many have come to think of man as a creator. Invention, discovery, innovation, and origination have come to be thought of as creation. The framework within which this occurred has already been set forth. It included the cutting loose from reality, the sloughing off of the past by denying repetition in history, and the positing of a new reality—a reality consisting of change, society, and psyche. The impetus to

social creativity was provided by the visions of utopia that could be created, and a new pseudo philosophy — pragmatism — provided a substitute philosophy which allowed free play to the imagination.

The Role of Romanticism

Several lines of thought converged to buttress the new conception of creativity. Romanticism was the first of these outlooks to appear. Romantics exalted the imagination, the will, desire, feeling, and subjective experience. They tended to withdraw inward to discover that which was most important to them. Romantics tended to exalt literary and artistic activity, to see in it a means of contact with the Divine, or, depending upon the thinker, a divine activity itself. The poet, or other artist, was thought of as having a particularly high calling, for he could transcend the limits of ordinary experience by intuitions and grasp things of the greatest importance. The artist, at least, became a kind of demigod to many thinkers.

Evolutionism

A second strain in the New Creativity came from what can be called evolutionism. If it is proper to speak of revolutions in thought, then it is no exaggeration to say that the theory of organic evolu-

tion was the basis for a profound intellectual revolution. All sorts of hypotheses were spawned in the wake of the spread of this idea. If accepted in all its implications, Darwinian evolution fundamentally altered conceptions of creativity. Christians had generally believed, prior to the latter part of the nineteenth century, that Creation was a completed act of God. But now some thinkers began to conceive of creativity as an ongoing process, something that had occurred in time and might be expected to continue in time.

The crucial point for creativity, as it is being considered here, was whether or not man could actually participate in this evolutionary creativity. Social Darwinists, such as Herbert Spencer and William Graham Sumner, held that he could not. The course of evolution was determined by "forces." Perhaps the most influential philosophical theory that man participates in evolution is the theory of Creative Evolution. It was set forth in 1907 by Henri Bergson, a French philosopher. Bergson held that evolution cannot be explained by the operation of mechanical forces. There are moments of "spontaneous originality in nature, and especially in certain activities and experiences of mankind. The work of a great poet or painter clearly cannot be ex-

plained by merely mechanical forces. . . . This kind of activity. . . , resulting in something new, is typical of creative evolution."⁶

Man Participates

There has been a variety of applications of the notion that man participates in evolution creatively. The most important, from the point of view of this study, is the one known as reform Darwinism, a doctrine advanced particularly by Lester Frank Ward. Ward held that by social invention man could direct and control the course of social evolution. That is, he could create instruments for doing this, and, indeed, had been doing so for ages. Man participates in evolution by developing means for cooperating with the process of evolution. The idea would seem to be this: one may by study discern the evolutionary trends. He can then work with them to bring about desired ends. Ward thought he discerned a rising social consciousness in his day, that the time when society would take over the direction of affairs collectively was at hand, and that the acquisition of knowledge would be for the purpose of fostering this development. He said, "If it can be shown that society is actually moving toward any ideal, the ultimate

⁶ *Encyclopaedia Britannica*, VI (1955), 652.

substantial realization of that ideal is as good as proved. The proofs of such a movement in society to-day are abundant."⁷

Science and Technology

A third stream to enter the New Creativity has been called scientism. No one has advanced a doctrine or ideology by that name; it is a derogatory term applied to the practice of indiscriminately extending the ideas or methods of science. More specifically, the development to which I allude should probably be called technologism, though the language is already sufficiently barbarized by "isms" without adding another. At any rate, there is a view of creativity drawn largely from technology. Many people have been swept off their feet, as it were, by developments in technology. They have been so awed by the achievements in this area that they have thought there was a major clue for all areas of human activity in technology. There may be, but the development to which I refer was based upon a misunderstanding of technology. As we have seen in an earlier article, John Dewey confused science with technology, failed to take into account the fact that technologists apply previous-

ly *discovered* laws, deduced methods from the behavior of technologists, and proposed to apply these to all human thought and activity. Essentially, he thought that the inventor created, and that this kind of activity could be endlessly extended.

Existentialism Promoted: Kierkegaard and Nietzsche

The fourth support for the new conception of creativity came from existentialism. Actually, this philosophy did not get much fame, or notoriety, until after World War II with the writings of Jean Paul Sartre and Albert Camus. But the origins of the ideas are traced back into the nineteenth century, primarily to Soren Kierkegaard and Friedrich Nietzsche. Thus, some of the ideas can be said to have buttressed the New Creativity, though the philosophy was not yet known by its current name. Nietzsche's impact, at least, was considerable in artistic circles in the early twentieth century. For example, H. L. Mencken was an early American devotee of Nietzsche.

There are several schools of existentialism, but they generally share several premises with one another. The basic one, the one from which the name comes, is that existence *precedes* essences. Existentialists see man, or per-

⁷ Lester F. Ward, "Socioeracy," *American Thought*, Perry Miller, ed. (New York: Rinehart, 1954), p. 117.

haps men, as creatures existing in space and time. The most important fact in the world, to them, is existence. They are not interested in, indeed are opposed to, essences, or the search for essences. They want to confront experience in all its richness, not in some abstraction from it. To really be is to act, for in acting one's existence is filled out and extended. Existentialists run the gamut from rugged individualists to Christians to Marxists. But whatever their tendency, they are concerned with the here and now, with the given existence, with acting upon it and coming more fully to be.

Did Man Create God?

Nietzsche provided the most drastic foundation for human creativity. God is dead, said Nietzsche, and he had a profound conception of the significance of what he was saying. He was proclaiming, too, that the past was dead, that the foundations of Western civilization were gone, that man's views must be drastically reoriented. As one writer puts it, "For when God is at last dead for man, when the last gleam of light is extinguished and only the impenetrable darkness of a universe that exists for no purpose surrounds us, then at last man knows that he is alone in a world where he

has to create his own values."⁸

It meant something more too; it meant that men created their gods. God existed for Nietzsche, only so long as men sustained their belief in Him. This was an exact reversal of the traditional view, the view that God created man and sustained him by His Providence. There are implicit conclusions that must logically follow: namely, that man is higher than the gods, for he has created them; that man is the lord of creation, for he is the highest being; that if creation could occur, it would probably be by man. Nietzsche talked of a Superman, the unusual man (or men) who would rise above morality, go beyond good and evil to become the new master.

Before God! — Now however this God hath died! Ye higher men, this God was your greatest danger.

Only since he lay in the grave have ye again arisen. Now only cometh the great noontide, now only doth the higher man become — master!⁹

Not all the exponents of the New Creativity were as sensa-

⁸ William Barrett, "Introduction," *Philosophy in the Twentieth Century*, III, William Barrett and Henry D. Aiken, eds. (New York: Random House, 1962) 148. Italics mine.

⁹ Quoted in Richard H. Powers, ed., *Readings in European Civilization* (Cambridge: Houghton Mifflin, 1961), p. 505.

tional in their advocacy as was Nietzsche, of course. But even the pedestrian John Dewey talked about a theory of art which has its foundation in the new view. Dewey discusses essentialism as a way of seeing things. He does not, however, believe that there are any essences which subsist in a metaphysical realm. The habit of looking to essences is merely something created and maintained by artists:

If we are now aware of essential meanings, it is mainly because artists in all the various arts have extracted and expressed them in vivid and salient subject-matter of perception. The forms or Ideas which Plato thought were models and patterns of existing things actually had their source in Greek art, so that his treatment of artists is a supreme instance of intellectual ingratitude.¹⁰

It turns out, then, according to Dewey, that the foundations of Western philosophy were planted by artists in the mind of Plato. Philosophy, it appears, was really created by dramatists.

A New Creativity has emerged then, a radical view of man's capabilities, a changed conception of art and social affairs. Those who hold these views see man as a creator. The roots of the creativity

are in the psyche, in the subconscious; in short, creativity arises from the irrational depths of the mind. Great value is placed upon innovation, change, originality, experiment, all of which are supposed to result in new creations.

Subconscious and Irrational

Perhaps the strangest of contradictions in a paradoxical age is that between the avowed evaluation of man and the men one confronts in imaginative literature. On the one hand, man is held in the highest esteem, supposed to be capable of doing great things, viewed as entrustable with great power, held to be innately good, and life is presented in the ethos of the time as a potentially highly enjoyable affair. On the other hand, novels and stories are more apt than not to show the gradual degradation of a man in the course of his life, the disintegration of his personality, the emptiness of the things he does, and so on. This story is told over and over again in modern fiction.

These contradictions, and others alluded to earlier, can be explained largely in terms of the New Creativity. The attempt to locate creativity in the subconscious has resulted in irrational artistic productions. That which is dredged up from the irrational is irrational; that which is undisciplined

¹⁰ John Dewey, *Art as Experience* (New York: Minton, Balch & Co., 1934), p. 294.

in its production is undisciplined. It is at least plausible that the contents of the subconscious are subconscious for good and sufficient reason, that the subconscious is the garbage pail of the mind, and that one may no more look for the clue to life or for sustenance for healthy living there than in actual garbage pails. That which comes to us *directly* from these depths poisons life. The evidence for such a conclusion now exists in great profusion.

The attempt to create something out of nothing, or to draw from the junk yard of the psyche, results in noise instead of music, chaos rather than order in painting, disfigurement rather than form in sculpture, the denigration of man rather than his exaltation in literature, the death of art rather than life. Social invention aimed at creation based on the inchoate "needs" and "desires" of people has resulted in arbitrary government, the loss of liberty, the tendency of governments to become total in character, the disruption of economies, social dislocation, and inharmonious relationships among people.

Materializing the Mirage

The explanations for these developments is now before us. Thinkers and artists have cut themselves off from their exper-

ience, posited or accepted a "new reality," and believed it was possible for them actually to create something. They calculate or act in terms of time, society, and beliefs or feelings of men, all of which are subject to change. They ignore the underlying and enduring realities: the laws in the universe, the principles of human action, the essentials of artistic or economic production, human nature, and the conditions of liberty.

If man could indeed create, there would be no theoretical reason why governments could not issue fiat money and prevent inflation at the same time, why everything could not be controlled and directed by governments and the liberties of the people increased, why a world government of law could not be established without putting up with the inconvenience of having laws founded upon an enduring order, why the United States (or the Soviet Union) could not intervene in the affairs of other countries without subtracting from their independence, why taxes could not be lowered and government services increased without any untoward effects, why governments could not confiscate private property and still get private investors from other lands to pour money into their industries, why the prices of those things that go into the production

of goods could not be fixed and have retail prices remain flexible, why writers could not create a vision of order which would inform their writings without believing in any such real order, why painters could not picture beauty and order without discipline, why children could not be made good by surrounding them with pleasant objects without any support from the belief in and knowledge of a moral order in the universe, why the economy could not be collectivized and individualism retained, and so on through what could be a much longer list of the fads, foibles, and dangerous doctrines of an era.

It is not strange that literary critics should be fascinated with ambiguities today. Men who lack a firm grip on the nature of man

and the universe must surely be overcome with the failure of that which was intended and promised to materialize. There is an explanation for all of this. The notion that man can create realities out of irrational longing is not itself founded in reality. All attempts to act upon such premises must needs be abortive.

There is an explanation, too, for the otherwise strange and incomprehensible doings of reformers in this century. They have largely lost touch with reality. They have imagined themselves as gods or demigods who could create a reality out of their dream of it. It turns out that they were only men. It is small wonder that those who feel deepest should turn upon man, then, and describe him as so contemptible. ♦

The next article in this series will treat of "The Domestication of Socialism."

IDEAS ON LIBERTY

From a seller's tag attached to a handbrush:

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John Randolph of Roanoke

RUSSELL KIRK's excellent *John Randolph of Roanoke: A Study in American Politics*, which on the date of its first issue in 1951 was a harbinger of modern conservative scholarship, has been republished by Henry Regnery of Chicago (480 pp., \$5.95) with new appendices containing Randolph's more important speeches and a selection of his letters. The new edition is extremely welcome, for it comes at a time when Kirk is under considerable fire from one wing of the conservatives for his attempt to make the thought of the Anglo-Irishman Edmund Burke relevant to an America which, supposedly, has never had a Burkean tradition. What *John Randolph of Roanoke* emphasizes is that this country once had a Burke in politics — though the resemblance of Randolph, a tormented, sickly, sardonic South Virginia slaveholder, to Burke is obscured by so many surface differences that it takes some digging to find it.

The main point made by Kirk is

that his two intellectual heroes had a common horror of abstraction in political thought such as Locke's theory of "natural rights," or Tom Paine's "rights of man." The things men did have a right to, in the Burke (and Randolph) view, were the benefits and traditions incorporated over the ages in their culture and society. "All we have of freedom, all we use and know, this our fathers bought for us, long and long ago," as I seem to remember Kipling. Kirk puts it this way: "Men's rights, in short, are not mysterious gifts deduced from a priori postulates; they are opportunities or advantages which the stability of a just society bestows upon its members."

I find myself biting on air when I read a sentence like that, for the definition of a "just society" would seem to demand a theory of the nature of man, which gets us back to "rights appropriate to man's nature," or "natural rights" *tout court*. But if my sense of logic makes me a Lockean, my tem-

perament makes me a Burkean, for I agree with Kirk (and Burke and Randolph) that the tissue of traditional Anglo-American liberties should not be subjected to sudden change by legislatures — or courts! — prodded by the momentary clamor of pressure groups.

Just as Burke venerated the traditions of his eighteenth century British society, Randolph took the "Old Republicanism" of Tidewater Virginia as something that should remain beyond the reach of revolutionaries. Randolph did not like slavery, and he belonged for a time to Bishop Wilberforce's English society for the suppression of the slave trade. But he had inherited his slaves, and he considered that it would be a cruel thing to do to turn them off into a society not yet ready to absorb them as free men. Abolitionists angered him, for they believed that "all is to be forced — nothing can be trusted to time, or to nature." In his will John Randolph did give freedom to his slaves, who were sent after his death to lands which he had provided for them in Ohio. Kirk remarks upon the bitter irony that ensued when the people of Ohio, an abolitionist state, met Randolph's Negroes "with violence and drove them from the farms the southern champion had purchased for them."

Men of Honor and Learning

The Burkean reality of Virginia Tidewater life at the end of the eighteenth century was that it produced men of honor and learning. Randolph wanted it to continue that way. But he found himself in a Congress that had little use for his Old Republicanism. The Jeffersonian Republicans were, to Randolph's way of thinking, levelers; they looked to the development of an America of small yeoman farmers, and they angered him because of their enmity to such institutions as entail and primogeniture. The Federalists were no better, for they believed in the development of industry, the creation of cities, and the centralization of power in a federal state.

Old Republicanism required strict construction of the Constitution for the preservation of states' rights. In economics, it meant Free Trade, for the planters who supported the Old Republicans needed English markets for their crops, and found it more expedient — and cheaper — to trade for English manufactured goods. In foreign affairs, Old Republicanism meant political isolationism, for wars interfered with overseas commerce and put high taxes on agrarians who weren't prepared to pay them.

Since Randolph was never one

to curb his tongue, he found himself embroiled with practically everybody else in politics in the Jeffersonian and earliest Jacksonian periods. For a while he made common cause with the New Englanders who opposed Jefferson's Embargo and the War of 1812. The embargo and the war accomplished the ruin of both the Virginia Tidewater planters and the New England shipping interest—and after the war was over Massachusetts' Daniel Webster, a great opportunist, went over to the High Tariff enemy when it became apparent that the shipping interest would never come back. This left John Randolph with no important congressional allies.

But he did pass on the substance of his thought to John Calhoun of South Carolina. Originally a War Hawk and a nationalist, Calhoun embraced a Burkean defense of the tradition of states' rights when he realized that a nationalist North and West would menace the slave economy of the Deep South.

The Problems Remain the Same

Reading about Randolph's career in the Congress of a hundred and fifty years ago is a melancholy business. If the quixotic Old Republican were alive in 1965, he would recognize at least a hundred

contemporary ironies as being very similar to the irony that forced southern enemies of slavery such as himself into the position of defending the rights of states to deal with their "peculiar institution" in their own way. What would Randolph, the enemy of Jefferson's Embargo and "Mr. Madison's War," do about trading with Soviet Russia or about war in Vietnam and the Dominican Republic? He would be forced, would he not, to the Burkean expediency of supporting little expeditions and an embargo on trade in strategic goods in order to forestall the coming of a big atomic blow-off.

As for Selma, Alabama, and all that it connotes, would Randolph, as a strict constructionist, invoke his principles to welcome a strict construction of the constitutional clause that says the privileges and immunities of the citizen shall be equal? I fancy that Randolph would acknowledge the Federal right under the Fifteenth Amendment to guarantee even-handed registration and to police the polls, but would fight to the end for the right of a state to impose educational qualifications on voters in a nondiscriminatory way and to retain the poll tax in local elections. This would leave a modern Randolph standing in uncomfortable isolation between the two fires of

the Ku Klux Klan and the "liberals," a quite familiar spot for a battler for Old Republican principles.

Randolph would find himself right at home in the controversies over reapportionment and in the fight to cut foreign aid. The virtue of the Kirk study is that it shows that, while times do change, principles do not evaporate. This is a fine work even though it does argue in a circle on the subject of natural law. ◆

▶ IF YOU DON'T MIND MY SAYING SO, *Essays on Man and Nature* by Joseph Wood Krutch, New York: William Sloane Associates, 1964, 402 pp., \$5.95.

Reviewed by: R. M. Thornton and E. A. Opitz

WE MAY NOT be able to frame a definition of philosophy, but we can, nevertheless, recognize a philosopher when we see one. He would be a man who had served a long and varied apprenticeship: professor of literature at Columbia University, dean of American drama critics, biographer of Samuel Johnson and Thoreau, naturalist, student of contemporary science, observer of the human scene on several fronts. He would, in short, be Joseph Wood Krutch.

Krutch wrote a little bombshell of a book in 1929, *The Modern*

Temper, all the more shattering in its conclusion because of its urbane style. The book examines the universe supposedly revealed by modern science, draws some logical conclusions, and calmly demonstrates that the human spirit can no longer be or feel at home in such a universe. Exactly 25 years and many books later, Krutch returned to the general subject in a book called *The Measure of Man*. He does not here attack the argument of his earlier work, but rather outflanks it. The diagnosis of *The Modern Temper* still stands, but the prognosis is revised upward. Mr. Krutch sets forth his "reasons for no longer believing that the mechanistic, materialistic, and deterministic conclusions of science do have to be accepted as fact and hence as the premises upon which any philosophy of life or any estimate of (man's) future must be based." The new perspectives are further elaborated in several recent books and essays. Mr. Krutch calls himself an "essayist by habit," and in the present collection, culled from various journals and spanning many years, he has given us a delightful book, a book to enjoy, and then to ponder.

Krutch views his fellow creatures — and himself — with detachment and amused tolerance, so that his strongest criticisms per-

vade one's thinking without setting up any unnatural resistance to what he has to say. He does not scold the social scientists for their infatuation with statistics and polls; he pats them on the head with a witty essay entitled "Through Happiness with Slide Rule and Calipers," and they visibly diminish. In "Whom Do We Picket Tonight?" he deflates those who feel called to mind other folk's business by observing that it is "sometimes easier to head an institute for the study of child guidance than it is to turn one brat into a decent human being." Dealing with those who disparage market competition, he writes: "When men cannot compete for wealth they compete for position, for authority, for influence in the right places. When they cannot own a palace, four automobiles, and ten servants, they manage to get themselves appointed to jobs in connection with which these things are assigned them. More dreadfully still, when these same men find themselves no longer required to pay the common man to do their work for them, they quickly discover that when the profit motive has been abolished, the fear motive affords a very handy substitute."

The things that people of a given period take for granted are answers supplied to them by

thinkers whom they might not even know. It is the task of social criticism to confront us with the men we permit to do our thinking for us, to make us aware of our assumptions. Here is Mr Krutch's thumbnail analysis:

"The fundamental answers which we have on the whole made, and which we continue to accept, were first given in the seventeenth century by Francis Bacon, Thomas Hobbes, and Rene Descartes, and were later elaborated and modernized by Marx and the Darwinians. These basic tenets of our civilization (in chronological but not quite logical order) are: (1) the most important task to which the human mind may devote itself is the 'control of nature' through technology (Bacon); (2) man may be completely understood if he is considered to be an animal, making predictable reactions to that desire for pleasure and power to which all his other desires may by analysis be reduced (Hobbes); (3) all animals (man excepted) are pure machines (Descartes); (4) man, Descartes notwithstanding, is also an animal and therefore also a machine (Darwin); (5) the human condition is not determined by philosophy, religion, or moral ideas because all of these are actually only by-products of social and technological developments which take place in-

dependent of man's will and uninfluenced by the 'ideologies' which they generate (Marx)."

Krutch jokingly asserts that his claim to fame is that he knows more about plant life than any other drama critic, and more about the theater than any botanist! Essays in both fields are here, plus pieces on Johnson, Thoreau, and Mencken — whom Krutch regards as the best prose writer of the twentieth century.

Thoreau wrote that he came into the world, not to make it better, but to live in it good or bad. Similarly, Mr. Krutch, who turns a skeptical eye on many of the reforms currently proposed to improve the lot of mankind. He believes that society can be improved only by improving individual men and women and that "saving the world" is, perhaps, a task beyond man's capacity.

Krutch is proud of having never been taken in by communism, as were so many intellectuals during the past half century. Nor has he worshiped the other false gods of our time — Rationalism, Relativism, Progress, Equality, Science, and Democracy. He discusses attempts to cure educational ills by pouring money into school plant; he shows the fallacies in pacifism, and in the sociology which exhibits a more tender concern for the criminal than for his victim; he

is critical of those who would make poverty the scapegoat for all social problems, and who then look to government to rid us of poverty. Mr Krutch distrusts all panaceas, for his faith is placed on the responsible individual. He argues cogently that there is discoverable meaning and purpose in human existence, and that man is a unique creation gifted with the will and the imagination to *make* a world, not merely submit to one. "Man's most important characteristic and that which bestows upon him his dignity is his freedom to choose."

Who says a book of essays has to be dull? ◆

▶ THE AMERICAN COLONIAL MIND AND THE CLASSICAL TRADITION by Richard H. Gum-
mere, Cambridge: Harvard University Press, 228 pp., \$5.25.

Reviewed by Robert M. Thornton

MANY EARLY SETTLERS in America, and especially the intellectual and political leaders of colonial and revolutionary days, were college men, but mastery of the classics was by no means limited to those who had attended institutions of higher learning. The rate of literacy in settled regions was remarkably high, and the wisdom of Greece and Rome was continuously brought to bear on the prob-

lems of everyday life. Mr. Gummere traces the classical ancestry of the Constitution which, like the Declaration of Independence, was in large measure the product of men whose schooling had been in "the grand, old, fortifying classical tradition."

"Two ancient ideas were regarded as fundamental by pre-Revolutionary Americans," says Mr. Gummere, "the Greek concept of a colony independent of the mother state, in everything but sentiment and loyalty, and the Law of Nature which took precedence over any man-made legislation." He quotes Cicero's celebrated version of this Law of Nature or Higher Law:

True Law is Right Reason, in agreement with Nature; it is of universal value, unchanging and everlasting. It is a sin to alter this law . . . we cannot be freed from its obligations by senate or people, and we need not look outside ourselves for an expounder. There will not be different laws at Rome and at Athens; but one eternal and unchangeable law will be valid for all nations and all times. God is the author of this law. Whoever is disobedient is fleeing from himself and denying his human nature.

"The high water mark of the classical tradition in colonial writings" is, in Mr. Gummere's opinion, the correspondence between

John Adams and Thomas Jefferson (1812-1826). "These two elder statesmen reveal a mastery of the classics and a practical application of ancient ideas to modern situations." They were, he writes, "at home in all fields of history."

It is precisely this at-homeness in history that is lacking in our age of innovation, with colleges offering practical courses, trivial electives, and quick returns. Here, as at so many points, Albert Jay Nock speaks to our condition:

"The literatures of Greece and Rome," he writes in his *Memoirs* (p. 81), "comprise the longest, most complete, and most nearly continuous record we have of what the strange creature known as *Homo sapiens* has been busy about in virtually every department of spiritual, intellectual, and social activity. That record covers nearly twenty-five hundred years in an unbroken stretch. . . . The mind which has attentively canvassed this record is much more than a disciplined mind, it is an *experienced* mind. It has come, as Emerson says, into a feeling of immense longevity, and it instinctively views contemporary man and his doings in the perspective set by this profound and weighty experience."

The effort to recover our past might be the most effective way to assure our future. ♦

THE *Freeman*

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FREEDOM'S UNEASY CONSCIENCE

GEORGE I. MAVRODES

FREEDOM has today a precarious position in our world, a position doubly insecure. It is not simply that there are men who would destroy it. It has never been without this sort of enemy. But now there appears a growing uneasiness among the friends of freedom. We defend it yet, but not without a certain hesitation. Freedom falls today into paradoxes and they trouble us. We seem unable now to take sides simply and decisively for it or against it. We range ourselves by and large in its favor, but the strength ebbs out of our stand. We have an uneasy conscience over freedom.

Examples of this come readily to mind. Shall we crack down on

comic books and other literature that seem to be a cause for delinquency? It looks like good sense to do so. Why not dry up the sources of crime as we do of disease? But we see the specter of censorship raising its head. If we patrol the bookstore and the newsstand, do we not kill a long-cherished liberty, the freedom of the press? We have our alternatives. We can keep our hands off, and wonder uneasily whether a free press is properly bought at the cost of ruined lives. Or we can act to cut off the source of crime, opening ourselves to the charge (from within as well as from without) that we have betrayed the cause of freedom. In neither case does conscience rest easy.

Again, what of the communist, the fascist, or anyone else whom

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we have reason to think is out to destroy our liberty? Shall we let him teach, publish, organize? If he does these things effectively and succeeds, he will eliminate these very freedoms themselves. How can we say we have defended liberty if we let him go on? But if we restrict him, have we not ourselves curtailed freedom on the pretext of maintaining it? We are not really content with either alternative.

Our uneasiness over freedom arises, I think, from two mistakes we commonly make, mistakes not unrelated to each other. The first is that we think of freedom too often primarily in negative terms. The second is that we commonly suppose that freedom is primarily a political matter.

I

NEGATIVE THINKING

We are in the habit of defining our freedom in negative terms, as the absence of something. Primarily we oppose it to authority. A man is free, we think, if there is no authority to which he must submit. He is free, we say, to do as he pleases.

We commonly think of the history of freedom in these same terms. Man became free, we think, by shaking off the authority of Aristotle, of the bishops, of the kings who rule by divine right.

No one now could tell him how to think, what to believe, whom to serve. When these chains had been broken, humanity stood forth in freedom. Liberty was again abroad in the earth.

Now, I doubt greatly whether the best account we can give of freedom is this one, an account in the terms of the absence of authority to which a man must submit. But if it is the best account, then we may be sure that man will have no deep and lasting interest in that freedom. We are not attracted toward simple absences, and we will not give ourselves for their sake. The presence of apples on a tree or fish in a stream may make a boy wish that there were no fences to keep him out. Apart from some such positive factor, the absence of the fence is valueless. How quickly will children trade the "free" atmosphere of some classrooms for the strong discipline of the football team — or the juvenile gang! We simply will not build our lives around negations.

It is a failure to recognize this fact that places some enthusiasts in the position of trying to force some "freedom" on people who have no interest in it. And it gives grounds to the fears of those who wonder if perhaps men will barter their freedom for security, or jobs, or glory, or any of a multi-

tude of other things. Let there be no doubt. Man will certainly exchange this sort of freedom for security or for anything else in which he has an interest. And he will lose nothing by doing so.

Factual Limitations

But is this negative conception of freedom the true one? I think not, though the negation has its genuine, if subordinate, place, from which it draws its plausibility.

To illustrate, let us take freedom of thought. Does this imply that a man may think as he pleases, an idea perhaps expressed by the saying, "Everyone has a right to his own opinion"? Certainly not. No one uses this idea of freedom in those areas of thought in which he is really interested. No chemist supposes that everyone has a right to his own opinion about the atomic weight of sodium. This is not a matter in which we become free by thinking as we please. Who is the genuine free thinker in the field of chemistry? It is the man who resolutely holds his thought to the hard, given data. He places no value on thinking "as he pleases." Rather he is interested in making his thought conform more and more closely to the nature of the physical world. His thought is free exactly in proportion to its not

proceeding "as he pleases," but rather in submission to the facts of the given world.

This should give us a clue to the nature of freedom. It is not the shaking off of all authority. Rather, *freedom in any area consists of submission to whatever is genuinely authoritative in that area.* This is the only sort of freedom in which man can be passionately interested.

False vs. Genuine Authority

We can see now how the negative aspect of freedom enters the picture and how men might have mistaken it for the whole picture. For a key phrase in our definition is this: "whatever is genuinely authoritative." Not every submission means freedom; some mean only slavery. There are false "authorities" as well as true ones. The negative side of freedom is a way of dealing with those false authorities, with false claims upon our allegiance and submission. Thus, for example, a politician is not a genuine authority in the field of chemistry. If a chemist is plagued by bureaucrats who dictate how he shall write his formulas, he rightly feels that his freedom of thought is threatened. In the interest of that freedom he must break free of these "authorities." He fights for what looks like a negative liberty, the ab-

sence of these restraints upon his thought.

Actually, however, his interest in breaking free of the false authorities grows out of his desire to submit his thought to the genuine authority. In his laboratory he rejects the authority of the king only for the sake of accepting that of the test tube, the balance, and the flame. If this latter desire is strong and unquestioned, it is natural for us to concentrate on the former while it is in doubt. We give our attention to the struggle against the false authority. Thus, we may come gradually to think of freedom primarily in these negative terms. But when we extend this negative range, when we think of freedom as the absence of all authority, then we fall into destructive paradoxes. If the chemist rejects the test tube along with the king, what have we left? We have no more interest in the "free" fantasies of a so-called chemist than we have in the chemical speculation of a politician. Perhaps less.

Fulfilling One's Destiny

Not only freedom of thought but every genuine freedom displays this character. Each one seeks a submission to its proper authority and welcomes it. In all of life we are looking for what might be called our "destiny,"

just as the chemist pursues the narrower goal of his professional specialty. Life does not come to us ready made; we make its character as we go. But we also know, however dimly, that there is what might be called an ideal pattern for our lives (not that individuals are to be stereotyped replicas of each other). To find this pattern, this destiny, is to build meaning into my life. It is to fulfill that for which I was made. This is the freedom, or rather the potential freedom of man, and one of the factors which make him unique in the world.

We do not fail to see evidence of this on every side. We are told sometimes that a man must give up some of his freedom if he marries. He can no longer come and go as he pleases, and so on. But marriage goes on, heedless of all this. And those who find the real meaning of it do not maunder about their lost freedoms. They know they have gained freedom, not lost it.

Nor do we rush to the mountains and deserts to live solitary and free. From time immemorial, long before the world was crowded, men banded together and patterned their lives by custom and law. Robinson Crusoe on his lonely isle is not the paradigm of real freedom. Friday adds immeasurably to the possibilities of his

liberty as he provided that possibility of social intercourse which is part of Crusoe's destiny as a man.

To Become Free

I have mentioned the "potential" freedom of man. For freedom is not something we find ready made. Rather, we become free, and to a greater or lesser extent. The contemporary chemist is not completely free in his thought about the nature of the physical world. No doubt his ideas are a mixture of truth and fantasy. But if he continues in his work, he may grow in his freedom, and find himself less and less in bondage to old errors. He is becoming free.

So also in the more generalized areas of life. For millennia men have experimented with law in the interest of what life ought to be and hence in the interest of freedom. No doubt there have been both advances and setbacks. Submission to good law makes men more free than submission to bad law. And submission to bad law has probably made men more free than has anarchy, if there ever was a real anarchy. There may even be a principle better than law and beyond it (not short of it) — something which shall carry men to a full freedom which even the law cannot give them. If there is

such a thing, we cannot rest until we find it. To stop short of that is to stop short of our destined manhood.

The dance can be taken, I think, as a valuable symbol and illustration of freedom. From ancient times to the present it has fascinated men. Physical movement is part of our life, beginning with the random activity of the infant. We have wanted to fill it with meaning, to raise it to its highest human level. And so the dance has been developed, where all motion is structured, patterned. It is at the far end of the scale from the random movement of the child. The tempo is given by the music, the pattern of steps and gestures comes out of tradition. Every dancer submits himself to these, though of course not every dancer does it in the same way. The dance itself provides for differentiation. One leaps while another bows, and together they go to make one dance.

Now, no dancer who really enters the dance mourns for the loss of the negative freedoms. He does not rebel against the tempo of the music, against the pattern of movement. He may indeed alter and develop them, wanting to make the dance a better one, fuller in its freedom. But he is far from returning to randomness, far from rejecting submission. He

wishes to make a more sensitive tempo, a richer pattern, so that in submission to these the dancers may find a fuller freedom of motion.

The child, on the other hand, cannot dance. He can move at random, but he is not free enough to dance. And that is because he cannot yet submit. He has not mastered the full human use of muscle and nerve. He is not able yet to follow tempo and structure, and there is much hard work to be done before he can. The dance is a goal before him, measure of his freedom and maturity in the kingdom of the body.

Human life as a whole may be thought of as a dance, one whose whole tempo and pattern must be more complex than that of any part. Into the full dance of the race must go all the individual dances of the thinker, the writer, the manual worker, the artist, and a host of others, no two precisely alike. So also must these dances combine in unique ways in the full life of each individual, filling out his destiny. No doubt this is done imperfectly now, with many a misstep, many a collision, both in public and private. The dance is really for none but men who are free, and none of us here is wholly free as yet. But we may be looking for our freedom, listening, as it were, for the music which

expresses our destiny, what our lives ought to be. Giving ourselves to that, as the scientist gives himself to the facts of the physical world, we enter more and more fully into the dance of free men.

A Free Press

We can see now in principle how the problems with which we began must be met. It is hopeless (and valueless) to look for a "free press" which is under submission to nothing. A press may serve the interests of the ruling clique. If it is free of that, it may serve the advertisers' interests, or it may serve the publisher's desire to make money, or to elect his friends, or to "uplift" the community, or to speak the truth, or some other such principle. If it serves nothing, it is not free; it is simply rusty from disuse.

Then when is the publisher truly free in his work? There is no easy answer. He is free when he works according to that principle which is genuinely authoritative in this field, the field of public communication. To state that principle precisely is not easy; let me not pretend to achieve that precision here. But even if we cannot see the principle we need with complete clarity, we may still be confident of the direction in which it lies, and of some which certainly fall short

of it. No publisher and no press is morally free whose only principle is profit, heedless of the lies spread or the lives broken by crime and lust. Such a press lacks genuine freedom regardless of its relation to the law. And laws which restrict such a press destroy no genuine freedom. They cannot, for there is none.

They may, however, make it somewhat possible for a man to live out his life without fear of slander, or for children to grow up without being seduced into crime and degeneracy. If laws do this, they are helping to keep an area clear for the growth of some other freedom, and are surely justified. In such a case we cannot hesitate over the fear of "censorship." Every book and paper is already censored, regardless of the law. Many have the truth censored out of them because of the author's fear that the truth will not pay. It is a case of choosing between censorships, not of eliminating them entirely. There may possibly be a censorship which is better than that of laws against libel and pornography; there are certainly some which are worse. Let us not have the worse.

Thus, when we see that freedom is primarily positive and not negative, we begin to see the direction in which we must move in

order to strengthen it. And we can move in good conscience, not fearing for the loss of purely negative factors.

II

NO POLITICAL SALVATION

The second mistake, I suggested, was that of taking freedom to be primarily a political affair. Constitutions, revolutions, declarations by the heads of states — it is on these that we have often pinned our hopes for the defense and spread of liberty.

There is some justification for this if we think of freedom only in the negative sense. But in promoting genuine positive freedom the role of the state is at most a subordinate one. No constitution, for example, can guarantee freedom of the press. It may, indeed, get rid of one obstacle by making it somewhat awkward for the ruling party to control the press. It is harder to make a law which will effectively keep the desire for profit from enslaving the press to the appetite for scandal. And it is hard, indeed, to see what sort of statute could undertake to fill publishers with a positive desire for communicating nothing but truth. Such a desire, if it is to live at all, must spring from other sources.

In the political realm itself the state cannot generate freedom.

Secret ballots do not of themselves make a voter free. Only a genuine idea of the way in which his vote ought to be cast can do that. Lacking this idea his vote falls under the sway of improper factors without number — his prejudices, his union, his club, his purse, political propaganda, the weather. . . . His vote is secret, but it is not free.

And in the realm of free thought what can the state do? Can it give to any man that passion for truth, for submission to the facts, which will make him a free and genuine thinker? The most it can do here is to block off some of the grosser interferences. But the real roots of positive liberty must be sought elsewhere.

Where those roots lie I have hinted before, as I mentioned

man's search for what his life was meant to be, for his destiny. In this soil only grows the flower of freedom. A man begins to grow free in thought when it dawns on him that his true destiny in this area is to know the truth, and he begins to pursue it. So it is with every freedom. When we see, however dimly, what our lives were meant to be and begin to give ourselves to that vision, we have begun the march toward the true liberty. No doubt there are easier marches. It is often easier to do what is legal rather than what is right, to know what is popular rather than what is true. But if freedom is our interest, we cannot stop short. We are drawn ahead by the goal — it is nothing less than the fulfilling of the whole potentiality of our lives.

IDEAS ON LIBERTY

Life's Purpose

THE CREATOR of life has entrusted us with the responsibility of preserving, developing, and perfecting it. In order that we may accomplish this, He has provided us with a collection of marvelous faculties. And He has put us in the midst of a variety of natural resources. By the application of our faculties to these natural resources we convert them into products, and use them. This process is necessary in order that life may run its appointed course.

IN TRIBUTE TO

An Unsung Hero

*A onetime skeptic
recalls how "The System"
saved a city.*

— ED FORTIER —

ANCHORAGE.
HUNDREDS OF THOUSANDS of words have been written about the great Alaskan earthquake that shattered 52,000 square miles of Alaska on March 27, 1964.

As an Alaskan involved in the great upheaval and its aftermath, I want, from the clarifying distance of a year, to pay tribute to an unsung and sadly neglected hero of the disaster.

The hard-to-sketch calamity conqueror to which honor—or at least full appreciation—is due, is that rather vague, all-embracing thing in our lives known as the "American System" or the "American Way," and the elements of free enterprise, competition, and profit motive that make it work.

Implied characteristics of those who live by the system are initiative, independence, and freedom to act—all of which I saw bloom in abundance under the most adverse conditions.

Saved by the System

On that fateful and nearly fatal Good Friday evening when the lights were out, and the heat was off, and the phones were dead in a shattered city, it was the System that saved the day.

Many of the experts who arrived two or three days after the quake and seismic waves, described by President Johnson's Federal Reconstruction and Development Commission for Alaska as causing "one of the greatest disasters in the recorded history of the United States," didn't see the System at work in the critical

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first 48 hours when it was at its best.

From my vantage point in Anchorage's Providence Hospital, largest private hospital in the state, I watched the disaster from the first shudder at 5:36 p.m. until the survival of the state's largest city (estimated population: 80,000) was assured.

My background will help to explain my transformation from a skeptical observer of the worth of the System under maximum pressure to an avowed admirer. From 1951 to 1959, I was employed as a full-time Civil Defense official, starting as regional director and ending as Alaska's first state director.

In retrospect, I now realize that in years of building a Civil Defense framework and foundation in Anchorage and western Alaska, my associates and I never really appreciated what the System can accomplish when allowed to work. I'm not sure that we fully realized government is a servant of the governed.

Plans for an Emergency

I dislike needless government intrusion in my private affairs, but I must admit that at the time I was responsible for emergency planning I espoused the "government knows best and can do the job best" philosophy. My plans,

some of which were still intact when the earthquake struck, tried to cover every possible emergency situation with written directives.

The panic and mass hysteria that I feared never developed. The looting and pillaging that I expected just didn't take place.

All the ingredients needed to rip a community apart were present in abundance—earth-shaking terror, fear of the unknown, unfounded warnings that a tidal wave was expected, isolation, below-freezing weather, darkness, loss of communications. But the composite character of the Americans involved refused to crack under the strain.

My first realization that the System is a tangible, living, and essential thing came at Providence Hospital.

Although their hospital seemed to be shaking itself to pieces, not a single nurse or aide left her patients on any of the hospital's five floors. No authority told them to stay with their patients; they just naturally honored an obligation to their profession.

As soon as word spread that Providence was the main emergency medical center, suppliers anticipated needs almost before they developed. A bottling company sent a truck with distilled water and soft drinks.

Representatives of major drug

companies were on the job in minutes. When not filling orders, all of which were delivered without cost, they carried stretchers. A bakery kept the bread flowing into the hospital and wholesalers did the same with other foods. A commercial oxygen company had reserve tanks in place within an hour.

None of these free citizens had to be called or given written orders. They came because service, emergency or not, is a prime ingredient of private enterprise.

A Flood of Volunteers

All off-duty workers reported to Providence, and so many volunteers had registered by 8 p.m. that radio stations broadcast the message that no additional help was needed for the present.

No one had to call Anchorage's physicians and surgeons for emergency duty. Despite the fact that almost one-third of the city's doctors lost their homes or other property, the medical profession was at its best in meeting every emergency need.

With the exception of the military forces, which provided massive assistance in manpower and material in every corner of the vast disaster area, the City of Anchorage was government at its best under disaster conditions.

Under the very capable leader-

ship of then Mayor George Sharrock, an airline executive, the city government acted with amazing speed to get utilities in operation.

By Saturday morning, March 28, practically the entire business district was out-of-bounds and under military guard. As broken, sunken streets were repaired, the area of "no entry" diminished each day. By Tuesday all banks were operating and open for deposits or withdrawals. (There were few of the latter.)

Those who wanted to meet the situation by imposing restrictions found an enemy in Anchorage's mayor. Soon after the disaster, Mayor Sharrock was under heavy pressure from higher authorities in government to invoke martial law, ration food and fuel, place an embargo on some shipments. He had faith in the System and refused to buckle under to the "government knows best" element. And the System did not betray his trust.

Early on Saturday morning, I entered a food store near my residence. The inside was rubble, but the store was open for business. A bit hard to find what you wanted, but as long as my grocer had it, his food was for sale.

Working with candles, lanterns, and flashlights, the owner and his crew had stayed up all night to bring slight order out of chaos.

He knew people would need and want food, and didn't want to disappoint them. There was no discernible hoarding.

This pattern was followed by hundreds of independent merchants in every field. It wasn't easy, but they did it. They had customers to satisfy, payrolls to meet, and bills to pay.

Danger in a Building

An outstanding example of the System was provided by Harry Hill, president of the Lathrop Co., and his son, Donald. The Lathrop Company's new six-story Cordova Building was tilted and appeared so badly damaged it was declared unusable by government inspectors. The company's two-year-old Hill Building, an eight-story structure housing the Federal Aviation Agency's Alaska offices, was damaged to the extent that building officials didn't want repair crews to enter it.

Believing his buildings usable, and knowing them to be useless as empty ghosts, Harry Hill disregarded the advice of government experts. He flew 100 heavy 25-ton jacks to Alaska, and assisted by his son and several brave workmen, began the dangerous task of jacking his buildings back to their original position. Final repairs were completed by late summer and both buildings have been de-

clared safe and are fully occupied. Principal tenants in each are agencies of the Federal government.

Within a week, the American System of produce for profit was going full blast. Unless you wanted to retire from the scene and lick your wounds, there was not time for sitting back.

This ode to the System is not intended in any way to belittle the efforts of the many agencies of government that have aided and are assisting in the rebirth of Alaska.

The fact is, however, that all the assistance would have been useless if Alaskans hadn't demonstrated the will to survive and a determination to stay with their stricken towns and cities.

I have noted that the many echelons of government have a hefty corps of public information officers who recite with great competence their particular agency's role in helping Alaska get back on its feet.

But with the passage of time and mounting evidence that Alaskans are undaunted in their determination to rise above the rubble, there is a growing recognition that the critical early battle was fought in the hearts and minds of the ordinary citizens who refused to quit when defeat seemed almost inevitable. ◆

Profit\$

HANS F. SENNHOLZ

ALTHOUGH every businessman aims to earn a "profit," he usually knows very little about the economic nature of his objective. He may even succeed in earning a profit, and yet be unable to explain this excess of proceeds that accrues to him after all expenses are paid.

The same can be said about tax collectors who search for "profits" and aim to seize parts thereof for the state. And the accountants who reveal the "profits" by comparing the business revenue with the expenses. They all look at the totality of net income without any distinction of its various component parts.

The economist who analyzes the economic nature of "profits" actually perceives three entirely different sources of income.

Most proprietors and partners of small businesses who think they are reaping "profits" actually earn what economists call *managerial remuneration*. They are earning an income through their own managerial labor, supervising their employees, serving customers, working with salesmen, accountants, and auditors. Obviously, their services are very valuable in the labor market. They would earn a good salary if they were to work for the A & P or a 5 & 10¢ store. Therefore, that part of a businessman's income that is

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earned through his own labor exertion is a kind of wage or salary, and as such, totally unrelated to economic profits.

Most small businessmen with incomes up to \$20,000 and \$25,000 fall in this category. In the managerial labor market they would earn this income for services rendered to customers, for buying and selling, supervision of personnel, bookkeeping and accounting, and many other business activities.

But the majority of American enterprises earn an income in excess of managerial remuneration. The economist who dissects this residuum finds yet two other heterogeneous parts. By far the largest part, which is earned by the majority of American enterprises, is *interest on the owner's or stockholder's invested capital*. It accrues to the owner on account of the time-consuming nature of the production process.

Interest

Whoever refrains from spending his income and wealth and, instead, invests them in time-consuming production can expect a return. For without it no one would relinquish his savings to provide capital for production. Interest ultimately flows from human nature. Men of all ages and races value their present cash

more highly than a claim payable in the future. Therefore, in order to induce an investor to relinquish his cash for production, which will yield its fruits in the future, a premium, called originary interest, must be paid. In other words, the businessman who invests in his own enterprise should hope to earn on his investment the same kind of income as the lender who extends a loan to a borrower.

This basic interest return of some 4 per cent must accrue to business lest it withdraw its capital from production. As labor will leave an industry that pays low wages, so will capital shun an industry that does not yield a market return. If the government should tax it away or if labor unions should succeed in wresting this interest income from businessmen, production will necessarily contract and ultimately fall into deep depression. No additional capital will be placed at the disposal of an industry whose interest accrual is distributed to workers instead of owners. In fact, the liquid capital of that industry will even be withdrawn and turned to other employment where interest can still accrue. Capital consumption may even destroy what many generations before have built and accumulated.

It is difficult to ascertain the precise rate of originary interest

which businessmen earn on account of the time-consuming nature of production. For reasons of comparison we cannot even use the market rate of interest applicable to loan funds because the market rate itself is a gross rate consisting of originary interest, an entrepreneurial profit component that flows from the risks of the individual loan, and finally, a risk premium that flows from the dangers of monetary depreciation wherever inflation is practiced. But for reasons of simple illustration of the originary interest rate, we may use the rate the U. S. government must pay for the use of funds. If we assume that the lender of funds to the U. S. government bears no debtor's risk and that inflation does not affect the loan value, we arrive at an interest rate that may constitute the originary rate, which is the rate businessmen should hope to earn as a basic interest return on their invested capital.

Suppose your net worth of business, stated in present value, amounts to \$100,000. Originary interest on that amount would come to \$4,000 a year, which you would earn even in such riskless investments as U. S. Treasury bonds or savings banks deposits. As a basis for this interest calculation you would take the estimated present market value of

your net worth, for only the present value of your assets, and not the arbitrary book value reflecting past valuations or tax considerations, is meaningful for individual motivation and action.

A merchant with a business net worth of \$100,000, spending long days in his shop serving customers, supervising his help, and otherwise managing the business may thus earn \$4,000 interest and \$20,000 managerial remuneration without actually reaping any profits.

Pure Profits — Temporary Response to Changing Market Conditions

Finally, there are enterprises that do earn *pure profits*. Through correct anticipation of future economic conditions, businessmen may earn what economists call *entrepreneurial profits*. For instance, through buying at a time when prices are low and selling when prices are higher, they may earn inventory profits. After interest allowance is made for the time of investment, stock market profits are pure profits. Of course, such profits are connected with risk on account of the uncertainty of the future. Instead of reaping profits, many businessmen suffer losses.

Contrary to popular belief, pure profits are only short-lived. Whenever a change in demand, supply,

fashion, or technology opens up an opportunity for pure profits, the early producer reaps high returns. But immediately he will be imitated by competitors and newcomers. They will produce the same good, render identical services, apply similar methods of production, and thus depress prices until the pure profit disappears. The first hoola-hoop manufacturer undoubtedly reaped pure profits. But as soon as dozens of competitors had retooled their factories the market was flooded with hoola-hoops. Prices dropped rapidly until the pure profits had vanished. When the American people suddenly discovered their need for compact cars, American Motors, who was the early manufacturer, temporarily earned pure profits. After General Motors, Chrysler, and Ford invaded the field, American Motors profits returned to the market rate of interest or even changed to losses.

Pure profits are very elusive. But opportunities for profits will emerge as long as there are changes in demand, supply, fashion, population, technology, or even the weather. As all life is change, and economic adjustments need to be made continuously, opportunities for profits will arise again and again.

And yet, in spite of the competitive forces that work incessantly

in a free economy to wipe out pure profits, we may observe numerous enterprises that succeed in earning them over lengthy periods of time. The reason must be sought not only in the superior management of some enterprises in which gifted entrepreneurs direct the speculative aspects of business, but also in the different degrees of risk connected with the various industries.

Industries that work with a minimum of risk in stable markets and with stagnant technology must expect to earn the lowest profits. When completely adjusted to consumer demand and without any anticipation of risk, pure profits would indeed be completely eliminated and only the originary interest return would remain. But as even a completely adjusted industry may face future risks, economic or political, and as the risk factor cannot be eliminated entirely from any productive investment, some remnant of pure profit is usually earned by the successful enterprises. This is the reason why even apparently riskless industries continue to earn a little more than the 4 per cent originary interest. The successful public utility, for instance, which may bear little investment risk, may earn 6 or 7 per cent, which consists of 4 per cent interest and 2 to 3 per cent pure profit. But

the presence of risk also explains why some enterprises in the same industry only earn the interest return or even suffer loss.

On the other hand, the successful enterprises that continuously face high degrees of risk tend to earn higher profits. For several years during the cold-war rearmament, the manufacture of aircraft and parts was exceptionally profitable. According to some statistics, a few aircraft manufacturers earned more than 20 per cent of net worth. Even if we bear in mind that corporate net worth is usually understated when compared with present values, and earnings ratios therefore are considerably overstated, we must admit that exceptionally high profits were earned by the most successful enterprises. In short, economic activity that involves a great deal of risk must yield exceptionally high profits to the successful enterprise in order to attract the necessary capital. It is obvious that the aircraft industry that continuously faces a great many imponderables, and often has suffered heavy losses, could not attract the needed capital if no more could be expected than a one per cent profit above the ordinary interest. Or, oil exploration and drilling which entail great financial risks would not be carried on without high rewards for success.

Interference with Profits

Taxation of these high rewards, or their arbitrary distribution to workers, would eliminate the incentive for risk-taking. Why should a man risk his capital in production if he can only suffer losses? In that case he would shun every productive investment, and search for riskless employment of his funds. The economy thus becomes rigid and inflexible, and unable to adjust to changes in demand, supply, and technology. Expansion and modernization are severely hampered. A confiscatory taxation of pure profits, maliciously called "excess profits," destroys the vitality and dynamism of the market economy. (For an excellent discussion of profit and loss see Ludwig von Mises, *Planning for Freedom*, Libertarian Press, South Holland, Ill.)

And what are the effects of taxes levied on the 4 per cent basic interest return? As described above, interest is the payment for the use of capital over time. Without it capital cannot be invested and production must come to a standstill. When the government levies its confiscatory taxes on this basic income component, the market must fall into severe depression. In fact, the "multiplier" economists who usually apply their calculations to government spending would do much better

calculating the depressive effects of this taxation. Let us assume, for instance, that the government imposes a tax of \$1 billion on the interest return of business. At 4 per cent this interest constitutes the yield of \$25 billion capital invested. And without this yield these \$25 billion of business capital will be withdrawn from production, at least as far as it is liquid and can be withdrawn without heavy losses. For why should the owner keep his capital invested without a return?

The Great Depression gave dramatic proof of the depressive effects of confiscatory corporate taxation. And today, we can observe similar stagnating effects whenever the Federal or state governments raise their basic levies on business, such as the social security taxes and unemployment taxes which fall on every business regardless of its profitability.

And, finally, what are the economic effects of taxes that fall on the first-mentioned component, the managerial remuneration? Why should a merchant spend twelve to sixteen hours daily in his store if he cannot earn an income that is comparable with the salaries earned by other managers? If profit taxes encroach upon this income the independent businessman will be tempted to sell out to his big competitor and rather

earn a salary as a branch manager than to face confiscatory profit taxes.

In economic life it is rather difficult to ascertain the impact of profit taxation. The same tax in some cases may fall on pure profits, in others on basic interest, and yet others on managerial remuneration. The effects, therefore, do vary. In some cases the tax merely prevents risky undertakings, in others it causes depressive restrictions of production, and in yet others it may cause the liquidation of small and medium-sized enterprises.

Addendum on Profit-Sharing

For many people, profit-sharing is thought to provide the solution to our labor problems. It is said to hold the key to industrial peace and represent the ideal of industrial democracy. According to a Senate Committee Report, profit-sharing is "essential to the ultimate maintenance of the capitalistic system." Even some businessmen praise it for giving employees a sense of partnership in the enterprise, raising worker morale, avoiding strikes, reducing turnover, increasing efficiency, and so on. In fact, profit-sharing is said to afford workers a stake in our capitalistic system.

These people do not seem to realize that the market economy *is*

a sharing system. Although hampered and mutilated, American business continues to deliver ever more and better goods. Wages continue to rise on account of improved technology and increased capital investments, not because we work ever harder and longer hours. Competition forces investors and businessmen to share the fruits of their investments with their customers through lower prices and with their workers through higher wages.

But in popular terminology "profit-sharing" proposes to give the workers more than higher wages through competition in the labor market. It means an additional distribution of a businessman's earnings to his employees. Some proposals depend on government or union coercion, others aim at voluntary sharing. Most sharing firms are rather small in size and employment.

Whose Share Is to Be Shared?

The economist who analyzes this supplementary sharing must ask a pointed question. Which part of the business surplus commonly called "profit" is to be divided between businessmen and workers? Is it the "managerial remuneration" which businessmen earn through their own managerial services? Why should independent businessmen yield their

labor income while managers and supervisors in the service of large corporations continue to earn a market wage?

Is it the "pure profit" which businessmen are urged to share? Only a small percentage of American enterprises actually earn pure profits. Now, are the fortunate workers who found employment in profitable enterprises to earn more than their fellow workers in average firms? Should an accountant who serves a brilliant stockbroker earn \$100,000 per year while his equally competent fellow accountants labor at \$5,000 or \$6,000? What is to determine his remuneration? But whatever the sharing plan should provide, it introduces a dubious wage principle: a man's labor income is determined by the ability of his employer. I doubt that this is the matrix for human cooperation, the key to industrial peace. On the contrary, it would create new sources of conflict. Most workers who receive wages only would probably demand "equal pay" from their profitless employers, which would aggravate rather than alleviate the labor situation.

Many people fail to realize that industry doesn't have much profit to share. According to Claude Robinson's excellent analysis, 45 per cent of all companies, on the average, are reporting no profits.

The average annual earnings for all manufacturing companies amount to eight and six-tenth cents per dollar of investment. "If we allow five cents as a form of interest," Robinson concludes, "the remaining three and six-tenths cents is left for entrepreneurial risk-taking. Should the three and six-tenths cents entrepreneurial fee be shared, it could at best mean an insignificant wage increase, and would surely decrease the willingness of owners to take the investment risks involved in providing better tools for workers. Sharing the entrepreneurial fee, therefore, would likely do the wage-earner more harm than good." (Claude Robinson, *Understanding Profits*. Princeton, N. J.: D. Van Nostrand, 1961, p. 315.)

Interest on Investment

And finally, there is the "interest" which capitalists usually earn on their invested funds. But, a forced reduction of this basic yield not only prevents capital formation but also causes its withdrawal and consumption. Such profit-sharing on a large scale causes stagnation and depression as the economic history of the past thirty-five years has repeatedly demonstrated.

Improvements in labor productivity and standards of living largely depend on the increased

use of capital. Saving is a fundamental prerequisite of economic progress. It is hard to understand how anyone who has human betterment at heart can urge us to reduce the award of saving by sharing it with those who did not earn it but propose to consume it.

The friends of profit-sharing sometimes argue that if all companies would share their profits, labor productivity would rise greatly and everyone would benefit. But in this case, competition would again reduce prices and profits until there would be no excess profits to share. The benefits of rising productivity would thus accrue to consumers through lower prices and to workers through rising wages. Competition would not tolerate the existence of permanent profits to share. Therefore, profit-sharing can remain only a limited industrial practice.

In many cases even this limited sharing is sailing under false colors. Where labor actually becomes more productive through greater effort and application, its market value rises accordingly. Competition among businessmen will cause wages to rise. A businessman who then proposes to share his profits with his workers may merely be using this means to pay higher market wages. But instead of making payments every

Friday, he may hold off paying for six months or a year, and call this profit-sharing. It is my opinion that most of the seemingly successful profit-sharing plans merely constitute plans for delayed payment of that part of wages that is earned through special effort and application.

In all such cases the workers would be well advised to insist on payment of higher wages rather than expose their earnings to the risks of business. Workers may even lose their delayed wages in case the business should lose money through poor management decisions. ♦

Planning Experiments in Britain

GEORGE WINDER

WHEN, in the autumn of 1964, the Labor Party came to power in Great Britain, it naturally wanted to nationalize the factors of production, transport, and exchange. Its slim majority, however, seemed to afford a mandate to nationalize only the steel industry. But the party leaders sought more extensive powers for themselves and for the state. They knew that *planning* is not such a noxious word as nationalization, as it can often be confused with the individual planning which must necessarily take place in a free society. If they could not nationalize industry, they could at least plan it to their hearts' content. They established,

therefore, a Department of Economic Affairs under Mr. George Brown, and made it responsible for planning the whole economy.

To obtain facts upon which to base their plans, the Department of Economic Affairs sent to all industries a questionnaire asking for estimates of their production during the next six years. In answering these questions, businessmen were advised by the government to assume that the Gross National Product would increase during the period by 25 per cent. When the answers to this questionnaire are recorded, a "mutual adjustment" will take place to fit all production into a National Plan which the Labor government will introduce to the nation.

The full enormity of this plan

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probably has not yet been realized by many industrialists, and we may take it that they have been busy guessing what their production is going to be six years hence.

However, it has occurred to Mr. John Brunner who was once employed by the Treasury to investigate this questionnaire. His findings appear in a booklet, *The National Plan*, published by the Institute of Economic Affairs (not to be confused with the Department of that name).

Mr. Brunner believes that, even if the industrialists fill in this questionnaire to the best of their ability, it can never form the basis of economic planning, simply because the future is so uncertain in all societies that have a modicum of freedom left. It is just this uncertainty that makes the entrepreneur such a valuable member of the community.

Mr. Brunner thinks that the simplest way to see whether the businessman is capable of forecasting six years ahead is to take his position over two periods of six years, 1951-57 and 1957-63, and see what a hopeless task any forecast for these periods would have been. Who, in 1951, for example, would have foreseen that the motor car industry would have increased its production during the first of these periods by 260 per cent and in the second by 144

per cent? Or that the sale of magazines, after remaining stationary over the first of these periods, would have dropped in the second by 22 per cent? Or that book sales, also unchanged in the first period, would have increased by 18 per cent during the second? Or that the sale of cinema seats would, in the first of these periods, have dropped by 37 per cent and in the second by 52 per cent? And what wine merchant would have ventured to forecast that his sale of wine and spirits would have grown by 25 per cent and by 37 per cent respectively in the two periods?

Mr. Brunner's figures strongly suggest that any forecast made for a period of six years ahead must be sheer speculation. And yet, speculations such as this are to be made the basis for a planned economy!

The questionnaire also asks for an estimate of the manpower the industries will employ over the next six years. This seems even more impossible to answer. In 1959, various industries were asked to estimate the increased number of scientists and technologists they would require by 1962. This was only three years ahead. The mineral oil refining industry estimated their increased requirements at 18.1 per cent, the scientific instrument manufacturing industry at 24.4 per cent, and the

motor vehicles industry at 34.3 per cent. As it developed, mineral oil refining showed an actual drop of 2.1 per cent, while the others showed small increases of 2.6 per cent and 2.2 per cent respectively. The paper, printing, and publishing industry, on the other hand, forecast a 32.2 per cent increase, whereas its employment of scientists and technologists showed an actual increase of 114.1 per cent over the 3-year period.

Even the government's own nationalized industries, supposedly stable because they have no competition, are apt to fail the planners. Who, for example, would have foreseen that Britain, whose fortunes were founded on coal, would forsake it in favor of oil? Yet, between 1958 and 1963 the sale of coal fell by 7,783,000 tons (23 per cent) while the sale of fuel oil more than doubled. Or that between 1957 and 1963, 19 per cent of their customers would have forsaken the railways?

The government's assumption of a 25 per cent gain in national product over the next six years does not make the business forecasting any easier. The only time such a rapid growth rate has been approached in Britain in this century was from 1900 to 1913 — and then there was no government planning for industry!

When the results of this ques-

tionnaire are returned and neatly arranged by the planners, the task begins of telling industries they must cut down on production of some goods and increase that of others. Or, as it is expressed in the questionnaire, to give the government "some guide to the amount of revision of firms' existing plans which will be required to bring them into line with the National Plan."

The Labor government actually intends to use this hodgepodge of forecasts, guesses, and speculations upon which to build their plans for industrial production during the next six years — if they are not defeated at the polls. If plans founded on these assumptions lead to anything, it is much more likely to be legalized market sharing and monopoly than improvement in the conditions of the British people.

Nor is the National Plan the only attempt of the British Labor government to plan the economy. Its "incomes" policy is still being pushed. This would control all wages and prices. This was conceived by the Conservative government and is the logical result of their weakness in allowing the inflation of the currency to take place over the whole of their period in office.

British trade unions have long insisted that they shall have in-

creased wages every year; and politicians have responded by inflating the currency to accommodate such demands. The result, of course, was a rise in prices of all goods and services. The Conservative government, before its fall from power, had set up the National Economic Development Council aimed at some reasonable settlement of wages with the trade unions. Such a settlement is essential if the pound, under our present managed currency, is not to be continually depreciated.

When the Labor Party came to power, they recognized this fact. Mr. George Brown, through his new Department of Economic Affairs, persuaded the trade union leaders and the leaders of industry to sign what he hopefully called a "Declaration of Intent." This provided for annual wage increases limited to productivity and made provision for the control of prices. Then he appointed a "Prices and Incomes Board" to carry out this policy.

But it is one thing to make a declaration of intent and quite another to limit the demands of the trade unions. Most unions, when the time comes for their annual round of wage increases, demand more than their increased productivity justifies and state that theirs is a special case. It seems that Mr. George Brown's

attempt to plan wages and prices is no more successful than was the attempt by the Conservative Party. The Conservatives had allowed inflation to the point that the planning of wages and prices seemed a logical answer to the dilemma.

A high rate of investment is alleged to be one of the advantages of government planning; but that requires a high rate of personal saving if it is not to become inflationary. There is little doubt that the government-spending type of investment has caused much of the monetary disturbance which has affected the British economy. That, and an ever-increasing inflationary wage rate. But the wage rate would not have been inflationary if it had not been for the government's excessive spending which inevitably resulted in an unbalanced budget.

As Adam Smith wrote nearly two hundred years ago, "A statesman who should attempt to direct private people in what manner they ought to employ their capital would not only load himself with a very unnecessary attention, but would assume an authority which could safely be trusted, not only to no single person, but to no council or senate whatsoever, and which would nowhere be so dangerous as in the hands of a man who had folly enough to fancy himself fit to exercise it." ◆



a HOLE in the dike

DONALD L. REPP

ONCE UPON A TIME, in a little Dutch village by the Zuider Zee, there lived a young teenager. One night, on his way home from a local youth center, he discovered a small hole in the dike that protected the village. Realizing that this was not his responsibility, he rushed to the home of the Mayor, who hurriedly called a meeting of the Planning Commission for the following Wednesday night.

The members of the Commission debated the serious situation at great length and finally asked for suggestions from the assembled villagers. One old man who suggested that they immediately plug the hole was hooted

down as a reactionary. Eventually, it was decided that since the problem pertained to the general welfare, it should be referred to the Leader in the Capital City.

A petition was drawn up explaining the situation, asking for help, and pointing out that 90 per cent of the villagers had voted for the Leader in the last election. Everyone cheered as the petition left for the Capital and no one but the old man noticed that the hole in the dike was getting bigger.

Before long, the little village was swarming with investigators and planners, and even the local elected representative returned from the Capital for a "firsthand" evaluation of the situation.

Almost everyone was happy. The

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tavern keepers were happy because the newcomers ate, drank, and spent much more freely than the local villagers — it had something to do with “expense accounts.” Local businessmen were happy because they anticipated even more spending. The housewives and village loafers were happy because they now had something exciting to gossip about. Only one person was unhappy about the leak — the old man who just wished that they would plug it at once.

The small hole in the dike became progressively larger, and more and more water gushed through onto the lush, fertile ground. Soon, the salt water ruined much of the soil and many farmers were deprived of their livelihood; whereupon, the village was declared a depressed area and government money and administrators poured into the town to help the now-idle men.

The farmers were thoroughly tested and interviewed to classify them for job training in one of the big cities; but, after being told that they would have to move, the farmers vowed that no one could force them to move away from their friends or their village, by gum.

Finally, the government planners announced that their plans

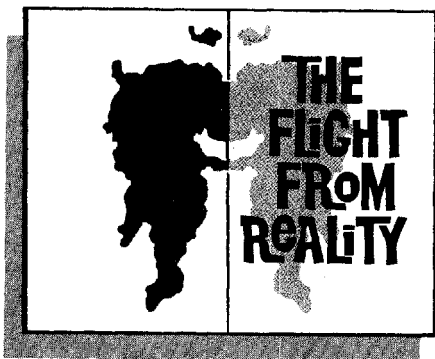
were completed and the people had nothing to fear. So much land had now been ruined that the village had been declared a disaster area and more money and jobs were on the way.

The new government aid program planned to set up bucket brigades to catch the sea water before it touched the ground and pour it back into the Zuider Zee. But when the government attempted to hire the idle farmers to work on this project, they refused, saying that it paid less money than farming, and that it was beneath their dignity to work at such menial tasks. The courts upheld their position and the farmers did nothing but sit in the sun and collect “their fair share” in government aid.

Since the sea water was now a foot deep all over the village, the planners began to talk about relocating the villagers to new government-built towns and building barracks and mess halls for young dropouts from the big cities who would soon arrive to man the buckets.

Suddenly, with an awful rumble, the dike gave way; and over the roar of the onrushing water, no one heard the old man despairingly mutter, “Why didn’t I fix that leak myself when it was first discovered?”

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11. *The Domestication of Socialism*

CLARENCE B. CARSON

The ship of reform will gather most headway from the association of certain very moderate practical proposals with the issue of a deliberate, persistent, and far more radical challenge to popular political prejudices and errors. It will be sufficient . . . in case they occupy some sort of family relation to plans of the same kind with which American public opinion is already more or less familiar.

—HERBERT CROLY, 1909

Our social revolution must be consummated with a minimum of shock to our delicate industrial, political, and social machinery. . . . Our social reconstruction must be effected during business hours. It must be accompanied by preliminary plans, specifications, and estimates of cost. It must be gradual and quiet, though rapid.

—WALTER E. WEYL, 1912

And yet, as Oscar Wilde said, no map of the world is worth a glance that hasn't Utopia on it. Our business is not to lay aside the dream, but to make it plausible. We have to aim at visions of the possible by subjecting fancy to criticism. . . . For modern civilization . . . calls for a dream that suffuses the actual with a sense of the possible.

—WALTER LIPPMANN, 1914

BY THE EARLY twentieth century the stage was set for the entry of reformism into the stream of American political life. The intellectual ground had been thoroughly prepared for such a move.

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The flight from reality had proceeded far enough that many men could begin to take seriously visions which their counterparts in other times would have readily recognized as impractical fancies. But the intellectual position from which such recognition would occur had largely been cut away. The disciplinary role of philoso-

phy had been lost, in the main, with the break from metaphysics, the downgrading of reason, and the attempt to root philosophy in empirical data. The vision of utopia provided a destination for man in the future. For many thinkers, time had been cut loose from its framework in eternity, cause disjoined from effect, man severed from his past experience, and a widening gulf separated thought from the wisdom of the past. A new pseudo philosophy — pragmatism — had been set forth to provide a method of operation into a future which was to be wholly different from the past. A new conception of reality had emerged to replace the old, a "reality" made up of change, society, and psyche. A new conception of creativity held out the promise that man could and did create his own reality.

These developments had implications for all of life, but, above all, they made ameliorative reform appear to be possible and provided the intellectual framework for the concerted and persistent efforts of reformers to make over man and society with the power of the state. The notion that society can be so reconstructed is called meliorism. But there is more to the matter than that. The belief that society, and men, can be reconstructed does not, of

itself, imply any particular direction that should be taken in accomplishing this transformation. Yet anyone familiar with melioristic efforts in this century should be able to see that there has been one direction to reform. Meliorism and reform have not been neutral concepts; they have been loaded with ideas which have bent the thoughts of the men who held them in a particular direction. Reform has been informed by ideology.

Indeed, one ideology has dominated reformist thought in this century. That ideology should be known by its generic name, socialism, though a variety of names are frequently employed. There have been attempts to restrict the meaning of socialism to the description of those programs for public (i. e. governmental) ownership of the means of production and distribution of goods. For example, the *American College Dictionary* defines socialism as "a theory or system of social organization which advocates the vesting of the ownership and control of the means of production, capital, land, etc. in the community as a whole." But such a definition is far too restrictive. It sacrifices accuracy for precision and hampers rather than enables in the identification of actual socialists. It conforms neither to the etymol-

ogy of the word nor to the origin of the ideas nor to the facts of socialist advocacy.

More accurately, then, socialism should be used to describe the doctrines of those who, according to the *Encyclopaedia Britannica*, "were seeking a complete transformation of the economic and moral basis of society by the substitution of the social for individual control and of social for individualistic forces in the organization of life and work." Richard T. Ely claimed that socialism is "a principle which regulates social and economic life according to the needs of society as a whole. . . ."¹ This gets much closer to the heart of the matter. Socialists conceive of society as an organism, as a being in and of itself, capable of acting to bring about certain ends. The aim of the socialists is to bring about the control by society of the economic and social life, and their claim is that this will result in greatly improved well-being for all. The key word is *control*. There are, and have been, dogmatic socialists who insist that this must be effected by the vesting of ownership in the "public." But many others have professed not to care who holds the title to prop-

erty so long as society has the control of it.

Evolution or Revolution?

The only distinction among socialists which has much empirical content is that between *evolutionary* and *revolutionary* socialism. And this is a distinction as to the *means* to be employed, not as to the *ends* to be achieved. Virtually all socialists, at least the earlier ones, have been aware that socialism would bring about a revolution in the lives of the people who adopted it. Some have thought, however, that this change could be brought about gradually, that it would not have to be achieved by violent means. Others have believed that a violent takeover would be necessary, and they are known as revolutionary socialists. Those socialists who are known as communists, and who claim discipleship to Karl Marx, have been the most vociferous advocates of revolutionary socialism, though there have been other revolutionary movements. It seems to me, however, that all of modern socialism stems more or less from Karl Marx and Friedrich Engels. At any rate, they advanced most of the notions which later socialists, of all varieties, have advocated.

Socialism acquired a bad reputation early in its career, if it ever

¹ Richard T. Ely, *Socialism* (New York: Thomas Y. Crowell, 1894), p. 5.

had a good one. After the abortive revolutions of 1848, advocates of socialism lived on the fringes of society. The workers of the world did not rush to unite behind them. The dire predictions of Marx did not come about, except in the heated imaginations of such men as accepted his words as a kind of gospel. Socialist parties made very poor showings in elections. Many of the ideas of socialists could be, and were, readily refuted. Electorates in the latter part of the nineteenth century usually rejected socialist programs with great alacrity. This was emphatically so in the United States.

Yet by the 1960's socialist ideas had come to prevail, to a greater or lesser extent, almost everywhere in the world, including the United States. How had this turn of events come about? In two ways mainly (and they correspond to the revolutionary-evolutionary approach): one way may be summarized as the conspiracy-coup *d'etat*-violence method of gaining political power; the other has been by the propagation of ideas by intellectuals and the gradual intrusion of the attendant programs into the political action of communities. The conspiracy-coup *d'etat*-violence approach has generally been used in the East, the other in the West.

In the early twentieth century,

the flight from reality became, or began to become, very nearly identical with the advancement of socialism. Much of the rest of the story will deal with how socialism was intruded into American political activities. The first step in this process was the domestication of socialism. It must be kept in mind that no avowedly socialist party has ever got more than a small fraction of the vote in the United States. To the extent that socialism has gained sway, then, it has been by the adoption of socialist programs by the older parties and the championing of these reforms by intellectuals and politicians who avoided the socialist label. It will be my task to show that this is precisely what happened.

Laying the Groundwork

Most people in the United States, so far as such things can be determined, have never accepted the bizarre formulations of the thought leaders in the nineteenth century of the flight from reality or of socialism. It is likely most men would consider Nietzsche's conception of creativity by a Superman as so much nonsense, and Marx's fulminations as the product of a demented mind. At least, they would, and did, until they were acclimated to them in much milder formulations.

A part of the task of acclimatizing people to these ideas was accomplished by the domestication of socialism, the making of it more palatable by sloughing off the name, by particularizing it, by "moderate" statements of premises, and so on. A goodly number of people undoubtedly contributed to this work. Reform was made to appear much more desirable, even necessary, by the efforts of the muckrakers. Various and sundry theorists had begun to make some impact with their ideas. There is a considerable body of literature which could be categorized as the domestication of socialism in the United States. But for the sake of brevity and unity this account will be largely restricted to three books by three men. They are Herbert Croly's *The Promise of American Life* (1909), Walter E. Weyl's *The New Democracy* (1912), and Walter Lippmann's *Drift and Mastery* (1914). They were all Americans, were believed to have been somewhat influential, founded *The New Republic* as a joint venture, and shared some common presuppositions and aims.

Croly, Weyl, and Lippmann

Croly's book was much more influential than the others, by all accounts. It is supposed to have influenced Theodore Roosevelt in

the formulation of the New Nationalism and to have been a major seminal work for progressivism. A recent writer has noted:

Croly's reputation, however, rested on more than his purported impact on Roosevelt. Men whose own thought first took shape during the progressive period have strongly praised the publicist's contribution. Lippmann called his former associate "the first important political philosopher who appeared in America in the twentieth century"; Alvin Johnson grants Croly "the palm of the leadership in the philosophy of the progressive movement" . . . , while Felix Frankfurter credits him with "the most powerful single contribution to progressive thinking."²

Croly's work is both the most lengthy and the most thorough of the three books. It may well be that *The Promise of American Life* should be ranked as the most thorough "Fabian tract" ever written. Weyl's book is much blunter, less polished, and somewhat more to the point. Lippmann had already developed his ponderous style of presenting a combination of urbanities and inanities as if they were profound. He had already developed the ability, too, to roll with the punch, to apparently accept the devastating criticisms of his position, even to

² Charles Forcey, *The Crossroads of Liberalism* (New York: Oxford University Press, 1961), pp. 5-6.

joining in with the chorus of the critics, all the while maintaining the substance of his position intact. He was a pragmatist, along with the other two men, and this made it easy for him to pursue his goal by a new path when he found the course he was following blocked.

The Art of Persuasion

There is one difficulty in my thesis that these three men were domesticating socialism, and there is no reason why it should not be made explicit. The difficulty is this. In order for them to have been domesticating socialism, they must have been socialists. Yet it was essential to their task that they not be avowed socialists. At any rate, Croly and Weyl were not avowed socialists, and by 1914 Lippmann had abandoned his connection with socialist parties. Thus, there appears to be a problem of proving that they were socialists.

Actually, however, the above overstates the problem. Whether they were socialists or not, these men were advancing socialist ideas and programs. Whether they were intending to "domesticate socialism" or not is irrelevant; my point is that the way in which they were presenting the ideas had that effect. It should be made clear that this is not an examination into

the motives of these men. There is no concern here with whether they were sincere or not, whether they were surreptitiously advancing a movement or not, or whether they were good or evil men or not. This is not an attempt to judge them; it is an effort to describe what they did.

The point is that Croly, Weyl, and Lippmann were advocating ideas and programs drawn from the socialist ideology, and that they presented them in a light so that they would be least disturbing to the accepted beliefs of Americans. Let us first examine a few quotations which indicate the socialistic tenor of the proposals of these men. The first is from Herbert Croly, and the context from which it comes is a discussion of the necessity of restricting freedom:

Efficient regulation there must be; and it must be regulation which will strike, not at the symptoms of the evil, but at its roots. The existing concentration of wealth and financial power in the hands of a few irresponsible men is the inevitable outcome of the chaotic individualism of our political and economic organization. . . . The inference which follows may be disagreeable, but it is not to be escaped. In becoming responsible for the subordination of the individual to the demand of a dominant and constructive national

purpose, the American state will in effect be making itself responsible for a morally and socially desirable distribution of wealth."³

At one point, Croly candidly admits that in certain senses his program is socialistic. He says that it is socialistic "in case socialism cannot be divorced from the use, wherever necessary, of the political organization in all its forms to realize the proposed democratic purpose."⁴

Weyl said, "To-day no democracy is possible in America except a socialized democracy, which conceives of society as a whole and not as a more or less adventitious assemblage of myriads of individuals."⁵ Moreover,

In the socialized democracy towards which we are moving . . . taxes [will] conform more or less to the ability of each to pay; but the engine of taxation . . . will be used to accomplish great social ends, among which will be the more equal distribution of wealth and income. The state will tax to improve education, health, recreation, communication. . . . The government of the nation, in the hands of the people, will establish its unquestioned sovereignty over the industry of the

nation, so largely in the hands of individuals.⁶

Walter Lippmann is not easy to pin down, yet the socialist ideas are there. Quite often he obscures them as prediction, as in the following: "Now the time may come, I am inclined to think it is sure to come, when the government will be operating the basic industries, railroads, mines, and so forth. It will be possible then to finance government enterprise out of the profits of its industries, to eliminate interest, and substitute collective saving."⁷ Sometimes, however, he prescribes directly, as in the following call for all-out planning:

It means that you have to do a great variety of things to industry, invent new ones to do, and keep on doing them. You have to make a survey of the natural resources of the country. On the basis of that survey you must draw up a national plan for their development. You must eliminate waste in mining, you must conserve the forests so that their fertility is not impaired, so that stream flow is regulated, and the waterpower of the country made available.⁸

³ Herbert Croly, *The Promise of American Life*, Cushing Strout, intro. (New York: Capricorn Books, 1964), p. 23.

⁴ *Ibid.*, p. 209.

⁵ Walter E. Weyl, *The New Democracy* (New York: Macmillan, 1912), p. 162.

⁶ *Ibid.*, pp. 163-64.

⁷ Walter Lippmann, *Drift and Mastery*, William E. Leuchtenburg, intro. (Englewood Cliffs, N. J.: Prentice-Hall, A Spectrum Book, 1961), p. 70.

⁸ *Ibid.*, p. 98.

These quotations, however their authors hedged them about, do indicate that the books in question were informed by socialism. They are, however, among the more radical statements to be found in the books. In the main, the writers stick to the task of domesticating socialism, rather than to setting forth their assumptions. Let us examine now some of the means by which this is done.

Gradualism

First, the authors of these books were devotees of gradualism, and were themselves proposing the next steps in a movement toward what can be discerned as the goal of socialism. In their gradualism, they were following the path of the English Fabians who had been at work some years already. The Fabian Society, named after the Roman general, Fabius, who fought indirectly by harassment rather than directly, was organized in 1884. Sidney Webb, a leading figure in the Society and movement, explained their conclusions this way:

In the present Socialist movement these two streams are united: advocates of social reconstruction have learnt the lesson of Democracy, and know that it is through the slow and gradual turning of the popular mind to new principles that social reorganization bit by bit comes. . . . So-

cialists . . . realize that important organic changes can only be (1) democratic . . . ; (2) gradual . . . ; (3) not regarded as immoral by the mass of the people . . . ; and (4) in this country at any rate, constitutional and peaceful.⁹

Whether Croly, Weyl, and Lippmann were consciously socialists or not, they were certainly consciously gradualists. Croly makes his gradualism explicit in the following prescription for taking over the railroads (all the while adopting a pose of objectivity about it which relieves him of responsibility for advocating it):

In the existing condition of economic development and of public opinion, the man who believes in the ultimate necessity of government ownership of railroad road-beds and terminals must be content to wait and to watch. The most that he can do for the present is to use any opening which the course of railroad development affords, for the assertion of his ideas; and if he is right, he will gradually be able to work out, in relation to the economic situation of the railroads, some practical method of realizing the ultimate purpose.¹⁰

He suggests that the end might be

⁹ Sidney Webb, "Socialism, Fusion of Democracy and Cooperation" in J. Salwyn Schapiro, *Movements of Social Dissent in Modern Europe* (Princeton: D. Van Nostrand, 1962), p. 161.

¹⁰ Croly, *op. cit.*, p. 377.

achieved by the extension of government credit to the railroads, followed by a "gradual system of appropriation."

Weyl left no doubt about his gradualism either. He declared "that the surest method of progress is to take one step after another. The first step, often uncontested (*because* it is only one step), leads inevitably to others."¹¹ He gives an example of what he means, in connection with governmental acquisition of rich mineral lands. "If the nation could approach the owners of these lands with the sword of a gentle tax in the one hand and the olive branch of a fair purchase price in the other, there would soon be no fear of any monopoly of our mineral resources."¹²

Although Lippmann substituted prediction for outright prescription, he envisioned a gradual transformation in America. "Private property will melt away; its functions will be taken over by the salaried men who direct them, by government commissions, by developing labor unions. The stockholders deprived of their property rights are being transformed into money-lenders."¹³

¹¹ Weyl, *op. cit.*, pp. 265-66.

¹² *Ibid.*, p. 266. Apparently, he meant by monopoly the private ownership of mineral resources.

¹³ Lippmann, *op. cit.*, p. 49.

A Façade of Conservatism

The gradual approach to social transformation, these writers saw, had the advantages of lessening resistance, of avoiding shock, and of giving the appearance of continuity within the society. The latter two advantages take on the added gloss of appearing to be conservative. That is, they indicate a concern with conserving much within the existing framework while the framework itself is being fundamentally altered. Indeed, one of the least understood of the methods of Fabian socialism, if the term may be used generically, is the façade of conservatism which socialists frequently adopt. On the face of it, conservatism and the radical alteration of society are at opposite poles of the political spectrum. Yet gradualists have quite often not only reduced the distance between them, so far as could be readily discerned, but also have managed actually to convince some people that theirs is the conservative position. It turns out upon examination, of course, that what they want to do is to preserve the material achievements of modern civilization while destroying or replacing the spiritual base, knowledge, and arrangements upon which they are built. But then, that is why socialists can be described as on a flight from reality.

"The Great Society"

One of the best examples of a socialist book which embodied the conservative façade was written not by an American but an Englishman. Graham Wallas was the author, and the book was *The Great Society* (1914), a name which has cropped up lately. There is no difficulty in placing Wallas ideologically; he was one of the original founders of the Fabian Society. Moreover, some slight discussion of the method of the book in the present discussion is in order because Wallas influenced Lippmann when he was at Harvard in 1910 as a visiting lecturer, and dedicated *The Great Society* to Lippmann.

One might suppose from the title of the book that it is utopian, that it is a prescription for something to be achieved in the future. Yet such is not the case. The Great Society already existed (in 1914), according to Wallas, at least in the highly industrialized countries of the West. The Great Society, Wallas said, had resulted from technological innovations. The developments from these had drawn people together in interdependence upon one another, not only nationally but internationally.

But — and this was the problem with which he purported to deal — there were centripetal as well as centrifugal forces within the

Great Society. The centripetal forces threatened to dissolve the society. Wallas said, "But even if the forces of cohesion and dissolution remain as evenly balanced as they are now, our prospects are dark enough. The human material of our social machinery will continue to disintegrate just at the points where strength is most urgently required." To support this statement he supplied a catalogue of the evils within society which any socialist might be expected to give. In order to preserve the Great Society he held that a great reorganization would have to occur. In short, he had made it appear that social transformation was necessary for conservative reasons.

This theme crops up in the works under consideration. Writing before Wallas's book appeared, Croly said: "In its deepest aspect . . . the social problem is the problem of preventing such divisions [the divisions supposedly caused by specialization] from dissolving the society into which they enter — of keeping such a highly differentiated society fundamentally sound and whole."¹⁴ Lippmann argued from similar premises for the development of powerful labor unions. He maintained that industrial peace would be a by-product of powerful unions. "You will

¹⁴ Croly, *op. cit.*, p. 139.

meet in . . . powerful unions," he said, "what radical labor leaders call conservatism." On the other hand, "It is the weak unions, the unorganized and shifting workers, who talk sabotage and flare up into a hundred little popgun rebellions."¹⁵ The moral is clear: Support the growth of strong unions in order to maintain peace and conserve social stability.

Giving Historical Setting to the Need for Reform

A considerable portion of Croly's work was devoted to fitting the need for reform into the American tradition. A part of his book is historical in character. His position is that there was an implicit promise in American development over the years, that Americans had developed democratic institutions, that they had developed a national spirit, that they had at one time effected unity among the peoples. However, "the changes which have been taking place in industrial and political and social conditions have all tended to impair the consistency of feeling characteristic of the first phase of American national democracy."¹⁶ That is, according to him, industrialism had produced deep divisions within society. "Grave inequalities of power

and deep-lying differences of purpose have developed in relation of the several primary American activities. The millionaire, the 'Boss,' the union laborer, and the lawyer, have all taken advantage of the loose American political organization to promote somewhat unscrupulously their own interests. . . ."¹⁷ This situation was unwholesome, he thought. "But a democracy cannot dispense with the solidarity which it imparted to American life, and in one way or another such solidarity must be restored."¹⁸

Some clues to the means for the restoration of "solidarity" could be found in American history. Alexander Hamilton had a vision of using the government to advance national well-being. But Hamilton had been antidemocratic, and had promulgated too narrow a program, at least for twentieth century conditions. Thomas Jefferson had contributed to the development of democratic sentiment, but he had been individualistic, not nationalistic. Croly drew his conclusion: "The best that can be said on behalf of this traditional American system of political ideas is that it contained the germ of better things. The combination of Federalism and Republicanism . . .

¹⁵ Lippmann, *op. cit.*, p. 61.

¹⁶ Croly, *op. cit.*, p. 138.

¹⁷ *Ibid.*

¹⁸ *Ibid.*, p. 139.

pointed in the direction of a constructive formula."¹⁹ So too, the Whigs had a national vision, but they were unable fully to articulate it.

Croly was setting the stage with this historical exposition for offering his solution, and at the same time making it appear that he was joining his solution to a course which Americans had been groping toward for a long time. The solution was for Americans to "restore" their lost or threatened unity by the acceptance of a social ideal. They were to find a national purpose, and they were to move toward the fulfillment of that purpose, or "promise," democratically. Thus, Croly was able to associate two ideas—nationalism and democracy—which had good connotations to Americans with his program for social reconstruction. It should be noted that all three writers salted down their social programs with liberal sprinklings of references to "democracy" throughout, a practice which has long since become habitual, if not compulsive, with reformers.

Alterations Proposed

But the attempt to make their programs appear conservative and traditional by these writers should not be overemphasized. Croly went

much further in this regard than did the others. All of them, however, were fairly explicit in pointing out that they were proposing alterations in the American system. Even Croly said,

The better future which Americans propose to build is nothing if not an idea which must in certain essential respects emancipate them from their past. American history contains much matter for pride and congratulation, and much matter for regret and humiliation. On the whole . . . , it has throughout been made better than it was by the vision of a better future; and the American of to-day and to-morrow must remain true to that traditional vision. He must be prepared to sacrifice to that traditional vision even the traditional American ways of realizing it.²⁰

Weyl left no doubt about his view of the centerpiece of the American tradition, the Constitution. He said, "Our newer democracy demands, not that the people forever conform to a rigid, hard-changing Constitution, but that the Constitution change to conform to the people. The Constitution of the United States is the political wisdom of a dead America."²¹ Lippmann was even more emphatic, and much more general, in his repudiation of tra-

¹⁹ *Ibid.*, p. 51.

²⁰ *Ibid.*, p. 5.

²¹ Weyl, *op. cit.*, p. 13.

dition. He subscribed to the view "that we should live not for our fatherland but for our children's land."

To do this men have to substitute purpose for tradition: and that is, I believe, the profoundest change that has ever taken place in human history. We can no longer treat life as something that has trickled down to us. We have to deal with it deliberately, devise its social organization, alter its tools, formulate its method, educate and control it. In endless ways we put intention where custom has reigned.²²

Necessary Adjustments to Changing Conditions

The major justification for social reconstruction, then, was not that it was in keeping with the American tradition to do so but that it made necessary by changing conditions. Thus, these writers domesticated socialism by making its measures appear to be necessary adjustments to changed conditions. These men argued that technological developments, new industrial organizations, the development of a nation-wide market, the appearance of class divisions, the existence of poverty, made necessary the alteration of political action to deal with these changes. Perhaps the other two would have agreed wholeheartedly with Weyl, when he said, "It is

ideas, born of conditions, which rule the world."²³ Indeed, Lippmann took the position that many of the changes were already occurring which were reconstructing America, whether it would or not. Croly emphasized the method of the reformer as one in which he grasped the tendencies and reinforced them.

These positions indicate a rather mystifying, or illogical, penchant of melioristic reformers in the twentieth century. They vacillate between the poles of economic determinism on the one hand and a radical view of "freedom" which allows them to create at will, on the other. Generally speaking, Croly, Weyl, and Lippmann got maximum use from ideas drawn from contradictory positions. The determinist position allows its holder to claim that he is describing an inevitable evolution, to assume a position as a scholar and possibly a scientist rather than an advocate, to avoid responsibility for his advocacy, and to leave the reader with no choice but to adjust to the predicted course of development. On the other hand, the meliorist position allows its holder to talk of social invention, of imagination, of creativity, of a new way which has been discerned, and to appeal subtly to the reader's desire to join him in being

²² Lippmann, *op. cit.*, p. 147.

²³ Weyl, *op. cit.*, p. 199.

in the forefront of momentous developments. In the real world, these are inconsistencies, but on the flight from reality you can have it both ways.

**Pragmatic Approach Requires
No Consistent Principles**

Finally, the pragmatism of these writers permitted them to offer every sort of reformist idea that has ever been advanced without dogmatically subscribing to any of them. Some indication of the range of ideas which they subscribed to or advanced should be given. Many of them have since become the assumptions of intellectuals and some goodly number have been put into practice. In general, Croly, Weyl, and Lippmann subscribed to the notion that the problem of production had been largely mastered, that the major task ahead was one of distribution. They spoke confidently of "unearned increments," of "social surpluses," and of the "need" to distribute the wealth more equitably. None of these men, however, was an opponent of bigness in business. They considered trustbusting an anachronistic and destructive undertaking. The problem, as they saw it, was not to break up huge industries but to assure that they were operated in the interest of society. To assure this, they advocated gov-

ernmental regulation, discriminatory taxation, and outright ownership, if necessary.

These writers used slightly different verbiage to describe their broad programs of reconstruction, but Weyl gives the gist of their recommendations in the following:

With a government ownership of some industries, with a government regulation of others, with publicity for all (to the extent that publicity is socially desirable), with an enlarged power of the community in industry, and with an increased appropriation by the community of the increasing social surplus and of the growing unearned increment, the progressive socialization of industry will take place. To accomplish these ends the democracy will rely upon the trade-union, the association of consumers, and other industrial agencies. It will, above all, rely upon the state.²⁴

Many Reforms Have Been Tried

Some of the means to these ends are interesting because they have been employed, but they are no longer so openly avowed. For example, these writers favored the alteration of the Constitution by interpretation. Croly declared that, on the whole, the Constitution was an admirable document, "and in most respects it should be left to the ordinary process of

²⁴ *Ibid.*, p. 297.

gradual amendment by legal construction. . . .”²⁵ Weyl said, “For the time being, the Constitution will probably change, as it has changed during the last century, by process of interpretation. . . . It is possible for them [the Supreme Court] by a few progressive judicial decisions to democratize the Constitution.”²⁶

In various forms, one or more of these writers proposed socialized medicine, consumer regulation, inheritance taxes, graduated income taxes, state insurance programs, socialized education, executive leadership, centralization of government, excess profits taxes, national planning, and a government guaranteed minimum standard of living. Croly even argued explicitly that government should discriminate in favor of certain groups in order to assure equality. He said, “The national government must step in and discriminate; but it must discriminate, not on behalf of liberty and the

special individual, but on behalf of equality and the average man.”²⁷

In general, though, their particular programs were not dogmatically advocated. They were pragmatic about the particulars. Pragmatism is not, of course, a test of the ultimate end to be achieved; it is a test of the methods to be used. If one method does not work, then another one is tried, and so on. The end remains the same, and inaccessible to pragmatic demonstrations. As Weyl said, “The democracy [for which one may accurately substitute “socialism”], though compromising in action, must be uncompromising in principle. Though conciliatory towards opponents, it must be constant to its fixed ideals. Though it tack with the wind, it must keep always in sight its general destination.”²⁸

This was one of the ways, then, by which socialism was domesticated in America. ◆

²⁵ Croly, *op. cit.*, p. 351.

²⁶ Weyl, *op. cit.*, p. 317.

²⁷ Croly, *op. cit.*, p. 190.

²⁸ Weyl, *op. cit.*, p. 269.

The next article in this series will pertain to “The Democratic Illusion.”

Self-GOVERNMENT

ROBERT K. NEWELL

SINCE the dawn of history man has vainly sought to ordain order and advance social justice through political legalism. Liberty, equality, brotherhood, justice, security, freedom — and especially self-government — have long enjoyed stature in political clichés.

On the surface, democracy seems to encompass all social ideals and appears to be the epitome of political government. The motivating principle asserts the inherent right of all to participate in government and determine public policy. But with unquestioned power invested in popular opinion, democratic idealism deteriorates rapidly into government by organized majorities.

Even the authoritarian majorities who imagine themselves self-governed have no real understand-

ing of political subterfuge and simply endorse whatever their leaders are pleased to tell them. And since it is easier to subjugate and manipulate those who believe themselves free, the grand illusion of freedom and self-government is carefully preserved by the strategists who constantly maneuver behind the democratic stage.

Since democracy is not of itself a stable form of government, but rather a method of ordaining social change, all forms of political tyranny can easily win the endorsement of the majority. The irresponsible elements of any society are readily persuaded to state-sponsored beggary on the assurance their personal problems will be miraculously solved by some political nostrum a clever candidate advises them to try. To exercise control over an apparently self-governed democracy is only to understand and utilize the prin-

Mr. Newell operates a farm near Marcellus, Michigan, one of his "crops" being an occasional article.

ciples of mass psychology. The demagogues who successfully exploit social and economic disorders and identify themselves with the majority, ultimately attain oligarchic power.

Democracy has always enjoyed broad acclaim as the champion of political justice. But history amply indicates that government by popular opinion has spawned nothing but social and moral chaos. No matter how wisely begun, skillfully expedited, or enlightened the self-governed, the self-governed states have followed similar patterns of degeneration to mob anarchy. When laws fail, the anarchy must be brought under control by some form of dictatorial government, until counterrevolution in time completes the cycle by returning political process to the hands of the people. The entire gamut precludes human liberty and social justice, as political instability insures social disorder and minority oppression in every phase.

Self-Discipline the First Step toward Self-Government

Political societies and their various governments have come and gone while man has been advancing his civilization, but the basic problems attendant to human relationships continue. Many, now as in the past, despairingly believe it is fundamentally more sound

and morally easier to be controlled by an illusionary self-governed legal system than to master the art of governing oneself.

As free moral agents, individuals tend to seek justice through spiritual values, while individuals acting collectively seek favoritism through deliberate applications of political injustice. Individuals must laboriously ponder justice through conscience, while political majorities have only to embrace an ideology to have it automatically proclaimed morally correct regardless of the injustice it may inflict. Despotism, no matter by what name it masquerades, is quick to exploit this human infatuation with group motivation. Human progress depends entirely upon the intrinsic moral judgment of self-governed individuals, politically controlled in the minimum degree that prevents infringement on the human rights and opportunities of others.

Constitutional legalism is both the ancient and modern political antidote for democratic oppression. But no matter how eloquently it defines the rights and virtues of individuals or how boldly it affirms opposition to majority injustice, it is still only a document of public intention. If the intention of the society changes, the constitution is automatically invalidated.

Reappraisals of constitutional application are continually substituted for original intent when legalism no longer reflects the true spirit of the society it governs. Constitutional legalism may accurately recognize the basic differences in human desires, initiatives, and capabilities, and assure that the fruits of human effort will be equitably divided in direct proportion to contribution. It may also impartially administer justice. But as soon as the legal system appears less than perfect to a majority that lacks the human energies necessary to utilize its perfections, the endless search for the golden mean of political mediocrity resumes.

The Power of Personal Character

The best government, and the only government that will permanently benefit mankind, is introspection; for it alone can identify true social responsibilities and teach us to govern ourselves with moral restraint. Human life demands effective living. Effective living demands that the human spirit be allowed to seek and at-

tain justification through self-chosen channels. The greatest and most far-reaching contributions to the cause of human enlightenment have never developed from majority opinions, but rather from inspired individuals quite often at odds with their contemporaries. The only restraint that can ever be imposed on the democratic oppression that stifles human spirit is the power of personal character, developed through the moral growth of self-sufficient individuals.

As man apprehensively surveys the future, he is inclined to believe that the world has only to turn to the self-government of democracy to bring human problems to a swift and happy conclusion. But externally applied self-governing political concepts, no matter how lofty their legal and moral intent, can never provide mankind with a hopeful future. Mankind must learn to govern from deep within the individual; and when man at last has mastered himself, responsible human relationships will be the first and most important by-products of his accomplishment. ♦

ON **POWER**

AND **CORRUPTION**

LEONARD E. READ

LORD ACTON, writing in 1887, packed a profound truth into a simple sentence and, by so doing, coined a famous axiom: "Power tends to corrupt and absolute power corrupts absolutely."¹ This is quoted frequently, but popular repetition, by itself, has nothing whatsoever to do with comprehension.

There is evidence on every hand that power does tend to corrupt, and many a thoughtful writer has taken note of the fact. Henry Adams, in 1905, wrote in his autobiography:

Power is poison. Its effect on Presidents had been always tragic, chiefly as an almost insane excitement at first, and a worse reaction afterwards; but also because no mind is so well balanced as to bear the strain of seizing unlimited force without

habit or knowledge of it; and finding it disputed with him by hungry packs of wolves and hounds whose lives depend on snatching the carrion.²

Countless thousands, doubtless, are aware that power tends to corrupt. But Acton's axiom, regardless of its validity and the number who know it to be a truth, conveys no more than any other pat saying unless there be a knowledge of why power tends to corrupt. Only then, from this knowledge, can there be a correct deduction of how one may avoid the tendency.

At the outset, let us consider the problem from the standpoint of how *I* can keep power from corrupting *me*. There are at least two reasons why the diagnosis should be approached in this first-person manner.

¹ John Emerich Edward Dalberg-Acton, *Essays on Freedom and Power* (Boston: The Beacon Press, 1948), p. 364.

² From Henry Adams, *The Education of Henry Adams* (New York: The Modern Library, 1931), p. 418.

One: Beyond what may result from my exemplary behavior, I am severely limited in doing anything to insure the incorruptibility of others. This is exclusively a personal problem — and a deep one, at that. Nor is there much I can do to escape the effects of the corruption that befalls others. The most useful contribution I can make is to discover how I can lessen my own corruptibility and to share the results, if any, with those having a similar aspiration.

Two: Humanity is not my responsibility, *I am my responsibility!* Indeed, even I am too complex an enigma for me wholly to unravel; but, by dealing with me as best I can, I serve my fellows in the most fruitful manner possible for me. The temptation always is to correct the thinking of others, though we have little competence for it, instead of attending to our own improvement. As a consequence, no one's thinking is upgraded. Nor is this first-person approach inconsistent with the Cosmic Scheme, as I interpret it: Evolution is its method; and, as related to man, this calls for growth in awareness, perception, consciousness. This emergence does not have its root in any collective abstraction: institutions, societies, nations, humanity; its wellsprings are to be found exclusively in individuals. In each

individual instance, *I am my responsibility!*

As to Acton's axiom: When it is affirmed that power *tends* to corrupt, there is, obviously, allowance made for exceptions, that is, power does not, in every form, necessarily corrupt. And as to his "absolute power corrupts absolutely," this seems only to suggest that the nearer absolute power is approached, the more certain is corruption, for absolute power by a human being is inconceivable.

But no meaningful analysis of this axiom is possible unless I know of the varied kinds of power and, also, of the nature of the corruption which the several kinds of power tend to induce.

Various Kinds of Power

The first kind of power that comes to mind is political control of creative actions, authoritarianism, a relationship where the will of a man or a clique is imposed on others by physical force—that is, by a constabulary, the do-as-I-say-or-die variety.

Acton's axiom was derived from his observation of how ecclesiastical power corrupts.

There are forms of power, however, where violent force or the threat of it is absent. An example is power of the press: having a newspaper, a journal, a platform, a soap box, an audience.

Another variation is that more or less unsuspected power which stems from approbation and opprobrium: others do as one suggests, hoping for approval or desiring to escape disapproval. Such power, for instance, is wielded by a small, self-appointed group in Beverly Hills:

In this company, the most casual witticism or the most intentional snigger may snuff out a career, while a favorable adjective or merely a liquor-ish grunt can start a newcomer's reputation climbing faster than Comsat...³

And do not overlook the power of acquisition—purchasing power—that attends successful specialization and exchange.

By far the most influential kind of power in shaping the lives of others derives from excellence; it is the power to evoke emulation.

It seems that the power one may exert over the lives of others ranges all the way from the power of repulsion to its antithesis, the power of attraction. Yet, all forms—there are many others—have a trait in common, a trait I must keep uppermost in mind: each packs authority of sorts. The questions I must finally answer are, how does power, whatever its

variety, tend to corrupt? Then, learning of this, what means may I employ to overcome the corruptive tendency?

If power takes many forms, it may be supposed that there also are various types of corruption. There are, of course, the baser forms of corruption commonly associated with that term: bribery, stealing, lying, cheating, fraud, misrepresentation, going back on one's bond, and the like. If the problem consisted solely of these foul kinds of corruption, I would commend attendance at Sunday school and let it go at that. But I suspect that all of these open and despicable abuses, taken together, do not approach in damage the more subtle forms of corruption that power tends to induce.

The Power of Achievement

Consider first the wholly commendable kind of power, the power that derives from sheer excellence, the power to evoke emulation. How can this possibly be corruptive? Superior achievement in any activity prompts applause, acclaim, adulation, flattery. This is heady stuff and, if taken seriously, fosters an unrealistic self-esteem. Knowing how little one knows gives way to know-it-allness; it brings on an appraisal of self at odds with reality—a damaging psychosis! To suffer such

³ See "The Most Brutal Audience in the World," *The Sunday New York Herald Tribune Magazine*, April 18, 1965, p. 35.

corruption is to unfit me for my highest purpose.

When the esteem for an individual reaches that point where others "hang on his every word," he achieves an enormous authority which most surely will be corruptive unless accompanied by a commensurate self-responsibility and self-discipline. In short, as others hang more and more on every word, every word must be more carefully weighed—if such power is not to be corruptive.

Am I to shun excellence because of its corruptive tendency? Indeed not! But how to gain immunity from the tendency? A Roman emperor, riding through the streets of Rome and receiving plaudits for his successful conquests, had a slave at his feet who kept repeating, "Remember, thou too art mortal!" While the emperor knew of the self-corruption which attends adulation and desired that he be not victimized by it, no doubt he failed in his aim. His method was at fault. It is upon one's own conscience that reliance must be placed for a realistic self-appraisal. The reminders of reality have to be self-reminders; the responsibility cannot be delegated to anyone, much less to slaves. The psyche is not exterior to self and cannot be managed by exterior forces. To down the corruptive tendency, little more is re-

quired than a knowledge of how excellence and its concomitant, flattery, tend to corrupt. With this understanding one can, with a modicum of conscious effort, become as impervious to fawning approval as to any other form of deference. When I know how little I know, then no one else's over-estimation—honest or insincere—can unbalance me.

Purchasing Power

What about purchasing power? How can this, in the absence of coercive force, tend to corrupt? Perhaps there is a cue in the oft-heard phrase, "Money talks!" Money, undeniably, has an authority of sorts.

Abundant purchasing power tempts me to "throw my weight around"—that is, to get my way regardless of how unmeritorious my way may be. Buying special favors or preferments is a common practice as is buying one's way out of self-incurred messes. It's the misuse of purchasing power that accounts for the saying, "The love of money is the root of all evil." Again, purchasing power may lead one to a perversion of high purpose, make him unfit to achieve it.

Purchasing power, per se, is not the root of evil. The more purchasing power others possess, the more can I receive in exchange

for my goods or services. Wealth serves the moral purpose of freeing one from the drudgery which poverty imposes. It makes possible the devotion of self to those activities for which one is peculiarly suited. It permits one to get ever deeper into life along lines in harmony with one's real being.

But, when a man uses his purchasing power to run away from a life of doing, that is, as a means of denying a development of his faculties, he vegetates. And when he uses it to buy off the penalties of error or of bad judgment, he fails to exercise the corrective faculties and begets a fool. When misused, purchasing power is destructive of self, wholly evil, and, thus, corruptive.

Am I to shun purchasing power because of its corruptive tendency? No! If I am to avoid corruption — becoming a vegetable or a fool, I need only keep in mind that the authority — power — which wealth bestows requires a responsibility that guards against misuse. I had a wealthy banker friend who was a very modest tipper and yet, wherever we went, people vied with each other to wait on him. He counseled me, "Only he deserves good service whom others are eager to serve." He never affected superiority with his money or his manners, a temptation to which so many yield. He treated

everyone, regardless of how lowly the wealth status, just as he would wish to be treated were the situation reversed. It is easy to see how this self-conduct, in tune with reality and the Golden Rule, leads to the development, growth, and purification of the psyche — the opposite of corruption.

Purchasing power, doubtless, tends to corrupt its possessor, but it does not follow that it must necessarily do so.

It seems hardly necessary to examine the tendency of other forms of noncoercive power to corrupt self. That the tendency exists, and if yielded to is self-destructive, comes clear with reflective thought. This is the rule for me to keep in mind and adhere to: Authority and responsibility must always be kept in balance if the psyche — mind, soul, spirit, in a word, *I* — is to remain in balance and, thus, uncorrupted.

This brings me to that form of power which a person or a group possesses only by reason of having a gun or a constabulary. It is the power to compel compliance, compulsion resting on violence or the threat thereof.⁴ I will omit any

⁴ For an explanation of how absolute refusal to comply with governmental edicts results in death, see Chapter III in my *Anything That's Peaceful* (Irrington, N. Y.: Foundation for Economic Education, Inc., 1964. \$2.50 paper; \$3.50 cloth.)

discussion of how this kind of power corrupts when exerted privately, as in piracy and the like, and confine my reflections to how it would or would not corrupt me were I a part of society's organized police force, namely, government. It is in this realm that absolute power is most nearly approached and absolute corruption most seriously threatened.

The Power of Compulsion for Defensive Purposes

The mere possession of a gun by a person, or the backing of a group by a constabulary, does not, in itself, corrupt. As long as the gun hangs on the wall or the constabulary remains "at ease," all's well and good. Nor are any corruptive tendencies implicit in the use of this power to fend off the aggressive actions of another or others. The power, when thus held in check, can be no more than a secondary action of defense; it remains quiescent except when triggered by an aggressive or offensive action. Such a limitation of the organized police force is what I mean when referring to a government of limited power.

Individuals owning guns for defensive purposes will, for the most part, leave them hanging on the wall. The possession of this power to do violence rarely tempts them to aggressive action and, thus, the

power does not tend to corrupt them. For instance, though the owner of firearms might feel a deep compassion for a poverty-stricken friend, he would hesitate to turn himself into a holdup man as a means of raising money. He would give of his own goods or let the matter pass. Few Americans personally would resort to armed robbery to pay farmers not to grow wheat, or to subsidize TVA or mail delivery, or to provide medical care, or to secure the financial welfare, the material security, or the prosperity of "the poor." Not only can most people see the utter fallacy of such thievish means when practiced personally, but the mere thought of the practice does grievous offense to their moral scruples. Kept to the personal dimension, gun power shows little tendency to corrupt.

Collective Irresponsibility

But let these very same people, upright when acting on their personal responsibility, organize themselves into a political collective, backed by gun power, and they become "wolves and hounds" intent upon "snatching the car-
rion"! Among men so organized, the tendency to corruption is enormous. To illustrate: the president of a corporation and the chairman of his city's largest private hospital said to me, "I agree

with you in principle, but I must, of course, ask that Federal aid be extended to our hospital. We're short of beds."

"Would you personally raise the money by violent action or the threat thereof?" I asked him.

"Of course not," was his reply. "I'm no gangster."

This man's likeness is numbered in the millions — our "best citizens" who would never personally pull the trigger, but whose lack of principle is clearly revealed when they encourage the government to rob countless unidentified Peters to subsidize their own selected Pauls. It is hard to believe that a man knows what is right when he persists in practicing the opposite.

Shifting the Blame

What goes on here? Why will a person enthusiastically embrace a procedure in collective action that is repulsive to him as private action? Why this double standard of morality? Why will the possession of gun power by an individual not tend to corrupt while its possession by a collective will tend to corrupt the individual members?

There must be more reasons than I can ferret out. One, of course, is the myth that an act, regarded as evil if privately committed, is rendered virtuous if

sanctioned by a majority. This hocus-pocus leads careless thinkers to believe that an acknowledged evil can be transmuted into a positive virtue.

Then, there is that absolution the thoughtless individual feels when an act is committed, not in his name, but in the name of some collective nouns such as humanity, society, the common good, and the like. He somehow finds in these abstractions a sanctuary from personal responsibility. He gains anonymity behind a façade of words—or so he irrationally concludes.

The mob strings up Joe Doakes by the neck. No mobster thinks of himself as having committed the act. "The mob did it." Yet, how can a three-lettered abstraction hang a man? Every party to the act hanged Joe Doakes.

And every party to any unprincipled act of government is as personally responsible as if he had done this deed himself. Mere legality does not confer moral absolution; legality merely confers penal absolution and may be but a cover for gross corruption.

The Real Source of Corruption

This line of thought reveals an error which I, among others, have been making. Henry Adams, for example, in the quotation previously cited, associates corruption

with the coercive power held by Presidents. And note how Plato in *The Republic* singularizes the evil effect by his use of the word, "tyrant," inferring that it is only the head of state whose power to use violence leads to corruption:

He who is the real tyrant, what-ever men may think, is the real slave, and is obliged to practice the greatest adulation and servility, and to be the flatterer of the vilest of mankind. He has desires which he is utterly unable to satisfy, and has more wants than any one, and is truly poor . . . all his life long he is beset with fear and is full of convulsions and distractions . . . Moreover . . . he grows worse from having power: he becomes and is of necessity more jealous, more faithless, more unjust, more friendless, more impious, than he was at first; he is the purveyor and cherisher of every sort of vice, and the consequence is that he is supremely miserable. . . .

When Edmund Burke wrote, "There never was for any length of time corrupt representation of a virtuous people . . .," he correctly affirmed what I and so many others have been overlooking, namely, that a corrupt head of state presupposes a source of the corruption: numerous corrupt citizens. The tyrant's corruption stems from popular conferments, some of which are outright demands for the employment of coercive powers. In the instance of

such persons as the hospital chairman—who wouldn't think of taking violent action personally—these demands are to some extent innocent in the sense that their sponsors know no better. Their limited reasoning abilities prescribe the limitation of what is self-corruptive.

The Sin of Silence by Those Who Know

But other conferments from the people to the head of state are made by those who give assent by silence. In the case of individuals who have acquired the ability to think for themselves, this may be the more self-corruptive of the two offenses. For instance, if I alone can see an impending disaster and fail to sound the alarm for fear of endangering my own position, my silence is more corruptive of me than are the overt acts of those who, in their naivete, initiate the disaster. The more abundant one's endowments, the greater the potentiality of self-corruption: "Lilies that fester smell worse than weeds."

In any event, I must never entertain the dangerous notion that the tendency of power to corrupt applies only to the man out front and, by so doing, exclude myself and others from this tendency. We are the truly responsible ones and, thus, the very ones who are

exposed to the most damaging sort of corruption.⁵

Self-Responsibility

The above puts the responsibility where it belongs: up to each *I*. When I ask the government to dictate how people shall act creatively, that is, when I acquiesce or join in the demand for subsidies, for wage and price and exchange controls, for Federal aid of this or that variety, for any of the current rash of political interventions, I am as power drunk as the ruler put in the vanguard at the bidding of me and my kind. A fraction is inextricably bound to the whole of which it is a part.

“As a man thinketh in his heart, so is he.” This is to say that thought is the genesis of action: an evil thought is just as self-corruptive as an evil action is destructive of others. Clearly, corruption of me follows as swiftly on the heels of my advocacy of

coercive power as it does on the exercise of it by the head of state. Thus, if I wish to learn how this kind of power corrupts me, if I am an advocate of it, I need only take note of how it corrupts the head of state, the administrator of it. I can review Plato’s “tyrant” and obtain an accurate reflection of what is happening to me.

To grasp the importance of the fact that power corrupts the advocate as well as the administrator of it, merely envision millions of corrupt individuals, each of whom sees corruption only in the person he and others have made their ruler, and suspects not the slightest corruption in himself. These weird spectacles are to be observed daily at national, state, municipal, and neighborhood levels and they are made up of workers, farmers, preachers, teachers, businessmen—ourselves and our friends. Not an occupational category can claim exemption.

Audit any board or committee gathering—private or political—that takes positions on public policies. Note the absence of introspection as to the quality of their own thinking. That they might have some intellectual and physical shortcomings themselves is seldom considered. Then note how readily these persons will importune the government for special privileges which are possible only

⁵ That corruption also befalls those who suffer the effects of coercive power is conceded. But it is not power which corrupts them, for they don’t have it. Their corruption is induced by a political inhibition of their creative faculties, or by accepting something for nothing, or by a lessening of responsibility for selves, or by adapting themselves to a sheep-like way of life. To coin a term, they become “unpersons,” bereft even of evolutive powers. Their corruption comes as a by-product of the wielding of coercive power. That’s at the root of their corruption.

by extortion, a practice not one of them personally would indulge. A common occurrence, in such a meeting, is to ask for a Federal grant in one resolution and for a reduction of governmental expenditures in the next! Here we have a failure to grasp that in each individual instance, *I am my responsibility!*

Yes, I am my responsibility. As I relate myself to the corruptive tendencies of power, I have noted that power falls into two contrasting categories as different from each other as black and white. There are, on the one hand, the various noncoercive powers such as purchasing power, the power to attract emulation, and the like. On the other hand, in a class by itself, is coercive power—the power to shape or influence the lives of others by violence or the threat thereof. Analysis reveals that both kinds of power have corruptive tendencies.

Disciplining Oneself

However, overcoming the tendency of noncoercive powers to corrupt is not an insurmountable problem. There is no one of these powers but what I would increase if I could, for their acquisition spells growth, emergence, "hatching." I need only understand that the growing authority which these powers bestow must be managed

by a commensurate increase in self-responsibility. I need to keep firmly in mind my life's purpose, lest I lose or pervert it. The self must be disciplined to the point where it never yields to the temptation to abuse newly acquired authority. If I cannot manage an authority-responsibility balance, I am not a fit prospect for these powers, nor will I long enjoy them. Indeed, proper management of enhanced powers is itself one of the challenges by which human beings improve or grow in stature.

"Many are called but few are chosen." Countless individuals are given a trial with these noncoercive powers but, if unworthy, are unable to retain them. Indeed, the slightest failure of responsible conduct induces self-corruption—unfitness—and, thus, puts an end to the powers.

The development of noncoercive powers is consonant with life's highest aim. The dangers of corruption, while very real, are subject to self-management or self-discipline, and, these, also, are powers consistent with life's purpose. But what about coercive power? How can its tendency to corrupt be averted? The answer is so simple it needs no analysis: never invite or accept this form of power in the first place!

Acceptance of coercive power, that is, adopting violence or the

threat thereof to reshape the creative activities of others, goes beyond the tendency to corrupt; *corruption is coincidental with acceptance*. But even more: any time any person so much as entertains the notion of a personal competence to control the creative activities of others, he imagines himself in the creator role; whereas, in reality, he is but another human being, as ignorant as the rest of us of his own creation. This wholly fanciful omniscience is a divorcement from reality; it results in such an overassessment of self that knowledge of self fades into nonexistence. *The acceptance of this form of power and its attendant destruction of self-knowledge and self-discipline is itself the corruption.*

The corruption implicit in an acceptance of coercive power is unmanageable. For this is a type of authority that can have no balancing responsibility. To illustrate: when the aforementioned hospital chairman feathers his nest by plucking millions of others, how, conceivably, can he be responsible for them? Coercive power, once unleashed, is an authority that is all sail and no anchor; it is without map or compass.

In summary, noncoercive power

tends to corrupt and coercive power is itself corruption. Bending to the tendency of the former or acceptance of the latter brings on a warping of the psyche, a flight from reality, a loss of integrity, an unfitness to fulfill my highest purpose.

Noncoercive power is subject to self-management; that is, I can contain the tendency, keep it under self-control. But coercive power, because it is itself corruption, is beyond self-management.

When I achieve noncoercive powers and fail to manage them, or when I employ or endorse or passively accept coercive powers which are unmanageable, I break faith with life's purpose, divorcing self from growth, evolution, emergence. *This is disintegrative, the end of which is corruption.*

To keep faith with self, I must take instruction from whatever my highest conscience reveals as right. This may not, in fact, be The Answer, but is as close to it as I can get. *This is integrative, the end of which is integrity.*

Be it noted that when I break faith with self I thereby lose that quality in my constitution which restrains me from breaking faith with others. *I am my responsibility!*



EDITOR'S NOTE: *At the French Legislative Assembly's session of April 1, 1850, during the discussion of the budget for tax-supported schools, M. Mortimer-Ternaux, one of the Representatives, proposed an amendment to decrease by 300,000 francs the state expenditures on lycées and collèges, institutions attended by children of the wealthier families.*

The amendment to decrease the subsidy lost by a small margin. Bastiat's letter, published the following day in a newspaper, expresses his opinion on the vote.

Readers will note that the popular American attitude toward such matters has changed since Bastiat described it in 1850. This makes it more important than ever to review what he said.

To the Democrats

FREDERIC BASTIAT

NO, I am not mistaken; I feel, beating within my breast, a democratic heart. How, then, does it happen that I find myself so often in opposition to those who proclaim themselves the exclusive representatives of democracy?

Yet we must understand one another. Has this word two opposite meanings?

For my part, it seems to me that there is a connection between the aspiration that impels all men towards the improvement of their

material, intellectual, and moral condition, and the faculties with which they are endowed to realize this aspiration.

Hence, I should like each man to have, on his own responsibility, the free disposition, administration, and control of his own person, his acts, his family, his transactions, his associations, his intelligence, his faculties, his labor, his capital, and his property.

This is how they understand freedom and democracy in the

United States. There each citizen is vigilant with a jealous care to remain his own master. It is by virtue of such freedom that the poor hope to emerge from poverty, and that the rich hope to preserve their wealth.

And, in fact, as we see, in a very short time this system has brought the Americans to a degree of enterprise, security, wealth, and equality of which the annals of the human race offer no other example.

However, there as everywhere, there are men who do not scruple to violate for their personal advantage the freedom and property rights of their fellow citizens.

That is why the law intervenes, through the instrumentality of the public police force, to prevent and repress such aggressive inclinations.

Everyone cooperates, in proportion to his means, in the maintenance of this force. This is not a case, as has been said, of *sacrificing a part of one's liberty to preserve the rest*; it is, on the contrary, the most simple, just, efficacious, and economical means of guaranteeing the freedom of all.

And one of the most difficult problems of politics is to keep the trustees of this public police force from doing themselves what they are charged with preventing.

The French democrats, so it seems, see things in an entirely different light.

Undoubtedly, like the American democrats, they condemn, reject, and hold in contempt the acts of plunder that citizens might be tempted to commit on their own authority against one another—every act of aggression committed against the property, labor, and freedom of one individual by another individual.

But plunder, which they reject between individuals, they regard as a means of equalizing property, and, consequently, they entrust plunder to the *law*, to the *public police force*, which I thought was instituted to prevent it.

Thus, while the American democrats, having empowered the public police force to punish individual plunder, are very much concerned that this force should not itself become spoliative; the French democrats, on the contrary, make of this force an instrument of plunder, which seems to be the very foundation and essence of their system. . . . Consequently, they have demanded and obtained a law that, by taxes on drinks and salt, takes money from the poor parents of 290,000 children, to be distributed to them, the rich parents, by way of *gratuity, encouragement, indemnity, subsidy, etc., etc.*

M. Mortimer-Ternaux has demanded that this monstrous situation be brought to an end, but he has failed in his efforts. The extreme Right finds it very convenient to make the poor pay for the education of rich children, and the extreme Left finds it very politic to seize such an occasion to have the system of legal plunder established and sanctioned.

At which I ask myself: Where are we going? The Assembly must direct itself by some principle; it must commit itself to justice everywhere and for everybody, if it is not, in fact, to rush headlong into the system of legal and reciprocal plunder, to the point of completely equalizing all classes, that is, to the point of communism.

Yesterday it declared that the poor must pay taxes to relieve the rich. How can it have the cheek to reject taxes that will soon be proposed to it to "soak the rich" in order to relieve the poor?

For my part, I cannot forget that when I presented myself before the voters, I said to them:

"Would you approve a system of government which was based on the following arrangement: You would have the responsibility for your own existence. You would demand, in exchange for your labor, your effort, and your industry, the means of feeding, clothing, lodging, and enlighten-

ing yourselves, of attaining affluence, well-being, and perhaps prosperity. The government would concern itself with you only to guarantee you against all disturbance and unjust aggression. For its part, it would ask of you only the very modest tax indispensable for accomplishing this task."

And all cried out: "We ask nothing else of it."

And now, what would be my position if I had to present myself anew before those poor farmers, those honest artisans, those fine workers, to say to them:

"You are going to pay more in taxes than you were expecting to pay. You are going to have less freedom than you hoped for. It is to some extent my fault, for I have departed from the system of government you had in view when you elected me. On April 1, I voted for an increase in the tax on salt and drinks, in order to come to the aid of the small number of our countrymen who send their children to the state schools."

Whatever happens, I hope never to put myself in the sad and ridiculous position of having to make such a speech to those who have placed their trust in me. ♦

From Bastiat's *Selected Essays on Political Economy*, Copyright 1964, D. Van Nostrand Company, Inc., Princeton, New Jersey.

THE *Creative* INDIVIDUAL

HENRY GRADY — or Buck — Weaver, whose *The Mainspring of Human Progress*, originally copyrighted in 1947, has just been re-issued by the Foundation for Economic Education, was head of the Customer Research Staff of General Motors, and a great one for emphasizing the causal relationship between individual human liberty and the proliferation of goods and services that go to create the affluent society. He was one part thinker, one part businessman, and one part evangelist — and he cared more for getting an idea over to his public than he did for claiming any particular pride of authorship. His *Mainspring*, actually, was a collaborative effort in that much of it consisted of a condensation of Rose Wilder Lane's *The Discovery of Freedom*. However, Buck Weaver added a good deal of material deriving from his own experiences and from his own extensive reading. He was a great Frederic Bastiat man — and Bastiat, the

French enemy of all collectivism, perhaps guided the composition of *Mainspring* as much as did Mrs. Lane.

Weaver, who had been disciplined by his life as a supersalesman for General Motors, was an accomplished simplifier. He wanted to get through to the average man and woman. He was, essentially, the popular broker of an intellectual movement that started during World War II as a series of mysterious trickles. Those were years of groping. The New Deal had come — and gone — without wiping up the big pools of unemployment. The war itself seemed the product of a collision of states which had, in their various ways, gone over to the doctrines of central planning and the idea that citizens (or subjects) must be directed by arbitrary authorities for their own good. I remember feeling hungry for something that would prove the futility and wrong-headedness of everything that had been in vogue since 1932.

Suddenly, there seemed to be a general touching of hands all around. Isabel Paterson, a tough-minded literary critic and novelist who had been an enemy and had become a friend, called me one day in 1944 and asked if I would like to meet a man named Leonard Read. We had a talk in a Manhattan hotel room about the sources of human energy. Leonard had been arguing out on the Pacific Coast that man was a natural self-starter, responsible for the disposition of his own energy on projects of his own choice. Isabel had just published her *The God of the Machine*, which proved with mathematical rigor that high-energy economies are incompatible with collectivist or interventionist regimes. The meeting with Leonard Read led to other introductions. Ayn Rand was just beginning her astounding career as a writer of fictional parables — that's what Isabel Paterson called them — designed to prove the self-starter point. Leonard knew businessmen who wanted to know writers who supported the freedom philosophy, and I heard his friend, Jasper Crane, a member of the du Pont Company, talk approvingly of Rose Wilder Lane's *The Discovery of Freedom*.

A few years passed, and the trickles had become a river. The Viennese economists, Mises and

Hayek, were welcomed in this country and found their natural allies in Henry Hazlitt, Aaron Director, John Davenport, and Lawrence Fertig. Leonard Read formed the Foundation for Economic Education. And Buck Weaver, taking a bit here and a bit there, quoting from Isabel Paterson, and relying on the historical vistas unfolded in Rose Wilder Lane's book, did his great job of synthesis. It seems fitting that the Foundation for Economic Education should now be bringing it out again with some changes suggested by Buck Weaver just before his death.

The Nature of Man

Weaver doesn't write as an orthodox supporter of any religion. But he sees man as a mysterious entity who, to some extent, shares the faculties of his Creator. Men have wills, they dispose of energy. If they are not coerced or cowed they are inventive, they make tools, they transform their environments within certain physical limits. This is all part of their nature as men. But men can deny their own creativity, and have frequently done so in the course of checkered human history. Mr. Weaver speaks of the pagan ages in which men believed in sacrificing the individual to the "higher" good. The pagans saw

the universe ruled by the whims of a variety of gods. They were used to thinking of man as something that was controlled by some Authority outside himself. And, with this submissive psychology, pagan man let those who claimed to be priests of the gods take over the direction of his energy.

The triumph of the Christian view of life released the human being from the will-of-the-swarm pagan idea. Following Rose Wilder Lane's schematization, Weaver tells of the three attempts to found a civilization based on the idea that man is free to do good or evil in the sight of God. The first attempt took place in ancient Israel, where Abraham insisted that man controls himself and Moses brought the Ten Commandments — each of which is addressed "to the individual as a self-controlling person" — to the Israelites after their escape from bondage in Egypt.

The Saracen Contribution

The first attempt failed within the boundaries of ancient Israel, but Christ spoke to the individual, and the Christian church became the carrier of the ideas of Abraham and Moses through the feudal age to the present. Meanwhile, the Saracens took over the idea that man is a self-starter.

When I first read Rose Wilder

Lane's story of the rise of the Saracenic civilization, I had a hard time squaring it with the apathy of the Moslem lands as they exist today. Her accounts of the rise of the great Saracen universities, from Persia and Cairo to Spain, was an eye-opener. It seems that these universities had no organization, no program, no prescribed curriculum, no departments, no examinations. People enrolled to study as they willed, and went to listen to the teachers that appealed to them. Whatever the effect of such permissiveness on the whole body of students, the Saracen scientists came up with the concept of zero, which makes modern mathematics — and, indeed, the whole of modern civilization — possible. Without zero there would be no modern engineering, no chemistry, no measurements of substance or space.

The Rose Wilder Lane view of the Saracens is endorsed by Henry Grady Weaver. It makes one almost wish that Charles Martel hadn't beaten back the Moors at the Battle of Tours, which saved northern Europe from a conquest by Mohammedans. But the military defeat of the Saracens hardly mattered, for the western Christianized world took over much that the Saracens had developed. As Mrs. Lane and Mr. Weaver both put it, the freedom of the Saracen

world seeped into Europe via Spain and Italy even as the Saracens themselves were being pushed back to the African side of the Mediterranean.

An odd perspective offered by Weaver is that the chivalric behavior of Saracens in the Holy Land was imitated by English Crusaders, and became the basis for the British code of the gentleman. The liberties that the chivalric English gentleman permitted were exported in time to the British colonies in North America. In defending these liberties against the repressive government of King George III, the colonists launched the third great attempt to build a civilization on the idea

that every human being is a free agent, responsible to himself for the right disposition of his energies.

It's a great story that Mr. Weaver has to tell, but it is far from being the story that is generally accepted today. However, the idea of freedom is on the march. There were only a few of us to champion the idea that man is a self-starter back in 1944, when Isabel Paterson and Rose Wilder Lane were first being read. But today the freedom movement, which is sometimes called the conservative movement, is really percolating. "Buck" Weaver would be surprised at the extent of his modern public. ◆

IDEAS ON LIBERTY

The Rewards of Competition

The following explanation of the significance of open competition was offered at the presentation of a \$2,000 scholarship at a recent Junior Achievement award dinner in Seattle:

"The fact that there is but one scholarship to be given to the best in 500 membership has in itself created a situation where each student has put forth his very best in time and effort to endeavor to win. Think a moment, of the motivation to you students, if we lived under socialism's idealistic concept of equality for all — and the award had been announced as 500 scholarships worth \$4.00 each."

THE *Freeman*

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LEONARD E. READ *President, Foundation for
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WATER FAMINE on the HUDSON

LEONARD E. READ

THOUSANDS upon thousands of kulaks starved to death during the 1930's on the richest farm lands of the Soviet Union. Down through the ages, countless millions, struggling unsuccessfully to keep bare life in wretched bodies, have died young in misery and squalor. Why were famines their lot? Why did men walk and carry burdens on their straining backs for sixty known centuries? And how did it happen that suddenly — almost miraculously — on a small part of the Earth's surface, the forces of nature are harnessed to do the bidding of the humblest citizen?

These questions are posed and

answered in Weaver's *Main-spring*.¹ And the answer, he convincingly insists, is that man learned how to release creative human energy through such institutions as the private ownership and control of property and voluntary exchange under a market system of competitive pricing.

Today, in the metropolitan New York area, I am aware of no more plentiful resource than water — except air. The average annual precipitation, while presently down 20 or 25 per cent, has been about 40 inches; the enormous

¹ See *The Mainspring of Human Progress*. (Available in paperback from the Foundation for Economic Education, Inc., Irvington-on-Hudson, New York, 95¢.)

Hudson River bisects the area, one side of which has a great deal of marsh land; New York State abounds in fresh water lakes. And, it's only a hop, skip, and jump into the Atlantic Ocean! Why, then, are the twentieth century residents of this area faced with a water famine — that same problem of scarcity which plagued mankind for the centuries of recorded history? Why are restaurateurs not offering water on their dining tables? Why a fine if caught washing an automobile? Why must lawns dry up? Why are citizens asked to be parsimonious with toilet flushing? Why is the air conditioning shut down at Newark Airport? Why is there a flurry of free enterprise well digging? And entrepreneurs trucking in water for sale at \$15.00 per thousand gallons?

The answer to these questions is suggested when we ask another question: Why are Gothamites and Jerseyites begged to go easy on water — by which they are virtually surrounded — while they are incessantly urged to use more electricity and other relatively scarce goods and services that are efficiently dispensed by market pricing?

Reflect on this hypothesis: the impending water famine is rooted in the same cause as the starvation and death of our Pilgrim

Fathers during the first three years after landing at Plymouth Rock, the same cause that brought on the famines that punctuate the historical record: water is subjected to the political formula — *from each according to ability, to each according to need*. The remedy would appear to be the same as the only one that has ever overcome scarcity: *leave supplying of water and the determination of its use to private ownership and control, that is, to the market!*

The Idea Is Faulty

Before going further, let me hasten to the defense of the Water Commissioners, those in charge of the socialized water system. The famine is not in consequence of their administrative inabilities. Nor was it the incompetence of Governor Bradford or Stalin that accounted for the famines of their times. And it definitely was not the managerial ineptitude of a successful businessman, who, as Postmaster General for eight years, failed to slow down the rapidly increasing deficits of the socialized postal service. The question here is what's responsible, not who's to blame. Is it not the socialistic form of organization, rather than the person, that is chiefly responsible for the inferior performance? The personal fault, in every such case, is no more than

an unawareness of the fact that *no one knows how to make socialism work.*²

In Case of Necessity

Most Americans, like their famine-threatened ancestors, are the victims of a sticky fallacy, a carry-over from ages of political superstition: Any good or service on which there is a general dependence cannot be entrusted to the market; ownership and control must, therefore, be consigned to a public (political) agency. In other words, a critically needed good or service will be safely cared for only if socialized; necessities will be subjected to willful exploitation if left to the free market. No one, so goes the fallacy, should be allowed to profit from a public necessity!

Let me suggest that both good theory and practical experience dictate the precise opposite: *The greater the dependence on and the*

more general the need for any good or service, the more should we insist on leaving it to the market, and the more reluctantly should we entrust it to political agencies.

Were it necessary to consign any goods and/or services to government ownership and control, I would, quite seriously, nominate such things as hoola hoops, juke boxes, ostrich feathers — where a famine would inflict no great injury on anyone. This must be the position of any individual who understands the nature and the limited usefulness of organized police power, on the one hand, and, on the other, the creative potentialities of the miraculous market — men cooperating in willing exchange.

But note the prevalence of popular opinion to the contrary. The dictionary defines a utility as “something useful to the public, especially the service of electric power, gas, water, telephone, etc.” We might appropriately add railroads, airlines, mail delivery, and sewage disposal. It is these goods and services — prime necessities and not frills — that most people insist on turning over to government or, more to the point, that politicians insist be turned over to *them!*

In the United States, water supply is, for all practical purposes, a

² Critics may claim that Los Angeles, for instance, knows how to make socialism work. Reports the *N. Y. Times* (7-6-65), “Los Angeles’s antidrought formula, worked out more than a half-century ago, goes like this: Plan ahead at least a generation. Reach out as much as 700 miles for a water supply. Spend billions of dollars. Engage in intensive politicking, on both state and national levels. If somebody gets in the way, don’t be afraid to shoot it out with guns.” The socialistic formula from beginning to end is founded on coercion. Can this be said to work? If so, then robbery works.

monopoly of government, as are sewage disposal and mail delivery. Private utilities, all of them, are being subjected to increasing government control which, when finalized, is ownership.

Let us now ask ourselves, how many different goods and services are produced in this country and available to consumers? No one knows; but, assuredly, it's in the millions; one company alone produces about 250,000 separate items. These millions of artifacts and services — all but a few — have been left to relatively free markets. Please note that only those items consigned to government — for presumed reasons of “public safety” — give us any concern at all: water, sewage, mail delivery, education, roads! Or those goods and services where government strongly intervenes: wheat, cotton, housing, and the like.³ Items left to the free market — clothing, churches, corn flakes, electric computers, pencils, publications, heat, automobiles, and all the others — are rarely given a second thought; supply and demand always move toward equilibrium. The evidence favoring the free market is so abundant that it is seldom noticed.

³ There is no good or service in the U.S.A. today that is free from intervention. But if the intervention is not too powerful, the free market forces tend, markedly, to overcome the political hindrances.

Paradoxically, the demonstrations are too numerous to attract attention. Like the air we breathe, and on which we are dependent, their omnipresence dulls our perception of them. If we wonder how efficiently water would be supplied by the market — without serious problems of surplus or famine — we need do no more than extrapolate from our countless experiences with free market goods and services.

Theory, also, gives the same answer. If we know the theory of the market economy, then we will understand why socialism does not and cannot work.

Absence of Realistic Pricing

One cause of the current water famine is the absence of realistic pricing. Many residents of New York City, for instance, pay only a monthly rate per water connection. Waste and large usage bear the same monthly charge as frugal and minor usage. But, then, realistic pricing is impossible under socialism, as Professor Ludwig von Mises so clearly demonstrates.⁴ Instead of free-market pricing, socialistic systems must

⁴ For an explanation as to why economic calculation under socialism is out of the question, see Chapter XXVI, *Human Action*, by Ludwig von Mises. (Obtainable from the Foundation for Economic Education, Inc., Irvington-on-Hudson, New York. 907 pp. \$15.00)

resort to "dollar guessing." In short, the socialists can do no better for economic guidance than to peek over their left shoulders and see what free market prices are.⁵ The problem with water is, of course, that there is scarcely any market pricing left to be observed.

The free market operates as a computer.⁶ Billions of complex data flow into it daily and signals issue in the form of prices. No more proficiency is required of anyone than the ability to observe prices. High prices caution lower consumption and stimulate higher production, and low prices encourage consumption and discourage production. Were the provisioning of water left to the market, prices would rise whenever the heavens withhold their bounty from any given area. Consumers by the millions would voluntarily impose their own economies — no government edicts required! And suppliers would spontaneously spring from we know not where. Shortages and surpluses do not plague the free market where supply and demand equate; distortions are caused by political attempts at

production, exchange, and price controls.

Under socialism, the Commissioners must make guesstimates from intricate data they cannot comprehend. Even the best of them have no competency for this. In the free market, the freely fluctuating market prices serve as clear-cut guides to producers and consumers alike. All producers and consumers — even children — are competent to observe and obey these price signals.

Allocating Scarce Resources

In most areas of the world today, pure, fresh water is an economic good, that is, there isn't enough of it to meet all demands, and users must pay for it. Water is scarce, and economics is the study of how best to allocate scarce resources. Let's suppose, for example, that by reason of training, research, discoveries, skills, I am suddenly the one man on earth who can cure cancer. Untold thousands are destined to suffer this dread disease during the coming year; but my treatment is such that I can attend to no more than one patient per month, or twelve a year. How best can this exceedingly scarce resource of mine be allocated? Knowing of the miraculous market and the way it works to alleviate poverty, disease, distress, I would try to price my

⁵ Aleksy Wakar and Janusz Zielinski, leading professors of The Central Planning School of Poland, astonishingly for socialists, frankly admit this allegation. See *The American Economic Review*, March, 1963.

⁶ See my "The Market Is a Computer." *The Freeman*, March, 1964.

services sufficiently high to balance supply (my scarce resource) and demand (the need of untold thousands). The price, let us say, reaches equilibrium at \$100,000! "But," cry those who don't understand economic phenomena, "your way will save only the very wealthy."

What really will happen? Within a very short time, thousands of doctors will be stimulated, not only by their desire to save lives *but by the high price*, to attain my proficiency. The price for the cure of cancer will soon fall to the point where all of the untold thousands can be accommodated. Supporting evidence is superabundant. Ball point pens, for example, were first priced at \$13.95. The spread between low cost and high price drew countless competitors into the field. Today, they're giveaways.

Political Rationing

The socialistic alternative? Put a political ceiling on the price, low enough to be within the reach of all consumers. Such a low price, however, will not serve to enlarge supply. I could still save twelve lives a year, *but that would be it!* So, how will my limited service be allocated among the untold thousands? I can resort to personal discrimination or a public committee can decide who shall and shall

not be saved.⁷ Or the government may take from thousands of Peters to save Paul which, of course, disables thousands of Peters.

The fact that prices do fluctuate and serve as a guide to action in a free market — even though this motivation brings supply and demand into a state of equilibrium — causes many persons to reject the market method. They seem to feel that enlightened human beings — which they conceive themselves to be — should be less crassly motivated; that "human need," rather than price or dollar inducement, should provide the incentive for action and conduct.⁸ Self-interest (attention to self-aspiration and self-direction) which I frankly acknowledge is the motivating force in free market miracles, is frowned upon by them as beneath human dignity. Thus, if we would know why socialism does not and cannot work or, to the point, how scarcity can exist amidst plenty — of water or any other commodity

⁷ For an enlightening commentary on this point, as related to artificial kidneys, see "Who Is Worth Saving?" *Newsweek*, June 11, 1962.

⁸ The cure of cancer is an *economic* service as water is an *economic* good. Free, unrigged pricing — not need — is the *economic* means of allocating these scarce resources. To substitute need for pricing is to confuse the categories; it is as senseless as to substitute need for thrift as a means of capital formation.

— we must pause and reflect on the nature of self-interest.

Self-Interest Examined

Self-interest, here used interchangeably with self-aspiration, is as varied as are individual aspirations and goals.

Contrary to a great deal of current opinion, self-interest is as prevalent among “enlightened” human beings as it was in cave men. It exists no more or less in men who resort to thievery as a labor-saving device than in “humanitarians.” Self-interest can no more be shed by a living individual than can thirst or appetite; it is an undetachable component of the psyche; self-interest is a built-in feature of each breathing soul on this earth. The denial of this, in my judgment, is self-delusion. There’s only one person in John Smith’s driver’s seat, and that is John himself!

In order not to be led astray on this point, we must first concede that self-interest, as the term is used here, is not in the moral category — any more than are the senses; it is neither good nor bad, in itself. Self-interest is companion to self-determining, self-controlling, self-responsible individualism. *No “selfless” person exists nor is one conceivable!* While self-interest does not imply a solicitude for others, neither does en-

lightened self-interest necessarily preclude such concern. The “humanitarians,” who have corrupted this conceptual term, would have us believe otherwise.

The observable differences in “social conscience” or morality are not to be explained by the presence or the absence of self-interest, but, rather, by the different ways individuals interpret their interests. Differences in individual solicitude for others, and in other moral qualities, originate at the point of interpretation. Are the interpretations intelligent or unenlightened? That’s the question.

I repeat, individual interpretations of self-interest vary as greatly as do individual aspirations; no two are identical. But only I can interpret mine; only you yours. As unenlightened as yours and mine may be, our own interpretations will be more intelligent than those made for us by another. Other-interpretation must, of necessity, be hopelessly unintelligent, as much so as if another tried to smell or taste or feel for us. *Others may hold the light high that we may better see*, but the interpretation itself originates with self; it cannot be otherwise.

I, a free market devotee, believe my self-interest is best served when other millions of people are free from me to pursue their own

aspirations as they please so long as their pursuits are creative; that is, so long as each respects the similar rights of others.

The socialist, on the other hand, believes his self-interest is best served when other millions of people are not free from *his* interpretation of *their* interests. I insist that he assumes a capability for correctly interpreting the interests of others which he does not possess in the slightest degree.

Personal Creativity Depends on Pursuit of One's Own Choice

Self-interest, a prime concern for things closest to home, is a universal human characteristic, and is, perhaps, the greatest of all motivating forces. It stands to reason — indeed, is self-evident — that each of us will put forth his best effort on matters of deepest and most immediate concern to him. And this is the basic premise concerning human nature upon which the entire theory and practice of the market economy rests.⁹ Socialism presumes otherwise: that our respective abilities should be directed according to the interests (needs) of others; and the

⁹ For readings in depth on reasoning from self-evident assumptions, see "Some Preliminary Observations Concerning Praxeology" in *The Ultimate Foundation of Economic Science* by Ludwig von Mises. pp. 1-9. (Obtainable from the Foundation for Economic Education, Inc., Irvington-on-Hudson, New York. \$4.50.)

typical result is a water famine on both sides of the Hudson!

For example, there come to mind a man, wife, and grown daughter who have a hostelry and real estate development under way in western Washington. Their interest in the success of this project (including a private water system) coincides precisely with their own self-interests. They love it, live it, talk it, dream it, work it. The creativities of their very beings are finding free release, and it is a joy to observe the results of their efforts. Beavers could take lessons from them! That the project will be a success, I have no doubt; that many others will benefit from their completed handiwork is beyond question. But, we must ever keep in mind, it's the free market form of organization, not entirely the person, that is responsible for the superior performance.

Now, suppose we were to divert this competent threesome from their self-interests into a situation where only other-interest is at stake: organize them into a Triumvirate charged with the operation of New York's socialistic water system. They'll be no more to blame nor do any better than the present administration, should nature fail to confer bounteous precipitation. The results of socialistic practice cannot be otherwise.

Why Socialism Fails

There are many reasons, but chief among them is the fact that creative actions and thoughts are bereft of self-interest motivation under socialism. The requirements of the socialized project and the fulfillment of self-interest go in different directions; *the problem and the would-be problem-solver are on different wave lengths!* Both empirical evidence and sound theory support this conclusion.

True, not everyone finds fulfillment — a free release of creative energies — in a free market society. But this is the individual's rather than the free market's fault; for the opportunity for such release is wide open and many millions do, indeed, enjoy creative expression. In socialism, it is demonstrable that the administrators are endowed with authoritarian, not true creative, expression. Again, it is self-evident that creativity will be more abundant where millions of people find creative fulfillment than in politically rigged situations that negate individual initiative and creativity.

As suggested above, there is no self-interest motivation under socialism; there is no driving force for efficiency, beyond the more or less unattractive emoluments of political office. The discipline of profit and loss is nonexistent; taxpayers are obliged to pick up the

tab. Nor does the failure of a project reflect fully on the administrator, for there are no competitive forces to rid the economy of his failures. Maintaining position depends more on excuses than efficiency.

For what other reason does a 20 or 25 per cent decline in local precipitation bring the threat of a water famine? It seems that the self-interest of administrators of socialistic systems does not adequately force their attention on future contingencies. But examine private power and light companies in the U.S.A. Their administrations are looking years ahead as to any possible failure in fuel supply. If they are presently using coal or gas or oil or hydro or atomic power, they have plans for substitution. Their self-interest puts a premium on not getting "caught short."¹⁰ If, contrary to present trends, the government doesn't take over these private companies, we can count on it, they'll continue to urge American consumers to use more power and light in the future.

As I approach the end of my argument, I confess the unlikelihood that water will be left to the

¹⁰ Most electric utilities use large quantities of fresh water. Engineers of one of the nation's largest producers estimate that desalination of sea water can now be achieved at a cost of not more than 30¢ per thousand gallons.

market in the foreseeable future. As no one knows how to make socialism work, neither does one know how to let go of it once it has taken root in the economy. And the rooting, emanating from the federal, state, and local governments, is unbelievably deep! The best we can do, in these distressing circumstances, is to repeat, over and over again, the case for the market economy, improving our understanding and exposition on each occasion, hoping that sooner or later enough persons will share our faith in freedom to bring on one more miracle, in this instance, dispelling the threat of water famine. If it ever comes to pass, it will likely be because of a cessation of taxpayer subsidy to such projects and the removal of restrictions to private entry into the business. This, admittedly, requires a revolution in thinking — and on an enormous scale.

There is one mental block we must scrupulously avoid: Do not reject the idea of nonsocialized water supply because you or I can-

not envision how the market would supply water. We do not know; no one knows!¹¹ I lay no claims to clairvoyance and, thus, can no more foresee how the market would attend to fresh water delivery than Adam Smith could have foreseen how the human voice could be delivered around this earth at the speed of light or than George Washington could have predicted how the market would overcome scarcity — removing distress and poverty on an unimaginable scale.

We can entertain but one certainty: The market, if not chained down and aborted by restrictions, will dispose of water famine as it has other famines.

The free market releases creative human energy; this is its justification. A by-product is the riddance of famines: this is its god-send! ◆

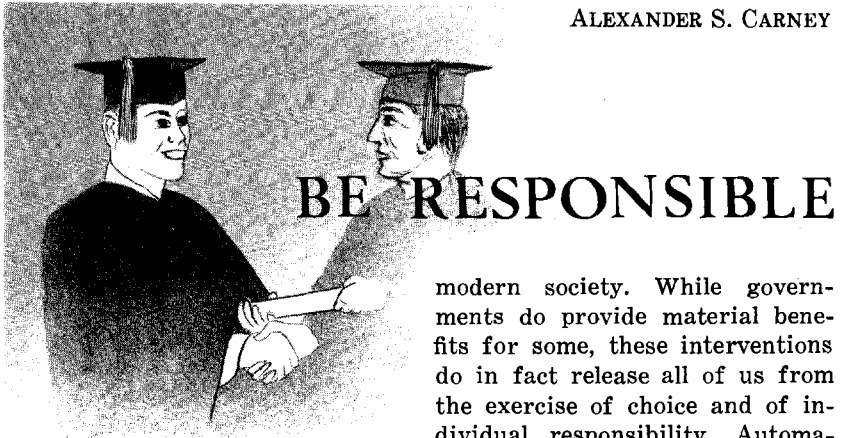
¹¹ See the chapter, "I Don't Know" in my *The Free Market and Its Enemy*. (Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. \$1.00 paper; \$1.75 cloth.)

IDEAS ON LIBERTY

Intervention

OF ALL THINGS, an indiscreet tampering with the trade of provisions is the most dangerous, and it is always worst in the time when men are most disposed to it—that is, in the time of scarcity.

EDMUND BURKE, *Thoughts and Details on Scarcity* (1795)



You are the product of your past. You are also the creator of your future. Now stop and think what this means in terms of individual responsibility. It is a concept of crucial importance, perhaps more important today than in any other time in history.

Why is this so? Because today, the operation of many of society's most important institutions have had the effect of relieving us of individual responsibility. Government has increasingly assumed our burdens — welfare, compulsory social security, compulsory health insurance — all intended, we are told, to divide more equitably the benefits of a productive,

Mr. Carney, now in his fourth year of medical training, delivered this 1965 Commencement address at the Irvington (New York) High School from which he was graduated in 1958.

modern society. While governments do provide material benefits for some, these interventions do in fact release all of us from the exercise of choice and of individual responsibility. Automation with its demands for greater efficiency has reduced man's control over the extent and conduct of his work. Productivity has soared. Yet the exercise of responsibility is frustrated. Modern conveniences have had a profound influence on modern living — more comfort yet less responsibility.

I do not wish to sound old-fashioned, or appear as one opposed to modern practices, but I am pointing out that many essential aspects of our society which we consider modern and progressive do in fact reduce the sphere of individual responsibility. This is quite surprising to me, especially since in no other time in history has the clamor for freedom been so intense. Authors demand more freedom of expression. Censorship is banned by the courts; the distinction between artistry and por-

nography vanishes. Absolute standards of right and wrong are being replaced by moral relativism. Permissiveness in the raising of children is in vogue. Parents are more concerned with "getting along" with their children than they are with providing leadership and direction. Authority is questioned and challenged, often in the form of illegal demonstrations. These are but a few examples of the general climate of restlessness—the urge to break the shackles of tradition—to forge a society in which our innermost needs and feelings may be expressed and satisfied. It is an interesting paradox, then, that whereas freedom has become an obsession in some areas, we are relatively unconcerned about it in other areas, although admittedly in the latter, the manner in which our freedom is curtailed is far more subtle.

How has this climate of change come about? Perhaps it is because of the high standard of living we have achieved. We are no longer pre-occupied with mere survival; we are concerned rather with the quality of survival. Perhaps it is because of the incredible advances attained by science and technology. Man has always sought utopia. He now sees it within his grasp. Perhaps this climate of change is the result of growing

urbanization. In migrating to the cities we are separated from the traditional ways of life fostered by our ancestors. Having broken traditional ties, we are no longer convinced of their wisdom. More and more we employ reason and the scientific method to create and sustain a system of values. This is breeding a kind of "test tube morality." Unless the value in question is proven to us in objective, black-and-white terms, we are not apt to believe in it. Probably no one of these factors explains the changes we are witnessing today. More likely, they are the result of a combination of these and other factors, not affecting each individual equally, but nonetheless exerting their influence on the population as a whole.

Man Modifies His Environment

It is in this context of social and cultural change that individual responsibility assumes its greatest importance. You are the maker of your environment. I refer not only to your external or physical environment, but to your internal environment of thoughts and feelings. Of course, environment leaves its mark on you. Modern theories of psychology tell us this—but perhaps with too much emphasis. I conceive of man as the master of his own thoughts, over which environment exerts

varying degrees of influence. Some individuals are complete and abject servants of their environment, kicked around by every quirk of fate. Others have stood firm, failed to yield, and even changed environment suitable to their needs.

Environment is changing — at a pace frightening, and yet exciting, to comprehend. Yet it is always within control, providing we as individuals are prepared and willing to accept the responsibility.

How can we prepare ourselves to accept this responsibility? First, we must regard responsibility and the exercise thereof as essential to the growth and development of the personality. Just as food is required for the body, so is responsibility required for the personality. Wouldn't it be uplifting if we would react as strongly to lack of responsibility as we do to lack of food?

But the mere realization of the importance of individual responsibility is insufficient. We must in fact *be* responsible. We must transform our thoughts into action. You have all heard the adage: "Nothing succeeds like success." It is also true that nothing weakens like weakness. The continual shying away from responsibility weakens the personality. Weakness leads to discouragement and dis-

couragement leads to further neglect of responsibility. This vicious cycle, thus set up, can be interrupted only by people showing courage and determination. They will find that just as the vicious cycle of weakness works against them, the self-generation of strength will work for them.

The *sine qua non* of individual responsibility is discipline. Discipline—the idea that practice makes perfect; the idea that football games are won rarely on Saturday, but in the practice sessions throughout the week; the idea that good habits make good men. With discipline, you will learn good judgment. You will learn to resist the distraction of irrelevancies. How crucial is this ability in our society today!

Responsibility toward Others

Finally, it must not be assumed that this concept of individual responsibility will breed exaggerated self-concern and thus selfishness. Quite to the contrary, the individual who is responsible to himself is more often responsible to others. And more than that, this same individual has more likely developed the skills required to contribute more fully to another person's happiness. I stated at the outset that you are the creator of your future; but you are also the creator of the future of others. In

this context society demands that you act responsibly.

If there be one point that I would have you remember tonight, it is simply that society is only as good as the individuals who live within it. As each individual is strong, so is society. When each individual is willing to give up his freedom, so will society be eager to take it away.

Above all else, we must not take our society for granted. Each of us owes our freedom and prosperity to the courage, the good judgments, and the devotion of our predecessors. Will we continue in the same tradition? One cannot predict. However, we can be certain that in the final analysis, the praise, or blame, will rest with the individual. ♦

IDEAS ON LIBERTY

First Step to Progress

ONE of the strange quirks in human nature is the alacrity with which we pounce on any shortcoming in our government, our economic system, our employer, our grocer, and our garage man, in contrast to the tolerance with which we view our personal follies.

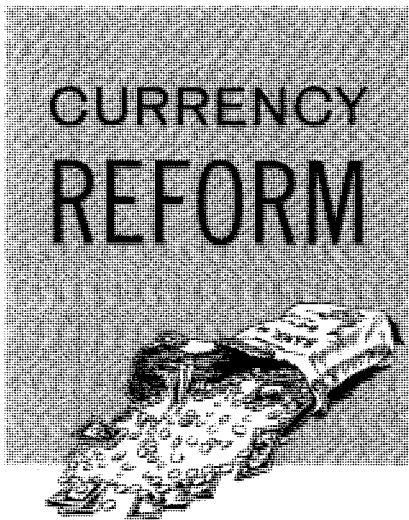
All of us are beset with limitations. The first essential for progress is to recognize our weaknesses and take pains to overcome them. When we have done this, we are fit for civilized society.

Once a man has taken a sober look at himself, and has made an honest report, he has moved forward. His next step should be to make himself as useful as he can. Let him give his job, his employer, and his community a square deal by close application to his little task. Soon he will find that larger tasks are passed to his desk, and that tangible appreciation of his effort is finding its way into his pay envelope.

OUR INFLATION predilection, which manifests itself in chronic Federal deficits and credit expansion through the banking system, breeds numerous effects at home and abroad. At home, prices are rising continuously in spite of the growing productive capacity of American industry and its great technological achievements. These effects in turn breed sociological and political effects that tend to shape the course of our history.

The most spectacular effect of monetary depreciation, however, is the gold and foreign exchange dilemma. It is an effect that, before the days of the New Deal, also made its domestic appearance in the shape of gold and bank runs. When commercial banks had overextended their credit in periods of business boom and expansion, and depositors became doubtful of the liquidity or solvency of their banks, they began to withdraw their demand deposits and converted their bank notes into gold. The overextended banks dreaded this moment when only banking "holidays" could save them. Severe credit contractions usually followed, leading to periods of business depression. President Roosevelt's nationalization of all gold holdings in 1933, which "temporarily" deprived

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HANS F. SENNHOLZ

American people of the freedom to hold gold, made further gold runs futile and meaningless. Why should anyone today run to the bank for his deposits if he can only demand paper money of which there is an abundance?

Gold as Medium of Exchange

In international affairs, however, gold continues to be the ultimate medium of exchange. While the U.S. government can force its citizens to accept U.S. dollars in settlement of all legal debts, it is hardly conceivable that the Brazilian government could force citizens of the United States to deal in Brazilian cruzeiros. In our trans-

actions with Brazilians, whether in the form of current trade or long-term capital loans, we insist on payment in gold or dollars. We refuse acceptance of Brazilian cruzeiros that are depreciating at a rapid rate. The same is true with foreigners. The U.S. government is in no position to force paper dollars on reluctant foreigners. To make payment to them, we have to satisfy them as to the quality and quantity of the medium of exchange. True, as long as they readily accept our dollars, we may use them in exchange. But if they should prefer gold, or Swiss francs, or German marks, we have no way to compel their use of our paper money.

In times when men distrust the future of paper money, gold itself rises in value as measured not only against paper money but also against goods. Men turn to gold as the one sure thing that will survive the wreck of paper currencies and the changing policies of government. They seek to protect themselves by hiding their wealth instead of using it courageously in production as they do in a world of reasonable financial certainties.

Since the mid-1950's the United States has been in a position similar to that of the overextended commercial bank before 1933. Piling deficit upon deficit, and con-

tinuing to announce huge spending programs, increases the danger of an international gold run. If foreign central banks were suddenly to demand gold for their dollars, they could topple the money and credit structure of the United States.

This precarious monetary situation gives rise to numerous proposals for monetary reform. They range from a return to sound money and the unadulterated gold standard, as it existed at times during the nineteenth century, to proposals for foreign exchange control and gold payments suspension.

Dollar Devaluation

One possibility would be to devalue the dollar, as was done in 1934; that is, cut the gold content of the monetary unit or, expressed in the currencies of other countries, reduce the number of foreign units which can be had for one dollar. The devaluation would reduce the burden of the U.S. government debt at home and abroad. In particular, it would reduce the claims on gold of 30 billion dollars now held by foreigners. A 50 per cent devaluation, for instance, would enable the U.S. Treasury to discharge its foreign liabilities with payment of half the quantity of gold it has contracted to pay.

But the champions of dollar devaluation frequently overlook that Americans are net creditors to the rest of the world in spite of the currency liabilities of the U.S. government. Dollar devaluation, therefore, means that, on net balance, we make a gift to our foreign debtors who can discharge their liabilities in dollars of lower gold content. They also overlook the fact that the U.S. dollar is the leading world reserve currency that sets the pace for most other national currencies. If our government devalues the dollar, we must anticipate immediate imitation on the part of most free world governments. It is unlikely that the United States can devalue its currency while the other countries abstain from doing so. But if the other countries devalue in the same proportion, no trade advantage can be derived from such a devaluation. Our deficits in foreign payments would continue.

Payment Suspension

Instead of outright devaluation, an alternative might be attempted in the form of gold payment suspension by the United States. In this case, all other free world countries would have no choice but to follow suit. Even Switzerland, the free world's banker, would have to follow the U.S. example because a sudden decline of

the U.S. dollar in the international money market would invite withdrawal of large funds from Swiss banks. The American depositors, for instance, who in the past made Swiss franc deposits, would find it more profitable to withdraw their funds, reconvert them into U.S. dollars which then would be selling at large discounts, and return those dollars to the United States. And even countries that lack American deposits would have to follow the U.S. gold payment suspension because of its severe impact in foreign trade relations.

A world-wide suspension of gold payment also could initiate in London, for the British pound sterling is even weaker than the U.S. dollar and subject to even greater pressures of devaluation and suspension. As Switzerland would have to follow our payment suspension, so would the United States probably have to follow suit in the case of pound sterling decline. Foreign investors with dollar deposits in American banks would find it rather profitable to quickly withdraw their funds and convert them into pounds sterling selling at a devaluation discount. Furthermore, a pound sterling devaluation would mean instant reduction in the gold and dollar price of English goods, which would invite more American purchases and discourage American

sales to England. Our balance of payments would worsen and our currency situation deteriorate further. This is why a pound sterling devaluation or gold payment suspension would put the U.S. dollar to a gruesome test.

A series of gold payment suspensions, however, would afford no real solution to currency problems. The weak currencies, no longer payable in gold, might decline considerably, while the sound currencies, although also irredeemable, would tend to resist the decline. In the end, all currencies no longer backed by gold would soon find international exchange ratios in accordance with their domestic purchasing powers.

But this is not all. If the United States should suspend gold payments, 30 billion dollars now held abroad, plus an unknown quantity of unrecorded holdings abroad, could be expected to come home to roost. While foreign dollar holders could no longer buy gold from us, they could buy American goods and services. Thus, we might anticipate a great export boom, the monetary manifestation of which would be the return of many billions of U.S. dollars to our shores. This would provide the fuel for a rapid increase in domestic prices, which makes the precarious gold situation a grave concern for every American. When

and if foreign holders of U.S. currency begin to exchange their money for goods and services, many millions of Americans might be expected to imitate the foreigners and try in turn to exchange their cash for goods and services.

Exchange Control

A third possible manifestation of the monetary crisis would be foreign exchange control. Such control already may be seen in the shape of "voluntary" restrictions on bank lending abroad. Mandatory controls over capital transactions as well as all foreign trade could follow. American tourists might be restrained from traveling abroad. Refusal to allocate gold or foreign money could prevent certain imports of manufactured goods and raw materials; and private foreign investments might be curtailed on account of the "scarcity" of media of foreign exchange. The net result of such a series of restrictions would be comprehensive government control over all foreign transactions and dealings, which is tantamount to "nationalization." If one country adopts such measures, foreign governments will do the same and thus contribute to the gradual destruction of world trade and world division of labor.

It is obvious that foreign ex-

change control would have greatest significance for industries that largely depend on imports. We may derive consolation from the fact that American foreign trade amounts to only 10 per cent of all our trade, and that this nationalization through foreign exchange control will affect only that portion. But another 10 per cent on top of the present government regulation and control would further deplete the remnant of our individual enterprise system.

A New Plan

In addition to the foregoing possibilities, there is a new proposal according to which the United States, by unilateral action, is to transform the world monetary system. Its author is Stanford University economist, Emile Despres, who also serves as an advisor to the government on international financial questions.

According to the Despres Plan, the dollar is inherently far more valuable than gold, for it is the most popular international medium of exchange. The plan is based on the recognition that the last three presidents have pledged to continue to sell gold at \$35 an ounce. But according to Despres, while the selling policy is a matter of national honor, the buying policy may be changed. With special exceptions for Great Britain and

less developed countries, the United States in the future would pay dollars for only one-third of any nation's gold holdings as they existed before the change in policy was announced. Mr. Despres assumes that such a U.S. policy would immediately cause the gold price to plummet, and would culminate in the dethronement of gold and its replacement by the U.S. dollar.

It is true, of course, that the U.S. dollar is the mainstay of the official currency reserves for scores of countries. Foreign governments use dollars in foreign exchange markets to support their own currencies when necessary. The dollar is being used in settlement of all kinds of payments. It also is true that the gold purchase policies of the U.S. government have greatly affected the value of gold. During the 1920's and 1930's, for instance, when the United States accumulated a large share of the total world supply, this governmental action afforded value and stability to gold. On the other hand, U.S. governmental action greatly depressed the world market value of gold through the 1933 prohibition of all private gold holdings. This makes it impossible to surmise what the free market price of gold would be if people were free to buy and hold gold and if the governments and

central banks would refrain from hoarding it in their vaults.

But how can the U.S. government possibly declare certain foreign gold holdings ineligible for purchases in the United States?

How can the U.S. government prevent Switzerland, for instance, from using its gold for purchases from various countries other than the U.S.? Could it not trade its gold with Great Britain or the underdeveloped countries, whose gold, according to the Despres Plan, will continue to be eligible for purchases in the U.S.? How can the U.S. government police the gold trade and movements all over the world? Beyond all this, when men distrust the future of

paper money, including the paper dollar, gold itself rises in value as measured not only against paper money but also against goods. Men turn to gold as the one thing that may survive the wreck of paper currencies and the changing policies of government.

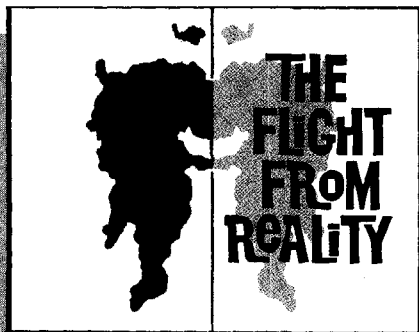
The enthronement of the U.S. dollar as currency king appears to be but another desperate scheme of inflationists who are disturbed by men's confidence in gold rather than paper money. From the beginning of inflation some 2,500 years ago, governments have waged war on gold. Yet gold has survived as a medium of exchange throughout these millennia. ◆

IDEAS ON LIBERTY

Monetary Crisis

NOBODY traded [France in 1796] except for metallic money. The specie, which people had believed hoarded or exported abroad, found its way back into circulation. That which had been hidden reappeared; that which had left France returned. The southern provinces were full of piasters, which came from Spain, drawn from across the border by the need for them. Gold and silver, like all commodities, go wherever demand calls them; only their price is higher, it is held at that point which attracts sufficient quantity to satisfy the need. People were still exposed to some cheating by payments in mandats, because the laws, giving legal tender value to paper money, permitted people to use it for the satisfaction of written liabilities; but few dared to do so; and with regard to all agreements, they were kept in metallic money. In every market one saw only gold or silver; the workers were paid in this manner only. One would have thought there was no longer any paper in France. The mandats were then found only in the hands of speculators, who received them from the government and re-sold them to those who bought the national lands. In this manner the financial crisis, although still existing for the state, had all but ended for private persons.

As translated from THIERS' *History of the French Revolution*,
7th edition (Brussels, 1838)



12.

The Democratic Illusion

CLARENCE B. CARSON

CUSTOMS do change. It was once the custom for children to read and be told fairy stories, fables, legends, and myths. Young children were taught to believe in Santa Claus (and, in this case, still are), told of the legend of Robin Hood, read stories of fairies who performed work for adults, and led to believe that there was a pot of gold at the end of each rainbow. Generally speaking, such fables are no longer approved by the "experts" on child rearing. The stories have been taken out of the textbooks in the early years of schooling. Parents have been warned against filling their children's minds with illusions. Ac-

ording to the new dispensation, children were to be taught the facts of life from the beginning, and that as prosaically and clinically as possible.

Whatever else might be said for or against this newer viewpoint, it did have a seductive logic about it. Children who had not been provided with illusions would not have to be disillusioned. They should have a progressively firmer grasp upon reality as they grew up, and, as adults, be truly realistic. It has not worked out that way. Today, adults are told fairy stories, fables, legends, and myths, and a large number of them apparently believe them. Many men apparently believe that government is a kind of Santa Claus who can bestow goods for which there is no charge, that in a democracy people may legitimately play

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Robin Hood by taking from the rich to give to the poor, that we have solved the problems of production and that the good fairies will continue to produce goods when the incentives to production have been removed, and that there is a pot of gold at the end of the rainbow which the politician describes if we will only follow his policies.

There is much more to current illusions, of course, than improper rearing of children, but the question that the above development raises should not be left suspended. The wisdom that is bound up in established customs cannot always be perceived by the naked eye. On the contrary, what may appear illogical upon first examination may have reasons that stem not from abstract logic but from the way people are. Men are given to illusions, probably always have been and will be.

Supplying children with illusions in felicitous stories and myths may have the effect of an inoculation against illusion (following the principle of inoculation of inducing the disease in a mild form). As the child grows up, he sheds the illusions one by one, or in bunches. The legends, stories, and myths may provide him invaluable points of reference for the discernment of reality. He knows, from them, what sort of

things belong to the real world and what sort to illusion. Those who do not have some embodied illusions as points of reference may have much greater difficulty in separating illusion from reality, or, to put it another way, may succumb much more readily to the illusory.

At any rate, illusions abound in the twentieth century. They are usually decked out in more sophisticated garb than the above examples would indicate. Men are drawn along on the journey toward the pot of gold at the end of the rainbow by phrases such as "creating a democratic society," "adjustment of monetary supply to demographic tendencies," "transforming the environment to meet human needs," "an equitable distribution of the wealth," "mutual cooperation for the advancement of the general welfare," "increasing the purchasing power of the underprivileged," "rectifying maladjustment induced by technological innovations," "preventing the stagnation of the economy," and "balancing expenditures between the public and private sector." The language is new — out of euphemism by sociology, midwifed by would-be bureaucratic intellectuals — but the illusions are as old as the daydreams of improvident men.

Let us examine one of the cur-

rent illusions in somewhat more detail, show why it is an illusion, and use the example as a way of reviewing the story of the flight from reality thus far. An illusion which appears to be gaining ground steadily in the United States is that poverty can be abolished. Already, war has been declared upon it, and we are led to expect that the demise of poverty will occur in the not too distant future.

The Problem of Production

From one point of view, the abolition of poverty can be made to appear quite plausible, in this country at least. The argument for it goes something like this: The problem of production has now been solved. America now produces enough goods, or has the means for doing so, so that no one need suffer privation. To support such a contention, evidence can be adduced of the glut of goods now available despite the fact that some factories are not producing at their full capacities. Let us assume that the description is accurate, that there is a glut of goods and the capacity — potential or actual — for producing abundance that will abolish poverty. Even so, the conclusion does not follow.

The fundamental fallacy is in the major premise — that the prob-

lem of production has been solved. It has only been solved if the matter is viewed as being static. That is, it has only been solved for today and a few more days, after which it will emerge once more if something is not done. Redistributionist schemes derive such plausibility as they have by abstracting a static picture from the situation as it momentarily exists. It becomes apparent when an actual redistribution is undertaken that the problem of production has not been solved.

Planners will shortly learn, if they did not already know or suspect it, that poverty stems not primarily from unfair distribution but from the unwise choices which men make. The main reasons for poverty, other things being equal, are improvidence, laziness, lack of foresight, slovenliness, the use of capital for consumer goods or goodies, and physical or mental debility. (Of course, governments can and do intervene in ways to contribute to the poverty of individuals.) Most poverty, then, can be attributed to the choices, or failures to choose, which men make. To put it another way, poverty results from the uses men make of their liberty.

There is reason to believe that this has long been apparent to social reformers, for their programs

regularly result in the reduction of the choices which men have available to them. To state it bluntly, the attempt to abolish poverty is made by taking away the liberty of people. This can be done crudely or with considerable subtlety. When it has been done crudely, Western Europeans and Americans have usually been horrified at it. Thus, Communist measures have repulsed most Westerners rather than attracted them. In the West, then, the removal of liberty has been advanced much more subtly, and the programs for abolishing poverty, or what-not, have been mild initially. The removal of choices takes such forms as increased taxation, inflation, and governmental controls.

Intervention Breeds Poverty

But even when choice has been removed, poverty will not be banished. Prosperity, even more than poverty, is the result of innumerable choices of individuals — of decisions, of individual initiative, of saving, of prudent investment, of invention, and so on. When liberty prevails generally, a great many people may contribute to their own and to the prosperity of others. As liberty is reduced, they lose the means, the opportunity, and the incentive for innovation, invention, discovery, and increased productivity. In consequence, pov-

erty is extended to more and more people rather than being abolished.

This is not simply a matter of speculation; there are a goodly number of historical examples for those who prefer experimental evidence. The Russian Bolshevik innovations caused poverty on a titanic scale in the 1920's and 1930's. The programs of the British Labor Party after World War II came near to completely wrecking what still remained of an English economy after decades of increasing intervention. Reports from Communist China indicate that collectivization has wrought devastation in places there. But one need not go so far afield for evidence. Ninety miles from the shores of the United States the scene has been enacted almost before our eyes. The Pearl of the Antilles, once a fertile paradise of productivity, has been transformed in short order into a land of hunger and shortages. There are many other examples throughout history of the failure of men to produce when they are denied the fruits of their labor — at Jamestown, at Plymouth, at New Harmony, and so on.

In the final analysis, poverty cannot be abolished because, when men are tolerably free, it is an individual and family matter. It is a result of their habits, customs, indiscipline, and themselves

as they are. Any collective approach to the abolition of poverty, as if it were a thing itself, can only temporarily alleviate the condition of some people, if it can do that, at the expense of a general impoverishment. The ultimate importance of liberty does not derive from the fact that free men will produce more bread, but they will, if that is what they want.

Gaining Respectability

The above principles were generally well known among nineteenth century Americans, and among people elsewhere, too. Men who proposed to abolish poverty were considered laughable or dangerous, or both. It is no longer so. The series thus far has dealt with how the way was prepared for contemporary illusions, with how thinkers were cut loose from reality by focusing upon the abstract and ephemeral, with how utopian ideas were spread, with how past experience was defamed and traditional philosophy discredited, with how some thinkers began to conceive of themselves as creators, with how the programs for social transformation were made more palatable by the domestication of them. By the early twentieth century reformist intellectuals were beginning to draw publicists and politicians into the web of their delusion. A consider-

able number of Americans began to accept some of the milder programs of social reform.

But the programs of ameliorative reformers involved taking away the control which people had of their own affairs. They involved taking away some of the cherished liberties of at least some people. Now it is doubtful if there have ever been people more jealous of their liberties than Americans. It was for this that Americans rebelled against England and effected their independence, so generations of school children had learned. They had learned, too, in the inspiring phrase of Patrick Henry, that liberty was more precious than life. They had carefully limited and restricted their governments so that these might be less likely to become tyrannical. Americans would not lightly have yielded up their liberties, even if they had thought it would have resulted in more bread.

Many things went into making the reduction of liberty acceptable, but none of these could be ranked with the claim that what was being done was democratic. Americans had come, by the early twentieth century, to value what they thought of as democracy. Indeed, they had come to associate it with their system of government and their liberties in such a way that

they could not readily perceive how things that were claimed to be democratic could be antithetical to their liberties. Some reformers perceived that the American attachment to democracy could be turned to good account; they need only identify their programs with democracy.

Herbert Croly made this rather clear as early as 1909. He declared that the loyalty of Americans "to the idea of democracy, as they understand it, cannot be questioned. Nothing of any considerable political importance is done or left undone in the United States, unless such action or inaction can be plausibly defended on democratic grounds. . . ."¹ Elsewhere, he points out how this fact can be utilized, saying that "the American people, having achieved democratic institutions, have nothing to do but to turn them to good account. . . . A democratic ideal makes the social problem inevitable and its attempted solution indispensable."² In short, he was maintaining that the political instrumentality of democracy should be used to transform man and society.

It is doubtful if anything in the history of Christendom can

match the enamorment of Americans with democracy in the twentieth century. They have fought a war to make the world safe for it, written numerous books about it, taught courses about it, thingified it, prayed for it, and embraced it as the unquestioned good. Many writers sprinkle the word on their pages as if it were seasoning, politicians justify their programs by it, and educators call upon it as if it were heavy artillery.

The Grand Illusion that "We Are the Government"

What is so strange about it is that the appeal to democracy is founded upon an illusion. It is an illusion born in ambiguity, nourished by a political party, brought to maturity in romantic confusion, and placed in the service of social reform. But before reviewing this history briefly, the character of the illusion should be made clear.

The fundamental illusion here is that these United States, either singly as represented by the general government or taken together by including the state governments, are a democracy. The general government of the United States is not a democracy. It is not a democracy historically, etymologically, nor in the sense in which reformers use the word to justify their programs. The root meaning of democracy is rule, or govern-

¹ Herbert Croly, *The Promise of American Life*, Cushing Strout, intro. (New York: A Capricorn Book, 1964), p. 176.

² *Ibid.*, p. 25.

ment, by the people. Government, according to the *American College Dictionary*, means, "the authoritative direction and restraint exercised over the actions of men in communities, societies, and states; direction of the affairs of a state, etc.; political rule and administration. . . ." It should be clear that in the United States the people do not govern. They do not make the laws. They do not administer the laws. They do not enforce the laws. These functions are performed by those people in government service. Nothing should be plainer than this.

Lincoln's Phrase Examined

Some of the confusion about our system of government can be cleared up by reference to the most famous, and repeated, purported description of that system, the phrase extracted from Lincoln's Gettysburg Address. As rhetoric, the phrase — "government of the people, by the people, for the people" — has much to commend it. It is simple, well balanced, and easily remembered. Unfortunately, it has come to have the standing of revealed truth when, in fact, as description, it is part true, part false, and part dubious.

It may be accurate to say that ours is a government *of* the people, that is, that it *derives its powers* from the people, *operates by the*

consent of the people, and that those who govern are *chosen or appointed* from among the people. But it is not a government *by* the people. To think that it is, is to confuse the governed with the governors. Men exercise the powers of government; they govern or rule. Those who govern are not the people; no magic of voting, appointment, or delegation can transform them into the people. By constitutions, those who govern in the United States are granted *limited* powers to be exercised for a *limited* time to perform *limited* functions. In theory, the people have unlimited power; they may do whatever mortal men can do. (In practice, however, they are limited by constitutions, and those who govern are charged with seeing that they observe these.) Not so, the governors; they are strictly limited. To believe that the people govern is an illusion; it confuses governors with governed, and opens the floodgates to unlimited power of the governors over the governed. Lincoln's description here was inaccurate. As to whether ours is a government *for* the people, that depends upon how the powers are exercised.

The notion that the United States is a democracy is almost as old as the republic about which the confusion exists. As early as 1835 Alexis de Tocqueville, a

Frenchman, published a book in Europe whose title in English translation is *Democracy in America*. Partisans of the Democratic Party were already beginning to refer to our system as democratic. By the latter part of the nineteenth century, the name had stuck, and Americans came to assume that theirs was a democracy.

It was generally understood at the time of the drawing and ratification of the Constitution of 1787 that it did not provide for democracy. The Founders understood that, in classical terms, they were providing for a mixed government. Its various branches were described as monarchical (the executive), aristocratical (Senate and possibly the Supreme Court), and democratical (House of Representatives). They understood very well, of course, that of the offices they were providing for, the President was not to be a monarch, the Senate not to compose an aristocracy, nor the House a democracy. The terminology was drawn from their understanding that there are three forms for the exercise of political power — monarchy, aristocracy, and democracy — and that they were assigning authority and responsibility to bodies derived from each of these forms. The power to be exercised was derived from the people by the representative principle. The resulting gov-

ernment they understood to be a republic.

The Founders' Intent

The Founders neither intended to found a democracy nor did they. There were two main objections to a direct democracy at the time. One was that the country was too extensive for any such mode of the exercise of power. The other objection was much more fundamental and universal in its implications. It was that even if it were territorially practical to have direct democracy, it would not be desirable.

In the debates over ratification in the Massachusetts Convention Moses Ames, who had presumably experienced direct democracy in the town meetings, made the point emphatically. "It has been said that a pure democracy is the best government for a small people who assemble in person. . . . It may be of some use in this argument . . . to consider, that it would be very burdensome, subject to faction and violence; decisions would often be made by surprise, in the precipitancy of passion, by men who either understand nothing or care nothing about the subject. . . . It would be a government not by laws, but by men."³

In the government actually

³ Elliot's *Debates*, Bk. I, vol. 2, p. 8.

founded, the role of the electorate was twofold: to give its *consent* by the choice, either directly or indirectly, of those who were to govern, and to *limit* the actions of those in government by periodic elections.

Yet by the Jacksonian period "democratic" was being used by some to describe the American way. The Jacksonians claimed to be lineal descendants of the Jeffersonians, and a good case can be made in justification of the claim. Later historians have written of "Jeffersonian Democracy," though Jefferson called his the Republican Party. Nevertheless, Jefferson did use the term "democracy" to refer to American ways, and it is appropriate to go back to him for an historical examination of the matter in hand.

The belief that the United States is a democracy arose mainly from an ambiguous use of the word "government." If Jefferson, Jackson, and their followers, had consistently thought of government as that which has a monopoly of the use of force in a given jurisdiction, they would not have thought of the United States as a democracy. They understood the political arrangements in this country too well for that. But they thought of government as also embracing the management by an individual of his personal affairs as well. This

is often referred to as self-government. The difficulty with such usage is that it introduces ambiguities; it blurs the distinction between an individual's control of his affairs and the actions of agents of government — a distinction too important to be ignored. The confusion of these distinct activities set the stage eventually for a vast extension of governmental power at the expense of the individual's control of his affairs.

Both Jefferson and Jackson Opposed Big Government

Of course, neither the Jeffersonians nor the Jacksonians foresaw any such consequences. Indeed, there is great irony here, for both men and their followers were opponents of large governmental establishments and defenders of individual liberty. The Jeffersonian Republican Party drew its following from those concerned to limit the powers of the general government, to delineate the rights of the individual, and to secure the powers of local governments. The Jacksonians were vigorous opponents of governmental intervention in the economy, of the grant of special privileges, and of the use of large governmental powers in the lives of the citizenry.

Jefferson made his position clear on the role of government in his First Inaugural Address. He said

that what was needed was "a wise and frugal government which shall restrain men from injuring one another, shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned." Still, he did confuse the issue as between political government and self-government. On one occasion, he wrote: "We of the United States, you know, are constitutionally and conscientiously democrats." He offered this explanation for the claim:

We think experience has proved it safer, for the mass of individuals composing the society, to reserve to themselves personally the exercise of all rightful powers to which they are competent, and to delegate those to which they are not competent to deputies named, and removable for unfaithful conduct by themselves immediately.⁴

That he thought of the matter primarily in terms of men managing their own affairs is made clear in the following. He said that Americans had imposed on them "the duty of proving what is the degree of freedom and self-government in which a society may venture to leave its individual

members."⁵ Moreover, "I have no fear but that the result of our experiment will be that men may be trusted to govern themselves without a master."⁶

The Jacksonians were, if anything, more concerned with limiting government than the Jeffersonians and, at the same time, more fertile in producing confusions about self-government and democracy. In the *Democratic Review*, initiated in 1837, the author declared:

The best government is that which governs least. No human depositories can, with safety, be trusted with the power of legislation upon the general interests of society so as to operate directly or indirectly on the industry and property of the community.⁷

The same author declared, "This is the fundamental principle of the philosophy of democracy, to furnish a system of administration of justice, and then leave all the business and interests of themselves, to free competition and association; in a word, to the *voluntary principle* . . ."⁸

William Leggett, another Jacksonian, enunciated similar principles in the 1830's. "The funda-

⁵ *Ibid.*, p. 77.

⁶ *Ibid.*

⁷ Joseph L. Blau, ed., *Social Theories of Jacksonian Democracy* (New York: Liberal Arts Press, 1954), p. 27.

⁸ *Ibid.*, p. 28.

⁴ Edward Dumbauld, ed., *The Political Writings of Thomas Jefferson* (New York: Liberal Arts Press, 1955), pp. 48-49.

mental principle of all governments," he said, "is the protection of person and property from domestic and foreign enemies. . . ."⁹ When it has done that, he thought, men may be expected to look after themselves:

As a general rule, the prosperity of rational men depends upon themselves. Their talents and their virtues shape their fortunes. They are therefore the best judges of their own affairs and should be permitted to seek their own happiness in their own way, untrammelled by the capricious interference of legislative bungling, so long as they do not violate the equal rights of others nor transgress the general laws for the security of person and property.¹⁰

He identifies this with democracy by saying that "If government were restricted to the few and simple objects contemplated in the democratic creed, the mere protection of person, life, and property . . . , we should find reason to congratulate ourselves on the change in the improved tone of public morals as well as in the increased prosperity of trade."¹¹

Walt Whitman, too, was an apostle of democracy (or of Democracy, for the word had not lost its partisan connotations when

he wrote the words below). His views were similar to those above. "*Men* must be 'masters unto themselves,' and not look to presidents and legislative bodies for aid."¹² This being so, that government is best which governs least.

One point, however, must not be forgotten—ought to be put before the eyes of the people every day; and that is, although government can do little *positive* good to the people, it may do an *immense deal of harm*. And here is where the beauty of the Democratic principle comes in. Democracy would prevent all this harm. It would have no man's benefit achieved at the expense of his neighbors. . . . While mere politicians, in their narrow minds, are sweating and fuming with their complicated statutes, this one single rule, rationally construed and applied, is enough to form the starting point of all that is necessary in government; *to make no more laws than those useful for preventing a man or body of men from infringing on the rights of other men.*¹³

A Large Measure of Self-Control

The Jacksonians, then, had a theory of democracy, a theory which involved limited government, free trade, a society of equals before the law, and each man pursuing his own interests limited

⁹ *Ibid.*, p. 75.

¹⁰ *Ibid.*, p. 76.

¹¹ *Ibid.*, p. 87.

¹² *Ibid.*, p. 131.

¹³ *Ibid.*, p. 132.

only by the equal rights of others. In this way, the energies of each man would be released to make the most for himself and contribute the greatest amount to the general well-being. They perceived that from the diverse activities of men a near miraculous harmony of achievement emerged. They surrounded their idea of democracy with a romantic aura, and some men sang praises to it. The author in the *Democratic Review* broke forth in what amounts to a lyrical litany to democracy:

We feel safe under the banner of the democratic principle, which is borne onward by an unseen hand of Providence, to lead our race toward the high destinies of which every human soul contains the God-implanted germ; and of the advent of which — certain, however distant — a dim prophetic presentiment has existed, in one form or another, among all nations in all ages.¹⁴

It is quite probable that it was some such conception of the American system as this that Lincoln had in mind when he drew the fateful phrase for the Gettysburg Address. And, in this sense — conceiving the people as individuals, and government primarily as self-government — it may have been descriptively apt to refer to the system as a government of, by, and for the people. It is not diffi-

cult to understand, either, how many Americans could come to value democracy so highly. As I have pointed out, however, the conception was flawed by ambiguity. There was no clear distinction between government as force and “government” as a man’s management of his own affairs.

Indeed, the Jeffersonians and Jacksonians did not see the need for making such a distinction. What is correctly called government was only an extension of the principle of a man’s control of his affairs to a different arena, when the government was popularly based. They were majoritarians; they thought that when government derived its power from a broad general consent that the liberties of the individual would be most secure. The effort to extend the suffrage was thought of as part and parcel of an attempt to be rid of special privileges, governmental favors, and the use of government for special interests.

Reversing the Historic Pattern of Governmental Privileges

In historical perspective, their case was an impressive one. Governments had ever and anon been used for the advancement of the few at the expense of the many. Men of wealth and station had used government to consolidate their positions, to confer titles and

¹⁴ *Ibid.*, p. 30.

hereditary positions upon them, and to grant them exclusive franchises and monopolies. Could the poor not see that their hope lay in limiting government, in *laissez faire*, in allowing each man to receive as his efforts and ability merited? Could those of the middling sort not perceive that their advantage lay with a free and open economy?

For the moment, in the mid-nineteenth century, they could. There were as yet no widespread theories about using the government positively to benefit the less well off. No grandiose plans for redistributing the wealth had yet been spread to bemuse and enamor the ne'er-do-wells. In the last decades of the nineteenth century, however, the situation was changing. Social theorists, utopians, reformers, communitarians, populists, anarchists, socialists, and others were spreading their ideas. The programs ranged from Henry George's proposal to confiscate all rent, to the Populist idea of partial government ownership of the means of production, to Daniel De Leon's full-fledged Marxist socialism. The siren song that all sang, however, was that the government (as force) should be used for the benefit of the general populace, at the expense of the few. The hoary practices of discrimination by government were to be reversed; the

have-nots were at last to be made the beneficiaries of government.

Perverting the Democratic Ideal

Clearly, however, American institutions, traditions, and beliefs ran counter to any such usage. American democracy stood for limited government, for equality of all (including the rich) before the law, for each man to seek his own good in his own way, and for each to receive the rewards of his own labor. Perhaps a revolutionary socialist would conclude that democracy would have to go, then. After all, some were concluding that socialism would have to be ushered in by an elite. However, evolutionary socialists — Fabians, gradualists — proposed to turn the materials at hand to their ends. Democracy was a concept too deeply ingrained in American thought, as Herbert Croly indicated, to be ignored. It must be somehow subsumed into the new vision; it must be "instrumented" for new social ends.

But for this to be done the conception of democracy would have to be transformed; the old democracy would have to be displaced by a New Democracy. This was the burden of Walter Weyl's book, *The New Democracy*, examined in the last chapter in another connection. He made no secret of the fact that this was what he was

about. He referred to the "so-called individualistic democracy of Jefferson and Jackson," and declared that whatever its merits had been at the time it was now obsolete. "The force of our individualistic democracy might suffice to supplant one economic despot by another, but it could not prevent economic despotism."¹⁵ What he meant was that when each man got the rewards of his efforts, some got much more than others. In consequence, "to-day no democracy is possible except a socialized democracy."¹⁶ The reason for this, he claimed, was that the "individualistic point of view halts social development at every point. Why should the childless man pay in taxes for the education of other people's children? . . . To the individualist taxation above what is absolutely necessary for the individual's welfare is an aggression upon his rights and a circumscription of his powers."¹⁷

This conception of democracy would have to be changed:

In the socialized democracy towards which we are moving all these conceptions will fall to the ground. It will be sought to make taxes conform more or less to the ability of each to pay; but the en-

¹⁵ Walter E. Weyl, *The New Democracy* (New York: Macmillan, 1912), pp. 161-62.

¹⁶ *Ibid.*, p. 162.

¹⁷ *Ibid.*, p. 163.

gine of taxation, like all other social engines, will be used to accomplish great social ends, among which will be the more equal distribution of wealth and income. The state will tax to improve education, health, recreation, communication . . . , and from these taxes no social group will be immune because it fails to benefit in proportion to cost. The government of the nation, in the hands of the people, will establish its unquestioned sovereignty over the industry of the nation, so largely in the hands of individuals.¹⁸

The "people," however, had generally been less than enthusiastic at that time about such thoroughgoing "democracy." To change popular opinion, Weyl believed it would be necessary to undertake an immense educational program. People must be led to

recognize that we have the social wealth to cure our social evils — and that until we have turned that social wealth against poverty, crime, vice, disease, incapacity, and ignorance, we have not begun to attain democracy. We must change our attitude towards government, towards business, towards reform, towards philanthropy, towards all the facts immediately or remotely affecting our industrial and political life.¹⁹

Such an "educational" program was, of course, undertaken, and the story of it will be told later.

¹⁸ *Ibid.*, pp. 163-64.

¹⁹ *Ibid.*, p. 273.

**The "New Democracy" Contingent
on a New Class of Rules**

But the important point here is this: The ambiguity of the earlier conception of democracy was dissolved into an illusion. Democracy was transformed into a political conception. The government (as force) was to undertake the myriad functions being prescribed. What had formerly been done by the people (individually) was now to be done for them by the government. But that would not be democratic. The people collectively could not even perform the simpler offices of limited government. To understand this it is only necessary to imagine all Americans gathered to welcome a foreign ambassador or directing a military undertaking. No, an electorate could not even direct the simplest of activities; for that it had to choose representatives, and these had to appoint agents. These agents were not the people, a fact well understood earlier, and they had to be checked else they would become despotic. For that, elections would serve, or so they hoped.

Now, however, governments were to undertake vastly complex

activities, activities whose complexities eluded the understanding of all except a few. Governments were to plan economies, control economic activities, attempt to effect distributive "justice," enter into every facet of the lives of people. If this could be done, it certainly could not be done by the "people." All constructive activity requires organization. If more than one person is involved, hierarchical organization becomes necessary. Authority and responsibility must be located in a single head, and if the undertaking involves a great many people, there must be a "chain of command." Insofar as the American political system provides for such organization, it is not democratic (it is monarchic and aristocratic, a fact well understood by the Founders); insofar as it is democratic, it does not encompass such organization and activity.

In short, the reformers could not effect their programs by democratic means. They could, however, change the conception of democracy into a conception of ends and use undemocratic means to the end. The story of how they did this needs to be told, also. ♦

The next article in this series will pertain to "The Democratic Elite."

“Every employee is ENTITLED to a fair wage.”

BEING “FAIR” in the determination of wages is an axiom of good management, a “demand” of union leaders. But at the risk of appearing to be “unfair,” let us examine the notion that “every employee is *entitled* to a fair wage.”

Suppose, for instance, that a man is employed to produce ordinary aluminum measuring cups. Working with only such hand tools as a hammer and cutting shears, he is able to cut and form two cups an hour—16 in an 8-hour day; and these hardly the streamlined models which grace a modern kitchen.

A block away, a man using a press, dies, and other mass production equipment turns out high quality aluminum measuring cups at a rate of 320 a day. What is a “fair wage” in each of these plants? Is it the same for the highly skilled man who forms cups with hand tools as for the man who mass produces them at twenty times the first man’s rate?

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If the advocate of “fair wages” begins with the assumption that two dollars an hour is a fair wage for the man using hand tools, it is clear that each cup must sell for no less than one dollar—just to cover labor costs. But charging any such price for handmade cups obviously is out of the question if superior cups from the nearby competing plant are offered, shall we say, at 25 cents each.

If the consumers’ choice is to be a determinant of the price of cups, then it appears that this hand craftsman—for the job he is doing—may not be able to earn more than a few cents an hour. Were he to insist on more from his employer, he’d obviously price himself out of that job. This, of course, would leave him the alternative of seeking employment elsewhere; possibly at the more highly mechanized plant in the next block.

Within an economy of open competition, it seems reasonable that any person should be free to

choose from among various available employment opportunities. But if all interested parties — including employers and consumers — are to be equally free to choose, then it is clear that the employee may not arbitrarily set his own "fair wage" and demand a job at that rate. Nor can an employer arbitrarily maintain for an appreciable time a "fair wage" that is much higher or lower than is indicated by the competitive situation. If he tries to pay more than is justified by the productivity of his men and tools, he must face bankruptcy. And if he pays much below the prevailing level in that area, his workmen will quit.

If freedom of choice is to be respected, then the only fair wage is one determined by the purely voluntary process of competitive bargaining in a free market.

One may deplore the plight of the poor fellow in the unmechanized plant; how will he use his skills? Indeed, it is unfortunate if he lacks the modern equipment to make his efforts most productive. But to suggest that he should receive more than is reflected in the price consumers will voluntarily pay for cups is to reject the ideal of competitive private enterprise, to turn away from freedom and to accept Marxian philosophy. That would be saying in effect that *need*, and not produc-

tivity or consumers' choice, determines wages; and that once a person starts work at a certain job, he has a vested interest in that job and a *right* to receive more than he can earn in it. We may decry the decisions of consumers in the market place if they reject the high-priced product of the hand-skilled employee, but the only substitute arrangement is to deny the consumer's right of choice by law, forcing him or some other taxpayer to subsidize the particular craftsman. No one can have a *right* to such an arbitrary "fair wage," unless someone else is *compelled to pay it*.

So a "fair wage" is not something static which anyone can pick out of the air or arbitrarily define. It is not a fixed amount for every employee, but a figure that varies with each person and situation. The physical strength and technical skill of the employee may be highly important factors; but from this simple illustration it is clear that neither these, nor the man's *needs*, can be the sole determinants of wages. The most important single factor — assuming consumers' choice of this product — is productivity which proceeds from investment in tools. When this truth is recognized, it wholly displaces the fallacious idea of a *right* to a "fair wage." ◆

The Icarian Community of Nauvoo



NAUVOO, Illinois, is well known for the Mormon settlement there from 1839 to 1846, but few know of or remember the communal Icarians who occupied the town from 1849 to 1850.

PAUL M. ANGLE, editor of *Chicago History*, in the Spring 1965 issue of that journal of the Chicago Historical Society, tells the story as taken from *The Icarian Colony in the United States of America: Its Constitution, Its Laws, Its Situation Material and as to Morals at the End of the First Six Months of 1850* by Etienne Cabet.

ETIENNE CABET, born at Dijon, France, in 1788, was one of many men of his time who were inspired by visions of a better world than that in which they lived. Soon after the French Revolution of 1830, Cabet's attacks on the government of Louis Philippe sent him into exile in England. There he fell under the influence of Thomas More's *Utopia* and the personal magnetism of Robert Owen, the English humanitarian who had founded a short-lived

communal settlement at New Harmony, Indiana, in the 1820's.

In England, Cabet wrote his chart of the ideal society: *Voyage et Aventure de Lord William Caristal en Icarie*, more commonly known as *Voyage en Icarie*. Cabet depicted an imaginary state in which a leader, Icar, had set up a regime based on the denial of private property. In Icaria there was no money, no salaries, no taxes. Everyone ate the same food, lived in identical quarters, dressed in

the same clothes. Even the children were taken from their parents at an early age and reared and taught by designated members of the community. Published in 1840, the book was translated into German, Spanish, and English in the next eight years.

Re-admitted to France, Cabet made plans to move his ideal society from the printed page to reality. In December, 1847, he announced that Icaria would be founded on the banks of the Red River in Texas. There he bought several thousand acres of unimproved land. Eager recruits jumped at the chance to exchange poverty and frustration for the good life in the New World. The conditions were hard: each colonist must contribute 300 francs to the common fund, bring his own tools and clothing sufficient for two years. Nevertheless, 69 persons, all citizens of the perfect state, embarked at Le Havre for New Orleans on February 3, 1848.

The voyage took nearly two months. They had been told that there was easy access to their land: they discovered that they had to hack their way to it. At their destination they learned that their purchase had been encumbered by impossible conditions. Illness decimated them. After several months they gave up and made their laborious way

to Shreveport on the Red River, most of them hoping only to return to France.

At this point Cabet, who had not accompanied the advance guard, arrived. Soon afterward, three Icarians who had been sent north on an exploring expedition returned to report that on the Mississippi River, in the state of Illinois, stood the town of Nauvoo which the Mormons had abandoned two years earlier. Land and buildings could either be rented or purchased. Cabet quickly decided that Nauvoo would be the site of Icaria.

On March 1, 1849, 142 men, 74 women, and 64 children left New Orleans and headed upriver. (The advance guard had been augmented by several later accessions.) On the trip twenty died of cholera. When they arrived at Nauvoo two weeks later, the colonists had 46,000 francs, but after buying land and houses (and renting more), and buying furniture, horses, animals, and implements, only 5,000 francs remained.

The State of Material Affairs

Now we turn to Cabet for an account of the Icarian community five years later—that part of his book covered by the “situation materielle” of his title.

On July 1, 1855, the Icarians numbered 526, of whom 57 lived

in a subsidiary group which had been established in Iowa. This number had been attained in spite of defections. Most of the defectors were Germans who could not speak French and did not share Icarian principles. Even so, several of those who had left had signified desire to return. Cabet quoted a letter from one:

"If there are those in the community who wish to leave, I tell them that they are mad; that they will never find what they will leave: Fraternity, Liberty, a life tranquil and without worry; for, while I have found good and generous hearts in the family of my wife, the community was still better."

Lodging, the founder admitted, was still far from perfect, in part because of the shortage of masons. The colony needed stoves and lamps, candles and oil, and a horse and wagon to deliver coal and wood to each dwelling.

Various workshops were in operation: a sewing room for making dresses and men's clothing, a machine shop, forge, blacksmith's shop, tin shop, carpenter shop, and quarters for butchers, painters, coopers, printers, shoemakers, weavers, bakers, and various other trades. The list sounds impressive until one comes to Cabet's admission: "All these workshops are in their infancy,

but the colony will develop and perfect them." The great need, it turns out, was for machines, and for storerooms for raw materials, tools, and finished products. This meant money, and money, in Icaria, was in short supply.

The inventory showed 14 horses, 25 oxen, between 400 and 500 hogs, and 20 cows which gave from 80 to 140 liters of milk a day. Fowls were scarce: so few that eggs were limited to the sick.

Misfortunes had taken a heavy toll. Fire had destroyed the grain elevator, malt house, and laundry, all new buildings. Two valuable horses, three colts, and several cows and hogs had died. On the credit side the colony had built one dormitory on the temple square. It had purchased a service of faience and glass for the refectory and had ordered another, of wrought iron, from Paris. The temple square had been planted with trees, shrubs, and flowers, and there, every Sunday after supper, 20 school children "made music in the open air."

Living Conditions

Cabet described living conditions in detail. Board—all ate in the common dining room—was nourishing and as varied as possible. In the morning, before going to work, the men were served a dram of whiskey with bread.

For lunch the men had soup, potatoes or beans, or meat left over from the night before. The women, apparently, had to be satisfied with *café au lait*. The dinner menu bears out Cabet's assertion that the Icarians were better fed than the mass of working people elsewhere. "Several times a week we have thick soup and butcher's meat, sometimes mutton; in the winter fresh pork with sauerkraut, ham and other smoked pork; excellent fish once or twice a week depending on the season; various pastries, potatoes, sweet potatoes, beans, rice, butter, cheese, fresh vegetables of all kinds, radishes, cabbage, peas, carrots, turnips, onions, leeks, spinach; sometimes poultry; often, during the season, melons and watermelons. This year we will have an abundance of peaches, enough to eat three times a day for a month, either fresh or stewed. Next year we will have apples and other fruit, for we have planted fruit trees of all kinds, and we will even have all kinds of preserves. We do not yet have grapes but we will soon, for we are cultivating the vine."

"Icarian dress," Cabet declared, "must be suitable for cold and heat, in winter and summer, comfortable, economical, and consequently simple, easy to make and repair, utilitarian, without luxury

and adornment. All which tends toward luxury and coquetry is as contrary to our economic necessity as to our principles of reason and morality." The colony had to make a large number of straw hats, and winter caps of cloth, leather, and fur. Boots had to be made for all outdoor workers, which meant practically everyone. This meant great expense, which could be diminished if money for a tannery could be obtained. In the meantime, some of the workmen were turning out sabots, cheaper than boots and warmer in the winter.

The colony had three schools; one for boys from six to sixteen, one for girls of the same age, and a third, a kind of nursery school, for children between three and six. The children had to eat and sleep at the older schools, which occupied a large double house. On Sunday, their parents could take them away between dinner and supper, and could see them at school any day of the week during recreation periods. The girls were taught women's work and the boys various trades, including farming. Cabet looked forward to the time when the schools could accommodate some American boarders who would receive instruction in the French language and Icarian principles.

The town had a library of 4,000

volumes which received a number of French and American newspapers. There was also a theater where every Sunday, in the presence of the entire community—the men, women, and children occupying separate sections—talented Icarians presented plays, sang, or recited. The choir—so the founder claimed—was much in demand for public fetes, and on one occasion had received \$100 for singing at the dedication of a railroad.

The colonists were fortunate enough to have a physician who was also a surgeon. He made daily visits to the infirmary and the schools and to those who were ill at home. The hospital, however, was so small it could care for men only. A midwife presided at all deliveries. Women and the girls of the school bathed in a large pond, the men and boys in the Mississippi. (What, one wonders, did they do in the winter?)

Signs of Discord

So far, from Cabet's recital, one could conclude that affairs were going quite well in Icaria. Yet he was careful to point out that the settlement at Nauvoo was not intended to be permanent. Much of the surrounding land was occupied and held at prices too high for the colony's means. The tracts that could be rented

were so small that permanent improvements were impractical. A location where the community could buy large holdings of land was indispensable. But where to go? Oregon, Texas, Kansas, Nebraska? All were too far away, and some places were already too thickly settled. In 1852 they had decided upon Adams County, Iowa, 200 miles to the west. They possessed 4,000 acres there but did not have the resources really to develop their holdings.

It would be necessary, therefore, to keep Nauvoo for some years as a place of apprenticeship, a school for the children, and a propaganda center. It would also be a place of reception for the many new arrivals expected from France.

When Cabet turned to a discussion of the colony's morale, the true state of the venture came out.

"I am not satisfied," the founder asserted bluntly. "We do not understand our principles sufficiently and do not apply them fully; we do not have enough of unity and fraternity, order and economy, discipline in work, or fidelity to the conditions of admission."

Cabet had a long list of specific complaints. Too many colonists tried to obtain special privileges, thus violating the principle of equality. Too many indulged in

slanders and calumnies. Some were lazy; some had violated the principle of communal property by secretly selling clothing and furniture which belonged to the community. Many were careless and profligate; others regularly disregarded the rule which prohibited hunting and fishing for pleasure.

Intemperance

Cabet discussed certain delinquencies at length. One of the rules of the colony enjoined temperance, frugality, and simplicity. "But some, too many . . . can be called free livers or sensualists. I have seen no one suffer from hunger, but I have seen much of indigestion—a mother kill her children by too much to eat, and an old man kill himself by indulging to excess, against the advice of his friends, in melons during a cholera epidemic." Coquetry was a vice of the Old World capable of disrupting the family, yet women who called themselves Icarians were bringing Paris styles to Nauvoo, while Icarian women in Paris were sacrificing their jewels for the advancement of the order.

The use of tobacco, all Icarians knew, was strictly prohibited. Nevertheless, several members of the delegation sent to Keokuk to receive the last group to come

from France greeted the newcomers with pipe in mouth. Others, notably the Germans, had taken to their pipes only days after foreswearing them; still others could be seen smoking before their doors in the sight of the whole colony. "These abuses are grave," Cabet warned, "infinitely grave in my eyes, and I am convinced that it is absolutely necessary to stop them."

The objections to tobacco could be applied equally to strong drink, but with the difference that whiskey was useful to workers when distributed regularly and with caution. Thus it was that in the morning, during summer, when the Icarians went to work at an early hour, they received a dram of whiskey with bread, and that between meals, in the hot weather, they were rationed whiskey diluted with water. In the winter outdoor workers, and the women assigned to the laundry, received a regular allowance.

But there had been abuses, particularly in the shops on the outskirts of the town. Here workers had taken whiskey after each meal and oftener, and more of the critter than the rules allowed. Women had requisitioned whiskey to make preserves for their own use, and there had been thefts of liquor from the storehouse. "We even see, I say with regret

and I blush for you, some drunkenness in a society pledged to temperance. I can cite only one case, but one case in Icaria is too many, much too many."

The thirty-ninth condition of admission to the colony required the applicant to adopt, for religion, "the true Christianity, and for a creed, the practice of fraternity." "In Icaria," Cabet explained, "we have neither superstitions nor ceremonies, and those who believe that it is absolutely necessary to deceive, to brutify, and to fanaticize the people in order to govern them [religion is the opiate of the masses?] must find very difficult the Icarian undertaking which has no other weapons than reason and truth. But, Icarians, how can you hesitate to adopt for your religion the evangelical doctrine of fraternity, and for your creed the practice of that same fraternity?"

The forty-fifth, and final, condition stipulated that the community would have complete control of the children. But almost all families had forgotten this commitment: they wished to retain control of their children and to participate in all that concerned them. Many seemed to think that they could prove their affection by encouraging the children to develop a taste for fine clothing and choice foods; some

even permitted them to hear talk which excited them to insubordination. "This," Cabet warned, "is one of the gravest impediments to the progress of the community."

The Greatest Problem: Organized Opposition

"Well, in summary, what is our morale situation?" the founder asked in conclusion. "Isn't it evident that almost none of the conditions of admission is being fully complied with, that a certain number among us lack the Icarian qualities, that they neither know nor understand Icarian principles, and live in individual selfishness?"

The principal evil in the colony, Cabet charged, was a party hostile to communism, to the president, and to the faithful Icarians—a party which indulged in frequent, unsparing dissidence and a systematic opposition. The members of this group were not numerous—eight, ten, perhaps a few more—but they were very bold. They scorned education and Icarian propaganda; they justified the use of tobacco and whiskey and hunting for pleasure; they encouraged insubordination in work. They spread the notion that the Icarians were slaves because they did not enjoy absolute liberty, and asserted that they had not traveled 3,000 leagues to live in bondage. To them the faithful

were only flatterers moved by ambition, or informers and spies.

Cabet ended with a pitiful personal confession.

"I am old, overburdened by work, fatigue, and care, and I need rest.

"In consequence of all these fatigues and agitations, at the end of a long discourse on my part in the General Assembly last December, I was struck, you will remember, by a paralytic stroke which, thanks to the care of our physician, did not keep me from going out the next morning. Since then, my eyes are no longer strong enough for me to read, nor is my hand steady enough for writing. I am, to a degree, ill and in pain.

"And if the systematic opposition to which I am subjected does not cease completely, if the party which has been formed does not disband absolutely, if the majority does not resolve to practice vigorously Icarian principles and obey Icarian laws, without condoning any violation, I will retire next February, and leave the safety of the colony up to you."

The opponents of Cabet proved to be far more numerous and far stronger than he thought. In December, 1855, the faithful and the dissidents came to an open break over constitutional changes which the president demanded. Wrangling kept the community in turmoil for months, with Cabet losing ground steadily. Finally he decided to lead his own followers to St. Louis. In the month of October, 1856, seventy-five men, forty-seven women, and fifteen children left Nauvoo. The last contingent reached St. Louis on November 6. The next morning Cabet suffered a cerebral hemorrhage, and died at 5:00 a.m. on November 8.

The Icarians who had followed Cabet to St. Louis established a colony at nearby Cheltenham, which lasted until 1864. Those who had remained at Nauvoo stayed there until 1860, when they joined forces with the small group in Iowa. One group would break up only to be succeeded by another until 1895, when the common property was turned over to a receiver for distribution among the few surviving members. ◆



CENTRAL PLANNING: SIDE DOOR to SOCIALISM

ROBERT M. THORNTON

MY THESIS may be stated very simply: central planning will eventually destroy individual liberty by concentrating all political power in one person or in a committee; furthermore, it will eventually end our prosperity by laying the dead hand of state control on the economy. Now there are doubtless some advocates of central planning who are well aware that this would spell the doom of individual liberty, but the great majority of people undoubtedly believe that central planning is compatible with freedom and prosperity. It is to the latter that my words are directed.

Let me begin by noting that the three great intellectual traditions — classical liberalism, conservatism, and whiggism — converge at this point, in their opposition to state planning.

In his monumental book, *Human Action*, Dr. Ludwig von Mises, a classical liberal, has this to say on central planning:

The truth is that the alternative is not between a dead mechanism or a rigid automatism on one hand and conscious planning on the other hand. The alternative is not plan or no plan. The question is whose planning? Should each member of society plan for himself, or should a benevolent government alone plan

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for them all? The issue is not *automatism versus conscious action*; it is *autonomous action of each individual versus the exclusive action of the government*. It is *freedom versus government omnipotence*.

Laissez faire does not mean: Let soulless mechanical forces operate. It means: Let each individual choose how he wants to cooperate in the social division of labor; let the consumers determine what the entrepreneurs should produce. Planning means: Let the government alone choose and enforce its rulings by the apparatus of coercion and compulsion. (p. 726)

Planning in England

Writer and lecturer, Dr. Russell Kirk, a conservative, discusses central planning in his book, *Beyond the Dreams of Avarice*, the last half of which is devoted to describing the consequences of the planned economy in England:

If all life is to be planned, how are the planners to be chosen? And who will guarantee their integrity? And who will compensate for their errors? And what is to become of those delicate realities which do not fit conveniently into utilitarian plans — religion, the higher learning, the sense of beauty, the life of the family and traditional community, the sense of historic continuity that distinguishes a nation from a mere mob of individuals? Few Englishmen apprehended, at the inception of the welfare state, how its opera-

tion could not be confined to a few simple economic concerns, but necessarily must extend further and further into the morality, the education, the taste, and the little amenities of the life of every human being under its authority. (p. 215)

Professor Friedrich A. Hayek, an old-fashioned Whig, argues persuasively against central planning in his essay, "Kinds of Order in Society" (*New Individualist Review*, Vol. 3, No. 21). The persons who favor central planning, he writes, fail to acknowledge their abysmal ignorance and, lacking humility, believe themselves capable of creating complex social orders. But

in none but the most simple kinds of social order is it conceivable that all activities are governed by a single mind. And certainly nobody has yet succeeded in deliberately arranging all the activities of a complex society; there is no such thing as a fully planned society of any degree of complexity. If anyone did succeed in organizing such a society, it would not make use of many minds but would instead be altogether dependent on one mind; it would certainly not be complex but very primitive — and so would soon be the mind whose knowledge and will determined everything. The facts which enter into the design of such an order could be only those which could be perceived and digested by this mind; and as only he could decide on action and thus

gain experience, there could not be that interplay of many minds in which a lone mind can grow.

It is thus a paradox, based on a complete misunderstanding of these connections, when it is sometimes contended that we must deliberately plan modern society because it has grown so complex. The fact is rather that we can preserve an order of such complexity only if we control it not by the method of "planning," i.e., by direct orders, but on the contrary aim at the formation of a spontaneous order based on general rules.

It should be perfectly clear from the above quotations that it is intellectually respectable to oppose central planning and that anti-collectivists, with all their differences, are as one in their condemnation of planning by a central authority. I should now like to continue in my own words to mention briefly some of the fallacies inherent in planning and to explain why central planning is *not* compatible with freedom and prosperity.

Control Involved

No individual or organization can plan unless control is exercised over the means required to achieve the chosen goal. Could a housewife plan a meal if she had no control over the food, the cooking utensils, kitchen appliances, util-

ities, dishes and silverware, kitchen and/or dining room furniture — and the members of her family? Someone might attempt to argue that people will voluntarily submit to a master plan — its brilliance will immediately become apparent to one and all and no coercion will be necessary. But is this not a naive view of human nature? It is difficult enough to get some people to agree on the time of day! How can anyone think that a whole nation, or an appreciable part of it, will be agreeable to the plans of central authority?

Others might believe that central planning need not interfere with the private lives of individuals. The master plan, they tell us, will be concerned only with production and the means of production. But does not the experience of Nazi Germany and the communist states teach us that a central planning authority must necessarily direct such personal matters as where, when, how, and with whom one lives, works, plays, and worships? The master planner must not and will not tolerate contrary individuals who resist authority; everyone must submerge his individuality in the grand design. This is one side of the coin.

On the other side, central planning will make some persons pros-

perous by granting them privileges at the expense of others. Central planning, like socialism, is not designed to produce more wealth but to redistribute wealth already produced, according to the whims of a central authority. The more serious the attempts to spread the wealth, the less wealth there'll be, of course, because many will cease producing any more than the minimum required to support themselves and their families. Also the "smart" folks will see that the way to riches is to please the authorities, instead of working harder or thinking of new goods and services and better ways to produce them, that is, by pleasing customers.

Who Pays for Mistakes?

Prudence and individual responsibility are discounted under central planning because when the master planner blunders, everyone is hurt. When individuals or groups of individuals make wrong decisions, the consequences are pretty much confined to a relatively small number of people. So, for example, if a farmer errs in his plans or is hurt by the weather, he and his family and employees are the only ones likely to suffer very much. But if the authority planning *all* agricultural production makes a mistake, many will suffer; but not necessarily the

planner himself who with the force of the state behind him will at least get first crack at what food there is. Hence, the master planner, unlike the individual man or company, does not incur the natural penalties for his mistakes. He becomes irresponsible, as will all men and women under a system which tells them what to do and consequently relieves them of the duty to exercise personal judgment and accept personal responsibility.

The individual under central planning is worse off than otherwise because a balanced, dynamic economy is impossible under such a system. Labor and raw materials may be poured into the production of spaceships, but the result is a shortage of consumer goods. Once a master plan goes into effect new ideas, inventions, and techniques must be ignored or cast aside because they would upset "The Plan." Planning fixes a nation in the status quo. What, for instance, would have happened if a central authority had started planning the American economy in 1900? The planner would undoubtedly have based his schemes on an economy in which horses provided one of the chief means of transportation. Five Year Plans and Ten Year Plans would have spelled out the production quotas for harness and saddle makers and

carriage manufacturers, the construction of blacksmith shops and liveries, and the operations of breeding farms.

But then, along comes Mr. Ford and others with the *horseless* carriage! Is it likely the planner would eagerly scrap old plans and make new ones based on novel and untried means of transportation and power? And if by some freak of human nature, he did, is it conceivable he could have actually *planned* the automobile industry (and many related industries) as we have it today, over a half-century later? I doubt it.

Leonard Read has demonstrated that no one can make even a pencil all by himself, so it certainly follows that no one person can make a car by himself. Hence, it is impossible even to conceive of anyone or any group of persons planning the whole automobile industry—not to mention the industries that are necessary to the manufacture and operation of automobiles, petroleum, rubber, glass, and so on. Planning impoverishes a nation, regardless of the good intention of the planners. (Space does not permit a presentation of “case histories” to support this contention, but the interested reader is directed to two essays in the *New Individualist Review* [Vol. 3, No. 2]: B. R. Shenoy, “The Results of Planning

in India,” and Michael F. Zaremski, “Red China’s Great Leap Backward.”) It is not unfair to state that central planning has been tried and found wanting and to deny this is to shut one’s eyes to history.

Actually, if central planning could be perfect and absolute (which, of course, nothing of human design can be) society as we know it would disappear, and the poor souls remaining would have to endure a world such as that envisioned by George Orwell (*1984*), or David Karp (*One*), or Ayn Rand (*Anthem*). The more central planning “succeeds,” the more glaring are its errors and shortcomings and the more terrible its consequences.

Francis Rabelais’s Friar John asked how he could be expected to govern an abbey when he had so much trouble governing himself! Such humility is rare today when many there are who believe themselves capable of directing the lives of their fellow citizens. Surprisingly enough we heard a humble acknowledgement of this a few years ago by a U.S. Public Health Service official who declared that “a fool can put on his own clothes better than a wise man can do it for him.” (Quoted by Jane Jacobs in her excellent book, *The Death and Life of Great American Cities*).

Unanticipated Consequences

The planners may be sincere and well-intentioned; the grounds on which they base their interventions may appear to be logical. But even so, the interventions may produce unexpected and unwanted results. An urban renewal program, for instance, may be set up with the idea of providing better housing for the poor, increasing property values, enriching the business community, providing jobs for the unemployed, and the like. The consequences—a *shortage* of housing, small businesses gone forever, graft on a colossal scale, an increased burden on the taxpayer, and reduced tax revenues. Herbert Spencer said many years ago that no matter how leakproof the political design appears on paper, something not only unforeseen but *unforseeable* comes along to make a mess of it. In real life, we never deal with one thing in isolation; things are linked together in subtle ways. Attempt to control merely the price of butter, and control quickly spreads from the dairy industry, to the trucking industry, to the corner grocer—until the whole nation is affected.

One must also question the deterministic theory behind central planning which equates men and women to the inanimate pieces on a chessboard. Master planners, backed by state authority, may de-

termine the conditions of a man's life, but they cannot determine the individual's response to these new conditions.

Economic Calculation Impossible in the Socialist State

Under master planning, as in any other socialist order, economic calculation is impossible—except by reference to the relatively free economies elsewhere in the world. The consequence is, of course, inefficient production and high prices, too much of one thing and not enough of another. The wonders of the market economy are destroyed when political decisions replace economic decisions.

The central planner also forgets that what is an orderly, rational, reasonable arrangement to one person is to another person disorderly, irrational, and unreasonable (see de Jouvenel's essay, "Order vs. Organization" in the *Festschrift* honoring Mises, *On Freedom and Free Enterprise*). I, who am hardly able to drive a nail straight and cannot under any circumstances plane a board, sometimes shake my head at what appears to be utter confusion at a construction site. How the building ever gets up, I would not know, for everything is in such a mess. But if I were put in charge and kept everything "neat," the building would never get finished! In

brief, we are often tempted to pass judgment on things we know very little about.

If I fall victim to this temptation as an individual, no great harm is done, but give me the authority of a central planner and I can really cause trouble! The central planner is not necessarily any

worse than his fellow men; the trouble is that he has the power that no person can be trusted with under any circumstances. Mises acknowledged this truth in his reply to someone who asked what he would do if he were king with authority to do whatever he wished. Said Mises, "I would abdicate!"



IDEAS ON LIBERTY

The Fruits of Capitalism

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 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.

THE Libertarian Movement AND ITS Propaganda

ALEXANDER EVANOFF

THE AVERAGE AMERICAN is not likely to have heard of the Libertarian movement or what it represents and seeks to achieve. But, it seems to be clearly out of its embryo stage, prepared to exert an increasing influence. Though more quiet and less noticed than the earlier Fabian movement, its approach is also educational.

The Libertarians and the Fabians are distinctly opposed philosophically but their appeal, methods, and slow growth, as well as possible historical significance, may be said to bear certain similarity.

The Libertarian name was chosen when it became clear to serious students of liberty that authori-

tarian movements and ideas had pre-empted and perverted the freedom ideals for which the term *liberal* once stood. However, we are here concerned not so much with the theories or ideas of Libertarians as with the propaganda or educational methods they use, particularly as outlined in a 183-page guidebook by Leonard E. Read entitled *Elements of Libertarian Leadership*, with the subtitle, "Notes on the Theory, Methods, and Practice of Freedom" (Foundation for Economic Education, Irvington-on-Hudson, New York, 1962. \$2.00).

The Elements of Libertarian Leadership is intended to furnish a method and a guide toward "propagandizing" free market ideas. It is perhaps the most unexpected and most unlikely book

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on techniques of propaganda ever concocted. The book is a kind of philosophy and rationale for avoiding indoctrination. Low-grade purposes and goals may be served by indoctrination, but not the goal of freedom.

Self-Improvement Comes First

The first lesson for the embryo leader is that he seek to perfect himself rather than others. He who has gained a considerable knowledge of freedom will naturally and magnetically draw those seeking a better understanding.

The Libertarian point of view teaches that each individual is an end in himself and is a precious creation of God. A man's individuality must always be respected, and the very condition of individuality is difference or variation. What the Libertarian most abhors is the attempt of authoritarians to make every one of their fellow citizens over into their own image of virtue and righteousness. The Libertarian believes that education has a proper place in the nurture of freedom. But, even here, the chief emphasis is placed on educating the one each of us has the best chance of educating, that is: one's self.

"Why," asks the author, "do so many regard as hopeless the broadening of the single con-

sciousness over which the individual has some control while not even questioning their ability to stretch the consciousness of others over which they have no control at all." (p. 129) The answer, he believes, is as complex as the psychoanalysis of a dictator or the explanation of why so many people dote on playing God. The nation (as well as the world) must be saved by the salvaging of private selves. The Libertarian leader must keep his eye on his own perfection, never on repairing the shortcomings of others.

Freedom has to do with the "becoming," the evolution of the individual human being. "All that retards the development of the human potential is antifreedom. All that advances the individual's wholeness or completeness as a spiritual, moral, and wise human being is freedom in action." (p. 113ff.) Furthermore, the Libertarian cannot use bad means to achieve good ends: "The more destructive the end in view, the more fitting are compulsive means, disintegrative methods; the more creative the end in view, the more antagonistic to a solution are compulsive methods and the more must reliance be placed on attractive, integrative forces." (p. 115) Education, or advancing other people's understanding, cannot utilize the methods for selling soaps,

drugs, alcohol, tobacco, autos, houses, or the something-for-nothing ideas of current politics. Creative objectives, such as those of education, must resort to methods of "attraction" rather than compulsion. But creative objectives are also in a series of levels. "The higher the level, that is, the more creative, the more must reliance be placed on the power of attraction." (p. 116) *"Freedom is as high in the hierarchy of values as is the emergence of the individual human spirit and must be so evaluated by those who would advance an understanding of it."* (p.117)

Helping Others Help Themselves

If we concede that advancing an understanding of freedom belongs to a high scale of values, the problem for the Libertarian "is nothing less than influencing others to expand their consciousness, to increase their perceptions, to enlarge their cognitive powers." (p. 117ff.) You will note the emphasis here is to help others to expand *their* consciousness, to increase *their* perceptions, to enlarge *their* cognitive powers: *their* powers and not anyone else's. Each individual must do the job for himself; the job of expansion, increase, and enlargement of powers. What matters most is the expansion of consciousness.

At the core, no Libertarian

should feel that he knows all the answers to all the problems — or that any group or person has them. The Libertarian trusts in a Divine Wisdom which aims at some good evolutionary end. He trusts in the essential goodness and worth of the individual who must be encouraged to be himself by realizing his own potential most completely. The Libertarian believes that his own championing of the free market ideas and the necessity of spontaneous individual action, individual choice, and individual decision is most worthwhile and necessary; but he is willing to permit spontaneous choice and decision to operate even if the choice should go against him.

Now if one agrees that the Libertarian can best influence others by serving as an "exemplar," from what source must the expanding individual consciousness which would serve as exemplar derive its new acquisitions regarding truth and freedom? Through revelation, through intuition, and through attunement with Infinite Consciousness, which draws man into its infinite orbit. While there is never any relaxation of the magnetic power of "Infinite Consciousness," it does encounter human resistances such as arrogance, willfulness, know-it-allness. Some among us are less encrusted

with such obstacles to the magnetic pull of Infinite Consciousness than others. "More susceptible to this force, they experience with relative ease such of its rewards as insights and inspiration." These persons are referred to as "intuitive" or "creative." The Libertarian leader must develop intuitive powers; and yet, "for the most of us the expanding of consciousness, the increasing of perception, the developing of intuitive powers, takes a lot of doing." (p. 120)

The Source of Wisdom

The understanding of freedom, we are then led to believe, is of the same high level of quality, as well as of technique, as the mystic's search for enlightenment from the Source. "First, there is The Source which the individual in the loneliness of his own soul can decide to heed and, to the extent of his ability, harmonize with." (p. 123) The selling or marketing method does not fit the freedom objective because the means would be destructive of the ends. "No," says the author, "the gaining of wisdom or the understanding of freedom is not to be imposed by man upon man, nor can it be. It is not marketed or sold." (p. 124) Whatever the Libertarian scholar has made his own is distinguished by its at-

tracting quality. Truth is inherently attractive, regardless of where it exists on our earth level or in Infinite Consciousness. "The power of attraction is not outgoing but ingathering. It draws to itself whatever is susceptible to its force. That is at once its merit and its limitation." (p. 125)

The Libertarian must "everlastingly concentrate on getting the ideas, making them available to those who seek, and let it go at that." But note again that the ideas are made available to those who *seek*. The initial response for the ideas must come from those seeking enlightenment. Those who need, want, and are ready for Libertarian teachings will seek them out, as well as be drawn to them magnetically, so to speak. "Ideas have a built-in communication system of their own, which works very well unless short-circuited by offensive methods of propagandizing for them." The concept of keeping the Libertarian philosophy secret unless others ask for it, is an important safeguard against aggressive or obtrusive behavior.

The paradox is this: "Secrets are rarely kept, and ideas whose time has come can never be contained." Furthermore, "Ideas on liberty cannot be kept secret; we'll tell about them or burst. But we can hold in reserve the ideas we possess until other minds invite

them in, invitations that are certain to come if the ideas be worthy." Only the seeker for truth and freedom can know when he is ready to sample what Libertarians champion. But they hold themselves in readiness. This is reminiscent of Milton's line: "They also serve who only stand and wait."

Five Booby Traps

In the first chapter of *Libertarian Leadership* are listed five erroneous approaches toward the objective of freedom which Libertarians must avoid:

1. The belief that freedom can be obtained by uncovering card-carrying communists. This position seems to hold that our ills originate in Moscow. But communism originates as much in the minds of the American people as in any other and is a world-wide phenomenon.

2. There are those who believe that loss of freedom stems from what is called "the ignorant masses" and that the solution is simply to teach the man in the street that there is no such thing as "free lunch or some other such simplicity that can be grasped as he passes a bulletin board or drowsily reads baby-talk literature in a barber chair."

3. There is a considerable number who would offer political ac-

tion as their highest bid for freedom. Organize "right down to the precinct level" and elect "the right people" to public office. This is futile under present circumstances, as if freedom could be had by activating the present absence of understanding, so as to shift existing ignorance into high gear!

4. Another group believe that the price of freedom need not be much higher than the cost of beaming radio reports behind the iron curtain, and telling those slave peoples how luxuriously and splendidly we live in our freedom, our gadgetry, and our affluence.

5. Then there are those who feel that a "free world" can be assured if we tax our own people heavily enough to give to foreign governments and thus purchase friendship in exchange for cash. It is as if subsidized relationships were the basis for freedom.

High-Level Goals Cannot Be Attained by Low-Level Means

Man's essential task is self-improvement. The improvement of self, in a very real sense, is not really for the ultimate purpose of selfish-self-improvement so as to shine above others, or to have powers above others. Indeed, self-improvement would be impossible if this were the aim. High-level goals cannot be attained by low-

level means. The perfection of self is a matter of *perfection for use* — making of one's self a more perfect channel (vessel is the medieval or religious term usually employed) through which the evolutionary purpose of the Creator of men may function.

The leadership problem is not a mass reformation problem. If we had no way of remedying the present socialistic drift except as the "millions come to master the complexities of economic, social, political, and moral philosophy, we would not be warranted in

spending a moment of our lives in this undertaking — it would be like expecting the majority of Americans to compose symphonies." (p. 89) It is the nature of politics and political leadership that it can only reflect influential opinion. "There is no way to improve the quality of political leadership except as we lift the level of influential opinion — and this is an educational task."

Above all, implies Mr. Read, the educational methods of Libertarian propaganda should be consistent with the voluntary exchange of the market place. ♦

IDEAS ON LIBERTY

The Individual Mind

ACTS AND IDEAS that lead to progress are born out of the womb of the individual mind, not out of the mind of the crowd. The crowd only feels: it has no mind of its own which can plan. The crowd is credulous, it destroys, it consumes, it hates, and it dreams — but it never builds. It is one of the most profound and important of exact psychological truths that man in the mass does not think but only feels. The mob functions only in a world of emotion. The demagogue feeds on mob emotions and his leadership is the leadership of emotion, not the leadership of intellect and progress. Popular desires are no criteria to the real need; they can be determined only by deliberative consideration, by education, by constructive leadership.

HERBERT HOOVER, *American Individualism*

Think of That!

SOMEWHERE in the works of George Santayana there is a passage about the inherent expansiveness of the universe if only things will get out of the way of each other. "Things," of course, are recalcitrant. But man, the self-starter, is natively endowed with some faculties that enable him to get around things. The problem is to let the kinetic energy released by the self-starters flow into all those interacting creativities that make human society different from the beehive or the anthill, where all things go by rote.

The justification of the free market is that it lets things get out of the way of each other. I don't know whether Santayana ever knew Leonard E. Read, but he could have had him in mind when he was speculating upon the possible expandability of the universe. Leonard Read, as every Foundation for Economic Education *aficionado* knows, takes economics in his stride as a subdivision in the

larger study of the individual liberty that enables man to fulfill his supreme purpose in life, which, in Radian terms, is "to hatch,' to emerge, to evolve." His latest book, *The Free Market and Its Enemy* (Foundation for Economic Education, \$1.00 paper, \$1.75 cloth), is not economics as our Galbraiths and Hellers know it, a deduction from the manipulation of what might be called macro-statistics. Instead, it is a philosophical inquiry into the nature of the miracle that can bring a Brahms concerto to your bedside by the flick of a switch at three in the morning of a sleepless night. The devotees of macro-economics, or macro-statistics, might be able to tell you how many men are employed by Zenith Radio or whatever in manufacturing the gadgets that bring Brahms to you across ether or atmosphere. But this sort of economist is forever being deflected from a contemplation of the prime source of the Brahms-plus-Zenith-

Radio phenomenon: the intermeshing of what Leonard Read calls the thousand-and-one individual "think-of-thats" that bring the original composition of a concerto, the original inventions of electronics, the original creation of a manufacturing and marketing organization, and the original predilections and training of a potential customer's taste together to help a sleepless man invite his soul at three o'clock in the morning.

Who Could Have Planned It?

The freedom to be a self-starter had to exist in a bewilderingly complex number of cases to enable a sleepless Leonard Read to substitute Brahms for a nembutal tablet. Who, by whatever magic of "planned parenthood," could have matched the genes to make a Johannes Brahms? Who could have planned the potential genius's musical education? What government bureau could have supplied Edison and Marconi and the early hams of radio, the proprietors of KDKA in Pittsburgh or whoever, with the clues and incentives and materials that have resulted in making Brahms available to anybody for no more than the flick of a switch? The answer is that nobody could have thought all of this out in advance, or even a tenth part of it. It had just to "happen."

Leonard Read's conception of

"economic education" is to persuade men to have the courage to say "I don't know." Only the "know-it-all" would presume to "plan" musical satisfaction for all tastes at all times. The "know-it-all" psychosis is what nourishes the socialism which, in Read's definition, "amounts to the frustration of willing exchange by people who are unaware of how little they know."

True enough, the "know-it-all" can get away with his presumptiveness for a while. He can extort billions by taxation to pay for the moon machinery, foreign aid, social security, the razing and rebuilding of defunct downtown areas, the establishment of businesses in the mountain coves of Appalachia. Scientists can be hired to make moon machinery, for, as Mr. Read puts it, "people will as readily sell their ingenuity for a coercively collected dollar as for a voluntarily subscribed dollar."

But there is a hidden toll in all this. When big money is only available for moon machinery, the "think-of-thats" that might have gone into a thousand other lines of endeavor are necessarily aborted. Professors of science who go to Washington become unavailable to their students in Cambridge, Massachusetts, or Berkeley, California. We get an elephantiasis in one direction, a con-

dition of multiple sclerosis in another. Potential Edisons are, so to speak, lured into spending their lifetimes on electric power when they might be going on into motion pictures. The "think-of-thats" don't ramify: moon machinery precludes terrestrial or undersea machinery to the extent that dollars and time and energy are deflected by force into a single-minded crash program established by the "know-it-all" psychosis.

The Theory to Fit the Practice

We have always, of course, had our "know-it-alls." The desirability of a free market has always been a matter of common-sense observation, but it wasn't until the late eighteenth and the nineteenth centuries that systematic thinkers had the temerity to go up against the "planning" mind in providing a theoretical underpinning for the common sense of the man in the street. Mr. Read honors three men in particular for contributing to his own "economic education." He cites Adam Smith for his "development of the specialization thesis" in 1776, Frederic Bastiat for his "description of what he termed 'an absolute principle': freedom in transactions" in 1840, and Carl Menger for his discovery in 1870 that "the value of a good or service is determined not objectively by cost

of production, but subjectively by what others will give in willing exchange." Mr. Read would, presumably, be willing to admit that Jevons in England and John Bates Clark in the United States were codiscoverers with Menger in value theory; he cites Menger much in the way that evolutionists cite Darwin, not the codiscoverer Wallace, when they are passing out the credit for the theory of natural selection in biology. We need symbols when we talk about credits for "think-of-thats," and Mr. Read's symbols are as good as yours or mine just so long as the principles are clear.

No One Knows the Future

The student of liberty, says Mr. Read, must not be trapped by the type of "know-it-all" who demands an "absolute" projection of what might happen if the government, say, were to get out of the post office business. Nobody knows what might happen, for competition in the private mail-carrying business would be open to a myriad of "think-of-thats." All we know for certain is that "voice delivery," by private companies, has improved to the point where it is delivered at the speed of light at any distance on earth, and all at a steadily decreasing cost to the customer. The socialized delivery of the written word, on the

other hand, is not as good as it used to be, and since 1932 the Post Office has accumulated "an acknowledged deficit of \$10 billion." Mr. Read can't guarantee that private delivery of the mail would take any specific turn, but the presumption is that what has been done for voice delivery could also be done for delivery of the written or printed word.

Freedom, in sum, promotes an incomprehensible order — incom-

prehensible, that is, to those who demand that all things be known in advance. On the other hand, the "planner" actually produces a condition under which the Cuban in Havana is starved for meat and the Chinese in Red China must escape to Hong Kong if he is to hope for his own betterment. They call this state of affairs "order" in Havana and in Peking, but to Leonard Read it is an apt description of chaos. ♦

IDEAS ON LIBERTY

Leonard E. Read

THE ASPIRING LIBERTARIAN, if he has made the first important step in progress, understands that he does not know how to mastermind the life of a single human being. He concedes that there is an order of Creation over and beyond his own mind, that this order works in diverse and wondrous ways through billions of minds and that he should not in any way abort these miracles. This, however, does not make him a know-nothing. Even though, from his experience, he does not know what will happen, he gains a faith that miracles will happen if creative energies be free to flow.

THE *Freeman*

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.



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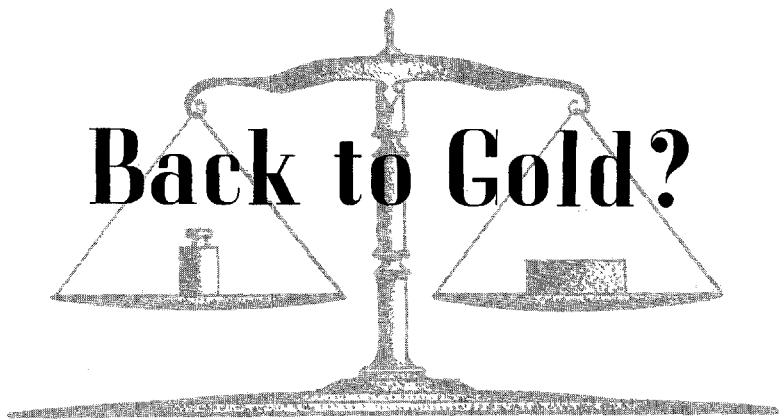
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Back to Gold?

HENRY HAZLITT

IN FEBRUARY of this year President de Gaulle of France startled the financial world by calling for a return to an international gold standard. American and British monetary managers replied that he was asking for the restoration of a world lost forever. But some eminent economists strongly endorsed his proposal. They argued that only a return to national currencies directly convertible into gold could bring an end to the chronic monetary inflation of the last twenty years in nearly every country in the world.

What is the gold standard? How

Mr. Hazlitt is the well-known economic and financial analyst, columnist, lecturer, and author of numerous books, including *What You Should Know About Inflation* (Princeton, N. J.: D. Van Nostrand, 1960; second edition, 1965).

did it come about? When and why was it abandoned? And why is there now in many quarters a strong demand for its restoration?

We can best understand the answers to these questions by a glance into history. In primitive societies exchange was conducted by barter. But as labor and production became more divided and specialized, a man found it hard to find someone who happened to have just what he wanted and happened to want just what he had. So people tried to exchange their goods first for some article that nearly everybody wanted so that they could exchange this article in turn for the exact things they happened to want.

This common commodity be-

came a medium of exchange — money.

All sorts of things have been used in human history as such a common medium of exchange — cattle, tobacco, precious stones, the precious metals, particularly silver and gold. Finally gold became dominant, the “standard” money.

Gold had tremendous advantages. It could be fashioned into beautiful ornaments and jewelry. Because it was both beautiful and scarce, gold combined very high value with comparatively little weight and bulk; it could therefore be easily held and stored. Gold “kept” indefinitely; it did not spoil or rust; it was not only durable but practically indestructible. Gold could be hammered or stamped into almost any shape or precisely divided into any desired size or unit of weight. There were chemical and other tests that could establish whether it was genuine. And as it could be stamped into coins of a precise weight, the values of all other goods could be exactly expressed in units of gold. It therefore became not only the medium of exchange but the “standard of value.” Records show that gold was being used as a form of money as long ago as 3,000 B.C. Gold coins were struck as early as 800 or 700 B.C.

One of gold’s very advantages,

however, also presented a problem. Its high value compared with its weight and bulk increased the risks of its being stolen. In the sixteenth and even into the nineteenth centuries (as one will find from the plays of Ben Jonson and Molière and the novels of George Eliot and Balzac) some people kept almost their entire fortunes in gold in their own houses. But most people came more and more into the habit of leaving their gold for safekeeping in the vaults of goldsmiths. The goldsmiths gave them a receipt for it.

The Origin of Banks

Then came a development that probably no one had originally foreseen. The people who had left their gold in a goldsmith’s vault found, when they wanted to make a purchase or pay a debt, that they did not have to go to the vaults themselves for their gold. They could simply issue an order to the goldsmith to pay over the gold to the person from whom they had purchased something. This second man might find in turn that he did not want the actual gold; he was content to leave it for safekeeping at the goldsmith’s, and in turn issue orders to the goldsmith to pay specified amounts of gold to still a third person. And so on.

This was the origin of banks, and of both bank notes and checks.

If the receipts were made out by the goldsmith or banker himself, for round sums payable to bearer, they were bank notes. If they were orders to pay made out by the legal owners of the gold themselves, for varying specified amounts to be paid to particular persons, they were checks. In either case, though the ownership of the gold constantly changed and the bank notes circulated, the gold itself almost never left the vault!

When the goldsmiths and banks made the discovery that their customers rarely demanded the actual gold, they came to feel that it was safe to issue more notes promising to pay gold than the actual amount of gold they had on hand. They counted on the high unlikelihood that everybody would demand his gold at once.

This practice seemed safe and even prudent for another reason. An honest bank did not simply issue more notes, more IOU's, than the amount of actual gold it had in its vaults. It would make loans to borrowers secured by salable assets of the borrowers. The bank notes issued in excess of the gold held by the bank were also secured by these assets. An honest bank's assets therefore continued to remain at least equal to its liabilities.

There was one catch. The bank's liabilities, which were in gold,

were all payable *on demand*, without prior notice. But its assets, consisting mainly of its loans to customers, were most of them payable only on some date in the future. The bank might be "solvent" (in the sense that the value of its assets equaled the value of its liabilities) but it would be at least partly "illiquid." If all its depositors demanded their gold at once, it could not possibly pay them all.

Yet such a situation might not develop in a lifetime. So in nearly every country the banks went on expanding their credit until the amount of bank-note and demand-deposit liabilities (that is, the amount of "money") was several times the amount of gold held in the banks' vaults.

The Fractional Reserve

In the United States today there are \$11 of Federal Reserve notes and demand-deposit liabilities — i.e., \$11 of money — for every \$1 of gold.

Up until 1929, this situation — a gold standard with only a "fractional" gold reserve — was accepted as sound by the great body of monetary economists, and even as the best system attainable. There were two things about it, however, that were commonly overlooked. First, if there was, say, four, five, or ten times as much note and deposit "money"

in circulation as the amount of gold against which this money had been issued, it meant that prices were far higher as a result of this more abundant money, perhaps four, five, or ten times higher, than if there had been no more money than the amount of gold. And business was built upon, and had become dependent upon, this amount of money and this level of wages and prices.

Now if, in this situation, some big bank or company failed, or the prices of stocks tumbled, or some other event precipitated a collapse of confidence, prices of commodities might begin to fall; more failures would be touched off; banks would refuse to renew loans; they would start calling old loans; goods would be dumped on the market. As the amount of loans was contracted, the amount of bank notes and deposits against them would also shrink. In short, the supply of money itself would begin to fall. This would touch off a still further decline of prices and buying and a further decline of confidence.

That is the story of every major depression. It is the story of the Great Depression from 1929 to 1933.

From Boom to Slump

What happened in 1929 and after, some economists argue, is

that the gold standard "collapsed." They say we should never go back to it or depend upon it again. But other economists argue that it was not the gold standard that "collapsed" but unsound political and economic policies that destroyed it. Excessive expansion of credit, they say, is bound to lead in the end to a violent contraction of credit. A boom stimulated by easy credit and cheap money must be followed by a crisis and a slump.

In 1944, however, at a conference in Bretton Woods, New Hampshire, the official representatives of 44 nations decided — mainly under the influence of John Maynard Keynes of Great Britain and Harry Dexter White of the United States — to set up a new international currency system in which the central banks of the leading countries would cooperate with each other and coordinate their currency systems through an International Monetary Fund. They would all deposit "quotas" in the Fund, only one-quarter of which need be in gold, and the rest in their own currencies. They would all be entitled to draw on this Fund quickly for credits and other currencies.

The United States alone explicitly undertook to keep its currency convertible at all times into gold. This privilege of converting their dollars was not given to its

own citizens, who were forbidden to hold gold (except in the form of jewelry or teeth fillings); the privilege was given only to foreign central banks and official international institutions. Our government pledged itself to convert these foreign holdings of dollars into gold on demand at the fixed rate of \$35 an ounce. Two-way convertibility at this rate meant that a dollar was the equivalent of one-thirty-fifth of an ounce of gold.

The other currencies were not tied to gold in this direct way. They were simply tied to the dollar by the commitment of the various countries not to let their currencies fluctuate (in terms of the dollar) by more than 1 per cent either way from their adopted par values. The other countries could hold and count dollars as part of their reserves on the same basis as if dollars were gold.

International Monetary Fund Promotes Inflation

The system has not worked well. There is no evidence that it has "shortened the duration and lessened the degree of disequilibrium in the international balances of payments of members," which was one of its six principal declared purposes. It has not maintained a stable value and purchasing power of the currencies of individual

members. This vital need was not even a declared purpose.

In fact, under it inflation and depreciation of currencies have been rampant. Of the 48 or so national members of the Fund in 1949, practically all except the United States devalued their currencies (i.e., reduced their value) that year following devaluation of the British pound from \$4.03 to \$2.80. Of the 102 present members of the Fund, the great majority have either formally devalued since they joined, or allowed their currencies to fall in value since then as compared with the dollar.

The dollar itself, since 1945, has lost 43 per cent of its purchasing power. In the last ten years alone the German mark has lost 19 per cent of its purchasing power, the British pound 26 per cent, the Italian lira 27 per cent, the French franc 36 per cent, and leading South American currencies from 92 to 95 per cent.

In addition, the two "key" currencies, the currencies that can be used as reserves by other countries—the British pound sterling and the U. S. dollar—have been plagued by special problems. In the last twelve months the pound has had to be repeatedly rescued by huge loans, totaling more than \$4 billion, from the Fund and from a group of other countries.

Balance of Payments

The United States has been harassed since the end of 1957 by a serious and apparently chronic "deficit in the balance of payments." This is the name given to the excess in the amount of dollars going abroad (for foreign aid, for investments, for tourist expenditures, for imports, and for other payments) over the amount of dollars coming in (in payment for our exports to foreign countries, etc.). This deficit in the balance of payments has been running since the end of 1957 at a rate of more than \$3 billion a year. In the seven-year period to the end of 1964, the total deficit in our balance of payments came to \$24.6 billion.

This had led, among other things, to a fall in the amount of gold holdings of the United States from \$22.9 billion at the end of 1957 to \$13.9 billion now — a loss of \$9 billion gold to foreign countries.

Other changes have taken place. As a result of the chronic deficit in the balance of payments, foreigners have short-term claims on the United States of \$27.8 billion. And \$19 billion of these are held by foreign central banks and international organizations that have a legal right to demand gold for them. This is \$5 billion more gold than we hold altogether. Even

of the \$13.9 billion gold that we do hold, the Treasury is still legally obliged to keep some \$8.8 billion against outstanding Federal Reserve notes.

This is why officials and economists not only in the United States but all over the Western world are now discussing a world monetary reform. Most of them are putting forward proposals to increase "reserves" and to increase "liquidity." They argue that there isn't enough "liquidity" — that is, that there isn't enough money and credit, or soon won't be — to conduct the constantly growing volume of world trade. Most of them tell us that the gold standard is outmoded. In any case, they say, there isn't enough gold in the world to serve as the basis for national currencies and international settlements.

The Minority View

But the advocates of a return to a full gold standard, who though now in a minority include some of the world's most distinguished economists, are not impressed by these arguments for still further monetary expansion. They say these are merely arguments for still further inflation. And they contend that this further monetary expansion or inflation, apart from its positive dangers, would be a futile means even of

achieving the ends that the expansionists themselves have in mind.

Suppose, say the gold-standard advocates, we were to double the amount of money now in the world. We could not, in the long run, conduct any greater volume of business and trade than we could before. For the result of increasing the amount of money would be merely to increase correspondingly the wages and prices at which business and trade were conducted. In other words, the result of doubling the supply of money, other things remaining unchanged, would be roughly to cut in half the purchasing power of the currency unit. The process would be as ridiculous as it would be futile. This is the sad lesson that inflating countries soon or late learn to their sorrow.

The Great Merit of Gold

The detractors of gold complain that it is difficult and costly to increase the supply of the metal, and that this depends upon the "accidents" of discovery of new mines or the invention of better processes of extraction. But the advocates of a gold standard argue that this is precisely gold's great merit. The supply of gold is governed by nature; it is not, like the supply of paper money, subject merely to the schemes of demagogues or the whims of poli-

ticians. Nobody ever thinks he has quite enough money. Once the idea is accepted that money is something whose supply is determined simply by the printing press, it becomes impossible for the politicians in power to resist the constant demands for further inflation. Gold may not be a theoretically perfect basis for money; but it has the merit of making the money supply, and therefore the value of the monetary unit, independent of governmental manipulation and political pressure.

And this is a tremendous merit. When a country is not on a gold standard, when its citizens are not even permitted to own gold, when they are told that irredeemable paper money is just as good, when they are compelled to accept payment in such paper of debts or pensions that are owed to them, when what they have put aside, for retirement or old-age, in savings banks or insurance policies, consists of this irredeemable paper money, then they are left without protection as the issue of this paper money is increased and the purchasing power of each unit falls; then they can be completely impoverished by the political decisions of the "monetary managers."

I have just said that the dollar itself, "the best currency in the world," has lost 43 per cent of its

purchasing power of twenty years ago. This means that a man who retired with \$10,000 of savings in 1945 now finds that that capital will buy less than three-fifths as much as it did then.

But Americans, so far, have been the very lucky ones. The situation is much worse in England, and still worse in France. In some South American countries practically the whole value of people's savings — 92 to 95 cents in every dollar — has been wiped out in the last ten years.

Not a Managed Money

The tremendous merit of gold is, if we want to put it that way, a negative one: It is *not* a managed paper money that can ruin everyone who is legally forced to accept it or who puts his confidence in it. The technical criticisms of the gold standard become utterly trivial when compared with this single merit. The experience of the last twenty years in practically every country proves that the monetary managers are the pawns of the politicians, and cannot be trusted.

Many people, including economists who ought to know better, talk as if the world had already abandoned the gold standard. They are mistaken. The world's currencies are still tied to gold, though in a loose, indirect, and

precarious way. Other currencies are tied to the American dollar, and convertible into it, at definite "official" rates (unfortunately subject to sudden change) through the International Monetary Fund. And the dollar is still, though in an increasingly restricted way, convertible into gold at \$35 an ounce.

Indeed, the American problem today, and the world problem today, is precisely how to maintain this limited convertibility of the dollar (and hence indirectly of other currencies) into a fixed quantity of gold. This is why the American loss of gold, and the growing claims against our gold supply, are being viewed with such concern.

The \$35 Question

The crucial question that the world has now to answer is this: As the present system and present policies are rapidly becoming untenable, shall the world's currencies abandon all links to gold, and leave the supply of each nation's money to be determined by political management, or shall the world's leading currencies return to a gold standard — that is, shall each leading currency be made once again fully convertible into gold on demand at a fixed rate?

Whatever may have been the shortcomings of the old gold stand-

ard, as it operated in the nineteenth and the early twentieth century, it gave the world, in fact, an international money. When all leading currencies were directly convertible into a fixed amount of gold on demand, they were of course at all times convertible into each other at the equivalent fixed cross rates. Businessmen in every country could have confidence in

the currencies of other countries. In final settlement, gold was the one universally acceptable currency everywhere. It is still the one universally acceptable commodity to those who are still legally allowed to get it.

Instead of ignoring or deploring or combating this fact, the world's governments might start building on it once more. ♦

KNOWING

THAT WE

KNOW NOT

LEONARD E. READ

A QUESTION that plagues numerous libertarians is: "Why does the free market, private property, limited government way of life find so little acceptance? Isn't it because it's so hard to understand?"

The right answer, it seems, is a qualified "yes." For it is extremely difficult to understand that there is a method of social and economic cooperation that doesn't require a lot of knowledge on the part of any one person. It isn't easy to grasp the fact that there is a wonderful way of life, suited to humanity as it is — that

is, made to order for all of us, no one of whom knows very much.

The fact is, the free market can no more be understood than can a living tree or Creation itself. But like the sun's energy, or even life, it is possible to gain an awareness of its miraculous performances and, becoming thus aware, treat this system of discoveries and willing exchanges with the intelligent solicitude of any other wondrous blessing. We can know of the free market; we cannot understand it!

We know of the Giant Sequoia, for instance. But we do not pre-

tend that we understand this wonder of Nature. We readily concede the tree to be a product of Creation, and let it go at that. True, scientists have noted that it is energy in particular atomic and molecular configurations, but understanding fades into nothingness when it comes to comprehending what atoms and molecules really are and how they coalesce to manifest themselves in a tree. But we do not have to understand trees in order that our lives may be enriched by their existence.

The free market is just as incomprehensible to our finite minds as any other manifestation of Creation. The artifacts by which we survive and live and enjoy ourselves — each and all of them, from the bread we eat to Grand Opera — represent the culminations of trillions upon trillions of creativities and discoveries which have been flowing through the minds of men and interacting in complex exchange ever since the dawn of human consciousness. These proceed from the same Source as do the mysteries of Nature; they are spiritual forces — *in depth*.¹ We will never really understand the free market, but it is our good

fortune that the market will confer its blessings on us regardless — that is, if we do not destroy it. Be it remembered that man, while unable to create life, has the power to destroy not only life but also the life-giving forces with which Creation has endowed him.

The Market Process to Be Taken on Faith

One of these important life-giving forces is the market process of voluntary exchange that affords abundance to millions of individuals where thousands previously struggled for subsistence. The process functions without any over-all masterminding; indeed, centralized, dictatorial planning is its nemesis! But if there be no awareness of or faith in this fact, man will go beyond his competency; he will interfere and disrupt the market and, by so doing, deny himself and countless others its benefits and blessings. If he doesn't know that he knows not, he will, as the saying goes, "throw a monkey wrench in the machinery." Man's misguided and coercive intervention can and will destroy this vital life force.

Man, with an exception now and then, has been willing to concede the creation of life and the cosmos to Creation. Some things in Nature he has had no part in originating; he doesn't know how they

¹ For an explanation of this concept, see Chapter II, "The Miraculous Market" in my *The Free Market and Its Enemy* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1965), \$1.00 paper; \$1.75 cloth.

came about; a hand other than his own accounts for their making; he accepts them as the environmental structure in which he finds himself; and, important to this explanation, he does not demand that he understand how to make a tree, for example, before enjoying its shade or using its trunk to build his home. In a word, man seems to think it is all right *not* to understand miracles he has had no part in bringing about.

Rejecting the Mysterious

But let mankind begin to participate in creation, that is, to have an infinitesimal part in an occasional miracle or discovery, and contemporaneous individuals will tend *not* to accept the free market way of life—merely because they cannot understand how such “chaos” could account for the artifacts by which they exist.

The artifacts by which you and I survive and live give the appearance of flowing from our own hands, even though no one of us can make a single one of them.² Power and light, TV sets, autos, computers, dishwashers, milking machines, ball point pens, reapers, or whatever, seem to be of our

own doing. The illusion that we ourselves are the authors of these artifacts, coupled with the belief that we should understand what we originate, causes many persons to reject the free market. It is this illusion that lies at the root of the trouble. Why, they seem to ask, should we embrace something we cannot comprehend?

The reality? The source of these artifacts by which we live is not contemporaneous man. At best, you and I do no more than to add a discovery or a creativity, now and then, to an enormous body of antecedent discoveries and creativities extending back through the millennia to the harnessing of fire. These trillions of discoveries and creativities, interacting in complex exchange, over many thousands of years, and finding their way through the porosity of restrictive and coercive interventions, taboos, edicts, and laws constitute the free market. It is a mistake to think of the free market as anything less than this incomprehensible performance *in depth*.

The Nub

Now we come to the nub of the matter: When people are unaware of the free market as it really is, they are prone to tamper with what they thoughtlessly misconceive it to be. They will tend to

² See Chapter XI, “Only God Can Make a Tree—Or a Pencil,” in my *Anything That’s Peaceful* (Irvington-on-Hudson, N.Y.: Foundation for Economic Education, 1964), \$2.50 paper; \$3.50 cloth.

reject a performance they cannot understand in favor of a system whose specifications can be framed within their own dim awareness. Put another way, they are disinclined to place any faith in anything that is "over their heads." The free market being beyond their ken, they embrace what comes within their ken: price and production controls, taking from some and giving to others, diluting the medium of exchange, and similar perversions. In short, they contrive a planned economy, dictatorially managed — a way of life shallow enough for them to grasp.

Assume that man had the same attitude toward Creation as manifested in Nature as most men now have toward Creation as manifested in the artifacts by which man lives and survives. What would he do in this case? Not understanding or being able to make a tree, he would first obtain all of a tree's chemical components. He would next paste these together in the shape of a tree. He would then paint the parts to look like a tree. So skilled is the artistry of man that the visual resemblance would be remarkable. But there would be no functioning

root structure, no osmotic pressure attending to sap flow; indeed, there would be no sap. Further, there would be no photosynthesis, or any chemical transformations, or any life! And as to its usefulness — well, nothing beyond an art gallery. What a grotesquerie!

The trillions of varied creativities, flowing through space and time, can never be synthesized to the point where the whole complex can be understood by any single person. Understanding is more than difficult; it is impossible. And, without question, it is this inability to understand which keeps faith in the free market from forming, growing, accumulating. It is also this inability to understand which accounts for all the little, annoying, destructive man-made substitutions. But the free market doesn't *need* to be understood.

The free market is but another of countless performances that require no more of man than an awareness of and a faith in its miraculous promises. The awareness and the faith are easy enough to acquire for anyone who can perceive the abundant evidence which lies about us on every hand. ♦

For a further development of the theme of the above article, see Leonard Read's *The Free Market and Its Enemy* (Foundation for Economic Education, Inc., Irvington-on-Hudson, New York, 1965. \$1.00 paper, \$1.75 cloth).

Editor's Note: This article appeared in the July 1959 *Freeman* and is a slight condensation of a pamphlet published in 1953 under the title "Stand By Controls." Unfortunately, it seems necessary to keep on explaining why government control of prices is economically, morally, and politically unsound.

Dr. Harper, for years a member of the staff of the Foundation for Economic Education, continues his research, writing and teaching as Executive Vice President of the Institute for Humane Studies at Stanford, California.

CAN WAGE AND PRICE CONTROLS CURE INFLATION?

F. A. HARPER

CONTINUING INFLATION inevitably poses the question: Are wage and price controls effective medicine for the illness? Does the bottle contain a potent remedy, or is it filled with the false potions of quackery?

A doctor diagnoses illness from his knowledge of a healthy body and how it functions. The economic doctors must do likewise. So our first step is to study the anatomy of a healthy trading economy.

Ours is a nation of 195 million persons. Like any other giant and complicated machine, its operation can best be seen by focusing our

attention on its small, integral, and essential working parts, so that we may clearly observe how they relate to one another.

So let's start with Jones, a pioneer in the primeval forest. He hunts and fishes and grows some crops in his little clearing. He tames a few animals and uses them for toil or to provide food.

Then along comes Smith to be Jones' neighbor. He, too, hunts and fishes and farms. But Jones is the better hunter, and Smith is the better farmer. As they follow their respective abilities, Jones comes to acquire an abundance of furs, but is short of corn for his meal; Smith has a goodly supply of corn, but is short of furs. So one cold day in winter, Jones - warm in his furs, but hungry - wanders

over to see Smith, who is well-fed but shivering in his cave. Jones proposes to trade some furs for some corn.

The two men may higggle and haggle over the terms of the trade. The margin for bargaining may appear to be wide in this instance, in contrast to real life in our complex economy. No alternative market exists for the product each has in surplus, except to keep it himself. But on closer scrutiny, we find that each has an effective bargaining tool against the other: Each knows that the other realizes the advantage of making a trade, as compared with keeping his surplus product. Each knows that there is little sense in driving so hard a bargain that it kills off a trade. Each realizes the absurdity of continuing to suffer for want of what the other has for trade. So we may assume that trade will somehow be arranged between them.

Now, what terms of the trade between Jones and Smith might be called fair and just?

The question of a just price presumes certain antecedent questions: Says who? In whose judgment? By what right to speak? Justice always presumes a judge with some principle by which to judge. Who is to be the judge, and what is the principle involved?

Would it be fair to make Jones

the sole judge, empowered to force upon Smith whatever terms of trade he shall dictate? Hardly, for to do so is to deny Smith all rights of ownership of the corn he has labored to produce. It would allow Jones to confiscate Smith's property.

Would it be fair to make Smith the sole judge? No — and for the same reason.

The Historical Concept

Historically, the concept of "a just price dictated by a disinterested third party" has usually been offered as the solution of this seeming dilemma. This concept has persisted in the affairs of man since earliest times — since ancient man first congregated into groups of three or more, thus making it possible for one person to interject himself into the economic affairs of two other persons. Let us say that the third party in this instance is Joe Doakes, a new and distant neighbor. Joe seems to be qualified to render justice since he is "distinterested, impartial, unprejudiced, and objective." He might be called the "public representative." Shall it be left to Joe to decide what is a fair price?

Joe's presumed qualifications for judging what price is fair — being disinterested, and all that — are precisely the reasons why he is not really qualified at all. He has

not one iota of right to speak as an owner because he has done nothing to produce either the furs or the corn. He has no relevant information except what he might obtain from Jones and Smith. They alone can know their own wants, and whether, at each specified price, they should keep what they have produced or exchange it. At best, Joe knows less about it than does either Jones or Smith.

Bluntly and in simple terms, Joe is unqualified for the job of determining a fair price; and furthermore, it is none of his business. To empower him to throw the bargain this way or that is to grant him the equivalent of ownership of both products; and by the test of who has produced them and who owns them under private property, he deserves no such right. At best, he is an interloper; at worst, he is an outright racketeer, holding a power by which he can demand a bribe from either or both parties.

What is wrong with this theory of an impartial judge determining what price is fair? Why is this any different from a judge in a court of law who presides, let us say, in a civil suit concerning an alleged violation of contract?

Such a civil suit involves an impasse of conflict, in which one or the other side must lose by a judgment of "guilty" or "not guilty."

A judgment is rendered based on the evidence: Was there a contract? Was it valid? What were its terms? Were the terms violated by the actions of the person?

Yet none of these conditions exist in the instance of Jones' and Smith's trade. There is no impasse which must be resolved *against* one party or the other; each may keep his property and maintain his status the same as it was before they met. In that sense, neither must lose. If they trade voluntarily, both will be better off than before. And the ownership of what is his own gives to each the right of veto — the right to decree that there shall be no trade between them. As was said above, to violate this right by allowing Joe to force a trade at terms he dictates is to violate the right of ownership.

Dual Judgeship

How, then, is the problem to be resolved? Jones has been disqualified as the sole judge. And so has Smith. And so has Joe. Since that excludes all who comprise this society, the problem may appear to be insolvable. But it seems that way only if one persists in looking for a single judge — some one person qualified to make the decision.

There is the appeal of simplicity, among other things, in having authority reside with *one* person — some Joe — empowered to establish

a just price. Throughout all history, this practice has been in evidence. In Medieval times, for instance, kings or lords fixed prices for goods, and thereby supported the traditional thought of the time, which presumed a just price according to the powerful church influence and the ecclesiastical "logic" of the time. More recently, various arrangements of government have done likewise. But always there has been some Joe occupying the seat of authority, like our own heads of OPA and OPS. There has always been the urge, in other words, to find some *one* person who should be empowered, as the all-wise, to decide the price that would be just. And therein lies the error of the search.

Under the beginning concept that Jones owns his furs and Smith owns his corn, it is clear that no rights are violated if no trade occurs and each keeps what he has. There is no conflict in that sense. The only sense in which a conflict can arise is if either Jones or Smith—or some third Joe—presumes ownership of what is *not* his, and acquires a power to dictate the terms of a trade beyond his own rights as owner. But so long as the basic right of ownership is preserved, a contemplated trade is never a conflict; it is an attempted act of cooperation under which *both* parties, not merely

one, stand to benefit. Each has a voice in the decision. Since both reserve the right of veto, their voices are equal in a decision that must be unanimous or else there is no "case in court" and no verdict.

The exchange process involves two persons, not just one. There is no free exchange unless and until *two* persons, serving as judges, agree on what the price shall be. The only persons who qualify as judges are the owners of the goods to be exchanged.

The 195 Million Traders

In our 1965 economy, there are some 195 million Joneses and Smiths. The ebb and flow of their trade and exchange is too complex for any human mind to grasp fully. What is a just price for shoes or wheat or a day's work in this economy?

There is no one just price for all shoes sold today. Justice, as already analyzed, rests on freedom of exchange for *each* pair of shoes, between the store which offers it for sale and the consumer who considers buying it. So the only way to have justice in the price for shoes today is to have free trade and free terms of exchange for each and every separate deal. Justice in prices, then, precludes any legal or authoritative decree of price for any trade of anything.

Justice on a large scale cannot be composed of subsidiary injustices. Justice in the aggregate comes only from justice in each of its parts—free and voluntary terms of exchange for each buyer and seller. That demands the preservation of private property rights, above all else. Justice resides in the right to keep what is one's own, if all buying offers are unsatisfactory; in the right of every offerer and bidder to resist coercion—even by the government, the presumed agency of legal justice. Once the search for justice ceases to focus on individual buyers and sellers and scans the national "price of wheat" or

"hourly wage," the hound is off the trail. In a free economy where personal rights are preserved, there is no national price of anything; there are innumerable prices, trade by trade.

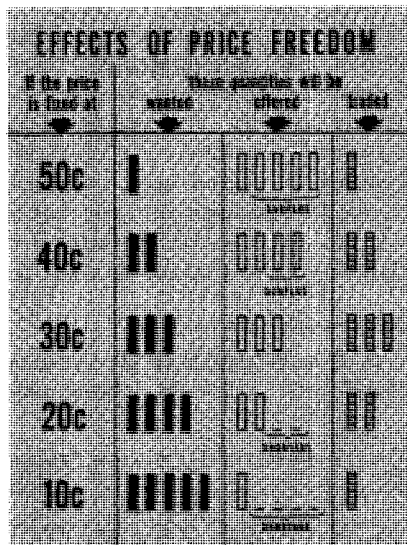
Miraculous Balance

When prices are freely arranged between each buyer and seller, an over-all condition develops which is one of almost miraculous balance. Both surpluses and shortages disappear. Peace appears where otherwise there would be chaos and conflict. "Who shall have what?" is resolved in the only way possible if a person's time is to remain his own; if what he has produced is to remain his; if he may give his property to whom he wishes, or trade it on whatever terms are satisfactory to both him and the buyer.

The manner in which this balance occurs is revealed by the accompanying chart. It combines two simple economic facts:

1. Consumers will buy less of a thing at a high price than at a low price.
2. Producers will produce more of a thing in anticipation of a high price than of a low price.

Another economic fact, not shown in the chart, is important in interpreting it: For a society as a whole, the consumers are the producers, and the producers are the



consumers. This fact, coupled with the simple truth that we cannot consume what is not produced, necessitates a balance between consumption and production. As the chart shows, a balance in this instance is found at the free price (at 30¢), where neither surplus nor shortage exists. The free price also generates a maximum amount of trading; and the terms of trade will have been accepted by every seller and every buyer as benefiting himself—as evidenced by their having traded willingly. *The only just price is the free price.*

"Economic Illness"

Against this background of the anatomy of a sound economic body, we may now proceed with its pathology. What is the economic illness for which the stand-by controls are intended? What are the symptoms that will signal a rush to the economic medicine cabinet for the presumed remedy?

"It will be when wages and prices soar due to war or inflation or some other serious disruption; when some emergency causes acute shortages of certain things." These, in the minds of those who favor stand-by controls, are the symptoms of the illness.

Appearing before Congress, a former Defense Mobilizer said: "I am always delighted to see a return to the free market, but I

must be sure that circumstances permit it."¹

The same view was expressed in the following release from the Chamber of Commerce of the United States: "In case of a serious new national emergency, a price and wage freeze would be the most effective way of dealing with the situation, as we learned in both the World War II and Post-Korean periods."²

Such persons believe that the free market with free exchange is a pleasant luxury—a lovely thing to be enjoyed only in those happy times when the economy is sailing over untroubled waters. At all other times, the government should prohibit the citizens from such wasteful indulgence, and should dictate prices and wages under the control of administrative law. Freedom of exchange, by this reasoning, should be considered a pleasant pastime—a privilege granted to us and bestowed upon us by the government only when officials of government consider that the circumstances warrant it.

Weakness in Emergencies

As clearly implied in the Defense Mobilizer's statement, those who

¹Hearings before the Committee on Banking and Currency, United States Senate, Eighty-Second Congress, Second Session on S.2594 and S.2645, March 4, 1952, p.27.

²*Economic Intelligence*, Number 55, February 1953, U. S. Chamber of Commerce.

favor stand-by controls for emergencies look upon controlled prices as strength and upon free prices as weakness. Why, otherwise, would they prescribe the medicine of controls in emergencies?

Any price either above or below the point of a free price, forced by some "Joe" armed with political authority rather than with rights as owner, is *injustice*. As prices depart from that point, more and more trading is killed off, to the detriment of both buyers and sellers. Then further controls over the affairs of workers and producers are likely to be added in order to obfuscate the new difficulties brought about by the first injustice. Error is piled on error in an inverted pyramid of interferences, until eventually the monument of mistakes must be dismantled or collapse under its own unstable weight. Whenever a false premise is adopted for medication, the "cure" is likely to aggravate the condition; then there is the temptation to apply more and more of it under the assumption that the dosage was inadequate or that the area of application was too narrow. Nothing — not even the famous guinea pig — is as prolific as controls in the hands of political authorities, during so-called emergencies.

In the light of the previous analysis, enacting stand-by controls of

wages and prices amounts to having a medicine cabinet stocked with injustice to be used in times of emergency; to creating surpluses and shortages, rather than balanced distribution, when emergencies arise; to giving a poison as an antidote for itself. If justice is strength and injustice is weakness, it amounts to prescribing weakness at precisely those times when strength is most needed. Goodness and justice, it would seem, are luxuries to be tolerated during an indulgent binge; but when the going gets rough and sobering realities must be faced, it seems that the emergency bottle should contain *injustice*.

Historical Failure of Control

For those who find the proof of the pudding only in the eating, history affords continuous and ample evidence, since the first known price control laws were enacted in Babylonia 3,800 years ago. They failed of their purpose, as has every similar attempt in recorded history since that time.

It is ever the same. When a government inflates the money or some other cause pushes prices upward, attempts are made to conceal the symptoms, rather than to attack inflation at its source or otherwise get at the root-cause. The attempt is made to adjust the scale on the thermometer by edict, rather than

to cure the fever that causes the mercury to rise — so to speak. The treatment applied to the fever victim is to throw him into a deep-freeze.

National Socialism Via Control

The evidence against controls, even during emergencies, is so overwhelming — by logic, and as revealed in the historical record — that one wonders how their enactment has gained so much credence in this “land of the free.” Could it be that we have been so busy manning the machines of physical defense that an intellectual mass attack upon our bastions has gone unnoticed? Sometimes our perspective on such matters is helped if we back away from the illusory belief we have embraced and look at the evidence from a distance.

Lassalle, the German Socialist, in a letter to Bismarck on June 8, 1863, wrote: “The working class instinctively feels attracted to dictatorship, if they can first be convinced that it will be practiced in their interests.” Spengler accurately forecast an age of governmental demagoguery when he wrote:

“What is truth? For the multitude it is that which they constantly read and hear . . . what it [the press] wants, is true. Its commanding officers engender, transform, and exchange truths. Three weeks’ work by the press, and all

the world has perceived the truth.”

In the early forties, when we were at war with national socialist Germany, the United States Department of State published a revealing treatise on these ideologies of our then enemy. It is revealing because it shows that we embraced, and are still embracing, the ideologies of our enemy in national socialism.³

This source warned us that as the plan of national socialism progresses, an authority is to be made supreme; his decisions are to be final and always right; his followers are to owe him the duty of unquestioning obedience. This is the same concept that was advocated by the ardent nationalistic philosopher, Johann Gottlieb Fichte.

A Prophecy

But under the influence of Napoleon’s repulsive example, Fichte later opposed absolutism in the state, foretelling the character of a future führer and describing how he might come to attain his power: The future führer would educate his people in cool and deliberate piracy; he would encourage extortion; robbery would be made the honorable token of a fine

³Raymond E. Murphy and others, *National Socialism: Basic Principles, Their Application by the Nazi Party's Foreign Organization, and the Use of Germans Abroad for Nazi Aims*, Department of State Publication No. 1864 (Washington, D. C.: U. S. Government Printing Office, 1943), pp. 11, 12, 15, 22.

reason; the State should virtually eliminate private enterprise, setting up a rigidly planned corporate economy – including, of course, price controls and other controls of various sorts; there would be strict governmental control of labor and production, concealed inflation and blocked currency, international barter agreements, and intensive armament as a prelude to territorial expansion.

Those are the concepts embodied in controls, whereby legalized looting of some persons by others is authorized under guise of fighting inflation. It is the blueprint of national socialism as told by our own State Department. We should read it again and again – and judge our own acts by its measure.

Goering's Advice

This quotation from Henry J. Taylor, of what Goering said in an interview long after Goering, Ribbentrop, and others had been jailed following the surrender of Germany, is revealing:

“Your America is doing many things in the economic field which we found out caused us so much trouble. You are trying to control people's wages and prices – people's work. If you do that, you must control people's lives. And no country can do that part way. I tried it and failed. Nor can any country do it all the way either. I

tried that too and it failed. You are no better planners than we. I should think your economists would read what happened here.

“Germany has been beaten, eliminated, but it will be interesting to watch the development of the remaining great powers, the stupidities they practice within their home lands, their internal strife, and their battles of wits abroad.

“Will it be as it always has been that countries will not learn from the mistakes of others and will continue to make the mistakes of others all over again and again?”

This same view – believe it or not – was confirmed by the then Vice-president of the Council of People's Commissars and People's Commissioner of Foreign Trade, in an interview printed in all Soviet newspapers on May 18, 1945.⁴ In explaining the serious food situation in Germany, he blamed the Hitler regime for having forbidden free trade of all articles of daily consumption. He stated that the trouble was due to the closing of all markets and the forced delivery of all farm products to the government, thus killing the incentive to produce.

It is not, perhaps, entirely a coincidence that the man who was

⁴Supplied through the courtesy of Professor Jacques Rueff, of the Institut d'Etudes Politiques, Paris, France.

the administrative head of German Price Administration until 1923, when their inflation exploded, came to the United States, wrote the book entitled *Price Control in the War Economy* in 1943, and became chief consultant in the Office of Price Administration.

A Matter of Degree

Now, rather than being at war with a national socialist Germany, we are involved in a "cold" war with communist Russia. Let's take a look at the advice from that quarter. Not that there is much difference between the communism of Russia and the socialism of Germany prior to World War II. Communism is merely socialism in a hurry. Even Marx spoke of what we now label "communist" as being socialist, and the Soviet state was named the Union of Soviet *Socialist* Republics. Moreover, the Communist Party in the United States, in its advice about recruiting new members, says that it should be easy to recruit a socialist by showing him that the Communist Party is the only real fighter for socialism in America; that the most effective way to help attain his ideals is to join the Communist Party.⁵

In 1848, Karl Marx, the "father" of communism, listed ten measures

for a successful communist-socialist revolution. Among them are several which specify controls by the State of prices in their various forms, and also the confiscation of private property.

In 1950, Earl Browder, former leader of the Communist Party in America, discussed the American trend toward communism. He listed 22 specific attainments which he said had furthered the communist program in this country even beyond that attained in Britain under their much-maligned Labor government. Among those listed were controls over prices, credit, money, laborers, and businesses; also bribes, in the form of special privileges to various groups. The program is so far advanced already that the government owns nearly one-fourth of all wealth other than land, and has licensing and other controls over practically every type of business.

Stand-by Controls for What?

The most kindly charge that can be made against one who favors stand-by controls for emergencies, it seems to me, is that he does not understand the workings of a free market and that he lacks confidence in the performance of free men working with private property in a voluntary exchange economy. And if that be his belief, why does he not propose government con-

⁵*Gaining Recruits for an Idea*, single sheet, Foundation for Economic Education.

trols of everything, *all the time*? Why not use the "strength" of controls all the time, not just in emergencies?

Stand-by controls? For what? Not, to be sure, for the purpose of either productive efficiency or justice! Not to maximize trade, nor to balance distribution so that shortages and surpluses will disappear! Not to further the freedom of man in this land which we claim will be the last bastion of freedom in the world struggle in which we are now engaged!

To enact stand-by controls would mean putting into the law of the land a permanent endorsement of a basic tenet of socialism — the

principle that control of the vital mainstreams of commerce and confiscation of the rights of private property are sound and just practices. A nation of freedom cannot enact even stand-by controls and remain basically free.

"... it hath been found by Experience that Limitations upon the Prices of Commodities are not only ineffectual for the Purposes proposed, but likewise productive of very evil Consequences to the great Detriment of the public Service and greivous Oppression of Individuals."⁶ . . .

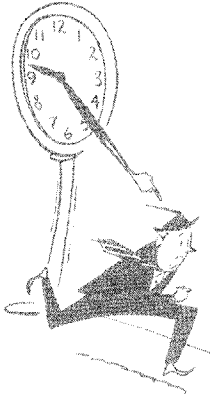
⁶June 4, 1778. *Journals of the Continental Congress* (1908 ed.), p. 569, Vol. XI.

IDEAS ON LIBERTY

One Set of Ills for Another

THE RESULTS have been astonishingly uniform. . . . The history of government limitation of price seems to teach one clear lesson: that in attempting to ease the burdens of the people in a time of high prices by artificially setting a limit to them, the people are not relieved but only exchange one set of ill for another which is greater. . . . The man, or class of men, who controls the supply of essential foods is in possession of supreme power. . . . They had to exercise this control in order to hold supreme power, because all the people need food and it is the only commodity of which this is true.

MARY G. LACY, *Food Control During Forty-six Centuries*



IMPATIENCE UNDERMINES FREEDOM

THE TYPICAL American of the 1960's enjoys a level of living, health, and comfort unimaginable to those who struggled twice as hard a half century earlier. The increased leisure of a shorter work week and longer life span might be expected to yield an air of patience and relaxation. Yet, some future historian is likely to reclassify our age of speed as the era of impatience, marked by lack of time, annoyance at delay, intolerance of those held responsible. Ours definitely is not a time of great patience among men.

Sports and Recreation

One by-product of our extra time has been the rapid growth of sports and recreation. Here,

surely, one might expect to find relaxation — and patience. Amateur and professional sports have always been popular in this country, but never before have there been so many organized activities — from Little League baseball to professional football, from small girls vying for victory for their swim club to the women's professional golf tour. Spectator interest also has grown along with increased knowledge of the techniques of the games. Televised broadcasts, with statistics supplied by commentators, afford the average fan enough knowledge of the game to be well aware and highly impatient when the players or the coaches err ever so little.

A coach's every move is public knowledge, including the methods he employs to teach young

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athletes. If coaches seem to lack patience with their charges, it is not difficult to understand why. Most fans will not tolerate a loser. No one talks of a losing season — certainly not a coach whose career is at stake. His teams must have won substantially more games than they lost. Such pressure is often reflected in severe impatience with the players and by tantrum-like antics along the side lines in response to decisions by officials. Other student activities are frowned upon by the coach and sometimes absolutely prohibited — such as participation in choir, speech, or another sport. No time can be allowed for rounding out a student; the coach must win. It is his livelihood.

Other Areas

Nor is such impatience confined to the playing field. Owners of business are impatient with a management that does not set sales-and-profit records each year. The political officeholder must promise prosperity to his constituents, and take steps to deliver, or he is quickly turned out of office for another whose promises are more convincing. People who enjoy the highest level of living in history are impatient for more, even when their savings have been spent. They seek short cuts to greater comforts than they can af-

ford by contracting heavy debts and demanding political privileges.

The political opportunist sees the chance to vault himself into power by leading the impatient poor to believe it is unfair that others should enjoy a greater prosperity than themselves. Thus do impatient politicians seek easy advancement without the requisite patience, wisdom, and effort of true statesmanship.

Various professional church leaders would convert mankind, not by age-old methods of patient education and persuasion, but by the short cut of legislation to force "proper behavior" as they define it.

Parents ignore the responsibility of providing their children with a basic understanding and fundamental philosophy of life, abdicating to others who either have no time or ability to teach such wisdom or who have been restricted by public authority from doing so. Parents then become impatient because the results are not what they expected.

Impatience with Others

Other people are the most likely objects of our impatience, including persons we may never have seen before. A courteous, polite person may change personalities completely when he stations him-

self at the wheel of an automobile, acting rudely toward other drivers who, he feels, are unnecessarily delaying him. This will add neither to his happiness nor to the safety of himself and others along his route.

Sometimes our impatience is more closely directed, as when a mother frets about her daughter-in-law's housekeeping, or so critically supervises a small daughter's piano practice as to destroy any aptitude for music the child might have had. An anxious and impatient father may cause his budding young athlete to err on otherwise routine plays. Impatience with others is no more the key to successful teaching than to self-satisfaction or to pleasant human relations.

The Root of Impatience

It is not unusual to find that impatience with others originates in anger at oneself. Recently, I played golf with an acquaintance who was having one of his better rounds, until a poorly executed shot on the fifteenth hole led to trouble. After that, he pressed succeeding shots, each worse than before. By the end of the round, his wild swings and displays of temper were in sharp contrast to the smooth, calm excellence of his earlier play. His final score was not as good as usual; yet nothing

had occurred to alter the condition of the game except his mounting impatience with himself.

Just as every golfer would like to break par on each round, so perhaps does everyone dream a life of perfection, with health, marital bliss, a well-paying job, friends, travel, the respect of one's contemporaries, and the like. But few golf games or human lives are perfect dreams-come-true; the "slings and arrows of outrageous fortune" are bound to take their toll along the line despite all our foresight and planning. If one dreams unduly of perfection, any disturbance, however slight or unimportant, may be more than he can take — with patience. And others will be found to blame — one's children, spouse, employer, employee, neighbor — everyone else in general. The possibility of poor execution on his own part seldom will occur to him.

Many of today's most difficult social problems doubtless can be traced to the man who faults everyone but himself and then, in his impatience, lashes out against others. Leonard E. Read refers to such persons as "know-it-alls." Their worst affliction is their ignorance, "which they must inflict on the rest of us if they can find the means to do so. But there is no way . . . without employing compulsion. The know-it-alls, by them-

selves, do not possess enough compulsive force to inflict their ignorance on the rest of us. What to do? They seek and often obtain positions in society's agency of organized force: government. In short — we obey their edicts, or we take the consequences.”¹

Government Planner's Salesmanship

The government planner is prone to seek out particular activities of private citizens — peaceful though they are — that seem to be poorly coordinated, or without overall plan. He then proposes a program to control or restrict private decisions or to prohibit them altogether. If the planner can persuade legislators to approve his idea, he need not bother selling the idea to the numerous private citizens affected. Political planning thus differs from the patient market effort to serve consumers to their personal satisfaction.

Furthermore, the government planner does not stand personally accountable for any weaknesses in his plan. And if he should gain the monopoly power he seeks, it will not be possible to compare the results with alternatives. Subconsciously the government planner rationalizes: “My plan, my dream,

is superior. The government provides a short cut to its accomplishment. I am impatient to see my dream come true. Why not?” He never realizes that his own shortcomings are in this manner advertised for all to see.

Effect on Private Owner

Government planning also has important consequences to owners whose property may be involved. When the government proposes to seize property, directly or indirectly, the owner's only recourse is costly, often ineffective, appeal to courts likely to be biased toward the governmental plan. In contrast, property owners are fully free to accept or to reject any private plan offered in the market place, and at no greater cost than the effort of studying its pros and cons. No great defensive effort is needed to protect property against such peaceful planning. The private planner must be a good salesman, and his plans must be efficiently executed, if he is to remain in business. Patient persuasion and preparedness are the hallmarks of the successful private planner; impatience repels prospective customers.

The objective of freedom also can be thwarted by lack of patience. Persons newly aware that individual rights of ownership and choice are being sacrificed in the

¹ See *The Free Market and Its Enemy* (Irvington-on-Hudson, New York: Foundation for Economic Education, Inc., 1965.)

name of the collective good are tempted to lash out at "the communists" without the necessary self-preparation in the understanding and practice of freedom. Patient study is required to properly answer false charges that the free market system neglects the poor and favors the rich. Identifying and denouncing communists before unwilling listeners gains no friends for freedom, and such impatience may only arouse sympathy for those so disparaged. Communists are not really to blame for the lack of preparation and understanding that leads the impatient champion of freedom to deal in personalities rather than with the ideas and ideals of his own worthy cause.

Ideas vs. Persons

Though impatience with other people is never to be commended, there is nothing to be gained by patience toward wrong ideas or practices. Theft, for instance, is wrong and should be impatiently rejected in all its guises. Laws that deny liberty are to be rejected summarily. Nor is murder to be patiently accepted. But to reject impatiently such evil practices does not deny the virtue of patience toward persons who harbor such mistaken ideas. To displace another persons' wrong ideas with

those that seem more proper to us is the challenge each of us faces — and patience is the key.

By our intolerance, we deny the dignity of man. Or, as Emerson said in his essay on *Self-Reliance*, "society everywhere is in conspiracy against the manhood of every one of its members." Each man has his own destiny, his obstacles to overcome, his deepest purpose to fulfill. Interference by others not only delays that man's achievement but also deprives those others of the patience and will power to reach their own respective destinies.

Nor does such interference stem entirely from evil intent. Impatience may be the peculiar vice of those otherwise nobly endowed with the virtues and qualities of leadership; those who could lead toward freedom, if only they would leave others free to choose and to follow. Embittered lives, split communities, devastated homes, broken employees, spiritless children result from the tyrannical power of otherwise virtuous leaders who allow their impatience to destroy the spirit of independence.

Any person who would fully share the God-given right of every individual to be free must patiently content himself with overcoming his own weaknesses — not those of others. ◆



The Liberating Arts

EDMUND A. OPITZ

EVERYONE who wishes to pull his own weight in life needs one or more skills which his fellows think valuable to them. Most of us are not born with much talent; we have to learn to be useful. This means acquiring a "trade." The word is interesting. It implies that most of us cannot get by just being our own sweet selves; to the contrary, we have to learn to perform a service which is sufficiently attractive to our neighbor so that he will give us something he values a little less in order to enjoy that service.

And so there are training schools where we learn how to be secretaries, or mechanics, or fashion designers. At the professional level there are the traditional faculties of medicine, law, and theology; schools of science now constitute a fourth. Quite distinct

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from training and professional schools is the liberal arts college. The student emerges from one of these institutions after four years' exposure to a liberal arts program with little or nothing in the way of a marketable commodity; if he has acquired an immediately marketable skill, it is usually by extracurricular means. This is as it should be, for the fundamental purpose of liberal arts education is to provide genuinely liberating experiences for the persons involved.

The Two Cultures

Everyone acknowledges the importance to society of the kinds of people who accomplish the work of the world: the engineers and technologists, the managers and manufacturers, the doctors, lawyers, chemists, and so on—the people who possess know-how, instrumental knowledge, power. But

what about those who are schooled merely in the liberating arts; what role might they aspire to play in our culture?

If students have been exposed to the best that has been thought and said about man, so that they have some understanding of what it means to be a person, some understanding of the nature, destiny, and proper end of a human being, then — if such people are heeded by those with know-how and power — we might yet scrape together sufficient wisdom to save our society from being blown to pieces by the detonation of its newly released energies.

It is our fate to live at a time when enormous power is at our disposal, but only partially under our control. Control is ultimately an intellectual and spiritual thing, and we won't know what to do with our recently acquired power until we have decided what to do with our lives. This is where schooling comes in, for it is one function of a liberal education to help us face up to this question of how to make our lives count for the things that really matter.

Every one of us has encountered persons of enormous energy and enthusiasm, bursting with ideas which sound plausible, but whose projects fizzle out without getting anywhere. I knew such a man. He had written a widely

noticed book during the thirties, and since that time had started numerous organizations to save the world. The world persistently refused the offer. Discussing the matter with a friend some years ago I wondered aloud why so-and-so had never gotten himself off the ground. "The trouble with him," said my friend, "is that he got his drive shaft installed before his steering wheel."

It is a prime function of a liberal education to provide us with the moral equivalent of a steering wheel, and perhaps a map as well. A bishop of the early Church said much the same thing when he declared that society needs three kinds of men: those who work, those who fight, and those who pray. Society needs someone to grow the wheat and bake the bread. It needs someone to stand guard and protect the producer against marauders. But in addition, it needs those who continually remind the rest of us that there is more to life than this, that man has a spiritual and intellectual nature with needs just as real as his physical hungers, that there is a meaning for human life which transcends material comfort or even physical survival, and that man will not solve his material and social problems unless he successfully seeks that meaning.

Western Scholarship

Scholarship, therefore, has a significance that extends beyond the ivy walls. The tradition of Western learning goes back to Socrates — or to Plato. These men laid down the lines along which most serious thought has moved until our own time. This body of thought which goes back nearly two-and-a-half millennia, comprises “the grand old fortifying classical curriculum” of our ancestors. It is like the Gulf Stream coursing through the Atlantic as it comes down to us through the generations touching, at any given time, only a handful of persons. There is only a little exaggeration in Emerson when he observes that “there are not in the world at any one time more than a dozen persons who read and understand Plato—never enough to pay for an edition of his works; yet to every generation these [works] come duly down for the sake of these few persons. . . .”

The custodian of this intellectual treasure of ancient learning is the university. Every college in the American colonies consciously partook of this heritage, and likewise most of the colleges founded during the nineteenth century. The first of our universities, Harvard, was founded in 1636, and William Bradford, in his *Of Plymouth Plantation* traces its line

of descent as follows: “A light was kindled in Newtown [that is, Cambridge] in the Bay Colony in 1636. But the spark that touched it off came from a lamp of learning first lighted by the ancient Greeks, tended by the Church through the Dark Ages, blown white and high in the medieval universities, and handed down to us in direct line through Paris, Oxford, and Cambridge.” Harvard College was largely a duplicate of Emmanuel College, the most Puritan of the Cambridge (England) colleges, and the one from which John Harvard came.

Much has been made of the alleged tradition of anti-intellectualism in America’s past and present. Unintelligent books continue to ring the changes on this theme, stressing the scars left by the frontier, and so on. There’s some truth to the charge. We are a practical-minded people with little time for frills in education, or anywhere else. Our schools have tended to stress practical courses, the values of life adjustment, and quick returns. Then, too, there is our democratic ideology which, by-passing the important principle of equality before the law, introduces a leveling and egalitarian tendency into our attitudes. This sort of mentality is affronted by any excellence or superiority. But to say no more than this about the

American mind is to convey a distorted picture.

Reformation Heritage

America was founded, and its institutions established, as a projection of the Reformation. So keen were the Reformers for learning that the medieval scholar's gown was adopted by the Reformation clergy as their official garb. Professor Harbison of Princeton points out that "the Protestant Reformation began in a scholar's insight into the meaning of Scripture. It was to a large extent a learned movement, a thing of professors and students, a scholars' revolution. The Catholic response to the challenge, particularly in the Council of Trent, partook of the same nature. The prestige and influence of Christian scholars probably never stood higher in all of Western history than during the two generations which embraced the lifetimes of Erasmus, Luther, and Calvin. In no other period is there anything quite like the zest for learning, the respect for scholarship, the confidence in what scholarship might accomplish — and the revolution it did accomplish — of the age of the Reformation."

There were other facets to the Reformation, of course, and the unlettered enthusiasts had a field day; but their decisive influence

on American life came later. The Puritan clergy were scholars, and their influence did not wane until the late eighteenth century.

Useless Knowledge

The world in every generation perishes for want of purpose and direction, and it is the scholar with his wisdom, that is, the philosopher, who can save us from ourselves. But the cost of this kind of salvation comes high, and the world does not always want it at the price — as in the case of Socrates. Socrates might be said to exemplify the scholar's plight in every age from his day to our own. Socrates was blissfully unaware of his plight, except when Xanthippe, his wife, reminded him of it — which must have been on the hour, every hour. No wonder Socrates spent so much time out in the streets and in the marketplace! The philosophical opponents of Socrates were the Sophists, and the Sophists had a practical aim. They taught men to use their wits so as to win an argument or a debate, and they also taught the techniques by which a trial lawyer could win a case no matter how guilty his client. The Sophists were teachers who accepted fees for their services, and the skills they imparted commanded a good price. Socrates was also a teacher, but his teaching had no practical

aim. His teaching subjected men to the painful process of thought and self-examination. Socrates gave men new ideas, but all *they* could feel was the loss of the old ones; so they got rid of him!

"Twas ever thus; it has always been the scholar and philosopher *against* the world. The two need each other as flint and steel need each other; but when they get together, the sparks fly. Perhaps there is a good reason for this mutual hostility and suspicion between the verbalist and man of intellect, and the mass of sensual and vegetative men. Deep down in the psyche of every one of us is the awareness that thought, even with the best of intentions, may betray us. At some point in our biological heritage we got separated from the sure guidance of instinct — which controls the behavior of the other orders of creation — and came reluctantly under the influence of the uncertain promptings and leadings of the intellect. Our conscious knowledge is still uncertain compared to the effortless assurance of that unconscious knowledge with which we breathe, circulate our blood, regulate our temperature, and so on. So, scholarship in every generation has to prove its merit and earn our confidence. Most scholars are men who deal in words, and those who manipulate verbal sym-

bols are in danger of confusing words with what words stand for. Thus they may build a structure of thought so elegant as to be uninhabitable. Whitehead has warned us against what he called the Fallacy of Misplaced Concreteness.

The Intellectuals

Let me continue the case against the intellectual. An artist or a craftsman works in material that is only partly malleable to his mind and will. His experience is with refractory substances. In order to carry out his design he must make some degree of accommodation to the nature of the material. He has to learn that there are certain things he can do with bronze, for instance, which he cannot do with marble, and that steel is indicated in other situations. Thus, the craftsman and the artist is limited by the nature of his medium; it keeps him within the norms of realism and physical law.

There are no such natural and inevitable inhibitors to help the intellectual keep his feet on the ground and his head on his shoulders. That is why so many productions in such realms as philosophy and political theory are pure moonshine. The cloistered word-artist time and again has spun a gossamer fantasy which, while it may charm thousands for a time,

has only the remotest relation to any verifiable reality. Thought is a nonresistant medium; which is why the court philosopher often resembles the court jester!

Although I may appear to be serving as a devil's advocate, my strictures against the philosopher and scholar are directed mainly at that tribe of True Believers who possess the Ultimate Truth, and who so often think of themselves as *The Intellectuals*. At this point I share the feelings of the late C. S. Lewis, the Oxford don. "It is an outrage," he writes, "that they should be commonly spoken of as Intellectuals. This gives them the chance to say that he who attacks them attacks Intelligence. It is not so. They are not distinguished from other men by any unusual skill in finding truth nor any virginal ardor to pursue her . . . It is not excess of thought but defect of fertile and generous emotion that marks them out. Their heads are no bigger than ordinary; it is the atrophy of the chest beneath — the seat of Magnanimity and Sentiment — that makes them seem so."

The Power of Public Opinion

As a matter of fact, it is ideas that rule the world, for good or ill; and the strongest power in society is public opinion. Therefore, it should be the prime goal of idea

men to work toward an intellectual climate in which ideas are respected, and sound ideas made attractive. The world is reaping now the bitter harvest of ideas sown during the past couple of centuries, and the soil is waiting to be planted with different seed.

The scholar and philosopher, from time immemorial, has had to contend against ignorance, stupidity, indifference, and personal antagonism from without; within, he had to overcome his own inertia, prejudice, and the mind's natural frailties. The disciplines of logic and rhetoric aided him here, and an acknowledgment of the limitations of the intellect helped him think straight within those limits. The independent status of the mind in the universe was not successfully impugned; it was the mind of man which elevated him above the beasts and allied him with God, his Maker.

But in the nineteenth century, man as thinker had to face a challenge of a radically different kind — from a foe within his own household. I refer to the rise of philosophic materialism and mechanism which denies to mind and intellect an independent status in the universe. Materialism, briefly defined, is the doctrine that the universe contains no entities except those which can be analyzed exhaustively in terms of physics and chem-

istry. It is the notion that only material particles are ultimately real, with the corollary that the realms of mind, spirit, or intellect are mere offshoots of bits of matter.

This is a kind of anti-intellectualism beside which all other varieties of anti-intellectualism are child's play! A theory is not a material thing; it is an idea, and an idea is nonmaterial. Materialism as a theory is, therefore, a contradiction in terms.

Seeds of Materialism: Darwin and Marx

Nevertheless, two seeds of materialism were sown in the year 1859, in Charles Darwin's *Origin of Species* and Karl Marx's *Contribution to the Critique of Political Economy*. Marx, in his Author's Preface to the *Critique*, writes as follows: "The mode of production in material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness."

According to the internal logic of this statement, the categories true or false cannot apply to it; certain sounds are emitted by Marx who, if the statement be taken literally, is a mere mouth-

piece for the material productive factors of 1859. His mind may frame the words, but it does not originate the ideas. The ideas are generated mechanically by "the mode of production in material life," with no more inherent vitality than words coming from a phonograph record.

Charles Darwin is customarily regarded as Mr. Evolution: actually, there are many theories to account for the biological and geological facts, and Darwin merely supplied the theory which survived in the struggle for existence with the other theories. Darwin eliminated purpose from evolution and admittedly made no effort to account for the inherent creativity in organisms which produced the variations upon which environment operates. Once the variations appeared, an automatic or natural selective process would occur, which preserved those variations favoring survival. Criticizing the Darwinian thesis, Jacques Barzun writes, "The sum total of the accidents of variation thus provided a completely mechanical and material system by which to account for the changes in living forms."

Darwin himself, unlike many of the Darwinians, entertained some doubts. Writing to a friend, he said: "With me the horrid doubt always arises whether the convictions of man's mind, which has

been developed from the mind of the lower animals, are of any value or at all trustworthy. Would anyone trust the convictions of a monkey's mind — if there are any convictions in such a mind?" In the *Descent of Man* occurs the despairing assertion: "There is no fundamental difference between man and the higher animals in their mental faculties."

Mind Banished from the Universe

The intellect as an independent vehicle for the discovery of truth is now no longer master in its own household. There is only reflected opinion. For the Marxist, a man's opinion is merely a reflex of his class status; it is hopeless for the bourgeois to try to grasp proletarian truth. For the Darwinist, the mind is a mere fragment of nature, a tool for adjusting organism to environment. A generation or so after these men, the Freudians would teach that the conscious mind is a mere pawn in the grip of unconscious mental forces over which, by definition, we have no possible control. The mind or intellect, in being explained, is explained away.

Twenty-five years ago, Gerald Heard discussed this painful effort to eliminate mind or reduce the stature of intellect: "The mechanist picture of the universe," he wrote, "is consistently imposed on

all that universe's contents, not merely on the motions of the heavens and of the earth but on the motions and motives of life and, finally, of consciousness. It is an immense achievement of co-ordinated argument and carefully selected illustrations — not of proof."

The trend that deprived mind of its citizenship papers in the universe and made it a mere appendage to the class, the organism, or the unconscious, was persuasive without being proved — or even provable. Proof is, in fact, impossible, because the thing declared incompetent — the mind — is our only instrument for proving or disproving anything. The intellectual cuts his own throat whenever he engages in the anti-intellectual conspiracy to sell short his chief weapon, the mind. Whenever he does this he damages himself, but in addition the scholar deprives society of his indispensable services.

Economic and Political Liberty

The scholar serves society by keeping its institutions under sympathetic and understanding surveillance, including its economic and political orders. The market place and the forum are two of society's most important institutions, and freedom constitutes the health of both. Liberties of

the mind, in most periods, are self-evidently valuable to most scholars; but economic and political liberties appear to be grubby concerns remote from the study and the classroom. The fastidious scholar might regard them with distaste, much as the finicky Platonist is chagrined to find that his mind and spirit are ineluctably yoked to a perishing carcass which has to be fed and housed, tended when ill, and whose aches and pains interfere with his philosophizing.

This attitude of hostility toward or disgust with the physical body, found in Platonism and the Eastern religions, is no part of the Judeo-Christian tradition. The religious tradition in which most of us were reared has a robust, earthy attitude toward the body and its concerns. It holds that being in the body is a condition of the soul's salvation; and it is concerned, not only with the soul's immortality, but with the body's resurrection.

Economic Freedom a Means

The theological stance here was psychosomatic long before that term was invented, and this stance has a carryover into the market place. The business, commercial, and industrial pursuits of a society are somewhat analagous to the bodily activities of an indi-

vidual; they are not ends in themselves but they are necessary means, and if they are to be efficient means, they must be free.

If the economic means are not free, that is to say, if they are centrally planned by government, government's role in society is immediately overextended and it perforce begins to impede the liberties of the mind, the scholar's central concern. The economic means are the means to all our ends, and whoever controls them obtains an almost irresistible leverage over every human activity.

Freedom to teach and to publish are basic liberties of the mind, but if the central government owns the schools and appoints the instructors, what becomes of academic freedom? And if newsprint is a government monopoly and all printing presses are government owned, the liberty of publishing vanishes.

Material Roots of Progress

Liberties of the mind have their roots in affairs that are not spiritual but material, and it has always been so. The Scottish philosopher and historian, W. G. De Burgh, in his great work, *Legacy of the Ancient World*, declares that "all down through the ages, knowledge and the arts have arisen and fructified in close contact with industry and trade.

Athens and Alexandria, Florence and Venice, Antwerp and Rotterdam were great commercial cities, where artists and thinkers drew life and gave it back, by just exchange, amid the seething tide of human energy."

The mind is in the body, and the person is in society. The demands of organic life fret us in the first case, as do the imperatives of the economic and political orders in the second. Thus, there is an all-too-human tendency to bog down at this point; to regard these ties as either ultimate — in which case

we face into a dead end, or negligible — in which case their instruction is lost on us.

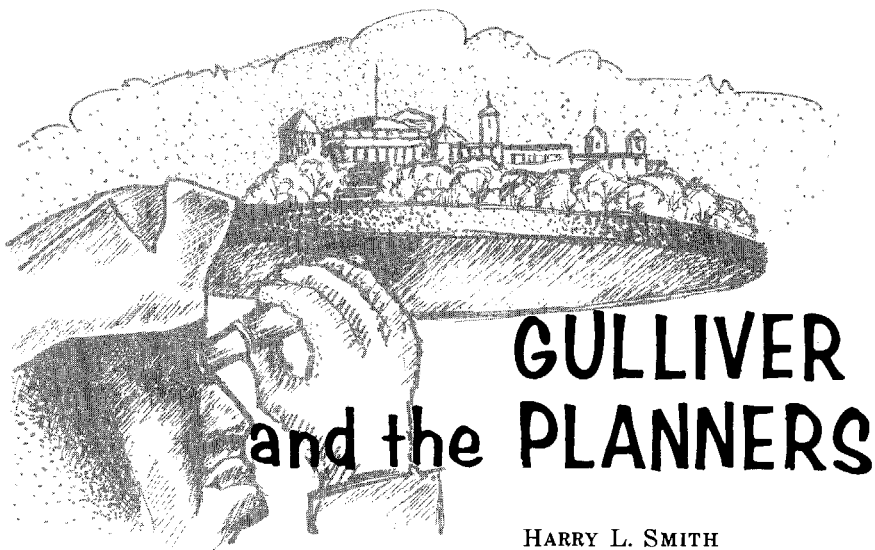
But if the liberating arts have performed their true role, the biological and social orders are neither slighted nor overemphasized; rather, they are put in perspective as the indispensable means to ends beyond themselves. If the liberation "takes," the mind and the person emerge as the fulfillment and completion of the purposes for which body and society exist. ◆

IDEAS ON LIBERTY

A Fundamental Doctrine

STATISM postulates the doctrine that the citizen has no rights which the State is bound to respect; the only rights he has are those which the State grants him, and which the State may attenuate or revoke at its own pleasure. This doctrine is fundamental; without its support, all the various nominal modes or forms of Statism which we see at large in Europe and America — such as are called Socialism, Communism, Naziism, Fascism, etc., — would collapse at once. The individualism which was professed by the early Liberals, maintained the contrary; it maintained that the citizen has rights which are inviolable by the State or by any other agency.

ALBERT J. NOCK, from the Introduction to the 1940 edition of
The Man Versus the State by Herbert Spencer



GULLIVER and the PLANNERS

HARRY L. SMITH

UNITED NATIONS officials, military men, and sundry world government advocates, have at times recommended an extraterrestrial police force. Such an international force, sanctified by good intentions, would circle the globe either on a man-made satellite or a military moon base, armed with the only atomic weapons available to mankind. With their infallibility guaranteed by national impartiality, these god-like astronauts would maintain a stern vigil over ambitious individuals, nations, or power groups which might seek

Mr. Smith recently has returned to the United States with his family after many years as a businessman in Argentina.

to grasp more than their quota of worldly wealth or power. Once judged guilty of aggression, such troublemakers would be blown to smithereens. Thus would world peace, freedom, and prosperity be maintained forever.

Two hundred and fifty years ago, Jonathan Swift, the world's greatest political satirist, devised a similar plan. His hero, Gulliver, on his third trip to strange lands, was cast up on the island of Balnibarbi. This large island was ruled by a king who lived with his court on a flying island called Laputa. This second island was about four and a half miles in diameter, and could be raised, lowered, or pro-

pelled by force of attraction or repulsion imposed by an adjustable lode stone or magnet attached to the under side of the island.

The king, like all kings, was infallible and had divine rights. In case of insurrection on the part of any town or city in his domain of Balnibarbi, he had a number of recourses. He could station his flying island over the offending city, cutting it off from rain or sunshine to the detriment of crops and the economy. If the rebellion persisted, large rocks would be dropped on the inhabitants and their dwellings destroyed. As a final punishment, the king might order his island to plop down on the wayward metropolis, flattening it completely and killing all its inhabitants. This last extreme was seldom used, since the king's ministers usually had property in each town, as did the king. Furthermore, there was some danger of destroying his floating home and vantage point.

In addition to maintaining law and order by this unique method, the king and his court controlled the economy of the main island through rule by expert.

Gulliver spent some time on the floating island and later descended to the main kingdom where he was befriended by a lord who was out of favor at court. This lord took him on a tour of the kingdom

which was in a sad state of disorder brought about by hair-brained schemes of the government planners. However, this lord's own lands were prosperous and well tended by using proven methods. His failure to adopt government procedures had caused his fall from favor. Gulliver describes the lord's account of conditions as follows:

That about forty years ago certain persons went up to Laputa, either upon business or diversion, and after five months continuance, came back with a very little smattering in mathematics, but full of volatile spirits acquired in that airy region. That these persons upon their return began to dislike the management of everything below, and fell into schemes of putting all arts, sciences, languages, and mechanics upon a new foot. To this end they procured a royal patent for erecting an Academy of Projectors [planners] in Lagado [the capital city]; and the humour prevailed so strongly among the people, that there is not a town of any consequence in the kingdom without such an academy. In these colleges the professors contrive new rules and methods of agriculture and building, and new instruments and tools for all trades and manufactures, whereby, as they undertake, one man shall do the work of ten; a palace may be built in a week, of materials so durable as to last for ever without repairing. All the fruits

of the earth shall come to maturity at whatever season we think fit to choose, and increase an hundred fold more than they do at present, with innumerable other happy proposals. The only inconvenience is, that none of these projects are yet brought to perfection, and in the mean time, the whole country lies miserably waste, the houses in ruins, and the people without food or clothes. By all which, instead of being discouraged, they are fifty times more violently bent upon prosecuting their schemes, driven equally on by hope and despair; that as for himself [the conservative lord], being not of an enterprising spirit, he was content to go on in the old forms, to live in the houses his ancestors had built, and act as they did in every part of life without innovation. That some few other persons of quality and gentry had done the same, but were looked on with an eye of contempt and ill-will, as enemies to art, ignorant, and ill commonwealth's-men, preferring their own ease and sloth before the general improvement of their country.

By this last, Swift did not mean to imply that he was against true progress. As the giant king of Brobdingnag had said to Gulliver on an earlier voyage: "Whoever could make two ears of corn, or two blades of grass to grow upon a spot of ground where only one grew before, would deserve better of mankind, and do more

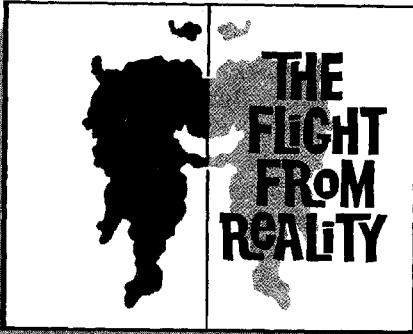
essential service to his country, than the whole race of politicians put together."

Finally, Gulliver admits to the reader rather sheepishly that at one time in his youth he, too, had been a planner. Anxious to visit the planning academies of Balnibarbi, he takes leave of his friend the lord which he relates as follows:

In a few days we came back to town, and his Excellency, considering the bad character he had in the Academy, would not go with me himself, but recommended me to a friend of his to bear me company thither. My lord was pleased to represent me as a great admirer of projects, and a person of much curiosity and easy belief; which indeed was not without truth, for I had myself been a sort of projector in my younger days.

Thus, we see that similar mentalities are still with us: that the mind which would rule the world with an international satellite-based police force, is the same mind which would plan our daily lives.

While it cannot be said that the United States has as yet lost out to the "projectors," much of our planet "lies miserably waste," with strangulated and languishing economies, as can be found in parts of Asia, Europe, the Middle East, and South America, all victims of state planning. ◆



13.

The "Democratic" Elite

CLARENCE B. CARSON

THERE have been strange and inconsistent developments in the movement toward what is billed as democracy in twentieth century America. The phrase that all men are equal has been a rallying cry of professed democrats. They have proclaimed their shock at the existence of distinctions, discrimination, and hierarchies. Leveling has been much in favor among them.

Yet these democrats appear to have developed myopia where certain kinds of distinctions are concerned. This is most pronounced where the presidency of the

United States is concerned. For example, following the assassination of President Kennedy, and the subsequent events in Dallas, various columnists announced in shocked tones that there was no Federal law providing for the punishment of assassins or murderers of a President. Such cases fall under state law. This, the commentators declared, was hardly the way things should be. The matter should be corrected by making assaults upon the President a Federal crime.

Closely related to this is the employment of an extensive Secret Service to guard the President. Millions of dollars are spent annually to this end, and the amount has been recently greatly increased. Lengthy lists of potential assassins have been compiled, and

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Mr. John A. Sparks, a student at Grove City College, assisted with the research for this article.

a concerted effort is being made to make the list as complete as possible. The men assigned to guard the President are expected to serve as human shields of his body if the occasion warrants such action.

It is not my purpose here to make any evaluation or judgment of such actions. They may or may not be justified. However, it would be difficult to do so from a "democratic" or equalitarian standpoint. If all men are equal, what would justify giving more protection to one man than another? Why should a guard place himself between the President and an assassin's bullet? Is it a more heinous crime to kill a President than it is to kill anyone else? If not, why should it be made a Federal crime to do so? In short, the attention and care lavished upon the President is hardly in keeping with the democratic ethos.

Here is another anomaly. Supreme Court decisions are made in the name of democracy and hailed as being "democratic." For example, the famous decision of *Brown v. Board of Education of Topeka, et. al.* was preceded by the following argument, among others, by lawyers for the appellants (who were seeking a decision for integration of the schools in question):

The importance to our American democracy of the substantive question can hardly be overstated. The question is whether a nation founded on the proposition that "all men are created equal" is honoring its commitments to grant "due process of law" and "the equal protection of the laws" to all within its borders when it, or one of its constituent states, confers or denies benefits on the basis of color or race.¹

Mr. Chief Justice Warren, who gave the opinion for a unanimous court, declared: "Compulsory school attendance laws and the great expenditures for education both demonstrate our recognition of the importance of education to our democratic society."²

Again, it is not my purpose to evaluate the decision in question. My concern is with the use of the words "democracy" and "democratic" in connection with it. No branch of the general government is so remote from popular control as is the judiciary. It is the least "democratic" of all the branches. The members of the courts are appointed by the President, by and with the advice and consent of the Senate. They have life tenure in their offices, and can only be removed from office by actions taken in both houses of

¹ Quoted in Benjamin M. Ziegler, ed., *Desegregation and the Supreme Court* (Boston: D. C. Heath, 1958), p. 68.

² *Ibid.*, p. 78.

Congress. The special function of the courts is to maintain a government of laws, and it was thought by the Founders that they would be more likely to do so if they were not subjected to popular pressures.

Federal court decisions, by their nature, are authoritarian and autocratic. That is, they are supposed to be made on the basis of the authority of the Constitution and precedent. They are autocratic in that ordinarily the members of the courts are not answerable to anyone for the decisions that they make. Their powers are not absolute, but they are as near to it as any granted under the Constitution. On the face of it, "democracy" is not a word one would associate with the Supreme Court.

A third strange development should be described also. As America has moved closer and closer to what is supposed to be democracy, the tendency has been for more and more power to be concentrated in the central government. Local and state governments have yielded up, or had taken from them, many of their governmental functions. In like manner, individuals and voluntary groups have lost exclusive control of many of their affairs as the general government has undertaken to regulate and control them. It is not immediately clear

why such a course of development should be styled democratic.

If by democracy is meant government by the people, it would appear that a counter movement would be more nearly democratic. That is, individuals and groups could better control their affairs and govern themselves at the local level. Local governments are surely more sensitive to the wishes of the electorate than are governments far removed from them. State governments might be expected to reflect more accurately the wishes of their inhabitants than would the Federal government.

Changing the Meaning

These anomalies can best be cleared up by an understanding that "democracy" is used largely as a word cover for an ideological thrust. Melioristic reformers have been bent upon remaking society along certain lines. They have used the materials at hand to effect their ends. The belief in democracy by Americans was a major constituent element of the materials at hand. A new conception of democracy, however, had to be developed and propagated before it could be used in this way. It had to be wrested from its individualistic context and collectivized. It had to be changed from a means into an end. It had to be in-

strumented to the purposes of reform.

It is tempting to charge the reformers with the cynical manipulation of a hallowed concept, with the malicious bending of words to their own ends. It is a temptation, however, that should be resisted. To appearances, at least, reformers have quite often been as confused as those they were drawing into their confusion. The intellectuals who provided the theories of reform were on a flight from reality. They were cut loose from methods of analysis and thought which would have enabled them to think clearly. It may be more accurate to think of them as feeling their way to usages of democracy that would accord with their ideological aims than to conceive of them as coldly planning linguistic *coups*.

At any rate, the idea of democracy was confused from the outset in the United States. As I have shown, the Jeffersonians and Jacksonians used "government" in an ambiguous sense in order to conceive of themselves as democrats. Moreover, there were mystical elements in the conception. Jean Jacques Rousseau is usually credited with, or blamed for, intruding mystifying elements into the conception of democracy. He introduced the idea of a general will into thought about the mat-

ter. This general will was a kind of pseudo-metaphysical concept. It involved the notion that there is a general will in society, that the aim of a society should be to discover this and for individuals to bring themselves into accord with it.

The general will was not simply the wishes of a majority of the electorate; it was that which all would wish for themselves if they but knew what they willed. No method was ever agreed upon for discerning the general will, but here was a fruitful idea that could be used, with variations, by dictators, majoritarians, technocrats, and assorted democrats. All modern notions of democracy are freighted with mystical and intellectually impenetrable conceptions.

Building on Illusions

Reformers took over the existing illusions about democracy in America, and added to them. Perhaps the chief illusion taken over is that the United States is a democracy. This illusion has already been explored in some detail, so it needs only summary treatment here. These United States, taken together, are a constitutional federated republic. Those who govern do so on the basis of the representative principle. The people do not actually govern, nor has there ever been any reason for suppos-

ing that they do. The power and authority of the courts derive from the Constitution, not from any supposed democratic character of decisions issued by them.

Perhaps the most important illusion added by the reformers is that socialism can be democratically achieved. There is some evidence that many reformers believed this in the early years of the movement in America. In the late nineteenth and early twentieth centuries much of the effort of reformers was devoted to making America more democratic. This was particularly true of those known as populists, but it was only to a lesser degree true of the Progressives. The platform of the Populist Party in 1892 called for, among other things, a secret or Australian ballot, the direct election of Senators, legislation by initiative and referendum, and the limitation of the President to one term in office. To this program the Progressives added and pressed for a provision for the recall of judges. Also, there had been a movement for a long time for female suffrage. The Progressives took up this clamor as a part of their platform. The Bull Moose Party platform in 1912 called for a national presidential primary.

Some major changes were made in consequence of these efforts. The Seventeenth Amendment, rati-

fied in 1913, provided for the direct election of Senators. The Nineteenth Amendment, ratified in 1920, extended the vote to women. Some local governments and states adopted the initiative and referendum procedures for some matters, and a goodly number of states provided for presidential primaries.

Extending the Electorate

But these populist devices only partially solved one of the problems of reformers. A wider suffrage did enable them to elect reformers to office—sometimes. Even this was not an unmixed blessing, as reformers were shortly to learn. The electorate sometimes displayed strange tastes. They preferred an experiment in national prohibition to participation in a League of Nations. They preferred a “return to normalcy” to various and sundry redistributionist schemes. Still, reformers could be more readily elected to office when there was a more inclusive portion of the populace within the electorate. At least, the over-all trends of this century would tend to indicate this.

Nor is the reason far to seek. The more extensive the electorate the more readily can it be swayed by demagoguery. If the propertyless can vote, they are more apt than those who have property to

favor assaults upon it. The less the electorate is restricted to those who have demonstrated practical judgment, the more readily will it adopt or favor impractical schemes.

Centralization of Power

Even so, the major obstacle for social reform was not surmounted. The extension of the suffrage and the adoption of populist devices did not mean that government would be by the people. There were still the governors and the governed. Indeed, most of the populist devices — such as the initiative and referendum —, if they had been adopted, would have made socialistic reforms impractical to carry out, if not impossible. Reformers envisaged a planned, controlled, and directed economy. This required the centralization of power, the concentration of authority, and centralized direction. Democracy would tend to diffuse power, to locate decision-making with the numerous individuals who compose the electorate, and to make extended concerted action in a particular direction exceedingly unlikely.

Moreover, the reconstruction of society is a complicated and delicate undertaking. As Fabians (to use the term generically) have conceived the matter, it is to be done slowly. This would mean with a

tenacity and with eyes fixed on distant goals which few men demonstrate. In short, the ordinary run of men cannot direct the government in this undertaking. One writer put the matter succinctly some years ago:

The task of the government of a democratic society implies a wisdom and understanding of the complicated life of modern societies very far removed from the simple "horse sense" which is sufficient for the running of small and simple democracies. It is clear that a modern state can do its job only with a lot of expert help, expert statesmen, expert administrators. We must nowadays go on and say "expert economists and expert scientists." Perhaps we must go further and say "expert sociologists."³

To state it less obliquely, democracy and socialism are antithetical goals. More precisely, democratic means are not suited to the achievement of socialistic ends.

Transforming Means into Ends

Yet the thrust toward the realization of an ideology which should be called socialism has been carried on in the name of democracy. Two things were done to make it possible to avoid confronting this anomaly, to keep the name while

³ A. D. Lindsay, *The Modern Democratic State* (London: Oxford University Press, 1943), p. 267.

working for and accepting the substance of something else. First, *democracy was transformed into an end*. Second, the business of *government was increasingly turned over to an elite*.

It may be regrettable, but there is nothing particularly unusual about means being transformed into ends. People do it regularly, and in numerous instances. A house is a thing to live in, an automobile a conveyance to get one from one place to another, money a means of acquiring goods. Yet men will quite often treat these as ends in and for themselves. There may even be something wholesome and preservative in this tendency. Certainly, a house should become a home—something that has value and meaning beyond its accommodative usefulness. Things need much care and attention, and it may be that if we think of them only as means we will neglect them.

***Voting Becomes an End in Itself
Rather than a Means of Choosing***

It would hardly be worthy of comment, then, if all that were involved were the transformation of democracy from a means into an end. Any such transformation does, of course, tend to lead away from reality. But the transformation of democracy involved a second remove from reality. As we

have seen, the United States was not a democracy. Insofar as some of the means for governing were democratic, they fitted into a larger pattern of diverse means. The form of government could only be conceived of as democratic, descriptively, by abstracting some methods from the context of American government. Thus, the conception of American democracy was, and is, an abstraction. When it was made into an end, the abstraction was thingified.

Some examples will help to clarify this. Voting is a very important practice within the American system of government. In this way, many of those who govern are chosen. They are limited in their exercise of power by the fact that they must stand for election from time to time if they are to continue in office. Not only is government limited in this way, but it receives popular consent for action by this device. Nothing should be clearer than that voting is a *means* for making choices, giving the consent of the electorate, and limiting those in power. But it is often treated as an *end* today. Spot advertisements on radio and television, notices in newspapers, and posters and billboards exhort Americans to vote, though it does not matter for whom they vote. This is to treat voting as if it had meaning in and for itself,

as if it were an end, not a means.

The abstraction is taken a step farther when this "democratic" procedure is taken from its governmental context and extended to the action of voluntary groups. The following actually occurred. Someone rose in a faculty meeting and made a motion that each member of the faculty should pay a certain amount into a flower fund, this amount to be withheld from the paychecks. The motion was seconded, and after some little discussion the motion was acted upon favorably by the faculty. The action was later nullified when an alert business manager pointed out that the enforcement of this act would be illegal. In fact, the faculty had assumed governmental powers, the powers of taxation.

But, one might object, the procedure was democratic, was it not? It certainly was, but it was not action in accord with the American system. If the faculty assumed the powers of taxation, there was no limit to the extent of such powers, no constitutional authorization, no independent judiciary, no procedure for investigations and hearings, no veto powers to prevent precipitate action. This was an excellent example of the abstraction of procedures from their whole context.

Actually, though, such pseudo-governments do exist in America,

and have for some time. Labor unions have been empowered to act as pseudo-governments, with powers of taxation and enforcement. Farmers vote restrictions upon themselves and other farmers, and indirectly tax all of us. Indeed, elections abound and are apt to occur at any time or place where two or three are gathered together. Some of these are innocuous enough, but others turn any assemblage into a lobbying group or pseudo-legislative body. It would be highly unusual for anyone to arise when a vote was proposed and challenge the appropriateness of the procedure. They are accepted as if they were justified in and for themselves.

Dewey's Contribution

It may be that men have a tendency to turn means into ends, but this development in democracy was not simply the result of some inclination rooted in human nature. It served a purpose. It was promoted and propagated. Reformers articulated a vision of democracy as a goal or an end. Many men contributed, first and last, to this development but none more consistently and vigorously than John Dewey. Note how, in the following, he makes democracy an end and a goal:

. . . A democracy is more than a form of government; it is primarily

a mode of associated living, of conjoint communicated experience. The extension in space of the number of individuals who participate in an interest so that each has to refer his own action to that of others, and to consider the action of others to give point and direction to his own, is equivalent to the breaking down of those barriers of class, race, and national territory which kept men from perceiving the full import of their activity.⁴

More,

. . . A society which makes provision for participation in its good of all its members on equal terms and which secures flexible readjustment of its institutions through interaction of the different forms of associated life is in so far democratic. Such a society must have a type of education which gives individuals a personal interest in social relationships and control, and the habits of mind which secure social changes without introducing disorder.⁵

In short, democracy is not only an end, but it has an end or aim — social control and social reconstruction.

Emphasis on Quality

In particular, the end of democracy has been most often thought

⁴ John Dewey, *Democracy and Education* (New York: Macmillan, 1916), p. 101.

⁵ *Ibid.*, p. 115.

of as equality. That is, democracy has often been defined as equality, and programs for providing equality have been described as democratic. One writer described the phenomenon, with obvious approval, in this way some years ago:

There is excellent historical and psychological ground for the supposition that democracy, whatever it may mean of fraternity, must at least be an effort to embody equality in action. American modifications made in the democratic form may be interpreted as approach toward or recession from equality. What we have only now been considering in America as expansion of governmental regulation, even up to the creation of what has been called "the service state," has been done primarily in the name of equality of opportunity. From the "Square Deal" of Roosevelt, through the "New Freedom" of Wilson, up to and into the "New Deal" — this has all been an adventure in equalization. In fact, the general bent of American democracy has been the extension of liberty in the name of equality for the sake of solidarity.⁶

One may take issue with his use of "liberty" in connection with these developments, but he has aptly described the animating aim of the programs.

⁶ T. V. Smith, *The Democratic Tradition in America* (New York: Farrar and Rinehart, 1941), p. 17.

The provision of equality could, and has, become an all embracing goal. When governments are used to do this, they must engage in innumerable activities. Wealth must be more or less redistributed; production and distribution of goods must be directed; prices must be more or less controlled; individuals and groups must be regulated so as to prevent discrimination, and so on. Such a goal as actual equality, if it could be achieved, could only be reached by the extended and concentrated effort of those who were acting with the force of an all powerful state. It would require the location of such power in the hands of men, and it would have to be centrally directed.

Steps toward Control

Several things had now been done to "democracy" by these abstracting processes. First, the methods associated with it had been made into ends - voting for the sake of voting, for instance. Second, it had been changed into a substantive goal, more or less divorced from its procedural methods. That is, if "true democracy" is equality, the methods of democracy are surely secondary. Third, the achievement of this goal required extensive and extended social reform. Fourth, the reforms required by "democracy"

would be themselves "democratic." It follows, then, that whatever has to be done to achieve the goals is "democratic," however far removed it may be from democratic procedures.

As a writer observed in an earlier quotation, the effort must be directed by experts - by an elite, if you will. The above is the line of reason, or unreason, by which something so uncongenial to democracy as an elite could be justified. But government by an elite was not only uncongenial to democracy; more important, it was also uncongenial to the American way, and to Americans. Americans liked to manage their own affairs, both private and public. The notion of having their affairs managed by experts might not be expected to be too popular. Still, it has come to pass that an elite increasingly governs, and their responsibility to the populace is often quite indirect, if not nonexistent.

The Theory of an Elite

Elitist ideas have been very prominent in European thought for the past century. As one historian says, "The ideal of an elite guiding mankind toward a better life in a new society has played a role" in many social theories. "Marxism had its elite in the Communist Party, and Nietzsche

longed for an elite of individualistic supermen."⁷

Perhaps the most extensive theory of an elite set forth was by Vilfredo Pareto in a three-volume work called *A Tract of General Sociology*. He held that man is fundamentally irrational—or that most men are—, that he is governed by “residues” and “derivations” — residues being, roughly, inherited beliefs, and derivatives being particular formulations from these which serve to motivate behavior and attitudes. An elite could govern through its knowledge of the psychology of the masses. “The main business of this elite must be to manipulate residues through controlling their derivations. Here propaganda came into its own, for the residues were irrational and thus the derivations had to appeal to the irrational in man. . . . Thus if meat inspection was desired, the appeal could not be to civic pride but instead to the fear of death through poisoning.”⁸

America has had no Pareto. The nearest thing to him was probably Thorstein Veblen. Veblen did set forth a theory, or, in the peculiar argot of progressives, a prediction, of an elite. His elite was

made up of industrial technicians, and when it ruled it would be a technocracy. Veblen held that increasingly business was managed and guided by technicians. These had been brought in the service of what he called “absentee owners,” the holders of corporate stock, and so forth. But he expected that in time they would perceive that these owners contributed nothing to production. When they did so, they might be expected to revolt by way of a general strike of technicians and take over the industries. He did not profess to know when it would occur. “But so much seems clear, that the industrial dictatorship of the captain of finance is now held on sufferance of the engineers and is liable at any time to be discontinued at their discretion, as a matter of convenience.”⁹ When they took over, they would administer the industrial system for the benefit of the general welfare, so Veblen thought, not for the profit motive.

The “Soft Sell” in America

Of course, American reformers did not generally openly advocate government by an elite, or press for the formation of a technocracy. Instead, they acclimated

⁷ George L. Mosse, *The Culture of Western Europe* (Chicago: Rand McNally, 1961), p. 293.

⁸ *Ibid.*, p. 295.

⁹ Thorstein Veblen, *The Engineers and the Price System* (New York: Viking, 1921), p. 82.

Americans to the idea in a more piecemeal fashion, and talked in terms of more congenial ideas. They spoke of leadership, of experts, of civil service, and of public administration. Americans were, and are, much devoted to things scientific, and it was convincing to appeal for experts and technicians in government affairs. Indeed, in the 1920's, the introduction of such methods in government was often referred to as being businesslike.

The simplest illustration of the application of these ideas to government can be found at the local level of government. The city manager system was a direct outgrowth of the idea of having experts govern. The movement for city manager systems got underway in the early twentieth century, and was part of the general reform movement led by Progressives. The system is well described in the following words by an enthusiastic advocate:

. . . A small council is elected at large and chooses a city manager. It may dismiss him but may not control his acts. The manager appoints the necessary city officers and acts for the city in much the same way that the general manager would for an ordinary corporation. He is responsible only to the councilmanic directors. . . . The amateur administrator, chosen on political grounds,

is displaced by the expert brought in from the outside to manage the city. Politics is adjourned. At least this is the hope.¹⁰

Without perceiving the irony of it, this writer says: "The return to simplicity is hopeful whatever may be its details. The earliest type of city government in the United States was that of a single body. . . . Power and responsibility were concentrated. . . ." In short, "In essentials we are now back where we began. . . ."¹¹ He did point out in an earlier paragraph, however, that the city manager system might well be oligarchic. But he seemed mainly concerned that this situation would result from lack of public interest. To which one might reply, it is oligarchic, or, more precisely, monarchic, whether the public is interested or not.

City Planning Developed

A corollary movement was the city planning movement. The aim was centralized control of the development of cities and the drawing up and execution of master plans. One advocate stated the aims in this way:

In a big way, city planning is the first conscious recognition of the

¹⁰ Lindsay Rogers, "Government by City Managers," *World's Work*, XLIV (September, 1922), 519.

¹¹ *Ibid.*, p. 524.

unity of society. It involves a socializing of art and beauty and the control of the unrestrained license of the individual. It enlarges the power of the State to include the things men own as well as the men themselves, and widens the idea of sovereignty so as to protect the community from him who abuses the rights of property. . . .¹²

These wonders were to be achieved by expert planners:

City planning involves a new vision of the city. It means a city built by experts, by experts in architecture, in landscape gardening, in engineering, and housing; by students of health, sanitation, transportation, water, gas, and electricity supply; by a new type of municipal officials who visualize the complex life of a million people as the builders of an earlier age visualized an individual home.¹³

Extending the Pattern to the National Level

This vision was, of course, transplanted to the nation as a whole. The idea of governing by an elite of leaders and experts was transferred there also. The President has most often been conceived of as *the* leader. The constitutional role of the Presi-

dent is considerable, but the office has grown mightily in power and prestige in this century. Theodore Roosevelt and Woodrow Wilson contributed to its stature. Theorists have come forward, too, to proclaim the role of leadership inherent in the office.

The following, written in 1921, exemplifies the tenor of such thought:

Thus the President is the one official whose position marks him at the present time as the national leader. Any man, no matter how obscure he may be to-day, will on the morrow of his election to this high office step into the blinding radiance of universal scrutiny.

The writer continues:

The legal functions of the President's office are so eminent that he cannot escape the responsibilities of executive action, however much he may be inclined to avoid them. His constitutional powers alone make him the pivot upon which all the administrative machinery operates. He appoints all the heads of departments and may direct their major policies. His power of appointment to all the greater offices is far-reaching. He can recommend, shape, and veto legislation. . . . In short, he is the most potent constitutional functionary in the world.¹⁴

¹² Frederick C. Howe, "The Remaking of the American City," *Harper's*, CXXVII (July, 1913), 186-87.

¹³ *Ibid.*, p. 187.

¹⁴ Samuel P. Orth, "Presidential Leadership," *Yale Review*, X (April, 1921), 453.

Moreover,

All these constitutional powers have been vastly augmented by practice and custom. The President today can do innumerable things that George Washington or Thomas Jefferson would never have dared do even if they had thought of them. The constitutional conception of the President is that of a chief executive, an administrator; custom has added to this conception that of leadership, of initiation.¹⁵

Already, then, the idea of presidential leadership had taken shape, an idea which has been used to provide a head for the exercise of centralized authority.

Experts Turned Bureaucrats

The President was to be assisted, of course, by numerous scientists, social scientists, experts, and technologists. Charles A. Beard made what well may be the classical argument for the use of technologists in 1930. Arguing in the manner of the historicist, he maintained that conditions of life had changed in America. The major source of these changes had been technological innovations. In consequence of these, according to him, governmental functions had been greatly augmented. He declared,

Under the pressure of new forces,

government itself has become an economic and technical business on a large scale. It comes into daily contact with all industries, sciences and arts. As a purchaser of goods . . . , operator of battleships, arsenals, canals and wireless stations . . . , regulator of railways, telegraph lines and other means of transportation and communication, it must command . . . competence equal to that of corporation managers. . . .¹⁶

Thus, he concluded, "Few indeed are the duties of government in this age which can be discharged with a mere equipment of historic morals and common sense."¹⁷

The matter is not one for despair, however. "Fortunately, in introducing these bewildering complexities into government, technology has brought with it a procedure helpful in solving the problems it has created: namely, the scientific method Though undoubtedly limited in its application, the scientific method promises to work a revolution in politics no less significant than that wrought in society at large by mechanics."¹⁸ The mechanics of the scientific method in government would be, of course, experts turned bureaucrats.

¹⁶ Charles A. Beard, "Government by Technologists," *New Republic*, LXIII (June 18, 1930), 116.

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁵ *Ibid.*, pp. 453-54.

Democratic Reform

We now have the key for solving the problems originally posed in this article. Namely, how could the Supreme Court make "democratic" decisions? How could proponents of democracy and equality promote a privileged position for the President? How could centralized government be advanced in the name of democracy? On the face of it, these are incongruities. An explanation has been made, however, and it remains only to sum it up. Democracy was transformed into an end. As an end, government was to act to realize it. All actions that have as their end the effecting of democracy are then democratic. Thus, however autocratic the exercise of authority by the Supreme Court, if it helps to realize an equality of condition, it is "democratic." The realization of "democracy"

requires central direction; hence, a leader. The President is that leader in the United States, and his protection becomes important because of his essential role in bringing about democracy. In this way, too, an elite could become "democratic" because of its necessity to the bringing about of substantive democracy.

More broadly, "democracy" was instrumented for social reform. Indeed, social reform was justified because it was supposed to bring about democracy. Thus, men have yielded up the control of many of their affairs in the name of democracy. Local governments have lost many of their prerogatives in the name of democracy. An ubiquitous bureaucracy makes numerous rules and regulations affecting the lives and liberties of Americans. But it is staffed by a "democratic" elite. ◆

*The next article in this series will have to do with
"Capturing the Hearts of Men."*

Back Issues and Binders

Back issues of THE FREEMAN, since October 1964 when this *Flight From Reality* series commenced, are available at 30 cents a copy. Also available at \$2.50 each are the 12-rod, blue Leatherlex FREEMAN binders.

The Independent Sector

Do "anything that's peaceful," says Leonard Read — meaning that men should try to solve their problems, either individually or in voluntary association, without putting a gun at their neighbors' heads to make them pay for it. This, in the time of Alexis de Tocqueville, was good American doctrine. But who believes it today? The answer is that a lot of people do, but they don't know what to do about it. Our health problems seem so vast, our cities are such jungles, our racial groups are engaged in such bitter strife, that the average individual is cowed into letting the "public sector" take over, with hopes that the "private sector" will somehow continue to make enough money to finance everything from hospital care to subsidizing poor people's rents.

Plans Gone Astray

The trouble with this formula is that it has a reverse Midas touch, turning everything it

touches into dross and tarnished brass. As has been aptly said, slum clearance means "Negro removal." The centers of big cities knocked down by the Federal bulldozer, are filched by legalized means from small merchants and sold at cut rates to monopolists. Able-bodied men are paid relief for not working, and their wives, subsisting on what comes without effort, breed children who continue on the relief rolls as a matter of inherited tradition. Commodity subsidies are paid out in a program originally designed to help the poor farmers, but 80 per cent of the money goes to the million farmers whose average annual income is more than \$9,500. Meanwhile, our overregulated railroads become more and more decrepit, and our subsidized merchant marine, beset by strikes, disappears from the seas.

Surveying the dreary landscape, both conservatives and the new-style collectivist liberals react with apathy. The conservatives have no

program. The liberals wonder how so much public debt and inflation can have bought so very little. And philosopher Paul Goodman, a collectivist liberal in good standing, writes: "Throughout society, the centralizing style of organization has been pushed so far as to become ineffectual, economically wasteful, humanly stultifying, and ruinous to democracy."

The Voluntary Way

Into this picture steps Richard C. Cornuelle with a book designed to bring Tocqueville up to date. Mr. Cornuelle gives his work a most provocative title, *Reclaiming the American Dream* (Random House, \$3.95). The trouble with our thinking, says Mr. Cornuelle, is that we have fallen into the habit of two-value descriptions. We talk of the "public sector" (meaning government) and the "private sector" (meaning free enterprise), forgetting that a vast "independent sector," devoted to public purposes but paid for by private individuals, exists in the in-between land that used to be such an honored part of the landscape in Tocqueville's century.

What is original about Mr. Cornuelle's book is its clear-sighted ability to marshal convincing detail. He proves his case that the "independent sector" is capable of "stunning social accomplish-

ments." As he says, a national private organization practically wiped out polio. The Mormon Church took care of all the welfare needs of its members throughout the worst depression years. Alcoholics Anonymous is always there to help an alcoholic who will admit that he needs help. Cleo Blackburn, without asking the Federal government for a cent, organized slum dwellers in Indianapolis into teams and set them to using the technical methods of Indiana's prefabricated housing industry to build houses for themselves. The banks lent money for the land and materials, and took the work of the building teams as a "sweat equity" down-payment on mortgages.

The Possibilities

Mr. Cornuelle multiplies his instances with such enthusiasm that it will surprise me if he fails to create a new movement that will attract both conservatives and modern-style liberals into a new "third force" camp. If fully mobilized, says Mr. Cornuelle with exhilarating conviction, the "independent sector" could wipe out poverty, put all willing and able people to work, solve the farm problem, give everyone good medical care, stop juvenile crime, renew our urban landscape, lever a wider distribution of stock owner-

ship, provide plenty of good schools and cultural outlets, wipe out segregation, pay reasonable retirement benefits to all, and even give us a good foreign policy by carrying an independent crusade for human welfare and personal dignity abroad.

Signs of Progress

Is Mr. Cornuelle indulging in wild utopianism when he indulges in such comprehensive list-making? Our government seems to think so: *vide* the recent breakthrough staged almost without opposition by the Great Societarians who profess to speak for liberalism. But the "public sector," in practice, does so poorly for individuals that it is a rare community whose citizens don't have to look to the independent and private sectors to minister to their needs.

In the course of newspaper columning over the past three years I have come upon scores of instances which parallel those listed by Mr. Cornuelle. In Savannah, Georgia, the wife of a utility magnate borrows the money to buy up a decrepit portion of an old city's downtown area—and, surprisingly, turns it into a tasteful real estate venture that not only satisfies human needs at low cost but also earns a profit. In New Haven, Connecticut, a group of citizens turns an old business college into

a fine liberal arts institute, Quinpiac College, by charging enough to cover the education it dispenses and, simultaneously, letting the students find their own food and lodging "off campus," as was the centuries-old style in continental Europe. In Milwaukee, Wisconsin, the teen-agers, with an initial push from Elmer Winter of Manpower, Inc., have found more than a thousand jobs a summer for adolescents over the past two years. In Vermont, lumber companies lease their more majestic mountain land for ski centers, where thousands disport themselves at popular prices. In Colorado and in the Poconos of Pennsylvania, the Baptist Church maintains camps for its young people and lets the more indigent among them pay their fees by a minimal amount of work. In Los Angeles, members of the Western Student Movement volunteer their teaching services in a program designed to rehabilitate drop-outs. All of these instances, and many more like them, have come to my casual attention even though, unlike Mr. Cornuelle, I was not busy with any systematic search for them.

The "independent sector" keeps turning up rich evidence everywhere of response to the old American idea that voluntary association can take care of almost any-

thing. Testing his theory before writing about it, Mr. Cornuelle himself organized United Student Aid Funds, Inc., to guarantee bank loans made to boys and girls seeking college educations. In a space of three years USA Funds, Inc., has guaranteed 68,000 loans totalling \$40 million — proving to Mr. Cornuelle's satisfaction that the need for "Federal aid to education" is an illusion.

Attention, Churchmen

Near the close of his book Mr. Cornuelle, himself reared in a parsonage, puts two sets of statistics in poignant juxtaposition. Almost 118 million people in 320,000 religious congregations in America are told there is nothing much for them to do but "be pious and pay their taxes." Meanwhile, there are a million people in the country who are listed as "unemployable cases." This amounts to about 3 per church. In other words, if each church in America were willing to help three people "out of helpless poverty into productive employment," a formidable problem "would come tumbling down like the walls of Jericho."

This is something to think about for the clergymen who are joining marches on Washington to stimulate bigger Federal relief programs that invariably end by institutionalizing unemployment. ♦

▶ **MERCHANTS MAKE HISTORY**

by Ernst Samhaber, New York: The John Day Co., 1964, \$6.95, 396 pp.

Reviewed by Robert M. Thornton

THIS BOOK is neither a dry compilation of dreary facts and figures, nor a treatise on economics; it is the absorbing story of the influence of trade upon history — an exciting tale of merchants traveling into strange and exotic lands, venturing forth over dangerous seas, mountains, and deserts, and risking their fortunes, if not their lives, to buy and sell.

Scanning the annals of trade since the beginnings of recorded history, Mr. Samhaber, a merchant and scholar, finds proof that government interference in economic affairs, whatever the intentions may be, always does a great deal of harm in the long run. Direct harm is wrought by political interventions, and then governments typically try to repair the damage by inflating the currency. This cure compounds the disease! As the author observes, "How tempting always are the gains of inflation and how terrible and disastrous are its invariable consequences!"

There are, generally speaking, two ways in which government may interfere with the market: it may grant merchants and others

special privileges in the form of monopolies, tariffs, exchange controls, import and export quotas, and the like; or, on the other hand, it may assault the merchant class by taxation, legislation, regulation, and confiscation. In either case, the public suffers. But when merchants are let alone — not pampered and not abused — the public prospers. Rarely, over the centuries, has government kept hands off. Usually, competition causes apprehension in those involved, and some businessmen run to the government for protection. Any privileges they receive from government are paid for by the consumers in the form of higher prices and a scarcity of goods.

The value of the merchant, explains Mr. Samhaber, and the reason he should never be arbitrarily hampered, is that he, like money, acts as a lubricant in the economy. Present-day economies are inconceivable without merchants, just as they would be impossible without a medium of exchange (money). Barter has great limitations and will do only for the simplest economy. Complex transactions require money and merchants. The latter bring together, over long distances and periods of time, the buyer and the seller. This is what distinguishes merchants from other men of business. They are

not concerned with banking, producing, or retailing; they are engaged simply in buying goods to be resold, hopefully, at a profit.

As to what would happen if there were *no* merchants, read the wonderful little story Mr. Samhaber tells at the beginning of his splendid book. It is worthy of another free-trader named Bastiat!

► UNIVERSITY ECONOMICS, by Armen A. Alchian and William A. Allen, Belmont, California: Wadsworth Publishing Co., 1964, 924 pp., \$7.95.

Reviewed by Dr. George M. Wattles, Rockford College.

University Economics is a refreshing and worthy addition to the spate of texts intended to guide students who wish to understand principles of economics. Like the reversible raincoat, it may also perform a second function reasonably well. The layman could hardly find a more thorough and instructive reference book for his private study. A word of caution to all purchasers: Buy a copy from the second printing. Unfortunately, the first printing contains a profusion of typographical errors.

Students of economics will appreciate the many practical questions which follow each chapter. They will learn much from the unique section which gives an-

swers to about one-half of the questions. By observing which questions are answered and which are given indefinite answers, the careful reader will perceive the caution and respect with which these authors approach their subject. More than most of their fellow authors, Alchian and Allen are careful to separate the science of economics from all loose and opinionated use of economic shibboleths. They are particularly careful to avoid the impression that study of economics will lead us to panaceas.

The forte of this book is its detailed discussion of micro-economics — the economic behavior of individual persons and firms. Appropriate emphasis is given to the importance of private property. The effects of attenuation of our property rights, whether directly, indirectly, or by threats, is described more clearly than in any similar work. For example, the reader will understand why his regulated public utility behaves as it does.

Instead of intemperate criticism of governmental interference in the market place, these authors wisely rely on reference to proven and basic economic principles. They *lead* the reader to his own sound conclusions.

The paucity of space devoted to discussion of popular current eco-

nomic issues is both a strength and a weakness. Some readers may be disappointed. In the long run, however, the student will come to appreciate the relative emphasis on fundamentals. He will find that his knowledge of economics is vital as he seeks to comprehend the panorama of problems ahead, and he will perceive the economic facet of issues which had previously appeared to have none.

Among the more worthy discussions, one must cite those which involve popular concern about price rigidity, "excessive" advertising expenditures, and producers' control of product design and product price. The analysis of monopoly utilizes the important distinction between firms whose market power results from government action and those whose advantage is subject to competitive market forces.

The omnipresent topic of inflation is another which is treated with rare skill and perception. A clear separation is made between causes and effects of inflation. The areas of international trade and balance of payments are adequately handled but are not clearly superior to similar chapters in certain other texts.

None of us can read this well-written text without adding depth to our understanding of our own economy, and of every other. ♦

THE *Freeman*

IDEAS ON LIBERTY

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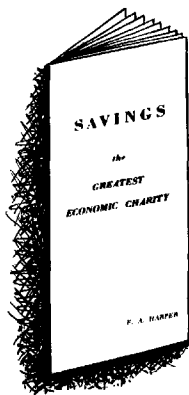
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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

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THE CAUSES OF VIOLENCE

FRANCIS E. MAHAFFY

VIOLENCE in the streets of some of our large urban centers has stimulated an investigation of the underlying causes of these riots, bloodshed, hatred, disrespect for life, property, and the laws of society. Until we learn the causes, it will be hard to come by the cure for the disorder.

To some, the obvious cause is poverty. But poverty does not of itself produce violence. While the mobs were rioting in the United States, I was visiting in an African home. The four children and their parents, as well as the chickens, shared one small room in the hut.

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Their beds consisted of mats on the hard earth with a piece of cloth or a block of wood for a pillow. But as I sat on the floor with them, eating a coarse bread with hot pepper sauce from a common dish, there was a pleasant exchange of banter followed by more serious discussion and study. The deep poverty of this African family did not lead to violence; rather, they all manifested the most gracious hospitality and sincere friendship. In Africa, violence frequently characterizes the activity of the newly educated and more economically advanced young people; the poor people more often retain their tradition of gracious hospitality and friendliness. There is no direct re-

lationship between poverty and violence in Africa — or America.

It is my conviction that the causes of violence often lie in the philosophy of the welfare state society, promoted by politicians and widely accepted by many people.

Recently, a religious periodical reported that a Christian college received a large grant of Federal funds toward building a library. A student of that college wrote of Federal grants to provide on-campus jobs for the students. This college would be classed as a conservative school in its political and religious outlook. Not one of the professors would think of supporting open violence but would roundly condemn it. All would agree that the Moral Law of God summarized in the Ten Commandments provides the absolute norm for conduct. Yet the supporters of such Federal subsidies to education, like all supporters of the welfare state, are unwittingly endorsing violence as a way of life.¹

Perhaps the shooting of policemen and civilians, the plundering of stores and burning of buildings seem remote from the promotion of the welfare state society via Federal subsidies. The one manifests open and naked force against

the lives and property of others; the other seemingly advocates Federal funds for worthy, peaceful ends. But both alike are manifestations of violence and are the fruits, in differing degrees of maturity, of the same basic philosophy.

Redistribution by Force

The measures of the welfare state are means for redistributing the wealth. The recipients may be the aged who receive Medicare, foreign nations who are given tractors and money in foreign aid, urban dwellers for whom new houses are built, farmers who sell their grain to the government at a subsidized price, private or government school beneficiaries of state and Federal grants, children who receive free or subsidized lunches, or those businesses whose projects are government financed. Whatever the means of redistribution may be, the recipient receives what has been seized by violence in taxes collected from others. He receives the fruit of legal plunder.

This legal plunder of property by the state is rooted in disrespect for life; for to seize property is to violate the life sustained by that property. Carried to its logical conclusions, the recipient of legal plunder assumes a right to the property and thus to the life of his better-situated neighbor. When legal plunder becomes the accepted

¹ Leonard E. Read, "Violence as a Way of life," *Essays on Liberty*, (Irvington, N. Y.: Foundation for Economic Education, 1962), Vol. IX, p. 303.

norm of everyday life, it is little wonder that more naked violence occasionally breaks out in our cities. The perpetrators of the violence have been taught through effective propaganda that they have a right to the fruits of the labor of others. When they feel that the agents of the redistribution have stunted in the distribution of these fruits to them, they take into their own hands the logistics of the division, speeding up the process by open violence and plunder. They are only carrying out to its logical conclusion the principle of violence involved in Federal subsidies to some at the expense of others. They are engaging in illegal plunder and violence to accomplish what the welfare state does by means of legal plunder.

Dr. Ludwig von Mises has clearly pointed out the fact that socialism leads naturally to violence, bloodshed, and war.² Whether this socialism be that of Nazi Germany, Fascist Italy, Russia, China, or the compulsory collectivism of our welfare state society, the final result is disruption into open violence. Such violence is only the fruit of the more subtle (and hence in many respects more

dangerous) violence of redistribution.

The causes of violence often lie in the philosophy of compulsion that characterizes all types of socialism. And because socialism involves violence, it flouts the moral law which restricts the use of force against others to the restraint of evil.

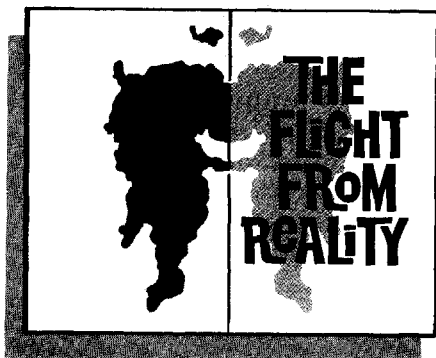
Restoring Moral Law and Order

The solution to the problem of violence does not lie in attributing it to poverty and promoting further violence by way of urban renewal and Federal subsidies. The solution is to abandon violence as a way of life. Required is a renewed respect for law rooted in respect for God, the Law-Giver, not only by individual citizens subject to the law, but especially by those citizens who have been delegated the power of the sword for the suppression of violence among us.

It is still true that "righteousness exalteth a nation: but sin is a reproach to any people."³ True righteousness will evidence itself not only in refraining from violence on the streets of our cities but in abandoning the philosophy of violence which characterizes the redistributionist activities of the welfare state. ◆

² Ludwig von Mises, *Human Action* (New Haven: Yale University Press, 1949), pp. 449, 680-84, 820.

³ Proverbs 14:34



14. *Capturing the Hearts of Men*

CLARENCE B. CARSON

... And Christianity, by the lips of all its teachers, ought with all its emphasis to say to society: "Your present industrial system, which fosters these enormous inequalities, which permits a few to heap up most of the gains . . . needs important changes to make it the instrument of righteousness."

WASHINGTON GLADDEN, 1886

I take this as my thesis: Christianity is primarily concerned with this world, and it is the mission of Christianity to bring to pass here a kingdom of righteousness and to rescue from the evil one and redeem all our social relations.

... The mission of the Church is to redeem the world, and to make peace with it only on its unconditional surrender to Christ.

RICHARD T. ELY, 1889

... Church and State are alike but partial organizations of humanity for special ends. Together they serve what is greater than either: humanity. Their common aim is to transform humanity into the kingdom of God.

WALTER RAUSCHENBUSCH, 1907

MELIORIST REFORM in America has usually been advanced with religious zeal. It has quite often been forwarded as a moral crusade. The political conventions of Populists and Progressives had something

of the atmosphere of revival meetings. Reform programs have frequently been enveloped in a sentimental gloss of morality which frightens the timid away from challenging them and permits their instigators to adopt postures of not-to-be-questioned rectitude. Reformers have pictured themselves (and undoubtedly thought

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of themselves) as champions of the poor, the downtrodden, the dispossessed, the underdog, the meek, and the maltreated. They have proclaimed their cause as just and have assumed that their motives were pure. Above all, they have identified their reformist mission with the mission of Christianity, have sanctified their reforms by this identification, and have drawn many people into their effort by an appeal to Christian charity.

Religion has been "instrumented" for the purpose of social reform and reconstruction. The pressure of organized religion has been brought to bear increasingly upon governments to use their political power to reconstruct society. Churches and churchmen have supported the unionization of labor, the forced redistribution of wealth, coerced integration, and a host of particular programs for rebuilding society along the lines of the socialist vision. The task here is to describe summarily how this transformation of religion came about, to tell how social concern developed among some clergymen, how a new theology was constructed to justify social reconstruction, and how the organized churches were drawn into this effort. In short, it is the story of how many in the churches and many religious institutions came

under the sway of and became subservient to reformist ideology. To turn it around, it is the story of how the moral zeal of religion was brought to bear upon social reconstruction, advancing by emotion things that could hardly have been advanced by reason.

Imperfect Man

It is the story, in the main, of the social gospel movement. But before telling it, some explanation of the nature of what was involved in it is in order. There is a tension created by the Christian revelation. On this point, all students of the life and teachings of Christ may agree. Believers have ever found themselves and their ways insufficient when held up beside the account of these as found in the Bible. Men are not as they should be. They are, in the traditional language, condemned, lost, tried, found wanting, and convicted. As the Apostle Paul, the foremost interpreter of the meaning of the revelation, said: "For there is no distinction; since all have sinned and fall short of the glory of God." There is, then, a gulf between what men are and what they should be.

Nowhere does this gulf stand out in relief more clearly than in the Sermon on the Mount. Since this message was frequently central in the thought of the preach-

ers of the social gospel, it will be helpful to quote a few passages to demonstrate its character.

You have heard that it was said, "An eye for an eye and a tooth for a tooth." But I say to you, Do not resist one who is evil. But if any one strikes you on the right cheek, turn to him the other also; and if any one would sue you and take your coat, let him have your cloak as well; and if any one force you to go one mile, go with him two miles. Give to him who begs from you, and do not refuse him who would borrow from you.

You have heard that it was said, "You shall love your neighbor and hate your enemy." But I say to you, Love your enemies and pray for those who persecute you, so that you may be sons of your Father who is in heaven; for he makes his sun rise on the evil and on the good, and sends rain on the just and the unjust. For if you love those who love you, what reward have you? Do not even the tax collectors do the same? And if you salute only your brethren, what more are you doing than others? Do not even the Gentiles do the same? You, therefore, must be perfect, as your heavenly Father is perfect.¹

There is much more of a similar character, but the above passages may serve as examples. There could hardly be a more vivid contrast between what men ordinarily accept as sufficient for virtuous

and just behavior and what is required by Christianity. This gap, nay, this yawning gulf, between what men are and what they should be has produced great tensions in those who would be Christians. Some men have attempted by extraordinary moral heroism to bridge the gulf. In early times, there were hermits who went apart from the world, denied the demands of the flesh, persecuted their own bodies, and in this way attempted to live spiritually at the expense, to some extent, of the physical. Still others went into monasteries and nunneries to escape somewhat the baleful lure of the world and the flesh. Throughout the ages, there have been those who have tried to attain to perfection by way of self-abnegation in one form or another.

A Higher Moral Code

Fundamentally, though, Christians have usually agreed that Jesus Christ bridged the gulf between man and God with his Sacrifice, that what is impossible for man can be accomplished, and has been, by the Grace of God. A way was provided for the resolution of the tension, though this is not supposed to have relieved those who are Christians from the acceptance of the norms for behavior revealed in Scriptures and from ordering their lives according to them.

¹ Matthew 5: 38-48, RSV.

It must be made clear that the norms proclaimed by Jesus are a Revelation. They are not such as men might discover by studying the nature of the universe, the nature of man, and the nature of society. This is no natural morality. Men do not naturally go an extra mile when they have been compelled to go one. Indeed, they naturally resist compulsion in the first place. They do not naturally add their cloaks to the penalty when they have been sued for their coats. It is difficult to imagine anything less natural than to turn the other cheek when one has been struck. Nor is there an order in the universe that automatically and of necessity rewards these norms of behavior. Those who prosper in this world do not always give to beggars and lend to those who would borrow from them. On the contrary, those who prosper have ordinarily managed their affairs much more circumspectly and less generously. It is not economical to run one's affairs according to these norms.

It does not appear that social order could be maintained without resisting evil. All orderly societies, so far as I know, have rested on some rough approximation of justice as consisting of an eye for an eye. This would appear to be the natural mode of dispensing justice. It is not clear how social

order could be maintained except in this way. In the nature of things, society cannot dispense justice by awarding freezers to those who have stolen refrigerators. The assault upon property would not only be legalized but rewarded as well. It is so unlikely as to be impossible for anyone to arrive at such norms for behavior by a natural study and the use of human reason. Thus, these norms constitute a Revelation.

Guides for Human Action That Are Beyond Man's Laws

Several points need to be made clear about the character of the content of the Revelation. First, there is *no* implied condemnation of natural law, the natural order, or positive law. Jesus made it clear in the Sermon on the Mount (Matthew 5:17) that this was no part of his intention. He said, "Think not that I have come to abolish the law and the prophets; I have come not to abolish them but to fulfil them." Nor in what followed did he condemn the laws as they had been handed down and established. For example, he said (Matthew 5:27-28): "You have heard that it was said, 'You shall not commit adultery.' But I say to you that every one who looks at a woman lustfully has already committed adultery with her in his heart." This was not a call for social re-

construction. There was, in the saying, no claim that the law against adultery was not as it should have been. Certainly, no one could logically interpret the passage to say that it would be all right now to commit adultery. His commandments are *more than*, not *instead of*.

Jesus was revealing the norms in terms of which actions may be virtuous, not in human terms but in God's. There is no virtue, he was saying, in obedience to the law. Any sensible person would do this to avoid the penalties attached to it. (The same would go for natural law or conformity to the order in the universe.) Men do conceive of such actions as virtuous quite often, but this is from their perspective as men and limitations as men.

Second, these commandments can only apply to individuals and voluntary groups. They have to do with actions that are virtuous. They are virtuous because they are not compelled, because there are no earthly or natural sanctions for them, because no earthly rewards nor penalties necessarily attend them, because they are freely done. If these norms were made a part of the order that men or natural law enforce, they would lose their virtuous character. Then even the Gentiles (that is, non-Christians) would usually obey

them, for it would be expedient to do so.

Third, these norms are of such character that they cannot effectively be made a part of the order of positive law in society. Attempts to do so can only produce disorder and chaos. To see this, one need only imagine a law requiring that if someone seeks your coat you must give him your cloak also. The penalty for not doing so might appropriately be a fine of 10,000 dollars or ten years in prison, or both. Can there be laws against lustful glances, compelling the turning of the other cheek, requiring that one love his enemies, and so forth? If not, these norms cannot be made a part of the social order.

The Social Gospel

The Revelation is of another realm than that of natural law, of an order in the universe, or of positive law. It is a revelation of God, of the realm of the spirit, of the arena of love, of that which is unbounded by expediency or the narrow and limited views of men while they sojourn on earth. It does not condemn nor deny the efficacy of the order that is established for men on this earth. It does not bid them erect an order that is in keeping with the Revelation. Instead, it proclaims the norms in terms of which human

behavior stands condemned, in terms of which man stands in need of Grace, in terms of which individuals may gauge their acts.

Debasing the Spiritual

The social gospel inverts the Gospel. It turns Divine norms into norms for human society. It turns the condemnation of individuals into a condemnation of the social order and converts the impetus of Christianity into pressure for social reconstruction and revolution. The holy tension between what a man is and what he should be is transformed into a temporal tension between the present society and the one that should exist.

The social gospel movement was, and is, a headlong flight from reality. In the first place, it was a flight in that it used the impetus of religion to buttress the general flight involved in melioristic reform efforts. Secondly, it was a flight from the religious base upon which it rested. To be more specific, it transformed the highest spiritual goals into a quest for material improvement.

The central doctrine of the social gossellers has been that the Kingdom is to come on earth. One of their favorite scriptural quotations has been the one commanding Christians to seek first the Kingdom of Heaven. They pray for and propose to work for the

coming of the Kingdom. Yet their efforts have been devoted, in the main, to the amelioration of the material conditions of life. They have favored shorter work weeks, higher pay, a more equal distribution of the wealth, various and sundry governmental programs for the abolition of poverty, and so forth. Indeed, they maintain that by ameliorating the conditions of life—by social regeneration—they will provide the foundations for the spiritualization of life. A paraphrase of their rendition of the scriptural injunction should read something like this: Seek ye first material well-being and the Kingdom of Heaven will be added unto you.

In the third place, theirs is a flight from the higher morality upon which their admonitions are based. Their call for social reconstruction is in considerable part a call for the use of governmental power to produce their ends. Insofar as they succeeded, they would remove the moral character from the acts that they approve. They would make it compulsory to do what otherwise might be done willingly. If it is a requirement of law that the cloak be given as well, no virtue would attach to the giving of the cloak. Even the "Gentiles" would do it, for it would be expedient to do so.

Moreover, the reconstruction of

society in terms of the Revelation, if it could be done, would remove the opportunity for performing moral acts. Only those who have property may give generously of it; only those who have money may lend it to all would-be borrowers; only those who have choice as to the disposal of their time and energies may go the second mile. The social planning, the assault upon property, the confiscation of savings involved in the social reconstruction advocated by the social gossellers would remove the opportunity for acts of charity. Indeed, if "social justice," as many of them have defined it, prevailed, there would be no occasion for charity. More succinctly, there would be no morality. Life would be reduced to expedient calculations in terms of rewards and punishments established by positive law.

Fourthly, they have been using the religious motif to advance the politicalizing of all life. It is not necessary to imagine the consequences, in this case. They are already occurring. Religion is being driven out of public affairs, by court decision, even as the power of government is being used to achieve ends which are proclaimed as religious and moral. To see this, one need only recall the school prayer decisions and the integration decisions of the courts. How-

ever illogical this may appear, to those who do not wear ideological blinders, it follows logically from the use of governmental power to achieve supposedly spiritual ends. When this is done, the political modes are advanced at the expense of religious ones, and independent religion cannot survive the politicalizing of life. Compulsion can only be advanced at the expense of independence, and religious activities cannot be exempted from this rule.

Thoughtless Leadership

How, then, could so many ministers and religious leaders have been drawn into the social gospel movement? How could so many church organizations have been drawn into the effort? How could so many churchgoers have come to believe that it is the business of the church to support and advance governmental ameliorative programs? In a general way, these questions have already been answered in earlier articles. The breakdown of philosophy, the spread of irrationalism, the loss of a firm grip upon physical and metaphysical reality, the development of utopian notions, the vision of man's being able to create conditions to his liking set the stage for the flight in religion.

One point needs to be made emphatically: The social gospel never

has been an intellectually respectable doctrine, any more than has the generality of meliorist and revolutionary ideas. Its proponents did not proceed by a careful analysis of Scriptures. They were under the sway of a philosophical monism which bent them toward the confusion of all things. The spiritual and the material, the moral and the legal, the eternal and the temporal were fused in such a way as to obliterate all necessary distinctions.² Their theology has always been vague, their grasp of economics exceedingly insecure, and their understanding of politics virtually nonexistent.

The social gospel movement got underway in the latter part of the nineteenth century. The big names in its development were Washington Gladden, Richard T. Ely, W. D. P. Bliss, George D. Herron, and Walter Rauschenbusch. These shared with and drew from the ideas of such men as Henry George, Edward Bellamy, and Henry Demarest Lloyd, who are not so closely identified with the movement in religion. But there were many others who participated in and contributed to this development in the latter part of the nineteenth century. In the pre-

face to what has become the standard work on the movement, the author points out that "many have assumed that social Christianity was the accomplishment of a handful of clergymen who at the opening of the twentieth century challenged religious conservatism by the proclamation of the social content of their faith. Study of an extensive and varied literature indicates, however, not only that the social gospel originated in the early years of the gilded age but also that its prophets were legion and their message an integral part of the broad sweep of social and humanitarian efforts. . . ."³ The spreaders of the social gospel were not careful thinkers. Generally, they had picked up a variety of socialist, progressivist, and meliorist assumptions, accepting them as valid without subjecting them to analysis or test against Scripture or economic and political reality.

Overcoming Poverty Through Compulsory Redistribution

To challenge the philosophical soundness of the social gospel is not to question the sincerity of its preachers. There is no reason to doubt that many of them were

² See, for example, the discussion of this in James Dombrowski, *The Early Days of Christian Socialism in America* (New York: Columbia University Press, 1936), pp. 14-15.

³ Charles H. Hopkins, *The Rise of the Social Gospel in American Protestantism, 1865-1915* (New Haven: Yale University Press, 1940), p. vi.

passionately devoted to their cause, that they were absolutely convinced of the rightness of what they said, and that they meant well quite often. They saw suffering and hardship and believed that those who attributed it to an unjust order were correct. They saw or read of hunger and disease and thought that this was related to institutional arrangements. There was poverty in the midst of a land in which some had great wealth. They assumed that the remedy for this lay in some sort of redistribution. Their concern for others made them particularly susceptible to utopian visions and socialist dreams.

The social gossellers captured the hearts of men by their descriptions of suffering and hardship. Washington Gladden accepted Henry George's thesis that poverty was increasing as industrial progress took place. Note his characterization of conditions among those in the depths of poverty:

. . . Below these still, there is another large class of the really poor, of those whose earnings are small, whose life is comfortless, who have nothing laid by, who are often coming to want. . . . This class of the very poor — those who are just on the borders of pauperism or fairly over the borders — is rapidly growing. Wealth is increasing very fast;

poverty, even pauperism, is increasing still more rapidly.⁴

Walter Rauschenbusch introduced the element of pathos in his descriptions:

The fear of losing his job is the workman's chief incentive to work. Our entire industrial life, for employer and employee, is a reign of fear. The average workingman's family is only a few weeks removed from destitution. The dread of want is always over them, and that is worse than brief times of actual want. . . .

While a workman is in his prime, he is always in danger of losing his job. When he gets older, he is almost certain to lose it. The pace is so rapid that only supple limbs can keep up. Once out of a job, it is hard for an elderly man to get another. Men shave clean to conceal gray hairs.⁵

Not only were conditions bad, according to social gossellers, but they were getting worse. A somber tone of impending crisis characterizes much of their writings. Gladden declared:

Such, then, is the state of industrial society at the present time. The hundreds of thousands of unemployed laborers, vainly asking for

⁴ Washington Gladden, *Applied Christianity* (Boston: Houghton Mifflin, 1886), pp. 10-11.

⁵ Walter Rauschenbusch, *Christianity and the Social Crisis* (New York: Macmillan, 1907), pp. 235-36.

work; the rapid increase of pauperism . . . ; the sudden and alarming growth of the more violent types of socialism, are ominous signs of the times.⁶

Rauschenbusch pointed out that while there had been hardship involved in the development of industry in America, this was mitigated somewhat by the availability of cheap land (the frontier thesis), but this was now a thing of the past and trouble lay ahead. He put it this way:

But there is nothing in the nature of our country that will permanently exempt us from the social misery created by the industrial revolution elsewhere. . . . The influences which formerly protected us and gave us a certain immunity from social misery are losing their force. We are now running the rapids faster than any other nation. We do everything more strenuously and recklessly than others. . . . If we are once headed toward a social catastrophe, we shall get there ahead of schedule time.⁷

Driving Toward Socialism

The preachers of the social gospel attributed the cause of suffering and hardship to the existing order. The crisis was approaching because of the hardening of the lines of the order. The existing social order was so made up and

bent by those who benefited from it that it would bring America to revolution and destruction if something were not done about it. While Gladden was more moderate in his indictment of the established order than later advocates of the social gospel were to be, he did believe that the system led to the difficulties. Though he disavowed the complete socialist prescription, he thought they were right when they pointed to certain tendencies and ascribed them to the system:

The tendency of wages to sink to starvation point, the tendency of the workmen's share of the national wealth to grow constantly smaller, the tendency of commercial crises and depressions to become more frequent and disastrous . . . — all these are, as I believe, the natural issues of an industrial system whose sole motive power is self-interest, and whose sole regulative principle is competition.⁸

George D. Herron was less restrained but saying essentially the same thing in his indictment:

The inevitable result of the system of wages and competition will be to increase social inequalities; to increase the wealth of the few and the poverty of many. . . . The present industrial system could not exist were it not for the fact that great multitudes of the unemployed have

⁶ Gladden, *op. cit.*, p. 161.

⁷ Rauschenbusch, *op. cit.*, p. 219.

⁸ Gladden, *op. cit.*, pp. 69-70.

been brought to this country systematically and purposely, for the sake of reducing wages and producing a state of poverty.⁹

As Herron said elsewhere, "The economic system denies the right of the sincerest and most sympathetic to keep their hands out of the blood of their brothers."¹⁰

Rauschenbusch's indictment was no less severe:

If it were proposed to invent some social system in which covetousness would be deliberately fostered and intensified in human nature, what system could be devised which would excell our own for this purpose? Competitive commerce exalts selfishness to the dignity of a moral principle. It pits men against one another in a gladiatorial game in which there is no mercy and in which ninety per cent of the combatants finally strew the arena.¹¹

The Anticapitalistic Mentality

The villain of the piece, depending upon the inner urge of the moment, was capitalism, private property (they differed as to the extent of the condemnation of this), the profit motive, competition, monopoly, and all of the assorted demons of socialist anal-

ysis. The anticapitalistic mentality, as Ludwig von Mises has called it, flowered luxuriantly among the social gossellers. It is difficult to recognize the businessman in the following allusions, or illusions, of Edward A. Ross, a sociologist with a religious emphasis:

Today the sacrifice of life incidental to quick success rarely calls for the actual spilling of blood. How decent are the pale slayings of the quack, the adulterer, and the purveyor of polluted water, compared with the red slayings of the vulgar bandit or assassin! Even if there is blood-letting, the long range, tentacular nature of modern homicide eliminates all personal collision. What an abyss between the knife-play of brawlers and the law-defying neglect to fence dangerous machinery in a mill, or to furnish cars with safety couplers!¹²

Yet the difference between businessmen and common criminals, we gather, is in the magnitude of the offense of the former.

One other indictment of capitalists will serve to illustrate the character of these generally. Rauschenbusch said:

When men of vigorous character and intellectual ability obey the laws

⁹ Quoted in Dombrowski, *op. cit.*, pp. 187-88.

¹⁰ George D. Herron, *Between Caesar and Jesus* (New York: Crowell, 1899), pp. 24-25.

¹¹ Rauschenbusch, *op. cit.*, p. 265.

¹² Ray A. Billington, *et. al.*, eds., *The Making of American Democracy*, II (New York: Holt, Rinehart and Winston, 1962, rev. ed.), 35-36.

of Capitalism, and strive for the prizes it holds out to them, they win power and great wealth, but they are placed in an essentially false relation to their fellow-men, the Christian virtues of their family stock are undermined, their natural powers of leadership are crippled, and the greater their success in amassing wealth under capitalistic methods, the greater is the tragedy of their lives from a Christian point of view.¹³

The "New Theology"

The condemnation and rejection of the existing order was, of course, prelude to the calling for a new order. Advocates of the social gospel were all bent upon social reconstruction, in one degree or another. Some were avowed socialists, some unavowed, and others were to appearances less radical in their aims. But they appealed to Christianity as the justification for making over or modifying the social order. The theory was not particularly complicated. Most of the early proponents of the social gospel held that society is an organism. Individual men are products, more or less, of the environment. In order to save men, then, it is necessary to redeem the society by reconstructing it along Christian

lines. When this work of reconstruction had been accomplished, the Kingdom would have come. Those who were engaged in the task of rebuilding society were working for the coming of the Kingdom. Existing society was criticized from the scriptural vantage point of strictures such as those found in the Sermon on the Mount. The new order would incorporate these into the social structure.

There should be no doubt that this bringing of the Kingdom, as they understood it, involved radical social reconstruction for the preachers of the social gospel. Walter Rauschenbusch has usually been accorded the position of theologian of the social gospel. In his book, *A Theology for the Social Gospel*, he declared:

Since love is the supreme law of Christ, the Kingdom of God implies a progressive reign of love in human affairs. We can see its advance wherever the free will of love supersedes the use of force and legal coercion as a regulative of the social order. This involves the redemption of society from political autocracies and economic oligarchies; the substitution of redemptive for vindictive penology; the abolition of constraint through hunger as part of the industrial system. . . . The highest expression of love is the free surrender of what is truly our own, life, property, and rights. A much lower but

¹³ Walter Rauschenbusch, *Christianizing the Social Order* (New York: Macmillan, 1912), p. 315.

perhaps more decisive expression of love is the surrender of any opportunity to exploit men. No social group or organization can claim to be clearly within the Kingdom of God which drains others for its own ease, and resists the effort to abate this fundamental evil. This involves the redemption of society from private property in the natural resources of the earth. . . .¹⁴

The above passage gives the flavor of the bombast, but the tangle of gratuitous assumptions and accusations may obscure the message. He has stated the aim somewhat more succinctly elsewhere. The vision which he would see fulfilled has "the purpose and hope of founding on earth the Reign of God among men. Faith in the Kingdom of God commits us, not to an attitude of patient resignation, not to a policy of tinkering and palliatives, but to a revolutionary mission, constructive in purpose but fearless in spirit, and lasting till organized wrong has ceased."¹⁵

The Reign of Love — by Force

Reign of love there might be, according to the vision, but it was

to be preceded by a reign of men. The advocates of the social gospel were also advocates of greatly increased governmental activity. Even Washington Gladden, who expressed some doubts as to the coercive route to moral redemption, favored an extended and extensive role for government. He observed:

The limits of governmental interference are likely to be greatly enlarged in the immediate future. . . . It may become the duty of the state to reform its taxation, so that its burdens shall rest less heavily upon the lower classes; to repress monopolies of all sorts; to prevent and punish gambling; to regulate or control the railroads and telegraphs; to limit the ownership of land; to modify the laws of inheritance; and possibly to levy a progressive income tax. . . .¹⁶

Those who came somewhat later, however, had no qualms about using the power of the state to usher in the Kingdom.¹⁷ Richard T. Ely declared that it is "as truly a religious work to pass good laws, as it is to preach sermons; as holy a work to lead a crusade against filth, vice, and disease in slums of

¹⁴ Quoted in Gerald N. Grob and Robert N. Beck, eds., *American Ideas*, II (New York: Free Press of Glencoe, 1963), 217.

¹⁵ Rauschenbusch, *Christianizing the Social Order*, p. 324.

¹⁶ Gladden, *op. cit.*, pp. 100-01.

¹⁷ Several decades later, Reinhold Niebuhr argued that collectives may act immorally to attain "social justice," since they are by nature immoral. See *Moral Man and Immoral Society* (New York: Scribner's, 1932), *passim*.

cities, and to seek the abolition of the disgraceful tenement-houses of American cities, as it is to send missionaries to the heathen."¹⁸ He approved of what he called coercive philanthropy. "Coercive philanthropy is philanthropy of governments, either local, state, or national. The exercise of philanthropy is coming to an increasing extent to be regarded as the duty of government."¹⁹ George D. Heron called for the thoroughgoing use of the state for religious purposes.

Government has a right to existence and authority for no other end than that for which God sent his only begotten Son into the world. It is the vocation of the states, as the social organ, to so control property, so administer the production and distribution of economic goods, as to give to every man the fruit of his labor, and protect the laborer from the irresponsible tyranny of the passion of wealth.²⁰

Rauschenbusch declared that "embodying a moral conviction in law is the last stage of moral propaganda. Laws do not create moral convictions; they merely recog-

nize and enforce them."²¹ In practice, of course, devotees of the social gospel have usually supported the whole panorama of reform programs.

Church Movements for Political Action

However strange these doctrines may seem, there is good reason for exploring them. They have had a tremendous impact upon America. In the course of time they began to be taken up and spread by churches and organizations within them. In the latter part of the nineteenth century, the social gospel movement was restricted to a relatively small number of ministers, sympathetic reformers, founders of small magazines, and radical organizations. But by 1912 Walter Rauschenbusch could rejoice that the social gospel was catching on.²² There were many signs of this. As early as 1887 the Episcopalians set up a Church Association for the Advancement of the Interests of Labor. In 1901 the Congregationalists provided for a labor committee. The Presbyterian Church established a department of church and labor in 1903. In 1908 the Methodist Episcopal Church came out for organ-

¹⁸ Richard T. Ely, *Social Aspects of Christianity* (New York: Crowell, 1889), p. 73.

¹⁹ *Ibid.*, p. 92.

²⁰ Quoted in Howard H. Quint, et. al., eds., *Main Problems in American History*, II (Homewood, Illinois: Dorsey, 1964), 67.

²¹ Rauschenbusch, *Christianity and the Social Crisis*, p. 363.

²² Rauschenbusch, *Christianizing the Social Order*, ch. II.

ized labor.²³ The Federal Council of the Churches of Christ in America, organized in 1908, adopted a reformist creed from the beginning. Among the things for which it stood were:

For equal rights and complete justice for all men in all stations of life. . . .

For a living wage as a minimum in every industry, and for the highest wage that each industry can afford.

For the most equitable division of the products of industry that can ultimately be devised. . . .

For the abatement of poverty.²⁴

Many changes were being wrought under the religious impetus. Rauschenbusch pointed out that the "Young Men's Christian Association used to stand for religious individualism. The mere mention of 'sociology' once excited ridicule. Today the association has developed a splendid machinery for constructive social service. . . ."²⁵ The missionary effort was being changed by the new ideas. The emphasis was beginning to shift toward social service, medical missionaries, and so forth. In due time, more and

more ministers came under the sway of the social gospel, and church organizations began to wield their influence both for general and for particular social reforms.

Beneath the Sugar Coating

Of course, as these ideas were adopted by the old established churches, they were usually given more ambiguous wording and less radical formulation. After all, many of the founders and advocates of the social gospel were socialists. George D. Herron was dedicated to what has been called Christian socialism. Anyone conversant with socialist doctrines will be able to discover them in more or less pure form in Rauschenbusch's work. There is a definite gradualist slant to the writings of Gladden. The "respectable" churches did not accept such doctrines in the blunter formulations of them. Yet to the extent, and it has been considerable, that the churches, their ministers and spokesmen, have adopted these doctrines and advocated the programs based on them, to that extent have they been drawn into the effort to bring about socialism in America. For these doctrines depend for their justification upon the rhetoric of socialism; they are meaningful within the intellectual framework of socialist doctrines;

²³ See Harold U. Faulkner, *The Quest for Social Justice, 1898-1914* (New York: Macmillan, 1931), pp. 219-22.

²⁴ Quoted in Rauschenbusch, *Christianizing the Social Order*, pp. 14-15.

²⁵ *Ibid.*, pp. 17-18.

the particular programs have long been devices for gradually moving toward socialism.

Men's hearts have been captured by the inversion of the Gospel, and they have been drawn into the

orbit of reformism by doctrines ideologically derived from socialism but phrased in the language of religious concern. This was another step in the domestication of socialism in America. ♦

*The next article in this series will have to do with
"Remaking the Minds of Men."*

Legalized Coveting

HOWARD E. KERSHNER

A MINISTER said to me recently that many of his parishioners could not afford to buy their monthly railroad tickets to go to their jobs in New York and that the government should subsidize the railroads. I said that would mean seizing some of the wealth of many who are forced to live in the noisy, crowded, dirty cities because they cannot afford to go to the country, and giving some of it to his parishioners who wanted to live in the more desirable suburbs.

I said, "If you wish to be honest about the matter, advise your parishioners to explain to their friends that they need help to buy their railroad tickets and ask each one to subscribe 50¢ or \$1 a month for that purpose." The minister replied, "But no one would do that." "Of course not," I replied, "but you are proposing to put your hand into the pockets of these people and take the money from them by the coercive power of government. That is both coveting and stealing."

These people would hardly have returned to their homes after their

Dr. Kershner is President of the Christian Freedom Foundation. This article is from his weekly column, "It's Up to You," June 28, 1965.

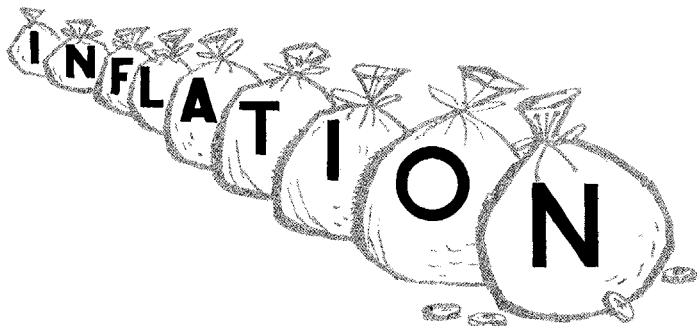
unsuccessful effort to get their neighbors to subsidize them until a group of farmers would knock on the door and say, "We cannot afford to sell our produce at the market price. Will you contribute 50¢ a month so we can have more than the market affords?" You reply, "I would like to help you but I have difficulty paying my own grocery bill and I am sorry I cannot do anything for you." But you do. The farmers organize a pressure group, go into politics, and take from the public \$6 to \$8 billion a year to subsidize farming.

After the farmers were gone, another group would knock on your door and explain that they want to build houses for themselves but need some help. You would tell them you are having some difficulty meeting payments on your own house and you cannot help. But you do, for the coercive power of government seizes some of the wealth of us all in order to subsidize construction of new homes. In one way or another most of the homes being built today are subsidized by government.

Another group would call upon you and want help with their rent,

but you tell them your own housing problem is quite enough. But through the power of government they compel you to subsidize them. So, a very large part of our rental housing property is subsidized by government.

We have formed an almost innumerable number of pressure groups, each using political power to see how much of the wealth of others it can get for its members. When government forgets its responsibility and begins to seize the wealth of some of its citizens for distribution to others, this process will go on until the last bone of the last taxpayer is picked bare. We shall destroy ourselves and decline if we cannot recover from the temptation to covet and steal from one another. To be sure, it is done legally, but this does not alter the essential nature of the act. Three men can gang up politically and legally seize the wealth of a fourth, but it is coveting and stealing, nevertheless. Those who practice it are violating the Commandments of God and in so doing they will destroy themselves and their society. ♦



TOM ROSE

INFLATION is one of the most important, yet least understood, issues of our day. Contrary to what we might be led to believe by the news media and some high economic advisors, inflation is *not* a rise in the general level of prices (often referred to as an increase in the cost of living). Inflation is simply an increase in the supply of money. This increase in the number of dollars in relation to the goods and services that are put up for sale causes people to bid up prices. Thus, a general rise in prices is the *effect* of inflation. More dollars is the underlying *cause* of the higher prices.

We first must recognize this cause-effect relationship before we can understand the problems and dangers of inflation. Likewise, once we understand this relationship, we can easily see through

the fog created by statements like the following, made by high-placed people in our nation, when the inflation (money expansion) *has already taken place!*

"Fortunately, we have been free from inflation and the expectation of imminent inflation."... or

"The deficits in the last three years have clearly not been inflationary."

Statements such as these give people the mistaken idea that inflation and a rise in prices are *identical* when, in truth, it is inflation that *produces* higher prices. It is because Americans have accepted such statements as true that we have engaged in worthless battles to fight rising prices, when the *real* culprit has been an inflated money supply. In other words, we, like Don Quixote, have become excited about phantom windmills only to leave the real problem untouched. As a doctor

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would say, we have been trying to cure the fever instead of the illness.

What Causes Inflation?

Expansion of our money supply (inflation) takes place through our banking system. The Federal government can, and does, cause new dollars to be created through IOU's (bonds) that it issues. This is how the process works:

1. Congress votes to let the government spend more money during the year than it will collect in taxes. This authorizes the U. S. Treasury Department to print up enough IOU's (bonds) to cover the difference between taxes collected and the amount of money it will spend. (At this point inflation has not yet occurred.)

The Treasury Department sells these IOU's through dealers to anyone who will buy them. If you or I buy one of these bonds, this act is not inflationary because *we use dollars that we have saved*. In other words, we just transfer dollars that are *already in existence*. Our purchase does not add to the money supply.

2. But when a commercial bank purchases or loans money on these government IOU's, new checkbook money can be created because the bank may pay for the bonds by creating a deposit. (It is at *this* point that inflation actually oc-

curs.) In addition, the official reserve ratio, which is set by the Federal Reserve Board, tends to have a multiplier effect of about six to one on the new money. All this newly created money competes with your dollars and my dollars to buy existing goods and services. It is this *increased dollar competition* that causes prices to go up.

Some Results of Inflation

As we have just seen, when government causes an artificial increase in the number of available dollars, the increase tends to reduce the value of existing dollars. It's like adding water to lemonade. Volume increases but the lemonade becomes weaker, and it takes more of the weaker lemonade to do the same job. But that's not all that happens. In addition:

1. Inflation insidiously transfers wealth and purchasing power from the pockets of savers to those who borrow. The value of money that has been saved becomes less as dollars become more numerous. Borrowers later can repay their loans with cheaper dollars. This is one way in which government can cause wealth to be secretly transferred from one person to another—a process that must seem unfair to aging persons who have toiled and saved during a lifetime only to have the value of their savings melt away.

Another way in which inflation secretly transfers wealth is that the normal distribution of income is upset. The newly created dollars cause prices and wages to rise first in the areas and industries where the government spends them. People who first receive the newly created money get a chance to buy goods and services *before* the inflated money supply causes a general rise in prices. As the new money begins to circulate and causes people to bid up prices, the unfortunate people at the tail-end of this cycle are faced with the problem of paying higher prices *before* their incomes go up. And when their incomes finally rise, another cycle of inflation and rising prices is already started, so they are always behind. Thus, certain people in the economy get a government-bestowed advantage over the others.

2. Inflation kills incentive to save. When savers realize that their dollars buy less when paid back after a period of time, they tend to spend their extra dollars instead of saving them. Or, as an alternative, they increase the amount of interest charged to borrowers to make up for the future loss of purchasing power. The high rates of interest charged in countries with advanced inflation is an example of this. For in-

stance, if the going rate of interest is 5 per cent, but lenders expect the purchasing power of money to drop by 10 per cent during the next year, they will want to charge interest of about 15 per cent for use of their money. In other words, as the incentive to save goes *down*, the cost of inducing people to save goes *up*.

3. Inflation works to lower our standard of living by reducing the productive capacity of our economy. Our high standard of living in America is supported by our tools of production, the machines that produce our goods and services. These tools come into being only through self-denial. Someone, many someones, must be willing to save and invest part of their income in productive tools instead of spending it all on consumer goods and services. Thus, if lack of incentive to save induces people to spend all of their current income, worn-out tools aren't replaced fast enough. Productive capacity drops, and this brings about a lower standard of living.

People generally aren't aware of how thin the line is that separates those countries that have progressing economies from those with stagnant or declining economies. Investigation will show that the so-called underdeveloped nations are the ones where people

have not had the needed motivation to save part of their incomes for investment in tools of production. Thus, these nations have economies whose productive capacities can't catch up with their booming populations. The United States could easily find itself in the same spot if our people were led to reduce substantially the percentage of their incomes that is saved. And the difference between these countries and the United States is the motivation that individuals have to save.

4. Inflation causes boom-bust cycles like we saw in 1924-38. At first, inflation produces conditions that seem favorable to everyone. Profits go up because selling prices tend to keep ahead of business costs for a while. This induces businessmen to increase plant investment, which causes employment to expand. Wages start going up, fewer businesses fail, and people generally come to believe that the key to continual prosperity has been found. But then demand for the various factors of production—land, labor, and capital—goes up. This increased demand causes their prices to rise. And these prices are business costs. As business costs rise, profits go down, plant investment is cut back, and employment drops. This is the “bust” half of the earlier

“boom.” This readjustment lasts until costs come down and business activity again becomes profitable.

5. Inflation distorts business results, which is one reason for the above boom-bust cycle. Real profits aren't nearly as big as they appear because they are overstated. Part of a company's reported profit (the amount it pays taxes on) is only “paper profit” and must be siphoned off and put with its depreciation allowance to buy higher-priced equipment as old machines wear out. If the company didn't use part of its profit to do this, its productive tools would gradually become so old and worn out that it could no longer compete in the market place. It would lose money and finally be forced out of business.

In addition, fluctuating price-cost relationships make it more difficult for a company's cost accountants to accurately evaluate the profitability of interlocking business operations. Thus, early losses are not noticed, and needed business adjustments are delayed. This delay causes a less effective use of resources which increases costs.

6. Inflation promotes greater intervention in the economy. As inflation-produced recessions get

underway, business gets blamed for the downturn, and people turn to government for help. They mistakenly hope that government can come up with quick and painless solutions for the very economic problems that government caused in the first place! Business still carries an undeserved stigma for the Great Depression of the 1930's.

The resulting governmental intervention leads to price, wage, and other controls that reduce individual freedom and initiative. These controls further complicate private enterprise activities, and an endless chain of controls is underway. The result is a continued centralization of power in the Federal government, such as we are seeing today.

7. Inflation hurts people of modest means (the working man) most. It is "the little guy" who is the net creditor in our society and who gets hurt during the "boom" as well as in the "bust." When prices rise, his dollars — which are mostly invested in savings accounts, insurance, and other fixed-dollar assets — lose purchasing power.

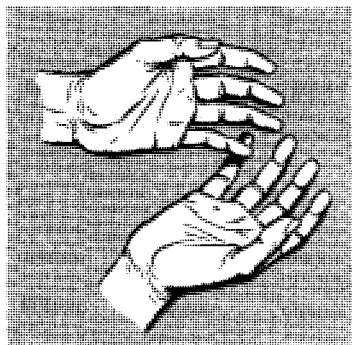
When the "bust" finally comes and he is put out of work, his relatively small dollar savings might not be enough to enable him to meet loan payments on his

home or car. Thus, he runs a grave risk of losing his built-up equity to the financial institutions that loaned him the money to buy them.

8. Inflation paves the way for dictatorial control of a nation in much the same way that Hitler and Mussolini rose to power forty years ago. It divides people into conflicting factions. Instead of voluntarily cooperating to solve important problems, various groups tend to become antagonistic toward each other.

The end result of continued inflation is to weaken a nation in every respect: its economic and social structure, its productive capacity, and the standard of living of its people. Thus is a country's economy disrupted and made ripe for easy takeover.

More effects of inflation could be cited, but they all point in one direction: to the final concentration of all power in the central government. This dangerous tendency can be reversed if we recognize that long-term expansion of our money supply can be brought about only through the Federal government and its agency, the Federal Reserve System. Thus, our government must be held responsible for inflation — though we, as citizens, remain finally accountable for what we allow our government to do. ◆



Man's Priceless Heritage

MURIEL OSTERHAUS

HAVE YOU EVER stopped to consider what a phenomenal gift you have in that remarkably maneuverable instrument you call your hand? How like us humans to casually take for granted this amazing tool which so faithfully serves us all the days of our lives, for better or for worse as the mind wills it. How fitting that the first thing a baby really notices in the strange new outside world is that fascinating bit of wonderment which waves and floats and sometimes jerks in the air above it like some pretty pink-petaled built-in mobile. Yet this same soft tiny hand, so seemingly fragile, shows surprising strength and tenacity when a giant grown-up finger reaches out to its miniature daintiness!

Mrs. Osterhaus, a California housewife, attributes this article to a FEE Seminar she attended recently.

Think what it must have been like thousands of years ago for the man living like an animal with no clothing, no shelter, no food save that which he could wrest from nature with his only tool—his gnarled, scarred, bare hand. In time his brain, superior to that of other living creatures, began to reason out ways and means for making his lot an easier and more rewarding one. He ingeniously devised ways of augmenting the power and usefulness of his hand by using a stone or a broken branch of a tree, and then by fashioning a crude axe and other rough tools of invaluable worth to his hitherto limited capabilities. The development of man and the emergence from the animal state was painfully slow, with innumerable setbacks over the ages; but now, millennia later, miracles too vast and complex for any single

human being to comprehend even an infinitesimal fraction of their wonders are all around us as commonplace as the long-ago Stone Age axe.

To what do we really owe all these extraordinary achievements so painstakingly won? Is it perhaps to a master plan of some all-encompassing human authority which has dictated to man what he may or may not do with his natural abilities? Most emphatically not! For the most astounding forward strides have been made when man's mind and hand were least fettered, leaving him free to experiment with his own individual ideas and talents. Nowhere, in the history of the human race, has this progress been so marked as during the comparatively brief span since the founding of our own country under seemingly insurmountable hardships and frustrations.

Today, we Americans would do well to take a moment out from our high-pressured existence to really examine our soft and cultured hands and to mentally "transport" ourselves back over the centuries and reflect on the

accomplishments of these like im-
plements of our forebears. In re-
spect we would see so clearly
that individual man can literally be
stopped at nothing — even to build-
ing "a stairway to the stars" —
just so long as he is a free agent
left to express with his mind and
his obedient hand whatsoever "im-
possible" dream may arouse his
imagination. The infinite bounty
of our God-given natural resources
is far beyond our understanding
and is the material key, of course,
to human progress.

If the hand of each human being
were allowed and encouraged to
follow the opportunity afforded its
own purely individual destiny, and
if the mind guiding it were in
tune with the omniscient Mind
which planned and created the
universe, the affairs of our world
would be as orderly as the stars
in their courses. Each man would
by nature develop his own poten-
tial to the good of himself and,
concordantly, of his fellow men
by fitting comfortably and happily
into the beautiful, fruitful, and
harmonious pattern originally de-
signed by the invisible hand of
God. ♦

IDEAS ON LIBERTY

J. Kesner Kahn

THE NEW concept of a Free Society is one where
everything is free — except people.

WHO

FIXES WAGES?

HANS F. SENNHOLZ

ONE of the fundamental pillars of the individual enterprise system is market pricing. Without it, there can be no economic freedom, no free economy, no enterprise system called capitalism. With it, there can be no comprehensive economic regimentation called socialism.

Some prices directly relate to the economic actions of comparatively few buyers and sellers. Others, however, are of utmost importance for nearly all individuals. This is true especially of the prices of human labor, commonly called wages, salaries, professional fees, and honoraria. From the point of view of the buyer, they are called "labor costs."

The socialists profess moral anguish and disgust about this proposition that applies the economics of price to human labor. "How heartless and merciless," they pro-

claim, "to apply economic calculation and cost consideration to labor exertions that encompass a person's moral, intellectual, and physical efforts, in fact, his whole person!"

It is true that when I sell my own labor, all these considerations influence my mode of action. I wish that all the buyers of my labor would, for once, disregard their own calculations of usefulness and cost, and attach an exceptionally high value to my services. I could then revel in leisure and luxury and, in turn, pay no attention to other people's labor costs.

But in our world of reality, which is a world of material limitation, the buyers of my services do apply their yardsticks of usefulness and cost, as I apply my own valuation to the services of all others. When I buy an automobile, I judge its transportation utility for myself and my family.

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When I choose a certain manufacturer's model, color, and year, I do not inquire about the human labor embodied in the car. I do not care to know how many hours of countless different kinds of labor went into the production of the vehicle itself as well as into the materials and tools which it required. And even if I would inquire into the quantity and quality of the labor embodied in the car, I would not offer to disregard all considerations of usefulness and cost on account of that labor. In fact, I would not offer to pay double the customary price, or even one dollar more, by reason of knowing more about the human labor spent on its construction.

Man judges material goods and services according to their usefulness to his moral, intellectual, and physical well-being. In particular, man judges labor services according to their utility for well-being, no matter whether they are embodied in material goods or are rendered directly.

Consumers Prevail

What, then, is the value of my labor in the labor market? If it is not my wishful thinking and day-dreaming that determine its value, who judges my labor? It is the businessmen who combine the factors of production—land, labor, and capital—in the manu-

facture of material goods and the rendition of services. These businessmen who buy human labor, in turn, receive their orders and scales of valuation from the consumers who are the ultimate judges of economic value in the market place.

Millions of consumers determine the economic value of the services rendered by such entertainers as Elizabeth Taylor and Patti Page. And simultaneously, they determine the income of these "stars." A businessman who contracts to buy entertainment services has no choice but to pay the maximum remuneration set and paid by the millions of people who seek entertainment. If, through her appearance in a moving picture, Elizabeth Taylor adds one million dollars in box office receipts to the value of the picture, her promoter-employer has no choice but to pay her in proportion. For if he were to offer her appreciably less, other promoters who compete with him would bid up the price until Miss Taylor's income reflected the entertainment value attached to her role by the millions of moviegoers.

The same principles apply to all other professions and occupations. The income of medical doctors is determined by the patients who seek their services; it reflects the

dollar amount people are willing to spend on medical services. A patient who seeks treatment of his common cold, for instance, seeks professional help at the lowest possible cost. At a given supply of general practitioners, he may have to spend \$5 for an office call, which becomes the market price for such services and, simultaneously, the doctor's income. If, at a given supply of general practitioners, more people would seek the doctor's help, the price for his services, and consequently his income, would tend to rise. If, on the other hand, more qualified men and women would enter the medical profession, at a given demand for such services, the market price, and consequently also the doctor's income, would tend to decline.

The same principles of price and income determination apply also to unskilled labor. As long as human labor is useful in the production of material goods or the rendition of direct services, there will be an active demand for it. This demand is completely encompassed by the usefulness or utility of the labor. As Elizabeth Taylor's income is determined by the cash value of the moving pictures that contain her entertainment services, so is the income of the laborer who repairs the kitchen sink or sidewalk.

No one, including the laborer of various skills and experiences, can earn more than the value of his product or service rendered; and no one earns much less in our competitive individual enterprise system. The intense *competition* among numerous promoters and producers closes any potential gap. As the competing film producers are bidding up Miss Taylor's income until it reaches the very limit of her acting value, so do thousands of businessmen bid up the prices and wages of every laborer. The competition is especially intense for common labor because of its general usefulness in practically every economic enterprise.

Manifold competition among employers holds my income in accordance with my contribution to economic production. It is true, employers are fallible men who may occasionally overestimate or underestimate the value of my services. In case they overestimate them, the ensuing losses from my employment may cause an instant reduction of my wages, or my dismissal. In case they underestimate my productive value, they may indeed earn a profit on my employment. But then, competition for my services will tend to raise me again to the very limit of my productive worth.

In a free society, the worker

himself has the means to insure that his income coincides with his personal productivity. This is his *mobility*, his freedom to move about in the labor market. If I should feel that my work is not appreciated, that I produce more than I receive, that I could be more productive in other employment, I am free to seek another position in which my productivity is higher or my present productivity is appraised more highly. Numerous employment agencies would eagerly assist me.

Socialist Objections

The socialists would dispute this application of economic principles to human labor. They would deny that the competition among employers tends to drive wage rates up to the point of product and service value. Businessmen tend to restrain this kind of competition, socialists assert, and consequently the working man is underpaid and exploited.

In the first place, I would reject the implicit charge of collective conspiracy on the part of millions of businessmen. Morally and intellectually, they do not differ significantly from other members of society; and I resent any depiction of millions of our fellow men as stonehearted monsters eagerly conspiring to grind others down.

But even if it were true that

employers collectively endeavored to exploit their co-workers, they would soon see it is to their own advantage to compete with each other. Let us assume that a college instructor produces an annual net income of \$10,000 in student tuition and, therefore, draws a \$10,000 salary. Now, if all American college presidents were to conspire to cut instructors' salaries to \$1,000 per year, in order to fill their own pockets or construct more dormitories and lecture halls, new competition would soon void the restraint agreement. For it would be profitable for any college that needs instructors to raise its bid to \$2,000, then \$3,000, and \$4,000, and so forth, thus to earn \$8,000, \$7,000, and \$6,000 respectively, rather than watch other colleges earn \$9,000 on the man. In fact, it would be profitable for this college to raise its bid to \$9,999 and thus earn one dollar rather than nothing. New colleges in need of a faculty, colleges that would like to expand on account of the low instruction costs, would be inclined to bid for the necessary labor. In no time at all, new competition would drive instructors' wages up toward the limit of each instructor's productive worth.

Furthermore, instructors are protected by their ability to move. Can anyone imagine college pro-

fessors holding still while the president cut wages? With the speed of a modern jet, they would desert the classrooms and disperse throughout American industry.

The socialists refuse to see all this; they reiterate their notions of labor exploitation and aim to indoctrinate anyone willing to listen. Their favorite target is the common laborer who earns less than all others. But he is earning less because he is producing less, not because he is exploited. On the contrary, because his labor has such general usefulness, so that even housewives can employ him, in every town, village, and home, the competition for his service is the keenest. How can anyone deny that there is keener competition for such labor than for that of a professional person, for instance, a Ph.D. in astronomy?

The socialists retort that the common laborer lacks the mobility that permits him to find the best possible market. But, in the United States, even the laborer owns an automobile, or at least has access to modern means of public transportation. And his mobility may well be greater than that of persons more likely to own real property that may hamper their freedom to move.

Another standard argument of the socialist is that common la-

borers are ignorant of the market opportunities; they do not know where and at what rate they can best market their labor. In reality, this assumption of the worker's ignorance and stupidity badly underrates him. After all, the worker can read the want ads in his daily paper — or find a friend who can read. Workers learn from each other what other employers are paying for similar labor services.

The socialist argument for unionization is that the individual worker is utterly defenseless against the tremendous "holding power" or reserves of industrialists — that the workers must unite and face the "monster" in a collective assault. But such generalization hardly squares with reality. The great number of bankruptcies of all kinds of enterprise disproves the notion that all businessmen have holding power. Many live "from hand to mouth" and encounter great difficulty in meeting their current obligations. But even if it were true that the worker has fewer reserves, what difference does it make in the determination of wages? Even if the college that employs me as economics instructor has greater "holding power" than I, the poor teacher, my salary would still be subject to the competition among all institutions of learning and to my own mobility in the labor mar-

ket. Whether or not I have reserves, my wage will be determined by the willingness of people to buy higher education.

In trying to prove that labor is exploited, socialists use one argument that I find especially irksome. They describe in darkest colors the labor conditions of millions of immigrants. These poor and ignorant persons, we are told, suffer exploitation and abuse, without a voice of protest, in an alien country that is preying on their timidity and misery. As an immigrant, I resent these socialist charges and reject them. Who, pray tell, has shown greater mobility in the labor market than the immigrant who has moved many thousands of miles, crossed oceans and borders, learned different languages and customs, in order to find the best possible market for his particular labor services? With such impressive record of mobility, he could move again, to another state or county, even to another country or back to his native land, at the first sign of exploitation. The allegation that anyone has taken advantage of him, ground him into poverty and misery, is absurd.

Exploitation Abroad

The socialists, however, do not readily withdraw their charges of capitalist exploitation. They point

to the miserable labor conditions and incredibly low wages in undeveloped countries. Do these not represent examples of human exploitation? It is true, of course, that Asia and Africa are burdened with poverty and misery. But these cannot be placed on the doorsteps of the market system. The peoples of Asia and Africa long have labored under utterly different systems of economic organization, such as tribal communism or feudalism. And today, they prefer state socialism over the market order which they despise and denounce. Any exploitation and misery they suffer must be attributed to the systems they have embraced — not to competitive capitalism.

But what about those countries in Europe and Latin America that are organized along lines of the market order and yet labor in relative poverty? Do they not reveal the presence of labor exploitation?

Many Latin American countries suffer not only from the remnants of feudalism but also from radical government intervention. Under these institutional handicaps, labor productivity has stayed relatively low. The capital invested in production facilities is relatively scarce when compared with that of the U.S.A. Consequently, labor productivity is lower in those

lands, and wage rates fall short of American rates.

The American worker earns a higher income than his European or Latin American counterpart because of his higher labor productivity. And this higher productivity is the result, not of such ambiguous qualities as IQ, know-how, diligence, or physical strength, but greater help from capital in the form of better tools, equipment, machines, and other facilities of production. The American worker may be equipped with \$20,000 worth of power tools, representing 10,000 units of horse power, while his South American neighbor labors with crude tools and equipment. Consequently, the American worker produces much more per hour of labor and, therefore, earns much more than his unfortunate neighbors.

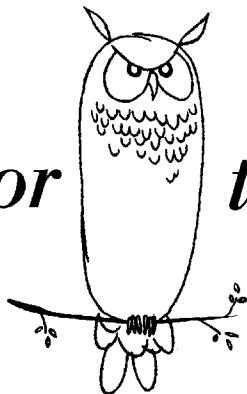
Why is it that Americans have more capital invested per worker than in any other country? The ultimate reason for their higher investment and productivity must, of course, be sought in the different economic systems. These, in turn, are conditioned by the different political, social, and economic philosophies. During more than 150 years of American history, the people enjoyed an unprecedented degree of individual freedom and unhampered enterprise, with safety for private

property and capital investment. People were free to save and invest, build and create, without an omnipresent and omniscient state. Private property was safeguarded, so that it could be invested to improve working and living conditions.

Europeans, too, under the ideological and economic leadership of Great Britain, had made a conspicuous beginning on this road of individual freedom and private property. But toward the end of the nineteenth century, they relapsed into various manifestations of collectivism. Enmeshed in ideas and notions of social conflict, the desirability of economic equality, redistribution of wealth and income, government supervision and control, they have reverted toward socialism, conflict, and war. Their governments have dissipated capital resources and hampered individual economic development. And that trend, unfortunately, is sweeping over America, too.

The important fact is that the differences in political, social, and economic outlook explain the difference in income and wealth. The "know-how" that once set America apart from the rest of the world is not technological, nor biological, but the knowledge that freedom best serves the interest of individuals and of mankind. ♦

For the Birds?



W. M. CURTISS

BUSINESSMEN have been mildly shocked by recent indications of a growing disrespect among college students for business as a vocation. "The word on the campus," according to one reporter, "is that business is for the birds." Is this a reasonable conclusion? And, if so, what can be done about it?

Some of this apparent lack of interest in business might be attributed to the growing opportunities for college graduates in other fields. Nevertheless, many businessmen are concerned that their image on campus should be so unattractive. Recruiters return from college interviews, reporting student scorn for business as a vocation, with businessmen pictured as working in a high-pressure, conformist atmosphere with superficial values. Some describe busi-

ness as an "intellectual Siberia."

Statistics seem to support these alarmist views. One-fourth of the college graduates go on to graduate school, and the proportion is growing; 84 per cent of a recent graduating class at Harvard went to graduate school. Some of these, of course, will find their way into business; but greater opportunities in teaching, research, and government service, both domestic and foreign, also open up to the graduate student. From one leading college, nearly as many graduates entered the Peace Corps as went directly into business.

Furthermore, recruiters for business say the top men in the graduating class are "getting away." As one recruiter put it: "No sooner does a man show any ability at all than the profs are on his back to get him into teaching or research." There can be no doubt that opportunities for college graduates, outside of business,

Dr. Curtiss is Executive Secretary of the Foundation for Economic Education and supervises the Business Fellowship Program outlined in this article.

have increased tremendously. In teaching alone, the opportunities have mushroomed. With a growing proportion of a rapidly increasing population going to colleges and graduate schools, teaching and administrative staffs must grow apace.

To Man the "Great Society"

Government becomes ever more involved in the "great society," with world-wide military installations, welfare services at home, public housing projects, highways, hospitals, regulatory agencies, to mention just a few. All these tax-supported activities draw heavily upon the young talent emerging from our colleges. This should come as no surprise to anyone who is aware that the government takes more than two-fifths of our production. And beyond this powerful magnet of seemingly unlimited funds, the government further exercises the power to draft some of its manpower.

In view of the widening opportunities for college graduates outside of business, businessmen must face up to this growing competition. Some are attempting to strengthen their recruiting programs. A few offer summer jobs to students with a hope of attracting them to permanent spots after graduation. And some are discovering that serious students may be

less interested in promises of lavish entertainment and fringe benefits than in genuine and lasting intellectual satisfactions that can be had by contributions in the world of business.

But how does one overcome the idea, said to be prevalent among a growing number of graduates, that "business is a dirty word"; that "business is for the birds!"?

If the image is correct, then of course this is the image that should prevail. But if this is a mistaken image, as many businessmen and others believe, then it should be corrected.

How do young people formulate their ideas about business? Some simply observe what goes on around them. Some of their impressions doubtless are gained in their homes. But a great many are guided by what they hear from their teachers, both in high school and college. If a professor believes that the world of business is populated by a high proportion of dim-witted, money-grubbing, materialistic individuals, then it would not be surprising if his students come to hold such views.

Improvements Underway

It is to offset such a possibility that business firms, often in cooperation with colleges, have developed a variety of programs aimed at improving the business image

among teachers and the academic image among businessmen.

A single teacher may influence several thousand young students in his classes and by his writings. This, of course, is as true of English, science, history, and mathematics teachers as it is of those who teach economics or political science. All may have a bearing on the student's image of business.

One of the newer developments for recruiting young men from colleges, and at the same time improving the business image on the campus, is to be found in the "University Relations" departments in business firms. Small firms can hardly afford the luxury of such specialization, but a number of large firms can and do, and with apparent success.

Some firms have made it possible for a professor, on sabbatical or on leave, to spend a "year in industry." This can be especially beneficial to both parties if the professor has matured to the point where he can make a genuine contribution to the operation of the business. For a young man just out of graduate school, the danger is that he may find himself doing some routine job which may be important to the operation of the business, but which may not give him the perspective of a firm which he seeks. Some college deans have been wary of such programs, fearing they

may permanently deplete their staff of teachers.

In a few instances, a "swap program" has been arranged, where a businessman tries his hand at teaching and a professor at business. This can be most profitable to both; but circumstances would seem to limit this arrangement for many individuals.

A program which holds great promise, and already has shown beneficial results, is the industry-education seminar. Dr. Thomas J. Hailstones, Dean of Business at Xavier University in Cincinnati, describes his experience with such seminars in the May/June, 1965, issue of *Steelways*. He tells of bringing together 50 or 60 economics professors and business executives for the express purpose of "rubbing their intellects together." For the professors, he says: "Text-book principles take on new meaning and excitement for the college professor when they are seen in practice in their original context. The enthusiasm and knowledge of the professor is enhanced when he analyzes and discusses the complexities of problems with his industrial counterpart. I have watched that enthusiasm and knowledge carried back to the classroom." The advantages to business are obvious.

An outgrowth of many of the various programs which bring pro-

fessors and businessmen together is often a consultant relationship between the professor and a business firm. The special talents of a professor thus may be called into use from time to time and over a period of years. This, of course, can be directly beneficial to the relationship between "town and gown."

FEE's Business Fellowship Program

Shortly after World War II, the Foundation for Economic Education started a program to bring college professors and businessmen together during the summer months. The eighteenth year of this program has just been completed, and arrangements are now being made for the summer of 1966.

In this Program, a professor, selected by a firm from a number of applicants, spends six weeks at the headquarters of the firm in an effort to gain a comprehensive view of the entire operations of the business. In 1965, 72 professors from 66 different colleges and universities spent the summer with 54 business firms located throughout the country. Nearly 1,200 professors have had this experience during the past 18 years. Most of them are teachers of economics, business, and related subjects pertaining to the broad principles of business and the philosophy of manage-

ment with all its ramifications. A few have come from English departments — especially business communications — and from political science, sociology, guidance and placement, and history.

The Foundation's role is merely one of bringing the two parties together. The Foundation encourages business firms to sponsor such fellowships and accepts applications from the professors. One necessary detail in processing the applications is to attempt a matching of the specifications listed by business firms with special requests of professors. The business firm pays the professor his traveling expenses and a stipend intended to cover his living expenses for the six weeks. The financial contribution of the firm is substantial, though this may not fully offset the costs to the professor of other employment opportunities he has had to forego, plus the added expense of maintaining his family at home during his absence.

What Are the Benefits?

It is always difficult, if not impossible, to measure the benefits of such a program. Each professor is invited to report his experiences to the business firm at the close of his study. These reports vary from a simple thank-you letter to a detailed, extensive an-

alysis of some special problem of management. A well-done project, of course, may be of direct benefit to the business and a source of considerable satisfaction to the professor.

But the greatest benefits, both to business firms and to the professors, are somewhat intangible and pertain to the long run. A professor has an opportunity to check his textbook theories against what actually happens, and this helps him to become a more effective teacher. If he is a counselor or placement officer, he can advise his students with more confidence. In their reports on their fellowships, a number of professors have said: "This was the most profitable summer I have ever spent."

A business firm may receive help from a professor that will show up on the operating statement. However, this is rare and an "extra dividend," if it occurs. A number of heads of businesses have said it is beneficial to have a professor come in from the outside and question management men about their work. It encourages the men to view their jobs in the perspective of the entire business.

The chief benefit is that such business orientation may help the college professor do his job better. If so, his students may become better recruits for the business community. And, above all, these college-business fellowships should help to create a more faithful business image on the campus. ♦

MEMO: To Businessmen

ENTER FEE'S 1966 BUSINESS FELLOWSHIP PROGRAM

Invite a college professor (or several) to study your business. It should improve the understanding of young men and women coming out of our colleges.

For details, write to W. M. Curtiss

THE FOUNDATION FOR ECONOMIC EDUCATION, IRVINGTON-ON-HUDSON, NEW YORK

EDITOR'S NOTE: To David Lawrence and his editorial in *U. S. News and World Report* of August 23, we are indebted for the reminder of Herbert Spencer's classic presentation of the case for individual liberty.

The following excerpts are from the collection of Spencer's essays, written during the latter nineteenth century and republished by Caxton Printers in 1940 as *The Man Versus The State* (213 pp. \$3.50 cloth; also available from the Foundation for Economic Education, Inc., Irvington-on-Hudson, New York.)

The New Liberalism

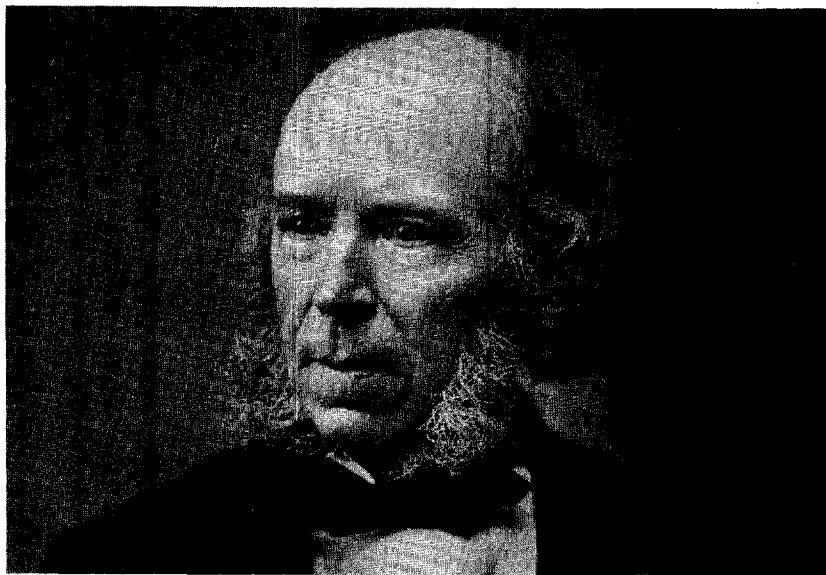
HERBERT SPENCER

IT SEEMS NEEDFUL to remind everybody what Liberalism was in the past, that they may perceive its unlikeness to the so-called Liberalism of the present. . . . They do not remember that, in one or other way, all these truly Liberal changes diminished compulsory co-operation throughout social life and increased voluntary co-operation. They have forgotten that in one direction or other, they diminished the range of governmental authority, and increased the area within which each citizen may act unchecked. They have lost sight of the truth that in past times Liberalism habitually stood

for individual freedom *versus* State-coercion.

And now comes the inquiry — How is it that Liberals have lost sight of this? How is it that Liberalism, getting more and more into power, has grown more and more coercive in its legislation? How is it that, either directly through its own majorities or indirectly through aid given in such cases to the majorities of its opponents, Liberalism has to an increasing extent adopted the policy of dictating the actions of citizens, and, by consequence, diminishing the range throughout which their actions remain free? How are we

HERBERT SPENCER



The Bettmann Archive

to explain this spreading confusion of thought which has led it, in pursuit of what appears to be public good, to invert the method by which in earlier days it achieved public good?

Unaccountable as at first sight this unconscious change of policy seems, we shall find that it has arisen quite naturally. Given the unanalytical thought ordinarily brought to bear on political matters, and, under existing conditions, nothing else was to be expected. . . .

For what, in the popular apprehension and in the apprehension of those who effected them, were the

changes made by Liberals in the past? They were abolitions of grievances suffered by the people, or by portions of them: this was the common trait they had which most impressed itself on men's minds. They were mitigations of evils which had directly or indirectly been felt by large classes of citizens, as causes to misery or as hindrances to happiness. And since, in the minds of most, a rectified evil is equivalent to an achieved good, these measures came to be thought of as so many positive benefits; and the welfare of the many came to be conceived alike by Liberal statesmen and

Liberal voters as the aim of Liberalism. Hence the confusion. The gaining of a popular good, being the external conspicuous trait common to Liberal measures in earlier days (then in each case gained by a relaxation of restraints), it has happened that popular good has come to be sought by Liberals, not as an end to be indirectly gained by relaxations of restraints, but as the end to be directly gained. And seeking to gain it directly, they have used methods intrinsically opposed to those originally used....

Things to Come

But we are far from forming an adequate conception if we look only at the compulsory legislation which has actually been established of late years. We must look also at that which is advocated, and which threatens to be far more sweeping in range and stringent in character. We have lately had a Cabinet Minister, one of the most advanced Liberals, so-called, who pooh-poohs the plans of the late Government for improving industrial dwellings as so much "tinkering"; and contends for effectual coercion to be exercised over owners of small houses, over landowners, and over ratepayers. Here is another Cabinet Minister who, addressing his constituents, speaks slightly of the doings of philanthropic societies and reli-

gious bodies to help the poor, and says that "the whole of the people of this country ought to look upon this work as being their own work": that is to say, some extensive Government measure is called for.

Again, we have a Radical member of Parliament who leads a large and powerful body, aiming with annually-increasing promise of success, to enforce sobriety by giving to local majorities powers to prevent freedom of exchange in respect of certain commodities. Regulation of the hours of labour for certain classes, which has been made more and more general by successive extensions of the Factories Acts, is likely now to be made still more general: a measure is to be proposed bringing the employés in all shops under such regulation.

There is a rising demand, too, that education shall be made gratis (*i.e.*, tax-supported), for all. The payment of school-fees is beginning to be denounced as a wrong: the State must take the whole burden. Moreover, it is proposed by many that the State, regarded as an undoubtedly competent judge of what constitutes good education for the poor, shall undertake also to prescribe good education for the middle class — shall stamp the children of these, too, after a State pattern, concern-

ing the goodness of which they have no more doubt than the Chinese had when they fixed theirs. Then there is the "endowment of research," of late energetically urged. Already the Government gives every year the sum of £4,000 for this purpose, to be distributed through the Royal Society; and, in the absence of those who have strong motives for resisting the pressure of the interested, backed by those they easily persuade, it may by-and-by establish that paid "priesthood of science" long ago advocated by Sir David Brewster. Once more, plausible proposals are made that there should be organized a system of compulsory insurance, by which men during their early lives shall be forced to provide for the time when they will be incapacitated.

Nor does enumeration of these further measures of coercive rule, looming on us near at hand or in the distance, complete the account. Nothing more than cursory allusion has yet been made to that accompanying compulsion which takes the form of increased taxation, general and local. Partly for defraying the costs of carrying out these ever-multiplying sets of regulations, each of which requires an additional staff of officers, and partly to meet the outlay for new public institutions, such as board-schools, free libraries, public mu-

seums, baths and washhouses, recreation grounds, &c., &c., local rates are year after year increased; as the general taxation is increased by grants for education and to the departments of science and art, &c. Every one of these involves further coercion — restricts still more the freedom of the citizen. For the implied address accompanying every additional exaction is — "Hitherto you have been free to spend this portion of your earnings in any way which pleased you; hereafter you shall not be free so to spend it, but we will spend it for the general benefit." Thus, either directly or indirectly, and in most cases both at once, the citizen is at each further stage in the growth of this compulsory legislation, deprived of some liberty which he previously had. . . .

Impact on the Individual

In the first place, the real issue is whether the lives of citizens are more interfered with than they were; not the nature of the agency which interferes with them. Take a simpler case. A member of a trades' union has joined others in establishing an organization of a purely representative character. By it he is compelled to strike if a majority so decide; he is forbidden to accept work save under the conditions they dictate; he is pre-

vented from profiting by his superior ability or energy to the extent he might do were it not for their interdict. He cannot disobey without abandoning those pecuniary benefits of the organization for which he has subscribed, and bringing on himself the persecution, and perhaps violence, of his fellows. Is he any the less coerced because the body coercing him is one which he had an equal voice with the rest in forming?

In the second place, if it be objected that the analogy is faulty, since the governing body of a nation, to which, as protector of the national life and interests, all must submit under penalty of social disorganization, has a far higher authority over citizens than the government of any private organization can have over its members; then the reply is that, granting the difference, the answer made continues valid. If men use their liberty in such a way as to surrender their liberty, are they thereafter any the less slaves? If people by a *plebiscite* elect a man despot over them, do they remain free because the despotism was of their own making? Are the coercive edicts issued by him to be regarded as legitimate because they are the ultimate outcome of their own votes? . . .

This reply is, that these multitudinous restraining acts are not

defensible on the ground that they proceed from a popularly-chosen body; for that the authority of a popularly-chosen body is no more to be regarded as an unlimited authority than the authority of a monarch; and that as true Liberalism in the past disputed the assumption of a monarch's unlimited authority, so true Liberalism in the present will dispute the assumption of unlimited parliamentary authority. . . .

***Not the Form of Government,
But the Restraints Imposed***

The liberty which a citizen enjoys is to be measured, not by the nature of the governmental machinery he lives under, whether representative or other, but by the relative paucity of the restraints it imposes on him; and that, whether this machinery is or is not one he shared in making, its actions are not of the kind proper to Liberalism if they increase such restraints beyond those which are needful for preventing him from directly or indirectly aggressing on his fellows—needful, that is, for maintaining the liberties of his fellows against his invasions of them: restraints which are, therefore, to be distinguished as negatively coercive, not positively coercive. . . .

Paper constitutions raise smiles on the faces of those who have ob-

served their results; and paper social systems similarly affect those who have contemplated the available evidence. How little the men who wrought the French Revolution and were chiefly concerned in setting up the new governmental apparatus, dreamt that one of the early actions of this apparatus would be to behead them all! How little the men who drew up the American Declaration of Independence and framed the republic, anticipated that after some generations the legislature would lapse into the hands of wire-pullers; that its doings would turn upon the contests of office-seekers; that political action would be everywhere vitiated by the intrusion of a foreign element holding the balance between parties; that electors, instead of judging for themselves, would habitually be led to the polls in thousands by their "bosses"; and that respectable men would be driven out of public life by the insults and slanders of professional politicians. . . .

The working of institutions is determined by men's characters; and the existing defects in their characters will inevitably bring about the results above indicated. There is no adequate endowment of those sentiments required to prevent the growth of a despotic bureaucracy. . . .

How Unselfish Are They?

But without occupying space with indirect proofs that the mass of men have not the natures required to check the development of tyrannical officialism, it will suffice to contemplate the direct proofs furnished by those classes among whom the socialistic idea most predominates, and who think themselves most interested in propagating it; the operative classes. These would constitute the great body of the socialistic organization, and their characters would determine its nature. What, then, are their characters as displayed in such organizations as they have already formed?

Instead of the selfishness of the employing classes and the selfishness of competition, we are to have the unselfishness of a mutually-aiding system. How far is this unselfishness now shown in the behavior of working men to one another? What shall we say to the rules limiting the numbers of new hands admitted into each trade, or to the rules which hinder ascent from inferior classes of workers to superior classes? One does not see in such regulations any of that altruism by which socialism is to be pervaded. Contrariwise, one sees a pursuit of private interests no less keen than among traders. Hence, unless we suppose that men's natures will be

suddenly exalted, we must conclude that the pursuit of private interests will sway the doings of all the component classes in a socialistic society.

With passive disregard of others' claims goes active encroachment on them. "Be one of us or we will cut off your means of living," is the usual threat of each trades-union to outsiders of the same trade. While their members insist on their own freedom to combine and fix the rates at which they will work (as they are perfectly justified in doing), the freedom of those who disagree with them is not only denied but the assertion of it is treated as a crime. Individuals who maintain their rights to make their own contracts are vilified as "black-legs" and "traitors," and meet with violence which would be merciless were there no legal penalties and no police.

The Closed Shop

Along with this trampling on the liberties of men of their own class, there goes peremptory dictation to the employing class: not prescribed terms and working arrangements only shall be conformed to, but none save those belonging to their body shall be employed; nay, in some cases, there shall be a strike if the employer carries on transactions with trad-

ing bodies that give work to non-union men. Here, then, we are variously shown by trades-unions, or at any rate by the newer trades-unions, a determination to impose their regulations without regard to the rights of those who are to be coerced. So complete is the inversion of ideas and sentiments that maintenance of these rights is regarded as vicious and trespass upon them as virtuous.*

Along with this aggressiveness in one direction there goes submissiveness in another direction. The

*Marvellous are the conclusions men reach when once they desert the simple principle that each man should be allowed to pursue the objects of life, restrained only by the limits which the similar pursuits of their objects by other men impose. A generation ago we heard loud assertions of "the right to labor," that is, the right to have labor provided; and there are still not a few who think the community bound to find work for each person. Compare this with the doctrine current in France at the time when the monarchical power culminated; namely, that "the right of working is a royal right which the prince can sell and the subjects must buy." This contrast is startling enough; but a contrast still more startling is being provided for us. We now see a resuscitation of the despotic doctrine, differing only by the substitution of trades-unions for kings. For now that trades-unions are becoming universal, and each artisan has to pay prescribed monies to one or another of them, with the alternative of being a non-unionist to whom work is denied by force, it has come to this: that the right to labor is a trade-union right, which the trade-union can sell and the individual worker must buy!

coercion of outsiders by unionists is paralleled only by their subjection to their leaders. That they may conquer in the struggle they surrender their individual liberties and individual judgments, and show no resentment, however dictatorial may be the rule exercised over them. Everywhere we see such subordination that bodies of workmen unanimously leave their work or return to it as their authorities order them. Nor do they resist when taxed all round to support strikers whose acts they may or may not approve, but instead, ill-treat recalcitrant members of their body who do not subscribe.

How Far Will They Go?

The traits thus shown must be operative in any new social organization, and the question to be asked is, What will result from their operation when they are relieved from all restraints? At present the separate bodies of men displaying them are in the midst of a society partially passive, partially antagonistic; are subject to the criticisms and reprobations of an independent press; and are under the control of law, enforced by police. If in these circumstances these bodies habitually take courses which override individual freedom, what will happen when, instead of being only

scattered parts of the community, governed by their separate sets of regulators, they constitute the whole community, governed by a consolidated system of such regulators; when functionaries of all orders, including those who officer the press, form parts of the regulative organization; and when the law is both enacted and administered by this regulative organization?

The fanatical adherents of a social theory are capable of taking any measures, no matter how extreme, for carrying out their views: holding, like the merciless priesthoods of past times, that the end justifies the means. And when a general socialistic organization has been established, the vast, ramified, and consolidated body of those who direct its activities, using without check whatever coercion seems to them needful in the interests of the system (which will practically become their own interests) will have no hesitation in imposing their rigorous rule over the entire lives of the actual workers; until, eventually, there is developed an official oligarchy, with its various grades, exercising a tyranny more gigantic and more terrible than any which the world has seen. ◆

... A CLICHÉ OF SOCIALISM :

“Under Public Ownership, We, the People, Own It !”

LEONARD E. READ

PUBLIC OWNERSHIP and government control are synonymous terms—two ways of expressing an identical concept.

The popular notion is that a resource or service is the possession of we, the people, when it is under government ownership and dispensation, and that we, the people, are objects of exploitation when resources are under private ownership and willing exchange. Socialism—public ownership—will continue to expand as long as this notion dominates.

In Brazil, for instance, private exploration and refining of oil resources are denied to both domestic and foreign entrepreneurs. Government has a monopoly of this industry. As a consequence, Brazilians innocently exclaim, “*O petróleo é nosso*”—the oil is ours! But if they will only look in their gas tanks, they’ll discover two gallons from private enterprising foreigners to each gallon of what they naively call “ours.” The rea-

son for this? Government ownership and operation produces only one-third the quantity required for local consumption; some 200,000 barrels must be imported daily.

Had our Indians followed the Brazilian type of logic, they could have exclaimed, 500 years ago, “The oil is ours,” even though they were unaware of this untapped resource. Or, to suggest a comparable absurdity, we can, after planting the American flag on the moon, claim that satellite to be “ours.” I only ask, what’s the point in avowing ownership of any unavailable resource or service?

Public ownership, so-called, contrary to popular notions, is definitely not we-the-people ownership. If it were, we could exchange our share in TVA or the Post Office for dollars, just as we can exchange a share of corporation stock for dollars.

At least two conditions are nec-

essary for ownership to exist: (1) having title, and (2) having control. In Italy, under fascism, titles to assets remained in private hands but control was coercively assumed by the state. The titles were utterly meaningless. Without control, ownership is pure fiction.

While in some vague way "we, the people," are supposed to have title to TVA, for instance, we have not even a vestige of control. I no more control that socialistic venture in power and light than I control the orbiting of men into outer space. "But," some will counter, "neither do you control the corporation in which you hold stock." True, I do not perform the managerial function, but I do control whether or not I'll retain or sell the stock, which is to say, I control whether or not I will share in the gains or losses. Further, I am free to choose whether or not to work for the corporation or to buy or refrain from buying its products. My control in the non-governmental corporate arrangement is very real, indeed.

Who, then, does control and thus own TVA, the Post Office, and the like? At best, it is a nebulous, shifting control—often difficult to identify. Rooted in political plunder, government ownership and operation is an irresponsible control; that is, there is never a responsibility in precise alignment

with authority. The mayor of a city may have complete authority over the socialized water system, but responsibility for failure is by no means commensurately assumed by him. He "passes the buck," as they say. Most people crave authority provided responsibility doesn't go with it. This explains, in part, why political office is so attractive and why "we, the people," do not even remotely own what is held in the name of public ownership.

One truly owns those things to which he holds exclusive title and exclusive control, and for which he has responsibility. Let any American inventory his possessions. These will be, preponderantly, those goods and services obtained from private sources in open exchange: power and light, cameras, autos, gasoline, or any of the millions of goods and services by which we live. The things that are privately owned by others are far more available for one's own title and control than is the case in "public ownership."

Public ownership often creates distracting and, at the same time, attractive illusions. For instance, people served by TVA are using twice as much power and light as the national average. Why? TVA charges less than half the price. Because of lower production costs? Indeed, not! The rest of us around

the nation are taxed to cover the TVA deficit. But power and light acquired in this manner can no more classify as "ours" than can any good or service forcibly extorted from true owners. To grasp what this socialism means if applied to everything, merely take a look at the Russian "economy."

Or take another example: The political head of New York City's socialized water system rejected metering on the ground that water is a social service to which Gothamites are entitled as citizens. The illusion: How nice to live where much of the water is for free! Yes, except that the New York City water district, astride the mighty Hudson, is having a water

famine. Now, this is public ownership, pure and simple. But observe that the "public" ownership of water has all but dried up the availability of water for private use. What kind of a social service is it that, by depriving individuals of title and control, finally denies them the service!

If private availability — ownership in the sense of use, title, control — is what interests us, then we will do well to preserve private ownership and an open, willing-exchange market. For proof, merely take a look in the gas tank, or the closet, or the garage, or the pot on the stove! ◆

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IDEAS ON LIBERTY

Problems of Compulsion

AMENDING the Social Security Act to exempt the Amish from coverage and taxation, on grounds that insurance is contrary to their religion, embraces the idea that different laws shall apply to different religions.

Personally, I want the same law to apply to all — regardless of religion or race. But if that concept of justice is to prevail in the United States with its compulsory Social Security laws, the peaceful Amish farmers must be deprived of their freedom to worship God as they think right.

If Social Security were voluntary instead of compulsory — and if all its costs were paid by those who choose to join — Congress would not be faced with this issue of different laws for different religions.

Social Security

RE - EXAMINED

PAUL L. POIROT

IN A SENSE, it might be said that the Social Security program of the United States is the best in the world. At least, it would be difficult to name another country in which so high a proportion of persons over 65 years of age can retire in such comparative luxury at taxpayers' expense. Many older persons are simply amazed at how well they can manage on their Social Security payments, while the more skeptical of those now approaching or already beyond retirement age continue from long habit to make other provisions — to save on their own — for those lean years in later life.

The tenacious American tradition of private saving and investment in productive property largely explains why a system of socialized security might appear to function more effectively in the United States than in most other countries. Economically advanced and comparatively prosperous industrialized societies can bear a great deal of socialistic intervention that

would be unthinkable in undeveloped countries. The question is: "How much intervention can be borne in the United States?"

Illusions to Be Exposed

In examining that question, let us first clear away any possible illusions concerning the Social Security program. It should be obvious to all by now that Social Security is in no sense of the word a savings program whereby a portion of a person's property is set aside to be returned to him for use at some later date. Nor is Social Security at all like an insurance program with several persons pooling their savings in some cumulative fashion to cover contingencies and catastrophes that might befall certain members at indefinite future dates.

In other words, Social Security involves no fund or stockpile of goods and services from which portions may be drawn. It is purely and simply a compulsory income tax; property is taken from nearly

all productively employed persons and redistributed — sometimes to those same persons, but primarily to others—according to a formula based on present and past earnings of the recipients. Social Security is nothing but the compulsory redistribution of property on a day-to-day basis.

Who Pays?

A second possible illusion has to do with the incidence of the tax. Who is really paying it? This seems reasonably clear in the case of “self-employed” persons; but otherwise, there is the widespread misconception that the employer pays half of it. The harsh economic fact, of course, is that the Social Security tax is, to the employer, just another part of the cost of hiring labor. If he didn’t hire the man, he wouldn’t have to pay the tax. But if he could hire without paying the Social Security tax, one of three things must happen: (1) he could hire more help for the same total wage cost; (2) he would be obliged by competition among employers to pay higher wage rates to get the help he needs; or (3) he would be obliged, again by competition, to sell his products at lower prices in order to clear the market. In any event, with rare and strictly temporary exceptions, the saving to any employer — if he were relieved

of Social Security tax liability — would be passed along to employees either in the form of increased wages or in the form of reduced prices for goods and services in the market place. In effect, then, the employee does pay all of the Social Security tax levied on his account, including the half he might have thought his employer was contributing.

The foregoing also should help to clear up the illusion that Social Security offers something-for-nothing to everyone. It is true, in strictly materialistic accounting terms, that some of the early beneficiaries under the program were eligible for heavy windfalls at ratios of 20:1 or higher. But it is also true that scarcely any person now under 50 years of age stands a chance of getting back with interest his “investment” in Social Security. Some will have to pay for the multi-billion-dollar windfall accruing to those early beneficiaries. The youngsters are the ones now scheduled for generous portions of nothing-for-something — at an annual cost of \$746 a year on any job paying \$6,600 or better, when the “health and welfare” tax presumably “levels off” at 11.3 per cent. Though precise calculations are impossible for any program that is subject to the whims of politics, it appears now that a young man just enter-

ing the labor force could, for the same amount, buy from private life insurance companies two or three times as much old-age security as his Social Security taxes are scheduled to yield.

In the face of these stark realities, how can such a program retain its popularity among Americans? The answer apparently may be attributed to another illusion about the nature of things in general and economics in particular.

"Economics" of Redistribution

Economics used to be a study in scarcities, based on the assumption that human wants are unending and that the means of satisfying such wants are limited. The problem was to obtain the most efficient use of scarce resources — land, labor, capital — to maximize the yield of goods and services most wanted by consumers. It was believed that human beings possess a certain dignity, entitling them to respect as individuals, each capable of knowing his wants and more or less self-responsible for their fulfillment. The institutions of private property and voluntary exchange grew out of and implemented the belief in the dignity of the individual.

In that context, economics concerned the ways and means of satisfying the most urgent wants of individuals through the responsi-

ble individual ownership, use, and willing exchange of scarce goods and services. The individual's ownership of property, including his freedom to offer his services for sale, affords him entry to the market.

The first rule of the market is that each buyer also must be a seller — that all participants are suppliers seeking to gain what each wants most by giving up that of his own which he values least. In other words, self-interest is best served by serving others. And the free market price for each commodity or service is the price which most nearly balances the combined demand at that price against the available supply at that price. The market price thus serves as the signal to consumers to step up or to curb their use of various items and encourages producers to concentrate on the output of items most sought by consumers. Thus, shortages and surpluses are averted and waste of scarce resources minimized in the market economy. Such, briefly, was the essence of economics in the classical sense, with emphasis always on the most efficient and productive use of all available resources.

The material abundance flowing from the competitive market economy following the industrial revolution has led some so-called econ-

omists to the erroneous conclusion that the problem of production has been solved. The "new-economics" is primarily concerned with the redistribution of wealth so that society may be able to consume all that it is capable of producing. They see that the wants of individuals are unending, but seem to overlook the continuing scarcity of means to satisfy such wants. Market prices, to them, are but barriers to the deserving poor; and they reject the first rule of the market: that a buyer must first have something to offer in exchange. But to take the property of those who have earned it by efficiently serving others, for redistribution to those who offer nothing in exchange, can only be accomplished by compulsory methods.

The Public Sector

Thus, the "new economics" calls for government action to break down the institutions of private property and voluntary exchange. Goods and services are to be allocated, not by competitive market pricing, but by the coercive measures of the "welfare state." The false premise is that producers will keep on "coming to market" with useful goods and services, despite the certainty of being confronted there by armed bands demanding something for nothing.

This is the illusion of the "new economics," perfectly exemplified by the Social Security program. There is no denying the desirability of security for older persons; almost everyone would like that. But one of the quirks of human nature is that a great many individuals will not voluntarily forego current spending and consumption in order to save or put aside enough of their own property to yield a decent living after they have retired from the labor force. So, if all people are to be guaranteed an income in old age, it will be necessary to force people to pay for this.

Dr. J. K. Galbraith, among others, has observed this tendency of persons to use their property primarily for the things they want most; and he refers to the result as the "affluent private sector" of the economy. On the other hand, noting that a great many persons neglect spending for the things he believes they ought to want — such things as providing for income during old age — he finds this "public sector" relatively starved.

As the financial statements of a great number of life insurance companies will attest, there are persons perfectly willing to save for their old age; and it is a profitable business to serve those willing customers. Many other types of business also efficiently and

profitably cater to the wants of those who desire to save and invest in productive private enterprise as a source of future income. But there is no profit to be had in supplying a commodity or service to persons who are unwilling to pay for the item. Businessmen won't and can't voluntarily continue such an operation. So, if old-age security is to be guaranteed to those who do not choose to pay for it, the losing operation will have to be conducted in "the public sector," taking property from those who have earned it, for redistribution to others — by force.

Subsidized Poverty

Now, we are gaining considerable experience under the "public sector" in the United States, with government at all levels currently spending for us some two-fifths of our total earnings.

Much of this "public sector" spending, of course, goes for our education — some \$40 billion a year of tax monies. And there are those who contend that education specifically, and the advance in knowledge generally, together account for nearly half of the growth of "real national income." If that were true, it would represent a sizable dividend from the "public sector." However, there is one small problem in that the better educated we become, the less we

seem to be able to care for ourselves in our old age and other times of adversity. The "public sector" spending for social welfare payments of all kinds has now climbed to \$47 billion a year. Some \$17 billion of that goes for payments under the Old Age, Survivors, and Disability Insurance (OASDI) feature of the Social Security program. But, unfortunately, the need for other types of social welfare seems to increase even faster than the need for Social Security. The conclusion would seem to be that the starvation of the "public sector" is of a type that is aggravated by feeding it; the subsidizing of poverty increases it.

To question the propriety of various government spending programs is not to deny the usefulness of education and the advancement of knowledge nor to malign the charitable instincts of those who wish to devote their own resources to the assistance of others. But a reasonably educated person cannot escape the fact that the wherewithal of capital formation and the means for charitable undertakings both stem from the same source; namely, the savings of productive individuals. The accumulation of a surplus of personal property beyond one's immediate needs is the foundation of capitalism and the only true founda-

tion upon which the principles and practice of charity can stand.

This is the reason why true charity cannot flow from the compulsory processes of government. To promote the welfare of one person at the expense of another is no contribution to the general welfare. The framers of the Constitution of the United States sought to guarantee the rights of individuals to own property. They understood that whatever government can do to secure those individual rights to property is a contribution to the general welfare — and that no government can promote the general welfare in any other manner.

When government resorts to the tactics of a Robin Hood, it has ceased to be a protector of property or a guarantor of security. Instead, it becomes the instrument of plunder by which one citizen or special interest group may loot the earnings and savings of others. Government cannot create security in this fashion, by taking one man's earned security and giving it to others in accordance with politically determined need; it only destroys security.

What starts out as a popular pastime of soaking the rich turns into a program of taxing everyone who works for a living. And as socialism advances, the weak and dependent find themselves

competing with the youthful and strong who also have been driven by hunger to the public trough. Such competition in sheer desperation is far more ruthless than that which is sometimes frowned upon in the open market. When people lose respect for the lives and property of one another, then the weak and dependent may expect to be early victims of murder and theft.

Self-Reliance Is Best

If the less productive members of a society truly seek security, let them rally to the defense of the freedom of choice and freedom of action of those who work for a living and who are personally productive. Let them voluntarily deal with one another in a market place kept free of compulsion. Such voluntary trading directs the instruments of production and the means of economic security into the hands of those most capable of serving all mankind. It stimulates every individual to develop his own talents to their maximum productivity. It encourages saving instead of squandering. The free market, and not its displacement by governmental controls, is the only route to the kind of personal security which makes for harmonious social relationships.

A feeling of personal security depends upon something more than the legal guarantee of a hand-

out in time of need. Security is an attitude not necessarily satisfied by an "equal share" or even by an abundance of material goods and services. To be truly secure is to be without cause for anxiety, and that kind of security stems from the mind of an individual who knows that he has done his very best with what was properly his own. Such security is fed by one's respect for the rights of others to life and property, a respect upon which is based one's own claim to those rights.

Though older persons may not serve well in the armed forces, or in defense plants, or in the various other activities incidental to the support of big government, that need not preclude their being loved and respected as individuals. That is not sufficient reason for a law which tends to put an end to individuality and its expression at age 65. If the young men and women of today's generation have lost a sense of love and respect for their aging parents, that is something which the government cannot restore through its devices of compulsion. That is a form of insecurity which must be borne by parents if they have failed to teach their children to respect the sanctity of the individual and the rights to life and private property.

The same time-weathered code of ethics which advocates honoring

one's father and mother recommends respect for the life and livelihood — the private property — of others. To violate any part of that code destroys the meaning of the rest of it. Society cannot enforce a law which guarantees security to the aged by denying the producer the right to the product of his own efforts. The best that society can do is to give the individual a chance to honor and respect his elders. This means allowing the individual his choice concerning the use to be made of his own life and his own productive efforts. It is possible for an individual to honor and respect others who are tolerant of his freedom to choose. But rare indeed is the individual who can extract love and honor from others by compulsory means!

Such things as love, respect, honor, and justice in the relationships between persons are measurable and meaningful only to the extent that individuals voluntarily reject an opportunity to dislike, disrespect, dishonor, or deal unjustly with others. And old-age security also falls into that category. Since a weak person cannot force a strong person to help him, it would seem wise to put the appeal on some basis other than coercion. This means retrieving the responsibility for old-age security from the hands of government. ◆

ON AND OFF

The Reservation

WE, meaning the white man, have "reservation fever," says R. J. Rushdoony, quoting an old Indian who thinks the descendants of his old conquerors are pretty far gone in stupidity. The "reservation" is the Welfare State — which means that it actually encompasses the planet with a few exempt bits of acreage labeled Hong Kong, the Bahamas, and West Germany. We want it easy — but a reservation implies that there must be something outside the reservation to keep it going. Somebody has to do the work.

The subtitle of this *Essays on Liberty: Volume XII* (Foundation for Economic Education, \$3.00 cloth, \$2.00 paper) might be "On and Off the Reservation." It is a handbook of reservation practices, compiled more often than not with a bland imperturbability that is more effective than open sarcasm. It is also an arsenal of argument that will show any reasonably in-

telligent white man how to get off the reservation. If the Sitting Bulls of the "cradle to grave" state continue to win their battles, it will only be because the contributors to this volume have been effectively boxed out by the reservation keepers. Even this possibility won't help the Sitting Bulls in the long run, for a world given over to total reservation practice is a logical impossibility. Let us repeat: somebody has to feed the reservation.

Looking about him at the steadily increasing amount of reservation practice — or socialism, to give it its exact title — that we now have, Leonard Read says there is no use in "engineering or planning socialism's uprooting." I take it that he means you can't legislate the TVA or the Federal Post Office out of existence. But what you can do is to look to the state of your own mentality. When we pursue high purposes, says Mr. Read in his essay on "Unscrambling So-

cialism," "natural forces do their clean-up work for us as a dividend for having set our sights aright."

Correspondence by Phone

Since my own mind always runs back from the abstract to the concrete, I've been trying to think how "high purposes" can start private mail carrying to compete with the public post office when the law gives the government a mail monopoly. Suddenly Mr. Read's words about "natural forces" doing "clean-up work" struck home with the realization that few people write real letters any more. I know I don't. It gets easier every day to by-pass the post office. You can be sure of keeping in touch with your "correspondents" by subscribing to an answering service. You can have a phone in the back seat of your car. You can even get "ship-to-shore" facilities if you want to combine office work with cruising on the deep. All of this costs a bit more than dictating and mailing letters. But who knows, maybe there will be a "voice delivery" service tomorrow that will tape a businessman's output of dictation for the morning and deliver it by telephone or wireless, to the intended recipients for a mere pittance. The costs of the privately owned telephone companies continue to go down; the Federal Post Office continues to be in the red.

At some point people will stop writing all but the most routine letters.

So I'll take Mr. Read's word for it that "nature" is against the extension of socialism as long as some men keep their wits about them and their minds clear. The working of this law seems to be assured as long as there is a bit of freedom permitted. In his essay in this volume called "Flying Socialism," Sam H. Husbands, Jr., tells how the state-owned airways of Europe act as feather-bedding preserves for unnecessary employees. The British Overseas Airways Corporation, a government monopoly, occupies a position that is roughly similar to that of the privately owned Pan American Airways. Well, in 1963 "Pan American flew more than 2.6 times as many revenue passenger miles (8,069,397,000) as did BOAC (3,023,470,000), but with only 20 per cent more personnel." The figures comparing Air France and TWA, and the German Lufthansa with National, make the same sort of case for private enterprise. With 12,224 employees, Lufthansa gets 132,608 revenue passenger miles per employee. National, with only 4,416 employees, flew 390,816 revenue passenger miles per employee in 1963. Since the airlines, both public and private, use the same type of equipment, it is obvious that the private

companies know how to use it better. But it is the private companies that have the incentive to take the leadership in technological as well as personnel improvement, getting there first with the best and safest planes. The pressure for rate reductions has come from Pan American and TWA, which shows that "nature" forces its "clean-up work" as "a dividend for having set our sights aright."

A Couple of Questions

This twelfth volume of *Essays on Liberty* contains 49 separate contributions by 31 separate authors, and there is no possible way to be fair to everybody within the scope of a review. At the risk of being specifically unfair to a couple of contributors, I'd like to argue that William Cage, in his "The Right to Pray," misses a constitutional point when he says that prayers in school are "outside the realm of government competence." No doubt they should be under any rational concept of a public institution, which admittedly has no business discriminating against certain peoples' opinions.

But our Founding Fathers were not concerned with complete rationality or with universal philosophical consistency when they were writing the First Amendment; they were merely concerned with prohibiting something to the

Federal government which they were quite willing to let the states do for themselves. Thus, the First Amendment says that "Congress" shall pass no law infringing on religious freedom or establishing a state church. Patently it would be illegal under the Constitution for the Federal government to prescribe, or even to permit, prayers in any nationally supported school system. But, strictly interpreted, the Constitution says absolutely nothing about forbidding states or municipalities to allow prayers in their schools. They are not included in the word "Congress." Indeed, the Tenth Amendment (which was not repealed by the vague "equal rights" clause of a later amendment) would seem to guarantee individual state preference in this matter.

I am not arguing against Mr. Cage's libertarian logic here; I am merely defending the constitutionality of something that he finds philosophically abhorrent. Carried to its logical conclusion, Mr. Cage's argument would call for the abolition of all public education, whether it is prayerful education or not. But the Founding Fathers were not perfect libertarians; they believed in some public education, and Thomas Jefferson, for one, made provision for both moral and religious teaching in his blueprint for a state university.

With John C. Sparks's "Zoned or Owned?" I have no real quarrel. Zoning is, as he insists, an infringement of the property right. It does not surprise me to learn that suburbs within the city limits of Houston, Texas, which does without zoning, have higher property values than the zoned areas that lie just beyond the municipal boundaries. But my quibble with "Zoned or Owned?" is this: what if you have used your contractual right to buy property in an area that has already been zoned? The zoning restrictions will have been funded, so to speak, into the price you have paid for the property. Thus, a sudden repeal of a zoning limitation (say, one that insists that three acres go with each home) might lop dollars off an investment made in good contractual faith. The question here is whether a man has a right to keep a state of affairs which he has paid for in an honest deal made under a bad law for which he was not responsible. ♦

▶ **THE NATURE OF THE AMERICAN SYSTEM** by Rousas J. Rushdoony (Nutley, New Jersey: The Craig Press), 181 pp. \$3.75.

Reviewed by Robert M. Thornton

HERE is a vigorously written defense of the American system of decentralization, limited sover-

eignty, checks and balances, and constitutionalism—a system of government in which power is not concentrated in any one person or body of persons. Power is dispersed, because no man—in the eyes of the Founding Fathers—can be trusted with discretionary power over his fellows. "Speak not of the goodness of man," warned Jefferson, "but bind him down from mischief with the chains of the Constitution." This settled conviction of the men who shaped our institutions reflects the Christian view of man as a flawed creature with great limitations; a being incapable of perfect knowledge and wisdom, denied a lofty, God-like objectivity, too self-centered to meet the claims of universal love.

It is in this sense of the term—cultural rather than sectarian—that Rushdoony argues that this nation was modeled along the lines of a Christian commonwealth. He recognizes that the "presuppositions of all man's thinking are inescapably religious, and they are never neutral." That is to say, everyone entertains a premise as to the nature and destiny of man, whether explicit in his thought or not.

In this book as in his previous works, Rushdoony gets down to bedrock; and whether you agree with him or not, he cannot justly

be accused of inconsistency or superficiality. He contributes to our understanding of the system under which we live, and he makes it perfectly clear that those churchmen who wish to replace the American system with some brand of collectivism for assumed Chris-

tian motives are sadly mistaken. The free society is no utopia, but it is both a desirable thing in its own right and the only form of social organization compatible with a religion which cherishes convictions about the importance of the individual person. ♦

IDEAS ON LIBERTY

Through the Wringer

FROM WASHINGTON'S eagerness to protect the consumer, you would think that clever manufacturers were constantly gypping the poor fellow, squeezing out his hard-earned dollars in return for a lot of new but shoddy products. So a recent research study is interesting.

Bjorksten Research Laboratories of Madison, Wisconsin, took a look at what happened to 27,000 new products that manufacturers hopefully put on the market during 1964. It found that, in one of the most prosperous years in history, four out of every five new items were so unpopular with consumers that they proved unprofitable.

As a result of the failures, the researchers report, the unsuccessful manufacturers sustained losses totaling more than \$3 billion. Which may have raised some questions, in their minds at least, as to just who put whom through the wringer.

From The Wall Street Journal, August 24, 1965

THE *Freeman*

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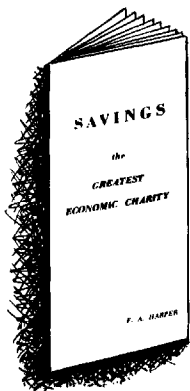
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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

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Any current article will be supplied in reprint form if there are enough inquiries to justify the cost of the printing.

CHRISTIAN ECONOMICS

Myth or Reality? B. A. ROGGE

I WISH to begin my discussion with some questions. What can we find in the Bible on the ethical rightness of the statement that two plus two equals four? What do the Papal Encyclicals tell us of the justice of Boyle's Law, that the volume of an ideal gas varies inversely with its pressure, other things being equal? Does Christian doctrine tell us that it is fair for a hydrogen atom to contain three isotopes while a fluorine atom contains but two? Or, to approach my own topic, is it Christian or un-Christian for a demand curve to be negatively inclined from left to right?

Economics as a Pure Science

Let me now put the general case: What does Christianity have

to do with the questions of any pure science? So that there can be no suspense, I shall give the answer immediately. The answer is, "Nothing, absolutely nothing." There can no more be a Christian science of economics than there can be a Christian science of mathematics. It was a Hindu who first introduced zero into the set of real numbers and a Greek pagan who first analyzed the process of exchange in the market place. A microscope and a telescope seem to be quite indifferent to the religion of those who peer through them. The law of diminishing returns has no more relationship to the flight from Egypt than it does to the flight from Mecca to Medina.

Am I belaboring my point unnecessarily? Perhaps not. The proponents of all of the world's great religions, including Christianity, have often yielded to the tempta-

Dr. Rogge, Professor of Political Economy at Wabash College, presented this paper at a Seminar on Economics and Ethics at Valparaiso University, February 19, 1965, sponsored by The Lutheran Academy for Scholarship and printed here with their permission.

tion of dictating answers to particular questions of pure science — and have always been made to appear foolish in the process. Is the earth round or flat? Is the earth the center of the universe or isn't it? Was the world created at 9:00 A.M. on the morning of October 23rd, 4,004 B.C.? And, as Clarence Darrow asked, was that Central Standard Time or Mountain Standard Time? And as the quasi-religionists of modern communism ask, cannot acquired characteristics be inherited? I would be belaboring my point if it were not for the likelihood that many a scientist may yet be forced to kneel in the snow outside the temple and beg forgiveness for the impertinence of his findings.

If economics were *only* a pure science, we could now consider my presentation at an end and say, if all were to agree with me, that Christian economics is indeed a myth and a most unnecessary one at that. But economics is both something less and something more than a pure science, and therein lies the rub.

Economics as Something Less Than a Pure Science

Let me begin with the implications of the fact that economics is something less than a pure science — but first let me define what I mean by a pure science. A

pure science is one that is concerned with *what is* and not with *what should be*. I shall refer to economics as a pure science as *positive* economics and to economics as a set of do's and don'ts as *normative* economics.

Now economics is something less than a pure science only in a special sense. Its goal of finding out "what is" is no different from that of physics or astronomy, and economists often use search methods quite like those used by the natural scientists. What makes economics something less than a pure science is its present lack of success in developing a body of laws or generalizations accepted as correct by all or almost all serious students of the subject. The state of economics today is not unlike the state of physics at the time of Galileo's recantation.

Even at the level of what is, economists are so far short of agreement on so many fundamental questions that the well-intentioned layman can almost always find some economist who will provide him with scientific evidence of the correctness of what he *wants* to believe to be true.

Let me illustrate: The question of whether a minimum wage set by government does or does not increase the total wage payments going to a given group of workers is a question in positive econom-

ics. Yet in appearances before ministers, I have been accused of being un-Christian because *my* findings are that the long-run effect of a minimum wage is to *reduce* the total income of the workers involved.

Nor can I really be angry at this. The ministers involved want very much to believe that the problem of poverty can be solved in part by simply passing a law increasing hourly wage rates — and they can find economists of more repute than Ben Rogge who will tell them that this can, in fact, be done. When the scientists disagree, the layman is going to choose that scientist who tells him what he wants to hear. As a cigarette smoker who chooses to believe the findings of those who argue that there is no clear connection between cigarette smoking and lung cancer, I can't really throw stones at the layman who prefers someone else's findings in economics to my own.

What does the fact that economics is still itself an underdeveloped area mean to the Christian? If it is the economist who himself is also a Christian, it seems to me to require of him an open mind, integrity in dealing with his own findings and the findings of others, and a refusal to let his wishes be father to his facts.

When the great English historian, Herbert Butterfield, visited the Wabash campus a few years ago, he was asked if there was such a thing as Christian history. He replied that there wasn't, but that there was history *as written by a Christian* and that the man's Christianity would demand of him that he display the attitudes I have just described.

But what does the incomplete and confused state of economic science mean to the Christian who is not a professional economist but who wishes to use economic knowledge in making his own decisions? It seems to me that it requires of him the same openness of mind, the same refusal to let his wishes be father to his facts that it requires of the economist. He ought to be anxious to expose himself to various sources of economic information and to learn from them all that he can. Economic science may be in a primitive state, but this is only relative to some of the more mature sciences and it still has much to teach the typical nonprofessional.

I will say flatly that the typical American who calls himself a Christian and who makes pronouncements or joins in making pronouncements on economic policies or institutions, does so out of an almost complete ignorance of the simplest and most widely

accepted tools of economic analysis. If something arouses his Christian concern, he asks not whether it is water or gasoline he is tossing on the economic fire—he asks only whether it is a well-intended act. As I understand it, the Christian is required to be something more than well-meaning; he is required to use his God-given reason as well. Inadequate as economic science may now be, it can save the layman from at least the grossest errors and can be ignored only at real peril to the society at large.

Let me summarize my thesis up to this point: I have argued that the word, Christian, is totally out of place as a modifier to any of the pure sciences. Generically, economics is one of the pure sciences and hence this constraint must apply to the concept of Christian economics. The main thrust of this constraint is undisturbed by the fact that economics is still in a primitive state of development. However, this fact requires of the Christian, whether a professional economist or no, a certain caution, a certain openness to various possibilities not required (at least to the same degree) in dealing with the laws of the more precise and more mature sciences. But this fact does not excuse anyone, be he Christian or no, from the necessity of learning

what he can about economics before making decisions on economic policy.

Economics as Something More Than a Pure Science

This brings me to the second part of my discussion, to the implications of the fact that economics is something *more* than a pure science. There is a *positive* economics but there is also a *normative* economics—an economics that is concerned with questions of valuation, of right and wrong action or inaction. I have denied that there can be a Christian positive economics; let me now ask if there can be a Christian normative economics.

Normative economics is positive economics plus a value system. Christianity is a religion, and a religion need not involve a set of values—but, of course, Christianity does. It follows that the value system in the normative economics of a Christian should be the Christian value system. *In this sense, then, Christian economics can be very much of a reality.* It will be marked, not by its choice of materials from positive economics, but by its choice of fundamental assumptions about the nature of man, his purposes here on earth, and the obligations for right action imposed upon him by his Creator. I assume that these

fundamental assumptions would be drawn from what the Christian believes to be the revealed word of God, that is, from the Bible and from such interpretations of the Bible as the particular Christian accepts as authoritative.

So far, so good; but as an economist embarrassed by the relative chaos in his own field, I cannot resist pointing out that there seems to be more than one value system labeled "Christian." Perhaps I should rephrase my earlier affirmation and say that not only can there be a Christian economics, there can be *any number* of Christian economics. However, I don't wish to disturb the state of happy (though perhaps superficial) ecumenism in which we seem to be basking at this time in America, and so I shall concentrate on what seem to me to be the least controversial, the most widely agreed-upon precepts of Christianity.

What I want to do now is to list a number of these precepts and then keep them in mind as I examine just one specific question in normative economics. If there is, indeed, a Christian normative economics (as I am arguing there is), we should be able to use it, should we not? My real purpose in doing this is not to provide you with an answer to this one question but to reveal some of the dilemmas the Christian encounters

in applying Christian values to problems of economic policy.

In listing these precepts, I make no claim for completeness or absolutely universal acceptance by all Christians. I list them as the ones that seem to me and (to the best of my knowledge) to others as the ones most relevant to social problems.

Some Basic Assumptions

I begin with the assumption that *man is imperfect*, now and forever — that he is, indeed, somewhat lower than the angels. It follows that all of his constructs must be imperfect; William Blake and the Anglican hymnal to the contrary, Jerusalem is never to be built in England's green and pleasant land.

Next I place on the list the Christian view of *man as a responsible being*. In the words of John Bennett of Union Theological Seminary,

Man never ceases to be a responsible being and no mere victim of circumstance or of the consequences of the sins of his fathers. Man has the amazing capacity through memory and thought and imagination to transcend himself and his own time and place, to criticize himself and his environment on the basis of ideals and purposes that are present to his mind, and he can aspire in the grimmest situations to realize these ideals

and purposes in his personal life and in society. It is this capacity for self-transcendence that Reinhold Niebuhr, following Augustine, regards as the chief mark of the image of God in man that is never lost. (John Bennett, *Christianity and Communism Today*, 1960, p. 118)

My third of the Christian assumptions is that of the significance of man's *freedom to choose*. In its most elemental form, this signifies Christ's insistence that he wanted, as followers of his way, only those who had freely chosen him and his way. I remind you of one of the most dramatic scenes in literature, the challenging of Christ by the Grand Inquisitor in *The Brothers Karamazov*. I shall argue in a moment that this Christian sense of freedom is a most annoying restraint on social action and, hence, is the one precept most commonly ignored in Christian communities.

Next and very importantly is the assumption of *the brotherhood of man*, with its clear implication of the necessity of assisting those in need. The crucial importance of this assumption in the drafting of Christian economic policy can hardly be overemphasized.

I now add one of the explicit guidelines (and another very annoying restraint on social action), *Thou shalt not steal*.

I close the list with the Chris-

tian's sense of the forgiving love of God and of the ultimate hope that comes with the knowledge that this is God's world. John Bennett, in discussing this sense in conjunction with a discussion of man's sin, puts it this way:

Christian teaching about human nature perhaps reveals most clearly the corrective elements in Christianity. It corrects all tendencies toward sentimental optimism or utopianism that fail to prepare men to face the stubborn reality of evil in human history, and it corrects all tendencies to disillusionment or cynicism that are the opposite danger. Men who lack the perspective of Christian teaching are in danger of oscillating between utopianism and disillusionment.

The first thing that Christians say about human nature is that man — and this means every man — is made in the image of God and that this image is the basis of man's dignity and promise.

The second thing that Christians say about human nature is that man — and this means every man and not merely those who are opponents or enemies — is a sinner. (Bennett, *op. cit.*, pp. 116-7)

Christian Economics: A Case Study

My choice of precepts to include may have already cost me your good will, but now that we have the list, good, bad, or indifferent, let us see if we can put it to work.

Here is our problem: A family

in (say) Valparaiso, Indiana, lives in serious poverty, with not always enough money for food, clothing for the children, medicine or doctor's services, or for rent on their small, ramshackle house. What does Christian economics tell us to do about this? What kind of a war on poverty does it ask us to wage?

Let us turn first to the kind of answer usually given by the American society generally today (and also the kind of answer generally endorsed by the social action groups of the large denominational organizations and of the National Council of Churches).

First, we should pass a law called a minimum wage law to force this man's employer to pay him a living wage. Or we should encourage the development of a union in this man's work group so that he could expect to receive a fair and decent wage. Next, we ought to pass laws that will force such men to save for emergencies, for example, unemployment, which may be the man's real problem at the moment. If he is unemployed, the government should offer him subsidized retraining, so that he can find suitable employment. If he is in real need, as our particular man is at the moment, some combination of local, state, and national relief payments should be made to him.

This is what most Christians in America today deem appropriate, with perhaps the addition of a box of groceries collected by one of the churches to be delivered to the family each Thanksgiving and Christmas.

Does any of this lack good intent? I think not; on the surface, at least, it seems to meet the requirement imposed by the brotherhood of man.

Minimum Wages

Now let's go through it again to see if we've missed anything. We begin with the idea of a legislated increase in his wage rate. Perhaps it would be wise if we first asked what the consequences of this might be. For example, could it lead to this man's losing his job altogether, either immediately or as the employer is forced by the higher costs of labor to mechanize the operation, if he is to stay in business at all? Well, says the economist, that will depend in part on whether the labor market was competitive to begin with, whether the man was already getting all that he was really worth. It will depend on whether this law "jars" the employer into becoming more efficient. In other words, it will depend on a number of factors of the kind analyzed in positive economics.

My own personal knowledge

both of theory and of evidence would lead me to argue that the very probable consequence of a legislated increase in wage rates will be some loss of employment opportunities, and our particular worker could well be one of those to lose his job. I might add that his chances of being thrown out of work are increased if he is a member of a minority racial group.

I may be wrong on this but I know of no competent economist who would deny the possibility that a legislated minimum wage will produce some unemployment. If this possibility exists, a Christian might well wish to examine the findings of positive economics before supporting a proposal of this kind. In supporting the idea of minimum wage laws, the Christian may well be causing problems for precisely those people he wishes to help, and be giving aid and comfort to a more fortunate worker-employer group which benefits by being freed of the competition of lower-wage firms. I repeat, good Christian intentions are not enough!

Trade Unions

Similar questions might well be raised about the second line of attack on our special problem of poverty — that of encouraging the development of a trade union to protect this worker. A union-in-

duced increase in wage rates in the plant or store where this man works could lead to his losing his job altogether, just as in the other case. If he is a member of a minority race, the chances of this will be even higher under the trade union approach, because of the long-established discriminatory practices of many of the important unions. For example, in 1962, there were only three Negro apprentices in the union-dominated electrical trades in all of New York City and only one Negro apprentice plumber.

Here again the Ben Rogge version of positive economics could be wrong, but again the important questions are those of positive economics and not of good intent.

At least one additional question might be raised. In granting special privileges, immunities, and encouragement to trade unions, we would be sanctioning an activity that when undertaken by businessmen can lead to their being put in jail. As an economic institution (and a trade union is more than an economic institution), a union is a cartel; that is, it is a collusive arrangement among otherwise independent sellers of the services of labor, for the purpose of manipulating market prices to their own advantage. It is precisely the same in operation as the activities of the sales executives of the large elec-

trical manufacturing companies that led to their being sent to prison a year or two ago. In encouraging workers (and farmers) to do that which we forbid businessmen, we seem to be violating a rather old concept of justice — that of equality before the law. In a very real sense we have encouraged the blindfolded Goddess of Justice to peek, and she now says with the jurists of the ancient regimes, "First tell me who you are and then I'll tell you what your rights are." To encourage trade unionism may be wise or unwise economic policy but surely the Christian cannot escape some concern for a policy that deliberately creates a double standard of right and wrong.

Social Security

We turn now to the third of the responses to our problem, that of social security. Let us force such people to contribute to a program to tide them over such emergencies. This may be wise or unwise economic policy but at least it will assure some minimal flow of income to the family for some period of time. In other words, it does work.

Some Christians might be disturbed to know that as the system now works in this country, low-income Negroes are being taxed to support high-income whites. How does this come about? A low-income

but fully employed Negro will pay into the fund almost as much money as will the high-income white. But the average life span of the Negro beyond age 65 is significantly less than that of the white, and the Negro can thus expect to draw less in total benefits. I present this odd circumstance, not as a criticism of social security *per se*, because the law could be changed to eliminate this feature, but as further evidence of the need for the well-intentioned person to examine policy proposals, not only in the large, but in detail as well.

But clearly, within certain limits, social security does work; it does provide much needed help to many in real need.

Surely the Christian can find no dilemma here. *No?* What, then, of the Mennonites and the Amish who have fiercely resisted any participation in this program? Of course, these are patently queer people, who wear funny-looking clothes and have other peculiar ideas, but they *do* call themselves Christians; in fact, they say that it is *because* they are Christians that they must refuse to involve themselves in social security.

How could this possibly be? Let us go back to our precepts of the religion and see what we can find. Suppose we interpret the brotherhood of man, individual responsibility, and freedom to choose as

meaning that each man should be free to choose, even in economic life; that if he chooses wrongly he is responsible and should seek himself to solve the problems he has created for himself; and that, if this proves impossible, it then becomes the responsibility of his fellow Christians, as a voluntary act of brotherhood, to come to his assistance. Surely, this line of reasoning cannot be immediately labeled as un-Christian — even if it would confront us with the embarrassing challenge of doing something individually, directly and out of our own pockets for this family in Valparaiso, Indiana, of which we have personal knowledge.

Take "freedom to choose." Does this apply only in questions of pure religion or does it constitute a general Christian presumption in favor of freedom of the individual? If the latter, then the Christian faces a dilemma. Social security tells a man that he must pay into the fund, how much he must pay at a minimum, and in what form the fund will be held. Whether on balance this is good or bad, it is clearly a denial of freedom. In the words of the English philosopher, Isaiah Berlin, in discussing this general type of dilemma:

But a sacrifice is not an increase in what is being sacrificed, namely freedom, however great the moral need or the compensation for it.

Everything is what it is: liberty is liberty, not equality or fairness or justice or human happiness or a quiet conscience. . . . This (loss) may be compensated for by a gain in justice or in happiness or in peace, but the loss remains, and it is nothing but a confusion of values to say that although my 'liberal,' individual freedom may go by the board, some other kind of freedom — 'social' or 'economic' — is increased. (Isaiah Berlin, *Two Concepts of Liberty*, 1958, p. 10).

Here then is a typical dilemma of the Christian as he approaches economic policy; his concern for his brother leads him to favor a measure that will help his brother (such as social security) but, to be really effective, it requires that he also reduce his brother's freedom to choose. I note, somewhat sadly, that given this choice, the majority of Christian peoples have usually chosen to sacrifice their own freedom and the freedom of others in the interest of compelling people to do what all good Christians know they should do. This may or may not be the right decision on the question of social security, but let no Christian say yes, it *is* the right decision, with a feeling that no sacrifice of any principle is involved.

Redistribution of Income

The last two approaches, retraining the worker and providing him with direct relief, are but two

forms of the same thing and I shall treat them as a unit. Government-provided relief is a forced redistribution of income from one group of people to another group of people. Subsidized retraining is simply a form of redistributive payment that the beneficiary can receive only if he takes it in a given form, that is, in the form of tuition-free schooling, combined with subsistence payments. Whether redistribution is more efficient if the uses of the money by the beneficiaries are directed by the government (as in retraining programs, government housing, school lunch provisions, and the like) than if the money is simply turned over to the beneficiaries to be used as they wish, is a complex question and one that I don't have time to examine. I would point out only that he who pays the piper, whether he be a private person or a government agent, will usually be strongly tempted to call the tune. In other words, as a matter of sociological probability, most schemes for redistributing income will usually involve some directing of the uses to which the beneficiaries may put the funds.

Whatever form the payments may take, relief provided by the state *does* work; it *does* provide assistance to the needy. It *does* provide food for the hungry, clothing and shelter for the cold, and medicine for the sick. Surely, here at

last the Christian can relax, secure in the knowledge that in supporting such measures he is recognizing the obligations imposed upon him by the fact of human brotherhood in God.

Perhaps — but perhaps not. As I understand it, these obligations rest upon each individual to be acted upon as a matter of conscience. As I remember the parable, the Good Samaritan was not acting upon an order of government in performing his good deed, nor was he a paid official of a local welfare agency, drawing on local tax funds. Does Christian virtue consist in passing a law to force oneself to do what is charitable and right? Given man's imperfect nature, this might be a tenable position. Unfortunately, though, the law must apply to all; and thus many, who, for whatever reason, do not *wish* to give up what is theirs for the use of others, are physically compelled to do so.

Under Which Christian Precept Can Force Be Justified?

Ah, but you say, they *should* wish to do so. Of course they should, but if they don't, is the Christian then authorized to use force to compel them to do so? If so, under which of the precepts of Christianity?

Aquinas apparently had found such a precept when he wrote,

The superfluities of the rich belong by right to the poor. . . . To use the property of another, taking it secretly in case of extreme need, cannot, properly speaking, be characterized as theft. (Thomas Aquinas, *Summa Theologica*, 2a, 2ae, quaestio 66, art. 7)

Others might be troubled, though, by the apparent conflict between this interpretation and the commandment, Thou shalt not steal. Perhaps it should read, Thou shalt not steal, except to give to the poor. Under this interpretation, King Ahab and Jezebel would have been justified in seizing Naboth's vineyard, if their purpose had been to distribute its fruits among the poor.

It is interesting to note the way in which these questions are handled in the thirty-eighth of the Articles of Religion of the Protestant Episcopal Church in the United States:

The Riches and Goods of Christians are not common, as touching the right, title, and possession of the same; as certain Anabaptists do falsely boast. Notwithstanding, every man ought, of such things as he possesseth, liberally to give alms to the poor, according to his ability.

It would seem possible to develop what might be called a Christian position on this issue that would strike against *all* public charity and make assistance to the

needy a response of the individual conscience. This is in fact a position taken by certain denominational groups in the country today.

The Personal Practice of Freedom

Am I really saying that I think the vast responsibilities for assistance to the needy in our modern, complex society could be entrusted to private individuals and voluntary welfare agencies; do I really think that, under such a system, no one would be left out, no child would ever die of hunger or cold? I honestly don't know *what* the consequences would be of such an arrangement. I only know that the Christian who enthusiastically embraces coercive, collective charity may very possibly be deriving his mandate from some source other than his own religion. For example, such an approach fits very well with a psychological interpretation of man as a helpless victim of his environment, as a creature not to be held responsible for his own successes or failures. If you answer the question, "Who's to blame?," not with "Mea Culpa," but with "Society," you need not hesitate to turn to the central agency of organized society, the state, to solve any and all problems.

It is of course as presumptuous of me to talk of Christian doctrine as it might be for some of you to

talk of technical economics; but I must confess that my own personal interpretation of Christianity does not fit well with most of the approaches to social and economic problems of official Christendom in this country today. *Today's Christian economics seems to me to be neither good Christianity nor good economics.*

But my function here is not to offer you advice on what to accept and what to reject. That I have done so, both directly and by implication, lends further credence to the thesis of one of my favorite modern philosophers, Charlie Brown of the *Peanuts* comic strip, who was once led to remark, "This world is filled with people who are anxious to function in an advisory capacity."

If Economists Disagree, Let Christians Be Tolerant

My function here has been to discuss the topic, Christian Economics; Myth or Reality? I have argued that the word, Christian, cannot and must not be used as a modifier to economics as a pure science. To do so is to indulge in the ancient sin of trying by appeal to revelation to answer certain questions that were meant to be answered by man himself with the use of his God-given reason.

I have argued as well that, in spite of its present state of imper-

fection, economics as a pure science, that is, positive economics, has much to offer to those who are interested in questions of economic policy. As a matter of fact, I think myself that *much of the diversity of opinion among economists, both amateur and professional, on questions of public policy stems not from disagreement over ultimate goals or values but from disagreement over the findings of positive economics.* In a sense this is encouraging, because it implies that these disagreements can be reduced over time by improvement in the science itself. Disagreements over ultimate values cannot be resolved; they can only be fought over or ignored. Disagreements over questions of fact and analysis are conceptually open to solution.

I have also argued that there *can* be a Christian economics at the normative level; the Christian can combine his Christian ethics and Christian assumptions about the nature of man with his knowledge of positive economics to decide whether any given proposal should be approved or condemned. The combination can very properly be called Christian economics.

Unfortunately, because of disagreements at the level of *which* positive economics to accept *and* at the level of *which* interpretation of Christian values to accept, *there is no single set of conclusions on*

economic policy that can be said to be the definitive and unique Christian economics. The socialist and the free enterpriser, the interventionist and the noninterventionist, the business spokesman and the labor spokesman, the Mennonite farmer and the Episcopalian President of the United States, Ben Rogge and John Kenneth Galbraith — each will argue that *his* answers are the ones most nearly in accord with *true* Christian economics. In this lies the challenge to the Christian.

The only advice I can offer the now thoroughly confused Christian is that he avoid hasty judgment and that he think with his head as well as with his heart. He must learn what he can from positive economics and carefully examine precisely what values are imposed upon him by the fact that he is a Christian. In the meantime, he can draw some comfort from the knowledge that the professional economists and the ministers of the Christian churches are but little less confused than he. ♦

GREAT MYTHS OF AGRICULTURAL POLICY: NO. 1
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"Farm Prices Are Made in Washington"

DON PAARLBERG

THE ELEMENT of truth which gives this myth its appeal is the simple, observable fact that the government can legislate and administer a price for wheat or cotton which is different from the price that would otherwise prevail in the market. In fact, it has done so. The price of wheat has been dropped, through Washington action, from \$2 to \$1.40 per bushel. To the degree that farm prices are

made in Washington they are unmade at the same address.

The element of untruth which makes the myth dangerous is the belief, implicit in the statement, that a government sympathetic to agriculture could establish any price it wished. It infers that Washington is responsible for whatever level of prosperity or difficulty agriculture is experiencing. This untruth is greater than the fragment of fact which the statement contains.

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If one accepts and repeats the myth that farm prices are made in Washington, he reveals his belief that decision-making has been transferred from the individual to his government and that centralized authority has replaced the market system. In short, he has written off the competitive economy and replaced it, in his mind, with a regimented society. For if Washington is to take over the job of establishing the price, Washington must also take over the jobs that price does. That is, Washington must regulate production, regiment the marketing process, supervise consumption, and take responsibility for the level of income.

A more accurate statement is: "Prices of certain farm products are influenced, within limits, by legislation enacted in Washington." But what this statement gains in truth, it loses in simplicity. As is so often true, the myth has more appeal than the fact.

What makes price? If prices are not made in Washington, how are they made?

Supply and Demand

To find out, you must know economic lesson No. 1. It's so basic that if you understand it, all else in economics becomes comprehensible. It concerns the laws of demand, supply, and price.

The law of demand is this:

Other things equal, the quantity purchased will move in the opposite direction from price. Thus, if the price is raised and other things remain the same, a smaller quantity will be purchased. And inversely: People will clean out a grocer's steaks if he lowers them from 98¢ to 28¢ a pound.

The law of supply is this: Other things equal, the quantity offered for sale will vary directly with the price. Thus, if the price of soybeans goes up and other things remain the same, you'll try to produce more and the supply will be larger.

When supply and demand interact in a competitive market, price becomes established to equalize the two. Supply equals demand and the market clears. There is no "surplus" or "shortage." The price may be high or low, depending upon the respective levels of demand and supply.

If the price is low, the market is telling farmers to produce less and telling consumers to buy more. If the price is high, the opposite signal is being given. This is the mechanism by which the people jointly determine how land and labor and capital should be used. It is a remarkably orderly process, and functions effectively for the most part.

True, government may stimulate demand, as, for example,

through Public Law 480. And it may retard supply by land retirement programs. These operations may and do affect prices. But the range within which price may thus be manipulated is not as wide as many think.

Unhappiness Prevails

No one is completely happy with the market system. Farmers wish the price was higher. The standard definition of a fair price, as the farmer defines it, is "10 per cent more." Conversely, the consumer's definition of a fair price is "10 per cent less."

So the subject of prices is controversial. It always has been, and it always will be, because producers and consumers contend with one another. If the market is competitive, they contend in the market place. If the price is legislated, they contend in the halls of Congress.

If one says "farm prices are made in Washington," he is really saying that the competitive market has disappeared and that we

now have a government-made market. This is a gross exaggeration. Prices of livestock, poultry, most fruits, and vegetables are made competitively in the market place. These products bring in roughly 50 per cent of the farm income.

Commodities whose prices are, to a degree, "made in Washington" bring in only about half of the farm income. And even for those commodities whose price is "made in Washington," the limits within which Washington can set the price are rather narrow. An Administration and a Congress dedicated to high price supports has had to reduce support levels for tobacco, wheat, cotton, and others. The market forces are powerful.

But the myth persists. Like an old Greek myth, it is more a reflection of a state of mind than an accurate portrayal of the real world. ◆

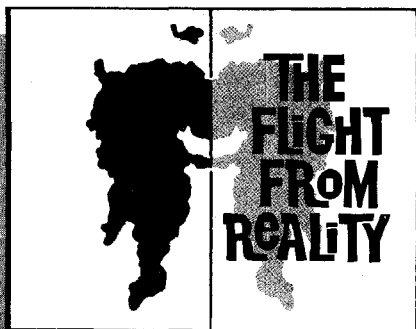
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The Price of Pig

The price of pig
Is something big;
Because its corn, you'll understand,
Is high-priced, too;
Because it grew
Upon the high-priced farming land.

If you'd know why
That land is high,
Consider this; its price is big
Because it pays
Thereon to raise
The costly corn, the high-priced pig!

Quoted in *Economics of Enterprise* by H. J. DAVENPORT



15.

Remaking the Minds of Men

CLARENCE B. CARSON

In the third place, the administrator . . . will realize that public education is essentially education of the public: directly, through teachers and students in the school; indirectly, through communicating to others his own ideals and standards, inspiring others with the enthusiasm of himself and his staff for the function of intelligence and character in the transformation of society.

—JOHN DEWEY, 1937

A new public mind is to be created. How? Only by creating tens of millions of new individual minds and welding them into a new social mind. Old stereotypes must be broken up and new "climates of opinion" formed in the neighborhoods of America. But that is the task of the building of a science of society for the schools.

—HAROLD RUGG, 1933

. . . The young should receive careful training in mutual undertakings, in organizational work, and in social planning so that they may form the desired habits and dispositions.

—GEORGE S. COUNTS, 1952

NOTHING is so unlikely as that the established institutions in a society should be used to transform and reconstruct society. After all, the institutions derive their reason for being and support from the existing order, if they

are not anachronisms. They exist to perpetuate and serve that order. In a word, they are conservative. Certainly, this has almost always been true of such fundamental institutions as the home, the church, and the school. The home has traditionally been the place where the child has been civilized, has been taught rudimentary manners, has been taught how to get along with

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others, has been nurtured and trained in manners and morality. This training derives largely from the experience of the parents, what they have been taught, and what understanding they have of the world in which they live. The school has been the place for the teaching of the accumulated knowledge from the past, and the church has been the rock which served to anchor man in the enduring as he tended to adapt himself to the winds of change. These are conservative functions, for by them the experience, heritage, knowledge, and Revelation are passed from one generation to another.

Yet, in this century, a concerted attempt has been made to undermine and/or direct these institutions to the ends of social reconstruction. Religion, as has been shown, was drawn into the stream of social reform by the social gospel. Parents have yielded much of their responsibility for the upbringing of their children to various social agencies, notably the schools. And, whether they have or not, the authority which they formerly wielded has been restricted by new doctrines on child rearing, by the assaults upon custom and tradition, by the loss of confidence in the wisdom embedded in the heritage, and by the wedge that has been driven between the old and the young by

the "peer group" orientation and conformity. The parents most affected by these changes probably fall into two categories (with some overlapping): the "best educated"—that is, those who have spent the most years in school—and those who are glad enough to avail themselves of the irresponsibility that is involved.

That some people should revel in their irresponsibility requires no explanation—though why they should be encouraged to do so does. But that those who should be best educated are inept in appropriating and using their heritage is a matter warranting careful consideration. This consideration brings us to the subject of this article: the undermining of education, the transformation of the schools, and the instrumentation of education for melioristic reform.

Perverting the Tradition

There are few possibilities more remote than that the schools should be made into instruments of reform. It required great ingenuity and imagination to bring it off—a concerted effort over an extended period of time by men dedicated to the task. The reason for such difficulties is not far to seek. Schools have for their task the education of children. Education has, at least historically, been

concerned with conveying knowledge; or, at any rate, it has been associated with the acquisition of knowledge. Such knowledge consists of the skills, methods, and information which has been learned in times past. To put it another way, knowledge is of what is and what has been. There is no knowledge, in particulars, of what will be in the future, though much may be deduced from a knowledge of the universe and what has happened as to what can and cannot be in the future, but even this is only knowledge of what is and has happened.

But the educational reformers proposed to use schooling as preparation for building a different society for the future. That is, they were futuristic, oriented to what would be rather than to what was and had happened. In short, they proposed to use the schools as breeding grounds for social change rather than for education. Theirs was, and is, a flight from the reality of knowledge upon which education is supposedly based. Insofar as such education is focused upon the future, it is usually an uninhibited exercise of the imagination. Insofar as it is an attempt to implant some ideological version of what the future should be like, it is nothing but propaganda. Insofar as it is concerned with rooting out tradi-

tional ideas and beliefs, it is brainwashing. Insofar as schooling has been turned from imbuing with knowledge to social reconstruction, it has been turned from a solid task to sentimental hopes and vague visions of the future. (But, it may be objected, education is to prepare one for living in the future. So it is. It is *for* the future [or the extended present], but it is *of* the past and what now is. If there is aught of value to be learned, in school or elsewhere, it has to be of the past and what is.)

Explaining What Happened

There is general agreement that education has been transformed in America in the twentieth century. Those who have described it, however, have focused upon different things. Some have emphasized the great increase in numbers in the schools and the larger proportion of the young who have stayed in school much longer. Indeed, it is a cliché of the educationists that this accounts mainly for the changes in content and method. It is alleged that education was formerly aristocratic in emphasis and that in the twentieth century it was adjusted to the generality of the young. Some emphasize the impact of new developments in education and the attempts to make it scientific. Others focus

upon leaders, movements, and associations.

This account will focus upon three major developments in education: (1) the undermining of education, (2) the reorientation of schooling and its instrumentation to social reform, and (3) the centralizing of control over education. Attention will be centered on the educational reformers, their aims and accomplishments. It should be clear that this results in only a partial account of what has happened in education. The reformers have quite often been thwarted in their aims by determined classroom teachers, by resisting administrators, and by the tendency of people to continue established methods. Still, the reformers have succeeded, much more than they have been inclined to admit, in transforming the schools.

Progressive Education

The main impetus to educational reform and the central tendency of it came from the Progressive Education movement. The chief proponent, and later patron saint, of Progressive Education was John Dewey. As early as 1897 he declared that "education is the fundamental method of social progress and reform."¹ In *The*

School and Society (1899), "the school is cast as a lever of social change . . . , educational theory . . . becomes political theory, and the educator is inevitably cast into the struggle for social reform."² He was to follow this with many articles and books on education, and the theme of reform is always there, either in the forefront or as assumption. As has been pointed out before, Dewey was a central figure for reform in general. He had come under the influence of a new conception of reality and was an indefatigable worker in trying to bring this world into conformity with it. Dewey would, and did, put the matter otherwise: he had perceived the underlying direction that things were taking and used his energies to try to persuade men to make the appropriate adjustments and changes so that they might stay in the stream of history. He was a monist, a meliorist, an antitraditionalist, a social analyst, an environmentalist (modified), an equalitarian, a democratist, a historicist—in short, a Progressive.

Dewey was under the sway of a new conception of reality. What was real to him was change, society, and psyche. His ideas stem from William James, from G. W. F. Hegel, from Charles Darwin,

¹ Quoted in Lawrence A. Cremin, *The Transformation of the School* (New York: Alfred A. Knopf, 1961), p. 100.

² *Ibid.*, p. 118.

from Lester Frank Ward, and from the gradualist revision of Marxism. His conception of change had the mystical overtones conferred upon it by Hegelianism, Darwinism, and the reform Darwinists. It was something produced by such "forces" as industrialization; it was not to be denied, but it could be controlled and directed by human ingenuity. What was important to him was society. It was the firm reality in terms of which one acted, wrought changes, and made improvements. He wrote much about the individual, about individual freedom, about the individual child, but the reality within which the individual moved and had his being was always society. The psyche was both the obstacle to reform and the means by which reform was to be brought about.

Dewey was not so much an innovator as a prodigiously productive amplifier. He was in a stream of American reformers — Henry George, Edward Bellamy, Lester Frank Ward, Henry Demarest Lloyd, and so forth — which goes back into the nineteenth century, and which broadened and became more numerous in the twentieth. Moreover, many of these conceived of this social function for education. To Lester Frank Ward, according to one historian, "education was the 'great panacea' — for

political as for all others evils."³ Albion Small, a disciple of Ward, declared in the 1890's, "Sociology knows no means for the amelioration or reform of society more radical than those of which teachers hold the leverage. . . . The teacher who realizes his social function will not be satisfied with passing children to the next grade. He will read his success only in the record of men and women who go from the school . . . zealous to do their part in making a better future."⁴ In 1911, Charles A. Ellwood wrote that the schools should be used as "the conscious instrument of social reconstruction."⁵ A few years later, Ernest R. Groves proclaimed that "society can largely determine individual characteristics, and for its future well-being it needs more and more to demand that the public schools contribute significantly and not incidentally to its pressing needs by a social use of the influence that the schools have over the individual in his sensitive period of immaturity."⁶

Dewey was by no means alone, even at the beginning, but he was a central figure. He went to Co-

³ Henry S. Commager, *The American Mind* (New Haven: Yale University Press, 1950), p. 214.

⁴ Quoted in Cremin, *op. cit.*, p. 99.

⁵ Quoted in Edward A. Krug, *The Shaping of the American High School* (New York: Harper & Row, 1964), p. 254.

⁶ *Ibid.*, p. 254.

lumbia University to profess philosophy in 1904, and taught there until his retirement in 1930. Teachers College at Columbia University became the center from which so many of the doctrines of Progressive Education were spread to the rest of the country. Many of the most influential of its spokesmen held forth there: William H. Kilpatrick, Harold Rugg, George S. Counts, and others.⁷ One historian, though eager to disclaim any untoward implications, points up the influence of William H. Kilpatrick, a student and disciple of Dewey:

In all he taught some 35,000 students from every state in the Union at a time when Teachers College was training a substantial percentage of the articulate leaders of American education. Any competent teacher occupying the senior chair of philosophy of education at the College between 1918 and 1938 would have exerted a prodigious influence on educational theory and practice. In the hands of the dedicated, compelling Kilpatrick, the chair became an extraordinary strategic rostrum for the dissemination of a particular version of progressive education. . . .⁸

Others spread the word from rostrums in other universities: Boyd Henry Bode at Ohio State Univer-

sity, Theodore Brameld at the University of Minnesota, and many lesser known names in hundreds of departments and schools of education in American colleges and universities.

The Rise of Relativism

Before the New Education, or New Schooling as it should be called, could be installed, however, the old education had to be discredited and displaced. The discrediting of the old has gone on for many years and at many levels. The deepest level of attack was the philosophical, and at this level it was an attack upon the possibility of knowledge. Throughout a long career John Dewey carried on a running attack upon absolutes—that is, upon all claims to truth, to established knowledge, to any fixity in the universe. Dewey was a relativist, as have most of the Progressives been. The following are examples of Dewey's own avowal of relativity:

Reference to place and time in what has just been said should make it clear that this view of the office of philosophy has no commerce with the notion that the problems of philosophy are "eternal." On the contrary, it holds that such a view is obstructive. . . .

This movement is charged with promotion of "relativism" in a sense in which the latter is identified with lack of standards. . . . It is true that

⁷ See Augustin G. Rudd, *Bending the Twig* (Chicago: Heritage Foundation, 1957), pp. 235-37.

⁸ Cremin, *op. cit.*, p. 220.

the movement in question holds since the problems and issues of philosophy are not eternal they should link up with urgencies that impose themselves at times and in places.⁹

Dewey was, of course, a master of answering criticism by misconstruing the objections to his philosophy. Surely no one was taking him to task for dealing with contemporary issues, or denying that what interests men may change from time to time. The question was rather of whether or not there are enduring principles and laws in terms of which questions may be settled. Dewey did not believe that there are. He affirmed his relativism in what was for him a rare lack of ambiguity in the following words:

In the second place, liberalism is committed to the idea of historic relativity. It knows that the content of the individual and freedom change with time; that this is as true of social change as it is of individual development from infancy to maturity. The positive counterpart of opposition to doctrinal absolutism is experimentalism. The connection between historic relativity and experimental method is intrinsic. Time signifies change. The significance of individuality with respect to social policies alters with change of the conditions in which individuals live.¹⁰

⁹ John Dewey, *Problems of Men* (New York: Philosophical Library, 1946), p. 12.

¹⁰ *Ibid.*, pp. 136-37.

In short, everything is continually changing.

Other Progressives attacked the belief in established truth and proclaimed their relativism. Note the disdain which William H. Kilpatrick had for those who believe in truth:

When people have interests they wish to hold undisturbed, they fall naturally into this older Platonic logic and, as if they had some private access to absolute truth which establishes beyond question the positions they wish to uphold, call all new ideas . . . *subvertive* and *pervertive*. These people in their hearts reject freedom of speech and freedom of study because they themselves already have "the truth" and these freedoms might if followed "subvert" their "truth."¹¹

Boyd Henry Bode asks us

. . . to consider the nature of an educational system which centers on the cultivation of intelligence, rather than submission to authority. Such a system recognizes no absolute or final truths, since these always represent authority in one form or another, and since they impose arbitrary limits on social progress and the continuous enrichment of experience.¹²

¹¹ William H. Kilpatrick, ed., *The Teacher and Society* (New York: D. Appleton-Century, 1937), p. 36.

¹² Joe Park, *Selected Readings in the Philosophy of Education* (New York: Macmillan, 1963), p. 153.

The Tradition Undermined

The relativism of the Progressives is a crucial point for their educational theories. If there is no truth, it is appropriate to inquire what education is about. Why should children be sent to school? Why should there be a huge educational establishment? The Progressives had answers to these questions which satisfied them, but their answers will be told at the proper place below. The point here is that the relativistic position served as the point of departure for the undermining of traditional education. If there is no truth, the teacher who lectures to his class is indoctrinating or propagandizing them. If nothing is established, the giving and grading of examinations is a spurious undertaking. If there is nothing enduring, the teaching of subject matter is surely a waste of time.

The assault upon education was not usually carried on in so blunt a fashion; had it been, it is doubtful that it would have been as successful as it was. It was conducted on a more piecemeal basis, until many of the traditional courses and methods had been discredited. The traditional schools were charged with being aristocratic, with perpetuating inequalities and being unsuited to the generality. Educational reformers parodied

the idea of mental discipline and held their distortion of it up to scorn. Many of the subjects were virtually useless, they claimed; for example, Latin, higher mathematics, and various other "cultural" courses. (At the beginning of the twentieth century, "culture" did not have its present high standing among "democrats.") Drilling in facts was deplored, along with emphasis upon content itself. The teacher who exercised authority was castigated as an autocrat. In short, they tended to undermine the authority of the teacher, discredit the courses of study, deplore the imparting of information, and assail disciplinary techniques.¹³

The traditional was disparaged and conservatives denounced by Progressives. For example, Dewey declared that the "traditional scheme is, in essence, one of imposition from above and from outside. It imposes adult standards, subject-matter, and methods upon those who are only growing slowly toward maturity."¹⁴ Kilpatrick claimed that there were many conditions hampering the schools from performing their social function. "Most obvious among such hindering conditions stands the common tradition . . . that the

¹³ For examples of such criticisms, see Krug, *op. cit.*, pp. 278-82.

¹⁴ Park, *op. cit.*, p. 135.

work of the school is properly limited to a few simple and formal school subjects, the assigning of lessons in these, and hearing the pupils recite what had been assigned."

In short, "the traditional school was thus a place where lessons were assigned and recited. . . . To each question asked there was always one and only one right answer. Subject-matter was, on this theory, the kind of thing that could be assigned and then required under penalty. If the assignment were not recited precisely as required, the pupil could be held responsible. . . ." ¹⁵ Dewey called for the "modification of traditional ideals of culture, traditional subjects of study and traditional methods of teaching and discipline. . . ." ¹⁶

Thinking Undermined

Dewey spoke favorably of reason and intelligence, but the traditional modes for training and sharpening these were largely displaced from the schools. One historian points out that the academies, and presumably many of the other types of high schools as well, used to teach, among other things, political economy, ethics,

moral philosophy, mental philosophy, mental science, and logic. ¹⁷ Undoubtedly, there was much that was open to criticism in the older education, as there is with all human undertakings. But Bernard Iddings Bell makes some informative points about it. "Latin and Greek did teach language *qua* language. There was almost no instruction in English, but young people who learned how to use other languages found themselves surprisingly proficient in the use of their own." Moreover, "the use of symbols and graphs in algebra and geometry and trigonometry and the insistence upon the supremacy of logic in mathematics did make for sound abstract thinking."

He concludes that those "who advocate the new subjects seem to suppose that their critics are vexed merely because they are no longer willing to teach the ancient languages or some other particular course sanctioned by tradition. This is not the real source of criticism. The point is that the older schools taught *their students to think* and that the newer schools mostly do not." ¹⁸ My larger point, which the above tends to bear out, is that the advocates of Progressive Education

¹⁵ Kilpatrick, *op. cit.*, pp. 26-27.

¹⁶ John Dewey, *Democracy and Education* (New York: Macmillan, 1916), p. 114.

¹⁷ Krug, *op. cit.*, p. 4.

¹⁸ Bernard I. Bell, *Crisis in Education* (New York: Whittlesey House, 1949), pp. 48-49.

were undermining education itself.

This will become clearer by examining what they proposed to substitute for the older education. It should be clear that the Progressives did not believe that there was any body of knowledge to be purveyed in the schools. There was no enduring reality, on their view, to which such a body of knowledge could refer. Nor were they overly enthusiastic about skills and methods, for these, too, would change with changing conditions. Two things might be worthy of study, in the manner in which learning has been conceived traditionally: contemporary conditions and the historical forces and trends at work.

Conditioning the Child for Social Reconstruction

There was a two-fold purpose of education: (1) training the child to adjust to changing conditions, and (2) developing in the student a favorable attitude toward and ways of thought suited to continuous social reconstruction. These two purposes were not separate; rather, they were intertwined. Taken together, virtually all of the recommendations and programs of Progressive Education can be subsumed under them. The programs that are a part of the adjustment

motif also fit into a larger pattern.

Education should be child centered, not subject matter centered, they said. They were able to evoke with this slogan a great deal of sentimentality which people have come to lavish upon children. Moreover, the rationale for child-centeredness in education had a rather long, if not respected, historical background. It went back to Rousseau, to Froebel, to Pestalozzi, and came down through E. L. Thorndike and John Dewey. Fundamentally, it held that children are naturally good, that each of them has his own little personality which unfolds as he grows up (maturation was the scientific term applied to this), that if he is allowed to develop freely and spontaneously the natural (and good) product will emerge, and that the teacher should be a kind of midwife in the process. These doctrines, like most others, can probably be traced back to Plato.

Dewey and his disciples subsumed the residues of these ideas into their ideology and turned them to the purpose of socializing the child. Child-centered schooling, in this framework, takes the authority away from the teacher for imposing an order upon the experience and from teaching certain things. It vests the determination of this in the children.

Many methods were devised for doing this: the discussion method in class, in which each child "expresses" himself; the curving of grades, which places the "standard" in the class rather than with the teacher; social promotion, by which a child is kept with those of his same age regardless of achievement.

Child-Centered Socialism

The Progressives talked much about the individual child, and many have supposed that this was the central concern. Some may have supposed this was the aim, and adopted it as their own, but the child-centered method does not individualize; it socializes. The facts are these: a child is not a fully developed individual; usually, he does not know what he wants; he has only a very limited number of ideas to express; his will is undisciplined; he does not know what to do in most circumstances. In short, he turns to those around him for guidance and for standards. If the teacher, or an adult, does not direct him, he turns, perhaps gladly and sometimes initially, to the other children. John Dewey knew this. He said:

The conclusion is that in what are called the new schools, the primary source of social control resides in the very nature of the work done as

a social enterprise in which all individuals have an opportunity to contribute and to which all feel a responsibility. Most children are naturally "sociable." A genuine community life has its ground in this natural sociability.¹⁹

What Dewey was saying was that the new schools would bring the child under the social control of the group because of the natural "sociability" of children. The teacher need not be excluded entirely from the process, of course. As Dewey said:

. . . When pupils were a class rather than a social group, the teacher necessarily acted largely from the outside, not as a director of processes of exchange in which all had a share. When education is based upon experience and educative experience is seen to be a social process, the situation changes radically. The teacher loses the position of external boss or dictator but takes on that of leader of group activities.²⁰

A cheer leader, one supposes, by which the uninformed utterances of children are encouraged and rewarded!

The process would be one, ineluctably, of adjustment of the child to the group. More broadly, however, the group would be adjusting to the contemporary situ-

¹⁹ Park, *op. cit.*, p. 143.

²⁰ *Ibid.*, p. 144.

ation, or, at any rate, shifting to every wind that blew. Children, so untaught, would have nothing upon which to base their actions but what other children did; all would likely follow the line of least resistance by yielding to whatever pressure was exerted upon them from whatever quarter. They would know nothing but the momentary, would see no farther than the end of their collective nose, would be, in a word, conformers and adjusters.

This would fit them for the larger, and ultimate, purpose of Progressive Education — social reconstruction. Children who have little besides their shared ignorance upon which to base their ideas can be readily drawn into the orbit of social visionaries. They can be, and have been, filled with notions of the goodness of people, of how everybody deserves this or that, of how unjust certain things are, and so on. They would have no clear notion of the limiting character of the universe, of cause and effect, of an order which makes things turn out the way they do. They would have been encouraged to assert their wills (“express” themselves) and have no reason to suppose that the way they (collectively) think that things ought to be would not be the way they could be. In short, they would be ad-

mirably fitted out with the pretensions of social reformers.

Changing the Social Order

There can be no valid reason for doubting that the Progressive Education leaders conceived of social reconstruction as the prime function of schooling. This strain runs through their writings from the earliest to the latest. They have differed from time to time as to the bluntness with which they stated it (it reached its apogee in the 1930's), but it has been a continual refrain. Dewey declared at the outset that “the teacher always is the prophet of the true God and the usherer in of the true kingdom of God.”²¹ Many years later he proclaimed the view that “the schools will surely as a matter of fact and not of ideal *share* in the building of the social order of the future. . . . They will of necessity . . . take an active part in determining the social order. . . .”²²

George S. Counts said, “In the collectivist society now emerging the school should be regarded . . . as an agency for the abolition of all artificial social distinctions and of organizing the energies of the nation for the promotion of the

²¹ Quoted in Cremin, *op. cit.*, p. 100.

²² Quoted in John H. Snow and Paul W. Shafer, *The Turning of the Tides* (New York: Long House, 1956), p. 30.

general welfare. . . . Throughout the school program the development of the social order rather than the egoistic impulses should be stressed; and the motive of personal aggrandizement should be subordinated to social ends."²³ Harold Rugg maintained that changes that have occurred necessitate "the scrapping of the formal school and setting up of a thoroughly new one." The reason for this is that "the climates of opinion of American communities, those now dictated by the dominant groups that own and control the economic system, must be made over. . . ."²⁴

In order to use the schools in this way, the habits and training of teachers had to be changed, for, above all, it was the teachers who could assure this employment of the schools. Harold Rugg described one aspect of the program in this way:

Summing the matter up, then, I see the necessary strategy of the educator in educational and social reconstruction as that of (1) creating intelligent understanding in a large minority of the people, (2) practicing them continually in making group decisions concerning their local and national issues, and (3) having them constantly exert pressure upon legislators and executives

in government to carry out their decision.²⁵

Goodwin Watson gives these pointers to teachers on how to develop social reform habits:

. . . When the young student goes to visit the tenements of crowded slum areas, he is working on the first level. . . . When he joins a housing movement or association . . . , he begins *participation*. As he begins to accept committee assignments, he enters the third stage. . . . When he goes out into a community backward in its housing and succeeds in starting some effective action, his development has reached the stage where he can *initiate* on his own responsibility. . . . Activity in aiding unemployed youth, in consumer's co-operatives, inter-racial good will, world peace, public health, parent education, political parties . . . will follow a similar course.²⁶

Harold Rugg held that "the teachers should deliberately reach for power and then make the most of their conquest. . . . To the extent that they are permitted to fashion the curriculum and the procedures of the school they will definitely and positively influence the social attitudes, ideals, and behavior of the coming generation."²⁷

²⁵ Harold Rugg, *American Life and the School Curriculum* (Boston: Ginn, 1936), p. 455.

²⁶ Kilpatrick, *op. cit.*, p. 315.

²⁷ Park, *op. cit.*, pp. 187-88.

²³ *Ibid.*, p. 29.

²⁴ Quoted in Rudd, *op. cit.*, p. 68.

By Force, If Necessary

The character of the social reconstruction which Progressives had in mind should not be left in doubt. Though they may have differed as to the extent to which society should be reconstructed and as to how this should be done, they did not differ in believing that it would involve radical change. John Dewey said, "In order to endure under present conditions, liberalism must become radical in the sense that, instead of using social power to ameliorate the evil consequences of the existing system, it shall use power to change the system."²⁸ An examination of the writings of a goodly number of these men indicates that they favored a direction which is generically known as socialism.

As a matter of fact — and it is a hard and enduring fact — people do not generally want to be made over. They do not want themselves and their society (for a given society is all the people in it) reconstructed according to somebody's blueprint. Certainly, parents do not want their children used as instruments of such reconstruction nor the schools turned into social reform institutes. Parents, insofar as they give such matters thought, want children to be made into adults for the society

in which they live. The Progressives faced tremendous obstacles all along the way. Parents wanted the old education, at least in substance; school boards resisted their innovations; teachers persisted in teaching as if they had some knowledge to purvey.

Instruments of the State

The schools were, however, an attractive target for social reformers from the outset. Many of them were tax supported by the beginning of the twentieth century, and by then or within a few years all of the states compelled attendance. Early in the twentieth century, David Snedden noted that the schools were "the only educational institutions which society, in its collective and conscious capacity, acting thru the state, is able to control." In these, an education could be introduced which proceeded "from the broadest possible conception of society reconstructing itself."²⁹ But this was easier said than done. Schools were usually locally controlled, frequently locally financed, under the keeping and direction of local boards of trustees. These were resistant to the innovations that the Progressives advanced.

To accomplish the ends which they sought, the schools had to be brought under their power and

²⁸ Dewey, *Problems of Men*, p. 132.

²⁹ Krug, *op. cit.*, p. 253.

control. The effort to accomplish this was conducted on many fronts, always under such rubrics as "efficiency," "modernization," and "progress." Subtle attacks upon "reactionary" boards, communities, and parents were carried on. Patriotic groups were defamed.³⁰ More to the point, control of the schools was shifted away from local control. States began to supplement the income of schools, certify teachers, provide normal schools and schools of education, and to specify courses of study. School districts were consolidated, and school buildings located away from many communities. Courses in "education" were required for teachers in the public schools, which usually brought them under the influence of Progressives. Teachers were given tenure, which tended to remove them from the disciplinary power of local communities. Various and sundry slogans and ideas were promulgated to render the resistance of the patrons of the schools of no effect. If parents object to some book being used in the schools, they are accused of "censorship" and "book burning." If they object to what is being taught, they are accused of violating the "academic freedom" of the teachers. That Progressives were

frequently aware of precisely what they were doing should be clear from this statement by John Dewey:

In short, the social significance of academic freedom lies in the fact that without freedom of inquiry and freedom on the part of the teachers and students to explore the forces at work in society and the means by which they may be directed, the habits of intelligent action that are necessary to the orderly development of society cannot be created.³¹

In short, academic freedom is necessary so that the schools may be used for social reconstruction. Another device developed by the educationists for protection of themselves from the "vulgar" is a scientific jargon.

Methods and Results of Progressivism Summarized

A complete account of how progressivism entered the schools would call attention to the changes in the curriculum, to the submergence of such disciplinary studies as history and geography in something called "social studies," to the introduction of the problem-solving technique (which is an imaginative way to get students to become reformist minded), to the writing of textbooks informed in the new ethos, and so on. But

³⁰ See Dewey, *Problems of Men*, p. 91; Kilpatrick, *op. cit.*, pp. 29-37.

³¹ Dewey, *Problems of Men*, p. 79.

enough has been told to suggest the character of the rest.

The Progressives have not succeeded, of course, in completely undermining education. Many dedicated teachers have persisted in teaching fundamentals, at least in the lower grades. Many administrators and boards of education have limited the extent to which changes were made. Even so, the Progressives succeeded much better than most of them have ever admitted. They have managed to introduce group-consciousness and ideas of adjustment into the very heart of the schooling process. They have convinced many young people that the welfare state is inevitable, that it is democratic to advance social reforms, and that there is little to nothing to be learned from the past. Their effort has resulted in a tendency for the young (in their "peer groups") to be oblivious to adults, for schools to be separated from communities, for children to be igno-

rant of or contemptuous of their heritage and tradition, and for childhood to be perpetuated beyond its normal years.

Thus have young minds been shaped to strange ends, and thus have Americans proceeded on their flight from reality. To what end? Bernard Iddings Bell summed it up felicitously, if fearfully, some years ago:

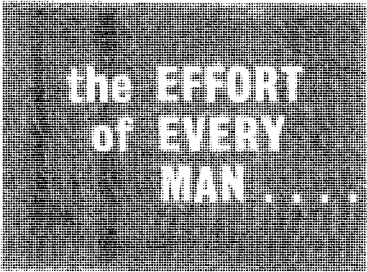
When men or nations get tired of dodging fundamental questions in a multitude of distractions, they turn to a search for something else that will, so they suppose, give them the sense of significance which they know they lack. . . . If they remain adolescent in their approach to life they are frequently tempted to seek meaning for themselves and for their nation in terms of coercive power. They develop a Messianic complex. They seek to live other people's lives for them, ostensibly for the good of those other people but really in the hope of fulfilling themselves.³² ♦

³² Bell, *op. cit.*, p. 20.

*The next article in this series will discuss the transition
"From Ideology to Mythology-I."*

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the EFFORT
of EVERY
MAN

■ ■ ■ ■ HENRY HAZLITT

“NO ORDINARY MISFORTUNE, no ordinary misgovernment will do so much to make a nation wretched as the constant progress of physical knowledge and the constant effort of every man to better himself will do to make a nation prosperous. It has often been found that profuse expenditure, heavy taxation, absurd commercial restrictions, corrupt tribunals, disastrous wars, seditions, persecutions, conflagrations, inundations, have not been able to destroy capital as fast as the exertions of private citizens have been able to create it.”

So, in the mid-nineteenth century, wrote Thomas Babington Macaulay in the chapter of his famous *History of England* describing the state of the country in 1685.

It could easily be proved, he went on, that the national wealth of England had been almost uninterruptedly increasing for at least the six preceding centuries. For example, “in spite of maladministration, of extravagance, of

public bankruptcy, of two costly and unsuccessful wars, of the pestilence and of the fire, it was greater on the day of the death of Charles the Second than on the day of his Restoration.” And this economic progress had been proceeding during the nineteenth century with “accelerated velocity.”

Claiming the Credit

Macaulay was calling attention to a fact of the first importance, but one that is constantly overlooked. It is systematically ignored today by nearly all governments, who are, at least by implication, constantly claiming for their own policies all the credit for all the economic improvement during their term of office.

This has been especially true since gross-national-product statistics have been compiled. Spokesmen for the Truman Administration boasted that the GNP increased from \$211 billion in 1944 to \$347 billion in 1952. Spokesmen for President Eisenhower pointed to the increase to \$503 billion in

1960; spokesmen for President Kennedy to the increase to \$584 billion in 1963; and spokesmen for President Johnson to the increase to \$670 billion in 1965. But it remains to be determined to what extent these increases (even after allowance is made for a constant rise of dollar prices) were because or in spite of the government policies followed.

Most European governments boast an even faster "economic growth," since the end of World War II, in their countries than in our own. But by far the greatest part of the credit for this growth must be given to the efforts of private citizens of these countries to improve their own condition. If the governments also deserve some credit, it is chiefly because they did not put too many restrictions and deterrents in the way.

Usual and Expected

The great fact that Macaulay emphasized, "the constant effort of every man to better himself," is important not only as it affects the question of who or what should receive the main credit for economic progress. It is the tremendously reassuring fact that all of us would do well to keep in mind as we read our daily newspapers. Too many of us become disheartened anew every morning as we read the sorry record of ac-

cidents, divorces, quarrels, unemployment, diseases, deaths, burglaries, muggings, murders, riots, looting, racial violence, strikes, fires, revolts, revolutions, and war, as well as droughts, floods, and other natural disasters. We forget that the newspapers print the "news," and that the news means the unusual and unexpected.

We do not pick up our newspaper and read such items as "Strange case of virtue in the Bronx" or "More than 70 million people all over the United States went to their jobs yesterday morning, working in factories, offices, and on farms till late afternoon. The police did not interfere." We do not read such items because they are the usual and the expected.

The normal thing, in short, is not merely that most people are leading peaceable lives, but that most people are daily working and producing. Many are producing just enough to meet their current living expenses, but others are able to save something — in brief, to accumulate the capital, the money to create the new tools and equipment, that will make not only themselves but later generations constantly more productive. ♦

"AS A MAN THINKS"

V. ORVAL WATTS

AS WE THINK, so do we act. We act in ways which we *believe* will give us what we *think* we need or what we *imagine* we will enjoy: particular foods, kinds of clothing, types of shelter, forms of romance, popularity with certain persons, leisure, security, or adventure. "A human being always acts and feels and performs in accordance with what he *imagines* to be true about himself and his environment."¹

In this respect animals differ from humans. A beaver fells trees and builds a dam by instinct. Inherited instinct directs birds to build nests, badgers to burrow, and bees to make honey. We humans

have no such built-in directives. We would quickly perish if we tried to rely for guidance on our few inherited urges or ill-defined instincts. For better or worse, humans live only by virtue of what each individual learns during his own lifetime.

For this learning process, man has nature's most highly developed nervous system. Still more important, this nervous system is subject to the control by faculties of a forebrain that puts man, so scientists tell us, as far beyond the highest ape as the ape is above the amoeba.

This forebrain records impressions. From these it forms and stores the ideas which ultimately

¹ Maxwell Malz, *Psycho-Cybernetics* (New York, Prentice-Hall, Inc., 1960).

Dr. Watts in addition to his writings and years of college teaching in economics, has served as economic consultant for leading business firms. He is now Director of Economic Education and Chairman of the Division of Social Studies at Northwood Institute.

Northwood Institute, a private, non-profit college with campuses at Midland and Alma, Michigan, is dedicated to the philosophy and practice of the American free enterprise system. In all of its activities, Northwood seeks to provide intellectual stimulation, encourage personality development, and promote growth

in moral understanding and character. Its aim is to aid students to become vocationally proficient, economically literate, and morally responsible, and to inspire an appreciation of our American heritage and the determination to preserve and enrich it.

"As a Man Thinks . . ." serves as Dr. Watts' introduction to *Philosophy III: Survey of American Life and Business*, designed to develop understanding of private enterprise and to inspire a resolve to develop the personality, character, and skills necessary for individual success in voluntary cooperation.

govern human conduct, and it appears to have virtually unlimited storage capacity for every sort of information brought to it by the senses.

But it is much more than a recorder or storehouse. It possesses also the faculty of *mind*, which uses and directs the brain and nervous system. This mind, or consciousness, has the unique power to select from the recorded impressions and ideas those which it will permit to stimulate the nervous system and activate our muscles.

This power to select the controlling ideas is what we mean by "free will," or "freedom of choice," which only humans, so far as we know, possess. Because of it, humans have the power of self-control, or self-government. It makes man *responsible* for his acts in that he can *choose* to act or to refrain from acting as instinct-guided animals cannot do.

Your Ideas Control You

As students of cybernetics put it, the human nervous system operates as a "servo-mechanism" to achieve goals set for it by the mind. These goals are mental images which our minds create by use of imagination.

Your nervous system cannot tell the difference between an *imagined* experience and a 'real' experience. In either case, it reacts automatically to

information which you give to it from your forebrain. Your nervous system reacts appropriately to what 'you' *think* or *imagine* to be true.²

This means that humans can control their own learning process as animals cannot. They can learn what they choose to learn. By selecting their own goals they can learn to direct their own "education."

Increasingly, moreover, individuals must acquire this ability if they are to hold their relative positions in a progressive society. For, as humans progress in cooperation, they make their social environments more complex and more subject to a rapid change. Schools cannot supervise the details of education and re-education necessary to keep pace with changes in the occupational requirements and non-occupational opportunities in progressive societies. Hence, members of such societies must develop initiative and skill in the techniques of teaching themselves. The aim of the schooling process, says Professor Jacques Maritain, should be, therefore, "to guide man in the evolving dynamism through which he shapes himself *as a human person* — armed with *knowledge*, strength of *judgment*, and *moral virtues* — while at the same time conveying to him the spiritual heritage of the nation and the civiliza-

² *Psycho-Cybernetics*; p. 29.

tion in which he is involved, and preserving in this way the century-old achievements of generations."³

Aims of Education

A sketchy list of what we should look for in education, therefore, includes:

1. *Skills*

a. *Manual skills*, e.g., sucking, eating, walking, talking, reading, occupational techniques, sports, artistic proficiencies.

b. *Personality skills* necessary for winning approval and co-operation of fellow humans, e.g., skills in expressing pleasure, gratitude, disapproval, concern for the feelings and interests of others.

2. *Moral Traits*: habits of industry, thrift, initiative, fidelity, honor and honesty, courage, self-reliance, regard for interests and feelings of others.

3. *Wisdom and Foresight*: understanding of cause-and-effect relationship in the animate and inanimate realms, including the realm of one's own physiology and psychology as well as that of social relationships.

4. *Learning Ability*: adaptability, ability to gain and use new knowledge and to acquire new skills; resourcefulness.

Humans have progressed so far in developing these skills, it is said, that every individual must acquire in his own lifetime more knowledge and skill in living than all other creatures have acquired in the form of instinct during the two billion or more years of plant and animal evolution before the most primitive form of man appeared on the scene one or two million years ago.

Moreover, humans can never, apparently, stop learning. They make for themselves an environment that is vastly more dynamic than that to which animals must learn to adapt, for this human environment includes the actions of their fellows and the dynamic realm of intellectual and nervous change within each individual. This means that humans must acquire the ability to teach themselves so that they can maintain their equilibrium in these two ever-changing worlds. They must learn how to learn, and they must acquire the ability to direct their own learning. They must plan to continue developing and exercising this skill, moreover, long after their physical powers have begun to decline.

This learning process can increase until "cerebral accidents" seriously impair the functioning of the brain. That is, a man of sixty or seventy who knows three

³ *Education at the Crossroads*, p. 10, (emphasis added).

or four key foreign languages should learn a new language faster than a youth of 18 who knows only his native tongue. A 60-year-old economist should be able to master the intricacies of the accounting profession faster than a 20-year-old undergraduate, other things (e.g., original I. Q.) being equal.

In this connection, teachers should ponder this paradoxical statement by Jaques Maritain: "In order to reach self-determination, for which he is made, he [man] needs discipline and tradition, which will both weigh heavily on him and strengthen him so as to enable him to struggle against them — which will enrich that very tradition — and the enriched tradition will make possible new struggles. . . ." ⁴

Passion for Objectivity

What shall we say, then, of the notion that the teacher should not take sides on "controversial" questions — and what questions in the "social sciences" are not controversial today? Should the teacher merely collect and present all possible opinions on these topics, with complete objectivity and with no attempts to help the student make a good choice between the conflicting views?

In what has been called the

"modern, mad passion for objectivity" many teachers and schools recoil from a religious, poetical, or moral approach in pedagogy and scholarship. They propose to appeal only to the intellect lest they arouse emotions that, so they fear, may inhibit understanding and misdirect the mind.

But psychologists tell us that the mind cannot function without emotion, and that understanding, consequently, cannot exist without appraisal, or evaluation. Emotions are necessary to stimulate mental activity and the flow of ideas. Ideas, in turn, arouse and alter emotions. All action, including mental activity, is prompted by desire, ambition, purposes, preferences, likes, and dislikes which are evidences of emotion. Objective observation and thought are not unemotional. Instead, they yield significant results only to the extent that emotions inspire the individual to make the effort of concentration necessary to get a clear view of the relevant facts. The emotions to be ruled out, or suppressed, are those which prevent this concentration and accurate interpretation. But the strength of the emotions which prompt the concentrated effort to observe and understand must correspond to the intensity of the concentration and other effort, mental or muscular.

⁴ *Education at the Crossroads*, p. 2.

And, because ideas play so large a role in determining human behavior, humans must learn to distinguish the true from the false, the useful from the useless or harmful, the good from the evil, the beautiful from the ugly. They must acquire the habit of choosing the one and spurning the other. They are needlessly handicapped in this learning and retarded in acquiring wisdom if teachers merely present conflicting opinions and profess their own inability or reluctance to choose between them.

Here is the way one writer deals with this doctrine that educators should "present both sides" so evenly weighted that the student may easily decide that either or neither is valid:

That concept is endorsed by the overwhelming majority of persons who arrange the education and information programs for colleges, service clubs, discussion groups, business organizations, and others. They believe in presenting the case for socialism along with the case for the free market. Challenge them and they will reply: "Objectivity and fairness demand that we present the arguments for government ownership even though we ourselves don't believe in it."

Do objectivity and fairness demand that they present the case for coin clipping? They say no. Then why do they arrange for speakers and teachers who endorse the monetization of

debt? After all, the device of monetizing debt is merely a modern arrangement of the old idea of clipping coins.

Objectivity and fairness aren't the real reasons a person arranges for the presentation of both sides. The primary reason is this: The person hasn't made up his own mind! He doesn't arrange for a defense of coin clipping. He arranges to have the case for monetization of debt presented because he himself hasn't yet repudiated that method of financing government.

When a person voluntarily arranges for the presentation of socialistic ideas along with free market ideas, you may be sure of this: He hasn't completely repudiated socialism; he hasn't completely accepted the ideas of the market and of government restricted to the equal protection of the life, liberty, and honestly acquired property of everyone.

Here is a truism: If the evidence clearly indicates that an idea or policy is untrue or evil, no fair and objective person will voluntarily arrange to have it presented as valid.⁵

The Myth of Neutrality

Because it is a physical impossibility to depict all facts and opinions in any book, class, or course, every educational effort must be selective. No historian could record everything that happened in any period of time, how-

⁵ *Clichés of Socialism*, No. 22 (Irvington, N. Y.: The Foundation for Economic Education, 1962).

ever short. Insofar as the author of a history has only the educational value of his work in mind, he selects for presentation those facts and supposed relationships which he believes will be especially significant for certain readers and students. The teacher, similarly, insofar as he has only the educational usefulness of his work in mind, will select for recommended or "required" reading by his students, not all available books and articles on the period, but those few which he considers likely to be most effective in producing certain student reactions. The same holds true for authors and teachers in other fields.

In practice, of course, authors of textbooks seldom consider only educational values as they decide what facts and interpretations to present or ignore. Instead, they commonly select facts to support opinions held by the publishers' editorial advisers, school boards, politicians, teachers, and others who help select textbooks. By the same token, they omit from their accounts any mention of facts and relationships which might support opposing views. Teachers, too, in selecting readings and in their class discussions of the readings must consider the opinions of school boards, superintendents, principals, parents, deans, presidents, and trustees.

We should recognize also that both authors and teachers are prone to economize time and effort by following tradition and to continue presenting facts and opinions long after these have ceased to be significant for new generations of students or accepted as valid by leading authorities in the fields.

Probably no teacher can present "both sides" of a controversy without bias unless he believes either that the controversy is unimportant or that he cannot or dares not "take sides." But if he believes that the controversy is unimportant, he can scarcely arouse the interest of his students in it; and if he shows that he cannot or dares not differentiate between the true or false, he fails to inspire in his students the attitudes and qualities necessary for human progress.

Northwood Trains for Voluntary Enterprise

One of the primary duties of a teacher is that of inculcating, by precept and example, the conviction that there is right and wrong, truth and error, beauty and ugliness, and that *it is a matter of life and death for students to learn to choose between them*. He should inspire faith that there is truth, goodness, and beauty, that it is worth-while to seek them, and that

it is possible to find them. To qualify as an effective teacher, therefore, the individual himself must possess and display, *to an exceptional degree*, this high regard for truth, virtue, and beauty.

Northwood Institute has been established to train students to function efficiently in private business, or "free enterprise." We should assume that those who founded it, who send their children to it, and who contribute funds for its support believe that employment in private business is a good way to make a living; they believe that the typical operations of banking, finance, advertising, retailing, and the like do not require lying, cheating, stealing, or maiming one's fellow men. They expect Northwood courses to teach how such operations are carried on. More than this, the thoughtful liberal must surely recognize and teach that only in the voluntary association for the exchange of services — that is, only in voluntary activities of free-enterprise industry, finance, commerce, and the professions — do humans develop those qualities which most distinguish them from animals.

We know, however, that a host of industrious and widely respected authors and professional scholars teach that private business operations — the operations of buying and selling in free markets —

are dishonest, predatory, and demoralizing to all who take part in them. They teach that, in free markets, the rich get rich at the expense of the poor, so that the rich get richer while the poor become more wretched and numerous. They teach that employers underpay their employees and that overproduction and unemployment result from the workers' inability to buy the products of their own labor. Merchants regularly and necessarily cheat their customers in free markets, according to these anticapitalist scholars, and most consumers are so stupid that competition among professional merchants regularly gives greater rewards to the sellers of shoddy goods, poisons, narcotics, and obscene literature than to producers of better-quality articles, nutritious foods, and wholesome publications. These supposed scholars contend that the poor and the common wage earners, consumers, and small producers can get economic justice only if men like themselves acquire and use the coercive power of the state to regulate production and to set the terms of exchange.

Effects of Anti-Business Propaganda

These illiberal ideas have gained increasing acceptance during the past century, and they have had consequences in the return to re-

actionary policies and political institutions, together with growing disrespect for morality and "The Law." The parallel between ancient and modern civilizations in regard to individual freedom and the rise of empire is too striking to escape notice by thoughtful historians.

Degenerative influences are always present in every society, and moral philosophers have called attention to them, generation after generation. Sometimes these Cassandra-like warnings may have helped to reverse the trend, so that constructive ideas and actions overcame the demoralizing forces. Humans progress only as they learn to recognize and avoid the mistakes of their forebears. The American scholar or teacher worthy of the title, I believe, must share some of the sentiments and experiences of prophets in other times and places.

It is not without significance that the "modern era" dates from the centuries during which scholars and pedants in the Western world won a measure of release from support and control by emperors, princes, and other political functionaries. Nor is it mere coincidence that reactionary political trends have set in with the revival of political control over teachers, textbook writers, radio, television, and scientific research, a con-

trol that takes many forms: public schools, state universities, governmental subsidies for research, and governmental controls over the broadcasting industries.

Means Mistaken for Ends

Scholars, teachers, parents, and politicians have increasingly mistaken certain useful tools and techniques — books, scientific instruments, school buildings, and class meetings — for education. They have come to believe that, given enough of these tools and techniques, education of the young must necessarily follow. Then, in the belief that the end justified any means, they have proposed and instituted increasing coercion — legal but effective — to finance the printing of books, the purchase of scientific equipment, the building of schools, and the hiring of teachers. At the same time they have resorted to increasing coercion to exclude the young from productive enterprise and to herd them into the costly buildings and classrooms by means of child labor laws, wage-hour laws, restrictions on tasks young persons may perform, and truancy laws. As a result, the young are getting more schooling but less and less education.

Moreover, if free enterprise cannot supply the services of education, why should we count on it

to supply adequately the services we want from our fellow men in transportation, agriculture, industry, or commerce? Scholars who mistrust the good sense and initiative of their fellow men in educating the young are likely to expect little but folly and bovine inertia from "the masses" in their other activities. They find it easy to believe, therefore, that the same legal coercion that they advocate in schooling the young is necessary to assure right conduct on the part of their elders in the production and distribution of other goods.

Scholars and pedagogues who work in intellectual and financial partnership with politicians in education and research tend to join in movements to increase political intervention in every field of human endeavor. In fact, politicians demand this political support in return for the tax subsidies paid to writers and teachers in public schools and universities. As Henry Adams said, "All State education is a sort of dynamo machine for polarizing the popular mind: for turning and holding its lines of force in the direction supposed to be most effective for State purposes."⁶

As a further result of these statist tendencies in thought and

action, we find a spreading tendency among scholars in state institutions to belittle or deny the facts of individual responsibility for human action.

Faulty Rationale

For this denial of mankind's powers — the powers of reason and self-direction — the statist scholars supply more than one rationale. Proponents of the Marxian rationale (materialistic determinism) reject the Freudian rationale (the libido and the subconscious) in Soviet culture even as they make use of it in their efforts to subvert and dominate thought and morality outside the borders of their own empire.

The pseudo-liberals of American politics often reject the idea of individual responsibility, it appears, merely for the purpose of arguing for the particular nostrum which their favorite politicians happen to propose at the moment. When their political leaders are campaigning for Federal aid to education, they proclaim lack of schooling to be the condition that holds the downtrodden masses in poverty and immorality. This lack they attribute, of course, to the greed or indifference of private enterprise, which has failed to supply the necessary school facilities. When the politicians make slum clearance the political issue,

⁶ *The Education of Henry Adams*, Modern Library edition, p. 78.

the statist intellectuals find lack of proper housing to be the cause of crime, poverty, ill-health, and ignorance. But always in this view, it is some "social condition" that determines individual conduct, not individual choice and action that make the social conditions.

No single idea, I believe, is more demoralizing, more discouraging to human effort, than this notion that the individual is not responsible for his acts, that he cannot be responsible for them, and that he should not, therefore, be held accountable for them. Springing from this dehumanizing satanism is the general mistrust of individual freedom to be found in the arguments for political nostrums advocated as remedies for the supposed evils or short-comings of voluntary enterprise.

Humans Are Responsible

It may be that the faculty for self-control is itself "merely" an idea or complex of ideas, together with the corresponding development of the autonomic nervous system. But it can transform a life, and as it is associated with understanding of oneself and other humans, as well as of inanimate nature, it has increasing survival value for the individual and for all whom he cherishes.

The demoralizing notion of "so-

cial responsibility" and expositions of the "failures of free enterprise," however, permeate the textbooks which public schools and state universities adopt and use in economics, history, and other social studies. Therefore, the institution which seeks to inculcate understanding of private business and enthusiastic dedication to the ideals and virtues necessary for efficiency in voluntary enterprise cannot use such textbooks except as collateral reading assigned as "horrible examples" of political interference with thought and scholarship.

Yet, we must recognize that choice among nonstatist textbooks is limited and those which are available may be inadequate in various ways. What to do?

In my opinion, we should regard this lack of suitable textbooks as a challenge and an opportunity. In fact, we can recognize the inadequacy of the statist books or of the alternatives only as we become aware of the need and opportunity for something better. That recognition is itself the beginning of wisdom which must make us more effective teachers. But more than this, it should inspire us to take the lead in providing textbooks and using classroom techniques necessary to achieve the success in education which every true teacher covets. ♦

Selective "Justice"

THE ESSENCE of the argument for "social" justice is that the same rules that apply to everyone else need not be applied to one minority—the "rich." The rich, because they are rich, ought to be called upon to pay differential rates of taxation—both on income and on wealth. Where compensation for some state activity is involved, it is generally agreed that full market prices need not be paid, especially if the individuals involved are wealthier than others. In the case of strikers, it is agreed that they should not be held liable for acts against property (and persons) that in other contexts would result in stiff penalties. All this represents a very great change of attitude from, say, about fifty years ago—and it goes under the heading of the achievement of social justice.

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I wonder, though, whether these advocates of "one law for the poor and another law for the rich," realize that they are adopting, in essence, the basic principle of all totalitarian regimes everywhere? The essence of the South African argument for apartheid is an attempted justification for applying different rules to blacks and whites. In Hitler's Germany, it was agreed that since the Jews were different, it was justifiable to treat them according to rules that did not apply to the non-Jews. In the communist countries, the people singled out for differential treatment are generally termed "capitalist exploiters" or "landlords" (which is why so many Western intellectuals find it difficult, really, to condemn communism in its entirety). And in a host of new recruits to the totalitarian camp, from Ghana to Indonesia, it is an accepted principle that authority may deal with the

"enemies of the state" or the "enemies of the people" as they see fit and that the rules that normally apply to other people need not apply to these individuals.

But observe the inconsistency here: if Jews are subjected to different rules from those applying to the non-Jews, this is called anti-Semitism; if blacks are subjected to different rules from the whites, this is called racism; but if the groups against whom differential rules are to apply are designated as "the rich," "capitalists," "landlords," and the like — then it is no longer discrimination: it is social justice!

The essence of justice, however, as opposed to "social" pseudo justice, is that the *same* rules should apply to *all*: the wrongness of the act should be defined in terms of the act and not in terms of *who* does it. The application of the rules must be defined independently of the circumstances of those to whom the rules are intended to apply. Yet it is of the essence of the concept of "social justice" that we must know who a person is before we can determine what rules to apply to him. Before assessing tax liability or the payment of compensation, the income

and wealth of the individual must be known (is he "rich" or "poor"?). If those committing crimes against person and property are strikers, they cannot be treated as others doing the same acts would be treated. The principle is the same as that of Hitler's Germany: before we know what rules apply, we must know whether the subject is a Jew or not. Or of Verwoerd's South Africa: is the man black or white? Or, indeed, of the communist countries: is the culprit one of the "proletariat" or does he belong to the "exploiting classes"?

Again, the notion of "social justice" embodies a principle which, if applied in our daily life, we would have no hesitation in terming immoral. What would a father have to say if his son came home with his friend's book, and excused his action thus, "Oh, it's all right, Dad — he can afford it!"? Yet, how many of us lend sanction to a progressive income tax or to confiscatory death duties on the grounds, "They can afford it."?

"Social justice," in short, seems to be simply a way of providing a respectable cloak for the basic principle of *injustice*. ♦

GERMANS VOTE **FOR** ECONOMIC **FREEDOM**

WILLIAM HENRY CHAMBERLIN

FOR LUDWIG ERHARD, principal author of the German economic miracle, the result of the recent German national election must have been one of his finer hours. It had long been clear that his bold wager on freedom from state controls as the surest road to economic and social recovery had paid off in perhaps the most stunning national success story of the postwar period. The rotund, cigar-smoking Prime Minister, who succeeded Konrad Adenauer as Chancellor, or head of the administration, in 1962, had every right to consider the outcome of the election as a striking personal victory and a national endorsement of the economic principles with which his name will always be associated.

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. His recent writings include *The German Phoenix* (New York: Duell, Sloan & Pearce, 1963).

Prominent among these are the rule of the free market, maximum freedom in international trade relations, wider diffusion of private property, and prosperity through competition. The people of a European country of key political, economic, and military importance have shown conclusively in a free election that they know when they are well off, that they reject all forms of extremism (procommunists got about 1.3 per cent of the vote, ultranationalists about 2.6 per cent), and that they are prepared to contribute their full share to the political stability and economic prosperity of the Western world.

At first sight, to be sure, the election figures may seem to indicate little change. Erhard's party, the CDU (Christian Democratic Union), increased its percentage of the total vote from 45.5 to 47.5, falling just short of possessing

an absolute majority in the new Bundestag (Parliament). The Social Democrats, the principal opposition party, also increased their share of the vote, falling just short of 40 per cent. But, when one considers five appreciable political and psychological handicaps which Erhard faced in the campaign, the magnitude of his success is impressive. These may be listed as follows, not necessarily in the order of their importance.

Various Handicaps Faced and Overcome

1. The CDU, alone or in combination with a much smaller moderate conservative group, the Free Democrats (FDP), has been in power for sixteen years, a much longer period than is usually required for an administration to wear out its welcome. Almost inevitably a government in power does some unpopular things and makes more opponents than supporters. Hence, the normal swing of the pendulum between two main parties in free countries.

2. On some issues, especially in foreign policy, the CDU leadership has not been speaking with a united voice. Virtually all Germans in the Federal Republic recognize their debt to America for defense against the now latent but ever-present threat of Soviet ag-

gression. There is similar unanimity of sentiment in favor of burying forever the old hatchet with France. But when American and French ideas about the necessities of European defense are sharply divergent, as they have been during the last few years, some delicate footwork on Germany's part is required to avoid offending either country.

And this leads to differences of emphasis and priorities. Foreign Minister Schroeder, for instance, has been less sympathetic to de Gaulle, more attached to the American orientation. Some influential CDU leaders, including former Chancellor Adenauer and the Christian Social Union leader, Franz Josef Strauss, of the Bavarian wing of the CDU, have stressed the necessity for keeping on the best possible terms with General de Gaulle. To be sure, de Gaulle has made it difficult for his would-be German friends. As a shrewd German journalist remarked to me recently: "Adenauer, Strauss, and others thought de Gaulle would be another John Foster Dulles, with a harder line toward Moscow. But he is nothing of the kind."

However, such actions of the French President as his diplomatic flirtation with the Soviet Union, his abandonment in advance of the German legal claim

to territory east of the Oder-Neisse frontier, his refusal to give Germany any say in a possible European nuclear deterrent, his suggestion that only Germany's continental neighbors should decide the terms of a German peace settlement, have produced a disillusioning effect in Germany. Still, the hope for some form of closer West European union, with France and Germany as the nucleus, dies hard. This explains in part Adenauer's sharp attack on the negotiations in Geneva looking to a ban on proliferation of nuclear weapons. This attack somewhat embarrassed Erhard during the campaign.

There have also been differences of opinion within the CDU about the desirability of creating a so-called "big coalition" of the CDU and the Social Democrats, the type of political set-up that exists in neighboring Austria. Erhard set his face like flint against any such arrangement. The election, he insisted, offered the voters a choice between his principles and those of his socialist opponent. A hybrid coalition government would obscure the issues and damage the whole idea of representative democracy.

In summary, Erhard's political position was more vulnerable because of fissions and cleavages in the ranks of his own party.

3. This was the first German national election in which the CDU standard-bearer was not the legendary Konrad Adenauer, the leader of the new Germany, based on political and personal freedom and private enterprise, which emerged from the wreckage left by the Nazis and the crushing military defeat. Erhard's life experience had been in economics, not in politics; after three years in office as Chancellor he had to stand on his own political record. And in this record there was some fumbling and bumbling, notably in dealing with Egyptian dictator Nasser's attempts at blackmail in connection with the visit to Cairo of Walther Ulbricht, head of the Soviet puppet regime in the Soviet Zone of Germany. Adenauer, with the bluntness of age and long tenure of power, had never made any secret of his distaste for Erhard as a successor; he only acquiesced reluctantly when it became clear that no other candidate commanded an equal measure of popularity. So Erhard faced the double handicap of being the first CDU standard bearer after the invincible Adenauer and of not receiving the cordial support of his mighty predecessor.

4. Erhard was not the choice of the German intellectual community; he probably ran second in the "egghead" vote. Some leading Ger-

man novelists, such as Günther Gras and Heinrich Böll, went on speaking tours for his opponent, Willy Brandt. Erhard was the butt of derogatory articles and cartoons ridiculing his type of campaigning, which was to hammer in a few basic ideas and principles with a supporting foundation of facts and figures.

5. The Social Democrats put on a tremendous drive to prove their respectability, their fitness to govern, at least in a coalition. Since 1959 they had deleted from their party program the former demands for nationalization of the coal, iron, and steel industries and for comprehensive state planning of the economy. Pictures of Karl Marx and red flags vanished from their conventions. So did appeals to class struggle and class hatred. In an atmosphere of booming prosperity and full employment the old Marxist dogma had lost all sense, all relevance to reality.

They had put up as their candidate Willy Brandt, Mayor of West Berlin, who had never been a doctrinaire Marxist and who might be expected to possess some of the glamor attached to the defense of the freedom of West Berlin. And Brandt ran a very careful, cautious campaign which seemed designed to convince the German voters that the Social Democrats had evolved from a

class party, committed to state control of the economy, into a progressive "people's party," almost indistinguishable from the CDU, except for the infusion of a few new ideas on internal reforms.

Free Market Preferred

Given this background of handicaps for Erhard, the pre-election polls indicating a neck-and-neck race—even the Social Democratic predictions that they would emerge from the polls as the strongest party—did not seem altogether unreasonable. But, when the votes were counted, the people had decided otherwise. They preferred the tried and true champion of the free market economy to those who professed a late conversion to the idea that might have been dictated by electoral opportunism. They preferred the proved achievements of the past to promises for the future. They placed the seal of a national plebiscite on a commitment to free private enterprise which has been of inestimable benefit to the German people themselves, and to the whole free world.

The proved, observable experience of Germany since the end of the war remains the shining example to which those who believe in the creative value of economic freedom may point. It is hard to imagine less favorable circum-

stances than those in which Erhard, as German director of economic affairs under the occupation military government which existed in 1948, made his historic wager on freedom of economic enterprise. The German cities were in ruins. Hunger was widespread. The new currency, introduced after the increasingly worthless marks of the war and first post-war years had been removed from circulation, was a large question mark. The country was flooded with penniless refugees, Germans and people of German origin driven from their homes in the eastern provinces of Germany and from various countries in eastern and southeastern Europe.

Price Controls Abandoned

The Germans had not been accustomed to a free economy for fifteen years: for one Nazi institution the occupation powers took over was a rigid system of wage and price controls, which may have been admirable on paper, but produced no consumer goods. The favored method of trade was barter, the preferred medium of currency was cigarettes.

The German authorities at that time did not possess the right to change a single fixed price or wage. But there was a loophole, of which Erhard was quick to take advantage. The cumbersome, un-

workable system could be discarded as a whole. And this is what Erhard did, in July, 1948. When the American military governor, General Lucius Clay, called up Erhard to inform him that all the American economic advisers were gravely concerned by this step, Erhard replied: "So are mine." But General Clay, himself a believer in free enterprise, let the experiment stick and, after some initial difficulties, the success was beyond the most optimistic expectations.

The cities were rebuilt and bloomed again. What had been bare shop windows filled up, as if by magic, not only with necessities, but with luxury goods that served as incentives. The currency, backed by ever larger gold reserves, became probably the hardest in Europe, after the Swiss franc. The refugees, who at first seemed a cruel, almost hopeless social burden, proved a tremendous economic asset. On this point, in various trips to Germany, I found a multitude of concrete examples.

In Düsseldorf, capital of the industrial state, North Rhine-Westphalia, I met a prominent businessman, Mr. Schroeder, owner of a flourishing cosmetics factory. He had owned a similar plant in Dresden, in the Soviet Zone. Realizing that private business in the

Soviet Zone was doomed, he packed up his business blueprints, took with him a few trained specialists, and moved to Düsseldorf. (This, of course, occurred before the Berlin Wall was built.) His new factory is returning a good profit; his plant in Dresden is declining, as he hears from some of his old workers, for lack of efficient management and technical know-how. As in countless similar cases, the loss of the Soviet Zone has been the gain of the Federal Republic.

Another example of the "brain drain" that led to the erection of the Wall was given by a German young woman whom I met in an Austrian mountain resort. She spoke excellent English and spent part of her vacation time reading American and British authors. She remarked that, of her entire high-school graduating class in a town in East Germany, all but one, who felt the obligation to care for an invalid mother, had gone to West Germany in search of more attractive opportunities. Multiply the experience of this girl and of businessman Schroeder many thousand times and one has found not the least of the reasons why the Federal Republic is a good ten or fifteen years ahead of the Soviet Zone in the pace of recovery and expansion, even though the people on the two sides of the zonal boundary are Ger-

mans, with the same language and educational standards.

Some Problems Remain

It would be misleading exaggeration to represent the economic history of the Federal Republic as an unbroken series of successes. As Minister of Economics and as Chancellor, Erhard has been obliged at times to make concessions to pressure groups, to business groups, farmers, trade-unions. And the very success of the German "economic miracle," paradoxically enough, has created some unforeseen difficulties and problems.

Letting people alone to make as much money as they honestly can has proved a marvelous formula for eliminating unemployment. It is accurate to say that in West Germany today there are no unemployed, only unemployables. Not only has all the normal unemployment in West Germany been absorbed; some 12 million refugees who arrived penniless and destitute from East Germany, from the Soviet Zone, the Sudeten area of Czechoslovakia, and other foreign lands have been swallowed up in the demand for manpower of expanding industry and foreign trade. More than that, about 1.2 million foreign immigrant workers, Italians, Spaniards, Portuguese, Greeks, Turks, and others,

have come to Germany. And there is still a labor shortage.

Despite a tradition of hard work, Germans are only human. They are apt to slack off a little when they know that they cannot be fired or, if they are, can easily find another job around the corner. And the shortage of labor has helped to slow down the phenomenally fast growth rates of the nineteen fifties.

Freedom a Powerful Tonic

But on balance, and in comparison with neighboring countries, Dr. Erhard's special brand of four-freedoms-medicine (free markets, free trade, free consumer choice, freedom of currency exchange) has been a most stimulating tonic for his countrymen. Foreign correspondents and other observers may have found a little dull Erhard's reiterated listing of statistics illustrating the enormous growth of German output and

foreign trade to a point where the Federal Republic has a far bigger foreign trade than the whole of the United Germany of pre-war times and has passed Great Britain to become the second largest trading nation of the world.

But the German voters were not bored at all, because those of them who were old enough to remember the dark drab years of war and early postwar occupation could relate this account of national well-being to their own improvement in individual well-being: first motor-cycles, then cars, travel in foreign countries on an unsurpassed scale, more educational possibilities for their children. They gave Erhard a resounding vote of confidence; and this vote, in the outside world, should inspire satisfaction as a proof of German political maturity and resolution to continue on a path that has led to political stability and economic prosperity.

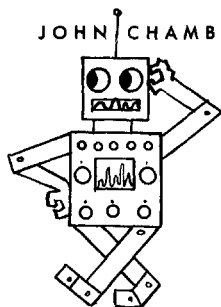
IDEAS ON LIBERTY

On Law and Freedom

THE END of law is not to abolish or restrain, but to preserve and enlarge freedom. For in all states of created beings capable of laws, where there is no law there is no freedom. For liberty is to be free from restraint and violence from others, which cannot be where there is not law. . . .

JOHN LOCKE, *Two Treatises on Civil Government* (1690)

The Bogey of AUTOMATION



GEORGE TERBORGH, author of *The Automation Hysteria* (Machinery and Allied Products Institute, Washington, D.C., 1965, \$6), is one of those rarest of creatures, a man of inspired common sense. It was he more than anyone else who disposed of the so-called "secular stagnationists" a generation ago by ridiculing their claims that our "mature" economy had reached its limits of growth. His book, *The Bogey of Economic Maturity*, is a classic. Now he notes that the alarmists are taking an entirely different tack: they are worried lest automation, directed by the computer, should produce a growth so uncontrolled that human beings won't be able to keep up with it.

For example, the Ad Hoc Committee on the Triple Revolution, which received the front-page blessing of the *New York Times*, fears a "cyberneted system" in which "potentially unlimited output can be achieved by systems of

machines which will require little cooperation from human beings . . . the men who are displaced become dependent on minimal and unrelated government measures — unemployment insurance, social security, welfare payments."

"Cybernation" is a coined word for what happens when machines take over both communication and control in automatic industries. George Terborgh does not deny that "cybernation" is here to stay. He does not deny that the computer can take over many functions of human beings and perform them at incredible speeds. But he insists that the alarmists, who see millions of jobs disappearing as a Frankenstein monster moves into our shops and banks, are guilty of blurring the time factor in a most unrealistic way. Moreover, it is a mistake to assume that more than a small percentage of industrial processes can ever be organized on a continuous flow or a mass basis.

Mr. Terborgh's breakdown of the nature of our economy is at the heart of his critique of the "automation hysteria." Some processes are admirably adapted to automation; the flow of liquids, the dispatch of paper work in offices and banks, the movement of cars along a Detroit production line, come immediately to mind. But Mr. Terborgh wonders how "cybernation" can really take over in agriculture. "The geographical dispersion of operations, and their seasonal character," he says, "prevent alike the concentration and continuity of work required for computer control."

The Limits of Automation

Automation can do wonders to keep the railroads in business; the New York Central, for instance, can verify the whereabouts of any freight car at a moment's notice; and the loading and unloading of bulk commodities are now pretty much push-button affairs. But Mr. Terborgh notes that it will be a long time before trains, buses, ships, and aircraft move without direct human control. The construction industry can make use of factory-assembled walls, floors, and ceilings, but men must still truck the stuff to the building site and help put the elements of a house together. As for the service industries, Mr. Terborgh says that

"merchandizing, restaurants, repair shops, recreation, entertainment, education, health, personal services, and what have you" will continue to present "an intractable area for computer control because of dispersion and the small size of individual operations. . . ."

Even in manufacturing there are limits to the achievement of "fully integrated, self-regulating flow production." Most companies produce "such a multiplicity of products — types, sizes, models, etc. — that they cannot effectively use mass-production layouts and techniques." Mr. Terborgh quotes John Diebold, who, with Del Harder of the Ford Motor Company, was a co-inventor of the word "automation," to show that 80 per cent of American industry "produces in lots of twenty-five or fewer individual pieces." It is a slow business, says Mr. Terborgh, to apply "systems engineering . . . with or without computers" to job shops that engage in what is essentially batch production. Since manufacturing employs only a fourth of the total labor force, and since a great part of our manufacturing technology is "discontinuous" in its very nature, the march of the Frankenstein monsters is bound to be far less precipitate than the Ad Hoc Committee on the Triple Revolution supposes.

Mr. Terborgh finds it difficult

to separate the automation scare from the general fears about mechanization. Practically every generation has had its Luddite Nervous Nellies. Walter Hunt, the man who anticipated Elias Howe in inventing the sewing machine, allowed his daughter to persuade him that he would only be putting good seamstresses out of work if he were to patent his secret, so he dropped it and turned to other inventions. But this did not keep automation from coming to the needle trades — and today the International Ladies Garment Workers Union and the Amalgamated Clothing Workers are powers in the land. Mechanization has always created more employment than it has destroyed, and, to the extent that it can be used, “cybernation” will hardly change things.

New Jobs Displace Old

Undoubtedly the computer can be spectacular in its “job destruction” within narrow confines. But history, so Mr. Terborgh notes, has always been a “boneyard” of lost jobs. The displacement of clerks from shops and banks is hardly different from the displacement of canal boys, coachmen, electric railway motormen, gas lamp-lighters, silk hosiery workers, pick-and-shovel coal miners, buggy whip factory workers, and so on. The fact is that nobody knows

what either product innovation or process innovation will do to affect job displacement and replacement in the future. But if history is any guide, the displaced clerk will become a motel keeper, a librarian, or a first grade teacher before too much time has passed.

If our automated “progress” is indeed to blame for our 3 to 4 per cent unemployment rate, then how does one explain some of the statistical tables that are printed in Mr. Terborgh’s book? The gain in “output per man hour” in the “total private economy” of the United States picks up in recovery phases of the business cycle, but over the years it averages about the same. If anything, we were doing better in the first half of the postwar period than we have been doing recently. So mechanization, including cybernation, is taking no dramatic leaps. In Germany, the increase in output per worker in the 1952-62 period has been at 50 per cent as compared to 21 per cent for the United States. Yet Germany today has over-full employment, and the United States still has a marginal unemployment problem. If it were true that mechanization creates net unemployment, wouldn’t things be the other way around in the two countries?

Mr. Terborgh addresses himself to one final fear, that cybernation

and automation create a need for a higher order of worker intelligence. The high school dropout, it is said, just can't keep up with what is demanded of a person in modern industries. But if it is easier to punch an adding machine than it is to add up a column of figures on paper, how can it be said that the former act takes more intelligence than the latter? It may be entirely true that the average dropout can't look forward to getting a job with a big corporation. But this is one of those "self-fulfilling" prophecies. The dropout can't get a job for one reason: nobody will hire him. This doesn't mean that he necessarily lacks the ability to work and learn on the job; it could merely

mean that our large corporations are following stupid hiring practices. I would guess that the average job makes less of a demand on the brain than it did in my grandfather's time. Yet many a man in my grandfather's day rose to be the head of a corporation without even so much as a high school diploma to back him.

If we would lower the minimum wage for boys and girls in the apprentice stage of life and let up on our insistence on high school and college diplomas as a job requirement, we, too, might have a full-employment economy. And the "automation hysteria" would not need a George Terborgh to kill it. ◆

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Prepared by VERNELIA A. CRAWFORD of the Foundation staff

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