

ESSAYS
ON
LIBERTY

VOLUME X



THE FOUNDATION FOR
ECONOMIC EDUCATION, INC.

IRVINGTON-ON-HUDSON, NEW YORK

1963

EDITOR'S NOTE

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

This is the tenth volume of *Essays on Liberty*, all of the selections in it having previously appeared in *The Freeman* or other Foundation publications between June 1962 and March 1963. The first nine volumes of *Essays on Liberty*, covering earlier Foundation releases, are still available.

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The Moral Element in Free Enterprise
by F. A. Hayek

"Planning" versus the Free Market
by Henry Hazlitt

Taxpayers' Money by Howard Preston

Published September 1963

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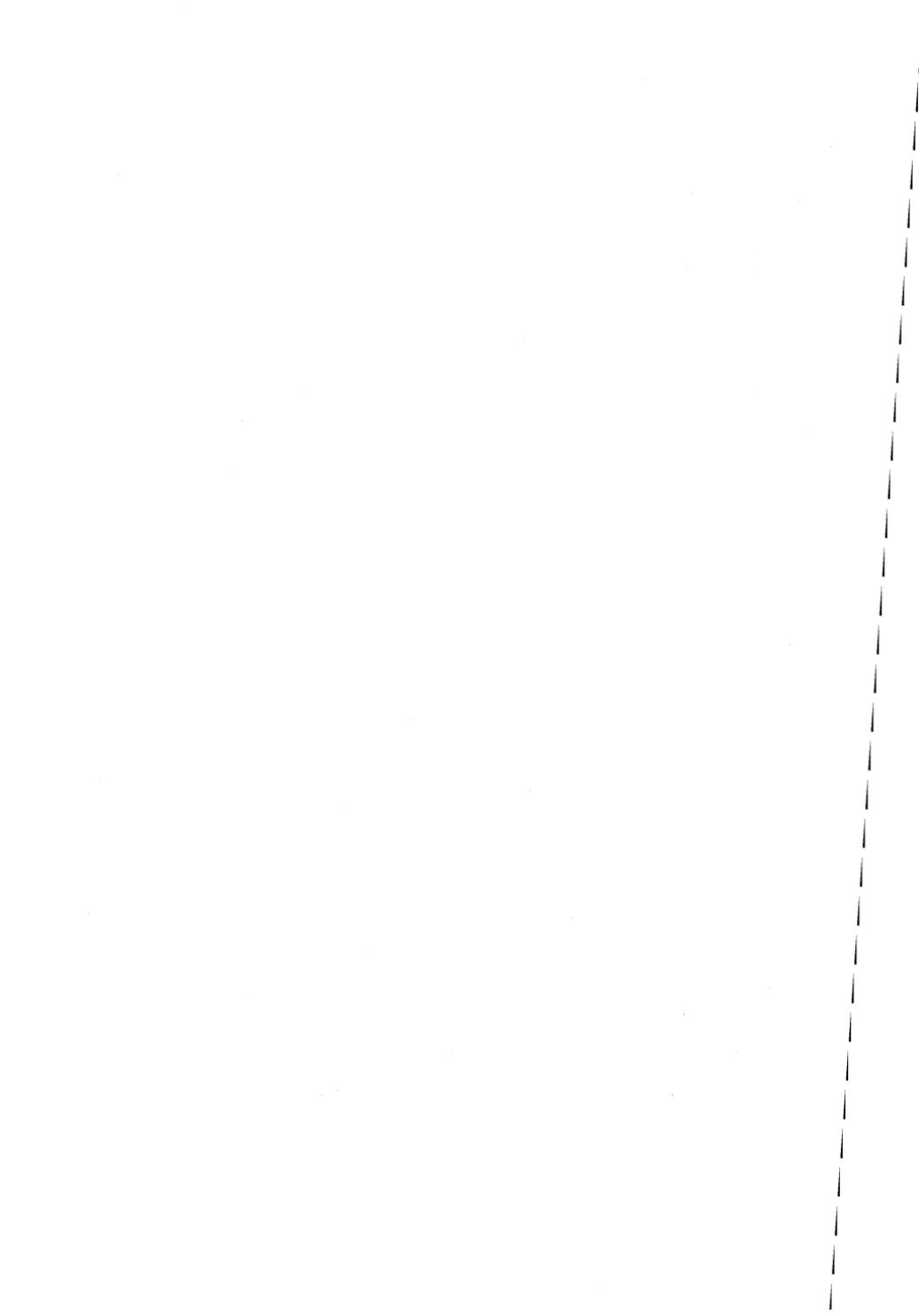
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THE ESSENCE OF AMERICANISM

by Leonard E. Read



SOMEONE ONCE SAID: It isn't that Christianity has been tried and found wanting; it has been tried and found difficult—and abandoned. Perhaps the same thing might be said about freedom. The American people are becoming more and more afraid of, and are running away from, their own revolution. I think that statement takes a bit of documentation.

I would like to go back, a little over three centuries in our history, to the year 1620, which was the occasion of the landing of our Pilgrim Fathers at Plymouth Rock. That little colony began its career in a condition of pure and unadulterated communism. For it made no difference how much or how little any member of that colony produced; all the produce went into a common warehouse under authority, and the proceeds of the warehouse were doled out in accordance with the authority's idea of need. In short, the Pilgrims began the practice of a principle held up by Karl Marx two centuries later as the ideal of

Mr. Read is Founder and President of the Foundation for Economic Education. This article was delivered as a speech before the Executive Club of Chicago, December 1, 1961.

the Communist Party: From each according to ability, to each according to need—and by force!

Now, there was a good reason why these communalistic or communistic practices were discontinued. It was because the members of the Pilgrim colony were starving and dying. As a rule, that type of experience causes people to stop and think about it!

Anyway, they did stop and think about it. During the third winter Governor Bradford got together with the remaining members of the colony and said to them, in effect: "This coming spring we are going to try a new idea. We are going to drop the practice of 'from each according to ability, to each according to need.' We are going to try the idea of 'to each according to merit.'" And when Governor Bradford said that, he enunciated the private property principle as clearly and succinctly as any economist ever had. That principle is nothing more nor less than each individual having a right to the fruits of his own labor. Next spring came, and it was observed that not only was father in the field but mother and the children were there, also. Governor Bradford records that "Any generall wante or famine hath not been amongst them since to this day."

It was by reason of the practice of this private property principle that there began in this country an era of growth and development which sooner or later had to lead to revolutionary political ideas. And it did lead to what I refer to as the real American revolution.

Now, I do not think of the real American revolution as the armed conflict we had with King George III. That

was a reasonably minor fracas as such fracas go! The real American revolution was a novel concept or idea which broke with the whole political history of the world.

Up until 1776 men had been contesting with each other, killing each other by the millions, over the age-old question of which of the numerous forms of authoritarianism—that is, man-made authority—should pre-empt as sovereign over man. And then, in 1776, in the fraction of one sentence written into the Declaration of Independence was stated the real American Revolution, the new idea, and it was this: “that all men are created equal; that they are endowed by their Creator with certain unalienable Rights; that among these are Life, Liberty and the pursuit of Happiness.” That was it. This is the essence of Americanism. This is the rock upon which the whole “American miracle” was founded.

This revolutionary concept was at once a spiritual, a political, and an economic concept. It was spiritual in that the writers of the Declaration recognized and publicly proclaimed that the Creator was the endower of man’s rights, and thus the Creator is sovereign.

It was political in implicitly denying that the state is the endower of man’s rights, thus declaring that the state is not sovereign.

It was economic in this sense: that if an individual has a right to his life, it follows that he has a right to sustain his life—the sustenance of life being nothing more nor less than the fruits of one’s own labor.

It is one thing to state such a revolutionary concept as this; it’s quite another thing to implement it—to put

it into practice. To accomplish this, our Founding Fathers added two political instruments—the Constitution and the Bill of Rights. These two instruments were essentially a set of prohibitions; prohibitions not against the people but against the thing the people, from their Old World experience, had learned to fear, namely, over-extended government.

Benefits of Limited Government

The Constitution and the Bill of Rights more severely limited government than government had ever before been limited in the history of the world. And there were benefits that flowed from this severe limitation of the state.

Number One, there wasn't a single person that turned to the government for security, welfare, or prosperity because government was so limited that it had nothing on hand to dispense, nor did it then have the power to take from some that it might give to others. To what or to whom do people turn if they cannot turn to government for security, welfare, or prosperity? They turn where they should turn—to themselves.

As a result of this discipline founded on the concept that the Creator, not the state is the endower of man's rights, we developed in this country on an unprecedented scale a quality of character that Emerson referred to as "self-reliance." All over the world the American people gained the reputation of being self-reliant.

There was another benefit that flowed from this se-

vere limitation of government. When government is limited to the inhibition of the destructive actions of men—that is, when it is limited to inhibiting fraud and depredation, violence and misrepresentation, when it is limited to invoking a common justice—then there is no organized force standing against the productive or creative actions of citizens. As a consequence of this limitation on government, there occurred a freeing, a releasing, of creative human energy, on an unprecedented scale.

This was the combination mainly responsible for the “American miracle,” founded on the belief that the Creator, not the state, is the endower of man’s rights.

This manifested itself among the people as individual freedom of choice. People had freedom of choice as to how they employed themselves. They had freedom of choice as to what they did with the fruits of their own labor.

But something happened to this remarkable idea of ours, this revolutionary concept. It seems that the people we placed in government office as our agents made a discovery. Having acquisitive instincts for affluence and power over others—as indeed some of us do—they discovered that the force which inheres in government, which the people had delegated to them in order to inhibit the destructive actions of man, this monopoly of force could be used to invade the productive and creative areas in society—one of which is the business sector. And they also found that if they incurred any deficits by their interventions, the same government force could be used to collect the wherewithal to pay the bills.

I would like to suggest to you that the extent to which government in America has departed from the original design of inhibiting the destructive actions of man and invoking a common justice; the extent to which government has invaded the productive and creative areas; the extent to which the government in this country has assumed the responsibility for the security, welfare, and prosperity of our people is a measure of the extent to which socialism and communism have developed here in this land of ours.

The Lengthening Shadow

Now then, can we measure this development? Not precisely, but we can get a fair idea of it by referring to something I said a moment ago about one of our early characteristics as a nation—individual freedom of choice as to the use of the fruits of one's own labor. If you will measure the loss in freedom of choice in this matter, you will get an idea of what is going on.

There was a time, about 120 years ago, when the average citizen had somewhere between 95 and 98 per cent freedom of choice with each of his income dollars. That was because the tax take of the government—federal, state, and local—was between 2 and 5 per cent of the earned income of the people. But, as the emphasis shifted from this earlier design, as government began to move in to invade the productive and creative areas and to assume the responsibility for the security, welfare, and prosperity of the people, the percentage of the take

of the people's earned income increased. The percentage of the take kept going up and up and up until today it's not 2 to 5 per cent. It is now over 35 per cent.

Many of my friends say to me, "Oh, Read, why get so excited about that? We still have, on the average, 65 per cent freedom of choice with our income dollars."

I would like to interpolate here a moment and say that we ought to be careful how we use that term, "on the average." Take a person who works 40 hours a week, who goes to work at 8:00 o'clock in the morning, takes an hour off for lunch, works Monday through Friday. That's 40 hours. The average person in this country has to work all Monday and until 2:15 on Tuesday for the government before he can start working for himself.

But, if the individual has been extraordinarily successful, he finds that he has to work all day Monday, Tuesday, Wednesday, Thursday, and until noon on Friday for the government before he can start earning for himself!

Nonetheless, on the average, we do have 65 per cent freedom of choice with our earned income. But, please take no solace from this fact for it has been discovered, as research work has been done on the fiscal behavior of nations covering a period of many centuries—this is a very important point—that whenever the take of the people's earned income by government reaches a certain level—20 or 25 per cent—it is no longer politically expedient to pay for the costs of government by direct tax levies. Governments then resort to inflation as a means of financing their ventures. This is happening to us now!

By "inflation" I mean increasing the volume of money by the national government's fiscal policy. Governments resort to inflation with popular support because the people apparently are naive enough to believe that they can have their cake and eat it, too. Many people do not realize that they cannot continue to enjoy so-called "benefits" from government without having to pay for them. They do not appreciate the fact that inflation is probably the most unjust and cruelest tax of all.

Methods of Inflation

There are numerous ways governments have inflated. You may recall reading in your history books about coin clipping. That was where the sovereign called in the coin of the realm and clipped off the edges. He kept the edges and returned the smaller pieces to the owners. That was a good stunt until the pieces got too small to be returned.

During the French revolutionary period, the government got itself into dire financial straits and began to issue an irredeemable paper money, known as "assignats," secured, not by gold but by confiscated church properties. Well, of course, France went bankrupt under that.

In Argentina, a situation with which I am reasonably familiar, the policy of the national government has been to spend about 100 billion pesos a year. But all they can collect by direct tax levies are 50 billion pesos a year. How do they handle that? Very simple. They just print 50 billion pesos a year. You don't have to be a great

economist to realize that when you increase the volume of money, everything else being equal, the value of money goes down. And when the value of money goes down, all things being equal, prices tend to rise.

You can imagine what has happened to bank accounts, insurance, social security, and to all forms of fixed income in Argentina. They are practically worthless.

Now in this country, we have a method of inflation which has one distinguishing merit. It is so complicated that hardly anyone can understand it.

What we do here is monetize debt. The more we go in debt the more money we have. Since we started our program of monetizing debt and deficit financing, we have enormously increased the quantity of our money. You have observed that our dollar isn't worth quite as much as it used to be. Perhaps you have also observed that prices are tending to increase.

The Russians, in my judgment, have the most honest system of dishonesty. There the government compels the people to buy government bonds. And then, after the people have bought the government bonds, the government cancels them. There are quite a number of Russians who are aware that some sort of chicanery is going on.

Frankly, I wish we were using this system, because then more people would understand the significance of inflation. If we were inflating this crudely, our people wouldn't be fooled as they are now.

What I am trying to say is this: Inflation is the fiscal concomitant of socialism or the welfare state or state

interventionism—call it what you will. Inflation is a political weapon. There are no other means of financing the welfare state except by inflation.

So, if you don't like inflation, there is only one thing you can do: assist in returning our government to its original principles.

One of my hobbies is cooking and, therefore, I am familiar with the gadgets around the kitchen. One of the things with which I am familiar is a sponge. A sponge in some respects resembles a good economy. A sponge will sop up an awful lot of mess; but when the sponge is saturated, the sponge itself is a mess, and the only way you can make it useful again is to wring the mess out of it. I hope my analogy is clear.

I want to say a few more things about inflation because it is particularly relevant to this country. To do this I want to take a look at somebody else because it's always difficult to look at ourselves. Let's take a look at France, which in numerous respects has resembled the United States economically.

French Experience

France began this thing I am talking about—that is, government invasion of productive and creative areas, government assuming the responsibility for the security, welfare, and prosperity of the French people—just 47 years ago, in 1914.

If my previous contentions are correct, the French franc should have lost some of its purchasing power in

these 47 years for, I have argued, state intervention can be financed only by increasing the volume of the money and such increases result in a decline of the circulating medium's value. Thus, the franc should have declined in value. How much?

The French franc has less than one-half of one per cent of the purchasing value it had 47 years ago, or to put it another way, the franc has lost more than 99½ per cent of its value in these few years, and by reason of inflation brought about by government intervention.

In Paris, during World War I, I bought a dinner for 5 francs, then the equivalent of the 1918 dollar. I didn't get to Paris again until 1947. I took a friend to lunch, admittedly at a better restaurant than the one I went to as a soldier boy. But I didn't pay 20 or 30 or 50 francs for the two luncheons. I paid 3,400 francs! I was there two years later with Mrs. Read, same restaurant, same food, because I wished to compare prices. It wasn't 3,400 but 4,100! Recently, when I was in Paris, the price for the same two luncheons was about 6,000 francs.

Visualize with me, if you can, a Frenchman back in the year 1914. Let's say he was in his late teens. A forethoughtful lad, he was looking forward to the year of 1961 when he would reach the age of retirement. So, at that time he bought a paid-up annuity, one which would return him 1,000 francs a month beginning January 1961. Well, back then he could have eaten as well on 1,000 francs as Grace Kelly's husband. But my doctor friends are of the opinion that no one can exist on only one meal every 30 days. That is all 1,000 francs will buy to-

day, and that would be a meal about one-third the quality that any of us would buy were we in France at this time.

"Creeping" or "Gallopig"?

Inflation, in popular terms, is divided into two types. There is what is called "creeping inflation," and what is called "galloping inflation." "Creeping inflation" is supposed to be the type that we are now experiencing.

I don't think the term is quite lusty enough to describe a dollar that has lost somewhere between 53 and 62 per cent of its value since 1939.

"Gallopig inflation" is the type that went on in Germany during the years after World War I, in France after the revolutionary period, in China recently, and in the Latin American countries today. Here is an example of what I mean.

I hold in my hand the currency of Bolivia. This little piece is 10,000 Bolivianos. In 1935 this piece of paper was worth, 4,600 present-day dollars. Do you know what it's worth now? Eighty cents! That's what you call "gallopig inflation." It was all brought about—they didn't have any wars—by government interventionism.

Now then, what I want to suggest is that inflation in this country has ever so many more catastrophic potentials than has ever been the case in any other country in history. We here are the most advanced division-of-labor society that has ever existed. That is, we are more specialized than any other people has ever been; we are further removed from self-subsistence.

Indeed, we are so specialized today that every one of us—everybody in this room, in the nation, even the farmer—is absolutely dependent upon a free, uninhibited exchange of our numerous specialties. That is a self-evident fact.

Destroying the Circulatory System

In any highly specialized economy you do not effect specialized exchanges by barter. You never observe a man going into a gasoline station saying, "Here is a goose; give me a gallon of gas." That's not the way to do it in a specialized economy. You use an economic circulatory system, which is money, the medium of exchange.

This economic circulatory system, in some respects, can be likened to the circulatory system of the body, which is the blood stream.

The circulatory system of the body picks up oxygen in the lungs and ingested food in the mid-section and distributes these specialties to the 30 trillion cells of the body. At those points it picks up carbon dioxide and waste matter and carries them off. I could put a hypodermic needle into one of your veins and thin your blood stream to the point where it would no longer make these exchanges, and when I reached that point, we could refer to you quite accurately in the past tense.

By the same token, you can thin your economic circulatory system, your medium of exchange, to the point where it will no longer circularize the products and

services of economic specialization. When this happens, the economy of our nation will be "discombobulated."

Let me show you how it works. Right after the Armistice my squadron was sent to Coblenz with the Army of Occupation. The German inflation was underway. I didn't know any more then about inflation than most Americans do now. I liked what I experienced—as do most Americans now—because I got more marks every payday than the previous payday—and not because of a raise in pay. I had security. The government was giving me food, shelter, clothing, and so forth. I used the marks to shoot craps and play poker, and the more marks, the more fun.

German inflation continued with mounting intensity and by 1923 it got to the point where 30 million marks would not buy a single loaf of bread.

About the time I arrived, an old man died and left his fortune to his two sons, 500,000 marks each. One boy was a frugal lad who never spent a pfennig of it. The other one was a playboy and spent it all on champagne parties. When the day came in 1923 that 30 million marks wouldn't buy a loaf of bread, the boy who had saved everything had nothing, but the one who spent his inheritance on champagne parties was able to exchange the empty bottles for a dinner. The economy had reverted to barter.

Those of you who are interested in doing something about this, have a right to ask yourselves a perfectly logical question: Has there ever been an instance, historically, when a country has been on this toboggan and

succeeded in reversing itself? There have been some minor instances. I will not attempt to enumerate them. The only significant one took place in England after the Napoleonic Wars.

How England Did It

England's debt, in relation to her resources, was larger than ours is now; her taxation was confiscatory; restrictions on the exchanges of goods and services were numerous, and there were strong controls on production and prices. Had it not been for the smugglers, many people would have starved!

Now, something happened in that situation, and we ought to take cognizance of it. What happened there might be emulated here even though our problem is on a much larger scale. There were in England such men as John Bright and Richard Cobden, men who understood the principle of freedom of exchange. Over in France, there was a politician by the name of Chevalier, and an economist named Frederic Bastiat.

Incidentally, if any of you have not read the little book by Bastiat entitled, *The Law*, I commend it as the finest thing that I have ever read on the principles one ought to keep in mind when trying to judge for oneself what the scope of government should be.¹

Bastiat was feeding his brilliant ideas to Cobden and Bright, and these men were preaching the merits of free-

¹ Frederic Bastiat, *The Law* (Irvington, N. Y.: Foundation for Economic Education), 76 pp., \$1.00 paper; \$1.75 cloth.

dom of exchange. Members of Parliament listened and, as a consequence, there began the greatest reform movement in British history.

Parliament repealed the Corn Laws, which here would be like repealing subsidies to farmers. They repealed the Poor Laws, which here would be like repealing Social Security. And fortunately for them they had a monarch—her name was Victoria—who relaxed the authority that the English people themselves believed to be implicit in her office. She gave them freedom in the sense that a prisoner on parole has freedom, a permissive kind of freedom but with lots of latitude. Englishmen, as a result roamed all over the world achieving unparalleled prosperity and building an enlightened empire.

This development continued until just before World War I. Then the same old political disease set in again. What precisely is this disease that causes inflation and all these other troubles? It has many popular names, some of which I have mentioned, such as socialism, communism, state interventionism, and welfare statism. It has other names such as fascism and Nazism. It has some local names like New Deal, Fair Deal, New Republicanism, New Frontier, and the like.

A Dwindling Faith in Freedom

But, if you will take a careful look at these so-called “progressive ideologies,” you will discover that each of them has a characteristic common to all the rest. This common characteristic is a cell in the body politic which

has a cancer-like capacity for inordinate growth. This characteristic takes the form of a belief. It is a rapidly growing belief in the use of organized force—government—not to carry out its original function of inhibiting the destructive actions of men and invoking a common justice, but to control the productive and creative activity of citizens in society. That is all it is. Check any one of these ideologies and see if this is not its essential characteristic.

Here is an example of what I mean: I can remember the time when, if we wanted a house or housing, we relied on private enterprise. First, we relied on the person who wanted a house. Second, we relied on the persons who wanted to compete in the building. And third, we relied on those who thought they saw some advantage to themselves in loaning the money for the tools, material, and labor. Under that system of free enterprise, Americans built more square feet of housing per person than any other country on the face of the earth. Despite that remarkable accomplishment, more and more people are coming to believe that the only way we can have adequate housing is to use government to take the earnings from some and give these earnings, in the form of housing, to others. In other words, we are right back where the Pilgrim Fathers were in 1620-23 and Karl Marx was in 1847—from each according to ability, to each according to need, and by the use of force.

As this belief in the use of force as a means of creative accomplishment increases, the belief in free men—that is, man acting freely, competitively, cooperatively, vol-

untarily—correspondingly diminishes. Increase compulsion and freedom declines. Therefore, the solution to this problem, if there be one, must take a positive form, namely, the restoration of a faith in what free men can accomplish.

Let me give you an example of how faith in free men is lost. If I were to go out in Chicago today and ask the people I meet, "Should government deliver mail?" almost everybody would say, "Yes." Why would they say yes? One reason is that the government has pre-empted that activity, has had a monopoly for so many decades that entrepreneurs today would not know how to go about delivering mail if it were a private enterprise opportunity. You know, you businessmen have a very odd characteristic. You don't spend any time working on something you will never get a chance to try out!

Anyway, I did a little research job a while ago and found that we deliver more pounds of milk in this country than we do pounds of mail. I next made a more startling discovery. Milk is more perishable than a love-letter, a catalogue, or things of that sort. And third, I found out that we deliver milk more efficiently and more cheaply. I asked myself what appeared to be a logical question: Why should not private enterprise deliver mail? We deliver freight, and that's heavier. But many people have lost faith in themselves to deliver as simple a thing as a letter!

Who are these people who have lost faith in themselves to deliver a letter? I am going to stick just to the subject of delivery and to recent times.

Less than a hundred years ago the human voice could be delivered the distance that one champion hog-caller could effectively communicate with another champion hog-caller, which I have estimated at about 44 yards. Since that time man, acting freely, privately, competitively, voluntarily, has discovered how to deliver the human voice around the earth in $1/27$ of a second—one million times as far and in one-third the time that the voice of one hog-caller reached the ear of the other. When men were free to try, they found out how to deliver an event like the Rose Bowl game in motion and in color into your living room while it is going on. When men were free to try, they found out how to deliver 115 individuals from Los Angeles to Baltimore in three hours and nineteen minutes. When men are free to try, they deliver gas from a hole in the ground in Texas to my range at Irvington, New York, without subsidy and at low prices. Men who are free to try have discovered how to deliver 64 ounces of oil from the Persian Gulf to our eastern seaboard, more than half the way around the world for less money than government will deliver a one-ounce letter across the street in your home town. And the people who accomplish these miracles have lost faith in their capacity to deliver a letter, which is a Boy Scout job. You may get the idea that when it comes to productive and creative work, I have more faith in free men than in government.

Now then, why is this happening to us? I don't know all the reasons. I am not sure that anyone does. If pressed, however, for the best reason I could give, the

most profound one, it would be this: the American people, by and large, have lost track of the spiritual antecedent of the American miracle. You are given a choice: either you accept the idea of the Creator as the endower of man's rights, or you submit to the idea that the state is the endower of man's rights. I double-dare any of you to offer a third alternative. We have forgotten the real source of our rights and are suffering the consequences.

Millions of people, aware that something is wrong, look around for someone to blame. They dislike socialism and communism and give lip service to their dislike. They sputter about the New Frontier and Modern Republicanism. But, among the millions who say they don't like these ideologies, you cannot find one in ten thousand whom you yourself will designate as a skilled, accomplished expositor of socialism's opposite—the free market, private property, limited government philosophy with its moral and spiritual antecedents. How many people do you know who are knowledgeable in this matter? Very few, I dare say.

Developing Leadership

No wonder we are losing the battle! The problem then—the real problem—is developing a leadership for this philosophy, persons from different walks of life who understand and can explain this philosophy.

This leadership functions at three levels. The first level requires that an individual achieve that degree of understanding which makes it utterly impossible for

him to have any hand in supporting or giving any encouragement to any socialistic activities. Leadership at this level doesn't demand any creative writing, thinking, and talking, but it does require an understanding of what things are really socialistic, however disguised. People reject socialism in name, but once any socialistic activity has been Americanized, nearly everybody thinks it's all right. So you have to take the definition of socialism—state ownership and control of the means of production—and check our current practices against this definition.

As a matter of fact, you should read the ten points of the *Communist Manifesto* and see how close we have come to achieving them right here in America. It's amazing. I refer you to Admiral Moreell's "To Communism: Via Majority Vote" if you wish to read this story.²

The second level of leadership is reached when you achieve that degree of understanding and exposition which makes it possible to expose the fallacies of socialism and set forth some of the principles of freedom to those who come within your own personal orbit. Now, this takes a lot more doing.

One of the things you have to do to achieve this second level of leadership is some studying. Most people have to, at any rate, and one of the reasons the Foundation for Economic Education exists is to help such people. At the Foundation we are trying to understand the freedom philosophy better ourselves, and we seek ways of explaining it with greater clarity. The results appear in single

² See *Essays on Liberty*, Volume II, p. 218.

page releases, in a monthly journal, in books and pamphlets, in lectures, seminars, and the like. Our journal, *The Freeman*, for instance, is available to anyone in the world, on request. We impose no other condition.

The third level of leadership is to achieve that excellence in understanding and exposition which will cause other persons to seek you out as a tutor. That is the highest you can go, but there is no limit as to how far you can go in becoming a good tutor.

When you operate at this highest level of leadership, you must rely only on the power of attraction. Let me explain what I mean by this.

On April 22 we had St. Andrew's Day at my golf club. About 150 of us were present, including yours truly. When I arrived at the club, the other 149 did not say, "Leonard, won't you please play with me? Won't you please show me the proper stance, the proper grip, the proper swing?" They didn't do it. You know why? Because by now those fellows are aware of my incompetence as a golfer. But if you were to wave a magic wand and make of me, all of a sudden, a Sam Snead, a Ben Hogan, an Arnold Palmer, or the like, watch the picture change! Every member of that club would sit at my feet hoping to learn from me how to improve his own game. This is the power of attraction. You cannot do well at any subject without an audience automatically forming around you. Trust me on that.

If you want to be helpful to the cause of freedom in this country, seek to become a skilled expositor. If you have worked at the philosophy of freedom and an audi-

ence isn't forming, don't write and ask what the matter is. Just go back and do more of your homework.

Actually, when you get into this third level of leadership, you have to use methods that are consonant with your objective. Suppose, for instance, that my objective were your demise. I could use some fairly low-grade methods, couldn't I? But now, suppose my objective to be the making of a great poet out of you. What could I do about that? Not a thing—unless by some miracle I first learned to distinguish good poetry from bad, and then learned to impart this knowledge to you.

The philosophy of freedom is at the very pinnacle of the hierarchy of values; and if you wish to further the cause of freedom, you must use methods that are consonant with your objective. This means relying on the power of attraction.

Let me conclude with a final thought. This business of freedom is an ore that lies much deeper than most of us realize. Too many of us are prospecting wastefully on the surface. Freedom isn't something to be bought cheaply. A great effort is required to dig up this ore that will save America. And where are we to find the miners?

Well, I think maybe we will find them among those who are reasonably intelligent. I think we will find these miners of the freedom-ore among those who love this country. I think we will probably find them in this room. And if you were to ask me who, in my opinion, has the greatest responsibility as a miner, I would suggest that it is the attractive individual occupying the seat you are sitting in.

BASIS OF LIBERTY

by *Dean Russell*



IN ONE of his fables Aesop said: "A horse and a stag, feeding together in a rich meadow, began fighting over which should have the best grass. The stag with his sharp horns got the better of the horse. So the horse asked the help of man. And man agreed, but suggested that his help might be more effective if he were permitted to ride the horse and guide him as he thought best. So the horse permitted man to put a saddle on his back and a bridle on his head. Thus they drove the stag from the meadow. But when the horse asked man to remove the bridle and saddle and set him free, man answered, 'I never before knew what a useful drudge you are. And now that I have found what you are good for, you may rest assured that I will keep you to it.'"

The Roman philosopher and poet, Horace, said of this fable:

"This is the case of him, who, dreading poverty, parts with that invaluable jewel, Liberty; like a wretch as he is, he will be always subject to a tyrant of some sort or

Dr. Russell recently has rejoined the staff of the Foundation for Economic Education to develop and direct the FEE School of Political Economy. This article first appeared in the Sunday edition of the *Rockford* (Illinois) *Morning Star*, January 7, 1962.

other, and be a slave forever; because his avaricious spirit knew not how to be contented with that moderate competency, which he might have possessed independent of all the world."

Ever since man learned to write, one of his favorite subjects has been freedom and liberty. And almost always, it has been his own government that he most feared as the destroyer of his liberty. Further, various economic issues—primarily, the ownership of property and the control of one's time and labor—have always been listed prominently among the measurements of liberty.

Justice Sutherland of our Supreme Court clearly saw this connection when he said, "The individual has three rights, equally sacred from arbitrary interference [from government]: the right to his life, the right to his liberty, the right to his property. These three rights are so bound together as to be essentially one right. To give a man his life, but to deny him his liberty, is to take from him all that makes his life worth living. To give him his liberty, but to take from him the property which is the fruit and badge of his liberty, is to still leave him a slave."

Frederic Bastiat, the French political economist of the last century, phrased the same idea another way: "Life, liberty, and property do not exist because men have made laws. On the contrary, it was the fact that life, liberty, and property existed beforehand that caused men to make laws in the first place."

A primary lesson of history is that liberty generally flourishes when goods are privately owned and distrib-

uted. I can find no example of real freedom for the people over a significant period of time when the means of production were mostly owned by the government, or by a restricted and self-perpetuating group who controlled the powers of government.

In addition, material prosperity for the people in general has surged forward whenever the production and distribution of goods and services have been determined by the automatic processes of competition in a free market. And prosperity has faltered (and often failed completely) whenever governmental controls over the economic activities of the people have grown onerous.

The particular form of government under which the people lived doesn't appear to have made much difference, one way or the other. Liberty and prosperity have flourished under democracies—and have disappeared under democracies.

Liberty and prosperity have flourished under kings and emperors—and have disappeared under kings and emperors.

Over the long haul, the extent of liberty and prosperity has always hinged on the degree of private ownership and competition in a free market, and not on how many people voted or didn't vote at a particular time.

As Aesop and Horace so clearly pointed out in their pungent comments on this subject, liberty is generally surrendered by the people themselves to their own government—in an effort to get more of the material things of life. It has never worked for long.

FREEDOM — A BIOLOGICAL NECESSITY

by Harold B. Elsom



WE FREQUENTLY HEAR the declaration that much of the contemporary political arrangement contravenes human nature. This is, perhaps, but another way of saying that legal, economic, and social relationships must conform to biologically vital principles if they are to endure to the benefit of the human species. The concept includes the idea that liberty of the individual is one of those vital prerequisites. Is there any validity to these thoughts?

We may begin with an old thought, both broad and deep: liberty and growth are aspects of the same thing. Freedom begins with life—any life, anywhere, any time, under any conditions. We may say of matter that it is bound by the law of inertia; if at rest it will remain so or, if in motion, it will continue in the same direction at the same rate until acted upon by an external force. Not so life. Here internal phenomena act upon external matter. The tiniest seed cracks crusted soil. Vine and trunk topple ancient stone. Life uses physical energies to achieve hidden ends, sometimes opposing one to the

Mr. Elsom, an investment officer of a bank, finds time for free-lance exploration and explanation of the libertarian point of view.

other, sometimes transforming them, but always recasting environment nearer to its own desire. Life began and continues as an intervention into the material order, an intrusion of choice and desire into the fixity of material cause and effect.

Life was expansive and purposive from the beginning; it had irritability. It could react to healthful or toxic environment. It could pulsate or wiggle. It could aggregate with other cells to arrive at multicellular life. It could protrude pseudo limbs, develop sensitive special organs. It demanded motility and awareness. Instead of resting in the brine, it began to swim. It crawled out of the water to penetrate swamp, forest, and desert. It leaped into the air for flight. It developed uniform blood temperature, fur, and feathers to increase its independence of weather. It stood upright, enlarged its brain, formed hands to enter a world similar to the one we know today. Always the facts were the same—an enlargement of freedom and choice and, with the higher specimens at least, some provision for frivolity, vacillation, and the deeper thing called enjoyment.

In the beginning, then, we have a blob of protoplasm fixed by physical law. Now the blob has become an organism straining toward the stars. Yet during every instant life has been vulnerable and soft as compared with the crushing inflexibility of the material order. Logically, the advent of life is impossible. No mathematical progression or probability can account for it. Science, philosophy, and religion comment on its development and what it means, if anything. Whatever they say, it remains as a

fact that the consistent direction of life has been toward a wider range of movement, increasing awareness of itself and its surroundings, purposive discipline of itself and the externals of matter and force. Put together, what are these things but freedom? Life force, choice, freedom—these are single, one and the same.

Variety, Order, and Progress

But life and freedom are not, of themselves, good or bad. A streptococcus vents its virulence on saint and sinner alike. Throughout geologic time life's forms fed on each other, each free according to its own nature and its own strength. Variety, order, and progress were maintained by a self-adjusting ecology, so that the regular round of feeding, reproducing, fighting, and enjoyment went on without hazard to the species except for the providential requirements of succession and development. Tyrannosaurus Rex lumbered through the cretaceous period as no more nor less than a massive saurian until the evolutionary calendar marked the time for him to give place to more sharply tuned nervous systems and less ponderous bodies. The built-in restraints of fear, weariness, satiation, vacillation; the interdependence of plant and animal, climatic and geographic limitations, all these imposed balance to the basic propensity toward freedom and expansion.

Man began with the same animal urges. He, however, was endowed with new organs: the hand, the more complex brain, and sensory apparatus. So equipped, he em-

bodied a new potential. He could outmaneuver, outsmart any other life form on earth. Heretofore, plants and animals had to evolve organs of subsistence over eons of time. Man could fashion *things* outside his own body such as cudgels, spears, fist axes and, lately, atom bombs. He could augment his senses with cunning devices. Very early he learned that he could put other life—animal, vegetable, and human—to his own uses. This ability of individuals or small groups of men to impose their volition upon others was the most ominous potential of all, since it meant that man could multiply his powers not only through instrumentation, but also through consumption of the bodies, minds, and spirits of other men. Ecological balance was now violated. A species could destroy itself.

Man's ability to dominate and enslave, a new power, was fed by subman emotional drives. These his refined brain and his more complex awareness converted into lusts for things quite beyond his needs: the lust for possessions and the lust for power or recognition. Out of these propensities, perhaps, government was born. The mightiest assumed leadership of the tribe, the tribe plundered its neighbors. Growing knowledge but led to more conquests. Military prowess, superstition, bribery, deceit, threats, these were the routines of conquest and administration. Entire peoples became chattels as did the Hebrews under Egyptian rule.

Thus, the natural life urge toward freedom, newly empowered and freed of the old ecological restraints, remained wild, primitive. So long as life had been inner

directed and balanced by ecology, it was self-realizing. Creatures tended to be whatever they were to the fullest. The upward surge moved on. But with the advent of external rule or government, the larger portion of mankind found its inner or spiritual being, the seat of freedom and the life force, more and more constricted and destroyed. Unless something new were added, man had entered a *cul-de-sac*. He needed a substitute for the older balances and restraints of Nature.

Self-Discipline

At some point in the millenniums preceding the Christian era, suggestions of such a substitute began to appear—a new sort of inner direction. Inklings come to us from prehistory. Some part of it took the form of custom or tradition. Occasionally, an individual chieftain found himself actuated by vague and passing desire for the good or pleasure of others. In ancient Greece there appeared new kinds of men, philosophers, theologians, who tried to see life whole, whose insights told them that new qualities like wisdom, and moral and emotional discipline were necessary for a satisfying existence. Life would be most rewarding when ordered and reasoned under the auspices of form, goodness, and restraint.

Somewhere between 1500 and 1300 B.C. the evils and superstitions of primitive religion were surpassed. Ikh-naton, an Egyptian pharaoh, in some unknown manner, lost himself in a vision of the One God whose principle was goodness, and who required virtue of men.

With the Hebrew lawgivers and prophets the One God found a tongue. These men observed most acutely the destructive carryovers from primitive men and called them sin. They insisted that men should recognize and obey the new inner direction (the One God) or perish. To protect the human potential, the Decalogue was given, a body of basically negative law designed to protect the newly mutated minority of the species.

Here, then, somewhere in prehistory and early history, began an evolutionary cleavage between the mass of men whose intellectual and physical capacities were still motivated by primitive emotional drives, and the microscopic proportion of mutants who had acquired consciousness of God as the directive force of life. Everything hung upon a different order of volition and consciousness.

For the latter, the mutant element, those who could see and feel the wakening spirit, Christ carried the development further by substituting love or good will for hate, the Golden Rule for the debit and credit system of human relations, and redemption out of sin and punishment. Above all, he made man aware of God, lifted him from pawn to son-ship, stressed that man could communicate with God and God with man. God had purposes which were beyond sense and reason; therefore, man should confidently accept God's lead without fear. Doing so, he would have life more abundantly; he could become a new creature—something more than man had been. But to do so, he must slough the old animal tensions. Otherwise, they would enslave and kill the life

urge to freedom. If he were incapable of taking the new step, he would join *Tyrannosaurus Rex* and the saber-toothed tiger. The wages of sin would be death.

On the Useful Scope of Government

Seen against this panorama of evolution and history, what is the useful scope of government, then? Should it determine man's purposes, that is, what his social and economic objectives are, and see to it that he achieves them? Is it proper for it to take a great part of his wage by force to spend for these objectives? Is it proper for the state to attempt to determine what man should be; that is, to dominate the communications media and the educative process? Should it take John Doe's earnings and give them to Richard Roe? Are men to be leveled and equated economically, politically, and socially? Some men lack the sensory apparatus to perceive the immorality of these things. In their eyes such meddling is no more than a "positive approach." As a real clincher, they ask the question, What is it that you wish to conserve? implying that only selfishness and perversity impede the achievement of their drafting board utopias.

The conservative can very well answer, Life. If any pattern is clear from the evolutionary and historical processes, it is this: volition, consciousness, and spirit are the objects of the struggle. Life assaults limitations through the individual *will*. Fin, leg, wing, wagon, automobile, rocket; fur, uniform blood temperature, clothes, space suit—all steps toward greater choice of

place, more independence of environment. Sensitive cells become eyes and ears, rulers, microscopes, telescopes, radar, and oscilloscope, all pressing against the outer limits of awareness. In the realm of morals and the spirit we observe first fang, claw, hunter and prey ascending to murder, cruelty, ignorance, rapine, superstition, hate, slavery, obligatory vengeance, reverence for the dead and the unknown, knowledge, morals, mercy, justice, generosity, art, religion, and love.

Each new attribute arrived packaged in an individual—a mutant minority of one, inner directed, and entrusted with the future of the species. This is what the conservative knows, either consciously or in his bones. He knows that new attributes and true progress come from the deep, not from the state. He knows that the brain evolved to serve the will and the conscience. It is to be viewed as an organ, not a superior replacement for God. Man himself is more than brain. In the more than 1,000 million years of life on earth no step in the upward trek was intelligently engendered, not even with the brainiest specimen of the lot, *homo sapiens*. The inner drive toward freedom, awareness, and conscience accomplished these things—whipped the mind when it was weary, controlled the legs that would run away, fought the pain that spelled surrender, ignored logical doubts that meant defeat.

It is not likely that the professional liberal, through theoretical draftsmanship in economics and sociology, will ever be able to reorder our inner selves. His methods and his ends are contrary to the providential direction

of life, since it is by multiplicity and mutation that life progresses; man was not intended to be, nor ever can be, homogenized. Further, the liberal disdains and opposes himself to the latest and best evolutionary gifts: the moral and spiritual attributes. Moral man cannot take another's property without his consent and without exchange of value. Moral man cannot utilize the covetousness, greed, envy, and aggressiveness of the many to overpower the few. Moral man cannot resort to positive law to diminish and inhibit the life-urge to freedom, to substitute the amoral social conscience for that of the real, pulsing, individual human.

Government's Limited Role

With this background we can define the beneficial scope of government in more fundamental terms. True liberty lies in recognizing that each man's vital force is his own, that it may not be impinged upon by any other man or any government. His volition, his awareness, his conscience are areas of personality where the individual must fight his own battles, where he becomes master through discipline or slave to primitive impulse. It follows that the whole chore of government is to protect the human personality, not to control it or to coerce it against its nature, to protect it from all sources of physical violence, to insure the execution of serious agreements, to adjudicate wrongs, and to provide a mechanism for its own limitation. Men may yet generate profound, hitherto unknown, enjoyments and satisfactions. If they

do, they will do so in and of themselves, under the protection of government conceived and administered in harmony with biological and spiritual requirements.

The conservative desires to preserve the possibilities and the enjoyments of life. Volition, choice, awareness, conscience—these are the sweetest, most promising attributes the conservative knows. If their promise is to be fulfilled, government must be protective and subservient to them. Expansion of government beyond these limits literally renders the life stream noxious and unhealthy.

EXPERIMENTS IN COLLECTIVISM

by *Melvin D. Barger*



ACCORDING to an article that appeared several years ago in a popular men's magazine, a Bret Harte classic was once rejected for production on the Kraft Theatre because the sponsor thought it promoted communism.

The article was an exposé of sponsor control of TV programming. Obviously enjoying his task, author Al Morgan drew an unflattering picture of the average business sponsor. He was timid, petty, narrow-minded, fearful, and sometimes stupid. And since he saw Bret Harte (who died in 1902) as an ally of the Kremlin, he was obviously irrational about communism.

Here is what the sponsor objected to as being communistic, according to Mr. Morgan:

In one scene, a group of miners got together and agreed that they would share equally in any ore that came out of the mine they were working.¹

¹Al Morgan, "And Now, a Word from the Sponsor," *Playboy*, December, 1959, p. 95.

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

Well, if *that* was the chief reason for the shelving of Bret Harte's classic, then the business sponsor *did* have a lot to learn about communism. And while Mr. Morgan's example doesn't prove conclusively whether sponsor control is right or wrong, it does typify a popular misconception about Soviet communism. For despite all the twists and turns communism has taken since 1918, there are people around who still believe that it is essentially equalitarian in the sharing of economic goods, and that this is its chief distinction. Numerous USSR experts have assured us that the opposite is true, that there are highly privileged groups in the Soviet Union, and that incentive plans are used in industry. Though "equal sharing" may still have a place in communist dogma, it has little existence in the real world.

But a more serious error is present here. For even if the Soviets had been able to follow their original aims on "equal sharing," their version differs radically from that practiced by Mr. Harte's miners. In every sense of the word, the miners' collective experiment was *voluntary*. They *agreed* that they would share equally of their ore, and presumably any of them could withdraw from the bargain whenever he became dissatisfied with it. Far from being a kind of communism, their mining venture was simply a variation of free enterprise. There probably have been millions of similar group ventures in the United States, involving everything from berrypicking to the formation of giant steel companies. In many cases, people probably have shared in such a way as to unwittingly carry out the Marxist idea of "from each ac-

ording to his ability, to each according to his need." But it is not unjust if all the parties involved agreed to it, if no fraud was involved, and, if they were not forced against their will to subscribe to the arrangement.

When we turn to real communist theory, we find something far more sinister than Mr. Harte's amusing example. Another element is added: *the iron fist of government police power*. Under communism, the collective experiment is no longer voluntary, and the miners are forced to submit to the arrangement no matter how much they might dislike it. And even their right to share equally of their ore has been diluted, for now it has become the property of the state rather than of the men who extracted it.

Early Christian Communities

Let us not, however, belabor Mr. Harte. For, it is not only fictional experiments in collectivism that have been misidentified as communistic. Occasionally one reads, or hears, that the early Christian community of the first century was communistic. We know, for example, that "all that believed were together, and had all things common; And sold their possessions and goods, and parted them to all men, as every man had need."² But no state police power was present to enforce this, and indeed, the authorities of the day used their police power to persecute the community. And it is certain that individual rights were still greatly protected even in this voluntary

² Acts, 2: 44-45.

collective order. It was very obviously a free association.

Another venture in collectivism was the community established by Robert Owen, a wealthy British mill owner, in New Harmony, Indiana, early in the last century. A man of socialist leanings whom John Chamberlain identifies as the real author of "Fabianism," Owen founded at New Harmony "a Community of Equality, based on the principle of common property."³ The experiment quickly ran into rough weather, but its establishment was hardly a communist experiment, as some may mistakenly believe today. Owen had *voluntarily* put up his own money for the venture, and the participants had come of their own accord and were free to leave. No police coercion was involved, although Chamberlain advises us that Owen did become something of a dictator in his last frantic attempts to make the project succeed.

The New Harmony colony, like the early Christian communal system and collective arrangements in the Jamestown and Plymouth settlements, failed to achieve the idealistic goal of economic equality. Its downfall came because of very understandable and predictable reasons: people simply do not put forth their best efforts in communes, and diligent workers soon catch on to the fact that they are supporting free loaders. Even exceptionally capable people could hardly make a permanent success of a collective, but the New Harmonites, John Chamberlain surmises, "must have been the most glori-

³ John Chamberlain, *The Roots of Capitalism* (Princeton, N. J.: D. Van Nostrand, 1959), Chapter VI.

ous collection of deadbeats ever assembled together in one place.”⁴

An Inherent Weakness

But collectivism doesn't fail simply because of betrayal by deadbeats. It also failed in the early Christian community, a gathering of inspired people lifted up by a powerful spiritual idea. There must have been dissension and dissatisfaction even in this saintly group, for the time came when the apostle Paul had to remind that “if any would not work, neither should he eat.”⁵ After that, communal living did not seem to survive for long in the Christian church, although it has been resurrected occasionally by small sects, who have eventually abandoned it.⁶ The verdict of all these experiments in collectivism is that they do not work, even when their organizers move heaven and earth to make them succeed.

Despite everything the record shows, libertarians who point to these ventures as proof that communism goes against human nature are wasting their time in arguments with disciplined communists. *For communists have known this right along, and have never intended to establish a new social order by proving that pilot collectives could be productive.* Karl Marx called such utopian experiments (as the New Harmony fiasco)

⁴ *Ibid.*

⁵ II Thessalonians, 3:10.

⁶ The community living of certain religious orders, such as Trappist monks, has no bearing on this subject, since vows of poverty, obedience, and other disciplines prevent possible causes of dispute.

“castles in the air,” and ended his sweeping *Manifesto* by stating: “The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all existing social conditions.”⁷

To Karl Marx and his followers, the miners in Bret Harte’s story would have been just greedy entrepreneurs trying to become capitalists themselves. It hadn’t the slightest resemblance to Marx’s concept of collectivism. He advocated, without apology or concealment, a totalitarian doctrine.

⁷ Karl Marx, *The Communist Manifesto* (Gateway Edition; Chicago: Henry Regnery Company, 1954), Chapters III and IV.

URBAN RENEWAL — OPPORTUNITY FOR LAND PIRACY?

by John C. Sparks



MANY INSPIRING stories of American heroism came out of our war to win freedom from England. Courage was the badge of the times. The thrilling account of the Boston "Indians' " famed Tea Party that cold December night in 1773 in defiance of the British government is but one of numerous accounts of the bravery of free men fighting against overwhelming odds. For any colonist to declare himself on the side of the American Revolutionists was truly to "cross the Rubicon," for ahead seemed certain defeat and subsequent death or imprisonment for daring to stand in defiance. Yet, enough men recognized that the authoritarian acts of the mother country were ruthlessly trampling the liberties they had come to enjoy and expect in their new land. They resisted any power that would attempt to remove the rights they believed were endowed upon them by God.

It is expected that a few men will always be alert to the danger of government oppression and will discern

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its characteristics no matter how cleverly disguised. Unfortunately, there also will be a few who, while comprehending the issue, will choose to seek improper power in the government or in special positions of influence involving privilege. In between are the majority, many of whom are unaware of any issue or whose other interests seem more important than the preservation of individual liberty or who fear to differ from majority opinion.

Throughout the colonies—north or south, seacoast or inland mountains—men who loved liberty and hated oppression sprang up to fight for their principles. The minutemen of the Massachusetts countryside had personally felt the burden of British taxes, the outrage of despotic rule in their colony, and the arrogance of British officials on the streets of Boston. These brave men—among them farmers, merchants, shopkeepers, workers in all trades and occupations—arose to defend their liberties when they were threatened *at home*, in Boston. They did not wait for other colonies or other lands to extend advice from some distant point. They acted themselves!

In the Carolinas a nondescript, half-starved band of freedom-loving men under the leadership of the “swamp fox,” Francis Marion, made the war miserable for the British cavalry commander, Tarleton. They felt oppression and reacted to it! Similar heroic events occurred in Virginia, in Pennsylvania, and so on throughout the embryonic nation.

What does this review of the American Revolution have to do with government urban renewal? It simply

points out a rather common human reaction to oppression: when freedom is denied, those losing their freedom and those near enough to the victims to feel the pain and to join in outraged indignation, will be the ones most likely to revolt against the tormentors.¹ Government interference is more upsetting when encountered in one's home community than when examined theoretically with regard to a situation in another part of the country or world.

If *unlimited* government is an *un-American* concept, then it should be especially provoking when big government power pushes around one's neighbor or oneself. Excessive taxation should be particularly galling when new spending programs originate in one's own city. Loose spending should be most painful when experienced at firsthand in all of its wastefulness.

Any Objections?

We should expect outcries throughout the land against urban renewal, especially from such community thought leaders as those who so eloquently defended against the recent attempt to socialize the medical profession, *or* those who fight a continuing battle against the spread of government-owned electric power, *or* those whose public speeches purport to champion the individual's right to

¹ An eminent political scientist observes that no area in the world today has more appreciation of freedom from oppression than the geographic area adjacent and running parallel to the "iron curtain" boundaries lying next to Russia and her conquered nations.

earn, save, and spend his own income without interference from big government, *or* those who actively support the right of individual choice against enforced membership in labor organizations.

We should expect angry resistance! But where is it? Why does not urban renewal cause righteous resistance in every city and community in the nation into which its immoral tentacles have spread? Where is the opposition? Where are the advocates of private ownership? Where are the defenders of individual rights? Only an occasional dissenting voice is heard.

This is surprising because it is not difficult to discern that government intervention has a near-perfect record in producing undesirable results—sometimes humorous, sometimes tragic—but always enforcing the unnatural so that the consequences spell *reverse* progress. When an abundance of a farm product threatens to trigger a price decline, the nature of government intervention inevitably is a price support program, thereby encouraging farmers to produce more of the same. The original problem, abundance, is aggravated by increased abundance. Rent control during and following World War II was a form of government intervention intended to assist more persons to rent property at reasonable prices. Instead, people occupied more space than they needed because it was comparatively cheap, and potential landlords did not make additional space available because it was unprofitable to do so at the rental prices allowed. Again, the result was quite contrary to the intention.

These reverse effects are not freaks; they can be antici-

pated nearly every time. While a few industrial and business leaders may not fully understand the fallacy of government interference in their economic decisions, most are well enough acquainted with its nature to oppose such government actions vehemently. Must one believe that a businessman, sophisticated enough to understand the nonsense in minimum wage laws and unemployment taxes, is so dull as to fail to comprehend the open invitation to chicanery in the government urban renewal scheme?

Perhaps the mixture of civic dreams and civic pride truly blinds the sometimes champion of freedom to the immorality of the position he supports when he participates directly—or indirectly through his silence—in bringing federal urban renewal money, control, injustice, and oppression to his community. Those who are generous may allow this possible excuse for the illogical and immoral action taken.

No generosity is warranted, however, toward one who recognizes the immoral premise but nevertheless parrots the worn-out cliché, "We're paying for it, so we might as well get our share." It is as though a man believes himself to be a fighter and flexes his muscles in public as he proclaims loudly how well he will do when he meets the enemy. Finally comes the day and place of the meeting, whereupon he joins the enemy. When government intervention threatens his own community, this vociferous would-be defender of freedom capitulates.

Unfortunately, the people who sincerely want to strengthen their community are drawn almost inevitably

to programs that actually undermine and kill the community instead. Redesigns of allegedly fringe business districts are typical. Small merchants, providing unique services or products, are uprooted. Many cannot survive financially during the interim, losing their customers while waiting in limbo. They even may be excluded from the planned new business district because the planner doubts their usefulness in his neat uncluttered scheme. Genuine diversity is thus lost; but business districts require diversity to live. Cities grow only as businesses thrive, not as they expire. Furthermore, in order to raise the local matching funds necessary to comply with the provisions of federal grants, local taxes are increased. This compounds the error, because increased taxation not only fails to attract new business and industry but tends to drive established business away.

Granted that some are blinded by their civic objectives. Granted that others know better, but rationalize a desire to see their community get its share. Do these two weaknesses effectively eliminate almost all potential leaders of resistance against urban renewal?

Recall that there are men in every community who speak out against a variety of government interferences—against socialized medicine, price and wage controls, government operation in fields pre-empted from private ownership, and other encroachment upon the rights of individuals. Can it be that government interference and oppression, involving funds forcibly taken from persons everywhere, are proper and moral and right just in this one area—urban renewal?

Hardly. It does not check with logic. So, let's see what other reasons might be so compelling and so convincing as to remove practically all influential opposition.

Years ago Lord Acton observed that power corrupts and complete power corrupts completely. If power is present to a great degree in any government situation, then one can depend on it that corruption follows.

"Public Use" Redefined

Laws, once designed to protect the individual against seizure of his property for other than strictly limited public use, now have been diluted to the point where public use is almost anything government planners decide it shall be. Constitutional checks and balances have evaporated, with the courts of the land affording virtually no protection for individuals against domination by predators in the legislative bodies of states and municipalities.

Until 1954, the Constitution of the United States prohibited government seizure of private property except for public use, and then, of course, only with just compensation. For years public use was limited to such things as public highways, public schools, and government buildings. In certain cases this right of eminent domain was also extended to private owners classed as public utilities, thus allowing power and gas companies to acquire the necessary rights of way to run their lines. Railroads as public carriers were also granted this power in limited circumstances. Consequently, the right of

eminent domain was used sparingly and only under conditions well-known to everyone.

Slum Clearance

However, in 1954, the Supreme Court changed the law of the land so that the *elimination of a slum* was interpreted to be a public use, enabling government agencies to seize private property and resell to new private owners if, in the process, a slum is wiped out. Furthermore, the particular piece of property seized need not be "blighted" but may be taken simply because it is part of a total project or program that eliminates a slum. This interpretation enables the professional government planner to remake whole sections of cities; in fact, no property within a city is outside his potential power. If this were not sufficient power, more recent rulings by state courts have extended this interpretation to mean that any property *that may become a slum* in the future can now be seized.²

There is little doubt that great power has been conferred upon municipalities to seize property in accordance

² Judge Van Voorhis in his dissenting opinion in *Canata v. City of New York*, indicated that governmental agencies were not satisfied with the power of law to eliminate slums, but had now provided for the elimination of *potential* slums, meaning anything city planners think does not conform to their designs. The judge then pointed out that had public theorists had full sway in the early nineteenth century in America, the country would have invested its substance in the construction of canals "as any intelligent theorist would have seen was the effective way to promote economic development in the United States. Railroads were just around the corner, but their advent was obvious to nobody."

with their plans to eliminate slums or *possible future slums*. This is a blank check.

Yes, the power is there, endorsed by the courts of the land, opening the door wide to those who would plunder in the name of planning for the public good. Have local communities accepted the opportunity to use this power?

Eugene Segal, writing in *The Cleveland Plain Dealer*, December 30, 1961, said, “. . . . The Board of Control is composed of members of [the mayor’s] cabinet, including [the] Urban Renewal Director whose opinion can be expected to dominate in matters relating to urban renewal. So it is likely that while the planning commission and its fine arts advisory committee were obliged to go through the motions, it will be [the Urban Renewal Director] who in effect will make the final choice.” The news item related to three competitive plans submitted for development of a certain piece of land in downtown Cleveland. The Fine Arts Advisory Committee to the City Planning Commission was reputedly in overwhelming concurrence as to the superiority of a plan submitted by a Detroit builder. In selecting one of the other plans, the Board of Control explained that the plan of the selectee “was economically more feasible.” It was further reported on January 18, 1962, that the attorney for the Detroit developer indicated he would probably bring suit because his client’s plan and bid were turned down by the city “although his plan was judged superior and he bid \$100,000 more for the apartment site than other bidders.”

Yes, great amounts of power have been placed in the hands of city politicians and professional planners. And power corrupts. Complete power corrupts completely. Webster says that to corrupt is to change from a state of uprightness to a bad state, or to debase. Corrupt means to change from truth to untruth and from honesty to dishonesty.

Temptations to Dishonesty

What are the temptations to dishonesty by those involved in urban renewal? There is little doubt that the most important is the value of the private property to be seized and resold to new owners. Private property anywhere has value and especially in populous centers. The value of certain private property can skyrocket *if one seeking his own benefit has a hand in the compulsory rearrangement of all property in that area*. A plan backed by power may cause a rearrangement of land use so that a new owner, favored by the planners, gains advantages of location and use formerly developed and held by others. The "availability" of taxpayer funds in the federal treasury with which to accomplish the ill deed is a minor temptation in comparison to the attraction provided by such manipulation and transfer of downtown property values.

Imagine a beautiful grassy baseball field, fully equipped, set down in a neighborhood of American boys in the summertime. Would a baseball game ensue? It would. All the ingredients are there.

So are all the ingredients present in the urban renewal scheme—the temptations to tyranny and corruption. The power is indescribably great. For the squeamish, who would not act immorally when the act is illegal, moral principles have been negated through law. Huge property values stand defenseless against seizure. Federal money and personnel cleverly encourage adoption of their programs. The worn cliché, “get our share,” becomes the password of the day, but not really to achieve civic advancement—this is not now the subject of our concern. The cliché is but a thin disguise for the fact that one has discarded his purported principles and has seized a once-in-a-lifetime opportunity to plunder fellow citizens and to gain advantages by pushing around his neighbors, all done quite legally and in the name of civic duty.

These are the ingredients. Will there be a ball game? You can bet your boots!

Potential “Deals”

There are so many communities involved in federal urban renewal programs that it is next to impossible to uncover all of the deals that doubtless are being chalked up. If somehow they could be tallied, the well-known scandals of the past involving power government and immoral opportunists would likely be dwarfed by those “ringing the cash register” today in the urban renewal “club” of privileged members. It is a kind of local community do-it-yourself bit of tyranny and scandal.

While they may be difficult to uncover, it is not difficult to describe various deals and examples of oppressive acts that can be expected. The purpose of describing these is to alert the reader to take more than one look at the happenings in his own city.

The community newspaper in the past was the recognized crusader against oppressive acts, no matter who committed them—gangs, racketeers, businessmen—any one or more of whom may have illegally combined with immoral government regimes. Concerning the urban renewal fallacy, where is the newspaper crusade? Could silence be golden, literally speaking?

The physical real estate of the newspaper publishing company in your city, quite by coincidence, may be in line for some secondary or even primary benefits as a result of the planner's rearrangement of the city. A look at the master plan in any municipality will likely reveal some interesting arrangement that takes special cognizance of the leading newspaper's physical property. A prerequisite to the planner's success is the support of the newspaper, and its wishes are more likely to be considered favorably. Furthermore, a newspaper's largest income is from advertising. Downtown merchants are usually heavy advertisers. Urban renewal programs are often centered around the objective to revive downtown.

Another likely area of legal immorality allowing manipulation will be in the local interpretation of the meaning of a slum or a potential slum. This is not a definite concept, and one can expect the determination of what constitutes a blighted area will be quite flexible, to favor

any objective in the minds of the members of the "club" operated by the municipality's political head and his planner. Or more clearly stated, the chances are good that nonslum property and nonpotential slum property will be condemned and labeled substandard. As a matter of fact, property beginning to rise in value due to changing economic conditions may be a special plum ripe for picking.

For instance, the Erieview project in Cleveland, Ohio, covers an area that had seen the beginning of increased market values in recent years.³ Several large modern commercial buildings had been erected in the mid-fifties. Cleveland's new seaport and a new lake-front expressway have also contributed to these growing values, in fact, may have been the chief reasons lending attractiveness to the area for more than the original property owners. When properties are sold to new private owners at one-fifth to one-fourth the price paid by the municipality, this is bound to attract anyone willing to take advantage of immoral laws and supreme court decisions granting the privilege of legalized land piracy.

It seems reasonable to expect that substantial owners

³ *The Cleveland Press*, March 25, 1960, in a news item written by Bob Siegel: "Nationally known economist-investor Elliott Janeway today predicted Cleveland is on the threshold of a new period of downtown growth . . . because of its position on the Seaway, its diversified industry, and its big supply of executive and labor talent. . . ." Carrying out his prediction, Janeway's firm constructed on the land referred to a new building for a large national office equipment company. It was occupied in 1960. One year later the City of Cleveland acquired the building for \$1,500,000 and will tear it down in 1964 to use that land according to the urban renewal plan.

of large areas of condemned property will strenuously object, at least until included in the deal through some satisfactory compensation. Perhaps these former owners will be allowed to repurchase the leveled land from the city without the formality of an open bid. Or perhaps the plan will be altered to enhance other property of these former owners, such as a new arrangement of property use that will funnel shoppers advantageously to either the existing store or the new store of the former owners.

Look at gerrymandering of an urban renewal district as a clue to manipulation to favor some in positions of influence to the disadvantage of others. Is a piece of property omitted from the area by an unusual deviation of the boundary lines? Or, is a piece of desirable real estate included unnaturally by a deviation in boundaries? In either case the decision may have been reached by surreptitious under-the-table deals, sugar-coated with public-relation pledges avowing the decision to be best for the community.

Another advantage to manipulators is to divulge the plans piecemeal over a long period of time. This step-by-step revelation weakens those about-to-be-displaced property owners who would enlist the aid of their counterparts in other "planned" areas had the master plan been made public knowledge. Any chance to unite the opposition for defense against push-around tactics becomes slim as a consequence. Such secretive plans may be good tactics for the planner's motives but morality or good business for the community may be another matter. In New Haven, Connecticut, "the hush-hush plans laid

at City Hall called for relocating displaced businesses, but the planners were vague on the crucial details of when or where. Many of the merchants were middle-aged; how could they begin again? In desperation, they sued the city. An embattled jeweler, ordered to vacate a new building, carried his plea all the way to the State Supreme Court. In the end, the planners prevailed and the suits were lost or abandoned."⁴ One must ask why "rail-roading" tactics are used. The answer given undoubtedly will be that such methods are needed to prevent an uncooperative owner from blocking the city's progress. The real answer may be more aptly stated as a strategy to catch probable opposition off guard.

Open invitations to bid to develop pieces of land leveled by urban renewal would seem to protect against favoritism, but not with this power-laden scheme. It is frequently stipulated that bids must include detailed site development suggestions or blueprints for the "betterment of the community." With this intangible measure, one can expect any kind of shenanigan.⁵ Is the leveled land sold to the highest bidder? If it is not, then one may well wonder whether the successful bidder's

⁴ Richard J. Whalen. "Planners, Politicians, and People." *Human Events*, June 9, 1962.

⁵ James L. Wick. *Human Events*, June 30, 1962: "Urban renewal agencies are exempt from that antiquated requirement [that sales of government property be made to the highest bidder]. They may arbitrarily set the price at which urban renewal land shall be sold; offers of higher sums are disregarded as immaterial, irrelevant, and contemptuous of the dignity of political planning. The winning bidder is chosen by criteria which may be almost anything the planners conclude to be 'in the national interest.'"

blueprint for development was truly superior or, instead, may have been the means to convey a reward for "co-operation" or in payment for "influence."

Sometimes the price is fixed in advance and the "bidding" is then confined to the judgment of which plan is considered best. In one large city, a company sold a piece of property to the urban renewal agency for several million dollars. Later, at a fixed price of 22 per cent of the original price, the same company was the successful "bidder" to buy back the property among nearly twenty firms submitting architectural designs. A neat profit appears to have been made on the deal. Anticipating that the coincidence might be difficult to believe, "the urban renewal agency declared the judges had no knowledge . . . who had entered the winning design."⁶

Power and Corruption

Since increasing emphasis in federal urban renewal is shifting toward renovation of the central core, it might be fruitful to examine decisions regarding the control by local government agencies of the use of land outside the renewal area. Many urban problems are felt to stem from a migration of people and businesses and their activities from the city to the suburbs. It may be expected, therefore, that cities will attempt to use measures that will penalize the "outsiders" by increasing charges for municipal services beyond the corporation limits, refusing to extend water and sewer lines to proposed new

⁶ *Human Events*, June 30, 1962.

suburban shopping centers, and the like. The growing use of a city income tax that taxes nonresidents who only work in the city at the same rate as those who reside in the city is a related phenomenon. Within a city, but outside of downtown, the same kind of land-use restriction may be applied to would-be builders of private projects that may compete with the urban renewal downtown. This is not theory, but fact, as reported in *The Cleveland Plain Dealer* article of January 19, 1961, by Eugene Segal: "The Federal Housing Administration Office here has stopped the proposed construction of an eight million dollar downtown apartment building [outside Erieview] to discourage competition with dwellings that might be built in the Erieview urban renewal area."

Thus is power wielded; thus is corruption invited. Corruption is an unfailing companion of great arbitrary power. The ingredients are present. The ball game is being played. A new kind of tyranny is in the saddle of municipal government, aided and abetted by Washington bureaucrats, and by local civic leaders and stalwart businessmen whose consciences have been drowned out by the one-time chance to get "theirs."

In the Long Run

Justice may reign in the end regardless. The loot seized by land piracy may glitter less once gained, if the observation of Jane Jacobs is pertinent and accurate. In her excellent new book, *The Death and Life of Great American Cities* (Random House, 1961) she reports

urban renewal and city planning to date has brought dull, unexciting, and unprofitable results.

No advocate of freedom can in good conscience advocate legal theft and legal manipulation of the private property of others for his own gain. Justification of immorality may be attempted by alluding to the sheer weight of the numbers joining in the government urban renewal scheme. But moral principle is not changed by numbers favoring its banishment.

Where is today's counterpart of the 1776 American who would not countenance the practice of tyranny in his community? Regrettably, he is not in his accustomed role. Perhaps he can be found in Washington with his hand out, or behind the scenes in his home town entering into a legal conspiracy to rearrange the private property of others by coercive means—in the name of civic progress! Or he may be fearful to speak out against what he sees.

Let us hope that free men will not be blind much longer to the immorality of coercive urban planning, and will curb the government power that makes it possible. Freedom needs all its advocates.

HOW WINSTEDITES KEPT THEIR INTEGRITY

by Ralph Nader



“OPPOSE a public housing project! You might just as well come out against Mother and Social Security.”

In the face of this typical defeatist attitude, the rejection of a federal housing project in three successive referendums in Winsted, Connecticut, is of more than local significance.

The issue first arose in this New England mill town of 10,000 people in December 1957 when the local housing authority brought before a Town Meeting a proposal for fifty federal housing units. Despite public apathy, the proposal was defeated by the tiny vote of 20 to 16. However, it was re-submitted the following month and approved by a voice vote.

The townspeople seemed largely unconcerned through the next two years of preliminary preparations for construction. But in January 1960, a young housewife's letter in the local paper questioned the whole idea of public housing, pointed to some of the likely injurious consequences, and berated citizens for letting it be imposed

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upon them by default. In short order, 550 signatures were secured petitioning for a referendum on the project; and when the vote was counted in April 1960, after the largest referendum turnout in recent history, the project had been rejected two to one.

By then, however, the local housing authority had spent some \$20,000 of federal disbursements; and housing proponents petitioned for another referendum, which was held in August 1960. The vote, even heavier than that of April, again spelled a resounding rejection.

The next move came when the federal Public Housing Authority called a meeting of selectmen and local housing officials to offer what it called a "redirected" program. The earlier proposal had involved 40 low-rent units and 10 units for the elderly. The new alternative was to reverse that ratio. And in some unexplained way, the adoption of the "redirected" program would also absorb the \$20,000 otherwise to be billed against the town.

Their "concern for the elderly" prompted the selectmen to call for a new referendum. On April 28, 1962, aroused but weary voters rejected the program for the third time—a most remarkable showing of integrity in the face of formidable pressure.

In Connecticut, the state enabling act for the creation of local housing authorities by municipalities sets the official tone. The statute declares that a serious slum condition exists, unrelieved through private enterprise. This supposedly justifies the use of tax-collected funds to provide housing accommodations. As in other states, local

housing authorities are given autonomous status which shields them from both the town governing body and the voters and thus fails to encourage responsible action.

The statute is so drawn that the members of the housing authority, who serve without pay (which can be very costly), may delegate all powers and duties to the executive director. This had been done in Winsted.

The statute does not require that local housing authorities make any housing surveys or other studies before proposing public housing. When the law itself encourages rather than safeguards against abuse and bureaucratic dominance, freewheeling and irresponsible projects are likely to result. Unrestrained by legal standards and used to public apathy, housing officials at federal, state, and local levels are prone to assume that they need only decree a project to have it carried out.

Under the U. S. housing law, the local authority is permitted the use of federal funds to acquaint the public with any housing proposal. Prior to each of the first two Winsted referendums, the authority drew upon federal funds for newspaper advertisements in behalf of its program, for "progress," "growth," and "sympathy for one's less fortunate neighbors."

Need for Information

A group of citizens sought to break the authority's monopoly of significant facts, requesting the selectmen to send the authority a list of questions concerning costs, consequences to the Town, and the alleged need for the

project. But, secure in its autonomy, the authority rejected brusquely this bid for public information. Such agencies can maintain their secrecy with near impunity, since resort to the courts is expensive and time-consuming and seldom satisfactory, anyway, in suits against housing authorities.

To rely on the popular vote is not an entirely satisfactory alternative. A majority decision may be unjust, though democratic, and the rights of a minority may be violated. Moreover, the right to vote is impaired in substance when there is not access to information upon which to base judgment. Nevertheless, the referendum appears to be the only remaining practicable way for citizens to check the actions of housing authorities. Giant government has outgrown the capacity of the institutions designed to restrain its encroachments and abuses.

The Winsted experience revealed much lack of understanding as to how the lives of people are affected by public housing.

"I am against public subsidies but I want to get back our share of the tax dollar instead of having it go to some other city."

"It's free, so why not grab it?"

"We pay high taxes, let's get some of it back."

"This project doesn't cost the Town a red cent and it is being offered to us. Thousands of towns have low rent housing, hundreds more want it. Anyone who wants Winsted to grow and progress should vote for it."

Some tenants who had recently argued with their landlord thought the project would be "healthy competition."

Others favored the project on the ground that it would bring more people, especially elderly couples, to live in Winsted. Finally, it was widely asserted that private enterprise would not do the "job" (not described) so public funds had to be used.

Presenting the Evidence

To inform the townspeople about the nature of the housing project was a difficult task. Common conviction and concern brought together a small number of citizens from various occupations. They set out, each in his own way, to talk about the project and why it should be rejected. By telephone, personal contact, letters to the local paper, they implemented their belief that right will prevail when given half a chance to be heard. What was their message?

1. Public housing involves an *annual* subsidy by local taxpayers as well as an initial and continuing subsidy by all taxpayers. Federal housing projects pay 10 per cent of collected shelter rents to the Town in lieu of taxes. This amount is usually one-tenth of what that property would pay in local taxes were it fully taxable. Consequently, an extra burden is shouldered by private property in the form of a higher property tax.

2. Public housing pushes private housing toward deterioration and away from expansion. The private sector must pay for public housing which, in turn, takes away their tenants from whom income is derived to pay the

taxes in the first place. "It takes the fruits and chops the roots," as one old-timer phrased it. The more public housing, the more difficult for owners to keep their property in repair and the weaker the incentives for people to want to own their own homes. Instances were found where potential home owners held off buying until the outcome of the referendums was known.

A vicious circle begins to operate; as private property is undermined by public competition, private investment is discouraged by the threat of more public housing. As local taxes increase, the prospects diminish for new or expanding industry.

Public housing accentuates that which it professes to alleviate, creating conditions that will raise the call for more public housing. It will destroy the incentive to build new dwellings and to develop creative methods of private financing.

3. Consider the proposed project itself and the people who would occupy it—the drab, uniform, barrack-type existence. Living under the government as landlord neither teaches children the value of property (which is one reason why public housing deteriorates so quickly) nor produces the environment for the exercise of independence, self-reliance, and, above all, citizenship. Any government intrusion into the economy deters the alleged beneficiaries from voicing their views or participating in civic life. The reason for this goes beyond the stigma of living in subsidized housing. When public housing becomes, as it has over the nation, a source of

additional patronage for local distribution to contractors, repairmen, and tenants, the free expression of human beings is thus discouraged.

4. The local housing authority was discredited by exposing its policies to the public. It had made no attempt even to produce a housing inventory before spending vast sums of money. It had never explored the possibilities of any private housing solution to alleged needs, but always assumed the public way. It viewed its function as obtaining more and more public housing in spite of repeated referendums to the contrary. In this way, it was trying to wear down the voter.

5. An average of 75 decent dwellings for reasonable rent were shown to be regularly available in Winsted, where dwelling space per capita had increased over the situation ten years ago. A check of housing facilities showed quite the opposite of what the local authority had been alleging without substantiation.

6. Finally, there was the appeal to principle. People were asked whether Winsted should be like other towns who had succumbed to the Lorelei of "getting our share of federal funds before somebody else does." Would Winsted be different by being responsible, by showing community integrity? Is Winsted to admit that the resourcefulness of its citizens has reached the low level of rushing, hands unfolded, to the service state? It was discovered that holding people to high standards can bring about an encouraging response.

In summary, the approach employed to defeat the re-

peated onslaughts of public housing proponents was to explain the cost, the abuses, and the consequences to the Town. The steady bit by bit erosion of private property was clearly described along with the explanation of what private property contributes to the Town. All this required leg work, the tedious but essential job of reaching people and overcoming their apathy and "can't fight city hall" attitudes.

A Vital Lesson

If there is a single lesson to be learned from Winsted's experience, it is that freedom, to be meaningful, must find direct expression in practice as well as in principle. Articulations of principles of liberty may provide the understanding, but these must be practiced to give freedom objective existence. Freedom is a process of being and becoming, in our laws and their enforcement, in our institutions and the purposes for which they are used, in our policies and methods and daily behavior. The faster our way of life changes, the greater the danger of service state dominance and the greater the need to strengthen the "tools of freedom." Principles have their noble pedestal in man's life but to defend their living substance requires continual citizenship in action. One must act, as well as articulate; and in each community the success with which these are fused will spell the gain or the loss of the blessings of liberty.

EMERSON IN SUBURBIA

by Samuel Withers



As Ralph Waldo Emerson's voice in Boston's Athenaeum is said to have entranced his listeners, so the voice in his essays has made many readers since his day feel suddenly responsive. But Emerson does not go over in today's suburbia. He is not "with it." The boys and girls whom I taught English in a wealthy New York suburb may or may not be "tomorrow's leaders" (as they are so often told they will be) but they are the sons and daughters of today's leaders. They are unusually earnest for high school students. They want to understand. But they just can't dig Emerson. His voice has stopped somewhere short of their ken.

"To believe in your own thought," Emerson said, "to believe that what is true for you in your private heart is true for all men—that is genius." It is a genius missing among "tomorrow's leaders." The sophisticated high school boys and girls today are suspicious of this kind of self-trust. Popular psychology, learned from TV, magazines, and their parents and teachers, has made them

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distrust difference as eccentricity—eccentricity attributable to repressions or obsessions. So in proper caution most of them measure their own thoughts against those of others. To Emerson's statement, "God will not have his work made manifest by cowards," their reaction is that God, if there is a God, will not have his work done, necessarily, by either cowards or brave men. He will have his work done by reasonable men, who understand human motivation, sitting in committee and producing a result that all reasonable men may readily accept.

It would be unfair to make this generalization about today's suburban youth without some apology for them. To begin with, there are a few adolescents who admire Emerson's thoughts and genuinely try to live by their own convictions. Secondly, it must be admitted that Emerson did not appeal to the majority of men even in his own time. And in the third place, we must concede the much rehashed assertion that adolescence is a period of conformity not only in suburbia but throughout the world. In that age, which we are told is "insecure," boys and girls take comfort from dressing, talking, and thinking alike.

But there are significant objections to this apology. Not only are there very few (one or two in a class at the most) who find Emerson's philosophy compatible; most of the students I taught were positively hostile to it. They either considered it dangerous and disruptive or else the product of a puerile mind which had not, alas, had the advantage of familiarity with post-Freudian thought. And while Emerson never appealed to the ma-

jority, these students themselves are hardly representative of the man on the street. They take their academic work seriously, many of them come from illustrious families, and their average I.Q. ranges with that of the better independent preparatory schools. If any of today's adolescents might be expected to heed an appeal to individualism, they might.

But I have taught in rural schools, both in Vermont and in New York state, and in both places I found more individualism and more respect for individualism than I did in suburbia, though most of the individualists I found in the rural schools were of a homespun variety that Emerson would doubtless have approved more than they would him. Furthermore, most of these will keep the noiseless tenor of their way along the cool sequester'd vale of life, while their better educated contemporaries will provide the Cromwells and the Miltons of the coming generation—if, indeed, there be any. To be a Cromwell or a Milton you have to have the genius to believe in your own thought.

Angry at Society?

To most of my students in suburbia I assigned both "Self-Reliance" and "Heroism," the essays in which Emerson makes his strongest appeals for integrity of thought and conscience. One boy, a thoughtful one and a student leader, made an objection to Emerson that immediately had the rest of the class echoing with approval. It was to Emerson's statement, "Society every-

where is in conspiracy against the manhood of every one of its members." The boy asked, "What was the matter with Emerson? Was he angry at society?" He implied that only dyspepsia could account for such an attitude. Turning to the class generally I asked, "Haven't *you* ever felt social pressure?" Of course, they admitted that they had. But they did not feel that this was pressure against their own integrity. Rather, they grudgingly said that social pressure is something to be grateful for. "It helps us when we get out of line."

"Heroism" made even less sense to them than did "Self-Reliance." The students commented on it with restrained contempt, "The hero," said Emerson, "is a mind of such balance that no disturbances can shake his will, but pleasantly and, as it were, merrily he advances to his own music, alike in frightful alarms and in the tipsy mirth of universal dissoluteness." One of the more precocious boys asked, as we considered this, whether or not Emerson was paranoid. Seeing that they did not accept Emerson's concept of a hero, I asked them what theirs was. Apart from the expected examples of physical heroism, such as rescuing people from a burning building, the students showed disrespect not only for Emerson's concept but for the idea of heroism generally. The word *hero*, indeed, was among many of them a slur-word: "What are you trying to be, a *hero*?" It was bad form to stand out.

Other terms popular among the students also indicate their cast of thought. A "fink" is someone who plays a lone game. Emerson today would be a fink if he were

among these students. From popular psychology comes their term "sick," a term which is applied not only to individuals but to any ideas that are "way out." A term of great approval is "cool," but it is applied only to things which are strictly regulation. If a thing is "shoe," it's O.K., even though it may not be cool.

This distrust of individualism and worship of conformity is at least partly the fault of adults. Teachers have long been blamed for rewarding docility and compliance while punishing nonconforming behavior. Our faculty devised a way to insure the success of such "cooperation." It was called the "Citizenship Committee," and, although its ideals were nobly stated, one of its effects was to dim the spark that Emerson pleaded for. The Citizenship Committee was composed of both faculty and student members.

I remember on one occasion hearing the faculty head of the committee speak proudly of the effectiveness of its work over the preceding two or three years. There had been a home football game in which the opponents uprooted our goalposts after the game. "There wasn't a move on anybody's part to stop them, and there wasn't any fight," the faculty man boasted. "Only a few years ago we'd have had a real fight on our hands." While I am not in favor of brawls, it seemed to me that something had been lost with this gain—perhaps something more vital than the avoidance of bloodied noses or the show of "ungentlemanly behavior"—something that Emerson called in "Self-Reliance" a "wild virtue."

There is another reason why the pupils I taught found

Emerson's ideas so incompatible: it is their concept of democracy. "Democracy" has become a word almost religious in its earnest application (and, as I feel, misapplication) with these boys and girls. It is a worship of majority opinion. The individuals who occasionally stood up in righteous indignation within their town meetings, which fostered our original brand of democracy, in order to protest a majority feeling, would be *way out* in today's suburbia. Emerson's voice cried, "Nothing is at last sacred but the integrity of your own mind." And suburbia's voices would chorus in reply, "Nothing is at last sacred but the collective will of the people." The respect for the dissenter which characterized our earlier brand is gone with their veneration of majority rule.

Justice Holmes is credited with having said, "Truth is the majority opinion of that nation which can lick all others"; but one senses the wryness with which the old man made such a cynical pronouncement. It comes pretty close to being what the young people in the sophisticated suburban schools believe with a straight face.

The Discouraging Prospects

It may be old-fogeyism to be concerned about suburban kids' reactions to Emersonian thought. Maybe, after all, they are not tomorrow's leaders. There has always been in this country a tradition of leadership appearing, almost miraculously, from the back woods or hills. The most obvious example is a man from Ken-

tucky and Illinois, who kept the country one. But the discrepancy today between the kind of education available in wealthy suburban schools and those of impoverished rural areas is greater than it used to be, and a good college education is now a *sine qua non* for anyone we would call a leader. The chances are that the boys and girls who reject Emerson as archaic or psychotic *are* the people who will take over their generation. If they do, they will take it over in teams and committees, and a right reasonableness will help the aspirant to qualify for the best team or committee. This prospect seems to have little about it that savors of greatness.

About greatness, two of Emerson's succinct aphorisms are, "To be great is to be misunderstood" and "Greatness appeals to the future." Among the Beatitudes in the book of *Matthew* there is a parallel: "Blessed are ye when men shall revile you, and say all manner of evil against you falsely, for my sake. Rejoice and be exceeding glad: for great is your reward in heaven: for so persecuted they the prophets which were before you." But the children of today's suburban dwellers would choose a different Beatitude, if any: "Blessed are the peacemakers; for they shall be called the children of God." Peacemakers, to be sure, not in any international sense, but in the sense that lets the goalposts drop because it is immature to defend them. Peacemakers who try to show recalcitrant objectors to a majority opinion the error of their ways.

It is no wonder, considering their conditioning, that these young people are hostile to Emerson's philosophy

of individualism. "What I must do is all that concerns me," Emerson said, "not what the people think." To boys and girls who have been taught to venerate what the people think, these words raise a banner for chaos and anarchy. It may be that some of the seeds of anarchy are in Emerson's words. But so are the seeds of integrity, and it is disheartening to see these lost.

Old and middle-aged alarmists have always thought that the younger generation is going to pot, and I must confess qualms about my own observations. But they are temporary qualms, because I subscribe to Emerson's injunction, "Trust thyself." And my qualms are about "tomorrow's leaders." Where will the people come from who will fight for a vision even though they may not find it popular at first?

Whether the adults of suburbia can do anything to provide the real leadership we will need in the seventies and eighties or not, I don't know. Perhaps we could stop inculcating the supreme virtue of "cooperation." Perhaps we could question "the Freudian Ethic" more than we do in our English and especially our social science courses. But these seem weak negatives. We need, ourselves, to believe in the sacredness of the integrity of our own minds—and to show that we believe in it. Stout-heartedness engenders stoutheartedness, as the song says which begins, "Give me ten men. . . ." If parents and teachers can hear again the voice of the Athenaeum with some respect, we may gain a new audience for it in a new generation. It has dropped to a whisper now.

THE HIGH COST OF HIGH TAX RATES

From *The Morgan Guaranty Survey*, November 1962



IN A POPULAR NOVEL of a decade ago, *Executive Suite*, the two most unattractive characters were both experts at figuring the "tax angle" in any business situation. By portraying them so unsympathetically, the book reflected the impatience which the public has come to feel, not so much toward the "tax expert" as toward the taxing system that by the enormity of its appetite and the complexity of its workings has created a place, indeed a need, for him.

Taxes in the United States—especially the high rates of federal income tax on corporations and on individuals of middle or higher income levels—have distorted business practice, twisted incentive into strange shapes where they have not killed it completely, and diverted brain-hours beyond tally into the fascinating but economically sterile art of avoidance. (Avoidance is not to be confused with evasion, the term applied by the authorities to the nonpayment of taxes actually due.)

It is only logical for individuals and companies to plan their activities so as to avoid taxes by all available lawful means, just as a traveler lays out his route to avoid

torn-up roads and traffic bottlenecks. There is no case—moral, legal, or otherwise—against tax avoidance. There is a strong case, both in economics and in national interest, against a structure of taxes so punitive in some of its effects that taxpayers feel it more desirable to minimize taxes than to maximize earnings. At that point, the nation's methods of raising revenue are well into the area of diminishing returns. The tax dollar saved—valuable as it is to the individual or company—is not a dollar earned so far as the total growth of the economy is concerned.

Taxmanship, a term sometimes applied to avoidance in its more intricate forms, might be called the active response to today's crushing tax burdens. It involves waste and irrationalities that may be as great a drag on growth as is the passive response of avoiding taxes by choosing not to earn to full capacity. The toll in manpower alone is impressive. The number of full-time tax specialists in the U. S. is estimated to be near 100,000—mostly lawyers and accountants. This figure does not include the thousands of employees and executives of business firms who devote all or part of their working time to tax matters. Since government must have revenues, and compliance with tax laws of any kind will involve bookkeeping and other administration, some drain of human resources in the process is inevitable. But the degree to which present taxation forces the defensive deployment of time and talent represents a deplorable waste.

One business commentator has remarked that the tax

collector sits in invisible attendance at every meeting of a corporation's board of directors. He had in mind the preoccupation with tax consequences that dominates so many business decisions. Illustrative is the prevalent concept of two kinds of dollar—before-tax and after-tax. To this type of thinking, minor savings in costs may not seem worth the pain and effort when it is pointed out that they are well worth only 48 cents of the dollar. Conversely, expenditures look much less formidable when it is recalled that 52 per cent of the amount would be taken by federal income tax if the company decided against the expense.

The habit of half-price thinking has colored the whole conduct of business. True, the results have not been entirely unwholesome. Corporate philanthropy, which if properly administered, benefits society and ultimately the company itself as well, unquestionably has received a stimulus from the steep level of the corporate income tax rate (contributions that meet Internal Revenue Service requirements are deductible). In fact, the whole structure of gift-supported activities in welfare, education, and related fields has become so related to the high tax rates on corporate and upper-bracket personal income that some agencies dependent on voluntary donation are studying ways to meet the fund-raising problems that a meaningful reduction in rates might pose.

Other manifestations of the after-tax approach to the corporate dollar are less appealing. It is possible to conjecture, for example, that postwar cost increases in the U. S. would have been less sharp—and the present com-

petitive position of American products in world markets consequently stronger—if industry's wage negotiators and salary administrators had not been operating in the knowledge that about half the cost of increases granted would go to taxes if it didn't go to payroll expense.

The Problems of Raising Pay

In the upper salary ranges, where personal income tax rates approach the point of total takeover, the problem of how to award a raise when deserved has led corporations into the paths of innovation that are valid in intention but in practice have proved subject to abuse. Among devices adopted are employment contracts providing for deferred compensation, usually to be paid after the individual has ended active work with the company, and plans by which specified individuals receive options to buy company stock over some future period at a price set in advance. The first method spreads income over a longer period and thus usually makes it taxable at somewhat lower rates. The second can produce capital gains, taxable at lower rates than ordinary income, if the stock is bought and then sold after the required waiting period at a price higher than was paid for it. Both are legitimate devices, but excesses in their use have drawn wide criticism.

In an effort to shield compensation from the bite of high tax rates, some companies have been liberal in their policies toward business expenses, letting selected personnel enjoy unusual perquisites in the course—or, some-

times, merely in the name—of furthering the interests of the enterprise. In its crudest form, this is usually known as “the old expense account dodge.” Aside from outright cases of “padding,” the effectiveness of this means of tax avoidance is pretty well limited to the “psychic” income an individual may derive from a certain amount of gracious living at company expense. Yet, in the aggregate, the corporate extravagance resulting from it may be considerable.

Beyond the dollars and cents, enormous harm has been done to business by the colorful mythology that has grown up around practices designed to help the individual avoid losing the greater part of his pay to taxes. Externally, the exaggerated impression of rampant abuse has damaged public respect for, and confidence in, business. Internally, it has chipped away here and there at business morale and business ethics.

What is overlooked in the glib flood of moralizing preachments induced by all this is the one central fact: a tax philosophy that seeks to level incomes has driven business to seek whatever means it can find within the law to stimulate the thing it must have—a high level of excellence in individual performance. Human nature being what it is, material rewards are the way to get such a performance. The tax structure being what it is, resort to devices of avoidance is inevitable.

Corporate financial practice is tailored to tax considerations in important ways. With earnings taxed at 52 per cent, and interest on debt deductible as a business expense while dividends must be paid from after-tax income,

there is an immense predisposition to finance by debt rather than by the issue of new equity. Even in 1961, when price-earnings ratios of common stocks were at or near all-time highs, and dividend yields were below bond yields in many cases, corporations raised only \$3.7 billion by stock issues and \$9.4 billion by bond and note flotations.

In its ultimate exaggeration—and extreme tax rates breed extremes of avoidance—the corporate propensity for borrowing in preference to other means of raising capital is expressed in the so-called “thin” incorporation. The owners put up capital principally in the form of loans to the business rather than purchases of stock. The interest, provided certain tests are met, is a deductible expense to the business; it is, of course, taxable income to the lender, but it comes out of the corporation free of the profits tax that would apply to earnings from which dividends would be paid. The avoidance is perfectly lawful and, in terms of tax law, eminently sensible. In terms of business practice, it may or may not be sound, depending on specific circumstances; the dangerous thing is that, by penalizing equity as it does, the tax structure may hopelessly blur judgments as to proper balance among the sources of capital in a soundly based enterprise.

Meanwhile, the steeply progressive tax rates on personal income, by taking the luster off dividend payments for some stockholders, have influenced some companies to retain a larger proportion of earnings than would otherwise be held in the business—and larger indeed

than some income-conscious stockholders might like to see retained.

Penalty for Staying in Business

In combination, the high rates of corporate, personal, and estate taxes have the effect of creating an all but irresistible "death wish" in the successful, small, closely held company. The owner of such a company is likely to have as his principal concern, not how he can expand and insure the continuity of the venture, but rather how he can most advantageously sell it out, liquidate it, or cut down his share of ownership—all in defense against potentially confiscatory taxes.

If the enterprise represents—as is likely—the bulk of the owner's total means, he faces the prospect that on his death the business will have to be sold to pay the estate tax, which can be as high as 77 per cent. Since a sale forced by such circumstances might have to be made well below a fair price, the owner is inclined to anticipate the event and put the company up for acquisition. He is further encouraged in this by the prospect of exchanging the operating profits of future years—taxable at the high rates applicable to ordinary income—for a present capital gain in the form of cash or stock received from the sell-out, taxable at a lower rate and in the case of stock perhaps not taxable at all until ultimately turned into cash.

This tendency of the tax laws to impel the liquidation of small companies, or their consolidation into larger

ones, is especially ironic in view of the declared national policy of assisting small business. But tax considerations can also push larger companies into mergers or acquisitions that have little other advantage to recommend them. Any company that has experienced losses and will not be able to offset the full amount of them against profits within the allowed carry-back and carry-forward periods may be worth more to some other company than it is to its owners (a sort of "How To Make Money without Really Succeeding").

It Sometimes Pays To Lose

Corporate trafficking in losses has been diminished in recent years by changes in the tax law, and classified advertisements seeking out losers are hardly ever seen in financial journals any more. Under certain circumstances, however, the present high tax rate on corporate income can still make a deficit seem to be worth real money—and, for tax purposes, actually so to be.

A windfall effect of the steepness of income tax rates, particularly those on upper levels of personal income has benefited states, municipalities, and other public entities able to issue debt securities bearing interest exempt from federal income taxes. The higher taxes are, the more the exemption is worth—to lender and borrower alike. For an individual whose income is taxed at a rate well above 50 per cent, say, the prospect of return on a business investment involving appreciable risk must be juicy indeed to match the attractiveness of

a tax-free bond issued by a state or municipality with a strong credit rating. As a result, such borrowers have been able to get money cheaper than even the federal government. Average yields on U. S. Treasury bonds currently are almost a full percentage point, and those on top-grade corporate bonds about $1\frac{1}{4}$ points, above those on municipal obligations.

The borrower's bonus created by money fleeing from high taxes may, of course, prove in some cases to have a boomerang effect. The low cost of debt doubtless has induced some communities to go overboard on expenditures, a problem for *their* taxpayers, present and future. The total of state and local debt has almost quintupled since 1946, from \$15.9 billion to \$75.0 billion.

It would be unrealistic to suppose that reduction, even substantial reduction, in tax rates would put a complete stop to the economic waste that is involved in the great game of hide-and-seek waged between the taxed and the taxpayer. If levies, however, were pitched at more moderate levels, much of the energy and effort now devoted to avoidance, and much of the resultant economic distortion, could be saved. That alone would go some way toward offsetting the loss in revenue—not to speak of the lift in incentive that tax reduction would afford, or of the fiscal stimulus that could be expected to spur the economy to an increased pace of activity.

LIBERTY AND TAXES

by *Bradford B. Smith*



EDITOR'S NOTE: *A fundamental tenet of the collectivistic philosophy is best expressed in the words of Karl Marx, "From each according to his abilities, to each according to his needs."*

No devotee of individual liberty objects to voluntary gifts and charity. The evil to which he objects is its imposition by some on others, coercively, with these consequences:

1. The victim is deprived of what he produces, which removes his incentive for production.

2. The one who receives unearned rewards is relieved of the need to produce, which likewise removes his incentive for production.

3. Hence, as production declines, this coercive collectivism must inevitably lead to arbitrary and dictatorial punishment. With voluntary production abandoned there is always sought a way to "whip up" production among the ever-increasing non-producers and among those who the authorities think are insufficient producers. Even the original "beneficiaries" become the victims of the thing they helped contrive.

THE AMERICAN SOCIETY is founded on the idea of individual liberty. It is an abnormal society, for most of the social organizations of history are of the authoritarian form in which a ruling class exploits the governed.

Mr. Smith is a business economist in New York. This is slightly condensed from an article first published by the Foundation for Economic Education in 1947.

Individual liberty is definable only as the absence of coercion between men. It means not only that no man must initiate physical injury or confinement of another, or take his property or good name, *without his consent*; but also and most especially it means that not even government must do these things except to punish those who do them to others, provided private property may be taken for public use *if* just compensation is given in return. Individual liberty is thus obtainable only when government's superior power to coerce is employed only to cancel out fraud, predation, coercion, and monopoly abuse between men.

If this definition is observed, one may note the following:

1. Freedom of worship, freedom of speech, freedom from man-imposed fear or want are automatic because there is no way that one may restrict such freedom to another.

2. Markets are automatically voluntary and free, for if no man may take another's property without his consent, then each man is free to enjoy the fruits of his own efforts and dispose of them as he sees fit in *voluntary* exchange for the fruits of others' efforts.

3. Production and marketing are automatically competitive for no one has power (unless backed by government) to prevent another from engaging in pursuits similar to his own; as a corollary monopoly is automatically ruled out unless the government's power to coerce is invoked in its behalf as in franchises, cartels, and labor unions.

4. The sanctity of contract is automatically implied because one who takes property and does not fulfill his contract takes it without the consent of him with whom he contracted.

5. The right to work for and quit working for one's neighbor (within whatever contractual terms are established) is also automatic; as is also the co-equal but often unrecognized right to hire and to stop hiring one's neighbor (within the contractual terms).

These matters may seem remote from rather than relevant to federal taxation in America; yet they are fundamental, for taxation is the systematic taking, without specifically definable *quid pro quo*, of the individual's substance for the support of government. Taxation, because it is necessary and because it is taking under constraint, is a principal danger to the maintenance of individual liberty in America.

With Consent of the Governed

The key to federal taxation that is in conformity with individual liberty is epitomized in the phrases "with the consent of the governed" or "taxation by representation." Taxation that is *truly with the consent* of the taxpayers, as distinguished from being imposed by some on others, is fully within the definition of individual liberty. "No taxation without representation" was one of the slogans of the Revolutionary War out of which came our society. It could only have meant representation of the *taxpayers*, for the tax tyranny of a foreign king does not

differ essentially from the tax tyranny of a domestic group. The determination of the principles of taxation in consonance with liberty thus becomes one of ascertaining just how true "consent" is steadfastly to be secured.

Taxes cannot be determined by everybody in a mass meeting. They are determined by elected representatives. Specifically, taxes are originated in the House of Representatives where the representation is according to population. The task then is to see to it that this body is truly representative *of the taxpayers*.

This Tyranny Foreseen

This adjustment was provided in the Constitution (before the adoption of the Sixteenth Amendment in 1913) by providing that all direct taxes (of which income taxes are the most direct) should be apportioned among the states in exactly the same way that representation is given in the House—that is, according to population. That way it was impossible for a majority to get together and support a direct tax that fell more heavily upon a minority than by the same act it bore upon the majority. The principle of the voluntary was preserved. The majority had to assume a tax burden voluntarily before it could impose one (but not a greater one) on a minority. Those in the minority were constrained to pay, it is true, but only as much as those of the majority imposed on themselves. Each voter had one vote in electing representatives to decide the tax and each was

therefore to pay the same tax his representatives levied.

No better protection for identifying federal taxation with liberty could have been devised; there is no surer way to re-identify them than to repeal the Sixteenth Amendment which granted unlimited power to majorities to impose direct taxes on minorities not paid by themselves, and which has made possible an orgy of demagogic tax exploitation under the slogan, "Soak the rich." There is, of course, no freedom but only tax tyranny when the mass of the electorate supports heavy taxation of a small minority, while itself escaping the burden.

Contrary minded people say those of greater means "can afford to pay more" or have "greater ability to pay." To some extent this is undoubtedly true and to it consideration will shortly be given. But it still remains true that tampering with the identity between voting and paying is tampering with individual liberty in America. It is far better that the majority surely and voluntarily vote taxes on itself while a minority escapes, for that is freedom, than that a majority impose taxes on a minority which the majority escapes, for that is tyranny. The majority has power to protect itself, the minority does not, as pointed out by Madison in the Tenth Federalist paper.

Proportional Taxation

If everyone paid the same tax, then it is conceivable that the tax would equal the whole of some small in-

comes and be but a fraction of some large incomes. It would deprive some of the whole fruit of their exertions and others of diminishing fractions of the fruits of theirs. It is apparent that equality in taxation does not necessarily mean equality in relative burden or sacrifice. If we distributed taxes so as to make the tax *burden*, rather than the tax amount, equal to voters, would we then still have tax paying and tax voting equated? Would the identity be even closer? There are certain reasons and precedents for supposing this would be the case. But what is an "equal burden"? Perhaps the closest to the fundamental that we can get is to recognize that when man is born into the world he has only his limited life span at his disposal. It is the element of man's time involved that gives value to things. Air is necessary but has no value because it is abundant. Conditioned air has value because it involves the time of men to provide and operate the mechanisms to produce it. Gold and diamonds take time to discover and mine. An equal burden to men of unequal capacity can then be deemed a burden that conscripts an approximately equal amount of each person's time. The earning power of men may differ but an equal proportion of each person's income tends to represent an equal conscription of time or enjoyment and hence an equal burden.

This recognizes that a spoonful of food to the well-fed would yield more human satisfaction if fed to the hungry—the law of diminishing utility; but it holds that a 10 *per cent* of each person's income tends to be equally prized.

THREE CONCEPTS OF "UNIFORM" SHARING OF TAXES

INCOME	PROGRESSIVE TAXATION	PROPORTIONAL TAXATION	EQUAL TAXATION
	The more you earn, the greater the tax percentage	Everyone pays the same percentage, re- gardless of income	Everyone pays the same amount in dol- lars, regardless of in- come
\$2,000	 No tax	 \$231	 \$341
\$3,000	 \$133	 \$347	 \$341
\$10,000	 \$1,577	 \$1,157	 \$341
\$50,000	 \$20,720	 \$5,784	 \$341
\$200,000	 \$130,169	 \$23,137	 \$341

The shaded portion of each symbol represents the federal income tax for individuals. Other taxes, direct and indirect, are not included.

Progressive tax payments shown above are those for 1946, for a married man with two dependent children. The rates shown for the other two concepts would have produced the same total revenue as was collected in 1946. (Though the figures would be different for 1963, the relationships and principles would not have changed.)

If direct taxes are apportioned in proportion to income instead of in proportion to population, while the voice in determining the tax is in proportion to population, we then have established, in the light of the preceding, a reasonable identity between tax determination and human disinclination to pay it. This recognizes equality between men in terms of their each having one life to live, without denying the obvious inequality in their capacities; it protects freedom to live by providing that taxes shall substantially infringe equally upon each person's lifetime.

In support of proportional, direct taxation there is much moral and legal precedent. Tithing started with Moses and has had religious sanction ever since. There are no exemptions. Sales taxes, excises, and customs are collected in proportion to the means expended in purchasing; property taxes are percentages of valuations. These would be the principal sources of revenue were the Sixteenth Amendment repealed, and so its repeal would automatically give us approximate proportional taxation. Military conscription takes the same time from each subject to it. Business assessments and distributions are apportioned according to value participation. Proportional taxation of income is the only taxation that leaves the relative distribution of income unchanged. That distribution as determined in a society by the *voluntary* decisions of its members is the one which represents the maximum attainable human satisfaction in terms of sacrifice to secure it. Thus no one receives a money income in a free society except that he or his

property render the community a service voluntarily paid for by the community at its own price. He who secures greater income renders greater service. The community purchases his products or services in greater measure than those of others (thus giving him greater income) only because it wants to—because the shoes he makes, for example, give the greater satisfaction. To redistribute the income under coercion is to cross the community's voluntary decision and thus necessarily to diminish the sum of human satisfaction.

Straight proportional taxation is the only practical and definite arithmetic principle of direct taxation that there is between the principles of (a) everybody paying the same amount of tax and (b) income equalization, that is, taxation, coupled with subsidy, which results in everyone having the same income *after* the tax and subsidy.

If anything, proportional taxation takes too much rather than too little of larger incomes, if we consider taxes as payment for the cost of benefit conferred by government. It costs no more to light, clean, and maintain order in the streets for the benefit of those of larger income than for those of lesser; or to maintain courts or count votes; or to provide schools. Many government costs are *per capita* costs and justify *per capita* taxes. It is, of course, erroneous to hold that one's income—whatever it is—is a benefit conferred by the community on the individual, for it is as much a measure of the service rendered the community by the individual; they are quits. It is only from the viewpoint of *equal sacrifice*, of

equal disinclination to pay a levied tax, of equal infringement on one's "living," of equal burden, that proportional, as distinguished from equal, direct taxation may be justified under the principle of taxation by representation.

Progressive Taxation

Progressive taxation of income by the federal government, which is currently practiced in the extreme, provides, first, that many voters of small income are either exempted entirely from paying, or pay very little, and, secondly, that successive increments of larger incomes are taxed at progressively increased rates that become confiscatory.

There is no justification in morals or in the principles of individual liberty for progressive taxation. It is the simple looting through law of the more productive by the more numerous but less productive. Its appeal is demagogic, and its result is communism, which in turn is but a transitory stage in the evolution away from liberty into dictatorship. The endorsement of progressive taxation is, knowingly or unknowingly, the endorsement of communism, and sincere endorsement of progressive taxation, motivated often by generosity, is unwittingly one of the worst forces undermining individual liberty in America.

Those defending progressive taxation have no principles to rely upon short of taxation which equates all incomes after taxation. That is why they unwittingly

support communism. The progressive taxation argument boils down to vague assertions that the poor cannot pay much and the rich "ought to pay" higher rates. When asked how much higher, there is no answer save that it is a matter of judgment—which in practice comes down to the venal philosophy of plucking the goose just short of killing it. Acceptance of the idea of progressive taxation thus transforms the legislative process of tax levying into pressure group demand to make the "other fellow" pay the tax in exchange for the group's political favor, instead of united and uniform decision of proper burden to be placed equally on *all* constituents.

Some hold that large incomes have got to represent exploitation of others or luck, simply because they are large, and that tax confiscation is a just punishment. This overlooks:

1. No one gets a money income in our society unless it is *voluntarily* paid him by the community at its own appraisal of the service he or his property renders in exchange. The community is quits with the individual at that point. The argument is weird which holds that he whose industry provides the community with 100 pairs of shoes, for example, should be punished as compared with him who provides but 10 pairs.

2. No one constrains competitors through monopoly except with the support of government. Monopoly income should be corrected by withdrawing the support rather than by taxation to include also non-monopolistic income.

3. The thought that it is just to deprive people by

taxation of "unjust" income is a travesty on justice. Were income unjustly secured, justice would require its return to *those from whom it was received*. To loot the "looter" through taxation is to engage in "highjacking," not justice.

Those favoring progressive taxation claim that those of small income should pay little or no tax (be exempted). They can't afford to pay, it is claimed. But if so, then they can't afford to pay for anything else either. There is no reason why, in proportion to their means, they should not pay for government as for other things; there is vital reason why they should if they vote. Thus the argument is essentially an appeal to charity; but the practice is something with an uglier name unless it also provides that the man who pays insignificant or no tax shall have no vote in selecting representatives in the tax-determining body. For otherwise the body degenerates into levying taxes not on those it represents but on others. This is tax tyranny, not taxation by consent, not liberty.

The care and the relief of the unfortunate in a voluntary society must be *voluntarily* undertaken by those who care for them, if the voluntary society is to be preserved. If that care is constrained (as through taxation) then we no longer have a voluntary society. When a man voluntarily gives something to another, we have a voluntary society, but when one man votes benefit to himself at compulsory cost to others, then even though there is the same transfer of value, the morals of the robber have been substituted for those of charity. Charity and coer-

cion, that is, government, cannot be mixed and freedom remain unimpaired.

Tax Principles

From the foregoing there emerges one central principle that transcends all others: If we are to have individual liberty in America, then taxation by representation of *the taxpayers* must ever be jealously preserved. With taxation initiated in a body where representation is per capita this means that direct tax burdens must be equally distributed among the people. An equal burden is deemed one which consumes an equal proportion of each person's life, which in practice means an equal proportion of income. The one thing always to dread is the laying of a tax burden on minorities by majorities which the majority itself escapes. That is tax despoliation. From this central principle more detailed principles derive:

1. If individual income is to be taxed, all of it, from whatever source derived, by whomever received, in whatever amount, should be taxed at the same rate. This neither "soaks the rich" nor "burdens the poor"; it is the only even-handed principle that is practical.

2. Taxation should be simple in principle and in application in order that there shall constantly be general understanding of it, for otherwise there can never be surety that the consent of the taxpayers is truly rather than misguidedly secured. By the same token federal taxes should never be hidden, and it is preferable that

their payment be painful rather than painless. The levying of hidden taxes is a practice more fitting to an authoritarian state where a ruling class endeavors to keep the governed contented like cows regularly to be milked. In America the preservation of taxation by representation requires that those whose consent is requisite under that principle should at all times be distinctly aware of the tax.

3. Federal taxation should be uniform geographically and with respect to the tax base. This means that if there is to be a sales tax on consumption, all things should be taxed, and at the same rate. If so-called luxuries are taxed and so-called necessities are not, this is but an evasion of the principle of equalized burden. It is obviously an effort by a majority to make a minority endure a greater tax burden than the majority is willing to assume. If the buying of tobacco, liquor, and fur coats is "sinful," then taxing them rather than forbidding them, is not the practice of virtue but the commercialization of sin for revenue.

4. The federal government should make no expenditures of any kind for which in return the government does not receive an equivalent *quid pro quo*. The dispensing of gifts by the government lightens the net cost of government to the recipients. By giving back part (or more) than was taken in taxes the result is the same as if the burden of taxation had been lightened for the selected group. Moreover, the power to make gifts of other people's money is the power to command political obeisance and a most dangerous instrument in the hands

of power-hungry politicians. This means, for example, that "social security" costs should be voluntarily assumed and financed exclusively by the benefited group—never at the expense of the general taxpayer.

5. Taxation of estates or gifts by the federal government is incompatible with the principles of liberty here enunciated. To tax estates or gifts is to deny to the individual the right to possess, dispose of, or exchange the fruits of his efforts as he sees fit.

6. There is no place in the framework of liberty for the direct federal taxation of corporate income. Since corporate income is taxed again when paid to stockholders, the corporation income tax represents an attempt doubly to tax a minority group. This does not mean that corporations or any other form of business enterprise should not be employed in the collection of taxes. They may represent the points at which taxes may be collected most conveniently, economically, and promptly.

7. The voters of one period should not tax those of a later period. Those of the later period are not represented in the instant taxing body, and hence today's taxation of the citizens of tomorrow distinctly violates the principle of taxation by representation of *those who pay the taxes*. This means that to increase its expenditures government should not incur debt, because the burden of its redemption is thereby imposed on future taxpayers.

Few individuals perceive the danger to individual liberty in America in progressive direct taxation, or who, perceiving, have the courage to denounce the principle

and its practice. This is thoroughly understandable for a number of reasons: It is a long time since we fought a war to get taxation by representation, and the realization of the meaning of the phrase, its vital importance to liberty, its relation to "the power of the purse" have grown dim. The appeal of progressive taxation is double-edged—it appeals to the mass voter's greed that the "rich" should pay the taxes, and simultaneously the greed is glossed over by invoking the spirit of generosity and Christian charitableness of the more productive, for which Americans are notable.

Prospects

The disappearance of liberty in America through tax despoliation is so natural an evolution that it has been feared and predicted by statesmen and historians down through our history: Madison recognized the danger in the Tenth Federalist paper, but pointed out it would be unlikely to happen under the Constitution then proposed for adoption—nor could it until the Sixteenth Amendment, a century and a quarter later. Lord Macauley in 1857 predicted it would happen in the course of the next century, when in hard times, the mass of the voters would listen to the demagogues who promised, if elected, to despoil the more productive for the benefit of the less productive.

The real hope for the recovery of individual liberty in America lies with millions of individual citizens and in the prospect that they may rediscover the nature of

government. It lies in their rediscovery that government wields the monopoly in coercion; that it has in the past and will in the future be ever subject to awful temptation to employ or delegate its coercive power for seemingly benevolent purposes beyond the limits compatible with the maintenance of individual liberty; that the limits once broken, its power tends to feed upon itself; that government tends always toward becoming master and always away from remaining as servant; and that persistently these tendencies must be jealously and rigidly checked if individual liberty is to be preserved.

PRINCIPLES OF TAXATION

by Dean Russell



COMPULSORY military service in our nation is based squarely on the democratic principle that every person is obligated to serve his country equally and to the best of his ability. We American people would not tolerate the idea that one soldier should be compelled to serve ten times longer than another soldier merely because the first one happened to be a better gunner.

But when it comes to economic support for our government and nation, that principle of equal treatment is rejected. Our system of progressive taxation is based squarely on the idea that some persons shall pay 70 per cent of their incomes while other persons shall pay only 20 per cent, or even no income tax at all. The more you earn, the more you must pay to government out of each additional dollar of income.

Whether or not I like the idea of compulsory military service, at least I can understand the principle on which it is based; for the idea of equal treatment is, of course, the heart of the democratic concept. But I cannot find any principle in morality, economics, or political science to justify the progressive income tax.

Economically, it is about as logical as paying half-time

(instead of time-and-a-half) for overtime work. Or paying less instead of more for increased production.

Morally, the progressive income tax seems to be based mostly on this idea: "They earn more money than we do, we outnumber them, so let's vote to have the government take it."

Politically, our current procedure is clearly a total departure from the principle of taxation on which this nation was founded.

There is, however, a theory and practice of taxation that is in harmony with democratic principles and that will still raise the enormous amounts of money our government now spends. It is proportional taxation. That is, each person shall pay the same rate—10 per cent, 20 per cent, 30 per cent, or whatever tax rate the people vote for. The democratically selected rate shall apply equally to all incomes, whether large or small. If the tax rate were 20 per cent, for example, the person with a taxable income of \$100,000 would pay \$20,000—and the person with a taxable income of \$5,000 would pay \$1,000.

Under proportional taxation, it is true, of course, that the rich man would still pay more money than the poor man. But at any rate, each would then receive equal treatment under the law, in both war and peace. That is, each conscript would serve the same time in the army, regardless of military ability; and each taxpayer would be subject to the same rate of taxation, regardless of economic ability.

Actually, proportional taxation is traditionally American. While the principle of absolute equality has some-

times prevailed, the "equality of rate" or proportional principle has usually been followed. Taxes on real and personal property are current examples. The person with a \$20,000 home pays twice as much in taxes as does the person with a \$10,000 home—not five or six times as much merely because he owns more property than his neighbor. Sales taxes are also in proportion to purchases. The social security tax is a combination of equal and proportional. The tariff tax has always been in proportion to the amount imported. And so on.

Graduated Rates—A New Principle

But with the adoption of the Sixteenth Amendment in 1913, a heavily discriminatory system of taxation was accepted by the American people. Some persons now pay no income tax at all on their earnings. Others pay 20 per cent and 40 per cent. And a few pay as much as 91 per cent on the upper brackets of their earnings.

Since discrimination in any area usually brings with it certain unforeseen problems, it is hardly surprising that this tax discrimination has produced certain unfortunate results. For the long run, certainly the most unfortunate result is revealed by the accusation of officials of the Bureau of Internal Revenue (as well as by at least two Presidents of the United States) that we American people are increasingly becoming tax crooks. That's why they advocate that the tax on interest and dividend income, along with wages and salaries, should be withheld at the source. That's why special machines are now being

designed to catch the millions of us who, it is claimed, are cheating on our tax returns.

If it is true that we are rapidly degenerating into a nation of lawbreakers, perhaps we should examine again the laws we violate so flagrantly. Perhaps we should give serious thought to the old idea that the only possible way to insure respect for the law is to pass only laws that receive the automatic respect and compliance of more than 95 per cent of the people. For obviously, no law is really enforceable if as many as 5 per cent of us deliberately and consistently violate it; there just aren't enough jails to keep us in, or enough police to put us there.

Several reputable economists have argued that a flat tax rate of 20 per cent to 25 per cent would bring more, not less, revenue to government. They argue that almost all of the money now taxed away above that rate would be invested in new equipment and plants, instead of being spent for nonproductive items as is done by government. Thus if the persons who earn the money could spend it as they wish, the result would be more production, jobs, and incomes—and also more tax revenue.

Be that as it may, it is a fact that the amount of total governmental revenue that comes from personal income taxes in excess of 25 per cent of earnings is small indeed—less than 5 per cent. Thus it is clear that the principle behind our endorsement of the progressive features of the income tax is not based on the necessity for governmental income. The progressive income tax appears to be based primarily on our current and increasing

mania for compulsory equality in the economic area. Thus we use our hard-won voting equality (one man, one vote) to support a system of gross inequality in taxation (one man 20 per cent, another man 91 per cent).

The issue facing the American people in this area of progressive taxation is clearly not fiscal; it is a moral issue.

REGULATION OF AMERICAN BUSINESS

by John E. Swearingen



I PROPOSE TO TELL what amounts to a modern-day ghost story. The specters in question are the manifold and proliferating regulatory agencies of the federal government, whose existence was not contemplated by our Constitution and whose all-pervasive powers and activities go largely unrealized today by the average citizen.

Too many of our people are going more or less blithely through life under the misapprehension that the country is being governed pretty much according to the original ground rules. I am not at all sure that a little knowledge in this instance is merely dangerous. It could prove to be fatal.

Those who think that the federal government is made up primarily of an executive and a legislative branch, with an independent judiciary standing by as an impartial arbitrator, have lost touch with reality. Such people dwell in wonderland. And while the wonderland may have unquestioned origins in the concepts under which

Mr. Swearingen is President of the Standard Oil Company of Indiana. This article is from an address before the Rotary Club of Los Angeles, February 28, 1962.

this nation was wisely created, it is nevertheless a land of fantasy in terms of the facts of life in 1962.

What has actually happened is that, starting in 1887 with the creation of the first federal regulatory commission—the Interstate Commerce Commission—we have witnessed the step-by-step development of a fourth branch of government. Today it embraces over sixty independent federal agencies with approximately 400,000 employees and a total annual budget of around \$10 billion. Should any of you wish to examine this intricate structure in more detail, I refer you to the United States Government Organization Manual, which devotes 236 pages to the subject.

The results of this mushrooming process are in many ways astounding. We have arrived at the unhappy point at which the Cyclopean eye of some almighty regulatory agency is upon us when we buy or sell, ship or receive, hire or fire, grow or manufacture, save or spend, drink or diet, profit or lose, talk or listen.

Furthermore, many of these regulatory agencies exercise unusual powers in that they first promulgate regulations which have the force and effect of law, then enforce them, and later adjudicate them.

Still another facet of this complex regulatory process that deserves mention is that the commissioners of the various agencies who exercise such control over our economic and social system are nonelective officials, many of whom, while theoretically responsible to the Congress, are in large measure of fact responsible to no one in particular.

To complicate the situation further, many of the people who actually prepare the regulations, enforce and adjudicate them, are lower-level staff personnel whose role and deliberations in decision-making are almost impossible to determine. Yet their philosophy and judgments are reflected in conclusions affecting the daily lives of all of us.

When we add to this already seething cauldron the frequent lack of clearly-defined areas of jurisdiction between various regulatory bodies, we arrive at a final mixture of widespread confusion as to precisely what a businessman or a corporation properly can or should do, as to what body has legitimate authority to make and enforce decisions regarding such conduct, and as to where one can effectively turn for appeal from a questioned ruling.

FTC Threatens Competition

My own company has had sufficient firsthand experience with this process to give us a certain status as experts on what the results of such a system can be. Let me give you just one example of what can happen in the business area.

This problem originated in the 1930's, at a time when competition was especially rugged, and our competitors began trying to win over some of our best wholesale customers in Detroit by offering them a lower price on gasoline for resale. When several of our most important wholesalers actually started to buy from competitors,

our company finally agreed to meet this threat by matching part or all of the reductions our competitors had offered. The result was a complaint from the Federal Trade Commission, issued on a chill November day in 1940, that our action constituted unfair discrimination and amounted to an unlawful injury to competition. As the Commission saw it, either we should not have reduced the price to these particular wholesalers, or we should have reduced it to everyone in the area to whom we were selling—including all retailers.

We pointed out that neither of these two courses was at all reasonable. Unless we met the competitive price, we would have lost these jobbers as customers, and they would have received the lower price anyway. On the other hand, had we lowered prices to everyone, marketing in Detroit would have become uneconomic. The company would have lost money, and, what's more, our general price level in Detroit might have been so low that we could conceivably have been charged with trying to destroy competition there.

The case finally got to the Supreme Court, which ruled on it in 1951, agreeing with our contention that meeting competition in good faith is an absolute defense to a charge of price discrimination. Eleven years may strike you as a long time to wait to find out whether a common business practice is or is not permissible, but this was only phase one.

In the second round of litigation, the FTC then sought to demonstrate that we had not acted in "good faith" in meeting our competitors' price. Once again, we started

to climb up the ladder to the Supreme Court, which once again decided in our favor, but not until early in 1958. In our judgment, the net effect was to preserve a competitive system for American business, but it took 17 costly and trying years of litigation to do it. And, to preserve our right to compete, we had to fight off a federal agency originally established to insure the continuance of effective competition.

I give you this case history only as an example of the extent to which we are all wandering in a regulatory maze. If we had realized at the time we reduced our price to a handful of gasoline wholesalers in Detroit that this defensive action would lead straight to nearly two decades of litigation, I suspect we might have weighed the matter in a somewhat different light—although I doubt we would have altered our actions, which we considered fully justified.

Nevertheless, I submit that this is the kind of thing that can give any responsible businessman nightmares at high noon. In our instance, the continuing threat to our ability to compete also threatened the interests of our thousands of stockholders and employees.

And lest any of you be tempted to assume that this is the extreme to which an individual or a corporation is likely to be forced, let me give you my sorrowful assurance that it is little more than a taste of what lies ahead unless the course of events can somehow be changed.

This is not merely an idle opinion. There is presently before the Congress a proposal to grant to the Federal

Trade Commission new powers even more far-reaching than any seen thus far. In effect, this proposal would empower the Commission to issue a "cease and desist" order at the outset of a complaint, compelling an individual or a corporation to discontinue any practice questioned by the Commission. Such an order against our company in 1940 would have left us under a serious competitive disadvantage in a major market for 17 years, pending ultimate vindication.

An Interminable List

I could with ease present numerous other examples involving only the petroleum industry. There is the interesting tragedy of errors involving another federal agency—the Federal Power Commission—and the natural gas segment of our industry. Here the situation has become so complicated that the Commission stated at the end of 1960 that it would not reach a current status in its independent producer rate cases until the year 2043—assuming its staff were to be tripled.

In the meantime, many gas producers are understandably reluctant to commit their supplies for periods of up to 20 years or more into the future without knowing the price they will ultimately receive for their product. This uncertainty has led, among other things, to increasing sales of natural gas for industrial use within the producing states, since the pricing authority of the Federal Power Commission is limited to sales of gas moving into interstate commerce. Whatever else can be

said of this development, it hardly appears to be in the long-term interest of the many residential users of natural gas outside the producing states.

But while I have mentioned only some of the problems facing my own industry, please remember that they are being duplicated at an increasing rate in every area of enterprise in the country. No undertaking can escape them. The railroads have had their share since the turn of the century, under the Interstate Commerce Commission—and many are near bankruptcy. As commercial aviation developed, a mounting number of activities of the airlines have fallen under the jurisdiction of the Civil Aeronautics Board and the Federal Aviation Agency. We are all familiar with current difficulties involving the relatively new television industry and the Federal Communications Commission.

There is no need to run down the interminable list. It is sufficient to say that it would be difficult to envision any form of enterprise, including those yet unborn, which can now or could in the future escape the regulatory yoke. If existing agencies should somehow be found to lack authority, I have no doubt that new ones will be promptly created. Neither is there any need to belabor the point that this relentless extension of federal control presents a problem of serious dimensions.

Please keep in mind also that my comments have been confined largely to a single area of controls over business activity—that of the federal regulatory bodies. While I have singled out this area because the extent of its influence is so little comprehended by the public, it is well

to remember that still other regulations and controls emanate steadily from other sources in Washington, while many of these bodies again have their counterparts at the state level.

Well what, you may ask, is the moral of this dismal tale? I am not certain that I am fully qualified to answer that question. Obviously, the situation is studded with morals of various sorts, depending on your viewpoint. We have at issue the steady erosion of individual liberties, the increasing substitution of bureaucratic planning for individual decisions in the market place. The whole direction in which the world's leading democratic country is moving seems to be involved. It is not easy to say whether the problem is basically one of the theory of government, of economics, of philosophy, or of morality. How much regulation of our private affairs is needed? How much is justified? How much can we undergo without drastically altering some of our oldest concepts about a free society?

What of the Future?

Instead of attempting to answer questions of this complexity, let me rather conclude with a purely pragmatic observation or two in light of the present position of the United States in the world community. I think it is by now no news to any of us that we are in the midst of a gigantic economic struggle with the Soviet Union. In so many words, Khrushchev has declared economic war upon us, and through this means expects to win the world

for communism without the need for direct armed conflict.

Still another factor to be reckoned with is the emerging European Common Market, from which America can expect increasing competition in international trade, the answer to which can only lie in the direction of still greater efficiency and productivity within our own economy.

Meanwhile, American business is being looked to as the prime mover in the development of a gross national product of at least \$570 billion to develop enough tax revenue to pay the government's bills in the next fiscal year.

Unless the pronounced trend toward more and more regulation of more and more matters involved in the daily conduct of business can be halted, it is questionable whether American business can retain the necessary freedom of decision and action to meet the challenges which lie directly ahead. If we sit by and permit the increasing encirclement of business by bureaucratic regulation, we cannot in all common sense continue to expect the fruits of a vitally-needed expanding economy.

As a nation we are at this moment faced with tremendous responsibilities, both to our own people and to the entire free world beyond. They can never be met without the creative contributions of a dynamic economic sector, yet we stand in danger of witnessing American business being little by little painted into a corner so small that it leaves hardly enough room in which to turn around. To state it another way, what

we're doing is applying pointless regulatory brakes to business in many important ways when we should be trying to step on the gas. We are surrounded by seemingly numberless regulations of debatable need, uncertain effect, and arbitrary origin. As for the element of public consent to this process, the public hardly comprehends what is taking place.

Here, perhaps, lies the greatest danger—the danger that individual initiative will become swamped by government edict before enough people awake to the threat.

In the words of John Stuart Mill, "A state which dwarfs its men, in order that they may be more docile instruments in its hands—even for beneficial purposes—will find that with small men no great thing can really be accomplished."

TAXPAYERS' MONEY

by *Howard Preston*



OF ALL THE LOST CAUSES I think none is recalled more often than the unsuccessful attempt to do away with the expression "at government expense" or "paid for by federal funds" and similar phrases.

Scarcely a day passes but what the newspapers report on some project which the "government will pay for." Quite often a politician will explain gleefully to his constituents how he has saved them money. The new bridge or highway or municipal building or what have you will not, says the politician, cost his beloved taxpayers anything but a simple fee.

"The big expense," he tells the audience, "will be taken care of by federal funds."

Now, except for their own contribution through personal tax, politicians don't spend their own money. When the President or the Congress approves a gift or a loan of millions or billions of dollars, inside the country or outside, the money being spent doesn't belong to them. It isn't President Kennedy's money that's being spent, any more than it was President Eisenhower's or Presi-

Mr. Preston is an editorial writer for *The Plain Dealer* (Cleveland) in the April 11, 1961 edition of which this column first appeared.

dent Truman's money or George Marshall's money under the Marshall Plan.

The money is taxpayers' money; it is your money and mine, and for a long time I have scorched with a slow burn when the loot is referred to as government money.

The implication is when there is a joint financing of some project, any part contributed by the federal government is "found" money. As long as "federal funds" are used, nobody has to pay.

It seems to me it is about time somebody put to use the known facts of financial life, the most prominent being that there are no such things as federal funds in the sense the government owns money. The government doesn't earn a dime unless you include some of the unintentional profits it makes from its intrusion into business.

Because of this, I have suggested more than once that the phrase "federal funds" be changed to "taxpayers' money." Instead of accepting a statement that the United States government is spending \$500,000,000 for development of a river in South America, I think the American Society of Newspaper Editors ought to agree to print such an item as follows: "The taxpayers of the United States today sent, etc. . . ."

Instead of telling how the federal government is paying for some new building in Catchall, Kansas, through generous loans at low rates, the item ought to read, "The taxpaying citizens of 50 states today chipped in \$43,000,000 so that the people in Catchall could have a new downtown development."

In the first place, I think the people who come up with the scratch, not the gents who spend it, should get proper credit. In the second place, drumming home the point, day after day, that there are no "federal" funds but only taxpaying citizens' contributions might cause more people to zipper up the national purse strings. At least, it might get recognition abroad for the hard-working folks who make it possible for our agents to play Santa Claus.

Federal funds? Nuts. That's our dough.

CAN OPERA BE GRAND IF SOCIALIZED?

by *Leonard E. Read*



AN AMERICAN MEZZO-SOPRANO and one of the great international opera stars of our time laments the plight of aspiring American singers.¹

After concluding that "the problem cannot be blamed away: more fundamental treatment is in order," she says:

If we are interested in the cause of the shameful conditions for the young American singer we must look elsewhere: the jet plane, *our outmoded manner of dealing with the arts on a national level*, a false pride of helping others before ourselves and, above all, *a childish fear of government aid*.

Seeking to justify the subsidy she has in mind, our opera star calls attention to an inconsistency on the part of the U. S. A. politician:

Has he ever bothered to explain how the majority of Europe's war-destroyed opera houses were rebuilt with American money and placed on an operating basis through large subsidies?

Having delivered that *coup de grace*, she makes this point:

¹ See "There's No Place at Home for Young American Singers" by Rise Stevens. *New York Herald Tribune*, April 29, 1962.

I feel *the taxpayer has every right to demand* that his own community be blessed with a new auditorium which houses its own opera company, symphony orchestra, ballet troupe, and theater ensemble. It's not a dream. Such theaters exist all over middle Europe, in towns with no more than 50,000 inhabitants. (All italics mine.)

Were I to try my hand at opera this star would roll in laughter at my incompetency; indeed, she is conscious of flaws among the best opera singers. And I, in my turn, am sensitive to socialistic flaws even when skillfully written. The article under question is really skillful; it is almost unbelievable that an opera star of the first magnitude, with all the attention and concentration her art demands, could write such clever statist rationale.

While socialized opera is no more to be deplored than socialized anything else, there is reason as we shall see later for giving it special treatment.

As a starter, what are we to infer from "our outmoded manner of dealing with the arts on a national level"? Until now in this country the arts have, for the most part, been dealt with privately and locally. It has been The *New York* Metropolitan Opera Company or The *Boston* Symphony or The *Los Angeles* Philharmonic or whatever. Furthermore, these have been privately financed.² The music patrons have been the music payers. Others of us have been free to stay at home and to spend the fruits of our labor on necessities and luxuries of our own choice. But, be it noted, this freedom of

² Much of the private financing has been in the nature of substantial gifts from wealthy persons. See "Met's Golden Angels Make Opera Heaven," *World Telegram and Sun*. May 12, 1962.

choice, in socialistic parlance, is "outmoded." What is the new, the modern, the up-to-date scheme? Nationalize the arts! A music devotee or not, you pay! And like anything else, once it is nationalized, the penalty for all-out noncompliance is the loss of life itself.³ Violence is the new way; freedom the "outmoded manner."

True enough, our politicians in spending over \$100 billion on foreign aid in recent years have rebuilt Europe's war-destroyed opera houses and put them on "an operating basis," with dollars forcibly collected from American citizens, millions of whom have no interest in their own, let alone foreigners', opera. Where, we must ask, is the moral sanction for the coercive extortion of the livelihood of Joe Doakes, an American who is concerned more with the education of his own children than with opera, that European music devotees may sate their aesthetic desires? According to libertarian philosophy, this is legalized evil. Even worse is to use this wrong action as an excuse to apply the same socialistic principle at home—recommending a second wrong to right the first one.

Then follows this point: "I feel the taxpayer has every right to demand that his own community be blessed with a new auditorium which houses its own opera company. . . ." Which taxpayer has the right to what? Does the opera-going taxpayer have a right to subsidize his fancy at the expense of the unmusical taxpayer? Does it never occur to these people who would nationalize the arts

³ If the reader has any doubt about this point, read my "Violence as a Way of Life," *Essays on Liberty*, Vol. IX, p. 303.

that the latter has a right to the fruits of his own labor? Or, do the socializers hold that everyone's fancy be socialized, that all citizens have a right to the fruits of the labor of all other citizens? For instance, 1/50,000th of us in New York's metropolitan area are ardent curlers. This sport is expensive, as is opera. Should the other 49,999/50,000th part of our local population be compelled to subsidize us? Better yet, to use the opera argument, should not curling be nationalized? Then the San Francisco dock worker could help pay for my curling! Anyone who cannot see through this thin argument of the socializers or nationalizers will not be aided by more explanation, regardless of how simply spelled out.

Political Urge to Nationalize

Our opera star is not alone in suggesting the nationalization of her art; it has been given a substantial political impetus and for reasons easy to recognize. For example, if government intervention and control of railroads continues as in the past, we shall, sooner or later, see them nationalized. Assuming present trends, the same fate is in store for the airlines. Having railroads and airlines to preside over is important politically to a paternalistic state.

The closing of the Metropolitan Opera was announced. Front page news all over the nation! The highest officials in Washington took immediate action. Why? Officialdom cannot risk the reasons coming to light: The more government interference—inflation, taxation, and

control in any sphere of economic activities, the less opportunity for devotees of opera to independently support their favorite art. Included among the interventions, and most directly affecting the opera, are (1) high taxes on real estate (the opera house), (2) union restrictions and requirements for not only the stars but all the stage hands and crews (with government approval and encouragement), and (3) luxury taxes on tickets.

It is governmental overextension that makes private opera impossible all over Europe and is making it impossible in the U. S. A. And so we are urged to solve the problem by turning it over to the malefactor!

Actually, though, little is accomplished by berating the socialization of opera. It is but an outgrowth of a fault which is common to nearly everyone, even the stoutest libertarian idealists: the inability to adhere steadfastly to principle. To descend to the vernacular, we all leak a little at the seams now and then.

Frederic Bastiat came about as near to being a libertarian idealist as anyone I know or have ever read—my ideological hero, so to speak. He laid down for himself solid criteria for his thinking and actions. For instance:

See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime.⁴

Whenever a law did any of these things, that law was

⁴See *The Law* by Frederic Bastiat. Foundation for Economic Education, Irvington, N. Y. 76 pp. \$1.00 paper; \$1.75 cloth.

on Bastiat's black list. Thus a law which forcibly took from another in order that one might curl or attend the opera flew in the face of the moral code. It was evil. All through the vast works of Bastiat is to be found an adherence to the principles he deemed to be the right ones. Disagree with this statesman, if you wish, but try to find where he deviated from his concept of right principle. Regardless of laws or popular opinions, he stood with his principles—except in one instance. In an essay, "Justice and Fraternity," he made a concession to the socialists, one that few Americans today would find faulty:

If the Socialists wish to say that, in extraordinary circumstances and for urgent cases, the State should prepare certain reserves, relieve certain unfortunate persons, manage certain transitions, great heavens! We are in agreement with them. It is being done and we wish it were better done.

The above is an absolute contradiction of, a defection from, the whole Bastiat thesis. I cite this man who held so steadfastly to principles merely to indicate that even the strictest perfectionist now and then "leaks at the seams."

Who Are the "Needy"?

While most of us libertarian idealists, in our own imperfections, can forgive Bastiat for this one inconsistency, we must not overlook how this single exception makes the case for socialism. For, if it be true that the state is morally warranted in building its reserves from what belongs to some persons and giving to those to whom it

does not belong, there then is no principle which points out the stopping place.⁵ If Marx was right in advocating "from each according to ability, to each according to need," it follows that the state, which does the taking and the giving, must decide on what is ability and what is need. Ability, of course, is disposed of in a hurry: the state taxes everybody for the sake of the needy. But what constitutes need and who are the needy? Plainly, this is a matter for arbitrary decision only; no principle can be called upon nor can any law give precise instruction.

People hunger not only for food, clothing, and protection from heat and cold. Human appetite knows no bounds. Need is a judgment subjectively determined and it extends over the whole spectrum of human desires. A "need" is felt for exercise: curling, for instance. There is a "need" for cheap power and light or a high standard of living for farmers and wage earners, for "free" school lunches and, so we are told, for opera. The point is this: We cannot grant that any need, beyond the need for common defense, should be met by the use of state compulsion without logically conceding the use of state compulsion for all needs. Employ violence to gather funds (state action) to alleviate starvation and the case is made for the use of violence to subsidize opera goers. Thus, any person who condones or advocates legalized coercion as a means to productive or creative ends, that

⁵ Perhaps the growing insistence for government aid is based on the false assumption that government has a fund independent of what it takes from the citizenry. Any time anyone is "aided" we can be certain that other citizens have been forced to supply the financial wherewithal. A government has nothing but the power to collect from us.

is, who supports compulsion for other than the defensive function, regardless of how desirable he thinks the end is and no matter how minor his exception to this principle, cannot, in logic and justice, condemn the opera star for her demand that opera be socialized. *Every defection from libertarian idealism is an affirmation that socialism is right.*

Let Government Do It

A friend of mine who resides in a European capitol remarked, "We can no longer finance our opera privately, so we have turned it over to government." I told him that if their opera could not be privately financed, his city should have no opera. "But what about our culture?" he asked.

Let us grant that culture is advanced by opera. But I insist that culture is degraded where state compulsion is used to take the fruits of the labor of any individual to gratify the desires of opera devotees. Here's a town of 50,000 population, among whom are 500 opera goers. But the 500 cannot privately finance an auditorium, an opera company, symphony orchestra, ballet troupe, and theater ensemble. Should violence be used to coerce the other 49,500 into the local program? Does this procedure aid and abet the development of culture? Numbers have nothing whatsoever to do with the principle. Culture would be degraded if violence were applied to only one individual to force him into a program agreeable to 49,999 of the population. Our opera star refers to "a childish fear of government aid." This implies that no

such fear exists among mature adults. Perhaps not, in which case I cast my lot with the children.

While there is no moral sanction for the theft of a loaf of bread to keep one's children from starving or for having the state do this for one, we must concede that such acts are for primal purposes, on the level of a cat eating the canary—instinctual and subrational. Such action at this level cannot be condoned but at least it can be understood.

Needs can be listed on an ascending scale, ranging from the purely physical all the way to the highly spiritual. Philosophy, religion, poetry, and art, including opera, are in the latter category and genuine practitioners are characterized by spirituality; they are of a higher breed of creation or humanity.

Any attempt to promote these higher forms of consciousness by primal means, by violence, by the physical force of the state, is to reduce the arts to the level of banality. To claim that culture can prosper by the employment of anticultural means is to express a contradiction. One could as logically resort to state compulsion as a means of assuring immortal bliss.

If men's rights to life, liberty, and happiness are endowments of the Creator, a spiritual concept, then every individual must be accorded as much freedom of choice as any other. This is the minimum requirement for advancement in the spiritual life (culture). There can be no culture—no art—without justice or without freedom. Opera will not remain grand, but only be degraded, if socialized.

GOVERNMENT BY CREDIT CARD

by Maurice H. Stans



I AM DEEPLY concerned about our national course of events. As a result of new doctrines that have been allowed to develop over the last 30 years, the proud philosophy and sturdy character of our country are fast deteriorating. We are gradually surrendering our American spirit, based on initiative and self-reliance, for a social and economic mess of pottage. We are fast eroding our historic personal freedoms under the guise of an all-encompassing governmental benevolence. We are destroying the sovereignty of our states and handing over our locally-based institutions to an all-powerful central bureaucracy. And, by our continued experimentation with economic panaceas, we are risking the loss of the sinews that hold our democracy together.

If these apprehensions are right and the natural consequences follow, we may be in the sad posture of watching the slow destruction of democracy and the American

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way of life by the inept acts of its own beneficiaries. . . .

Here is some boiled-down statistical evidence:

1. The entire budget of the United States was \$3 billion in 1930, including interest on the debt and the cost of national defense. By decades it has grown to \$9 billion in 1940, to \$40 billion in 1950, to \$80 billion in 1960, and it is headed toward another massive increase by 1970. The next administrative budget will approach \$100 billion, and the total of spending in the budget and trust funds will be close to \$125 billion next year. Government spending is compulsory spending, and the more it increases, the less is left in freedom of choice for the individual.

2. The federal government continues to grow, as new agencies, programs, and personnel are added in proliferation. Civilian employees have increased more than four-fold from 592,000 in 1930 to 2,538,000 at the end of the next budget year.

3. The interest-bearing national debt has grown in peace and war from \$16 billion in 1930 to \$300 billion now, and it is certain to continue upward. Interest on this debt is now nearly \$10 billion a year, more than the entire budget in 1940 and equal to 10¢ out of every dollar of taxes collected. This persistent growth in debt is a direct reversal of the philosophy of our government in the first 140 years of its existence, when the goal was to become debt-free.

4. We have mortgaged the future to an incredible degree. If you add to the interest-bearing debt (a) our un-

funded liabilities for past services of government employees and war veterans, (b) our legislated contracts and commitments for future spending beyond current costs of defense, welfare, and government, and (c) the actuarial deficiency in our social security system that must be collected through future tax increases already scheduled in the law, the total of our government's liabilities and commitments is well over \$1 trillion. This "government-by-credit card" has imposed a present mortgage on the future of our people equal to \$22,000 per family of four.

5. Despite new fancy theories of balancing the budget over the cycles, we have gone in the red 26 times in the last 32 years and have paid our bills without borrowing only six times. The policies of the present administration, unless abruptly changed, are likely to produce four consecutive deficits.

6. A large part of the increase in federal spending and debt is the result of a massive assumption of responsibility by the government for cradle-to-grave welfare, in many cases, without a test of need and at the disdain of the virtues of personal thrift and self-reliance. This has created an accelerating centralization of power in Washington, a lessening of control and influence back home, and a decline in personal responsibility and morality. And the course has not been run, because more and more ideas for government intervention in our lives sprout daily.

7. Our gold supply has been heavily depleted in re-

cent years and is still under threat. The cause is our unfavorable balance of payments: our overseas outgo for imports, services, travel, investments, foreign aid, and military purposes regularly run higher than our income from other countries. Our gold is now down from \$24 billion to \$16½ billion, of which all but \$4 billion is needed to back our currency. Short-term foreign claims that can be asserted against this \$4 billion are now \$18 billion. And the balance of payments continues to run adverse at between \$2½ and \$4 billion a year. As banker to the world, we are not running a good bank.

8. National wage policies have recognized a political balance of power in favor of labor. For some years wage increases have outrun increases in productivity. Industry has been at fault, too; in some cases it has failed to exert the efforts needed to reduce costs and hold down prices. The result of both has been a price structure that has contributed to a cost-push inflation and to our difficulties of meeting competition in world markets.

9. Our cost of living has advanced significantly, as inflationary policies in both the public and private sectors have exacted their price. It is still moving upward, slowly at the moment, and our dollar of 1940 is now worth 47 cents. It would be a fatal mistake to believe that drastic inflation couldn't happen here. Our fiscal policies are an open invitation to a crisis for the dollar.

THE FAILURE OF THE STATE EMPLOYMENT SERVICE

by *Oscar W. Cooley*



FEW, if any, private business ventures have been more pushed around and kicked about by government than have employment agencies.

Even at the turn of the century the employment agent was looked upon as a grasping character, intent upon exploiting the "poor worker" when he was most in need. Scarcely anyone bothered to consider *why* the jobless might seek an agent's help, thus placing themselves in his power.

So it was that legislators passed laws strictly regulating the agencies and setting up "free" state employment services to compete with them. Since 1933, all the state services have operated under the wing of the United States Employment Service, which pays their bills.

Even their friends admit that the state employment services show a dismal record. As early as 1914, a writer in the *National Municipal Review* stated that 19 states had such services but, except in Wisconsin, they were "a negligible factor in the labor market."¹ In 1931, Aaron

¹F. A. Kellor in *National Municipal Review*, April, 1914.

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Director and Paul Douglas (now U. S. Senator) observed: "The high responsibilities which are latent in public employment work are . . . almost totally unrealized in the actual practice of the offices."² W. H. Miernyk found in a sample study of Massachusetts workers in the early 1950's that 45 per cent learned of their jobs through friends and relatives and 35 per cent located jobs by applying at the gate. Only 7 per cent were placed by the state employment service, although all who apply for unemployment compensation automatically are registered with the latter.³

Former Secretary of Labor, James P. Mitchell, stated in 1958 that nonagricultural employment had increased by over nine million workers in the preceding decade but that nonagricultural placements by the state employment services had declined.⁴

Employers who have job openings are loathe to turn to the state employment service as a reliable source of high-grade labor. Many employers do not even report their job openings to the service, preferring to fill the openings in their own way—that is, by means of "help wanted" ads, through private employment firms (of which there are some 4,400 throughout the country) and by hiring at the gate.

² A. Director and P. Douglas, *The Problems of Unemployment* (New York, 1931), p. 342.

³ W. H. Miernyk, *Inter-Industry Labor Mobility* (Boston: Bureau of Business & Economic Research, Northeastern University, 1955), p. 22.

⁴ Quoted by W. Haber and W. J. Cohen, *Social Security: Programs, Problems and Policies* (Homewood, Ill., 1960), p. 327.

Some of the Complications

When the state employment services were married to the unemployment compensation system in the 1930's, they were given the responsibility of getting jobs for compensation claimants. This partially explains why the applicants referred by the state services are not eagerly snapped up by employers; they may lack the ability to hold a job. Of all the job-seekers, they presumably are the least thrifty, and the most likely to apply for public aid; neither characteristic recommends them highly to employers. They are also a heterogeneous lot, for the employment service must seek jobs for all who apply and who are deemed eligible for compensation.

Furthermore, employment service officials are bureaucrats, paid out of public funds rather than by those whom they serve; they lack the economic incentive to give personal service.

Since many job openings are not listed with the unpopular state employment services, such openings may never be known to compensation claimants. Many of the latter do not exert themselves to find jobs, nor are they urged by employment service officials to do so. Thus, the service's own lack of knowledge of the jobs available actually encourages people to remain idle and collect compensation.

More and more the government employment service in each state is operating as a general employment exchange, for job-seekers not receiving compensation as well as those who are, and even trying to place persons who

are already employed but want other jobs. Handsome offices are being built to impress employers and win their patronage.

A recent bulletin describes the invasion of the employment agency field taking place in Colorado.⁵ Bernard Teets, director of the state employment service, is quoted as saying that 60 to 65 per cent of his appropriation of \$2,700,000 for 1958 was devoted to serving already employed persons, that his bureau was handling 60 per cent of the employment business in the state, and that in five years it would handle 90 per cent. His budget had more than doubled in the preceding five years.

The Colorado state service functions like a private employment firm, advertising widely for business, and performing management consulting functions. When questioned about using tax money to create an empire in competition with private enterprise agencies, Teets replied: "We are not living in a free enterprise system, but rather operating under a controlled economy."⁶

In *The Field Representative and His Work*, a manual published in 1940 by the Ohio State Employment Service, personnel are instructed how they should meet criticism:

If the employer says, "I am against government in business . . . including the OSES," tell him OSES was founded in 1890 at the request of labor and employers to combat the abuses which were practiced by private agencies. The bringing to-

⁵"Birth of a Monster," 1959. Bulletin published by private employment agencies.

⁶*Denver Daily Journal*, July 9, 1959, as quoted by John Fanning in "The United States Employment Service Story."

gether of unemployed workers and employers' jobs is logically a community function, a government function the same as the post office, the police, and fire departments—a service to all the citizens of the community . . . If the employer says, "We use private agencies because the applicant is more likely to stick and work harder when he has to pay for a job," say: Workers are more efficient when free from worries. Paying for a job does not imply that applicant is better or more efficient. In many cases it is quite the opposite, because the payment of a fee puts a decided hardship on the worker and causes financial worries. The Service charges no fee either to you or to the worker.

The implication in this document is that workers and employers need to be protected by a solicitous state from the "abuses" of private employment agencies. Fee-charging, it seems, is one such abuse.

The advertisement, "No charge to employer or employee," which is freely used by the state employment service in its radio and other appeals, suggests that finding jobs for people is rightfully a charity, not a business. This notion stems from the viewpoint that the jobless are disadvantaged persons, innocent victims of a faulty system, which inevitably disemploys some. They are, it seems, objects of charity to be cared for by a social agency.

A Dual Role To Play

The efficiency of the agency which mothers the unemployed is greatly affected by the dual role which it must play: first, the payment of compensation to the jobless registrant, and second, the finding of a job for him. To

picture this process of "carrying water on both shoulders," let us assume that the function of paying compensation is performed by C, the employment-getting function by E.

C's functions are, first, to interview the claimant with a view to determining his eligibility to receive compensation; second, to determine the amount of compensation to which he is entitled and authorize its payment; and third, to maintain a continuous check on his eligibility and cut off payments when he comes to the end of his benefit period.

E's functions are, first, to record the working history of the claimant, his qualifications and skills; second, to record the job openings reported by employers; and third, to refer the claimant to jobs which seem suitable, one after another, until he is hired.

C, it should be noted, is a sort of "employer." He pays the claimant a sum of money weekly for a limited period of time (maximum: 26 weeks in most states, unless increased to 39 by federal supplemental compensation). E, meanwhile, is trying to interest the claimant in entering the service of another employer who will pay him a higher wage (in most cases), perhaps indefinitely, but who also will require some 40 hours per week of labor, performed according to the employer's directions, whereas C requires no labor. The claimant naturally weighs these two alternatives, balancing one against the other.

At first glance, C's proposition would seem the less lucrative since unemployment pay averages but \$31 per week (proposed legislation would raise it to two-thirds

the worker's average wage⁷). Upon examination, however, the offer of pay while idle has its attraction. Unemployment compensation is not subject to income tax, either federal or state. The recipient has no expense for transportation to and from work, lunches, work clothing, or union dues. And—he has his leisure, which has value, he alone knows how much.

Thus, the claimant's cash benefit is determined by C, within limits set by the law, but the value of his leisure is completely beyond the control or even the knowledge of C. Hence, the sum of the two, or his total idleness wage, may easily exceed the wage offered by E's client. The wages of idleness compete with the wages of work, and E has an uphill task.

If the claimant does not want to take the job which E makes available to him, he can easily find an excuse. For example, the wage is lower than he is accustomed to receive (under present law compensation cannot be denied to a claimant who refuses a job on the ground that it offers substantially less wage and poorer conditions than prevail for similar work in the locality). Or the job is a long distance from his home; this, too, is an allowable excuse. He, a good union man, would be expected to work with "scabs." The work is beneath him. The work is above him. It is women's work. Truly, the acceptable excuses are legion.

Often a claimant's excuse comes as no surprise to E. He has expected it. Why, then, did he bother to make the referral? Perhaps because, in order to collect his

⁷ HR 7640, introduced in June, 1961.

week's stipend from C, the claimant must be able to report that he was referred to a job, applied, and found it unsuitable or was rejected.

Some states suggest that a compensation claimant bestir himself and look for a job independently. New York serves notice on the claimant, "You are expected to look for a job on your own," but according to employers such as Seth Levine, executive of a New York City shoe factory, this search-for-work requirement "is, in practice, a dead letter. Dozens of claimants have told me that the unemployment office makes only the most perfunctory inquiries about their job-seeking efforts. Usually a mere visit to the union hall suffices."⁸

The New Jersey law states that a person laid off for not more than four weeks need not look for work at all but just report to C for his check, and the New Jersey state director of employment security is empowered to waive the search-for-work requirement completely *for all claimants* if he thinks economic conditions warrant.

Before 1946 no independent search for work was ordinarily required; now, 28 states specifically require it. Sixteen of these made the change after abuses of the unemployment compensation system were exposed in the 1940's. However, the federal government is on record as opposing any general requirement that workers conduct an independent search for work.⁹

⁸S. Levine, "How To Play the Unemployment Insurance Game," *Harper's*, August, 1961.

⁹R. Altman, *Availability for Work, a Study in Unemployment Compensation* (Harvard, 1950), p. 118.

Those responsible for government employment services should make up their minds what they want to do. Do they want to get unemployed people into jobs? Then it would seem logical to cease paying them liberally to remain idle. But, if they want to turn what was intended to be temporary, emergency unemployment relief into an outright dole, then they should quit trying to operate employment agencies.

Private Agencies

The private employment specialist is still in business, despite the massive invasion of his field by the government. The "blue-collar" trade having been largely lured to the "free" state employment offices, private firms now concentrate on placement of white-collar people, including many technicians and executives. For example, one Pittsburgh agency in 1960 placed 500 executives, 183 of them as managers.

Some 85 to 90 per cent of placements by private agencies are people already employed but seeking greener pastures. In about two-thirds of the placements, the employer pays the agency fee, this practice having increased in recent years. That employers are willing to pay private agencies to find employees for them indicates a demand for the service.

To an increasing extent, private agencies are placing people in jobs outside the immediate locality. This is accomplished not only through branch offices but through cooperative arrangements between agencies. For exam-

ple, there is the National Association of Personnel Consultants, which embraces 62 member agencies in 32 states. Copies of job orders are provided each member by the agency in which the order originates. A resumé of the qualifications of the applicant to whom the job is referred, including three references, is given the employer. Thus, jobs and applicant are matched, even though widely separated.

Private employment firms cooperate even more broadly through the National Employment Association, Detroit, which promotes standards of ethical practice and defends the profession from governmental attack and encroachment.

Beyond publishing general information regarding the demand and supply of workers in various areas, the United States Employment Service does little to promote inter-area mobility. Its ineffectiveness was noted by the Committee for Economic Development, in a recent study of distressed areas:

“Even were the exchange of information among the employment offices of the nation operating efficiently, the present practice virtually guarantees that the official employment agencies do not have comprehensive information on employment opportunities. The reason for this is that the Employment Service is deeply involved in the administration of unemployment insurance—and necessarily so.”¹⁰

¹⁰ *Distressed Areas in a Growing Economy* (Research and Policy Committee, Committee for Economic Development, New York, June, 1961).

The jobless worker who registers with the local "un-employment office" and then goes home to live on his compensation while he awaits a job that may never come is surely less mobile than the one who registers with a private employment agency, agrees to pay it a fee when and if he takes a job he is referred to, and meanwhile lives on his savings and odd-job income under the urgency of getting a job in the near future.

Private employment agencies, allowed to operate freely and without "competition" by tax-supported bureaus, would help substantially to connect workers with jobs and give the increased mobility today's worker so greatly needs.

NO DAY OF RECKONING?

OR—DEBT MANAGEMENT IN THE AFFLUENT SOCIETY

by H. P. B. Jenkins



It was a lazy afternoon
 Beneath a cloudless sky.
Old Kaspar settled in his chair
 And turned a sleepy eye
On Peterkin and Wilhelmine
Who watched the historama screen.

They saw a crowd of city folks
 Within a marble hall;
And one, dressed up like Uncle Sam,
 Who stood against the wall
Where papers colored green and white
Were stacked beside him left and right.

And as the busy, pushing crowd
 Came past him on the screen,
He'd give them papers colored white
 And they'd give him some green,
While helpers worked at keeping track
Of changes made in either stack.

"Now tell us what 'twas all about!"

Cried little Wilhelmine.

"It was a market," Kaspar said,

"Where dollars long and green
Were traded nearly every day
For simple promises to pay."

"When Uncle Sam was short of cash

From current revenues,

He'd stand upon the market floor

And sell some *IOU's*;

And in his youth, so I've been told,

He'd pay his *IOU's* in gold."

"Why doesn't he," asked Peterkin,

"Pay debts in gold today?"

"The Planners showed him," Kaspar sighed,

"A more enlightened way.

When faced with bills and debts galore

He just goes out and borrows more."

Professor Jenkins (deceased) taught Economics at the University of Arkansas. His communiques, "with apology to the muse of Robert Southey," appeared regularly in *The Freeman* from March 1959 through April 1963.

THE BRITISH NATIONALIZED HEALTH SERVICE

by George Winder



THE LATE Lord Horder, who was one of Great Britain's most distinguished surgeons, speaking prior to the time Britain's medical system was taken over by the state, said, "It is universally acknowledged that our health services are the best in the world."

It is probable that a good many other countries will have made the same claim so we shall not press the point except to say that in 1948, when a socialist government established the British National Health Service, it took over a medical system well up to the standards of the time.

Yet that government seems to have been quite certain that once in the control of the state this system would improve. Many socialist Members of Parliament claimed that the country had, in fact, no medical organization, for they could not conceive of such a thing without a central authority to guide it. The central control which they established would, they believed, not only secure a

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

more efficient medical service but would also ensure a cheaper one. The expected cost of the new National Health Service had been carefully worked out before hand by the famous economist, now Lord Beveridge, who arrived at an estimate of £170 million a year. This was less than the £180 million which all medical services were believed to have cost the people in private expenditure before the war. Moreover, it was claimed that this figure should not have changed much by 1965; the improvement in general health which the nationalized services would bring about should prevent any increased costs.

Britain's National Health Service has now functioned for fourteen years so let us see to what extent the high hopes for it have been fulfilled.

The Estimate Was Low

The first and most obvious fact is the gross error in the forecast of costs that was made by Lord Beveridge. In its first year the nationalized service cost not £170 million but £377 million. The figure has risen year by year; in 1960 it cost £820 million of which only £23 million was for capital expenditure.

The British Cost of Living index shows that most prices were multiplied by three between 1938 and 1960. Medical costs, however, are more than four and a half times what they were. This, as we shall see later, has been due, not to any increased remuneration going to doctors, but chiefly to increased hospital expenses.

Below are the published costs of three famous hospitals, in 1938 when they were charitable trusts, and in 1960 when they were state institutions.

<u>Hospital</u>	<u>Number of beds</u>		<u>Average weekly cost per patient</u>	
	<u>1938</u>	<u>1960</u>	<u>1938</u>	<u>1960</u>
Guys	690	630	£6/ 3/ 8	£36/10/11
Charing Cross	293	286	£4/10/ 1	£36/14/11
Royal Portsmouth	250	205	£2/ 9/11	£23/ 8/10

These show a rise of costs from six to nine times—far above any increase which can be accounted for by inflation. These figures are typical of an increase which has taken place in all of Britain's hospitals. Administrative costs, included in the above figures, have risen from eleven to eighteen times although hospitals no longer have to collect funds from many sources as they did under the old system.

The rising costs of drugs and pharmaceutical preparations have also been of concern to the government. In 1950 these were £37 million and in 1960, £89 million. In 1951, in an effort to prevent waste, the government imposed a charge of one shilling on each prescription. This was increased to two shillings in 1961.

Both these charges were hotly resented by the socialists as being departures from their principle of free medicine. As a socialist Member of Parliament once expressed it, "If the Tories laid their sacrilegious hands on the Health Service, which the Opposition regarded as the

very temple of the nation's social security system, the Labour Party would fight it with the same determination which they had brought to fighting the Rent Act." Such tirades, however, had no effect on the conservative government in its determination to enforce these minor charges, even though they have not stopped the rise in total cost of drugs and pharmaceutical preparations.

Better Service?

That all British medical services cost so much more in real terms than they did before they were nationalized might be tolerable if the services the people receive had correspondingly increased. But, who can value that intimate association which should exist between the patient and his doctor? Under the old system of free enterprise the doctor was an authoritative master, a trusted friend, and at the same time a servant of his patient who must pay his fee. Under the system now practiced in Great Britain, much of this excellent relationship is undoubtedly retained; nevertheless, it is interrupted by an invisible stranger in the form of a higher medical authority peering over the doctor's shoulder with power to criticize his work and inflict a fine upon him if he is too experimental in his treatment or prescribes too many expensive drugs. The doctor is no longer the servant of the patient but of the National Health Service.

The importance of this change in the doctor's status is difficult to measure. The old traditions are still a powerful force with every honest doctor, but there can be no

doubt that the former relationship between the doctor and his patient is slowly being undermined; and this tendency will increase as control passes to a younger generation of medical men who have never known the old ways.

There is little doubt that if the matter were put to a vote the British people after 14 years of experience would still endorse the nationalized system. But this by no means indicates that they are getting better medical services than before; it merely means that they mistakenly believe such services are now costing them nothing.

To the man who is ill, the fact that he can call on a doctor and pay no fee seems to be such an obvious boon that he usually is oblivious to the price he is in fact paying. Thirteen per cent of the cost of the National Health Service is paid in National Insurance Contributions, 4 per cent in minor charges, and the rest in general taxation. This supposedly free medical service costs an average of over a pound per week per family. One would have to be very ill to pay more than this in direct fees. It is this lack of association between services rendered and payments made which induces the British voter to turn a blind eye to the defects of his National Health Service.

The Function of Price

As everyone knows, the strength of a demand for any service very largely depends upon its price. When the state took over Britain's medical services and announced

that in the future they were to be free, there was an instant and unprecedented increase in the demand for them. Under free enterprise whenever there is a great increase in the demand for any service, there is almost always a consequent increase in its supply. Does the same principle apply to socialized medicine? At first glance, yes. In 1952 there were 27,879 doctors employed by the National Health Service either in hospitals or as general medical practitioners. The number had increased by 1960 to 32,223. The greater increase took place in the hospitals where the number of salaried doctors rose from 9,650 in 1950 to 12,300 in 1960, that is, by 27 per cent. During the same period, however, the number of staffed hospital beds increased only 41½ per cent, from 453,000 to 473,000. This can be contrasted with a 33 per cent increase between 1929 and 1938 under the competitive system. In 1935 there were more hospital beds in Britain per thousand inhabitants than there are today, yet one of the chief charges made by the socialists against the competitive system was that it had insufficient hospital beds. The small increase in the number of beds, together with the fact that there were 466,000 people on the waiting list for such beds in 1960, certainly suggests that the National Health Service has failed to meet the increased demand that the absence of medical fees has made upon it. This great shortage of beds has caused the authorities to institute a system of priorities. Acute cases can always be found a bed, but those requiring operations for such complaints as hernia, varicose veins, and the like may have to wait up to a year and longer.

Hospital Shortage

Perhaps the chief reason for this failure of the National Health Service is that since its inception the building of hospitals has almost ceased. Only one hospital was built in thirteen years. Many socialist doctors before nationalization believed that when the government took over, all financial worries would disappear. With unlimited funds, the government would hasten to build all the hospitals required. In practice the position has been exactly the opposite. The government has been far more cautious in its capital expenditure than the most conservative of private concerns. Overwhelmed by the unexpected and ever-increasing cost of its Health Service, it has tried to keep down expenditure by checking expansion.

Mr. D. S. Lees, a Senior Lecturer in Economics, in an excellent booklet, "Health Through Choice," has pointed out that this failure to spend money on new hospitals has been an outstanding feature of the British National Health Service. Whereas before the war the yearly expenditure for capital purposes was about 20 per cent of current health expenditure, since nationalization it has been only about 5 per cent. Many medical men believe that nationalization has actually retarded the development of Britain's medical services and that the British people are receiving a far poorer service than they would have received if the prewar system had been allowed to continue its development.

In "The Genesis of the British National Health Serv-

ice" written by the well-known economist John Jewkes and his wife, the authors support the above conclusion, pointing out that in 1939 Great Britain was more amply supplied with hospital beds in proportion to population than the United States, but that since the war this advantage has disappeared. "It is difficult to escape the conclusion that in the United States the quantity of medical services available for each person is larger and is tending to increase more rapidly than in Great Britain."

They also make comparisons with the medical services of Switzerland which for the most part are still under the competitive system. The Swiss have more doctors and many more hospital beds per 1,000 of population. Between 1948 and 1959, money spent on hospital building per head of population was four times as great in Switzerland as in comparatively wealthy Great Britain. Waiting lists in Swiss hospitals are literally unknown.

True, the British government at last has been stung into activity by constant criticism and this year commenced a program to spend £50 million building hospitals over the next five years. Whether this expenditure will eliminate the long waiting lists for hospital beds remains to be seen.

These waiting lists have angered the socialists who seem to have forgotten that they are responsible for the introduction of the nationalized hospital. In their publicity at the General Election in 1959 they stated, "Nearly half a million people are waiting for hospital beds; too many doctors' surgeries are still grim and gloomy; too many hospitals are still out-of-date and makeshift; the

mental hospitals are overcrowded and dilapidated and, in spite of gallant efforts by those in charge, are quite unsuitable for modern psychiatric care; the committees and staff of the Service have been frustrated by endless administrative delays, and inevitably enthusiasm has been diminished."

No Evidence of Progress

As for the hopeful claim made by Lord Beveridge that the Health Service would improve the health of the people, there is no evidence whatever of this. Infant mortality rates have improved, but so have they in many other countries with entirely different medical systems. Tuberculosis, pneumonia, and diphtheria have diminished, but the same is true elsewhere. Chronic diseases, cancer, and neurosis have increased.

It was claimed that the expenditure on the National Health Service was a form of national investment which would increase wealth by reducing the amount of days lost to industry through sickness; but figures for absence from work on account of illness have in no way diminished.

In summation, the British National Health Service has failed to meet the increased demands made upon it, and even after the change in the value of money is allowed for, medical attention costs the British people a great deal more than before the war. Moreover, in those material factors which lend themselves to measurement, Britain's medical services have expanded far more slowly

than they did in the 30 years before nationalization. They also have expanded more slowly than in the United States and Switzerland where medical treatment has remained, for the most part, on a free enterprise basis. If the British people still believe in their state-owned National Health Service, it is not because of its virtues but solely because of the illusion that it costs them nothing.

What the Poor Had To Lose

It may be argued that at least the poor have benefited by not having to pay the doctor's fees. Even this is doubtful. Prior to nationalization, the great amount of charitable hospital service, which then existed, looked after them. Today, the poor must share with others the crowded surgeries which are the result of "free medicine."

It could be argued, of course, that these crowded surgeries and hospitals are evidence of the crying need for a free medical service which must have existed before nationalization but was concealed by the inability of the poor to pay the doctor's fees. But the crowded surgeries are not due so much to really sick people asking for treatment they could not previously afford as to the desire of many people to have free treatment for the slightest cold or illness. Before nationalization, a really sick person was sure of treatment whatever his financial means. Now, with the many claims on the doctors' services, a sick person may fail to get the attention his illness requires.

If we look upon the National Health Service as a form

of charity, it is worth considering whether the British people really need it. Whereas in 1960 health services cost them £820 million, their beer and spirits cost £1,001 million and their tobacco £1,140 million.

It is sometimes claimed that the chief beneficiaries of the nationalized system are the middle classes who, prior to the National Health Service, had to pay their doctor's fees. It is difficult to see their gain, however. The taxes they pay for medical services they may not receive average well over a pound a week per family. The middle classes do, in fact, pay for medical care, the only real difference being that now they are deprived of some of that personal responsibility which was once the basis of their character.

Only about 5 per cent of the people now employ those doctors who have kept out of the National Health Service. They pay twice over, for they must also pay in taxation their share of costs for the nationalized service.

An Ambiguous Position

In considering the doctor himself under Britain's National Health Service, the word "nationalized" may seem a bit out of order. The position of the general practitioner, for instance, is an ambiguous one. He may still have his own private patients if he can get them; but the doctor who originally believed he could get the best of both worlds by having both paying and state patients soon found that the vast majority of them preferred to register under the state system, thus retaining his services

at no apparent cost to themselves. The result is that all but a few British doctors now depend on the National Health Service for a living.

Some six hundred doctors remained outside the scheme from the beginning and are allowed to carry on under the old competitive system. Lately, these independent practitioners have grown in number, probably due to the growth in private health insurance. In 1948 some 100,000 people subscribed to private health policies; in 1960 more than 1,000,000. According to Dr. John Hunt, secretary of the College of General Practitioners, one quarter of British doctors have insured their families for private hospital treatment.

The general practitioners employed by the National Health Service are paid, not according to the amount of work they do or the number of patients they attend, but according to the number they can persuade to register on their panel for medical services if they should be required. For every patient on his panel, a doctor receives a fee, whether he attends such patient or not. Therefore, the majority of general practitioners aim to get as many registered patients as possible. A doctor is expected to accept on his panel everyone who applies. But he naturally does his best to avoid potential patients who might require his services too often, such as old people and chronic invalids.

A general practitioner is allowed to have up to 3,500 registered patients, yet doctors claim that about 1,500 is all they can properly attend. More than half of Britain's general practitioners have more than 2,500 patients

while 29 per cent have more than 3,000. For each patient on his panel, a doctor now receives 19/6 (\$2.73) a year—occasionally more, to induce a doctor to go into unpopular areas or to a country area where the panel must necessarily be small. There are also allowances for “good behavior” such as attending refresher courses. Out of his capitation fee the doctor must pay the costs of his surgery and the wages of his receptionist or nurse. The fee is the same for the doctor who employs capable assistants and uses the most modern equipment as for the doctor who gets along with the aid of a stethoscope and an overworked wife. The result is that the doctor who accepts only as many patients as he can conscientiously handle will have a very inadequate income. For more income, a doctor must have a large panel of patients, which will mean a crowded surgery, hurried interviews, and often a snap diagnosis. The system places a premium on bad and hasty service. Moreover, because the patient has nothing to pay, he tends to visit his overworked doctor as often as possible. As one doctor has put it, “The patient seeks the doctor to gratify his every whim; the doctor tries everything in his power to avoid the patient.”

Under such conditions, it is not surprising when a doctor develops a feeling of guilt and resigns the service, explaining as one did recently, “The horror of this system is that many excellent doctors are trapped by it, but I have hated myself for it and now I am out of it.”

Many of the patients also are unhappy. Knowing the reluctance of the doctor to visit them, the more consid-

erate do their best to visit his surgery, though they should have remained in bed. Knowing also that their visit brings the doctor no financial return, some are constantly apologetic. "I'm sorry to trouble you, Doctor," is a phrase constantly on their lips. Others, of course, aggressively insist on their rights and expect the doctor to do anything they demand, such as writing a prescription for some patent medicine they have seen advertised so they can have it at the expense of the National Health Service. Young doctors sometimes are suspected of prescribing too generously in order to attract new patients to their panels. Many doctors believe their surgeries are looked upon as social centers by women patients.

Passing the Buck

There is a minimum service which the doctor feels compelled to perform, but only the more conscientious will go beyond this. Most, if they can possibly do so, send their more troublesome jobs to the hospitals, thus adding to the already excessive demands upon those institutions. Simple operations, formerly taken in stride, are now handled this way, as are such time-consuming jobs as a check-up to find out the patient's general state of health. The District Medical Executive Councils do not seem to resent this passing of responsibility to the crowded hospitals. They even encourage it by forbidding the general practitioner to do a number of jobs which were formerly within his province. In most areas, he is not allowed to do X-rays or blood tests or perform regu-

larly on women patients the cancer-warning Papanicolous test.

One of the most constant complaints of the general practitioner is the great amount of paperwork required by the authorities. The majority of British doctors may still have the skills and loyalties inherited from the past, but under the National Health Service, they have every reason to forget them and to take as little responsibility as possible. Whatever service they may render their patient will not in any way affect their capitation fee.

Since nationalization, the people have developed a habit of suing their doctor in the Law Courts for negligence. Although such actions existed in the past, they have now become much more common. This again makes the general practitioner reluctant to do more than the minimum required of him. After all, there is a limit to the responsibility one can undertake for 19 shillings and 6 pence. Moreover, medical colleagues on the salaried hospital staff are in no such invidious position, for the government is responsible for their mistakes. This has caused some doctors to suggest that the general medical practitioner would be better off as a salaried official than he is under the present system, in which he has all the disadvantages but none of the advantages of independence.

It is worth noting that this British system of socialized medicine with its capitation payments was adopted in Australia in 1946 by a socialist government. In 1952 a conservative government abolished it, replacing it by insurance against illness through private companies. Al-

though the government did not entirely desert the medical field, it restored the old and well-tried relationship between doctor and patient. This government, incidentally, is still in power.

Third Party Medicine

In the past the doctor was responsible only to his patient and to public opinion. Now he has a higher authority which he must conciliate. He may be told, for example, by his District Medical Executive Council that he is giving his patient too many drugs of an expensive kind and that his drug bill which the state has to meet is above the average for his district. If these excessive costs are continued, he may be required to pay a proportion of the bill himself. Here is a paradoxical instruction to doctors from a recent memorandum by the Ministry of Health: "Without prejudice to the doctor's rights to prescribe whatever he thinks necessary in any individual case, a doctor may be called upon to justify the cost of his prescription." Another memorandum, evidently trying to overcome the natural reluctance of the panel doctor to visit the patient, gives full instruction as to when such visits should be made.

Another cross the general practitioner must bear is that a patient may inform the District Medical Executive Council that his doctor is not giving him the full service to which he feels entitled. Occasionally the public is regaled in the press with a list of fines inflicted on doctors who have committed such offenses as failing to

answer night calls. In 1960, disciplinary action was taken against doctors in 410 cases.

But what most troubles the general medical practitioner is that his fixed fee, multiplied by more patients than he can adequately serve, leaves him with a far lower real income than most doctors enjoyed before the war.

Doctors Are Leaving

In 1951, after an inquiry on the remuneration of doctors, the capitation rate and the salaries of hospital doctors were raised to compensate for inflation. Since then, rates have risen only slightly, but prices generally are up a third, causing a decline in the real income of doctors. Naturally, doctors are dissatisfied. Older members of the profession seldom can do anything about it, but the younger members are showing their disapproval by simply leaving the country. John R. Seale, M.D., M.R.C.P., has shown the extent of this exodus in a booklet published by The Fellowship for Freedom in Medicine. Although doctors have always emigrated from Great Britain, they are leaving now at a rate higher than ever before. Between 1956 and 1960, of doctors trained in British medical schools, 1,070 have emigrated to Canada, 1,100 to Australia, 190 to New Zealand, and 750 to the U. S. In the twelve months of 1960 more doctors trained in England and Ireland emigrated to the U. S. than in the whole period from 1930 to 1939. Canadian statistics show that British doctors are entering Canada at a rate

five times as great as that for British immigrants in general. Last year, one-third of the medical students who qualified in Great Britain left the country.

Moreover, knowledge of the disadvantages under which British doctors are now serving has penetrated to the rising generation. Although the number of students at British universities has doubled since the war, the number studying medicine has actually decreased since the introduction of the National Health Service. There were 14,200 medical students at British universities in 1950 compared with 12,700 in 1958. The resulting vacuum in the British Health Service has to be filled with doctors from the Commonwealth and by foreigners. Before the war, some 200 Commonwealth doctors a year registered in Great Britain, chiefly from Canada, Australia, and New Zealand. In 1960 the number was 1,400, mostly from India and Pakistan. The number of foreign doctors registering before the war with the British Medical Council was under a dozen a year. In 1960 it was 1,701 and last year over 2,000—from such places as Syria, Spain, Greece, Peru, Turkey, Japan, and Yugoslavia. Some of these are well-trained but, as Dr. Seale points out, others are from medical schools of which the British authorities can have very little knowledge. Nearly half of all junior posts are now held by doctors from overseas.

A report issued by the Nuffield Provincial Trust showed that in many casualty departments the provision of medically qualified supervision had broken down and that able nursing sisters were making the diagnosis and

carrying out the treatment. A doctor was usually available, but often he spoke no language in which he could be understood. Recently the General Hospital at Weston-super-Mare advertised for a Senior House Officer in Surgery. It received applications from one Briton, one Australian, one Portugese, one Greek, one Japanese, three Anglo-Indians, three Egyptians, five Pakistanis, and forty-three Indians.

Young British doctors who have some memory and regard for older medical traditions seem to be expressing their opinion of their National Health Service in that manner sometimes described as "voting with their feet." British nurses are infected by the same spirit. There is a general dissatisfaction with their rates of pay and, for the first time in British history, there has been talk of a nurses' strike. Fortunately, the high ideals of the profession have prevailed. It takes some time to undermine a good medical system and particularly to destroy the long-established traditions of trust between doctor and patient which the older British doctors remember. Nevertheless, the British National Health Service is doing both.

Perhaps the greatest tragedy is that the generation of Britons now growing to manhood may unquestionably accept the National Health Service, for they never will have known anything better.

LET'S WRECK THE GRAVY TRAIN

by Edward P. Coleson



LET'S WRECK the "gravy train" before it ruins our country. Independent, self-reliant men and women, who were willing to stand on their own feet, do a day's work, and look after themselves, made America the great nation it is, has been, and can remain. But a multitude of Americans will have to rise with "firmness in the right" if this nation is going to survive.

The facts are almost overwhelming. Starting from depression days the list of federal dependents has been growing continually. Five years ago Senator Byrd said that 37 million people were then receiving federal payments. To these would have to be added an unknown number of relatives plus a good many others who were benefiting indirectly from government handouts. The Senator warned us ". . . the spread of government paternalism is frightening."

But Americans are a complacent people and don't

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frighten easily—certainly not as long as the stream of checks from Washington continues. Indeed, many more have boarded the “gravy train” in the last five years and there is an ever-increasing queue of would-be passengers jostling one another for the best position in the waiting line. Apparently almost the entire population is clamoring to get on board.

The resulting situation is ridiculous and would be funny if the future of our country were not at stake. Seemingly no one is immune. The educators of the nation who ought to know better are pleading for their share of the federal bounty as a right and a good many others can think of equally convincing reasons why they should be included. Certainly the rest of us could just as logically demand “reservations” as those already “on board,” but the practical fact is that the conveyance is already seriously overloaded.

The resulting spectacle reminds the writer of a little narrow gauge train he once boarded out in the bush in Africa. The coaches were crammed with natives, bundles, chickens, and pigs in the wildest disarray until no one else could even hang on. The only trouble was that when the train reached a hill, it couldn't make the grade and the passengers had to pile out and push. But our fellow Americans don't want to be inconvenienced: they expect a streamlined, air-conditioned ride all the way through—no pushing for them except crowding to get more benefits. And in this space age they see no reason why it shouldn't be possible.

The simple truth is that government is not productive:

we, the people, must support ourselves plus Uncle Sam and all his poor relatives. But, as many of us have noticed, often Uncle's hangers-on seem more prosperous than the rest of us, and parasitism no longer carries even a stigma: it has become a way of life. The net result is that the decreasing number of producers find it harder and harder to maintain themselves and all the free loaders, until they too are tempted to give up the struggle and run to Washington with a tin cup like everyone else. Increasingly people are saying that we must have federal help; we simply can't make it on our own slender resources. But as more people are subsidized the burden becomes even more impossible for the few independent Americans who are still trying to go it alone. Nor does government assistance offer more than the illusion of relief: we pay it all plus the cost of bureaucratic inefficiency. Thomas Jefferson described our present-day situation with prophetic eloquence:

If we run into such debts, as that we must be taxed in our meat and in our drink, in our necessaries and our comforts, in our labors and our amusements . . . as the people of England are, our people, like them, must come to labor sixteen hours in the twenty-four, give the earnings of fifteen of these to the government for their debts and daily expenses; and the sixteenth being insufficient to afford us bread, we must . . . be glad to obtain subsistence by hiring ourselves (to the government) to rivet their chains on the necks of our fellow-sufferers.

A large fraction of every budget simply goes to placate the pressure groups—buy our votes with our own money.

Most of our fellow countrymen know this and have

known it all along. Their justification usually is that we might as well get our share while it's going around. Indeed, in the tomorrows when the historian takes pen in hand to describe the *Decline and Fall of the United States*, (should present trends continue) he will have to record the fact that the fault lay mainly with good, well-meaning people. The demagogues could never have gotten their way had not a multitude of respectable people gone along because it was easy, profitable, and the thing being done—"fellow travelers" on the road to ruin. Let's each start a one-man campaign to close out the federal give-away program by pledging ourselves to stand on our own feet and encouraging our friends to do the same.

“PLANNING” VS. THE FREE MARKET

by Henry Hazlitt



WHEN WE DISCUSS “economic planning,” we must be clear concerning what it is we are talking about. The real question being raised is not: plan or no plan? but *whose* plan?

Each of us, in his private capacity, is constantly planning for the future: what he will do the rest of today, the rest of the week, or on the weekend; what he will do this month or next year. Some of us are planning, though in a more general way, ten or twenty years ahead.

We are making these plans both in our capacity as consumers and as producers. Employees are either planning to stay where they are, or to shift from one job to another, or from one company to another, or from one city to another, or even from one career to another. Entrepreneurs are either planning to stay in one location or to move to another, to expand or contract their opera-

Mr. Hazlitt is the well-known economic analyst, author, and speaker. This article is reprinted by permission from an address at the 1962 meeting of the Mont Pelerin Society in Knokke, Belgium.

tions, to stop making a product for which they think demand is dying and to start making one for which they think demand is going to grow.

Now the people who call themselves “Economic Planners” either ignore or by implication deny all this. They talk as if the world of private enterprise, the free market, supply, demand, and competition, were a world of chaos and anarchy, in which nobody ever planned ahead or looked ahead, but merely drifted or staggered along. I once engaged in a television debate with an eminent Planner in a high official position who implied that without his forecasts and guidance American business would be “flying blind.” At best, the Planners imply, the world of private enterprise is one in which everybody works or plans at cross purposes or makes his plans solely in his “private” interest rather than in the “public” interest.

Now the Planner wants to substitute his *own* plan for the plans of everybody else. At best, he wants the *government* to lay down a Master Plan to which everybody else’s plan must be subordinated.

It Involves Compulsion

It is this aspect of Planning to which our attention should be directed: Planning always involves *compulsion*. This may be disguised in various ways. The government Planners will, of course, try to persuade people that the Master Plan has been drawn up for their own good, and that the only persons who are going to be

coerced are those whose plans are "not in the public interest."

The Planners will say, in the newly fashionable phraseology, that their plans are not "imperative," but merely "indicative." They will make a great parade of "democracy," freedom, cooperation, and noncompulsion by "consulting all groups"—"Labor," "Industry," the Government, even "Consumers Representatives"—in drawing up the Master Plan and the specific "goals" or "targets." Of course, if they could really succeed in giving everybody his proportionate weight and voice and freedom of choice, if everybody were allowed to pursue the plan of production or consumption of specific goods and services that he had intended to pursue or would have pursued anyway, then the whole Plan would be useless and pointless, a complete waste of energy and time. The Plan would be meaningful only if it forced the production and consumption of *different* things or different quantities of things than a free market would have provided. In short, it would be meaningful only insofar as it put compulsion on *somebody* and forced some change in the pattern of production and consumption.

There are two excuses for this coercion. One is that the free market produces the *wrong* goods, and that only government Planning and direction could assure the production of the "right" ones. This is the thesis popularized by J. K. Galbraith. The other excuse is that the free market does not produce *enough* goods, and that only government Planning could speed things up. This is the thesis of the apostles of "economic growth."

The "Five-Year Plans"

Let us take up the "Galbraith" thesis first. I put his name in quotation marks because the thesis long antedates his presentation of it. It is the basis of all the communist "Five-Year Plans" which are now aped by a score of socialist nations. While these Plans may consist in setting out some general "overall" percentage of production increase, their characteristic feature is rather a whole network of specific "targets" for specific industries: there is to be a 25 per cent increase in steel capacity, a 15 per cent increase in cement production, a 12 per cent increase in butter and milk output, and so forth.

There is always a strong bias in these Plans, especially in the communist countries, in favor of heavy industry, because it gives increased power to make war. In all the Plans, however, even in noncommunist countries, there is a strong bias in favor of industrialization, of heavy industry as against agriculture, in the belief that this necessarily increases real income faster and leads to greater national self-sufficiency. It is not an accident that such countries are constantly running into agricultural crises and food famines.

But the Plans also reflect either the implied or explicit moral judgments of the government Planners. The latter seldom plan for an increased production of cigarettes or whisky, or, in fact, for any so-called "luxury" item. The standards are always grim and puritanical. The word "austerity" makes a chronic appearance. Consumers are told that they must "tighten their belts" for

a little longer. Sometimes, if the last Plan has not been too unsuccessful, there is a little relaxation: consumers can, perhaps, have a few more motor cars and hospitals and playgrounds. But there is almost never any provision for, say, more golf courses or even bowling alleys. In general, no form of expenditure is approved that cannot be universalized, or at least "majoritized." And such so-called luxury expenditure is discouraged, even in a so-called "indicative" Plan, by not allowing access by promoters of such projects to bank credit or to the capital markets. At some point government coercion or compulsion comes into play.

This disapproval and coercion may rest on several grounds. Nearly all "austerity" programs stem from the belief, not that the person who wants to make a "luxury" expenditure cannot afford it, but that "the nation" cannot afford it. This involves the assumption that, if I set up a bowling alley or patronize one, I am somehow depriving my fellow citizens of more necessary goods or services. This would be true only on the assumption that the proper thing to do is to tax my so-called surplus income away from me and turn it over to others in the form of money, goods, or services. But if I am allowed to keep my "surplus" income, and am forbidden to spend it on bowling alleys or on imported wine and cheese, I will spend it on something else that is not forbidden. Thus when the British austerity program after World War II prevented an Englishman from consuming imported luxuries, on the ground that "the nation" could not afford the "foreign exchange" or the "unfavorable

balance of payments,” officials were shocked to find that the money was being squandered on football pools or dog races. And there is no reason to suppose, in any case, that the “dollar shortage” or the “unfavorable balance of payments” was helped in the least. The austerity program, insofar as it was not enforced by higher income taxes, probably cut down potential exports as much as it did potential imports; and insofar as it was enforced by higher income taxes, it discouraged exports by restricting and discouraging production.

Bureaucratic Choice

But we come now to the specific Galbraith thesis, growing out of the agelong bureaucratic suspicion of luxury spending, that consumers generally do not know how to spend the income they have earned; that they buy whatever advertisers tell them to buy; that consumers are, in short, boobs and suckers, chronically wasting their money on trivialities, if not on absolute junk. The bulk of consumers also, if left to themselves, show atrocious taste, and crave cerise automobiles with ridiculous tailfins.

The natural conclusion from all this—and Galbraith does not hesitate to draw it—is that consumers ought to be deprived of freedom of choice, and that government bureaucrats, full of wisdom—of course, of a very *unconventional* wisdom—should make their consumptive choices for them. The consumers should be supplied, not with what they themselves want, but with what bureau-

crats of exquisite taste and culture think is good for them. And the way to do this is to tax away from people all the income they have been foolish enough to earn above that required to meet their bare necessities, and turn it over to the bureaucrats to be spent in ways in which the latter think would really do people the most good—more and better roads and parks and playgrounds and schools and television programs—all supplied, of course, by government.

And here Galbraith resorts to a neat semantic trick. The goods and services for which people voluntarily spend their own money make up, in his vocabulary, the “private sector” of the economy, while the goods and services supplied to them by the government, out of the income it has seized from them in taxes, make up the “public sector.” Now the adjective “private” carries an aura of the selfish and exclusive, the inward-looking, whereas the adjective “public” carries an aura of the democratic, the shared, the generous, the patriotic, the outward-looking—in brief, the public-spirited. And as the tendency of the expanding welfare state has been, in fact, to take out of private hands and more and more take into its own hands provision of the goods and services that are considered to be most essential and most edifying—roads and water supply, schools and hospitals and scientific research, education, old-age insurance and medical care—the tendency must be increasingly to associate the word “public” with everything that is really necessary and laudable, leaving the “private sector” to be associated merely with the superfluties and capri-

cious wants that are left over after everything that is really important has been taken care of.

If the distinction between the two "sectors" were put in more neutral terms—say, the "private sector" versus the "governmental sector," the scales would not be so heavily weighted in favor of the latter. In fact, this more neutral vocabulary would raise in the mind of the hearer the question whether certain activities now assumed by the modern welfare state do legitimately or appropriately come within the governmental province. For Galbraith's use of the word "sector," "private" or "public," cleverly carries the implication that the public "sector" is legitimately not only whatever the government has already taken over but a great deal besides. Galbraith's whole point is that the "public sector" is "starved" in favor of a "private sector" overstuffed with superfluities and trash.

The true distinction, and the appropriate vocabulary, however, would throw an entirely different light on the matter. What Galbraith calls the "private sector" of the economy is, in fact, the *voluntary* sector; and what he calls the "public sector" is, in fact, the *coercive* sector. The voluntary sector is made up of the goods and services for which people voluntarily spend the money they have earned. The coercive sector is made up of the goods and services that are provided, regardless of the wishes of the individual, out of the taxes that are seized from him. And as this sector grows at the expense of the voluntary sector, we come to the essence of the welfare state. In this state nobody pays for the education of his own

children but everybody pays for the education of everybody else's children. Nobody pays his own medical bills, but everybody pays everybody else's medical bills. Nobody helps his own old parents, but everybody else's old parents. Nobody provides for the contingency of his own unemployment, his own sickness, his own old age, but everybody provides for the unemployment, sickness, or old age of everybody else. The welfare state, as Bastiat put it with uncanny clairvoyance more than a century ago, is the great fiction by which everybody tries to live at the expense of everybody else.

This is not only a fiction; it is bound to be a failure. This is sure to be the outcome whenever effort is separated from reward. When people who earn more than the average have their "surplus," or the greater part of it, seized from them in taxes, and when people who earn less than the average have the deficiency, or the greater part of it, turned over to them in handouts and doles, the production of all must sharply decline; for the energetic and able lose their incentive to produce more than the average, and the slothful and unskilled lose their incentive to improve their condition.

The Growth Planners

I have spent so much time in analyzing the fallacies of the Galbraithian school of economic Planners that I have left myself little in which to analyze the fallacies of the Growth Planners. Many of their fallacies are the same; but there are some important differences.

The chief difference is that the Galbraithians believe that a free market economy produces too much (though, of course, they are the “wrong” goods), whereas the Growthmen believe that a free market economy does not produce nearly enough. I will not here deal with all the statistical errors, gaps, and fallacies in their arguments, though an analysis of these alone could occupy a fat book. I want to concentrate on their idea that some form of government direction or coercion can by some strange magic increase production above the level that can be achieved when everybody enjoys economic freedom.

For it seems to me self-evident that when people are free, production tends to be, if not maximized, at least optimized. This is because, in a system of free markets and private property, everybody’s reward tends to equal the value of his production. What he gets for his production (and is allowed to keep) is in fact what it is worth in the market. If he wants to double his income in a single year, he is free to try—and may succeed if he is able to double his production in a single year. If he is content with the income he has—or if he feels that he can only get more by excessive effort or risk—he is under no pressure to increase his output. In a free market everyone is free to maximize his satisfactions, whether these consist in more leisure or in more goods.

But along comes the Growth Planner. He finds by statistics (whose trustworthiness and accuracy he never doubts) that the economy has been growing, say, only 2.8 per cent a year. He concludes, in a flash of genius, that a growth rate of 5 per cent a year would be faster!

There is among the Growth Planners a profound mystical belief in the power of words. They declare that they "are not satisfied" with a growth rate of a mere 2.8 per cent a year; they demand a growth rate of 5 per cent a year. And once having spoken, they act as if half the job had already been done. If they did not assume this, it would be impossible to explain the deep earnestness with which they argue among themselves whether the growth rate "ought" to be 4 or 5 or 6 per cent. (The only thing they always agree on is that it ought to be greater than whatever it actually is.) Having decided on this magic overall figure, they then proceed either to set specific targets for specific goods (and here they are at one with the Russian Five-Year Planners) or to announce some general recipe for reaching the overall rate.

But why do they assume that setting their magic target rate will increase the rate of production over the existing one? And how is their growth rate supposed to apply as far as the individual is concerned? Is the man who is already making \$50,000 a year to be coerced into working for an income of \$52,500 next year? Is the man who is making only \$5,000 a year to be forbidden to make more than \$5,250 next year? If not, what is gained by making a specific "annual growth rate" a governmental "target"? Why not just permit or encourage everybody to do his best, or make his own decision, and let the average "growth" be whatever it turns out to be?

The way to get a maximum rate of "economic growth"—assuming this to be our aim—is to give maximum encouragement to production, employment, saving, and in-

vestment. And the way to do this is to maintain a free market and a sound currency. It is to encourage profits, which must in turn encourage both investment and employment. It is to refrain from oppressive taxation that siphons away the funds that would otherwise be available for investment. It is to allow free wage rates that permit and encourage full employment. It is to allow free interest rates, which would tend to maximize saving and investment.

The Wrong Policies

The way to *slow down* the rate of economic growth is, of course, precisely the opposite of this. It is to discourage production, employment, saving, and investment by incessant interventions, controls, threats, and harassment. It is to frown upon profits, to declare that they are excessive, to file constant antitrust suits, to control prices by law or by threats, to levy confiscatory taxes that discourage new investment and siphon off the funds that make investment possible, to hold down interest rates artificially to the point where real saving is discouraged and malinvestment encouraged, to deprive employers of genuine freedom of bargaining, to grant excessive immunities and privileges to labor unions so that their demands are chronically excessive and chronically threaten unemployment—and then to try to offset all these policies by government spending, deficits, and monetary inflation. But I have just described precisely the policies that most of the fanatical Growthmen advocate.

Their recipe for inducing growth always turns out to be—inflation. This does lead to the *illusion* of growth, which is measured in their statistics in monetary terms. What the Growthmen do not realize is that the magic of inflation is always a short-run magic, and quickly played out. It can work temporarily and under special conditions—when it causes prices to rise faster than wages and so restores or expands profit margins. But this can happen only in the early stages of an inflation which is not expected to continue. And it can happen even then only because of the temporary acquiescence or passivity of the labor union leaders. The consequences of this short-lived paradise are malinvestment, waste, a wanton redistribution of wealth and income, the growth of speculation and gambling, immorality and corruption, social resentment, discontent and upheaval, disillusion, bankruptcy, increased governmental controls, and eventual collapse. This year's euphoria becomes next year's hangover. Sound long-run growth is always retarded.

In Spite of "The Plan"

Before closing, I should like to deal with at least one statistical argument in favor of government Planning. This is that Planning has actually succeeded in promoting growth, and that this can be statistically proved. In reply I should like to quote from an article on economic planning in the *Survey* published by the Morgan Guaranty Trust Company of New York in its issue of June 1962:

There is no way to be sure how much credit is due the French plans in themselves for that country's impressive 4½ per cent average annual growth rate over the past decade. Other factors were working in favor of growth: a relatively low starting level after the wartime destruction, Marshall Plan funds in the early years, later an ample labor supply siphonable from agriculture and from obsolete or inefficient industries, most recently the bracing air of foreign competition let in by liberalization of import restrictions, the general dynamism of the Common Market, the break-through of the consumer as a source of demand. For the fact that France today has a high degree of stability and a strong currency along with its growth, the stern fiscal discipline applied after the devaluation of late 1958 must be held principally responsible.

That a plan is fulfilled, in other words, does not prove that the same or better results could not have been achieved with a lesser degree of central guidance. Any judgment as to cause and effect, of course, must also consider the cases of West Germany and Italy, which have sustained high growth rates without national planning of the economy.

In brief, statistical estimates of growth rates, even if we could accept them as meaningful and accurate, are the result of so many factors that it is never possible to ascribe them with confidence to any single cause. Ultimately we must fall back upon an a priori conclusion, yet a conclusion that is confirmed by the whole range of human experience: that when each of us is free to work out his own economic destiny, within the framework of the market economy, the institution of private property, and the general rule of law, we will all improve our economic condition much faster than when we are ordered around by bureaucrats.

THE ALLIANCE FOR PROGRESS MUST FAIL

by Willard M. Fox



THE ALLIANCE FOR PROGRESS is foredoomed to fail. Both its purpose and its methods are defective. Its analysis of the problem misses the mark, and its proposed solution will only aggravate the situation it is intended to alleviate. The net effect will be disastrous. The waste of billions of dollars exacted from American taxpayers is serious enough, but this is nothing compared to the harm of fanning into flames the smoldering anti-Americanism south of the border. Propaganda for the Alliance has led Latin Americans to expect miracles that are impossible. When these miracles fail to come off, the result must be bitterness and hatred toward those who held forth false promises.

Latin America does have serious problems. Its population is exploding. Far too many people live literally from hand to mouth and go to bed hungry, sleeping on straw or bare dirt floors. Many go barefoot from the cradle to the grave. With a few exceptions, as in Argentina, large numbers of the people are illiterate. Sanitation is neglected and disease abounds.

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No Latin American country has a firm tradition of either representative republicanism or parliamentary democracy. None has an electorate capable of making an orderly transfer of power from the "Ins" to the "Outs." Most have bloated bureaucracies of incompetent, corrupt civil servants lacking understanding of the kind of institutional framework essential to a free, industrialized, expanding economy.

Yet, abetted by the Alliance, the Latin American ruling cliques are bent on creating industrialized economies directed by governments. Almost all of them, to the extent that they have any economic philosophy, believe in state planning and direction of the economy. They are inclined to take the word for the deed, and to believe that enunciating a grandiose plan is equivalent to executing it.

The Real Obstacle

It is impossible to help people effectively if they will not cooperate. It is doubly impossible to help them if they insist that a request for cooperation is an unwarranted and insufferable interference in their affairs and an impudent and insulting affront to their pride and dignity. This is the insurmountable obstacle.

Latin American powers want United States taxpayers to give them billions of dollars with no strings attached. If we do, the billions will be spent by corrupt and inefficient bureaucrats. If we insist on honest and purposeful spending for basics such as roads, education, water and sewage systems, with controls adequate to minimize

graft and insure competent management, we shall be damned for interference in internal affairs, interventionism, and imperialism. Either way, we are going to be even less popular than we are.

Latin American politicians and their advisers are most reluctant to acknowledge the existence of such principles as comparative costs, geographic specialization, and international division of labor. They are loath to admit or accept limitations of their powers. If a thing is technically possible, they are anxious to plan it, do it, and charge it to the American taxpayers. It is technically possible to build Diesel-electric locomotives in any Latin American country. In fact, they are on the list of things the Mexican government wants built in Mexico. There are at least three ways this could be done. The government could set up a wholly owned corporation, just as it set up PEMEX to monopolize the petroleum industry. It could set up a joint venture backed by Mexico's Development Bank, *Nacional Financiera*, with all-Mexican or mixed Mexican and foreign capital and technical assistance and licensing agreements with some firm in the Diesel-electric locomotive business. Or, it could grant a monopoly to some foreign firm like General Motors or General Electric with a contract from its state-owned railroads to insure a profit to the builder. None of these methods makes sense, though each is technically possible. The simple fact is that Mexico does not offer a big enough market for Diesel-electric locomotives to make such an enterprise economically sound.

There is no question that any country has the naked

power within its own borders to undertake a program of industrialization and self-sufficiency. A country such as El Salvador or Honduras doubtless could build its own electronics industry and manufacture its own television receivers and large-scale computers. There is also no doubt that United Fruit has the technical skill to grow bananas in Boston, where it has its offices. Nevertheless, the cheapest way for United Fruit to get bananas is to grow them on its plantations in the tropics. The cheapest way for Latin America to get the kind of automobiles its roads and distances require is to buy them from Detroit. No Alliance is going to change these facts of life about comparative costs.

By going along with and even fostering the notion that Latin American countries ought to industrialize and manufacture their own automatic tools and petrochemicals—under obvious disadvantages of economy of scale, comparative costs, and specialization of resources—the Alliance hurts both Latin America and the United States. Far better to let individuals do the things for which they are competent and have natural advantages.

Natural Advantages

The comparative or absolute natural advantages of Latin Americans are not limited to mining and growing bananas, cotton, coffee, and henequen. They can and do produce various fruits and vegetables not grown in the United States and other countries. They have innumerable forestry and fisheries products. They have

large unused pools of potentially industrious labor. They have, or can quickly develop, almost any number of artisans and craftsmen capable of working with simple, low cost tools to turn out products readily marketable in industrial countries.

The crying need in Latin America is for jobs, a need that grows as an explosive birth rate and a falling death rate create a larger potential labor force each year. The most acute shortages in Latin America are the lack of imaginative entrepreneurs and the lack of equity capital for them to use. Given this state of affairs, it makes no sense to encourage the development in Latin America of "showcase" industries—in which Latin America has natural disadvantages and which require large capital investments and relatively small numbers of employees. Automobiles, petrochemicals, machine tools, and countless mass production items are best produced in large-scale plants with huge capital investments and highly automated processes. Yet these are the kind of investments that fascinate the political leaders involved in the Alliance for Progress.

Such projects hurt the citizens of Latin America by diverting available capital from economically sound to economically unsound uses. They also hurt the American citizen, taking from him tax dollars he could otherwise use for his own ends. The Alliance hurts Americans who want to do business in Latin America. It encourages Latin American governments to increase their discrimination against American products which their own citizens want.

By way of the Alliance, we tax ourselves to destroy existing jobs within the United States and to prevent the creation of other jobs. This reduces our own standard of living to no useful or lasting purpose. It is not true, as some labor leaders protest, that the Alliance will "export jobs." Closing Latin American borders to imports from the U. S. means that job opportunities here simply vanish; they are not exported. Products made locally in Latin America at comparatively high cost are sold locally at higher prices than imports command. Thus, Latin Americans have less to spend for other products and must go without some imports they would otherwise buy. The Alliance merely slows down the U. S. economy without helping Latin America.

Proponents of the Alliance for Progress are in the politically awkward position of having made promises that can't be fulfilled, having sown the seeds of bitter disappointments. That the Alliance must fail is daily more evident. What remains to be learned by government officials in Washington and in Latin American countries is that the best hope for the kind of progress useful to individuals is through competitive private enterprise and voluntary exchange—whether within or across political boundaries.

FREEDOM FOLLOWS THE FREE MARKET

by Dean Russell



MANY of my conservative and libertarian friends are of the strong conviction that we are in danger of losing our freedom to the Russian communists. I do not agree with them, even though I am fully aware of the international communist plot and of the fact that there are many Russian agents in our country. I am convinced that the primary threat to freedom in the United States is not Russian communism but democratic socialism and the erosion of our free market economy—an erosion that has been increasingly accepted, supported, and encouraged by the overwhelming majority of the American people for the past 35 years.

The Russian communists and their American agents have had almost nothing to do with this trend. We, the people ourselves, must bear the full responsibility. Thus, those of us who value freedom would be well advised to use our money and energy to fight the immediate and increasing danger of democratic socialism at home instead of the potential danger of totalitarian socialism from abroad.

Before we can do that, however, we must first under-

stand how freedom in general can be lost even when various specific freedoms are increasing—as is the case in the United States today. For example, you can now write and publish at your own expense anything you wish, and (subject to our reasonable libel laws) the police will protect your freedom to do so. You can speak and worship as you please. And you are free to vote for any person or proposal that appeals to you.

It is clear to me that freedom is at its high point in the United States today in almost all areas of human activity except one—the free market economy, the voluntary exchange of our goods and services. In that area, freedom has been declining steadily in our country for the past three decades. It is still declining. And it is my firm conviction that therein lies the primary threat to human freedom.

Economic Freedom the Key

My thesis is that the free market economy is the key to all freedoms. In fact, the market and freedom are really synonymous terms. If the market is totally free, each person has complete freedom of speech, press, and religion. But if the market is totally controlled, there is no freedom in those or any other areas.

That statement is a truism. It cannot be otherwise. For example, let us apply that idea to three nations wherein the economies are currently almost totally controlled—Russia, Spain, and Cuba. There is no freedom of action of any kind in any of those nations today.

While certain actions by the people do have the appearance of freedom of choice, we must remember that those actions are *permitted* by the governments, and can be rescinded arbitrarily tomorrow. In those unfortunate countries, no person can write what he pleases and send it through the mails without police interference. Nor can persons worship there as they please, or speak, or establish an opposition newspaper or political party. The situation cannot be otherwise when the economy is totally controlled.

But imagine, if you will, what would be the inevitable results if the government could exercise no control of any description over any peaceful economic activity—in short, imagine a market economy in those nations.

Publishers and editors could then be either for controls over the economy or against them. If the market were free, and the editors were in favor of keeping it that way, obviously the government would not interfere with the newspapers' support of what existed and had the support of government. Further, any editor favoring a *controlled* economy would be free to say so—if the market were free. The people in general would doubtless denounce the authors of such proposals but, in a market economy where the presses are privately owned and are not controlled by government, there is nothing more they could do about it. Nor would the government do anything about it or, for that matter, even want to. Again this is a truism—and it is always difficult to try to explain and prove the obvious. I can only repeat that the press cannot possibly avoid being free in a free market.

Now reverse the situation and imagine that the government owns and operates all the newspapers, or completely controls them; imagine that the market economy has been totally abolished. Obviously, there cannot be a free press under that arrangement. It isn't a case of wanting or not wanting it; the situation presents a physical and intellectual impossibility for a free press.

If the government owns the newspapers, obviously it cannot question its own actions, or advocate the reverse of what it is doing; otherwise, the government wouldn't be doing it in the first place. If the government leaves the presses under nominal private ownership but exercises complete control, the same situation necessarily prevails. Since the officials of government must necessarily make the decisions in a controlled economy, obviously they cannot deliberately make mutually contradictory decisions. They cannot use compulsions in practice and then question the compulsions in print. Such a procedure would be illogical and unthinkable nonsense. Again, it is a truism that there can be no freedom of any description in a totally controlled economy, and there must necessarily be complete freedom in a market economy.

As another example, try to imagine the existence of freedom of religion in a controlled economy. From the comfort of your armchair, you can easily deduce the reception in Russia and Spain today that must necessarily be accorded to the advocates of the religious tenets of, for example, the Latter Day Saints (Mormons). For the most part, those people preach personal responsibility for one's own economic welfare, the private ownership

of property, the free market economy, and the responsibility of individuals and of the church (not the government) voluntarily to feed the hungry and clothe the naked.

That religious philosophy cannot possibly be permitted unrestrained expression in any nation with a completely controlled economy. If it were permitted to flourish, that subversive idea could easily lead to the overthrow of government. The public utterance of the free market philosophy could no more be tolerated as a religion than as an editorial policy in a totally controlled economy. Nor is it possible even to imagine a religion that in no way takes any interest in the use, ownership, and exchange of property. Thus, there can be no positive and active freedom of any kind (including religion) when the market economy is destroyed.

The same reasoning holds true for speech, vote, and family life, as well as for every other peaceful human activity. Freedom follows the market. All the history I have yet been able to read bears witness to that truism. And I can find no other answer in logic.

Meaningless Legalities

Nor can any constitution or bill of rights permanently stop the inevitable verdict. No legalities concerning freedom of press, speech, and religion have ever been able to stand permanently against the realities of an economy completely controlled by government. Obviously, the judicial branch of government cannot long be per-

mitted to pursue a course in direct opposition to the legislative and administrative branches of government, even in the unlikely event it wanted to. In one way or another, there must necessarily be at least a rough balance of agreement among all branches of government; otherwise, there could be no government.

We should remember that the Soviet Constitution clearly guarantees freedom of press and speech, as do the constitutions of other nations where the market economy has been abolished. In that situation, however, constitutional guarantees are without meaning. It cannot be otherwise. For no totalitarian government can offer its presses and auditoriums to persons who are in total disagreement with government policies.

The evidence in support of this thesis is clear for the totally controlled and the totally free economy. But what about the so-called welfare state or mixed economy, such as that of the United States? Do I have valid grounds for stating that freedom is in peril in our own country? Well, let's examine the situation.

"People" Controls

First, we should never forget that the only thing governments can control is people. For example, governments never control prices, just people. A can of beans doesn't care what its price is. But people care—the people who grow the beans, can the beans, sell the beans, and consume the beans. And that's all that price controls can ever mean—people control. It is another of those

truisms that most of us never see, or choose to ignore. The phrase, "price control," generally brings a picture of government action to help people. But when we give the process its correct descriptive title, "people control," quite another picture comes to mind. For obviously, when the government controls people, it necessarily deprives them of their freedom.

So there we have it again. Price controls are automatically destructive of the market economy where people buy and sell on mutually acceptable terms. And when this process is abolished, people automatically lose their freedom—to whatever extent the prices are controlled. It cannot be otherwise.

With the possible exception of thinking without acting, all freedoms of all descriptions are finally based on the market economy. Government controls over people almost always involve compulsions and prohibitions against their ownership, use, and exchange of goods and services. Control of the press, speech, and religion necessarily follows the controlled market, because, in one way or another, all of them also directly concern the use of property. If the presses, auditoriums, and church buildings are owned or controlled by government, it is childish to imagine that there can be any freedom of press, speech, and religion. And only an underdeveloped mind could imagine that the presses, auditoriums, and church buildings could be free in the traditional sense when the rest of the economy is controlled.

Just as the government cannot control prices, so also is it absurd to imagine that the government can support

prices. Without exception, the only thing that government can ever do is to control people—to prevent them from doing what they wish to do, or to compel them to do what they do not wish to do. Thus, it follows that the government's price support program for agricultural products necessarily deprives farmers (and others) of their freedom.

The Case Against Price Supports

Here is a harsh and little understood fact: Because of price supports, freedom of agriculture in the United States no longer exists. That is, you can no longer grow what you wish to grow on your own land.

I once made that statement to a group of fine people in Illinois. A farmer in the audience became so annoyed with me that he stood up and interrupted my speech. He denounced me roundly. He defended the farmers as the backbone of American freedom. And he dramatically announced that he could grow any amount of anything he pleased on his land—except wheat, which happened to be the price-supported product of most concern to him.

I couldn't possibly have planned a more convincing affirmation of my thesis that freedom follows the market, that the government can never support a price but only can control people, that the traditional American freedom of a person to be his own master on his own land is now a thing of the past in the United States. And I said so to that audience.

The incensed farmer then shouted at me, "But we, the people, voted for it! Don't you believe in democracy?"

Thus he offered dramatic support of my position that the communists haven't done this to us, but that we have done it to ourselves. We have used our hard-won franchise as the means to destroy the market economy and thus to vote away our freedom. I explained to my audience that, in my opinion, such a procedure makes it all the worse; that if some tyrant had done this to us, we would eagerly draw straws to determine which of us would have the privilege of shooting him down; that when we democratically vote away our freedoms, they are gone just as surely as if they had been taken from us by conquest.

If you have any doubt that freedom of agriculture is now a thing of the past in the United States, try this experiment: On any land that will grow tobacco, plant a half-acre of it without asking the permission of government. If you do so and persist in your naive belief that a man can grow what he pleases on his own land in this "land of the free," you will be fined and jailed for your antisocial action. Again, freedom follows the market.

A few persons were aware of this direct relationship between the market and freedom when the government first moved into the area of agriculture to help the hard-pressed farmers, and those few protested vigorously. But they were called "extremists," were forced to conform, and were soon forgotten by the vast majority of us who have "never had it so good." But this undeniable truism remains: It is never prices and things but only people

who are controlled, and supported, and subsidized, and maximized, and minimized by government. We American people don't even have the excuse of Esau—hunger—for selling our birthright of freedom for the pottage of government paternalism. Apparently, our primary reason for doing it is merely sheer greed for more and more.

And so it is with tariffs, subsidies, and all other government interferences with freedom of exchange. In every case, peaceful persons are deprived of their freedom to exchange their goods and services on mutually agreeable terms. In every case we are deprived of a bit more of our freedom.

To Join or Not To Join

All of us also have lost our hard-won freedom to join or not join organizations of our own choice. Currently, some 17 million Americans must belong to labor unions, whether the individual member likes it or not. Our government also has made it legal for union leaders to tax us for their alleged services, whether or not we want them. That is, union dues are deducted (like taxes) from our pay checks before we get them.

The fact that you, yourself, may not now belong to a union is purely academic and perhaps merely temporary; the essential principle of no freedom of choice in the matter has now been firmly established and written into the law of the land. It is legally enforced by strikes, threats, and bloodshed against those who are still naive enough to imagine that employers and employees in the

United States are still free and responsible persons. Perhaps you will better understand the fearful danger we are in when you contemplate the implications of this fact: Compulsory unionism is broadcast to the world by our State Department's "Voice of America" as the very essence of freedom itself.

Let it be recorded that the card-carrying members of the Communist Party did not, and could not, do this to us, even though they surely wanted to. It was done primarily by our best people—our ministers, our teachers, our editors, our businessmen, and our most honest legislators. And it was inspired by the best of all reasons—that is, the human desire to help one's fellow man.

Those good people forgot, however, that the only thing any government can ever do, even in its proper function of preserving the peace, is to control people—to compel them to do what they do not wish to do, and to prevent them from doing what they want to do. That procedure is, of course, the proper way to stop murderers and thieves and frauds; for clearly, the police powers of government should be used to prevent those antisocial people from imposing their wishes upon others by violence and misrepresentation. But when the same powers are used against peaceful persons in their peaceful activities, freedom is always and undeniably infringed.

For example, every American has lost his freedom to save or to spend his earnings as he pleases. Our government compels all of us to "save" a portion of our wages and salaries—that is, the government deducts a portion and promises to give it back at some later date. This

compulsory scheme is called Social Security, and it is generally cited as the essence of true freedom for the people. Perhaps as many as 95 per cent of the American people are now in favor of this loss of personal choice (freedom) and would categorically oppose any suggestion to return to a situation in which each person is responsible for his own welfare in a market economy.¹

And so it goes—through hundreds and thousands of government prohibitions and compulsions in the peaceful economic affairs of men. Without exception, every one of them is a direct loss of freedom of choice and responsibility.

“It Can’t Happen Here”

Again, the only control that any government can exercise is people control. Any attempt by government to control things must necessarily involve the control of people, and that is undeniably a loss of freedom.

Most of the editors in the United States scoff at my fears. “We will always preserve freedom of the press,” they say, as they advocate additional government compulsions and prohibitions in the market, including postal subsidies to themselves.

In their sermons, most of our ministers promise us that “our hard-won freedom to worship as we please will never be lost.” At the same time, they suggest that the police powers should be used to perform still another

¹See “The Social Security Program” by Paul L. Poirot, *The Freeman*, November, 1962.

charitable service that was once the direct responsibility and pride of our churches.

And invariably, as the legislator demands still another interference in the market place, he thunders this familiar theme: "The people will never lose their right to vote as they please."

And true enough, as I have already stated, those four precious freedoms of press, speech, franchise, and religion appear to be stronger than ever in the United States today, even though freedom itself is in great danger. That seeming contradiction is explained by this fact: We still operate within the framework of a market economy. It still survives in spite of the increasing attacks upon it. In spite of the fact that government now taxes and spends more than one-third of the combined incomes of all persons, the market processes of competition, pricing, profit and loss still generally prevail. In spite of the fact that government controls over the economic affairs of all of us are steadily increasing, the long-established order of the market still prevails to a large extent.

Must History Repeat Itself?

But somewhere along the line, our essentially free economy must drift into an essentially controlled economy, if the present trend continues. That will be the end of human freedom in the United States, and probably in the world. All other freedoms—press, speech, franchise, religion—must necessarily disappear with the loss of

the free economy. For the fact remains: In a totally controlled economy, it is not the economy but the people who are totally controlled.

The empirical proof of that truism is so obvious that one can only be astounded that so few of us see it. Examine anywhere at any time the degree of freedom that has existed in highly controlled economies versus less controlled economies over a significant period of time. Always the answer is the same: Where the economy is freest, there also is the highest degree of freedom of press, speech, and religion.

Even a comparison of slave economies will bear witness to the validity of this thesis. For example, it is true that slavery was still practiced during the Golden Age of ancient Athens. But that evil institution was preserved in an otherwise generally free economy wherein even many of the slaves themselves could earn wages, own property, and buy their freedom. In that city-state, the economy was far less controlled than were the economies in the neighboring states which also endorsed the practice of slavery. "The essential characteristic of landed [and other] property was that it was private and individual. The restrictions placed in some cities and at various times on the full exercise of the right of ownership did not alter this essential character."² Thus the citizens of Athens were far more free than their neighbors to develop a society that was rich in both culture and material progress. And it is my contention that the

² Jules François Toutain, *The Economic Life of the Ancient World* (New York: Barnes & Noble, Inc., 1951), p. 109.

decline and fall of that culture and economy were largely foretold when the free citizens forgot their original philosophy of a strictly limited government and began to vote for more controls over the peaceful activities of the people.

And the fact that, in the United States today, it is we ourselves who are voting to restrict and to destroy the market economy is entirely outside of the issue here being discussed. Freedom stands or falls with the market, regardless of the mechanism used to maintain or to destroy it.

Mr. Khrushchev has stated that Russian communism will bury us. That threat is arrant nonsense, and I suspect that Mr. Khrushchev knows it. But he also made another statement that is far more significant. He promised that our grandchildren will live under socialism. That could easily come true—not because of Russian rockets but, as Mr. Khrushchev also predicted, because we American people will eventually *choose* socialism over the market economy.

I am an optimist, however, and I predict that Mr. Khrushchev's prediction will not come true. For most fortunately for us and our grandchildren, this final fact remains: We are the direct heirs of the long tradition of Anglo-American common law and the vital idea that every individual has rights above and beyond the majority decisions of the group. That principle will die hard among a people who have lived with it (and died for it) for so many hundreds of years.

Fortunately, our economy is still more free than con-

trolled, and thus we still have the precious freedoms of press, speech, religion, and franchise. There is still time to use them to advocate and to vote for a return to a completely free market economy. Admittedly, it will be a difficult process at this late date, but we can do it if enough of us understand it and want it.

The fundamental and vital choice is "people control," or the market economy. We cannot have it both ways. The decision rests with you, as it should.

NOTE: This article is available as one of a series of LP records (33 ½ r.p.m.). For prices and a list of these records write to the Foundation for Economic Education, Irvington-on-Hudson, N. Y.

A HEALTHY SKEPTICISM

by *Paul L. Poirot*



EVEN THE EXPERTS may be wrong, and a May 1962 commentary from the Smith Kline & French Laboratories cites these examples:

For centuries men dreamed of flying. But experts were skeptical. Baron Gottfried Wilhelm von Leibnitz, the German philosopher-mathematician, doubted that men would ever fly: "Here God has, so to speak, put a bar across man's path." The French astronomer Joseph Lalande demonstrated that flight was a scientific impossibility.

After George Stephenson's locomotives reached the speed of 30 miles an hour, the Munich College of Physicians issued an earnest warning against railway travel. Trees and houses flashing past the eyes would bring on headaches and vertigo. In England it was predicted that traveling at 30 miles an hour would cause insanity.

When Samuel Clegg proposed to light the streets of a London borough with gas, the borough council vetoed his plan. Expert scientific opinion maintained a filled "gasometer" was hazardous. Lighting a jet might cause all the gas in the tank to explode, reducing the city to ruins.

"Impossible," said electrical engineers when Alexander Graham Bell began his experiments with the telephone in 1874. "This is the triumph of folly." Contemporaries saw Bell not as a genius, but as a troublesome youngster who neglected his professional duties to follow a will-o'-the-wisp.

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

The commentary then questioned the advisability of proposed legislation that would give the Secretary of Health, Education, and Welfare the power to pass on the effectiveness of new drugs. This might postpone indefinitely vital contributions to the health of our nation.

The point is well taken with reference to drugs, but it has broader implications involving many other facets of our lives. The course of progress would be slow indeed if every innovation of man had first to be approved by the government. As B. E. Kline and N. H. Martin point out: "The chief characteristic of the command hierarchy, or any group in our society, is not knowledge but ignorance. Consider that any one person can know only a fraction of what is going on around him. Much of what that person knows or believes will be false rather than true. . . . At any given time, vastly more is not known than is known, either by one person in a command chain or by all the organization. It seems possible, then, that in organizing ourselves into a hierarchy of authority for the purpose of increasing efficiency, we may really be institutionalizing ignorance. While making better use of what the few know, we are making sure that the great majority are prevented from exploring the dark areas beyond our knowledge."¹

A Device for Learning

While it is true that even the experts may be wrong, this is not to deny that a healthy skepticism is a desirable human trait. It is a device for learning, as well as a pro-

¹"Freedom, Authority and Decentralization," *Harvard Business Review* XXXVI (1958), p. 70.

tection against unwise schemes others would foist upon us. And without a good measure of enlightened skepticism, one stands faint chance of becoming an expert in any field.

Therein lies the greatest damage from socialism or any other compulsory government control of our lives. Such systems breed mediocrity and preclude the emergence or ascendancy of the wise. The notion that no drug is fit for use until government has given its stamp of approval finds its corollary in the view that everything the government recommends is unquestionably safe and acceptable. When eternal vigilance gives way to passive approval of "the guaranteed life," the blessings of liberty are lost—and with them goes man's best hope for safety, security, and progress.

As Professor F. A. Hayek suggests in *The Constitution of Liberty* (page 29): ". . . the case for individual freedom rests chiefly on the recognition of the inevitable ignorance of all of us concerning a great many of the factors on which the achievement of our ends and welfare depends."

Witness the Failures

Around the world is abundant testimony to the failure of compulsory collectivism to yield the security and progress promised by political leaders. The more complex the five-year plans and regulations and controls—the more highly institutionalized the ignorance—the more anxious seem the "beneficiaries" to escape to the comparative freedom outside the curtains and walls.

Witness those who have risked their lives at the Berlin Wall, or those driven by starvation in Red China to refuge in Hong Kong, or those fleeing from Castro's Cuba to Miami and other havens. Witness the flight of doctors from Britain's National Health Service, the flight of private capital and managerial talent and skilled personnel from any nationalized industry or enterprise or profession. Witness the shortage of food that inevitably follows agrarian reform, the shortage of housing in rent-controlled Paris and other cities and countries where government has taken charge, the shortage of coal in Newcastle when British mines are nationalized, the scarcity of everything consumers want as soon as government attempts to give "to each according to need."

Nor need we look abroad for examples of the dismal failure of compulsory collectivism; plenty of evidence is to be found in the United States of America.

What security have farmers found in surrendering to government the freedom to choose when to sow and when to reap? What greater waste of natural resources, of capital and human effort, has ever occurred in any land at any time than in the name of agricultural conservation and soil bank programs which leave hanging over the market unmanageable stockpiles of wheat, corn, cotton, peanuts, tobacco, and other farm products? How many American farmers today believe this to be a safe way to earn a livelihood? And what safety or security does agricultural price and production control afford the consumers of food and fiber? Or, those who pay the taxes?

How safe is it to be in business in a tariff-protected industry, or one favored by import quotas against competing foreign goods? How safe to be a franchised, regulated, and controlled railroad or airline or communications facility or any other "public utility"? How safe to be a supplier or distributor of power and light, dependent on TVA or REA or some other government agency for the other end of the service?

How safe is government-approved fluoridation of the water supply? Or mass inoculation against smallpox or polio? Are cigarettes with government-approved advertising slogans safer than some other brand? Does the government stamp of approval truly relieve suppliers and consumers of foods and drugs of any further responsibility concerning their use?

How safe from exploitation are workmen obliged by government regulation to join a union and abide by its rules to gain or hold a job? How safe are potential employees who can't find employers willing or able to hire them at the government-decreed minimum wage? How safe is the promise of unemployment compensation from a government unable to balance its own budget? How safe the promise of old age benefits solely contingent upon the willingness of younger taxpayers to forever foot the bill?

Indeed, how safe is any promise or bond payable in dollars of constantly diminishing buying power? How sound is a dollar, anyway, under a deficit-spending government that pushes its obligations through the controlled fractional reserve banking system to more or less

continuously and arbitrarily expand the supply of money and credit? And how safe is a man's life when his property may thus be diminished indirectly, if not taken directly, by a government that respects few if any of its constitutional bounds? How safe are we in using the force of government to get "our share" on grounds that "everyone else is doing it"? How safe can one be if he abandons personal obligations and responsibilities and votes to have the policeman take charge of "life, liberty, and the pursuit of happiness"? Since when is it safe to thus "institutionalize ignorance" and back it with guns?

Even the experts may be wrong; and the price of freedom is a healthy skepticism about turning over to them the political power to rule one's life.

LEAST OF ALL, THE FAMILY

by *John C. Sparks*



WHEN A GROUP of us undertook to study the socialist doctrine "from each according to his ability, to each according to his need," a clergyman friend in our midst said he took mild issue with the use of the word "socialist" as the adjective. The doctrine, he went on, could apply to a number of circumstances involving human beings in society. And as a clincher, he added, ". . . for example, the family."

Our questions, seeking further explanation, brought forth the following sequence of thought: parents provide the ability, children receive their needs: since the family method of operation is in perfect accord with the doctrine, it may be doubtful that "socialist" is the proper designation for the idea under discussion. Furthermore, the family operates in this manner very successfully; hence, this same *modus operandi* should be considered favorably for extension into the community, state, and national "families."

In the ensuing discussion the arguments against "from-ability, to-need" in the economic and political areas outside the home were fairly convincing to the predominantly libertarian participants. Nevertheless, the clergy-

man's point seemed to have taken the edge off the libertarian argument, and some appeared to concede his assertion that families do, in fact, conduct themselves on the basis of "from each according to his ability, to each according to his need."

An uneasiness came over me. Having often used a simple situation to clarify the fundamental elements of a more complex situation, I had now been confronted with what was alleged to be a fundamental fact in a simple situation. And this "fact" appeared to refute my conclusion pointing to the fallacy of "from-ability, to-need."

Furthermore, I realized that many of the ideas for the welfare state and much of its support originate among very sincere persons striving to bring help, often in the form of material things, to those who have less than others. Of all the persons who advocate government laws bringing about wealth and income redistribution, none are so sincere as those whose professional work brings them into close contact with people in difficult economic conditions, at least some of which misfortune seems to have been beyond their control. It is not surprising that a doctrine calling forth the able to help the needy, accomplished by force of government in political socialism, should find acceptance among these genuinely sincere persons.

How much of the socialist-enforced "from the able, to the needy" stems from the analogy mentioned by my clergyman friend, I do not know. I only know that any difficult-to-refute argument as simply stated and impres-

sive as this one is, can well be the foundation for many subsequent faulty conclusions leading toward intervention by government.

His assertion was either true or false. If true, then why not extend a successful family-operating method to community, state, and national "families" as suggested by this proposal? If false, then reasons are needed to head off the use of an incorrect and harmful analogy.

To examine the matter carefully, one must first delve into the nature of purposeful human action. Sitting before the TV set, working, working harder, giving to charity, mowing the lawn, walking to the refrigerator, buying a dress for one's wife, purchasing shoes, going to church—even sleeping—are examples of human action! Every act is done by a person as a preference to all other possible acts from which he can choose. In most cases, a person can perform only one or a limited few acts at the same time, to the exclusion of all other possibilities.

Doing What Seems Best

The fact is that every man's every act aims at self-satisfaction, including a parent's actions toward members of his family. So, the *modus operandi* of the family is not socialistic. Parents act to satisfy material wants and intangible desires. The motivations probably include comfort, self-acclaim, love, respect, friendship, realization of a job well done, and pleasure in witnessing the joy and happiness of those who have received neces-

sary assistance and guidance. Or, there may be unworthy influences such as infatuation with arbitrary authority and power. The father may be a tyrant whose gratification consists of batting his children around and terrifying his wife. However, our purpose here is not to debate the merit of various motivations but to point out that the intent to gain satisfaction through achievement of an objective is the motivation of all human action, and the potential satisfaction that motivates *must accrue to the person who is acting*, or the action will not occur.

Another's joy may influence a person to act, but only the actor's hoped-for satisfaction will really motivate the action. My sixteen-year-old daughter may be pleased over a new dress I have bought for her, but my anticipated satisfaction (in promoting her health and happiness) must have been the motivation. I am sure she would be overjoyed if I were to buy her a bright-colored convertible or a mink coat, but her potential joy in the receipt of such gifts does not happen to create a desired satisfaction image in my mind; or, if it is on my value scale at all, it is so far down the list as not to be an effective objective.

To further strengthen the point that self-satisfaction is unquestionably the motivation in a parent's actions concerning his child, one should reflect upon the fact that a minor child is but an extension of the parent. It is quite natural that one would seek to satisfy the desire to find something better in one's offshoot. Feeding, clothing, educating, and otherwise caring for my child is in reality no different from caring for myself.

Unless self-satisfaction is obtained by the economic producers within a family, the family itself is endangered. If an economic producer receives more satisfaction in being attentive to and spending his earnings on a woman other than his wife, for example, the other members of the family may discover that neither their economic nor their more intrinsic wants are being filled. Not present is the satisfactory exchange that prompts human action in the direction of over-all family gratification. In such an aggravated situation, it is more than likely that law and officialdom will step into the picture. *Only* then, under the *artificial* requirement of law, is the "from-ability, to-need" ideal brought into effect. And then, it is only a temporary expedient until a normal arrangement can be restored.

No Evidence of Socialism

I have tried to find a trace of "from-ability, to-need" in the normal activities of the members of a family. I have sought it in the teaching of children, in the sacrifice of parents, in the acts of love, in the quest for accomplishment, in the discipline toward self-reliance—and nowhere in the family can I find any evidence of the presence of this socialist doctrine.

Children are often taught household jobs as their individual responsibilities. Merely because fourteen-year-old Jane has the ability to make beds is no good reason why she should be required to perform these tasks to satisfy the needs of her younger twelve-year-old sister and

eight-year-old brother. If all three are responsible for their own bed-making, then each will grow in strength of mind as each develops self-reliance to complete this daily household task, even though the finished job of the youngest may appear to have been stirred with a stick. Again, the socialist ideal here under examination, "from-ability, to-need," does not come into use, and for good reason. Self-reliance is a more desirable trait to develop than dependence; and fortunately, self-reliance still remains high in esteem inside the American family.

Erroneously, there is a connotation of sacrifice in "from-ability, to-need." Sacrifice, a worthy achievement in the truest sense, more appropriately belongs outside the socialist realm, inseparably tied in with free will. Sacrifice is often mistakenly thought of as a selection of a certain human action on some basis other than self-satisfaction to the actor. This is error. Sacrifice is merely one kind of self-satisfaction. Parents may work hard and deprive themselves of worldly goods that they otherwise could have acquired, in order to save for the college education of their children. Some may think this human action is illustrative of the "from-ability, to-need" ideal, falsely equating a warm, wholesome human action with this socialistic doctrine. Yet, in the absence of coercion, one must conclude that parents voluntarily choose their course of action; that is, they sacrifice because they receive satisfaction *for themselves* by providing their children with higher-education opportunities. Were this basic principle not true, the family could never have developed in the first place. Sacrifice is *not* a giving up.

It is an action, taken voluntarily, by which the actor expects to receive what he believes to be a greater value or pleasure in place of what he believes to be a lesser value or pleasure.

Does this differ from any other human action? No. All voluntary action will be directed toward the achievement of more, rather than less, satisfaction. It is to achieve my satisfaction that I act. It is to achieve your satisfaction that you act. Achieving satisfaction for oneself is in itself neither selfish nor unselfish. How the action is affected by the various influencing factors may be an indication that one's satisfaction-seeking acts are based on self-comfort or self-acclaim to such an overwhelming extent that the importance of other factors—such as love within his family—is slighted; thus, selfishness may be said to rule one's actions. On the other hand, an actor whose satisfaction-seeking is influenced more by love than self-comfort or self-acclaim may be thought of as unselfish. Whether the analysis is accurate or not is difficult to ascertain, but in neither case is "from-ability, to-need" in operation.

Is the demonstration of love within a home limited to adults and to those with monetary ability? Hardly. The small child that presents his prized and favorite stuffed animal to a parent as a token of love, shows the true ingredient of love—the self-satisfaction in the giving of oneself. The child acts naturally, not according to an artificial, *non-satisfying* concept.

In a famous Biblical story, the parable of the talents, the master expected more to be returned to him than his

original investment with each of his servants. So does the expectation run high with parents that their reward will also exceed the original investment in their children by seeing them mature into good, sterling lives to contribute to man's slow evolvment toward his Destiny. Again, "need" is not the key. The master, in the parable, rewarded the *ability* that was translated into accomplishment.

Bringing Out the Worst

Admirable qualities evolving in mankind are such things as self-reliance and the wisdom to envision a long-term greater good in place of an immediate or short-term lesser good. Such evolvment occurs at a more rapid pace when the self-satisfaction motivation is free of force, except that of the dictates of one's own increased wisdom and persistent conscience. By contrast, the unnatural "from-ability, to-need" does not impel mankind to a higher plane of development but rather brings out the worst.

In her recent novel, *Atlas Shrugged* (Random House, 1957), authoress Ayn Rand recounts the fictional but vividly realistic story of an industrial company whose owners decided to give the company to its employees on the condition that a policy of work and wages be adopted, embracing the socialist ideal of this particular discussion—"from each according to his ability; to each according to his need."

The employees, bulk of the population of a small Wis-

consin town, were a closely-knit group, composed largely of friends and relatives. But when "need" became the medium of compensation, production and quality fell off sharply. More important, however, is the description of persons who were forced by these unnatural circumstances to dramatize their needs. An ex-employee character of the novel relates: "It took us just one meeting to discover that we had become beggars—rotten, whining, sniveling beggars, all of us, because no man could claim his pay as his rightful earning, he had no rights and no earnings, his work didn't belong to him, it belonged to 'the family,' and they owed him nothing in return, and the only claim he had on them was his 'need'—so he had to beg—for relief from his needs—listing all his troubles and miseries, down to his patched drawers and his wife's head colds, hoping that 'the family' would throw him . . . alms. He had to claim miseries because it's miseries, not work, that had become the coin of the realm . . . each claiming that *his* need was worse than his brother's."

This vivid word picture can very easily be translated into the contemporary Washington scene, as civic leaders from communities of the nation put on similar alms-seeking acts. But does this picture coincide with the operation of any personal family you know? If it does, then one would expect that all recipients of that family exchequer, like Miss Rand's example, would also become "whining, sniveling beggars." Yet, this is not the true picture of most families; and, particularly far removed from such a description are those families that abound in mutual love and respect.

Sincere persons are prone to be taken in by the deceptive attraction of this socialist concept because of the misleading implication that our highly-regarded family institution works in such a fashion. It is unreasonable, however, to suppose that the traditionally solid foundation of our free society is based on the reward of *non-ability* and *non-satisfaction*.

It is quite possible that our generation of Americans have withstood the onslaughts of socialism as well as we have, precisely because home life has *not* embraced the "from-ability, to-need" ideal. The dawning realization by sincere but misguided interventionists that the artificial "from-ability, to-need" socialist ideal successfully fits no natural situation of human society—least of all the family—may just possibly shut out faulty conclusions built on this false premise.

THE PARABLE OF THE WISE MEN

by Lola H. Taylor



AND IN THOSE DAYS there lived "wise men" in the great cities who said to each other, "Since we are learned and our brethren are ignorant and thus are not capable of making decisions for their own best good, therefore let us form a council among ourselves and we will make these decisions for our unlearned, ignorant brethren.

"And we will cause that there shall be no poor among them, and no one who does not have work, or the wherewithal to sustain himself in case he should be unable or unwilling to work.

"And we will take a portion of the substance from each one who labors to sustain his household, and we will distribute it among the poor and thus will all be prospered by our great wisdom and learning."

Now these "wise men" were honest in heart and meant no injustice to their brethren, nevertheless they did sin against them in that they did take away the God-given free agency of each man to decide what he would do with

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the fruits of his labor—whether he would spend it wisely or waste it, and whether he would give to the poor.

And because it was the law that the “wise men” made that they would provide for the poor, and because they took ever larger portions of the substance of those who labored, the love of man for his neighbor waxed cold, and he began to say, “Let the ‘wise men’ with their decrees take care of the poor and unfortunate.”

And in those days also, came evil men who sought for power over their fellow men, and they began to join with the “wise men” and to say, “We, too, would help our poor ignorant brethren, in that we would take from those that have and give to those that have not. And we will cause that no man shall be lifted above his neighbor because of his great wealth.” And so great was the likeness of the things which they sought to do and the power they thus obtained, that no one could tell which was the “wise man” of good intent or the evil man who sought power over them.

And it came to pass that the taxes placed upon those who labored became so grievous, and the multitude of laws and decrees became so burdensome that they began to murmur and to feel that they labored in vain, and they began to be unwilling to be taxed to provide for those who would not labor.

And the men of wealth said in their hearts, “Why should we further deplete our riches to produce goods when the laws of the ‘wise men’ will not allow us to keep our gain or dispose of it according to our desire?” And thus it became necessary for the “wise men” to issue

still more decrees, that the goods might continue to be produced. And all men, both rich and poor, became more and more in bondage to the laws of the "wise men."

And the oppressed cried out for their free agency; but their cries went unheeded because of the multitude who still cried, "We prefer security to freedom." And this multitude worshipped the laws of the "wise men" as their Provider, being deceived in that they believed the laws to be the source of all goodness, not knowing that laws and administrators of laws produce nothing, but take from one to give to another.

And the "wise men" said, "We must give the people security so we may continue to rule over them." And though some of the "wise men" began to perceive the folly of their ways, they found it was not within their power to restore the free agency which they had taken from their brethren, because of the evil men among them who had gained control through the many laws and decrees that had gone forth.

And then did the "wise men" know that they had lost their own free agency to the evil men among them. And they with all their families were brought down into bondage with their unlearned brethren. And a loud wail went up from all those who had forgotten God, in anxiety lest he should have forgotten them also.

DO-IT-YOURSELF BRAINWASHING

by D. M. Westerholm



THE TITLE sounds a bit shocking. But the situation which inspired it was shocking, too. No political rally, no public demonstration, no wild oration was the cause. It was only a group of small boys playing "cowboys" in the back yard—playing with all the shrieks and shouts and swaggers so traditional to the game. When all the shooting was over and the gun smoke cleared, the "good guys" had won—also traditional. So, what's shocking? Simply this: William "Billy the Kid" Bonnie, Jesse James, and Patrick Garrett constituted the entire cadre of "good guys." These were the illustrious gentlemen almost deified by ten impressionable and passionate young men of eight summers average age, an age most notably prone to physical action, personal identification, and black-and-white interpretation of supposed fact—capable of comprehending the difference between fact and fiction, but only in a broad general sense. They ask if this person really lived, and in this place; and if these answers

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are affirmative, they then accept all of the legend as presented.

(It had not been presented to them that one of their heroes was a psychopathic murderer, one a thief and killer, and the third a man who trod both sides of the line, using the law to suit his own personal interests and benefits.)

This problem was not as small as one might suppose on first glance. Here were children who were forging ideas and ideals on which they would build eventual mature philosophies and consequent behavior patterns. These were boys and girls who would one day have the task of perpetuating our various freedoms, and in many instances the far harder task of regaining lost freedom. Would they be apt to actively defend heritages of which they had no real understanding or conviction, and thus no real respect? We doubted it seriously.

As I handed out cookies and lemonade, I studied their eager restless faces and listened—really listened—to the words. For a brief moment I had the impression that I was listening to strangers. These were not the same children who came running with their skinned knees, their empty stomachs, their fabulous new ideas, and their endless questions of “Why?” They were the same, of course; it was only the listener who was different. This time there were purpose and attention to the listening.

That evening we guided the after-dinner chatter to the subject of playtime heroes and why they were considered heroic. The answers solidified my sense of shock, and shame, too. The “heroic” figures were almost all gunfight-

ers, with a few wartime Aces and a couple of contemporary "name singers" thrown in for leavening. Television was the primary authority quoted, and to a lesser extent motion pictures and comic books. So much for the history lessons at school and the books and stories read aloud at home. These apparently had not been enough, or strong enough, to fill the appetite for identification.

We pursued it further and discovered that out of some twenty truly great and dramatic historical names, only four were clearly recognized—and three of these were due solely to the efforts of Mr. Walt Disney and his enlightened and refreshing entertainment! Hardly an inspiring score. We were not proud of ourselves as parents that evening.

There were no established "study groups" for this age level to which we could turn for help or advice. The local elementary teachers were sympathetic and helpful in suggesting research materials we might find useful, but they pointed out that there was only so much of the school day which could be devoted to history without slighting some other subject.

We decided to deal with this just as we had other subjects such as nature study, chemistry, elementary physics: we would start at home. If our youngsters could learn at home about atomic structure, and the Dalton brothers, why not real heroes? Why wait until the children were old enough to join young adult study groups, for then they would have so much to unlearn?

We had always spoken matter-of-factly in our home about democracy, free enterprise, responsibility to self

and nation, equality and initiative—but we had neglected to give these concepts personifications with which the children could identify. They had thus sought and found their own heroes. We knew we dared not perpetrate any abrupt attack on their beloved men of brawn. Children are fiercely loyal to their chosen idols, be they contemporary, factual, or legendary. All we could do was to present to them what we believed were even more attractive substitutes, and let them choose which they would accept.

Some people have tried to tell us that we should simply demand that they accept what we offered—“After all, they’re only children, they should obey you.” Nonsense! First of all, you cannot demand belief; it just won’t work. To believe is to accept with your mind. You can command bodies to obey. You cannot command a mind to accept. And, really now, how can you expect to teach anyone to respect and admire the basic principles of freedom if you deny one of the fundamentals of freedom to the one you are teaching?

Changing Their Ideas

Of course, teaching the quite young child is different from teaching older students. Obviously, to give him a totally free choice of acceptance at this age might well result in his learning the hard way why you do not run in front of a truck, or set fire to the house, or jump off the roof! You have to use good plain common sense. Also, one must naturally assume the responsibility of

selecting material for presentation, since Junior is not yet old enough to take on his own research activities, or to evaluate the degree of truth presented. Indeed, this is one of the most serious responsibilities of parenthood.

What we decided on was really a quite deliberate course of "brainwashing." Stop and think for a moment of the actual meaning of this hated and feared term—a washing, a cleansing; not a removal or exchange of the object "washed." Furthermore, this cleansing is accomplished only with the consent of the subject—a gradual cleansing away of false values and interpretations by the regular use of the soap of truth, and truth alone. We would give the Jesse Jameses a fair hearing, but no gilding of the legend; nor would we give our candidates more than a fair hearing. This was our brainwashing.

For us, fortunately, the medium was relatively simple. We had long had story times for the children, so our line of communication was already established. All we had to do now was choose our story material deliberately and carefully, and be patient about results. The latter was as difficult as it always is. But the former, the finding of the material, proved far more difficult than we had imagined. Our history is richly peopled with truly prodigious examples of bravery and wisdom, both dramatic and appealing. The problem was to find books and stories which were factual and realistic, and still within the vocabulary and ideological limitations of young children. There were some, to be sure; but for the main part we found ourselves reading several histories and biographies of each person, then condensing

the total into individual vignettes. We also tried to hold as much general background information in reserve as possible, to meet the simply amazing number of questions children fire at you.

Children are marvelously perceptive and often sharply analytical. Where many adults tend to accept a side-point because the main body of the topic is "proved," the child will jump gleefully on the unsuspecting side-point; and you're off on the track of Indian lore, gun-smithing, early agriculture, animal husbandry, or the gustatory attributes of squirrel stew! If we didn't have the answers (and blushing often we didn't), it was back to the books. And it was fun!

A Growing Study-Group

Gradually we found our story circle growing, as other youngsters in the neighborhood dropped in, stayed that day, and returned the next. One day a question was asked regarding "Billy the Kid." I took a deep breath and quietly gave as brief and factual an account of his life as I could. There were no yowls of protest—only a moment of digestive silence. The one vehement comment was, "Man! That guy on television sure oughta bone-up!" I felt like a general who has just won a decisive battle. The boys accepted the truth quite matter-of-factly, I believe, because they now had new and steadier heroes to turn to for identification and consolation.

And so it goes. We think it is showing successful results. There are no scientific or really reliable methods to

measure our progress, naturally. We have to judge by such things as the buffalo hide-hunter replacing the "sodbuster" as villain; and the number of bears shot in our back yard per week, as opposed to the number of six-gun duels; and the type of questions asked in the story circle. We did not attempt, nor expect, to achieve any radical changes by this small project. All we hoped to do was help these young eagles to become more aware of their national heritage—to instill the respect and awareness of what has been accomplished by some of our forefathers—to be knowingly proud of their heritage. We believe they are. We further hope that as they grow older they will carry on their own research and inquiry, as they realize how much the past has to teach the present.

The only materials you need are a good library, a little gift of gab, a love of the truth, and a large-sized cookie jar. Just a handful of children—but this handful will soon be adult citizens. They will one day be spreading their own respective ideas and actions throughout the nation as they take up their individual places and professions. What they do then is up to them. I rather think we shall be proud of every one of them.

More than once I have been asked if I think it is really wise or worth-while to spend so much time on such a limited field when there is so much community work that needs doing. It is certainly true that there is much for all of us to do in many activity spheres; and I do not limit myself exclusively to the children. True, I shall probably never have enough time, or inclination,

to be a "social success." I also doubt that I shall ever write anything profound or nationally significant; nor be an active member of any importantly influential group or club. It does not even appear that I shall ever have enough time for as much serious libertarian study and research as I'd like. But perhaps my children will. I honestly believe that eventually this may prove more important to the nation, and more pleasing to God, than any other personally tempting endeavor might be. At least it seems so for me. I am grateful for the opportunity.

A KING OF LONG AGO

by Lewis Love



THERE ONCE lived a king in a distant land—a just and wise old king, for he had observed and learned much about his people and about himself and his power. His people were free to go their way, and were fearful of the king and his soldiers, for his rule granted no privilege to one that was not a privilege to all equally. And they were free to petition their king and seek his wisdom in their affairs.

Thus there came one day to the royal court an artisan, a mason, and a beggar who was lame.

“O great and wise king,” they cried, “we are sorely troubled with our plight.” “I,” said the artisan, “make many useful goods. I use great skill and labor long, and yet when I am finished, the people will not pay my price.”

“And I,” said the mason, “am a layer of stone for houses and fine walls, yet I am idle, for no one gives me work.”

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"I am a poor lame beggar," said the third man, "who seeks alms from those who pass, as they find it in their hearts to do so, but alms are so few as to be of great concern lest I perish."

"I can see that your trouble is great," consoled the king, "and what would you ask of me?"

Then, they spoke as a group, the artisan, the mason, and the beggar who was lame: "Your power is very great, our king, and you can make the people see the folly of their ways and aid us in our troubles."

"Perhaps," said the king, "perhaps my power is great, but I must use it wisely or it shall be lost." And he called to the captain of his guard.

"Bring forth three swords," he commanded, "one for each of these men, and instruct them in their use. These three shall go forth in the land and compel those who will not voluntarily deal with them to obey their command."

"No! no!" the three men called out, "this we did not ask. We are men of honor and could not set upon our fellow man to compel him to our will. This we cannot do. It is you, O king, who must use the power."

"You ask me to do that which you would not do because of honor?" questioned the king. "Is honor one thing to a beggar and another to a king? I, too, am an honorable man, and that which is dishonorable for you will never be less dishonorable for your king."

THOREAU AND THE MODERN AMERICAN HOUSEWIFE

by *Frances West Brown*



I SHALL NEVER be rid of Henry. He has become a part of me, an important living part that I should never want to lose.

I first met Henry in a college literature class. The professor was a terrible bore, his lectures ill-prepared, his assignments long and often dull. One week he assigned us Thoreau's *Walden*. Thinking of it as only another time waster, I picked up a copy at the library, planning to race through it in one evening. I soon found that to be impossible.

Walden took some time and concentration. I can't say that I was then enthralled nor did I immediately recognize its value to me. But, I met Henry.

I really didn't realize that we had met, so subtle was his influence; but I soon found him popping up quite frequently at strange moments in strange places.

One day I went into a college shop to purchase some slacks, a pair of good, comfortable, baggy long-legged, wool slacks. The clerk brought out for my inspection a

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variety of colors in my size as well as numerous shirts and sweaters to match. I selected a pair of the style I desired and went to the dressing room. Unfortunately, the legs were tapered in such a way as to squeeze my calves and the length stopped two inches above my ankles.

"Do you have some without the tapered legs and with a little more length?"

"Oh, but this is the way *they* wear them now."

I stood there silently, but a line from *Walden* kept racing through my head: *What authority have they in an affair which affects me so nearly?*

"I refuse to be dictated to by the fashion-monger," I said determinedly.

"I beg your pardon," the clerk stared at me.

Although the voice was mine, the thoughts were Henry's, and I didn't know exactly how to explain his mysterious presence.

"Oh nothing," I said, "The slacks are not what I want."

I rushed out of the store, but I heard Henry, before he disappeared, laughing and saying: *Every generation laughs at the old fashions, but follows religiously the new.*

I left college and took a job to save every penny for a trip to Europe. I did not want a go-now-pay-later three weeks flying tour. I wanted to spend some time in Europe and really get the flavor of the countries. I thought that by using the strictest economy I could in three years save enough to quit my job and spend three to six months abroad.

I hated my job and the time dragged on. Before the first year was over I was disgusted. One evening when I walked into my apartment, there was Henry. We had quite a discussion.

What is this spending of the best part of one's life earning money in order to enjoy a questionable liberty?

I noted the scorn in his voice as he ended by saying: *as if you could kill time without injuring eternity.*

I quit my job the next day. I decided to do exactly what I wished to do. I took a poorer paid job as a low-low junior reporter on a small paper, but I loved the work and the occasional by-line. At the end of the next year I was planning to be wed to another junior reporter. All thoughts of Europe were out of my head, and I was, of all people, most happy.

The Simple Life

In those years of early marriage the funds were often low. I was thankful for Henry's visits; he always whispered encouragement to me.

My greatest skill has been to want but little.

All men want, not something to do with, but something to do, or rather something to be.

I wished to live deliberately, and not when I came to die, discover that I had not lived.

Simplicity, simplicity, simplicity!

Simplify, simplify.

On one occasion my husband and I were invited to attend a very important dinner in the city. I wanted so

desperately a new outfit that John consented to take the necessary amount from his going-into-business-for-myself fund. I went shopping and found the perfect garment. I was just about to have the clerk put it into a box for me when Henry appeared:

The cost of a thing is the amount of what I will call Life which is required to be exchanged for it, immediately or in the long run.

I stopped and stared at the outfit. I would rather he had not appeared at this time. He kept talking:

No man ever stood the lower in my estimation for having a patch in his clothes; yet I am sure that there is greater anxiety, commonly, to have fashionable clothes than to have a sound conscience.

"Are you well, madam?"

"Oh, yes, quite well. Henry just told me not to buy the suit."

"Henry?"

"I just decided it was not wise for me to buy the suit."

"Oh - - - - - could I show you something else?"

"No - - - - -," I paused. "Yes, can you tell me where to find the sewing notions?"

I bought two fifteen-cent packages of seam binding and left the store. But I had not lost Henry.

A civilized country, where - - - , he roared his warm laughter at me, where people are judged of by their clothes.

I wanted to tell him to hush, but he had always been so wise, so helpful to me, I decided I would not endanger his friendship.

At home I shortened my old suit and cut the sleeves from the blouse. In a day's work I had a modern suit I was proud to wear.

That evening John asked, "Did you find a suit, hon?"
 "I surely did. I found a beautiful, perfect suit."

"How much?" he asked, with fear in his generous voice.

"Oh, I decided it cost too much *Life*. I didn't buy it."
 "What!"

That night I showed him my creation. He was very complimentary and proud. I also introduced him to Henry. I thought two gentlemen who could so easily find agreement should meet. John had heard of Henry but had never ventured to become well-acquainted.

Being One's Own Boss

Henry put ideas into John's head as he often did into mine. Only a few months later John decided that one can't *kill time without injuring eternity*, and he launched his own paper in another small town.

Our two sons arrived, and the paper's expenses were terrific. It seemed that financially we were going under. We decided that I should hire someone to keep the boys and go back to work. That night Henry came:

The mass of men lead lives of quiet desperation. What is called resignation is confirmed desperation. But it is a characteristic of wisdom not to do desperate things.

Then he began to say over and over again:

The cost of a thing is the amount of what I will call

Life which is required to be exchanged for it, immediately or in the long run.

The next day we decided to ask for a loan to keep the paper going another year and to keep me home with my boys.

Those years when the boys were little and I was tied so closely to home became rather discouraging to me. I grew very tired of dusting, sweeping, washing, ironing, and cooking over and over and over. When my despair became unbearable, I ran to fetch *Walden*. Sure enough, Henry had the answer for me:

You are the slave-driver of yourself.

Once I had three pieces of limestone on my desk, but I was terrified to find that they required to be dusted daily, when the furniture of my mind was all undusted still, and I threw them out the window in disgust.

We spend more on almost any article of bodily aliment or ailment than on our mental aliment.

How many a man has dated a new era in his life from the reading of a book!

Thinking for Oneself

When the time came for my tour-of-duty in P.T.A., I was, at first, quite eager to do my service to the improvement of the schools and of my abilities as a parent. However, I soon became disgusted with the lack of action on the part of the organization. I sat quietly back and let the others lead the group into a chaos of utter uselessness. I took it calmly until at one meeting it was

proposed to budget \$150 to purchase an elaborate silver service for the socials which followed the business meeting and programs. This proposal burned my natural instinct toward economy.

Our school library was only half finished—chairs, tables, and, more importantly, more books were all sadly needed. The age of audio-visual education was here, but our school owned only one movie projector—no television, no tape recorder, no slide projector, no record player. How could these mothers even think of a silver service for their social hour! I knew quite well that they used glass cups or sometimes even paper ones at home, but I sat quietly.

That is—until Henry sat himself beside me and started bruising my conscience with his words:

No doubt another may also think for me; but it is not therefore desirable that he should do so to the exclusion of my thinking for myself.

I jumped to my feet and bravely led the opposition to defeat the measure. For the next few years I found myself guiding the P.T.A. into a worth-while position, its original purpose of providing service to the school through community effort.

Our little two-bedroom house which had been perfect for the boys' elementary school days suddenly seemed to become wholly inadequate. Several of our friends had bought new, larger homes, and the urge to do likewise burned within me. And the boys were rather large to share such a tiny room. And our kitchen had no built-ins. And we didn't have central heating. And we could

use a two-car garage, one side for the car, the other for storage. I could think of so many valid reasons.

I set forth a plan to convince John to buy a new house. I found a new one that fit our needs if not our pocketbook. I figured with a realtor on how much trade-in our house would bring and how much we would be obligated per month to live in the new house. The total cost was of little significance.

Henry jumped up with his usual *the-cost-of-a-thing-is-Life* remark, but I did not listen. I told him to vanish as this was too important to the boys for me to be concerned about spending my *Life* to pay for it.

I had things well-arranged. I fixed John's favorite supper and did it so inconspicuously that he didn't even notice the trap.

I told him the plans, and he was seriously interested. He always wanted that which pleased me and provided the best for his boys.

That night I couldn't sleep. Henry wouldn't let me rest:

I would rather sit on a pumpkin and have it all to myself than to be crowded on a velvet cushion.

That didn't make sense. What did he mean?

Public opinion is a weak tyrant compared with our own private opinion. What a man thinks of himself, that is which determines, or rather indicates, his fate.

He would not leave me alone. I got out of bed to keep from disturbing John. In the cold living room my thoughts began to come more clearly.

The boys had never once talked about moving. They

sometimes complained about the lack of closet space for certain things, but they didn't seem unhappy with the house.

It was I who wanted to move. Really, I didn't mind the size of our house too much. I really didn't mind that my stove sat out of my cabinet or that the house had a floor furnace and heaters scattered about, rather than one central unit for heating. It was just that the Davidsons, the Kellers, and the Rices had new houses, and I knew John's income was equal to any of theirs. I didn't want us to seem to be poor managers. I wanted to look successful to the world. But was public opinion worth the debt it would create?

Henry patiently repeated his words:

Public opinion is a weak tyrant compared with our own private opinion.

My decision was made. I slept the remainder of the night so well that John had to shake me awake the next morning.

He said that he could almost tell by the expression on my face that Henry had been there and the wisest decision had been made.

That summer we added a room above the garage that served as a family room and as extra storage. It was easily paid for with so little *Life* that we hardly missed it.

Vocational Guidance

Oh, those school years passed much too rapidly. It seemed as if the boys were ready for college when

they should have only been leaving junior high school, and my plans for them were just not working out.

John and I were in perfect disagreement about the future of the elder of the boys. Bob had made up his own mind that he wanted to enter the newspaper business with John. We were all pleased about that. I wanted him to go to a good liberal arts college and prepare himself. John argued that Bob could better learn the trade by working in the trade.

I came in one evening to find John reading *Walden*. I was sure that I had won the argument; for a man of Thoreau's intellect would surely favor a decision for one to send his son to college before learning his trade. I was mistaken. Henry and John collaborated, and I came down in defeat.

Henry's argument was this:

If I wished a boy to know something about the arts and sciences, for instance, I would not pursue the common course, which is merely to send him into the neighborhood of some professor, where anything is professed and practiced but the art of life; to survey the world through a telescope or a microscope, and never with his natural eye; to study chemistry, and not learn how his bread is made, or mechanics and not learn how it is earned; to discover new satellites to Neptune, and not detect the motes in his eyes, or to what vagabond he is a satellite himself; or to be devoured by the monsters that swarm all around him, while contemplating the monsters in a drop of vinegar.

Bob finished high school and started immediately

working at the newspaper office—not as a manager, but as a route boy, a copy boy, an assistant typesetter, and on a few occasions when no one else was available, as a low-low junior reporter. He learned his trade well.

A few years ago he came home to announce that he had decided that one can't *kill time without injuring eternity*. He had heard John say it many times. He and his wife were taking their little girls and were starting a newspaper, a weekly, in a nearby town.

Jack never had an interest in newspapers. All of the salesmanship of both John and me could never convince him to follow our trade. He wanted to be a doctor or a rancher. Jack had maintained extra high grades in school with really little effort. Before graduation he was offered a scholarship to Tulane.

John and I were very proud, thinking of the credit to us to have a son at Tulane and to have a medical doctor in the family.

Only a few days later we were absolutely appalled when Jack announced that he had decided to refuse the scholarship. He wanted to go to Oklahoma State University to study veterinary medicine. He had never really wanted to be an M.D.

I am sure I would have burst into tears had not Henry once again saved me from an act of desperation!

I would have each one be very careful to find out and pursue his own way, and not his father's or his mother's or his neighbor's instead.

It was soon easy to see that for Jack his own way was best.

A Worthy Bequest

Life has been good to John and me. We were sitting last evening recalling our life and its decisions.

"I only regret that we have so little to leave the boys," I mentioned.

"Of course, there is the house and the paper."

"Oh, but that is not a memorial from us to them. The house will only sell for a little, and the newspaper will only bring a living, not ever wealth."

At that, Henry leaped into our midst:

Nations are possessed with an insane ambition to perpetuate the memory of themselves by the amount of hammered stone they leave. What if equal pains were taken to smooth and polish their manners? One piece of good sense would be more memorable than a monument as high as the moon. I love better to see stones left in place.

He didn't repeat his remark, but he said it with great finality. Then he vanished, and somehow I feel that he'll not need to come back. Since our first meeting his influence has never been gone, nor would it ever leave my life.

Today I went to town and bought two copies of *Walden*, and I mailed one to each of the boys, enclosing this note:

I would like for you to become better acquainted with my dear friend, Henry David Thoreau. The reading of this book started a new era in my life; it helped me to consider my values before I acted. I hope it can bring to you some of the happiness it has brought to me.

With love,
Mother

MAKING FOOLS OF OURSELVES

by Leonard E. Read



THE U. S. CENSUS does not show a separate count of the fools in our population; thus, there is no statistical evidence that stupidity is on the increase. Yet, no observant person can help being impressed by the increasing division in our society between the self-anointed "experts" on the one hand, and the run-of-the-mill citizen on the other. Few of us have the gall to call ourselves experts, and so we accept this division, which helps explain the diminishing esteem in which we admitted nonexperts hold each other—particularly in the area of moral, social, economic, and political philosophy. "Bosh! He doesn't know what he's talking about," runs a common refrain.

A mutual nonadmiration society is headed for trouble. For when we acknowledge no great men among us, when we go to the polls and vote for "the lesser of two evils," when by common consent our society is peopled with the unwise, we set the stage for the big, strong, "wise" man who will appoint himself as our ruler—for our own good, of course!

Is it that we are so much less wise than our Founding Fathers? In many ways, yes. But not enough to account for the low appraisal we currently have of each other's

views. It is my contention that we are making fools of ourselves, submitting to and participating in a situation that engenders a bogus ignorance. Unless we are aware of what is bringing this about, corrective steps will be impossible.

First, reflect on the ideal society where government is limited to dispensing that type of protection for everyone which each has a moral right to exercise individually. Ideally, government has no more authority over or control of creative and productive actions than does a factory guard. Government at its best is but a refinement of guarding against fraud, violence, misrepresentation, predation; it is but the final man-made arbiter of liberty and justice for all—this and nothing more.

Second, let us take note of a universal characteristic among individuals: *no human being is all-knowing*. An individual, at best, has no more than a fragment of all knowledge, regardless of how well educated or politically powerful he may be. Furthermore, the notion that any person can synthesize all knowledge, or even approximate a synthesis, is utterly absurd. But here is the significant fact: *the free society does not require that the individual know all there is to know about everything. If he knows and practices a few simple moral principles and has a mastery of his own profession or trade, he is adjudged an intelligent man, able to act intelligently within that tiny orbit which is his*. Thus, in a free society, we look for and find numerous individuals who are considered competent within their own frame of experience.

Third, observe what happens to these same individuals when the ideal, free society disappears and is replaced by democratic collectivism. See how an otherwise intelligent people can give all the appearances of being an ignorant people or how the intelligent people we seek are fogged out, as the saying goes, by an ignorance artificially created.

Formula for Ignorance

The formula for an artificial ignorance is simple: Democratically elect, say, one thousand from among our millions of adults, each of the few being of the same stuff as the many, that is, each being reasonably intelligent within his own little orbit but each being only dimly aware that he doesn't know much. Next, transfer individual freedom of choice and decision-making from the many to the few. Let the few have power over all aspects of life: how many hours each of the many may work, what wage he shall receive, what and with whom he may exchange, how many acres he may sow and reap, how much wheat or cotton or tobacco or peanuts he may grow, how much of his income he may retain, how his medical care shall be arranged, how his old age is to be secured against the vicissitudes of life, what prices he may charge for his products or services, what value his money shall have, what interest rate or rent he may charge, what areas are permissible for competition, what part of his earnings shall go to relieve who and where and for what, who his enemies are and what wars he must

fight, how much he must spend for moon exploration, the businesses and workers and communities and nations he must subsidize, how his children are to be educated, whom he may employ and under what conditions, and so on and on—give the few these powers over the many and the recipe for a bogus mass ignorance is complete. The millions, many of whom would appear intelligent in a free society, will, under democratic collectivism, appear stupid.

Why will many of these millions appear stupid? Because under the pressure of “responsible citizenship” they vote for those who would control all aspects of life. Therefore, to vote “intelligently” they must try to know a great deal about all the affairs of human existence that the candidates for rulership—the few—are striving to control.

In keeping with the theory of democratic collectivism they must be able intelligently to discuss the problems of agriculture, complex monetary affairs, foreign exchange, the gold reserve, backward peoples and underdeveloped countries the world over, labor relations and the ins and outs of collective bargaining, orbital communication, orbital weather reporting, orbital mapping and orbital warfare, military policy, government education; indeed, a thousand and one other subjects. Put in other terms, they are trapped into an attempt to explain how socialism can be made to work. Is there a person who can do this? Not being all-knowing but, on the contrary, only infinitesimally knowledgeable, they must appear ignorant whenever they wander beyond their own

tiny realms of knowledge, that is, whenever they presume to discuss and pass judgment on problems about which they know nothing at all.

Few of us, even libertarian idealists, when living under democratic collectivism, are able to resist talking about and feigning authoritative judgment on every subject within the domain of the collectivistic rulership. Further, when living in this kind of a society and when taking positions on matters about which we know nothing, our know-nothing positions tend to side with the collectivistic. Led thus astray, we have no time to understand and practice freedom! Is it any wonder that we appear ignorant to each other?¹

The Way Out

Is there a way out of this trap? There is, indeed! The way has two ingredients: humility and faith.

Humility suggests that each freedom devotee become

¹This does not imply that democratic collectivism is less authoritarian than is the usurped type, as in Russia. But the Russian type does not induce the Russian people to discuss matters about which they know nothing. Indeed, they cannot freely discuss all the subjects within their competence. Siberia, not the reputation for ignorance, is the lot of Russians who freely indulge in disputation.

The best instance of an advanced democratic collectivism is to be found in little Uruguay. There they democratically elect not one but nine presidents! And they democratically elect members of the legislature who work around the clock writing the rules of democratic despotism. A country rich in resources and populated by a fine people is now economically strangled, and individual initiative is a quality of the past. But observe the free discussion! Visit Uruguay for a miniature preview of where democratic collectivism leads a people.

conscious of how little he knows and of how little is known by those who would be or are our rulers. From this acute consciousness stems a healthy skepticism: no one knows how to make socialism work. Aware of this we then recognize that organized force (government) has only a strictly negative role to play, that all productive and creative actions belong in the realm of men acting freely, privately, voluntarily, competitively, cooperatively. Thus fortified, we cannot be drawn into the acceptance of a socialistic premise and, without such an acceptance, we will no longer pontificate on what socialistic conduct or procedure should be. If unable to explain how freedom can cope with social problems, it is intelligent to confess modestly, "I do not know." Acting in this manner, we will appear no more ignorant to others than we actually are! Nor will we then be interfering with someone else who does know, or might find an answer. In other words, we'll have faith in freedom—faith that man is endowed with wonderful faculties by his Creator, not by the state.

The type of faith required appears difficult to come by—despite the enormous evidence that warrants it. It is this: When freedom devotees exist in adequate numbers—impressing one another as men of at least ordinary competence—an indescribable catalytic force will bring about a sudden configuration, a coalescence, a merging of their number to replace the democratic collectivism under which we now exist.

No individual or committee can plan or mastermind or invent this catalytic force. Strange as it may seem,

this force is omnipresent like the drawing power of a magnet—and just as mysterious. But as the magnet cannot draw sawdust to it but only material of a certain quality, so this force cannot draw people to it except as they exist in a tractable state. Thus, the individual who wishes to witness this phenomenon can do nothing about it except as he makes himself tractable or teachable, except as he unburdens himself of a bogus ignorance, except as he perfects self.

This is not nonsense. On the contrary, it is a hard fact. Patrick Henry made his “give me liberty or give me death” speech scores of times. Nothing happened until one memorable occasion when this same speech had an electrifying, coalescing effect. Even Henry was unaware that his words were a catalytic force until the moment when a certain quality of understanding was achieved by his listeners and, thus, they were drawn into action by the force of his words. The words did not change; the listeners changed!

Look to nature or to the market for countless confirmations of this hard fact. For example, a certain molecular configuration will present itself as a sturdy oak. What is the catalytic force that attends to the mysterious configuration of the molecules? We do not know and, thus, we concede, “Only God can make a tree.” Or, take note of how one configuration of infinitely varied creative human energies will show forth as a jet plane, another as a pencil, still another as a symphony, on and on in response to human necessity. Significantly, we do not know what the force is that draws forth and coalesces

these creative human energies. There are, though, two things about which we are certain: (1) that the creative human energies must exist in the first place and (2) that they must be unfettered if they are to emerge and coalesce.

We may confidently expect an emerging and a coalescence of intelligent freedom devotees—of those even unknown to each other—when each gains that point in understanding and exposition where he will be attracted by whatever the indescribable catalytic force is. This force, sometimes referred to as “a voice crying in the wilderness,” is always at work, always present. The sole deficiency is in ourselves; this force, to repeat the metaphor, needs something besides sawdust to draw upon. George Washington made a good suggestion: “Let us raise a standard to which the wise and honest can repair. The event is in the hand of God.” Let each of us adhere to such a standard, quit making fools of ourselves, and have faith that the event will occur.

THE AMERICAN SYSTEM AND MAJORITY RULE

by Edmund A. Opitz



It is standard journalistic procedure to divide the world into two camps. The Soviet bloc comprises one camp, whose member nations are run along totalitarian lines. The non-Soviet bloc, by contrast, is called The Free World. The United States, it is conceded, is a prime example of a free society, and so this nation has assumed leadership of The Free World. And not without reason, when the matter is viewed historically. The eighteenth century thinkers who conceived and launched the American System envisioned a society of free men, and however questionable some of our current beliefs and practices may be, we still honor their memory. But does today's popular notion of a free society have anything in common with the model erected by the venerable Founding Fathers?

Take a random sampling of our citizenry and ask them to explain what they mean when they declare that this is a free society. "America is free," most of them would

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say, "because The People in free elections choose their own leaders. And then, by letter writing, lobbying, and delegations to Washington, The People make their opinions felt in the determination of policy. Furthermore, our political leaders are not selected from among a few aristocratic families; here anybody can run for political office, and most anybody can become President. And if The People do not like the government they chose in 1960, they need not revolt; all they have to do is convince a majority of voters to their way of thinking and they'll get the government they want." The simple man in the street and the sophisticated reader of "liberal" weeklies may have little else in common, but they share a touching faith in the sovereignty of The People.

Now suppose I am not in sympathy with some part of the national government's program—not so farfetched an assumption—and I utter some criticisms of it. I get a standardized reaction. The customary response is: "The People are entitled to get from government whatever a majority of them want: from schooling, to job insurance, to cheap electricity. Would you deny them these benefits? Most people favor social security, and under our system of government where The People are sovereign they should have it. Are you opposed to majority rule? Don't you believe in democracy?"

The unspoken assumptions underlying these questions are somewhat as follows: "The voice of The People, expressing itself through majority opinion is, in a democratic society, the final determiner of policy, and the ulti-

mate sanction for political conduct. A society is free to the extent that the majority will is not frustrated. This is what it means to live in a democracy." Such is the rationale for much of today's politicking. Let us try to evaluate it in terms of American political theory and experience.

These assumptions—about the desirability of permitting majority will free rein—were not shared by the men who drafted the Constitution. To the contrary, these men worked overtime to devise ways of protecting society against the action of majorities. They knew that "The Majority" is a technical term in politics, customarily meaning "a minority on the make." If democracy is a system of government in which every citizen is equally represented, and where policy is determined by sampling majority opinion, then the Founding Fathers tried to circumvent "democracy"—in this sense—and succeeded.

A rather silly European Socialist, presumably with this in mind, referred to our Constitution as "very nearly a plot against the common people." The real intent of the document was quite the opposite: it was to protect the common people—which includes just about all of us—from political adventurers. Our forebears had experienced the tyranny of monarchs, but they had no intention of accepting a majoritarian tyranny in its place. "An elective despotism is not the government we fought for," wrote Jefferson in 1781.

The end they fought for was individual liberty within the framework of a moral and legal order, and to

this end they created a number of antimajoritarian institutions. The Senate is one instance. One senator in my state of New York represents about 8,000,000 people; in the state of Washington, one senator represents about 1,400,000 people. The lucky people of Nevada have one senator for every hundred thousand of them. Whatever one's reaction to this, he cannot call it equal representation.

To emphasize further the undemocratic nature of the Senate, the Constitution provided that its members be appointed by the legislators of the various states, not elected by the voters. We amended the Constitution to change this procedure.

The Constitution declared that the President would not be chosen by mass vote. The legislature of each state was to determine the manner of choosing electors who, in turn, would meet and select a President. The idea was to insulate this office from the popular will.

And then there is the Supreme Court. Theoretically, a bill might have the unanimous support of the voters, be passed into law by the Congress, and then be thrown out by the Court on the grounds of unconstitutionality.

Additional examples might be cited, but enough has been said, I think, to indicate that the federal republic designed by the Founding Fathers is miles away from what the average American today understands by a democracy in which majority opinion rules directly and unfettered. It might be instructive to examine portions of our historical background in order to better understand this situation.

Qualified Draftsmen

The people who adopted the Constitution as their organic law were well qualified to make it work: they knew political theory; they were experienced with colonial charters, compacts, and self-government; and their religion conduced to individual liberty. These qualifications have been largely lost among us—although they might be restored. But until a restoration occurs, we as a people will probably continue to resort to the expedient of “majority rule” to sanction any governmental action an actual minority of the voters wants.

One hundred and seventy-five years ago, in the spring of 1787, a body of delegates met in Philadelphia. They represented twelve of the thirteen colonies, Rhode Island abstaining. By September they had drawn up the Constitution and signed their names to it, and beginning in October three young men wrote a series of 85 articles urging the adoption of this document by the states; Hamilton was thirty, Madison thirty-six, and Jay forty-two. The series was nearing completion when the papers were collected and issued in book form as *The Federalist*. This book has long been recognized as a classic in political philosophy, and the document whose virtues it expounded, The Constitution of the United States, is still—nominally at least—the law of the land. The first Congress under the new Constitution met at New York on March 4th, 1789.

The men who drafted our basic political document and set a new government in motion represented a peo-

ple who were exceedingly alert intellectually and politically. There was a population of some three million along the Atlantic seaboard in the latter part of the eighteenth century, largely rural. But they were readers and thinkers, as well as farmers and artisans, as the following instances show. Blackstone's famous *Commentaries* appeared between 1765 and 1769, and 2,500 copies sold in America before the Revolution. Adam Smith wrote his *Wealth of Nations* just as the Revolutionary War was getting started, in 1776, and despite the preoccupation of Americans with their own problems in this time of trouble, several thousand copies of the book sold here shortly after its publication in England. Tom Paine wrote his pamphlet, *Common Sense*, in January 1776, and Americans bought about 100,000 copies within a few weeks.

Many colonists were at home in the realm of ideas, and thus were ready, when the time came, with a rationale for liberty based on an acquaintance with its literature as far back as Greece, Rome, and Israel.

A significant number of the colonists were learned in history and political theory, but Americans were not a bookish people; they were experienced in self-government and at home with charters and compacts. When the Founding Fathers sat down in Philadelphia to draw up a new constitution, the American adventure was already 180 years old. In other words, about as much time had elapsed between the settlement in Jamestown in 1607 and the Philadelphia Convention as between Philadelphia and ourselves. These men were anything

but novices in practical politics. What had their experience taught them?

Chartered by the Crown

During the 1500's, individual adventurers like Sir Walter Raleigh conducted colonizing efforts at private expense, but in the 1600's companies were chartered by the English Crown to establish colonies and carry on trade. The famous East India Company was organized in 1600, and was probably the model on which the Virginia Charter of 1606 was framed. It was this Charter which created the London and Plymouth companies which led to the settlements at Jamestown in 1607 and Plymouth in 1620. We need to take a careful look at these commercial corporations for colonization for, in structure and function, they were models used by the colonists in their political experiments.

This fact has been noted by Charles A. Beard in his book, *The Rise of American Civilization*. Referring to the Virginia Company, Beard writes: "Like the State, it had a constitution, a charter issued by the Crown . . . like the State, it had a territorial basis, a grant of land often greater in area than a score of European principalities . . . it could make assessments, coin money, regulate trade, dispose of corporate property, collect taxes, manage a treasury, and provide for defense. Thus every essential element long afterward found in the government of the American State appeared in the chartered corporation that started English civilization in America."

(p. 37)

These chartered companies were also missionary enterprises. The colonizers who came to these shores were Dissenters from the Established Church in England, seeking here a haven where they might worship God according to their own convictions. They did not believe in, nor did they practice, what we have come to call "religious toleration." Theorizings about the "rights of private conscience" would have fallen upon deaf ears; the freedom they sought was freedom to worship as they chose, not every man's freedom to do as he pleased. They were not easy-going people, nor were they easy to live with; but perhaps it took a certain kind of fanaticism to make the ocean voyage in the first place and, in the second place, to survive in a very hazardous situation.

Puritan Tradition

This "hardshell" aspect of Puritan and Separatist religion has no discernible political significance; history bears witness to hundreds of crusading faiths for which the adherents were willing to suffer and, upon occasion, to persecute. But there were two peculiarities of the Puritan religion which did have a direct bearing on American political theory and practice—its covenant theology and its congregational polity. Let me quote the words of a scholar, R. L. Perry, referring to the Mayflower Compact:

The document represents the application to the affairs of civil government of the philosophy of the church covenant which was the basis of Puritan theology. This theology found in the Scriptures the right of men to associate and covenant

to form a church and civil government and to choose their own officers to administer both religious and civil affairs. Each member of the congregation had a vote in the election of officers, and each congregation was considered as independent and autonomous of every other and not subject to the authority of any centralized church hierarchy.

Edmund Burke delivered his great speech on "Conciliation with the Colonies" in 1775. Speaking of the influence of the colonists' religion on their will to resist he said: "Religion, always a principle of energy, in this new people is no way worn out or impaired; and their mode of professing it is also one main cause of this free spirit. The people are Protestants, and of that kind which is the most adverse to all implicit submission of mind and opinion. This is a persuasion not only favorable to liberty, but built upon it. . . . the dissenting interests have sprung up in direct opposition to all the ordinary powers of the world, and could justify that opposition only on a strong claim to natural liberty. Their very existence depended on the powerful and unremitted assertion of that claim. All Protestantism, even the most cold and passive, is a sort of dissent. But the religion most prevalent in our northern colonies is a refinement on the principle of resistance: it is the dissidence of dissent, and the protestantism of the Protestant religion."

The Natural Law Concept

As a corollary of this religion the Founding Fathers posited a higher law—the Natural Law or the Moral Law—to which the laws of men ought to conform. Men

might create statutes or legislation, but the Natural Law is discovered, not created; it is a law superior to the will of human governors, and legislation is just or unjust as it conforms to or violates Natural Law. The Natural Law is largely unwritten, but the down to earth parts of it are found in the Common Law, in "the idea of immemorial rights of Englishmen," and in the various charters written to implement these rights from Magna Carta on down.

So much for the men and the political ingredients at their fingertips. They were acquainted with political philosophy and experienced in the art of governing. Their Dissenter's faith disposed them to individual liberty, and in the Natural Law they had a device to limit arbitrary rule. This was their equipment, and then they were given an opportunity, unique in history, to draw up the fundamental rules for a society in which men would be free. One of them, James Wilson, wrote: "The United States exhibit to the world the first instance, as far as we can learn, of a nation, unattacked by external force, unconvulsed by domestic insurrection, assembling voluntarily, deliberating fully, and deciding calmly, concerning that system of government under which they would wish that they and their posterity should live." The exuberant Patrick Henry went even further. Cried he: "We are, Sir, in a state of nature!"

In short, these men were in a position unprecedented to ask and answer the two fundamental political questions. The primordial political question is: What shall be the extent of rule? or What is the proper scope of

government in society? The second question is: Who shall rule? or What devices shall we employ to choose personnel? The answers of the Founding Fathers constitute a political breakthrough, a new departure in government.

What Shall Be Government's Scope?

The first question is basic: What shall be the extent of rule? Once we have answered this one properly, a workable device for choosing personnel is easy to find. Majority opinion, as determined by balloting, is one such device. But to use majority voting in order to determine the proper scope and boundaries of government is to confuse the categories. The answer our forebears gave to the question: What shall be the extent of rule? is that of classic Liberalism. It is the function of government, they said in effect, to act as an umpire who enforces the agreed upon rules. Let government administer justice among men and otherwise keep hands off; men will be free then to administer their own affairs. When government keeps the peace by curbing peacebreakers, men may go freely about their productive and creative pursuits, cooperating and competing with one another as to each of them seems best.

In giving this sort of an answer, the Founding Fathers broke with a long and powerful European tradition. The alchemists had sought for a philosopher's stone which would transmute lead into gold; but the thing which really haunted the mind of Europe ever since Plato was the search for a philosopher-king. Plato's

words are found in Book V of *The Republic*: "Until philosophers are kings, or the kings and princes of this world have the spirit and power of philosophy, and political greatness and wisdom meet in one, and those commoner natures who pursue either to the exclusion of the other are compelled to stand aside, cities will never have rest from their evils—no, nor the human race, as I believe—and then only will this our State have a possibility of life and behold the light of day."

The idea is an intriguing one and, judging by the record of history, it is irresistibly fascinating to most people. The idea is simple and easy to grasp, and there is a sort of Gresham's Law at work at the mental level which rules that complicated ideas are killed off by the simple, just as bad money drives out the good. What sounds simpler than the suggestion that the human situation would be immensely improved by first creating elaborate and powerful governmental machinery, capable of running society and doing wonderful things for The People, and then finding the wisest and best men to operate this mechanism? This ancient dream of giving the wisest and best men unlimited political power in order to accomplish enormous good has nightmare possibilities; the dream goes sour periodically, and the subjects who get it in the neck hope that the next king will be better than his predecessor.

The Americans scrapped this machinery, lock, stock, and barrel. Government, they said in effect, is necessary in human society, but unless it is limited and kept under control, it is capable of doing great harm. And 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 tend to be corrupted by it. Therefore, keep government limited to the administration of justice and the defense of life and property and you deprive it of its propensity for evil. Each man will then be free in society to realize his highest potential.

Such, in briefest outline, was the early American answer to the primordial political question: What shall be the extent of rule?

And Who Shall Rule?

The second question has to do with the choice of personnel. Once you decide to limit government to policing functions, how do you go about selecting men for the jobs? Four such devices are available. The first is determination by bloodline: If your father is king, you'll be king when he dies, and your son will rule in your place. The second is determination by lot—drawing straws—used for a considerable period in Athens. Third, is the device of aristocracy, where a few families comprise the ruling caste, as in Venice. The fourth form is the one that seems natural to us: Impose a few qualifications for the privilege of voting, and then by balloting let the voters freely choose their representatives, the candidate who gets the majority of votes being the winner. This is the proper place to use majority rule, in dealing with the second of the two main political questions.

The primary question, What shall be the extent of rule? can be answered or resolved on the basis of intellectual and moral criteria only—not by counting noses. No scientist would suggest that the validity of the germ theory of disease, for example, should be determined by an opinion poll; and similar considerations apply to disputed questions in history, psychology, mathematics, and elsewhere. There is no difference of opinion on this score; every scholar agrees that disputes in his field are to be settled by laboratory experiments, by field tests, or by reason and logic—in short, by weighing the relevant evidence.

The only exception to this rule is in this sector of political science. But even here, every scholar leaves himself a loophole. Ask the person who tells us that majority rule should reign everywhere if he believes that the majority in this country has the right to decide for everyone what church we should all be forced to join. He will answer in the negative, and in disavowing this logical inference from his position he has implicitly admitted that majority rule should not be permitted to upset certain principles—the principle of religious liberty, in this instance. In so doing he also acknowledges, in sort of left-handed fashion, that majority rule is not itself a principle. Majority rule is a mere device, a means for accomplishing certain ends, but not others. So when someone asks, “Do you believe in majority rule?” we must render the question intelligible, as follows: “Do I believe in majority rule *to do what?*”

Our language contains many “imposter terms”—to use

old Jeremy Bentham's label—and the jargon of politics is particularly rich in examples. "The People" is one example of an imposter term. People obviously exist, but "The People" is a fiction introduced into a discussion to mislead. So whenever you hear anyone refer to "The People," put your hand on your wallet. Likewise, when someone sounds off about "The Public" or "The Majority," "The Majority," as mentioned earlier, is a politician's or a "liberal's" way of meaning "A Minority." A so-called majority is really a numerical minority manufactured and manipulated by a small group of determined and unscrupulous men. Majorities for or against this or that measure are often manufactured at will. This procedure goes on today and it has gone on for a long time. More than a century ago the Columbia University professor of political science, Francis Lieber, wrote: "Woe to the country in which political hypocrisy first calls the people almighty, then teaches that the voice of the people is divine, then pretends to take a mere clamor for the true voice of the people, and lastly gets up the desired clamor."

The philosopher, according to an old joke, is a blind man in a dark room looking for a black cat that isn't there; the theologian, on the other hand, finds the cat! The people of Europe searched in vain for a philosopher-king, but never found him; we of the modern world have found our philosopher-king, and his name is The People, expressing itself through majority rule. Government, in this view, is identified with The People; and when this belief is accepted, any constitutional device

designed to limit government is regarded as an affront to The People and an impediment to majority rule. Such a view is fatal to liberty and to peace.

Respect for the Individual

The authors of the Constitution had a high regard for the individual citizen. He had, in their view, certain inherent rights derived from his Creator, which it was the function of government to respect and protect. When government was thus limited, it conformed to the Natural Law, those norms of liberty, equality, and justice which are part of the nature of things. But with the rise of skepticism as to the very existence of anything but man-made rules, another sanction had to be found to rationalize political might. Thus was majoritarianism invoked, and under its guise, things have been done to individuals which they would never have tolerated from any monarch. For the antithesis of majoritarianism is the principle of individual liberty, and to secure individual liberty our Constitution placed various checks on majority action.

The inclusion of such checks derives from the conviction that each man has certain inherent rights which it is the duty of government to secure, so that even as a minority of one he has immunities which no numerical majority may invade. No majority had the right, under 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 Ma-

jority" is almighty. All it has to do is gain control of government and then it has a legal cloak behind which a 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 just such a purpose.

Majority decision at the polls is an excellent way of choosing personnel for political office, but it is a violation of the moral law for the majority to vote away any man's freedom. The majority may have the power to do this, but the right to this action it never has. But here we hit an obstacle, for in speaking of "the right" we have assumed the real existence of an independent moral principle, implying that something may be ethically right or ethically wrong whatever its measure of popular support—or lack of support. But this is the very concept which has fallen into general discard, even among convinced antimajoritarians. Some of these abandon the idea that majority support determines the ethical rightness of an act on the grounds that this is the kind of thing each individual decides for himself.

This implies that there are as many valid ideas of right as there are persons, and denies that there is any such thing as right *per se*. But if there is no right *per se*, it cannot be wrong for majorities to do as they please! If there are no norms or principles as part of the nature of things, then man-made assumptions are all we have to go on. Man-made assumptions are not self-operating; they must be made to operate by the weight of a sufficient

number of people who want to make them work—just as a water wheel is turned by the weight and force of the water falling on it. Tomorrow, the contrary man-made assumptions can be made to work in just the same fashion, by the weight of majority opinion. Such a situation is unavoidable unless the universe exhibits a qualitative dimension, ethical in its own right.

Objective Standards of Morality

We do not adopt a free-wheeling attitude in questions of arithmetic. We do not, that is to say, advise every man to decide for himself what the answer to two plus two will be for him. This is because we take it for granted that the constitution of things is such that there is only one valid answer to two plus two; namely, four. And if the ethical dimension of existence is not so constituted that certain things are right and wrong *per se*, then let us frankly acknowledge the fact and give up the moral approach altogether. In which case, majoritarianism makes a modicum of sense.

Human beings, however, are called upon to make moral decisions just because they are human beings. But moral decisions can no more be made in the absence of ethical standards or norms than things can be weighed without such units as ounces and pounds. Large numbers of people have lost touch with principles; the old ethical standards have been discarded, and we attempt to makeshift without standards. So, desperately trying to find some basis for making moral decisions—as an al-

ternative to the naked rule of arbitrary might—our contemporaries are driven to the expedient of majority rule.

But majority rule is not a moral principle, and the attempt to use it as such won't work—any more than it would work to try to weigh things by the foot or yard or calculate length in terms of pounds. It is a waste of time to try to mix incompatibles, but it is a safe bet to assume that we'll continue with this useless effort until we restore ethical norms and principles to their rightful place in our lives, and then proceed to build our social and political structures into conformity with them.

BRAIDING THE LASH

by Lewis Stearns



WHEN A WORTH-WHILE TASK is to be performed, there are individuals who can and those who cannot; those who will and those who will not. The task is performed to the extent that there are those who both can and will. When government is permitted jurisdiction over the task, a third distinction is created: those who may and those who may not. Under these circumstances the best that can be hoped for is that those who may, includes all who can and will. Since this is rarely the case, the end result is usually the creation of another category; those who must!

Mr. Stearns is a free-lance writer from Missouri.

LET THE PEOPLE OWN THE AIRWAVES

by Melvin D. Barger



"I urge you to put the people's airwaves to the service of the people and the cause of freedom. You must help prepare a generation for great decisions. You must help a great nation fulfill its future. Do this, and I pledge you our help."

NEWTON F. MINOW, Chairman of the Federal Communications Commission, in closing his memorable "vast wasteland" speech before the annual convention of the National Association of Broadcasters in Washington, D. C., May 9, 1961.

THERE COMES A TIME in every man's life when his curiosity gets the better of his laziness. Whether or not he really wants to, he feels compelled to find out certain things for himself. The answers are often both rewarding and surprising, and it's good to do one's own searching.

For personal reasons, I heartily recommend this business of letting curiosity get out of hand. It eventually caused me to look into the "why" and "when" and "what" of federal control of the broadcasting industry. Starting with the idea that our chief concern should be to protect freedom of speech at all costs, I've become convinced that this freedom has been threatened or cur-

tailed by the FCC in the past, and is under heavy fire today. I now suspect that the role of the FCC and the rights of speech and expression granted in the First Amendment are almost "mutually exclusive" things—you can have either one, but not both together. I have concluded that if either free speech or the FCC ought to be curtailed, thoughtful men should cast their vote in favor of curtailing the powers of the FCC.

I had been mildly curious for years about what seemed to be an odd contradiction. Why wasn't the broadcasting industry—first radio, and then television—fully entitled to the same freedom traditionally secured by the Constitution for newspapers? Why had we talked so grandly about freedom of speech and expression, and yet imposed a government agency such as the Federal Communications Commission upon the broadcasting industry? Of course, I had no *real* proof that some kind of censorship went on. But over the years I developed a suspicion that a tight, restrictive federal control of the industry did exist.

Still, I was too lazy to look into the matter for myself and to learn how this had happened in a country that has always treasured free speech. I tried to find the answers the easy way in casual conversations with radio announcers and station owners whom I knew. It turned out that many of them had been just as lazy as I. The most frequent answer I got was that "complete freedom of expression is a great thing for newspapers and street-corner orators, but in broadcasting the government has to control the airwaves because of the limited number

of frequencies." Intimidated by this hint of mysterious technical problems, I dropped the subject. I remained lazy—and ignorant.

No Ringing Rebuttal

Yet, things kept happening to keep me from forgetting the subject altogether. In a national magazine with wide distribution, my wife and I read an article by the TV critic, John Crosby, in which he recommended what seemed to be a virtual government take-over of the television industry (to cure its ills).¹ I read the complete "vast wasteland" speech of Newton F. Minow—the one that has brought this whole issue into sharp focus as never before—and waited for somebody to rise up and make a ringing rebuttal on the grounds that Minow was openly threatening free speech. If a ringing rebuttal came, I missed it, but later on I did read newspaper editorials *agreeing* with Minow's objectives and a four-part series in *The Saturday Evening Post* by John Bartlow Martin in which, like Crosby, he summarized by calling for more of the heavy hand of government.²

Clearly, the television industry was getting some rough treatment from people who should have been its allies. In times past, newspapers have risen up like one man to

¹ John Crosby, "What You Can Do To Make Poor TV Better," *Ladies' Home Journal*, November, 1960, p. 74.

² John Bartlow Martin, "Television USA: Wasteland or Wonderland," *The Saturday Evening Post*, 4-part series in weekly installments beginning October 21, 1961, p. 19.

parry any attempts to censor even the most dubious phases of publishing, such as smut books, horror "comic" books, subversive literature, and other ghastly extremes. The principle has been that any attack on one part of publishing can set a precedent for eventual control of its other parts. This principle has even compelled editors to defend the rights of publications they actually loathed. Hence, it was probably the peculiar and inconsistent attitude of many newspapers (and persons of influence) toward the Minow challenge which caused prominent communications attorney, W. Theodore Pierson, to write: ". . . it is impossible to understand why journalistic craftsmen in nonbroadcast media either remain silent or applaud the cultural dictators when every constitutional justification for broadcast censorship can have similar counterparts with respect to nonbroadcast media."³

What Mr. Pierson was saying, in plain English, is that when a lion is in the streets, it's the duty of every able-bodied man to do something about it—if only for reasons of pure self-interest. His words were a rebuke to Messrs. Crosby and Martin and the hundreds of others who have moralized about the misuse of the airwaves. Yet, voices of great influence have applauded Minow, and we hear much pious theorizing about how all of us can be elevated and uplifted by a "truly responsible broadcasting industry."

One thing was certain: the television industry had

³ W. Theodore Pierson, "Sees 'Electronic Press' Freedom Periled by Eggheads, Crackpots," *The Detroit News*, January 7, 1962.

somehow acquired a bad press—and some of the press had advocated strong doses of government intervention as the remedy for what they thought to be wrong with television. Their reasoning was that the “people own the airwaves; hence, broadcasting isn’t free in the same sense that publishing is.” There is also the argument that TV is a very powerful medium, and shouldn’t be left in “private hands for private gain.” The first argument is the more critical one, for it is the one that is presented to the public. The second argument—that TV is a particularly powerful medium—works just as well for those of us who deplore government control of communications. It is, we can conclude, the fiction of the “people’s ownership” of the airwaves that gives government its strategic hold on the licensed broadcasting industry.

An Insoluble Dilemma?

Now I did become extremely curious, for it appeared that free speech had indeed been forced into a dilemma simply by the physical limitation in the airwaves. And it remains an insoluble dilemma so long as one does not challenge the basic wisdom in “governmental ownership.” I feel that this whole matter of “government ownership” should be challenged.

I have four points to make—four opinions to offer. They run contrary to most of what is said and heard about the plight of the broadcasting industry. But if the past is any gauge of the future, they simply must be true:

1. The revocable, renewable FCC-granted license has been an effective censorship device and will continue to be so regardless of who is serving on the commission.

2. Attempts to dictate to the broadcasting industry will tend to increase in the future unless the licensing regulations are relaxed or abolished.

3. A better broadcasting industry, truly serving the "public interest" and offering a wide fare for viewers, can only come about through less control—never through more.

4. The "people" do not really own the airwaves now, but would actually be able to exercise more direct control over the industry if the present licensing system were to be abandoned.

Licensing the Press

The licensing system has always been a means of control, and the feudal governments of old quickly imposed licensing restrictions on the printing industry in its earliest days. The practice of licensing the press was not abandoned in England until 1694. It had already become rooted in the colonies, and the press censorship of one kind or another was carried on without apology. Journalists like to point to the case of John Peter Zenger as one of the significant milestones in the battle for press freedom. In this famous case, back in those colonial days of 1734, Zenger was prosecuted for publishing harsh criticisms of the governor of New York and his administration. Freedom finally won the day when a jury ac-

quitted Zenger, whose plea was that what he had printed was true, and thus not libelous!⁴

From this early beginning, press freedom in America finally made its way to the First Amendment of the U. S. Constitution. It became a national tradition. With remarkable fidelity to principle, the Supreme Court has time after time destroyed laws which threatened press freedom. A Minnesota law which tried to suppress "malicious, scandalous and defamatory" publications was struck down in 1931.⁵ A Louisiana law which sought to impose a discriminatory licensing tax on newspapers was invalidated in 1936.⁶ And in 1938 the High Court ruled that it was censorship of the press to enforce a municipal ordinance requiring a permit from a city manager in order to distribute circulars and handbills. The permit was actually a form of licensing, and in this decision the Court obviously made the tacit assumption that licensing and censorship go hand-in-hand.⁷

The Court has also had something to say about the attempts of federal agencies to censor the press. In the famous case of *Hannegan v. Esquire* (Magazine), the Court ruled that the Postmaster General's authority over second-class mailing privileges could not be used to prohibit the mailing of a publication deemed to be salacious, and so forth.⁸

⁴ William L. Chenery, *Freedom of the Press* (New York: Harcourt, Brace and Company, 1955).

⁵ *Near v. Minnesota*, 283 U.S. 697, (1931).

⁶ *Grosjean v. American Press Co.*, 297 U.S. 233, (1936).

⁷ *Lovell v. Griffin*, 303 U.S. 444, (1938).

⁸ *Hannegan v. Esquire*, 327 U.S. 146, (1946).

There is everything to applaud in these decisions, regardless of how one might have felt about the publications or persons involved. The decisions upheld the principle of a free press, which goes hand-in-hand with a free country. As Justice George Sutherland said in the Louisiana decision: "A free press stands as one of the great interpreters between government and the people. To allow it to be fettered is to fetter ourselves."⁹

The result of our press freedom has been an unbelievable torrent of publishing covering every facet of life and thought. Much of it is bad, but much of it is also very good. The same laws that protect the publishing of frivolous comic books also guard the journals and books carrying the great ideas that test the foundations of society. To get the wheat, we endure the chaff, for nobody has shown us how to destroy the one and still preserve the other.

Yet this wonderful shield of the First Amendment, so jealously guarding printed matter and speech in open-air parks, becomes beclouded when the issue of the airwaves is discussed. The whole idea of licensing communications media tends to contradict American principles, despite the intended safeguard of Section 326 in the 1934 Communications Act:

Nothing in this Act shall be understood or construed to give the Commission the power of censorship over the radio communications or signals transmitted by any radio station and no regulation or condition shall be promulgated or fixed by

⁹ Quoted in *Encyclopedia Americana*, Volume 22, 1961 (Freedom of the Press).

the Commission which shall interfere with the right of free speech by means of radio communication.¹⁰

Yet this well-intentioned (and perhaps impossible) restraint on FCC powers did not place the broadcasting industry in the same unfettered position as the publishing world. The FCC had the right to review the general performance of stations and to evaluate their performance in the "public interest." This remained as a potential means of indirect censorship.

The Mayflower Decision

In 1940 the FCC struck at the very roots of free speech when it issued the famous Mayflower decision against radio station WAAB, which had openly editorialized in favor of a political point of view. The Mayflower Broadcasting Corporation, which owned the station, had to amend its policies in order to keep its license.¹¹ This decision obviously had a coercive effect on all other license-holders, and obviously forced stations to travel a neutralist political line as much as possible. The Mayflower decision was modified in 1949 to permit editorializing if both sides of an issue were presented. This is as if a magazine or a newspaper had to make all of its editorials of the "pro-and-con" variety.

An even more dubious venture was the development of the FCC *Blue Book* in 1946. It was an attempt to define the public service responsibility of licensees, and it

¹⁰ Walter B. Emery, *Broadcasting and Government* (Lansing: Michigan State University Press, 1961).

¹¹ Chenery, *op. cit.*

triggered congressional charges that the FCC was censoring and controlling programs.¹²

The net effect of this FCC posture has been to place the industry in the position of always staying on the "safe side." Freedom of speech clearly implies a right to express views that are contrary to our own, or to the prevailing political climate. If we define free speech simply as permitting people to say what we want them to say, we would then have to conclude that the Nazis and the communists granted free speech: one was always free in Nazi Germany or Russia to *praise* the regime, and it was only contrary viewpoints that were punished. Thus, by granting station owners only the right to express neutralist or middle-of-the-road editorial viewpoints, the FCC has probably robbed the industry of the vigor and individualism which Minow complains it now lacks.

Licensing is an unavoidable form of censorship; the FCC commissioners probably will continue to be censors whether or not they wish to be in that role. It is the old story: a federal agency given broad powers is actually forced to begin regulating and controlling in order to do its job properly. Far from being the officious meddler that many think him to be, Newton Minow may actually be one of the first FCC chairmen to have tried to do at least a thorough job. It is our fault—not his—if the job he's trying to do collides with our principles. We should change this by altering the purpose of the job, not by

¹² Emery, *op. cit.*

attacking or criticizing the man who occupies it for the moment.

As we have already seen, the Supreme Court ruled explicitly against licensing of the press. It was flatly held to be censorship. If this be true in the case of publishing, it must also be true in the case of broadcast media. The fallacy in the Communications Act was that it forbade censorship on the one hand, and yet on the other hand supplied the means of doing it.

Increasing Centralism

My second point is that the government's pressure to dictate to the broadcasting industry—and perhaps to the press through indirect means—can be expected to become increasingly bolder in the future. We would do well to remember David Hume's wise observation: "It is seldom that liberty of any kind is lost all at once."¹³ In the case of the FCC, it could not be that any one FCC chairman could in his administration gain absolutely dictatorial powers. What happens this year or next may not seem especially offensive. But we live in a time when the pressures for centralism in the U. S. seem to be gaining new force at an accelerating tempo. Federal control of broadcasting is fully in accord with centralist thinking, as is federal control of everything else.

Characteristically, the influential centralists at the public level are mostly men of good will who advocate their

¹³ Quoted on frontispiece of paperback edition, *The Road to Serfdom* (Chicago: The University of Chicago Press, 1960).

doctrines because they believe they are best. In their view, centralism is even the moral thing; "the public good versus private greed," "production for need rather than production for profit" are some of their choice sayings. Mr. Minow is also a man of good will and his words ring with high moral purpose. Yet it is the duty of the rest of us to see clearly what must be the inevitable outcome. Each decision or precedent that paves the way toward centralism paves the way for more of the same in the future, since one action is used to justify a similar but more drastic one at a later time. Thus, Mr. Minow's attempt to strengthen the hand of the FCC is a dangerous thing, if indeed we regard federal control of communications to be dangerous.

Attacks on Television Are Part of a Campaign

We must also remember that many of the attacks on television have been the kind of attacks made right along at business organizations. They are simply one part of a massive campaign to thrust the government into every activity. Minow blasted the industry for the proliferation of commercials exhorting and cajoling people to buy things. The remarks carried the subtle implication that it is wrong to try to persuade people to buy things, when in fact successful salesmanship has again and again been shown to be a necessary phase of the distribution function. Minow also made pointed references to the industry's profits, which have been enormous in recent years, but once again there was the implication

that profits are wrong or have somehow been extorted from the public in an underhanded manner.

The attacks on programming are not unlike the fondness left-leaning writers have shown in recent years for attacking fickle things like "automobile tailfins" and "hula hoops." There seems to be a familiar sound in this idea of running "public service" programs rather than "popular" programs; isn't it a little like the notion that funds should be diverted from the private sector to the public sector?

Once they have established their power, it is hard to break, for the cultural dictator is certain he's right. The egotism of these powerful, entrenched centralists is a frightful thing to behold. In Britain the British Broadcasting Company held a tight monopoly of the radio industry, and, when it developed, television. One of the bureaucrats who headed the BBC and hence held immense power was J. C. W. Reith, whose replies to criticism are a good indication of how he felt about the citizen's intelligence and judgment:

"It is occasionally indicated to us that we are apparently setting out to give the public what we think they need—and not what they want, but few know what they want, and very few what they need."

And another:

"It is becoming obvious that, however desirable central control may be for the reasons indicated, it is essentially ethical, in order that *one general policy may be maintained throughout the country* and definite standards maintained." (Italics mine.)

Mr. Reith's influence was always available in Britain

to protect the monopoly of broadcasting, and incidentally, to maintain and enlarge Mr. Reith's own sphere of influence as director.¹⁴

A Better Broadcasting Industry

My third point is that the stated objectives of increased FCC jurisdiction—that is, improved programming in the “public interest”—probably will continue to elude us under the present system. The reason is simply that the market is forcibly restrained, and new ideas for increasing or varying broadcasting services are thwarted in the FCC hearing rooms. In fact, the entire broadcasting industry has some of the characteristics of a government-protected cartel, with broadcasters protesting FCC discipline and yet accepting the inevitable market protection the exclusive license provides. The very advantages this system is supposed to achieve—the offering of fine, high-level public service programs—has, in fact, been denied us. I don't dare suggest that the programs now featured would disappear if restrictions were removed—my chief hope is only that the free market would have a tendency to serve *all* audiences.

Yet, it would be a sad day for the cause of liberty if the main remaining arguments favoring freedom became simply those showing it to be more efficient. The major issue involved here should be a free communications system versus a controlled one. Whether radio and

¹⁴ Wilfred Altman, et al., *TV: from Monopoly to Competition*, Institute of Economic Affairs, London, 1961.

television are good or bad should concern us little.

Yet it seems that many people have drifted into a state of mind that asks only: "Which system will give us the best television programs?" rather than "Which system will keep our communications free?" It would be better if they chose to defend the principle of free expression, but in any case it should be made clear that our best hope of improving broadcasting lies in liberating the entire system.

"Improving" broadcasting ought to mean only the creating of conditions that will tend to create the stations and programs to serve the millions who are supposed to have been ignored when TV networks developed shows for the "lowest common denominator." A characteristic of the free market is that "demand" seeks to bring "supply" into existence, if the thing is at all possible. As we look about at all other industries, we can easily see that all businesses offer tremendous quantities of standardized low-cost products for the mass market; yet this has not done away with unusual or special product lines for those who want them. Supermarkets have not destroyed the quality delicatessen stores, and mass-produced automobiles have not ruined the quality sports-car market. If there is a market for different kinds of television programming, the programming will find a way to appear.

The experience of television in Britain is interesting proof that increased competition (which would have to result in a free market) improved the programming. For almost all its existence, British broadcasting has

been a government monopoly. This has been fought bitterly through the years, and it was proved that many British viewers tuned in on livelier broadcasts from the European continent—for the British Broadcasting Company was terribly dull. Finally, under mounting pressure, the government allowed one commercial network to begin broadcasting in 1955. The result: the coming of a rival forced the BBC to begin competing for audiences by using the same type of program fare. Viewers suddenly took to television as they never had before. It is estimated that the total TV audience (read market) in Britain has grown in seven years from 5½ million to 40 million.¹⁵

Yet this was only competition of a very limited kind. We have no way of determining what an uncontrolled television industry would be like. We can only point to the rest of our economy—particularly the freest portions of it—and say that something very fine would happen.

Nobody's Property

My fourth point is that the people do not effectively “own” the airwaves simply because they are public property. While this “people’s ownership” may be true in a strict legal sense, it is not true in practice. At present, the airwaves hardly belong to anybody. The government does not really own them fully, because their use has been allocated to private broadcasting by the Commu-

¹⁵ *Ibid.*

nications Act. Yet, the private broadcasters are not owners either—they simply have three-year licenses. Thus, everybody's ownership rights have been diluted. It is a stalemate that ought to be broken—and it can be by removing the airwaves from their special “public property” classification.

In discussing the possibility of removing federal control of the airwaves, one quickly finds himself swept into a narrow “either-or” argument. Either we have federal licensing and control, the argument goes, or we face the broadcasting anarchy that existed before 1927.¹⁶ After all, governments have to provide policemen to direct traffic, don't they? Freedom of the airwaves was fine back in those ancient times before 1927, but it would never work today.

One loses this kind of an argument every time if he permits it to remain on the narrow “either-or” basis. The fallacy of the argument is in its assumption that we have a choice only between federal control and chaos. Even persons who are quite suspicious of any kind of federal control of broadcasting cannot see other alternatives. We must remember that this federal control has existed ever since broadcasting's infancy, so the idea of liberating the airwaves has had little consideration. Ownership of the airwaves has been a government monopoly, to be shared sparingly with others. So long as this monopolistic ownership goes on unchallenged, there is little

¹⁶ The year the Federal Radio Commission was formed. FRC was superseded by FCC as a result of the 1934 Communications Act.

chance that the roots of broadcasting's problems will be touched.

Despoilers of Public Property?

The dispute will probably go on endlessly so long as the government continues to claim that it "owns" the airwaves. It is this claim of ownership that casts the broadcaster in a role only slightly above that of a free-loader or a despoiler of public property. To hear all of the moralizing about the "people's airwaves" and the "sacred public trust," one would think that the airwaves were something built and paid for by public funds. Actually, the airwaves existed all along, and it was only the fantastic growth of the radio and television industries which gave them value at all. Most people didn't even know of their existence until the miracle of radio proved it. If anybody should be in another's debt in this situation, it is the government which should reimburse the industry for the tremendous capital appreciation of its airwaves.

Side-stepping the "either-or" argument, one begins to see a possibility of reasonable solution through private ownership and control of the airwaves. Let broadcasters own the airwaves themselves or lease them from other owners. Let the market pricing system allocate this scarce, valuable, economic resource to the highest bidder, with full powers to use his property as he judges best in the conduct of his own business. The market has functioned admirably whenever it has been given a chance

with respect to countless other scarce and valuable resources; why not the airwaves? (At this point you will hear the "What-about-obscenity-and-sedition?" argument, but this doesn't apply either, for our courts are empowered to deal with obscenity and sedition, despite who happens to own the offending medium.) The private ownership or leasing arrangement has been advocated by Professor R. H. Coase of the University of Virginia, and like all sensible solutions to perplexing problems, it is perhaps the only one which gives any promise of correcting broadcasting's present confusion.¹⁷

Everything Else Is Limited, Too!

Since these channels are limited in number, wouldn't this be to favor some individuals over others? Well, of course, that is what has already happened even under the FCC! Professor Coase answered that argument very well by pointing out that land, labor, capital, and almost everything else of commercial value is in limited supply. (Indeed, if the supply were unlimited, the commercial value might not be high!) Actually, ownership of the stations *and the airwaves* would most likely continue to rest with the persons and corporations who are in the business now, for they are the ones with the capital, and experience. One must remember that a "free enterprise" broadcasting industry would "favor" those who run their stations most effectively, and would eliminate those

¹⁷ Ronald H. Coase, "Why Not Use the Pricing System in the Broadcasting Industry?" *The Freeman*, July, 1961, p. 52.

who don't. Use of the airwaves would tend to revert swiftly to those who could make the best use of it.

Private ownership of the airwaves would introduce another factor that has been virtually absent from the industry: an intensified, well-financed campaign to bring more channels into existence or to narrow existing channels to permit broadcasting several programs simultaneously in the band now used for one. At present there is no incentive at all for private enterprise to sponsor this kind of an effort, and other efforts are constantly thwarted by restrictions.

Let us suppose, however, that private broadcasters were in a legal position to increase the worth of their own investments through a technological breakthrough of this kind, or through promoting pay-television and the ultra high frequency channels.¹⁸ Would they not do so as quickly as possible? And would not the availability of more channels eliminate for all time the often-heard complaints that wonderful programs with only 10 million viewers were removed from the programming to make way for westerns watched by 30 million viewers? Would not broadcasters seek to serve minority audiences as they are now unable to do?

¹⁸ No attempt here to discuss toll-TV controversy or the difficulties of developing UHF channels. Author believes toll-TV dispute is a direct result of licensing system, which throws upon FCC rather than the open market the burden of deciding utilization of new broadcasting methods. UHF problems are quite involved, but it is safe to generalize that the free market also has the means of developing UHF *when the need for additional channels occurs in specific areas.*

Of and For the People

Thus, I argue that the people and not the government ought to own the airwaves. I think we should label as utter hypocrisy this notion that "the people" can effectively "control" or "own" the airwaves through their government. Which of us, because of his vote or his contact with a congressman, has the slightest voice in the operations of the U. S. Government Printing Office or the Tennessee Valley Authority? Yet, in theory, we "own" these establishments. But over privately-owned businesses, we do have power—the immense and considerable power of exercising our right to buy or not to buy. We can influence the direction of privately-owned establishments whenever it suits us—but our government "ownership" of the airwaves will continue to get us more troubles like the ones we've had.

As a citizen, I would be glad to aid the cause of freedom by relinquishing my own microscopic interest in the public's airwaves. If the other 184 million "co-owners" would do likewise, we could let the broadcasting industry become something it hasn't as yet had a chance to be—the greatest and most effective medium the world has ever seen—offering something of everything and not too much of anything—serving the majority without slighting the minority—being truly a service that is of and for the people.

FREEDOM, PRODUCTIVITY, AND PROGRESS

by Edward P. Coleson



EMERSON once remarked that if a man made a better mousetrap the world would beat a path to his door, but he neglected to mention what some of the folks would do when they got there. It is to be expected that the Amalgamated Mice of America would mouse-cott the new arrangement, nor can one help sympathizing with those who may be hurt in the short run by the march of progress. But more than likely, the Emerson Better Mouse-trap Company would come in for a lot of opposition from others with less obvious reasons for objecting to the innovation. Unfortunately, it seems that ever since our stone age grandparents thought of moving out of the cave, anyone who upset the status quo by trying to do things a bit more efficiently has been suspect. Doubtless that is why human history is largely the story of poverty and stagnation.

We often fail to realize how hard it was to get the machine age in motion and how hostile forces threatened to swallow the fresh new ideas which sparked this revolution before it got started. Progress is not inevitable

or automatic. Picture James Watt struggling to build a steam engine without the tools and equipment we take for granted. The modern industrialist, used to dealing in thousandths of an inch, may begin to appreciate the problems of these pioneers when he notes the satisfaction expressed by Watt's partner when they succeeded in boring a fifty-inch cylinder that "does not err the thickness of an old shilling in any part." Try using a thin dime as a precision gauge, or imagine a "fit" that sloppy.

But that was not the greatest hurdle. Years before, when Watt wanted to set up his workshop in Glasgow, he was not permitted to do so because the local tradesmen thought there were already more than enough such establishments. Watt got his chance only because the University took him as their instrument maker. Later, when factories were developing in England to make use of the new power and equipment, mobs of workers swept down upon the mills and destroyed them. The new technique, incredibly crude by our standards, might produce too much and drive the price of cloth below the starvation level for the weavers who still plied their trade by hand. Their fears were justified: they couldn't compete with the Frankenstein monster which spewed abundance and threatened their jobs.

We may imagine that the "surplus" problem is modern, a tragic consequence of the phenomenal productivity of the machine, now being automated to further compound the difficulty. But mankind's neurotic fear of abundance (pleniphobia, if one may coin a term) is deep-seated and was old when Englishmen first discov-

ered that a mechanical device could spin several threads in place of one. It is hard for us to see how they could have imagined that their *little* was too much; but they so believed, and responded by rigging the market just as we do. The result was to render the "times"—or as we would say, the economy—"out of joint." Eventually, we may see that our maladjustments grow out of the same regulations and controls which they belatedly realized were causing rather than curing their difficulties.

The sudden burst of productivity, coming nearly two centuries ago to a world with a chronic and psychopathic fear of abundance, generated a bitterness against the machine which persists even today. Generations of soft-hearted people, refusing to look beyond the obvious for the true significance of the industrial revolution, are perpetuating a misunderstanding that need not have developed in the first place. For the simple truth is that plenty is desirable. Everyone wants *more* for himself and only seeks to limit output for others because he believes he will get more if they have less—an immoral, selfish, and short-sighted policy which is self-defeating and only leads to economic and political chaos.

We try to dress our ancient practices in modern garb and imagine they are necessitated by the stupendous productivity of the machine. A recent textbook tells the student that two men with a combine can cut and thresh as much wheat in a day as 125 laborers could by hand, or a ratio of 62½ to 1 in our favor. This overlooks the fact that combines are produced, not by rubbing magic lamps, but by a long line of men and machines, which

reduces the net ratio considerably. Dr. William H. Peterson of New York University thinks we were perhaps six times as productive in 1960 as in 1800, rather than $62\frac{1}{2}$ times as implied in that other figure. If people today want a dozen times as much as their ancestors did in 1800, there should be no problem; and we know that human wants are insatiable—we feel we must have a multitude of things they never dreamed of having. But, if we devise all sorts of fantastic schemes to reduce output we'll be right back where they were in 1800—cutting and threshing grain by hand.

Pre-Industrial Society

It might help our thinking if we could back up a few centuries to compare the “before-and-after” of industrialization. Practically, we can do almost as well by going to a primitive village in some backward area of the world where people still farm with a hoe and craftsmen still ply their ancient trades by hand. Having had this experience a few years ago, I assure you that the glamour of “going native,” the simple and unspoiled life, fades as quickly as the morning haze under the rays of the tropical sun. Our neighbor was a weaver who spent day after day on his veranda weaving a narrow web of crude cloth on his primitive loom supported by three sticks. “How quaint,” you say, but that is only part of the story. The poor native was a man of years, malnourished and unkempt, and his craft had fallen on evil days. Competition from cheap, imported textiles—made with high-

priced labor—was driving the old man out of business and he was too old to change. Women in America may think that dry goods are too expensive; everything we ever buy always costs too much and, for some perverse reason, everything we have to sell brings too little. Although our weaver earned only a pittance, his cloth was relatively expensive by our standards and fantastically so for his neighbors. Nor was the reason obscure: he simply produced so little.

A further tragedy in such lands is that staple foods are not cheap either, although some items may be. A balanced and sufficient diet is a luxury few can afford. Throughout the backward areas of the world obesity is associated in the native mind with wealth, since no one else can afford to eat that much. For weeks or even months of the year, after the seed is planted and before the new crop is harvested, the chronic shortage becomes acute—the “Hungry Season” in native parlance. It is impossible to produce an abundance of food on sterile, eroded hillsides with a short-handled hoe.

Their poverty cannot be attributed entirely to crude tools and primitive techniques. Nor is this one of those horrible examples of exploitation with an absentee landlord behind the scenes taking all the profits. It is scarcely worth considering whether things were divided properly in the village where I lived, since redistributing would not make much difference; a man's fair share of the *little* wouldn't be very much.

The real problem is that everyone is poor. And a strong contributing factor must be that no one really

owns anything; it belongs to the group, the extended family. If one urges a native farmer to grow more to tide his family over the "hungry season," he will point out the futility of it. If he had a modest surplus when the relatives ran out of food, they would all visit him until it was exhausted. So, why not loaf with the neighbors now and go hungry with them later? Togetherness, with a vengeance!

Another factor may further explain the general backwardness and stagnation. The natives suffer from the familiar socialist delusion that one cannot prosper except at the expense of others. So, if anyone in the village seems to be getting ahead, the word is whispered around that he possesses a charm, "boa medicine," which promotes his interest but harms his neighbors. Assorted tragedies and misfortunes in the village will build resentment until the charmed one is finally hauled before the local chief. He will then be prosecuted and persecuted until he is reduced to the lowest common denominator of native existence, to the same level of want and misery with everyone else in the village.

The Source of Abundance

It is hard for us to imagine how little their *little* can be. A traveler in a primitive region came upon a family bowed down with grief because they had lost—not a child or mother—just a lowly needle! In colonial America they are said to have burned houses to recover the nails. Nails were even used as money until Jacob Perkins in-

vented a machine in 1795 that would make 60,000 of them a week. (Imagine the "inflation"!) After that, they sold nails by the keg, not by the dozen. Ordinary pins once cost twenty cents each (when twenty cents was a fair start on a day's wage) and were given as gifts—until a man broke the pin market with a machine that would turn out two million a week. Wearing fitted shoes was once the exclusive privilege of monarchs and the very wealthy. Ordinary folks wore clodhoppers which fit very sloppily; fitting a pair of tailor-made shoes was like having a portrait painted. A bushel of wheat cost an English laborer the equivalent of five days' pay in 1770. It was not until John Deere's plow broke the prairies, and McCormick's reaper speeded the harvest—plus a lot of other inventions in the last century—that the English laborer had anything like an adequate diet. Famines used to be as common in Western Europe as they still are in underdeveloped areas today.

But, why continue? We can tell the story of modern progress in terms of more adequate food, shelter, clothing, and even luxuries for the average man and his family. Or, we can continue to grieve over the industrially "displaced persons"—the nailmakers, pinmakers, shoemakers, and hoe and sickle farmers that the new machines released for more productive opportunities. I recall seeing an old livery stable operator sitting by his door waiting for the customers that no longer came. Perhaps the automobile should have been abolished! His competitor down the street spent his spare time tinkering with a "tin lizzie," and as the horse and buggy

faded out, he converted his stable to a garage. Perhaps a dirge for old dobbin is appropriate, but why not look at the positive side for a while? Progress means growing pains, but growth betokens life, health, and new conveniences and comforts for millions. Let progress reign!

THE MORAL ELEMENT IN FREE ENTERPRISE

by *F. A. Hayek*



ECONOMIC ACTIVITY provides the material means for all our ends. At the same time, most of our individual efforts are directed to providing means for the ends of others in order that they, in turn, may provide us with the means for our ends. It is only because we are free in the choice of our means that we are also free in the choice of our ends.

Economic freedom is thus an indispensable condition of all other freedom, and free enterprise both a necessary condition and a consequence of personal freedom. In discussing *The Moral Element in Free Enterprise* I shall therefore not confine myself to the problems of economic life but consider the general relations between freedom and morals.

By freedom in this connection I mean, in the great Anglo-Saxon tradition, independence of the arbitrary

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will of another. This is the classical conception of freedom under the law, a state of affairs in which a man may be coerced only where coercion is required by the general rules of law, equally applicable to all, and never by the discretionary decision of administrative authority.

The relationship between this freedom and moral values is mutual and complex. I shall therefore have to confine myself to bringing out the salient points in something like telegraphic style.

It is, on the one hand, an old discovery that morals and moral values will grow only in an environment of freedom, and that, in general, moral standards of people and classes are high only where they have long enjoyed freedom—and proportional to the amount of freedom they have possessed. It is also an old insight that a free society will work well only where free action is guided by strong moral beliefs, and, therefore, that we shall enjoy all the benefits of freedom only where freedom is already well established. To this I want to add that freedom, if it is to work well, requires not only strong moral standards but moral standards of a particular kind, and that it is possible in a free society for moral standards to grow up which, if they become general, will destroy freedom and with it the basis of all moral values.

Forgotten Truths

Before I turn to this point, which is not generally understood, I must briefly elaborate upon the two old

truths which ought to be familiar but which are often forgotten. That freedom is the matrix required for the growth of moral values—indeed not merely one value among many but the source of all values—is almost self-evident. It is only where the individual has choice, and its inherent responsibility, that he has occasion to affirm existing values, to contribute to their further growth, and to earn moral merit. Obedience has moral value only where it is a matter of choice and not of coercion. It is in the order in which we rank our different ends that our moral sense manifests itself; and in applying the general rules of morals to particular situations each individual is constantly called upon to interpret and apply the general principles and in doing so to create particular values.

I have no time here for showing how this has in fact brought it about that free societies not only have generally been law-abiding societies, but also in modern times have been the source of all the great humanitarian movements aiming at active help to the weak, the ill, and the oppressed. Unfree societies, on the other hand, have as regularly developed a disrespect for the law, a callous attitude to suffering, and even sympathy for the malefactor.

I must turn to the other side of the medal. It should also be obvious that the results of freedom must depend on the values which free individuals pursue. It would be impossible to assert that a free society will always and necessarily develop values of which we would approve, or even, as we shall see, that it will maintain

values which are compatible with the preservation of freedom. All that we can say is that the values we hold are the product of freedom, that in particular the Christian values had to assert themselves through men who successfully resisted coercion by government, and that it is to the desire to be able to follow one's own moral convictions that we owe the modern safeguards of individual freedom. Perhaps we can add to this that only societies which hold moral values essentially similar to our own have survived as free societies, while in others freedom has perished.

All this provides strong argument why it is most important that a free society be based on strong moral convictions and why if we want to preserve freedom *and* morals, we should do all in our power to spread the appropriate moral convictions. But what I am mainly concerned with is the error that men must first be good before they can be granted freedom.

It is true that a free society lacking a moral foundation would be a very unpleasant society in which to live. But it would even so be better than a society which is unfree and immoral; and it at least offers the hope of a gradual emergence of moral convictions which an unfree society prevents. On this point I am afraid I strongly disagree with John Stuart Mill, who maintained that until men have attained the capacity of being guided to their own improvement by conviction or persuasion, "there is nothing for them but implicit obedience to an Akbar or Charlemagne, if they are so fortunate as to find one." Here I believe T. B. Ma-

caulay expressed the much greater wisdom of an older tradition when he wrote that "many politicians of our time are in the habit of laying it down as a self-evident proposition that no people are to be free till they are fit to use their freedom. The maxim is worthy of the fool in the old story, who resolved not to go into the water till he had learned to swim. If men are to wait for liberty till they become wise and good, they may indeed wait forever."

Moral Considerations

But I must now turn from what is merely the re-affirmation of old wisdom to more critical issues. I have said that liberty, to work well, requires not merely the existence of strong moral convictions but also the acceptance of particular moral views. By this I do *not* mean that within limits utilitarian considerations will contribute to alter moral views on particular issues. Nor do I mean that, as Edwin Cannan expressed it, "of the two principles, Equity and Economy, Equity is ultimately the weaker . . . the judgment of mankind about what is equitable is liable to change, and . . . one of the forces that causes it to change is mankind's discovery from time to time that what was supposed to be quite just and equitable in some particular matter has become, or perhaps always was, uneconomical."

This is also true and important, though it may not be a commendation to all people. I am concerned rather with some more general conceptions which seem

to me an essential condition of a free society and without which it cannot survive. The two crucial ones seem to me the belief in individual responsibility and the approval as just of an arrangement by which material rewards are made to correspond to the value which a person's particular services have to his fellows; *not* to the esteem in which he is held as a whole person for his moral merit.

Responsible Individuals

I must be brief on the first point—which I find very difficult. Modern developments here are part of the story of the destruction of moral value by scientific error which has recently been my chief concern—and what a scholar happens to be working on at the moment tends to appear to him as the most important subject in the world. But I shall try to say what belongs here in a very few words.

Free societies have always been societies in which the belief in individual responsibility has been strong. They have allowed individuals to act on *their* knowledge and beliefs and have treated the results achieved as due to them. The aim was to make it worth-while for people to act rationally and reasonably and to persuade them that what they would achieve depended chiefly on them. This last belief is undoubtedly not entirely correct, but it certainly had a wonderful effect in developing both initiative and circumspection.

By a curious confusion it has come to be thought

that this belief in individual responsibility has been refuted by growing insight into the manner in which events generally, and human actions in particular, are determined by certain classes of causes. It is probably true that we have gained increasing understanding of the *kinds* of circumstances which affect human action—but no more. We can certainly not say that a particular conscious act of any man is the necessary result of particular circumstances that we can specify—leaving out his peculiar individuality built up by the whole of his history. Of our generic knowledge as to how human action can be influenced we make use in assessing praise and blame—which we do for the purpose of making people behave in a desirable fashion. It is on this limited determinism—as much as our knowledge in fact justifies—that the belief in responsibility is based, while only a belief in some metaphysical self which stands outside the chain of cause and effect could justify the contention that it is useless to hold the individual responsible for his actions.

Yet, crude as is the fallacy underlying the opposite and supposedly scientific view, it has had the most profound effect in destroying the chief device which society has developed to assure decent conduct—the pressure of opinion making people observe the rules of the game. And it has ended in that *Myth of Mental Illness* which a distinguished psychiatrist, Dr. T. S. Szasz, has recently justly castigated in a book so titled. We have probably not yet discovered the best way of teaching people to live according to rules which make life in society for

them and their fellows not too unpleasant. But in our present state of knowledge I am sure that we shall never build up a successful free society without that pressure of praise and blame which treats the individual as responsible for his conduct and also makes him bear the consequences of even innocent error.

Material Rewards

But if it is essential for a free society that the esteem in which a person is held by his fellows depends on how far he lives up to the demand for moral law, it is also essential that material reward should *not* be determined by the opinion of his fellows of his moral merits but by the value which they attach to the particular services he renders them. This brings me to my second chief point: the conception of social justice which must prevail if a free society is to be preserved. This is the point on which the defenders of a free society and the advocates of a collectivist system are chiefly divided. And on this point, while the advocates of the socialist conception of distributive justice are usually very outspoken, the upholders of freedom are unnecessarily shy about stating bluntly the implications of their ideal.

The simple facts are these: We want the individual to have liberty because only if *he* can decide what to do can he also use all his unique combination of information, skills, and capacities which nobody else can fully appreciate. To enable the individual to fulfill his potential we must also allow him to act on his own esti-

mates of the various chances and probabilities. Since we do not know what he knows, we cannot decide whether his decisions were justified; nor can we know whether his success or failure was due to his efforts and foresight, or to good luck. In other words, we must look at results, not intentions or motives, and can allow him to act on his own knowledge only if we also allow him to keep what his fellows are willing to pay him for his services, irrespective of whether we think this reward appropriate to the moral merit he has earned or the esteem in which we hold him as a person.

Such remuneration, in accordance with the value of a man's services, inevitably is often very different from what we think of his moral merit. This, I believe, is the chief source of the dissatisfaction with a free enterprise system and of the clamor for "distributive justice." It is neither honest nor effective to deny that there is such a discrepancy between the moral merit and esteem which a person may earn by his actions and, on the other hand, the value of the services for which we pay him. We place ourselves in an entirely false position if we try to gloss over this fact or to disguise it. Nor have we any need to do so.

It seems to me one of the great merits of a free society that material reward is *not* dependent on whether the majority of our fellows like or esteem us personally. This means that, so long as we keep within the accepted rules, moral pressure can be brought on us only through the esteem of those whom we ourselves respect and not through the allocation of material reward by a social

authority. It is of the essence of a free society that we should be materially rewarded not for doing what others order us to do, but for giving them what they want. Our conduct ought certainly to be guided by our desire for their esteem. But we are free because the success of our daily efforts does not depend on whether particular people like us, or our principles, or our religion, or our manners, and because *we* can decide whether the material reward others are prepared to pay for our services makes it worth-while for us to render them.

We seldom know whether a brilliant idea which a man suddenly conceives, and which may greatly benefit his fellows, is the result of years of effort and preparatory investment, or whether it is a sudden inspiration induced by an accidental combination of knowledge and circumstance. But we do know that, where in a given instance it has been the former, it would not have been worth-while to take the risk if the discoverer were not allowed to reap the benefit. And since we do not know how to distinguish one case from the other, we must also allow a man to get the gain when his good fortune is a matter of luck.

The Moral Merit of a Person

I do not wish to deny, I rather wish to emphasize, that in our society personal esteem and material success are much too closely bound together. We ought to be much more aware that if we regard a man as entitled to a high material reward that in itself does not neces-

sarily entitle him to high esteem. And, though we are often confused on this point, it does not mean that this confusion is a necessary result of the free enterprise system—or that in general the free enterprise system is more materialistic than other social orders. Indeed, and this brings me to the last point I want to make, it seems to me in many respects considerably less so.

In fact, 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. The confusion of which I have been speaking—between the value which a man's services have to his fellows and the esteem he deserves for his moral merit—*may* well make a free enterprise society materialistic. But the way to prevent this is certainly not to place the control of all material means under a single direction, to make the distribution of material goods the chief concern of all common effort, and thus to get politics and economics inextricably mixed.

It is at least possible for a free enterprise society to be in this respect a pluralistic society which knows no single order of rank but has many different principles on which esteem is based; where worldly success is neither the only evidence nor regarded as certain proof of individual merit. It may well be true that periods of a very rapid increase of wealth, in which many enjoy the benefits of wealth for the first time, tend to produce for a time a predominant concern with material improvement. Until the recent European upsurge many

members of the more comfortable classes there used to decry as materialistic the economically more active periods to which they owed the material comfort which had made it easy for them to devote themselves to other things.

Cultural Progress Follows

Periods of great cultural and artistic creativity have generally followed, rather than coincided with, the periods of the most rapid increase in wealth. To my mind this shows *not* that a free society must be dominated by material concerns but rather that with freedom it is the moral atmosphere in the widest sense, the values which people hold, which will determine the chief direction of their activities. Individuals as well as communities, when they feel that other things have become more important than material advance, can turn to them. It is certainly not by the endeavor to make material reward correspond to all merit, but only by frankly recognizing that there are other and often more important goals than material success, that we can guard ourselves against becoming too materialistic.

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. There is indeed little merit in being idealistic if the provision of the material means required for these idealistic aims is left to somebody else. It is only where a person can himself choose to make a material sacrifice for a

nonmaterial end that he deserves credit. The desire to be relieved of the choice, and of any need for personal sacrifice, certainly does not seem to me particularly idealistic.

I must say that I find the atmosphere of the advanced welfare state in every sense more materialistic than that of a free enterprise society. If the latter gives individuals much more scope to serve their fellows by the pursuit of purely materialistic aims, it also gives them the opportunity to pursue any other aim they regard as more important. One must remember, however, that the pure idealism of an aim is questionable whenever the material means necessary for its fulfillment have been created by others.

Means and Ends

In conclusion I want for a moment to return to the point from which I started. When we defend the free enterprise system we must always remember that it deals only with means. What we make of our freedom is up to us. We must not confuse efficiency in providing means with the purposes which they serve. A society which has no other standard than efficiency will indeed waste that efficiency. If men are to be free to use their talents to provide us with the means we want, we must remunerate them in accordance with the value these means have to us. Nevertheless, we ought to esteem them only in accordance with the use they make of the means at *their* disposal.

Let us encourage usefulness to one's fellows by all means, but let us not confuse it with the importance of the ends which men ultimately serve. It is the glory of the free enterprise system that it makes it at least possible that each individual, while serving his fellows, can do so for his own ends. But the system is itself only a means, and its infinite possibilities must be used in the service of ends which exist apart.

FREEDOM TO DECIDE

by John C. Sparks



IN ONE of our best-known patriotic songs, we sing of our “sweet land of liberty.” The implication is evident; it is good to live where liberty is present. But, how do we define liberty or know if we have it?

There is good reason to ask this question. As words, *liberty* and *freedom* are in common use, especially by politicians of nearly every political persuasion. Each faction promises freedom through its program, and forecasts the loss of freedom if the opposition wins. Though used to describe opposing programs, the words always are intended to connote something highly desirable. Are these words only something to be lightly bandied about in the political arena? Or is there a deep and genuine meaning of liberty and freedom that is desirable and important to mankind?

Philosophical reasoning as to the desirability of things usually harks back to man’s purpose on earth. Though we humans may never fathom Ultimate Purpose, the best clues afforded by Judeo-Christian and other religious philosophers suggest that each man’s purpose is to achieve the highest degree of his own potential. Within this framework, mankind’s favorable evolvment occurs only as each individual progresses

toward his capacity. Evolution is the accumulated and combined changes in all individuals.

Each man can achieve only to the degree that he successfully overcomes those obstacles lying within and outside himself. To overcome internal obstacles is an important task requiring great concentration, for human weaknesses invite wastage of time and misdirection of effort. While difficult to conquer, these inner obstacles are nevertheless surmountable by the individual without anyone else's consent. Our primary concern in this discussion, however, are those outside obstacles that deny freedom to individual persons in their attempts to attain their goals. These external obstructions are numerous and can block an individual's opportunity to shape his own purpose.

Obstacles One May Avoid

External obstacles are of two kinds. In one the choice to reject or nullify the obstruction lies entirely within the person being obstructed; in the other the obstruction arises out of the coercive activities of some men toward others in society, and the choice to reject or nullify the obstruction does not lie within the person being obstructed.

Examples of those external obstacles falling in the first classification are the domination of an adult child by a parent, the domination of a married person by his or her spouse, the domination of an employee by the employer, or the domination of its members by a reli-

gious institution. The listing could go on and on and on.

One purpose of parenthood should be to provide knowledge out of personal experience and rules of good judgment so that a child, as he grows toward adulthood, may become more and more capable in making decisions for himself. A parent should gradually introduce his child to the art of making decisions. When adulthood is reached, the new adult may expect a parent to be available for consultation; but decision-making should rest with the new adult. It is better to rob a person of all his possessions than to rob him of his right to make decisions. One's own maturity depends upon knowing how important it is to refrain from violating another's right to decide for himself. Surely, the same principle applies to married couples, especially when one partner attempts to degrade the other to a second-class obeyer of instructions.

Another aspect of child development merits mention. Many sports provide valuable training aside from the skill peculiar to that sport. Baseball instruction not only teaches how to throw, field, and bat, but also affords the opportunity to train young minds to make a myriad of quick, individual decisions. The batter must determine within a split second whether to swing at a pitch or not. Coaches constantly try to alert defensive players to think ahead about the choice of play to be made if the ball is hit to one of them. This choice depends on whether the ball is hit sharply or is a slow roller, how many are "out," the number and position and speed of base runners, and many other factors, all

of which must come into consideration within a matter of seconds.

Adults working with boys' baseball teams would do a disservice to the young players if the game were stopped at the end of every play to instruct each fielder concerning the choice that should be made on the next play. Dismal results could be predicted in that case, not only in the scarcity of victories, but more vitally in the lack of decision-making development.

In the area of employer-employee relationship, occasionally an owner or manager of a business attempts to make all decisions, not just those pertaining to overall company policy and direction. The employees consequently are denied the responsibility of decision-making in their own assigned areas of activity. The ill effects on all persons involved in such a situation can readily be seen. The employee is denied the opportunity to develop his creative abilities. The employer or manager finds his job overdemanding on his time and energies, with results unsatisfactory even to himself. The company fares poorly, like an eight-cylinder automobile running on one cylinder. Such a vehicle is greatly handicapped in a race with other vehicles (competitors) moving along on full power. Obstruction of this kind may be as detrimental to progress as any obstacle raised by uncooperative labor groups. The problem also occurs within departments of many companies where the superior dominates his subordinates.¹

¹See "Freedom, Authority, and Decentralization" by Bennett E. Kline and Norman H. Martin in *Harvard Business Review*, May-June, 1958.

Some of the most difficult external obstacles originate within religious organizations formed to point the direction toward right spiritual and moral citizenship. Among their leaders are those zealous to determine, in one manner or another, choices normally falling to individual members. Such action presumes the members are either too immature, too unintelligent, or too susceptible to temptation to arrive at proper decisions themselves. If so, how are they to gain maturity under a system whereby others decide moral questions for them?

All of the external obstacles discussed above contain a high degree of pressure persuasion. None uses physical force to coerce the person being restricted, although the seed of force is there ready to bloom forth in all its ugliness. The adult child, if he chooses, can cast off the domination of his parents. The spouse can sever the marital bonds. The young baseball player can quit. The employee can resign. The member of a domineering church can resign altogether or transfer to another church. The final choice, as with internal obstacles, remains with the person himself—either to submit to the interference of others, or to decide for himself.

When Coercion Is Involved

The second category of external obstacles differs from either of the previous obstruction groupings, in that it involves physical coercion (or its threat) against one's person. Refusal to comply with the directives of coercive force results in forfeiture of one's liberty or life

or property. In this area, freedom of individual choice can vanish unless virtually all persons agree to protect each other against coercion.

Running through the great religious and moral codes is a common theme sanctifying the right of each person to his life and property—"thou shall not kill . . . thou shalt not steal." Most governments have laws against murder and theft, often punishable by imprisonment or death.

While almost everyone is aware that it is unlawful both in the eyes of God and of men for an individual person to murder and steal, a large number of society's members have become blinded to the very same laws of God in situations alleged to be more complex. The same society that prohibits any one of its members from stealing from another enacts laws permitting some to take the properties of others. The same society that would never tolerate the enslavement of any one of its members by another enacts laws withdrawing freedom of choice from everyone.

This is the area of deep concern. In the name of the *public good* and the *general welfare*, society through its organized government removes the freedom essential to *individual good* and *individual welfare*. Without individual welfare there can be no general welfare, no matter how sincere are those who believe that as a collective they are endowed with more and better knowledge and wisdom than any individual. How two boys, both of whom have mastered the multiplication tables through the sixes, can together have more knowledge

about multiplication than each has separately is difficult to reconcile with logic. Yet this is the illogical premise of those who expect government to excel at any task undertaken, and who even go so far as to withdraw from all private persons or groups the opportunity to try to solve certain problems at hand.²

One can only wonder at the quality of such faith held by these admirers of government intervention. Fans of a good football team usually urge a post-season championship game with another winning team to test the skill of their favorites. They have faith that their team can "take on" the best and come out victorious in a fair contest with the same rules applying to both contestants. Not so with the interventionist's faith, however. He urges government into the electric power field, for example, only on the condition that there be special rules in favor of government, such as relief from taxation, interest-free financing, and enforced investment.

While people individually may choose to invest or not in a private power company, such choice is denied in the realm of government-owned power ventures; everyone must invest via taxation. Investors in a private company can sell out when they please, but not one of us can sell his individual "investment" in the government's Tennessee Valley power project. There is no faith among interventionists that government can

² See Leonard E. Read, "Let Anyone Deliver Mail," *Essays on Liberty*, Volume V (p. 390) and John C. Sparks, "If Men Were Free To Try," *Essays on Liberty*, Volume III (p. 63).

attract and hold investors voluntarily or successfully compete on an equal basis. Faith is thin that must be supported by force of law.

Central Regulation and Control

A philosophy in favor of big, powerful government that substitutes centralized bureaucratic dictates for the numerous separate daily decisions of millions of individuals, is a philosophy opposed to the growth and development of each individual person in the country. Knowing the whole cannot exceed the sum of its parts, we must realize that neither can the growth and development of a nation exceed the growth and development of its individual citizens.

The man who is required to pay social security tax as a hedge against his old age is not likely to develop respect for frugality. The wage earner whose federal income tax is deducted before he possesses his wages is unlikely to develop a deep patriotism or vigilant watchfulness about the things his taxes go to support. A parent whose child is educated at public expense, forced to attend and to be taught a state-directed curriculum, is not likely to be concerned about thrifty use of educational funds or in the quality of instruction—until one day he discovers that his child cannot read. Then the parent discovers that he himself has failed the parenthood course of life, largely because the government education system had removed his right and duty to make decisions involving himself and his child.

The downtown merchants and landowners who receive the presumed benefits of the federal government's urban renewal handout will probably continue to overlook the voluntary economic decisions made daily by their present and former customers. These decisions point clearly to a new and changing world of shopping in which downtown is no longer the prime destination for the nation's housewife as she sets out to buy. The artificial aid will merely numb the recipient into a false sense of well-being while he is losing customers. The builder of new apartment houses in "slum clearance" areas will eventually come to realize that there is today a popular preference for living in the country rather than in the city, leaving too few tenants to return him a profit on his new apartment business. Developers of industrial tracts on "cleared" land may find that higher local taxation growing out of the urban renewal program is not an attraction to new industry. Every such interference removes, either by restraint or false lure of a government-conceived bargain, the vital role of decision-making by individuals.

Those citizens who clamor for government programs to artificially control the field of medicine unwittingly propose to rob their self-reliant fellow citizens (and themselves) in numerous ways. Since one step of government interference inevitably leads to further "free" service and control, one can logically expect an early proposal for government fixing of the maximum fees to be charged by doctors. This has happened in other parts of the world. A ceiling price is established by gov-

ernment only when the legislators believe that the prevailing price or fee is too high. When they fix it at a lower level, they hope that more persons can afford the treatment or operation. A delicate but expensive operation, perfected at the outset by a few highly skilled surgeons, undoubtedly would be a blessing to many sufferers. The relatively high fee does not prevent a person from choosing between values; and if the restoration of vision, hearing, or other normal bodily function is worth the sacrifice of less-valued possessions, the sufferer will choose the delicate operation in exchange for the fee.

However, if government intervenes to fix fees, the choice to the sufferer will probably disappear. The surgeon may find it more rewarding, for example, to perform ordinary tonsillectomies than to drain his nervous strength in an intricate operation on the inner ear. This operation that has been restoring hearing to many grateful patients at an "open market" fee of several hundred dollars would not be available at all *if* \$50 were set as a maximum fee by government. A ceiling price always leads to the disappearance of the product or service; and a ceiling fee for the delicate ear operation would merely diminish its availability, with eventual loss of technical skill and doctor recruits in that specialized area. Such restrictive action would deny individual choice to many persons, doctors and patients alike.

High tax rates on earnings and excessive interference and control is discouraging to those potential entre-

preneurs who would start new businesses or expand existing businesses in our country. Some other nations of the world, meanwhile, have encouraged growth of industry there by reducing or removing government intervention. Growth and development occur when people live in an atmosphere of minimum restraint and maximum freedom. The policy of interventionism threatens to sap the strength of our country, for progress depends upon individual freedom to decide. Authoritarian obstruction emanating from Washington and the state capitols erodes, deeper by the day, our liberty to choose.

These are typical examples of the countless infringements by organized society against the right of its individual members to make their own decisions. Few of the foregoing examples show anything but the good intent of those who, through government, decide for others. Among the worthy objectives are cheaper electric power, certainty of saving for one's later years, convenience of paying taxes, education for all, restoration of the former downtown economy, lower surgical fees, and business regulation. But in the attempted attainment of these goals, incorrect methods have been adopted, resulting in lost goals, and worse, lost opportunities to be self-reliant, decision-making individuals.

The Uses of Adversity

Mankind favorably evolves only as each man progresses. Every person has to do his own fighting to achieve a worthy goal. As Charles de Gaulle put it:

“The man of character finds an especial attractiveness in difficulty, since it is only by coming to grips with difficulty that he can realize his potentialities.” It helps no one to remove the consequence of a person’s choice. Each individual must of his own choosing overcome obstructions blocking his way toward fulfillment of his purpose. Such obstructions are sufficiently numerous and difficult in themselves without other persons in society adding more obstructions through the organized coercion of government.

While a person may wish sincerely to be his brother’s keeper, this activity should be confined to personal encouragement and making available such enlightenment as he has attained that may arouse his brother to achieve his own purpose. Coercion applied to him, even with a good intent and a worthy objective in mind, will do nothing for his development and may, in fact, corrupt both the coerced and the coercer.

The freedom to make decisions is the God-given right of every human being. Let us remove those governmental obstructions that prevent independent choice, and *restore the freedom to decide.*

SOURCES OF GOVERNMENTAL AUTHORITY

by Dean Russell



THE AUTHORITY of government comes either from the people or from some source above and beyond the people. That statement is, of course, a simple truism. But as we shall see, there are implications in that truism that are not generally understood.

To bring this issue into focus, let us begin with a brief comparison of the primary difference between the ancient and modern concepts of the sources of governmental authority. Generally speaking, with a few exceptions, the ancient concept was that the authority of government came from a source above and beyond the people. Most often, the source was heredity; the king ruled because he was the son of the previous king. Sometimes the source was conquest; might makes right. Oft-times, the ruler cited "god" as the source of his authority to compel people to obey him; he claimed to be either god or the direct and chosen representative of god on earth. But whatever the claimed source for the authority of government may have been, at least it was almost never the people themselves. Their function was to obey government, and even to worship it.

The modern concept is, of course, just the opposite—at least, in theory. That is, government derives its legitimate authority from the people. No person has any right by birth (or any mandate from God) to rule over others. Might does not make right. And neither the institution nor the officials of government should ever be worshiped.

Certainly that is the traditional concept of the source of governmental authority in the United States. It was proclaimed in our Declaration of Independence. It was confirmed by the known philosophies of the founders of our nation. And it was clearly written into our Constitution.

According to our forefathers, individual persons have natural and inherent rights. The purpose of government is to protect those rights. And the powers not specifically delegated to government for that purpose are retained by the people themselves. Further, when government exceeds its proper function and attempts to deprive persons of their natural rights, the people are fully justified in rebelling and establishing a new government.

While the documents of other nations have phrased this idea differently (sometimes radically differently), the modern concept of the source of governmental authority is still clearly identified as the people. Even dictators pay lip service to that concept. Mr. Khrushchev makes decisions in the name of the Russian people, and he claims that his authority comes from the people. The same sentiments are voiced by almost all other modern rulers, elected or self-appointed.

That introduction brings us to our first question, which happens to be one of the oldest of all philosophical issues: Does the individual *really* have any rights outside of those granted to him by government? If so, what are they? And since, in that case, the fundamental rights of man do not come from government, where do they come from?

Inherent Rights at Birth

It is my contention that each person *does* have individual and inherent rights that come with him at birth. It is true that the existence of human rights cannot be proved in the laboratory sense. But no human aspirations, ideas, or activities can be proved in that manner; for the laboratory requirement of "holding other things equal" can never apply to human beings in real life. Principles of human relationships can only be found by observing how human beings act universally, how they always have acted in real situations.

My thesis is that men always base their actions on the supposition that they have rights that inhere in themselves as self-controlling human beings. In fact, they cannot avoid doing so. For example, men always instinctively resist the persons who try to deprive them of life—*all* men, without exception. And when they think about the issue after the immediate danger is over, they invariably devise laws and institutions to protect their lives.

Thus, since *all* men have always acted in this fashion,

we are faced with an undeniable truth of universal human action that identifies a proper relationship among men—that is, a man has an inherent right to protect his life against anyone who attempts to deprive him of it. Even the persons who scoff at the existence of this universal principle always base their actions on it, in one way or another. And even the most ruthless of murderers will do everything he can to retain his own life.

Since this inherent and individual right to life comes with each person when he is born, the source of the right is necessarily above and beyond any governmental institution that men may correctly or incorrectly establish and support. The sad fact that a man may indeed be killed by a superior force—natural or man-made—is related to the issue only in the sense that it causes the question to be raised.

In addition to a right to life, man also has an inherent right to liberty. And always, men attempt to preserve their freedom of action. When they give it up, it is always due to a superior force or to a lack of knowledge that their liberty is being lost. Even after long training to the contrary, the natural and universal instinct for freedom of action is still present in every person. Strong proof of the existence of this inherent and individual right to physical liberty is offered again and again by the actions of seemingly docile slaves who, sooner or later, revolt and reclaim their freedom, or die in the effort. Unless they were instinctively aware of their right to liberty, slaves would make no attempt to regain it. For men do not act haphazardly and with-

out reason. And the fact that some persons may actually prefer the combination of bondage and security to the combination of freedom and responsibility proves only that men have different scales of values. That unfortunate choice does not in any way deny the existence of the right to liberty.

In one way or another, men also instinctively attempt to preserve their property. This has always been true of all men in all ages. This is a universal truth of human action. It is unthinkable that any person would ever have collected or created anything at all unless he had an inherent concept of the right of ownership. This concept of a right to his own property came with the first man who ever used reason, and the source of his individual right to his legitimately acquired property is the same source that supplied him with the ability to reason. Most definitely, that source is not government.

The fact that men may give up their property voluntarily or because of coercion is totally unrelated to this issue of a right to ownership. And the fact that this inherent right to legitimate property is sadly misunderstood and abused is another question entirely, and does not invalidate the principle involved.

Individual and inherent rights to life, liberty, and property do exist and always have existed. They exist because man is self-controlling and is thus unavoidably responsible for maintaining his own life, his own liberty, and his own property on which both his life and liberty are necessarily based. That is a universal law of nature and of life, and no wishful thinking or pious

platitudes can change it. If man had not generally followed this principle, he would have disappeared from this earth long ago.

Laws Follow Rights

Those three basic rights for all individuals did not come into existence because men established governments. Quite the contrary! As the political economist, Frederic Bastiat, phrased it so succinctly, "It was the fact that life, liberty, and property existed beforehand that caused men to make laws in the first place." In reality, the justification for having a government at all is to prevent any person from infringing upon the inherent and *equal* rights of any other person.

Again, if we are searching for principles of human relationships, we must observe how people act, how all men always have acted in real life. For example, why does any man ever rebel against the legal authority that rules over him? The fact that men throughout history have revolted against their own governments gives overwhelming support to the theory that men have inherent rights, and that they know it. There have been many thousands of revolutions since evil or ignorant men first learned how to organize the police force (government) in such a way as to deprive others of their lives, liberty, and property. And in almost all of those revolutions, you can generally find a common theme. That is, the rebelling people claimed that their own government was oppressing them and depriving them of their lives or liberty or property.

If rights came from government to the people—and the people knew it—obviously there would never be a revolution. For the people would then be rebelling against the known source of their rights and thus against their own existence. That, of course, would be unthinkable. Thus, positive proof of the validity of the concept of inherent and individual rights above and beyond government is offered by the fact that people *do* rebel against authority when they, individually, disagree with the authority. With the exception of the so-called “palace revolutions,” the reason has always been the same—the suppression by the government of some natural right that inheres in every individual because he is a self-controlling human being. And the sad fact that the people may lose more than they gain by a revolution (for example, Russia in 1917, Hungary in 1956, and Cuba in 1959) is not related to the issue.

At this point, I have summarized the case as best I can for the thesis that all human rights inhere in the individual, and that government has no legitimate authority except that given to it by the people. That brings us to our second question and the primary issue of this discussion.

Where Does It Come From?

Do you know of any action now being performed by government that would be illegitimate and immoral for you to do as an individual? If so, here is a disturbing question: What is the source of the government’s au-

thority to perform that action? For if no individual possesses the right in the first place, it is self-evident that no individual can logically and legitimately delegate it to government. Nor can two or more individuals legitimately do in common what is forbidden to them individually. Thus if the government is doing anything that logic and morality forbid to all individuals, then the government's authority to perform that act is obviously derived from a source above and beyond the people.

Let us test this idea on several specific functions now performed by the government of the United States. For example, our government has the responsibility for protecting equally the lives of all citizens. Is that a legitimate function of government? Well, does each person have the right to protect his own life? We know that each does. Therefore, if a person wishes, he can delegate that right to his government. Since each of us has the right individually, obviously we also have it collectively. Thus, we individually and collectively delegate to a common police force (government) the authority to protect us from domestic murderers and foreign invaders. That function of government is clearly legitimate.

Do you as an individual have a legitimate right to use violence or the threat of violence to compel me to sell my goods and services at whatever price you decree? You do not, and you know it. Thus you cannot logically or morally delegate to an agency (government) the authority to do what you have no moral or legitimate

right to do yourself. Nor does the fact that two or more persons do it together change the logic or morality of the act in any way.

The fact remains, however, that our government does enforce maximum prices and minimum wages. Where does it get the authority for those actions? Obviously, the authority cannot come legitimately from people who have no such rights in the first place. Thus the authority necessarily must come from a source above and beyond the people—a reversion to the ancient concept of government under which men stagnated and suffered and died for so many centuries.

In Defense of Liberty

Our government now protects our liberty against any person or group that would deprive us of it. And the line of authority for that action by government is clearly legitimate. You have an inherent and natural right to defend your liberty. I have the same right. So does every other person. And since each of us has the right as an individual, we also have the right collectively to delegate to government the authority to defend our liberty for us, and to charge us for the cost of doing it.

Do you individually have any right to compel me to save a portion of my earnings or to compel me to contribute to the support of persons I don't even know? You claim no such right as an individual. Nor do I. Nor does any other person alone or as a member of a group, outside of government. Yet collectively, through

the government's social security program, we are clearly doing what no person has any legitimate or moral right to do. What is the source of government's authority for that action? Since the source cannot logically and morally be the people, it necessarily must be some other source; and this clearly marks it as an illegitimate function of government. Since the authority for that action could not be delegated, it had to be usurped by force—another regression to the old dictatorial concept of government that has kept man in bondage of one kind or another throughout most of his history.

As a general rule, our government defends the property of each of us against any person who would deprive us of it. Clearly that is a legitimate function of government. The source of the government's authority to defend property can be traced back to you and me. We hold that right as individuals. And we have chosen to delegate to a common police force the authority to do collectively what each of us has an inherent right to do separately. There is nothing mystical about this process; we do it because we can thereby get better protection for less money.

Is It a Proper Function?

The issue we are discussing here, however, is not the cost of government, or how efficiently it performs its functions, but merely whether or not the functions are legitimate. The questions of governmental efficiency and how best to pay for its services are certainly vital questions, and I have discussed them elsewhere. But it would

be pointless here to attempt to decide how best to pay for the services of government before we decide what it is that government shall do, and why.

For example, do you as an individual claim any inherent right to use violence to compel me to join an organization of your choice? I have yet to meet any man who claims such a right outside of government. Yet the police force is used by government to enforce its laws that compel millions of us to join labor unions when we would not do so voluntarily. What is the source of government's authority to pass and enforce such laws? Again, it cannot be the people because no person has such an inherent right. Nor is there any magic number of people combined that can turn an individual wrong into a collective right. Thus, again, the source of the authority for compulsory unionism has to be above and beyond the people, and thus it is unmistakably illegitimate and immoral.

At this point (or more likely, long before now), you may have said to yourself, "But the majority of the people voted for it, and that is the source of the authority. Doesn't he believe in democracy?"

My answer is clear. As a mechanical process for selecting the President of the United States or the Mayor of New York City, the democratic procedure suits me just fine. But as a process for determining right actions from wrong actions, it is totally invalid. When you get right down to it, the blind acceptance of the compulsory rule of the majority is closely akin to the age-old idea that the strong have a right to rule the weak. But I say cate-

gorically that might never makes right, whether the "might" is represented by a conquering army or by a 51 per cent voting-majority of the people.

If the majority of the people vote for slavery—as has happened many times—slavery is still wrong. Voting has nothing to do with this issue, one way or the other; slavery is wrong because no person has a moral or legitimate right as an individual to enslave another person. Even a 98 per cent vote in favor of enslaving the other 2 per cent cannot justify the action.

If anything, the fact that the majority freely votes for an immoral and illegitimate action makes it all the worse. We could and would fight any tyrant who attempted to impose his ideas and viewpoints upon us. But democratic majorities cannot be opposed in that fashion; they can only be pleaded with. And quite frankly, I am here pleading. Let us not destroy the process of rational thought by the mere repetition of a word that is increasingly taking on the qualities of a magic cure-all. Let us not use our hard-won franchise as a sort of childish plaything to vote for mere whims. But let us use our vote to prevent any individual or group from ever again telling peaceful persons what they must and must not do. Any other use of the franchise will ultimately destroy it as a means for the practice of freedom.

Democracy is an excellent mechanical method for selecting the officials who will administer the powers we delegate to government. I can think of no better nor more logical way to do it. But this purely mechanical process can never determine the rightness or wrongness

of our actions in delegating the powers in the first place. And that is the only issue I am here discussing. For example, if a majority vote really could determine right from wrong, we could easily solve all the religious problems now before us—by having a national election to determine which particular religion we should all be compelled to follow.

Most certainly, you would consider the democratic process to be an improper method for determining that issue. For the same logical and moral reasons, you also should reject it as the way to determine right and wrong in any other area. Moral issues can never be settled by a show of hands. As proof of that fact, observe the actions of the person who has thereby been deprived of his natural and inherent right to his liberty or property. In one way or another, he always continues to disrupt the arrangement by his instinctive reactions as a self-controlling human being.

Legality versus Morality

Now I am fully aware that, in the United States today, the vote of the majority determines what is legal and illegal. And I am not advocating any change in that mechanical process. But I will never agree that legalities determine moralities. As a minor but clear example of the disastrous tendency of the American people to confuse legalities and moralities—that is, to confuse majority votes with correct actions—take the issue of drinking intoxicating liquors.

The "prohibition amendment" to our Constitution did not make the drinking of whiskey immoral; it merely made it illegal. Nor did the repeal of that amendment make the drinking of whiskey moral; it merely made it legal again. The use of alcohol is a moral and medical and economic question, and thus its rightness or wrongness can never be determined by the vote of the majority.

But the confusion on this issue is so great today that we need only make a thing legal to give it moral standing among the vast majority of the people. And you, yourself, are probably included in that majority. If you doubt it, try this test on yourself: How do *you* determine a right action by government from a wrong action by government? Can you, without using the concept of majority vote, write out an answer that satisfies you? If you can, I will apologize. And I will happily include you among the increasing number of Americans who are seeking a basis for collective governmental action that is more permanent and fundamental than the passing whims and passions of imperfect people—whims and passions that are too often inflamed by demagogues who are themselves less perfect than the people they wish to lead.

Personally, I am convinced that the solution is to be found in the original American concept that all rights begin and end with individuals; that every person has an inherent right to his life, liberty, and property; that he may exercise his rights fully, so long as he does not violate the *equal* rights of others; that we may delegate

the defense of these rights to our government; that any action that is illegitimate for persons is automatically illegitimate for government; and that we should never regard government as any more sacred than any other useful organization that provides us with specialized services we want at prices we are willing to pay.

Your Choice

Now I am well aware that the acceptance of this concept of inherent rights and governmental actions would present us with a number of monumental problems. Even so, that is still a mere detail if the principle is correct. But, of course, if the principle is wrong— that is, if there are no individual rights outside of governmental grants—then we have no problems at all. For then there is no need for us, as individuals, to think and to make hard decisions. If the ancient concept of government is the correct one, then we need only to remain passive, to obey, and to worship—for under that old-but-still-popular idea, the source of governmental authority is above and beyond the individual person, and thus there is nothing you and I can do about it.

I am convinced, however, that you will not accept that ancient concept of government, even under a new name. Fortunately, you can still do a great deal to help reverse the current trend in the United States toward more governmental controls over the peaceful activities of men, if you want to. But first, you must study the question, understand it, and learn how to explain it con-

vincingly to any other interested person. In due course, you can also find and vote for persons who understand that might never makes right, even when the "might" is authorized by a majority vote.

Since you are unavoidably a self-controlling human being, the issue rests entirely with you, as it should.

NOTE: This article is available as one of a series of LP records (33 $\frac{1}{3}$ r.p.m.). For prices and a list of these records write to the Foundation for Economic Education, Irvington-on-Hudson, N. Y.

I LIKE BUTTER

by Jess Raley



A HIGH REGARD for truth compels me to admit, in the very beginning, that this investigation was motivated by personal, perhaps even selfish reasons. However, the facts illuminated here may be of some interest to you.

The whole thing started because I like butter. Not the type one employs to soften up the boss, preparatory to that important request, but the kind one spreads on bread if he can afford such luxury. I developed a taste for butter in my youth, only to find it beyond my means in these more prosperous middle years.

My helpmate and I have discussed this matter at great length. The whole truth is we could afford to splurge and buy a pound of real butter on special occasions (like Christmas and Thanksgiving if they didn't come so close together), but the genuine article is definitely not a good buy. At 50 per cent above the price of a substitute spread there would be reasonable grounds to mount a defense. At 150 per cent, no. After all, we have to live within a budget, since we have no authority to levy taxes.

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To say that I have learned to like it would be rank hypocrisy, but through the years I have learned to accept the fact that a substitute spread is more practical and much more in line with our after-taxes income. That is, I had learned to accept this fact with reasonably good grace until the "down and outers" moved in across the street.

A few days after these people moved in I opened the refrigerator one evening and received a severe shock. Most of one shelf was filled with butter—one pound sticks, stacked like cordwood. After a brief period of confusion, which any family man can visualize better than I can tell, the wife made me understand that the butter was "surplus commodity" and belonged to the people across the street. It seems they received more butter than they could store, so the lady of the house made a deal with my wife for storage space. In return we could use all the butter we needed, since the supply was more than ample and sure to be replenished regularly.

I am, by nature, a quiet, perhaps even meek person, not given to raising my voice any place and especially not in my own home; but this was too much. I counted to ten three times, very slowly and then erupted. Later I entered the study, shut the door, put aside the critical paper I was doing on classical metaphysics, and began a systematic search for facts in the most provoking matter that has been forced to my attention since TVA.

Actually the "down and outers" are no more than contributing factors, vessels as it were, who have become willing wards of the state. In many ways this par-

ticular family appeared to be as nice as one could hope to meet. The wife and five children are sociable and intelligent. The man doesn't beat his wife, gamble away his welfare check, or drink excessively. He takes the family to church, plays with the kids, likes all sports, is always present when surplus commodities are handed out, and will sometimes do odd jobs for people in the community if they promise not to inform the welfare department. Even though they live in an apartment built with tax money, draw monthly checks, obtain food, school-books, lunches, and the like from the same source, they are the least repulsive parasites I have met.

At this juncture, I assume you may be about to cast me as a Scrooge; may I assure you such would be a grave injustice. In all truth I have absolutely no quarrel with the gay troubadour, jug of wine, loaf of bread type. It's their life: let them live it. But! When I am forced to pay for the butter that goes on their bread, while having to settle for a less desirable spread myself—that I don't like.

What Really Happens

With all the persistence and order of thought generally reserved for matter and form, I pursued the illusive truth about butter: "surplus commodity" is a misnomer for a product that has been supported off the market. This is what actually happens: Everyone earning a salary is separated from a part thereof by the powers that be. Said powers buy butter with some part

of this money, at a price well above what it might bring in a free market. Obviously, they are using the people's money to maintain the price beyond those means left to the wage-earner's discretion. This unnatural course of events tends to cause huge accumulations of butter. In casting about for the ideal disposition, the powers apparently decided to add insult to injury by giving the butter to those least likely to have paid any taxes toward its purchase.

In a matter of this magnitude, one must approach the apparent conclusion from every conceivable angle. For this reason I hesitate to submit as absolute truth the apparent fact that the ox has been muzzled by the theory of: "From each according to his ability, to each according to his need."

On the assumption that my reason in this case may have been swayed by my fondness for butter, I launched a minute examination of our tendency toward welfare statism.

According to my congressman, the public has been brainwashed for so many years to accept the proposition that all free-loaders, foreign and domestic, must and should share the fruits of American labor that no sane man would dare raise his voice in protest.

Rabid enthusiasts of the proposition, that all men should lower their aim to conform to the lowest among them, claim that compassion pure and simple is their prime motivation. They insist the way of life which built the greatest country on earth was founded on the preamble of "every man for himself and let the devil

take the hindmost." In this enlightened age, they propose to remedy this by herding the win, place, and show entries into the gutter with the "also rans."

The Emotional Appeal

The rapid advance of this theory is due, in part, to the able manipulation of its sponsors and, in part, to the gullible acceptance of "we the people." Armed with the illusion of compassion, the equalizers have shown us the hungry child begging for food, the aged and infirm seeking shelter, the farmer toiling in rags. The burden of responsibility is too heavy, they have said; your government must relieve you of this great weight.

Their noble theory deals in opinions, not facts. It proposes to eliminate want, but without want there is no incentive to strive. It hopes to strike out fear, ignoring the fact that fear of failure breeds pride of success. No one shall know hunger, an enticing phrase, but the ox cares not who fills his manger—the ward of the state is little concerned whether his master wears an eagle or a hammer and sickle on his hat. Government is responsible for your welfare; this theory speaks loud and clear. But without responsibility there can be no self-respect. Lack of self-respect removes the opportunity to attain freedom. Freedom alone is able to ignite that vital spark of greatness in men and nations.

All this notwithstanding, the superficial philanthropists continue to preach compassion and win converts: in government, business, labor, education, and particu-

larly among the coming generations. One must admit it sounds good—so good, in fact, I might have been converted had it not been for the butter episode. This caused me to look beneath the surface.

Subverting Our Youth

A tendency of human nature to take the easy path (even though you hate yourself for it), aided and abetted by progressive taxation (to feed the drones), composes a very seductive siren's song. How can the youth of today fail to be tempted to sell their birthright for a bowl of pottage and take a seat on the receiving end of the line?

As a citizen of a Republic, I am unable to conform happily with this wonderful new concept of progress. No doubt the cruel, inhuman, insensitive methods employed by our schools in those Dark Ages of the past are responsible to some extent! Looking back, I can see that many teachers of those days actually encouraged the more intelligent students to "show off" before the dumber ones. In many cases this created a complex among the slower students, causing them to work their brains unmercifully to prove they could learn. Far too often this offensive urge to equal or surpass the leaders of their classes was so firmly instilled in even the laziest, that they found it impossible to stop on graduation day, but continued to drive themselves without mercy to become leaders in business, industry, and politics.

The youth of today are assumed to be most fortunate

in that they may enjoy the economic fruits of the old inhuman competitive period without being forced to compete themselves. In fact, we have found in this era of enlightenment that it is kinder to teach the zealous to loaf than to encourage the lazy to work. What better place to start a child right than in the schoolroom? There have been a few disgraceful instances of students rebelling against the utter boredom of this wonderful new system. One such uprising was put down masterfully by a principal who forbade a student-organized debating team to compete. He feared the winning team would feel they had presented a better argument than their opponents. We must not allow such seeds to be scattered in our schools if the students are to live happily ever after in the protective shade of this wonderful welfare tree we are growing.

All the advantages of this wonderful new way are sweet to contemplate. The tree of compassion casts a beautiful shade. The element I (old fogey that I am) find most difficult to grasp is: When all have become enlightened and have demanded their rightful place in the shade, who will gather and distribute nectar from the flowers that grow only in the sun?

ACADEMIC FREEDOM

by Leonard E. Read



ANY TIME a great debate rages on any particular subject—such as academic freedom—and on each side of the controversy are arrayed intelligent men of good will, one conclusion can be reasonably drawn: Some basic principle in the argument has been neglected.

Academic freedom has been debated as if it were primarily an ideological or a philosophical problem, whereas, in my view, it is an organizational problem. Whether a teacher be a communist, a socialist, a Fabian, a New Dealer, or their direct opposite, is a matter of secondary concern, unrelated, strictly speaking, to academic freedom. If we were to shift the subject from academic freedom to the free market and then argue that it mattered whether or not one were a carpenter, a plumber, a farmer, or whatever, we would be on comparably untenable ground.

The confusions about academic freedom may be cleared if we first examine teaching in its simplest form and move from there to more complex forms.

The simplest teaching relationship would exist between parent and child. The parent is responsible for the child, and consequently has authority over the child.

The basic principle in all successful organization is that responsibility and authority be commensurate. Any deviation leads to trouble, whether in the simplest relationship between parent and child or in such complex relationships as are found in large corporate organizations. The successful parent-child relationship will find the parent relinquishing authority as the child grows in stature and assumes the responsibilities for his own life. When responsibilities are fully assumed, no parental authority whatever should remain. The solution of the academic freedom problem rests squarely on the responsibility-authority principle.

The mother teaching her child, assuming no interference, has perfect academic freedom. She will teach the child precisely what she wants to teach. Whether the mother is a communist, an anarchist, or of the libertarian persuasion has no bearing on the question of academic freedom.

A Third Party Introduced

Now let us take the first step toward complexity, the mother employing an aide, shall we say a tutor? The responsibility for the education of the child still rests with the mother. And if trouble is not to ensue, the authority must also remain with her. The tutor may or may not share the mother's views about life, education, and social affairs. But regardless of their agreements or differences, the mother should still be in the driver's seat. If she can delegate a portion of her responsibility-

authority powers to the tutor, she also should be free to revoke such powers. The power to hire, logically, carries with it the power to fire. If one could only delegate and not revoke, could only hire and not fire, he would be in the absurd situation of having to live all of his lifetime with an ever-growing accumulation of mistakes. If this were the case, who would dare risk employing anyone?

In this mother-child-tutor arrangement, let us assume that the mother is a devotee of socialism and that the teacher turns out, much to the mother's surprise and disgust, to be of the libertarian persuasion, one who believes in no coercion at all to direct the creative activities of citizens within a society. What then? Is the socialist mother obligated to retain the libertarian tutor on the grounds of academic freedom? Whose academic freedom? The mother's or the tutor's? Is the mother, who once had academic freedom, now to be deprived of it because of hiring the tutor? Is the tutor's freedom to teach what he pleases to supersede the mother's freedom to have her child taught what she wishes, This anomalous arrangement would have the mother responsible for the education of the child and for paying the tutor, and leave the tutor with authority as to what the child should be taught—the responsibility-authority principle totally violated. Nothing but friction would result, certainly no educational progress.

Libertarian views generally are founded on the belief that each person has an inalienable right to his own life; that he has the responsibility to protect and to sus-

tain his life; and with this goes the corresponding authority to make free choices as related to every creative action—no exceptions! Our tutor, holding such libertarian views, must concede that the socialist mother's academic freedom supersedes his own as it relates to what should be taught the child. That is her business and not his. For him to argue that he can teach her child what he pleases, that she does not have the authority and the right to discharge him lest his academic freedom be violated, is to place the argument on the wrong ground. *Such a claim would be for tenure, not for academic freedom.*

The tutor's academic freedom is in no way violated if the socialist mother chooses to discharge him. He is free to teach his libertarian views to his own children or to the children of parents who may subscribe to the services he is prepared to render. Academic freedom would be violated if one were coerced into teaching what he believed to be wrong—if the libertarian tutor were compelled to teach socialism, or if the socialist mother were compelled to have her child taught libertarian ideas.

Further Complexity

Numbers can be added to the parent-tutor relationship without altering the responsibility-authority lines. A good example was the Ferris Institute of 1917, long before it became a government school. Mr. Ferris owned the school. There was no Board of Trustees. It was a

venture as private as his own home. He employed teachers in accord with his judgment of their competence. He admitted students in accord with his judgment of their worthiness. If he thought he had erred in the selection of a teacher, the teacher was discharged. And many students were sent home because they would not meet the standard of hard work he required.

Mr. Ferris had the sole responsibility for the success of Ferris Institute; and, correctly, he assumed the authority for its conduct. Academic freedom was in no way offended. Teachers who shared his educational principles were free to submit their credentials and, if employed, to put these principles into practice. Parents who liked the hard-work standards of Ferris Institute were free to seek admission for their children.

Most private educational organizations are more complex than was the Ferris Institute of that time. Some are corporations organized for profit, in which case the ultimate responsibility and authority rest with the stockholders in proportion to their ownership. As a rule, the responsibility and authority are delegated to a Board of Trustees; and the Board, in turn, delegates the responsibility and authority to a chief executive officer, usually a president. The president organizes the institution and delegates the responsibility and authority vested in him to numerous subadministrators and teachers. The stockholders, having the final responsibility for the institution, quite properly have the authority to change Board membership if they find themselves in disagreement with Board policy. The Board,

in turn, having been given the responsibility by the stockholders, has the authority to discharge the chief executive officer if they believe he is not properly executing its policy. The chief executive officer, vested with responsibility by the Board, has the authority to change his aides if he believes they are not carrying out his ideas. Discretion in exercising authority, regardless of where vested, is assumed.

Complexity in no way alters the responsibility-authority principle, but only increases the difficulty of tracing the responsibility and authority lines.

Rules for Cooperation

All organization, educational or otherwise, is an attempt at cooperation. Cooperation is not possible unless responsibility and authority go hand-in-hand. Example: You want a new house, but rather than build your own you select a contractor to whom you delegate the responsibility to build it in conformity with specified plans. Now, suppose that you delegate no authority to the contractor and that other members of your family, and any of the carpenters, can alter the plans at will. The house, if one ever materialized, in all probability would be a mess.

Suppose, on the other hand, that you have given the contractor an authority commensurate with his responsibility, and he then tells the carpenters that the construction is to be precisely according to your plan. But the carpenters protest: "This is doing violence to our

freedom. You are not letting us practice our views on carpentry." The absurdity of this is apparent. Yet, it is the same as the teacher's protest, "You are doing violence to my academic freedom," when he is asked to respect the authority of the one who has the responsibility for the teaching organization. Actually, he is insisting that he be permitted to do as he pleases in matters for which someone else has the responsibility. He claims freedom to do as he pleases while he denies it to the responsible person who pays him.

Often, it is not academic freedom that is at issue; it is simply a claim for tenure. American parents, not wanting communism and socialism taught to their children, seek the discharge of teachers of such faiths. But the teachers cry "academic freedom" and the parents, Board members, and school officials are loath to violate this sacrosanct part of their own philosophy. So, the academic freedom argument is a good tenure argument. It is precisely the same as the "right to a job" argument advanced so persuasively by professionals of the labor movement. It "works," and therefore is used.

Enter, the Government

This argument succeeds because the responsibility-authority principle has been neglected. The neglect comes, in the case of public or, more accurately, government education, because it is most difficult to know who is responsible or what performance is expected. Where does responsibility ultimately rest? With the tax-

payers in proportion to their assessments for schools? Generally, this would be denied. With the parents who have children in government schools? These, seemingly, have no more responsibility than those with children in private schools, or than those who have no children at all.

With the voters? Probably this is as close as one can come to identifying ultimate responsibility in the case of government education. If the responsibility rests here, then that is where the final authority rests. It rests here in theory and to some extent in practice. The voters—whether or not they are interested in education and whether or not they have children—elect Boards of Education. These in turn select superintendents, who then employ deputies and teachers. Without too much difficulty, one can trace the chain of responsibility in government education from the voters who ultimately hold it and who delegate it by plebiscite to Boards of Education, to superintendents, to teachers. But the teachers, in theory, have no authority to teach what they please. They are, in theory, subject to the authority of the superintendents, the superintendents subject to the Boards, and the Board members to the voters. Simple enough thus far.¹

The question is: What do the voters want taught? What teaching has this heterogeneous mass the authority

¹It is not quite as simple as this suggests. Federal and State and City Departments of Education are assuming increasing powers and tend further to confuse the responsibility-authority lines.

to impose? Every conceivable point of view and educational technique known to man may be found among these millions of voters. They range from one ideological extreme to the other. Among them are communists, socialists of every gradation, anarchists, libertarian idealists, Jews, Catholics, Protestants, and what have you!

What do these people want? They want all things. And the best one can expect from such a plebiscite is the common denominator opinion of the millions, an opinion subject to all sorts of emotional influences, expressed in a voice that is rarely clear.

Vague Generalizations

Our purpose here is not to argue the merits of government education, but to demonstrate how confusion about academic freedom arises when the source of responsibility is unable to speak clearly or exercise the authority it possesses "on paper" or in theory.

There need be no such confusion in the case of private education. Pronounced variation results from private endeavor. Each enterprise presents its own brand of education, and citizens take their choice.

Government endeavor, on the other hand, results in vague generalizations. All the wants and aspirations, the interests and conflicts, are combined into an educational potpourri, the ingredients of the compromise being proportional to the popularity of various ideas at the moment.

Adding to the confusion is the fact that all parties

in the chain of government responsibility-authority—Boards of Education, superintendents, deputies, and teachers—are themselves voters making decisions not only as a part of the plebiscite but acting on their own authority, not necessarily the authority issuing from the plebiscite.

The government educational effort is a political apparatus and behaves accordingly. The indifference of voters invites special interests to assume command.² For instance, if teachers adequately organize, they can easily control the government school system and supplant the voters as the responsibility-authority fountainhead. The deputies, the superintendents, the Board of Education, and the voters become the teachers' aides, so to speak, helping primarily as taxpayers.

When affairs take such a turn—a common occurrence—it is easy to see how teachers resent any voter interference with the freedom to teach whatever they please. The teachers have appropriated the responsibility for the government schools. And with the responsibility goes the authority to manage the schools, even the authority to make the voters—displaced bosses—pay the bills. In this topsy-turvy arrangement, it is natural that teachers should feel free to teach what they please. Interference, from whatever source, is indeed a violation of their politically purchased “academic freedom.”

As long as education is politically organized, the squabble over academic freedom will continue. The

² Voter indifference today in America is no sociological accident. It is an inevitable consequence of overextended government.

voters, by reason of their natural indifference and diverse opinions, are unlikely to regain the responsibility and authority which the theory of government education presumes to be theirs. If they would end the squabble, they will have to get education out of the political arena.

This confusion about academic freedom, which originates in government education, carries over into private schools in many instances.

Academic freedom is no more sacred than is freedom of speech, freedom of the press, religious freedom, freedom to produce what one pleases, and freedom to trade with whomever one pleases. There is no freedom peculiar to the classroom, diplomas, degrees, or mortarboards. Let anyone teach what he pleases, but let him do it on his own responsibility. Let him not cry "academic freedom" as he robs someone else of freedom.

When government is in the educational driver's seat, academic freedom will always be argued as if a political and ideological problem, which really it is not. When the market is free for the production and exchange of all goods and *all* services the issue of freedom—academic, economic, or whatever—is never in question.

THE IRRESPONSIBLES

by Kenneth W. Sollitt



CONSIDER the vast number of decisions made for us and the decreasing number of things we can, or for that matter, are willing to decide for ourselves. Parents, of necessity, decide things for their children. When the children are old enough, they are placed in schools where most of their decisions are made for them. After high school (or college) every able-bodied young man serves a stretch in the Armed Forces where to make a decision for himself might be regarded as un-American activity!

After that training in conformity we get more of the same when we join a labor union and are told when to work and for how much, when to strike and for how long, and when we work not to work too hard. Or we may become big business executives and be told whom we can hire, how much we must pay them regardless of their value to us, whom we can fire and under what conditions, what we can produce, how much we can charge for goods or services, and how much we must pay Uncle Sam for his services in regulating us to death.

We don't even make a decision as to what social func-

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tions we attend, what we'll wear, whether we accept the cocktails offered us there—the society in which we move decides those things for thousands of so-called adults.

But you don't achieve adulthood by letting others make all your decisions for you. Freedom is opportunity to make decisions. Character is ability to make right decisions. It can be achieved only in a climate of freedom. For no one learns to make right decisions without being free to make wrong ones. As our American freedoms keep diminishing, so does the character of our people. Can irresponsibles form a responsible society?

WHO CONSERVES OUR RESOURCES?

by Ruth Shallcross Maynard



“WHO SHOULD conserve our resources?” If a poll were taken, a large majority probably would answer: “Our federal and state governments.” And if one were to ask why this view is so widely held, he would find among other “reasons” the following:

(1) that the free market is chaotic, gives profits to the few, and is unmindful of the great “waste” of our diminishing resources;

(2) that “people’s rights” are above “private or special interests” and only the government can properly serve the public interest;

(3) that government has access to more funds;

(4) that government has the power and facilities to obtain all the necessary data and to do the research needed for the best “scientific” decisions on resource conservation;

(5) that the price system does not operate in the interests of conservation because of the “unrestrained pursuit of self-interest”;

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(6) that the concentration of power in some corporations further threatens our dwindling resources and must be regulated by government.

These "reasons," of course, do not indicate how a government agency would go about attempting a solution to the conservation problem—this is always just assumed—but consider them briefly:

(1a) The free market is anything but chaotic. Competing natural market forces reflect in prices the wishes of both buyers and sellers—millions of individuals, separately accountable and responsible for their own actions in their own field of economic activity. All persons seek their own advantage when allowed a choice, but in the free market a producer cannot profit unless he pleases consumers better than his competitor does. Since he must think of efficiency and lowered costs in order to survive, it is false to assume that he alone profits from the use of natural resources from which are made the products wanted by consumers. All gain who use the resulting products.

(2a) Can there be "people's rights" superior to the rights of individuals? All individuals have special and private interests and rights. Therefore, the "people" cannot have rights except individually; and the right to life carries with it the right to maintain it by private and special means.

(3a) The government has no funds that have not been taken from the people by force, whereas many a large private undertaking has come forth from voluntarily contributed funds. In fact, the entire industrial

development in this country has been a continuous example of this voluntary way of creating the facilities for production by giving the consumer what he wants at the price he is willing to pay in competition.

(4a) Offhand it would seem that a government might have access to more data about scarce resources than would a private enterpriser. But government cannot bring forth the detailed information so vital to sound decision. The kind of detailed knowledge needed simply isn't "given to anyone in its totality," as Hayek has pointed out.¹ "Knowledge of the circumstances of which we must make use never exists in concentrated or integrated form," he states, "but solely as dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess." Yet, producers need such information before they can decide how to act. The chief communicator of this knowledge is free price movements. If the price of a given resource continues upward, this tells producers all they need to know about its increasing scarcity and signals them to conserve it, to use it sparingly and for the most valuable products. Advocates of government planning never seem to grasp how this works, for they are constantly tampering with market forces, distorting the delicate price signals that could otherwise guide them. Thus, government planners must rely on using *general* data obtained by crude polling methods which are unreliable for action in specific economic areas and are out of date

¹F. A. Hayek, "The Use of Knowledge in Society," *The American Economic Review*, Vol. XXXV, No. 4, September, 1945.

before they can be collected, analyzed, and summarized. Moreover, such studies cannot tell the government controller as much as free price movements tell individuals acting in a particular market as buyers or sellers.

(5a) The role that prices play in the free economy is so little understood that many people believe government must set prices lest they reflect only the "selfish interest" of the producers. The price system not only tells producers and consumers when scarcity of a product exists (prices rise) or when it has become more plentiful (prices drop); it also supplies the incentive to act in the interests of conservation by seeking a substitute for the high-priced scarce material. Competitive prices allocate scarce resources to those who will *pay* more (not those who *have* more, as is alleged) for the right to try to serve consumers efficiently as well as profitably.

(6a) If concentration of power in corporations is too great to be permitted, what about the ultimate concentration of power in a government institution beyond the regulation of market forces? Government is unaccountable in the sense that it is not obliged to please consumers in order to stay in business. If it does not show a profit, its losses can be covered by tax money. Big corporations can behave in monopolistic fashion only if they enjoy government privileges of some kind. Potential competition, substitution, and elasticity of demand force them to keep prices close to the competitive level.²

² Hans Sennholz, "The Phantom Called Monopoly," *Essays on Liberty*, Vol. 7, p. 295.

When Government Controls

The foregoing arguments, however, do not touch upon the basic problem involved in the conservation of resources. Let us assume that Congress passes a conservation law setting up "The Federal Bureau of Conservation." Tax money must then be appropriated for this Bureau. The director, a political appointee, must find a building and hire a staff large enough to justify his salary. To investigate and collect data on what is being done is a time- and tax-consuming job.

Turning the conservation problems over to an agency with police power does not mean solution, however. It only means that the director has been given the authority to find a solution and to force it on those individuals who are in the market for natural resources. This does not assure the public that the director has any special grant of wisdom concerning the problems involved, or that he will even know what they are. This appointment would lead him to assume that individual enterprisers were not doing their jobs well. He would undoubtedly define his task as one of finding what individual enterprisers are doing wrong and stopping it. Such interference could only prevent private individuals from utilizing their creativity and energy in seeking a solution to both immediate and long-run conservation problems. Having stopped this flow of creative endeavor, he would need to find a "positive" solution—such as stockpiling by force certain quantities of those materials deemed most scarce.

But for whom would the director be stockpiling? Would he sacrifice the present generation to future ones? And, if so, which ones? The next generation, the one after that, those living a hundred years from now, or whom? And how could he possibly know what those generations would want or need? Moreover, he would have the problem of what quantities to stockpile and what grades (best or worst) to save. Would some items have alternative uses? Would he plan for possible added or new uses in the future? These questions never seem to be asked by the authors of books and articles on conservation, whose speciality is to condemn private enterprise.

Stockpiling only aggravates the very scarcity given as the reason for stockpiling. The more scarce a stockpiled item, the higher the price, and the more complaints to be heard from the users. Whereupon, the director probably would seek power to fix prices lower than market levels. This, of course, could only lead to increased demand and pressure on prices, leading to black markets or government rationing, or both. Allocation by rationing would present the problem of whom to favor and whom to slight. His authority to discriminate would subject the director to strong political pressures. If not by political favoritism, the director could select by personal preference, or first come, first favored. Any system is discriminatory. The system of government planning implies arbitrary discrimination by one man with police power who decides who shall get what. Without personal favoritism, the free market "discriminates" *against* those who would waste scarce materials—it lets their

businesses fail—and “discriminates” *for* those who would most efficiently use the resource to serve consumers—their profit depends on their capacity to conserve the scarce resource.

The government system is based on arbitrary decisions of man over man, with strong probability of political influence; the free market system is influenced by non-political and nonpersonal forces. There is no other alternative. The first system leads to static conditions which cannot meet the changing needs and desires of consumers, the “people” most involved and presumably those whom a conservation agency ought to protect. The business way encourages search for substitutes when price rises indicate growing scarcity. This not only aids conservation but also affords the consuming public more reasonably priced alternatives in times of scarcity. When prices are fixed below market levels by the government director, this discourages conservation and gives a false signal as to the degree of scarcity all the way from the natural resource level to the final consumer.

Is It Not Worth Saving?

Until someone discovers that a resource has a specific use, it has no value for which it should be conserved. Alexander the Great had no use for the reservoir of oil beneath his domain. The underdeveloped countries do not lack resources. But they have not yet found the key (personal saving and competitive private enterprise) by which to utilize the resources to meet the people’s needs.

Private enterprisers are constantly trying to find new materials and new uses for known resources, always looking ahead to see which ones will be available and how efficiently they can be utilized. Pick up any trade journal and note the articles on how to cut costs, utilize waste materials, be more efficient. Because the government told them to? No. The hope of profits acts as a powerful compulsion to be efficient, to improve, to conserve. The following examples show how private enterprisers eliminate waste and utilize natural resources to meet the needs of the consuming public.

Until natural gas was known to be useful as a fuel, petroleum producers burned it to get rid of it. Until ways were found of storing and transporting gas with safety, it had only local use. Competition forced the search for further uses and wider markets, and profits rewarded those who best served consumers. As ways were found to handle gas beyond local markets, consumers elsewhere gained a wider choice of fuel, and other fuels were thereby conserved.

Reliance on Hindsight

Accusations of waste in private industry are always based on hindsight. Any statistics of inadequate use of natural resources are history. When a new method or new use is discovered, it is easy to point out past waste and misuse. The assumption is that industrialists are wasteful if they haven't seen in advance all possible uses for all materials.

The meat-packing industry over the last century has used all but the squeal of the pig. But this did not come all at once. Nor did or could it have come from government decrees. It came slowly through individual efforts to cut costs and increase profits in competition with others.

In the lumber and pulp-paper industries, uses have been found for virtually all of a tree, including the bark, branches, and sawdust which were formerly "wasted." The "waste" lignin, after removal of the carbohydrates, has been the concern of many a pulp company as well as scientists at The Institute of Paper Chemistry, who have yet to find a use that will meet adequately the competitive market test of consumer choice.

With the increasing scarcity of pure water, the pulp and paper industry has used less and less of it per ton of product. When wood became scarce in Wisconsin, the "Trees-for-Tomorrow" program was instigated, encouraging farmers to grow trees as an added cash crop. As salt cake from Saskatchewan grew scarce, the Southern kraft-pulp mills learned how to reclaim it and cut the amount needed per ton of pulp by two-thirds or more. Could such a conservation measure have been forced by government decree? It is most doubtful.

In the agricultural field are many illustrations of continuous improvement: of tools (the history of the plow alone would make an impressive volume); of methods of utilizing land, fertilizers, insecticides, and seeds; of knowledge of genetics, hydroponics, and radioactive ma-

terials. All of these have played a vital part in getting better farm products to the people with fewer man-hours and at less cost. These all conserve time.

Time also is a resource. Conserving time can save lives from starvation, give relief from backbreaking jobs, enable individuals to further achieve their respective purposes. Improved tools have won time for more leisure, for increasing recreational, cultural, educational, and religious activities.

Individual Improvement

Improvement of the well-being of individuals, rather than conservation, is the chief goal in the utilization of resources. Absolute conservation could lead to the absurdity of not utilizing our resources at all, and thus conserving to no purpose—no freedom and no improvement of our lives. J. S. Mill has expressed it thus: "The only unfailing and permanent source of improvement is liberty, since by it there are as many possible independent centers of improvement as there are individuals." The energy of the police force of a government agency must by its very nature be negative. Enterprisers are positive, constantly trying to solve specific problems. It is impossible to force the release of the creative energy of millions of individuals who, if free, are each highly motivated to release it in trying to improve their status. Thus, force only inhibits the real sources of improvement.

Because individuals have been free to find the best

use of land resources, the American farmer today feeds himself and at least 25 others. In our early history food production was the principal occupation, and in some countries today as high as 90 per cent of the population still spends long hours of backbreaking work farming for a bare subsistence.

Who Is Responsible for Waste?

The real waste in resources comes from government policies. It is seen especially in wartime, but more and more in peacetime programs. The government farm program has encouraged waste of land, seeds, fertilizers, labor, and capital by subsidizing the production of surpluses to be stored in bins that dot the countryside. The foreign aid program has wasted various resources, sending them to countries where little if any use has been or could be made of them. Waste occurs in such projects as the TVA that floods permanently many fertile acres which formerly provided millions of dollars worth of food products and which the Army Engineers have estimated would not be flooded by the natural forces of the Tennessee River in 500 years.

Rising taxes also promote waste. The corporate income tax of 52 per cent of earnings, for example, encourages industrialists to engage in questionable and wasteful projects which appear justified only when purchased with a 48-cent dollar. This is not in the interests of conservation.

However, the errors individuals make and their waste

of resources are small and inconsequential compared with those made by government agents in controlling a major supply of a scarce resource. Those in civil service positions are rarely dismissed or otherwise held accountable for their errors. A private individual stands to lose personally if he wastes resources in his field of economic activity, and has a built-in motivation for attempting to correct his mistakes as soon as they are reflected in rising costs or decreasing demand. A government agent, however, risks no personal loss when he misuses resources, he cannot recognize mistakes by rising costs when prices are fixed arbitrarily, nor is he motivated to correct his mistakes even when recognized.

Natural resources are best utilized and conserved where they meet specific economic requirements in the most efficient way as determined by competition in the free market. Government control of natural resources reduces the freedom of choice of producers in using these materials and this affects adversely the freedom of choice of consumers who buy the final products made from them. There is no effective method of determining the economic requirements of the people when the free market is not allowed to reflect them, nor can force solve the problem of conservation. It is a false panacea that is centuries old, advocated by those who desire power over others whom they neither trust nor respect. Conservation will take place in the best sense where individuals are allowed to seek solutions to their own personal problems as they arise. Necessity is the mother not only of invention but of conservation as well.

STAMPS AND THE LABOR THEORY OF VALUE

by Lewis Stearns



TO MOST OF US a postage stamp is a means to an end. It is a bit of paper that tells the postal authorities we have paid to have mail delivered.¹ But to a philatelist a stamp is an end in itself, and a misprint is likely to be especially valuable. Therefore, when the government moved recently to flood the market with deliberately misprinted Dag Hammarskjöld commemorative stamps in an effort to wipe out the value to collectors of a few unintentional misprints, philatelists were keenly interested.

This action of the Post Office Department is, however, of more than philatelist interest. The incident offers a remarkable lesson concerning the "labor theory of value" —a theory that is the heart of Marxian economics, and one that enjoys widespread acceptance in the United States today.

The reason the government has taken its action is that the original, unintentional misprints are, according to the statement issued by the Post Office Department,

¹ Of course this represents only a partial payment. The balance is paid through taxes, whether or not we send mail.

“overvalued.” It appears that there is only one reason for destroying this “inflated” value—the idea that when one individual profits, this somehow injures another who does not. This idea is an extreme but logical extension of the labor theory of value which, among other things, holds that what is one man’s gain is invariably another man’s loss.

But in this case, the illogic of the theory is especially noticeable. Who lost? Certainly not the government. Each of the stamps sold for its face value of four cents. What about those of us who didn’t get a chance to buy them? We haven’t lost a cent. But the people who did buy them gained something. Thus, the outcome was a net gain. A value now exists that did not exist before.

But whence came this extra value? Obviously, it didn’t come from anyone’s labor. It wasn’t any harder to produce the unusual stamps worth hundreds and perhaps thousands of dollars than it was to produce the usual ones worth four cents. There is even a chance that less labor was involved since someone, obviously, was asleep at the switch.

The fact that extra value was created is clear. Now, seeing this, if you believe in the labor theory of value, you can do one of two things. You can admit that the theory is false and begin to look around for another theory—one that fits the facts. Or, you can stick with Marx and deny that this new value exists—in spite of the obvious fact that if you have one of these stamps, a collector will pay you handsomely for it.

If you happen to be one who can accept the brand of

“logic” involved in this second alternative, the next logical step is to declare to everyone that the stamps are overvalued—that is, they are not worth what people voluntarily are paying for them. If, in addition to whatever else you have now shown yourself to be, you are also an authoritarian, the final logical step is to attempt to destroy the extra value—that doesn’t exist anyway. Once you have done this you will be able to breathe easier and relax again in your private Marxian utopia.

It is important to recognize this incident for what it is—not just an isolated occurrence, of interest only to stamp collectors, but a clear demonstration of an alien philosophy, enervating to liberty, that corrupts our American dream.

COULD A.T.&T. RUN THE POST OFFICE?

by Melvin D. Barger



"Custom has so strongly imbedded the monopoly myth in our minds that the mere suggestion of a private postal system seems incongruous."

FRANK CHODOROV¹

IT IS PROBABLY one of the miracles of the past half-century that the giant American Telephone and Telegraph Company has escaped direct government ownership.

It is miraculous because such a tidal wave of printed and spoken propoganda has been produced in criticism of the mighty telecommunications firm, while oncoming generations of future leaders have been carefully taught by their economics and political science instructors to be fundamentally suspicious of A. T. & T. and other privately-owned utility monopolies.

Also, many people have been conditioned to oppose and fear "bigness" in privately-owned enterprise, and of course, A. T. & T. is indeed "bigness." Also, there is substantial support throughout the country for the view

¹Frank Chodorov, *The Myth of the Post Office* (Hinsdale, Illinois: Henry Regnery Company, 1948).

that "natural" monopolies ought to be publicly owned.

Finally, almost every advanced nation in the Western world has a government-owned and operated telecommunications system, with the exception of large systems in Italy, Spain, Denmark, and Finland.² At least four countries—Great Britain, France, Holland, and West Germany—have combined postal and telephone services, with whatever advantages this is supposed to produce.

Yet 1962 finds A. T. & T. safely in private hands, though tightly regulated by the F.C.C. and numerous state commissions.

But an even greater miracle is that few people of influence have ever argued for *private* ownership and operation of the U. S. Post Office. Perhaps many people assume that a private postal system is impossible. Others may believe it is impractical. And some may even think it is *unpatriotic*. Yet there have been many times when persistent men have argued with success against ideas which were generally assumed to be impossible, impractical, or unpatriotic. Why have so few done so in the case of the Post Office? Since it is intellectually respectable to argue for a government takeover of telecommunications services, why hasn't it been just as respectable to argue for an opposite viewpoint—say, for example, a *private* takeover of certain faltering government businesses?

Such a faltering business is the U. S. Post Office De-

²From *The World's Telephones*, 1961, American Telephone and Telegraph Company, 195 Broadway, New York. It should be noted that the Italian telephone system is government-owned but privately-operated, while the Finnish and Danish systems are mixed.

partment, which drifts from one crisis to another without apparently finding the roots of its problems. There has been mounting criticism of its operations in recent years. "The American public and American business have been paying higher and higher prices for worse and worse postal service," said the trade magazine *Advertising Age* in May 1960, in a critical editorial opposing further rate increases. *Reader's Digest* published an article in May 1957 entitled "Our Horse and Buggy Mails," with another the following year significantly called "How To End Our Post Office Mess Permanently."³ And *Newsweek*, in a special national report in the July 13, 1959 issue, observed that the U. S. mail is slow because of "antediluvian methods and equipment, human error, a system plagued by bureaucracy and petty politics." It was further noted in the same article that the service was so bad that one in four letters was being delayed, sometimes for days, en route or at a delivery point. Worse yet, it was stated that the Post Office's problems were getting worse, and seemed to be outrunning its solutions.

A. T. & T.'s Continuing Success

In sharp contrast with the Post Office's dimming image is the Bell System, whose corporate parent is The American Telephone and Telegraph Company. It has been attacked as an overpowerful monopoly, threatened

³ *The Reader's Digest*, February, 1958.

with punitive legislation, subjected to rigid controls, and regularly scrutinized by state and federal agencies. But for all the stumbling blocks strewn in its path, A. T. & T. has consistently provided the finest telephone service in the world, a fact that even its statist-minded critics freely concede.⁴ Ironically, though a profit-making corporation, its service record has greatly surpassed that of the Post Office, which has often excused its deficits on the grounds that its purpose is public service rather than profits.

The Bell System had a humble origin shortly after the first patents were issued to Alexander Graham Bell in 1876 and 1877, and has since become the colossus of American public utilities. A. T. & T. has assets of \$21.7 billion, employs 750 thousand persons, and has 63 million telephone installations.⁵ Although the country is peppered with small independent telephone companies and subsidiaries of the substantial General Telephone and Electronics Corporation, A. T. & T. commands the industry with all but 16 per cent of domestic telephone installations. And by possessing a complex nationwide

⁴Horace Coon, whose *American Tel & Tel* was itself a book highly critical of A. T. & T. on many counts, wrote: "It is generally conceded, even by its critics, that (A. T. & T.) has given the United States the best telephone system in the world, in nearly every respect superior to any of the government-owned systems in Europe." Horace Coon, *American Tel & Tel*. New York: Longmans, Green and Co., 1939. (It should be noted that Coon's observation preceded A. T. & T.'s tremendous growth and improvement of services in the post-World War II period.)

⁵1961 *Annual Report*, A.T. & T. All A.T. & T. statistics, unless otherwise noted, are from this report.

network of interconnecting telephone lines, A. T. & T. has a part in all but a very small percentage of long distance calls.

The pattern for success was established early in the Bell System's history by Theodore N. Vail, one of the company's early founders who headed the corporation in its infancy, dropped out for a time, and returned in 1907 to push A. T. & T. toward its present level of greatness. Vail had been a railway mail supervisor before stepping into the fledgling telephone business, and was apparently the first man to have thought of having railway mail clerks sort the mail on trains so that it could be distributed to the post offices with a minimum of handling. A management genius who probably could have succeeded in almost any business, Vail had a special dedication to A. T. & T., and was probably chiefly responsible for the fact that the company never passed into government hands even though telecommunications systems the world over were being nationalized.

Vail recognized as early as 1909 that pressures for government ownership were soon to arise. In 1912 telecommunications systems in Great Britain were nationalized, a move which aroused sentiment for a similar action in the U. S. But, Vail believed that A. T. & T. could survive and prosper even under government regulation, and could resist a government takeover if he could build a system far better than any of the nationalized systems in other countries. This, plus a rather inept performance on the government's part when it controlled the company briefly during the closing days of

World War I, finally killed, for the time being, most of the political impetus for government ownership.⁶

Four decades after Vail, the case was never better for his belief that he could build a service vastly superior to the world's nationalized systems. A. T. & T. today has a great depth of talented management, sound organizational procedures, almost unmatched technical personnel, and comfortable reservoirs of financial strength. While we take most of its services for granted, a little thought about the Bell System would reveal that not only has it "kept up" with the progress of the economic environment in which it operates, but it has also spearheaded much of that progress. A large amount of today's business and government affairs is handled smoothly and quickly because the Bell System had the technical ability to create faster long distance services and such improvements as direct distance dialing, wide area telephone services, teletype equipment, and CENTREX systems (permitting dialing to and from extension phones in large organizations). It would be almost intolerable to imagine the state of our present economy and government if the art of telecommunications were to be set back ten, twenty, or thirty years.

The Constitutional Monopoly

Meanwhile, the Post Office had been in business almost a hundred years before the Bell System was born. It certainly had an auspicious beginning, for Article I,

⁶ Coon, *op. cit.*

Section 8 of the U. S. Constitution documented the government's right to own and operate a Post Office: *The Congress shall have power to establish post-offices and post-roads.*⁷ In 1790, the first full year after the Constitution was ratified, the Post Office had revenues of \$37,935, against expenditures of \$32,140. This was obviously a profit, and for good reason: it is doubtful that the frugal citizens of those lean years would have tolerated serious postal deficits under any pretext. For many years after that there were private mail carriers competing very successfully with the government, but by the middle of the last century most of them had been firmly legislated out of business. In those years postal operating losses were at a minimum, and it wasn't until after the Civil War that the annual postal deficit became a recurrent pestilence.

Today the Post Office is the government's largest business, with 580,000 employees, 35,000 post offices, and annual revenues of \$3.4 billion. Its visible deficit in 1961 was more than \$800 million, and since 1946 its cumulative deficits have been almost \$8.5 billion. It does not pay income taxes, of course, so a realistic analysis of Post Office operations should actually *add* to the present deficit an estimated amount that the Department would have paid into the federal treasury *if* it were a private corporation and earned average profits. The loss to the government units in taxes may actually be the Post Of-

⁷ *Annual Report of the Postmaster General, U. S. Post Office Department, Washington, D. C., 1961.* Unless otherwise noted, all subsequent statistics concerning Post Office operations are from this report.

Post Office Department's largest "deficit," for as we shall see later, American Telephone and Telegraph Company has paid far more to federal, state, and local tax collectors than the total of its net earnings.

Since even a casual examination yields evidence that our telecommunications industry towers head and shoulders above our postal service, the next problem is to discover *why*. And while many reasons are often given to explain why the Post Office is the way it is, few go further than to plead for changes in rates, use of automated equipment, higher wages, greater employee efficiency, and similar so-called solutions. Yet what has prevented the Post Office from improving its operations regularly and without fanfare, as might any other business? Does it take an act of Congress to bring these things about?

Yes, it does. And this is the core of the Post Office problem: *The Post Office is a politics-oriented institution, and has been ever since the day our Constitution first breathed it into life.* As a politicalized enterprise, it will forever do an adequate or superior job of satisfying its political masters in Congress and the White House, but under these circumstances it hasn't the slightest chance of turning in an operating performance that would be considered superior by business standards. The Department is far more sensitive to the most dominant political winds than it is to the need for "breaking even" or giving users "better service." This is, in fact, its central malignancy. "When the politics motive supercedes the profit motive," wrote Frank Chodorov, "the

direction and intensity of effort is completely altered. The officeholder's bread is not buttered by a customer but by a higher-up, and hence his natural inclination is to cater to the latter, not the former."⁸ And the *Newsweek* article previously cited took note that though the Post Office Department needs technological improvement almost desperately, "there is little incentive to replace postal clerks, who can vote, with machines, which can't vote."

Political Pressures Call the Tune

At no time does this political sensitivity of the Department become more obvious than when a proposed postal rate increase comes before Congress. Tremendous pressures are imposed on Congress by those who have an interest in preventing the increases on the classes of mail they use. This year the second and third-class users have bitterly denounced the fact that proposed increases for first-class mail are proportionately less than on the others. Yet as one looks at the bewildering rates system used by the Post Office Department, it is clear that political considerations made it expedient to give second-class users (i.e., paid circulation periodicals) extremely low rates and third-class mailers (usually business organizations) special advantages.⁹

⁸ Chodorov, *op. cit.*

⁹ To use only two examples. It is safe to say that the rates and handling of all mail and every type of delivery (such as R.F.D.) have been influenced by political forces.

If one doubts that political considerations shape the running of the Post Office, he should check some of the national magazines earlier this year and read the editorials and articles which they ran in their own interest in bitter opposition to the proposed increases on second-class matter. For example, in an article entitled "Second-Class Mail Rates Can Ruin First-Class Magazines," in *The Reader's Digest*, April, 1962, the magazine summed up its case against higher rates for newspapers and magazines by urging readers to make their views (that is, *The Reader's Digest's* views) known to their congressmen.

While again scoring the Department for its inefficiencies and obsolete methods, as it had done some years before, the *Digest* failed to explain how the Post Office got that way. It was said that the Department performs many functions which are unrelated to the carrying of mail and for which no payment is made. But isn't it obvious that these functions must have at one time or another been assigned to the Department by either the legislative or executive branches of the government, and that, therefore, the very Congress to whom we are supposed to appeal for a solution to the "postal mess" is, in fact, a partial cause of it? We expect the Post Office to be efficient and modern and flexible; yet we have imposed on it a 535-man "board of directors" that has, itself, often used its free postal privileges shamelessly.

There's nothing wrong with the Post Office that couldn't be corrected quickly if we really did have the courage and good sense to put it on a "businesslike

basis." This would actually mean cutting it loose from all political control whatever, and releasing it from government ownership, for the distressing truth is that the government cannot resist meddling with that which it owns. In the case of the Post Office, this political meddling has led the Department in directions which no private business could travel and remain solvent.

Again in sharp contrast is A. T. & T., which has been able to manage its affairs so that special interest groups of customers aren't at war with the company and each other. A T. & T.'s chief advantage is that it has the good fortune to be a profits-oriented organization.

It is still primarily a business organization and must earn profits to survive at all. Its excellent earnings record also accounts for A. T. & T.'s continuing growth and vigor.

In the years 1946-1961, A. T. & T. earned profits of \$9¾ billion. Out of this amount it paid dividends of \$6.6 billion, leaving \$3.2 billion retained in the business. This was part of the company's investment in its future. Without these profits, there would have been little or no growth, for additional capital for expansion simply wouldn't have gravitated toward a losing business.

Incidentally, the Bell System's revenues have also contributed mightily toward the support of government, for in the same period it has paid out more than \$15 billion in local, state, and federal taxes.¹⁰

¹⁰ A.T. & T. yearly financial figures obtained from Moody's Public Utility Manual, 1961, and Moody's Public Utilities, February 20, 1962, published by Moody's Investor Service, New York. Totals were computed by author.

A. T. & T. vs. the U.S. Post Office

It can be argued that it is unfair to attempt comparison of A. T. & T. and the Post Office, since the methods of communication differ radically. A. T. & T. deals primarily with circuitry, which when installed can handle verbal messages instantaneously. Not so the Post Office, which must transport solid objects over great distances and is necessarily limited by the reasonable speed at which man and machine can travel. It is unfair, for example, to say that because the Bell System can connect a New York caller with a San Francisco number in two minutes, or less, the Post Office should deliver a letter with similar speed. Moreover, the Bell System with its automatic dialing systems and other creations is rapidly eliminating the possibility of human error, while postal clerks are still forced to waste long minutes studying, for example, *Jackson, Mich.*, and finally determining that this is a communication addressed to Jackson, Michigan, and not Jackson, Mississippi. Obviously, A. T. & T. and the Post Office have completely different operating problems.

Still, it is fair to say that of two dissimilar communications systems, one is partially failing us while the other seems destined for greater achievements. It is fair to wonder how the delivery of written communications would have been handled if our national traditions hadn't imposed on us an ironclad government postal monopoly. Would the Postal Service now be faced with mounting deficits? Would there have been a long period

of time when the service actually made no investment for new buildings, as union official William Doherty has charged, due to the unwillingness of Congress to appropriate money for this purpose?¹¹ Would a letter carrier now earn a starting salary of \$4,345 a year, with a 25-year maximum of \$5,605, or would wages and salaries be much higher?¹² Would the service be using such antiquated methods that as late as 1953, incoming Postmaster General Arthur E. Summerfield could make the shocking discovery that postal clerks in Denver had to sort mail out on the street because of cramped building space?¹³ Would deliveries be faster or slower? Would automated methods of handling mail have been put into widespread use? Would it be possible to get letters delivered the same day of mailing in metropolitan areas? One final remark: It is said that thousands of special delivery letters are actually delivered by regular carrier, since no special delivery service exists at certain times in many communities. Yet the person mailing the letter has no practical way of knowing this, and thus wastes

¹¹ "In the twenty-year period between 1938 and 1958 Congress failed to appropriate as much as a single dime for the construction of new postal facilities." William C. Doherty, *Mailman, U.S.A.*, (New York: David McKay Company, Inc., 1960). Mr. Doherty who is president of the National Association of Letter Carriers (AFL/CIO), credits Summerfield's plan of leasing postal facilities built by private capital with having saved the system from absolute chaos. (Elsewhere in his book he is less complimentary toward the embattled postmaster general of the Eisenhower administration.)

¹² Salary information obtained from National Association of Letter Carriers, AFL/CIO, Bulletin No. 1, January 2, 1962.

¹³ Arthur E. Summerfield, *U.S. Mail* (New York: Holt, Rinehart and Winston, 1960).

his extra 30¢ postage.¹⁴ If a private postal enterprise existed and engaged in this dubious form of customer-deception, would government regulatory agencies not order a full-scale investigation?

It *is*, then, fair to say that A. T. & T. gives excellent service in its field, while the Post Office is giving mediocre service that is obviously incompatible with our present state of economic development. It *is* fair to say that A. T. & T. operates efficiently, with a persistent attempt to cut costs and improve its own organization, while the Post Office operates with only a fair degree of efficiency, often because Congress does not appropriate capital funds. It is also fair to say that A. T. & T., despite its monopoly status, runs its affairs as competitively as any other U. S. enterprise, going to great lengths to promote new telephone services, courteous treatment of customers, and installation of additional telephones in businesses and residences.

But postal units do not seem to be competing with anybody, and hardly appear to recognize that it would be possible to increase the department's revenues by hard-hitting promotional campaigns and programs designed to give customers better service. It is also fair to ask if it is *even a moral thing* for the federal government to maintain such an enterprise as the Post Office, or any business, using the power of the state to force citizens to subsidize a service which is of much greater benefit to some users than it is to others. All other businesses,

¹⁴Floyd Clymer, *The Post Office Dilemma* (Los Angeles: Floyd Clymer, 1960), p. 166.

monopolistic or otherwise, must rely on the customer's voluntary patronage in order to survive. But in the case of the Post Office, the money which makes up its deficits is taken from us against our will, while federal police power prevents other competitors from entering the field and giving us alternate forms of letter delivery.

Could A. T. & T. run the Post Office? Certainly it could, although it's not certain that there is any great advantage in combining the telecommunications and letter-carrying systems, despite the example of Great Britain and others. However, it is clear that somebody, if not A. T. & T., could run it much better than the U. S. Congress and President can, or are allowed to by the political nature of things. At some point in future government deliberations over postal policies, a hardy soul ought to inquire into the reasons why the United States has the world's best telephones and the Western world's slowest mailbags.¹⁵ The answers might cause some government official to say, in a somewhat facetious manner, "Hey, maybe we ought to turn the Post Office over to A. T. & T. and see what they could do!"

After the chuckles had subsided, a few thoughtful persons in attendance might conclude that this wasn't a bad idea after all.

¹⁵ At least in the metropolitan areas, according to *The New York Times*, November 27, 1955, *U. S. News & World Report*, February 7, 1958, and *Newsweek*, *op. cit.* Some foreign cities (London, Paris, Berlin) have same-day delivery.

TWO VIEWS OF MANKIND

by Paul L. Poirot



WHEN men claim independence, "a decent respect to the opinions of mankind requires that they should declare the causes. . . ." So said certain Americans of 1776, reflecting such high regard for the dignity of individuals as to believe them both worthy and capable of freedom.

Contrast that appraisal of man as a self-respecting and responsible being with the very dim view taken by modern "liberals" who demand government aid and control in nearly every aspect of our daily lives.

If it's true that millions of adult American citizens are incapable of caring for and supporting and educating their own children, incapable of providing their own housing and their own medical care, incapable of paying the full costs of their bus and train and plane fares or the costs of highways and parking spaces for their own cars, incapable of meeting the expenses for light and heat and water and recreational facilities, incapable of operating their own farms or businesses without price support or tariff protection or "urban renewal" or other subsidy, incapable of looking after their own interests in job negotiations without a special grant of monopoly power from government, incapable of pro-

viding for themselves in periods of temporary unemployment or in their years of retirement—if it is true that so many American citizens are improvident and irresponsible, incapable of earning their own living and unable to survive except as wards of society, is there any reason why they should be permitted a vote or have any part whatsoever in governing society?

Isn't that the logical next step in the regression from citizenship to serfdom? Or, as one of the "liberal" professors has revealed, "Ours is not a government by the people, but government by government."

So, there are two views of man, and each of us must choose which kind he'll be:

- 1) Man, as responsible and worthy of freedom, or
- 2) Man, the weakling, whose life depends on the state's permission or sufferance.

TO HELP A NEIGHBOR

by Glenn Pearson



ON A COLD, windy, early autumn day some fifteen years ago, a disastrous fire struck my neighbor's farmyard. It destroyed all of the feed this dairyman had stored to carry his cattle through the seven months until he would begin to reap again. It burned his machinery, even killed a few of his animals. He had no insurance, and could not continue on his own resources alone. Yet, he was soon back in business, on the way to his former independence—without government subsidy!

How was this done? Through private charity and regular business channels. His neighbors immediately gave him enough feed to last two or three months. They helped with the extra chores he faced due to loss of his milking facilities. His church, through the voluntary contributions of his neighbors in a broader sense, loaned some money. He was able to borrow the rest of what he needed on his own credit from regular lending agencies.

His church loaned rather than gave the money, and then only after he had exhausted his own resources, because the philosophy of the church is that men should

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be as self-reliant as possible. After all, the fire was his responsibility: it was caused by faulty wiring. The loss was his fault: he should have been insured. It would not add to his stature as a man to let him think that, in some mysterious way, something called "society" was responsible and should pay.

An important moral of this story is that, contrary to the ugly suspicion of the socialist mind, there are people who will help their fellow men voluntarily. And everybody benefits by it: the helped ones appreciate the generosity of their neighbors and seek to return the favor in kind; the helpers know a joy that comes only from voluntary giving.

Another lesson that might be found in this, if one looks hard enough, is that the government cannot stop expanding public (*coerced*) welfare programs if it starts them. Who is to say that government insurance should stop with medical care for the aged and not include reimbursement for every conceivable disaster which might threaten the success of a business venture? Is government wiser than God that it should save men from the consequences of their own deeds? When people have become accustomed to looking to government instead of themselves, they then will expect the government to do what my neighbors did. And since government is by nature inefficient, it must take care of the total welfare program at infinitely greater cost than under voluntary private welfare. On top of all the help that normally would have been needed are added two heavy burdens: first, the burden of those who become wards of the state

simply because they can get away with it; second, the burden of graft and bureaucracy.

But let me continue my story; for it shows the operation of the socialist mind—that is, *my* mind as it had begun to function at that time.

The fire started before dawn one Sunday morning and was out of control when it was discovered. A few hours later that same morning, the victim's fellow church members gathered in their chapel at a regular meeting of the adult males of the area and were addressed as follows by their presiding officer: "I guess you all know that Jim was burned out this morning. This is a terrible disaster for him. We must all give until it hurts and then keep on giving until it feels good. Most of us are farmers. I suggest it would be easiest for us simply to give feed. Of course, money and building materials are going to be needed, too."

Within a few minutes several hundred dollars in money and materials had been pledged. These were not idle pledges; they were fulfilled, for they came from hearts filled with sympathy and pain for their unfortunate neighbor.

Pocketbook Pains

I, too, felt a pain which I then mistakenly traced to a generous heart, though I have since changed the diagnosis. It came from my pocketbook. It was a geographic error. My wallet was *near* my heart but not committed to its service.

Wanting to be *known* as a man who was concerned about the welfare of his fellow men, I got the floor and said, "I think this is a problem that should be solved on a higher level of responsibility. I am not opposed to our giving locally. But we cannot give enough. I believe this should be solved on the level of the General Church Welfare Program. Each of us already has given 10 to 15 per cent of his income to help the various charitable programs of the church. It is not fair to expect us to meet all of these emergencies alone. I think that is the reason we have the general program. Let us call on them for help."

The others blinked, for such reasoning had not occurred to them. They lacked the "refinements" of modern welfare state thinking wherein the responsibility is put as far away as possible, even to that magic basket of plenty called Washington, D. C. But I knew, for I was majoring in social science in a large university. It was agreed that the following Sunday we would invite a church official to explain why the welfare program had not given immediate help in this case of extreme emergency.

The man came and I was ready for him, burning with desire, as I supposed, to help my unfortunate neighbor. I was soon to realize, however, that my burning was from shame because I had not stepped forward with my own small offering. Subconsciously, I was hoping to expiate the sin of my neglect by seeing that someone else did the job. I had a speech all prepared in my mind: "All my life I have heard about our wonderful, efficient

church welfare program. Yet, the first time I see a real chance for it to do something, we have to fall back on a system of begging. What is wrong?" Fortunately, I did not have a chance to give my speech.

The Program Explained

The president of our group introduced our guest who then made the following statement:

"I understand you have some questions about the church welfare program, but first let me give a brief history of it.

"In the early days of the depression of the 1930's the leaders of the church became concerned about the increase in the number of poor among us. Through a series of events and developments, the church increased its facilities for caring for our own people. It wasn't anything new. It just became bigger and required more attention.

"As you know, a basic tenet of our faith and teaching is a passionate belief in liberty. As a people, we generally felt that the programs that were being introduced in Washington, D. C., would inevitably lead to moral decay and loss of freedom. For liberty cannot be divided. We cannot speak of freedom of worship without the right to own property. And one eventually must lose his right to own property if government continues to increase its activities and responsibilities.

"We recognized that in the enlargement of our church welfare program we could make the same mistakes as

the government, and thus destroy the moral strength of our people. We saw that we must not help anyone in such a way as to rob him of his self-respect or his ability to go on and help himself instead of becoming helpless. So all of our programs are designed to preserve these virtues.

“In this connection, our policy is not to loan money to people who are able to borrow it through regular business channels. For that would be unfair both to business and to those to whom we loan the money. Everything must be done to encourage our people to keep their self-reliance. We also must be careful not to create an impression that our loans are really gifts in disguise. Our object is to help, not hurt, those to whom we loan the money.

“And there is another factor we must consider. It is the factor of judgment, justice, or responsibility. We think of the obligation of welfare or Christian giving as being operative on three levels. First is the family level. The members of the family should have the first privilege and responsibility of helping their own needy. If they help, theirs are the blessings of the Almighty. If they fail to help when able, they stand condemned before His judgment bar. If we step in without giving members of the family a chance, how can there be a blessing or a judgment on them?

“Next are the neighbors. They, too, should have a chance to succeed or fail in the most important challenge that comes to men. Let me read from the book of Matthew, chapter 25, verses 31 to 46—enough to refresh

your memories. You read the rest when you get home.

“For I was an hungred, and ye gave me no meat: I was thirsty, and ye gave me no drink: I was a stranger, and ye took me not in: naked, and ye clothed me not: sick, and in prison, and ye visited me not.

“Then shall they also answer him, saying, Lord, when saw we thee an hungred, or athirst, or a stranger, or naked, or sick, or in prison, and did not minister unto thee?

“Then shall he answer them, saying, Verily I say unto you, Inasmuch as ye did it not to one of the least of these, ye did it not to me.

“Finally, if the family and the neighbors have failed, or if the job is manifestly too big, the higher headquarters of the church welfare program take over.

“Now, are there any questions?”

There were many questions. But all of them were friendly. And none came from me. I had heard enough. In clear terms, without apology, this man had told the simple truth. It stood by itself.

“Deliver Me from Responsibility”

There are many ways one can say, “Let Washington do it.” But they all add up to the same thing: “I want the responsibility as far away from me as possible.” In the case of social welfare by government, it means: “I am ever so anxious to have the poor cared for. But I do not believe it will be done unless people are forced to do it.”

Of course, we cannot say that every social planner is basically stingy and suspects everyone else of being

stingy. But what possible motive *can* a man have for wanting to put the responsibility of social welfare on the willing shoulders of the bureaucrats in Washington? How much is needed? Who can say where poverty stops and plenty begins? Where can government get what it gives but from the people? How can it take it but by the use of force? How can it avoid taking more and giving less? We do not escape the problems of our needy neighbors by putting these problems at the door of the legislators in Washington. We only compound what must eventually return to us for solution.

Can the advocate of coercive social welfare salve his nagging conscience by demanding help from the government for the people he personally passes by and leaves "an hungred, athirst, naked, sick, and imprisoned"?

FRIEND BATTLES FRIEND



The following editorial from INGERSOLL Letter of June 1962, published by The Ingersoll Milling Machine Company of Rockford, Illinois, refers to a local situation. But it might happen anywhere.

THINK of a good friend of yours—one you might ride to work with, eat lunch with, go fishing with. What would it take to get you to fire a shotgun through his front window? Or to sneak into his garage after he has gone to bed and dump paint all over his new car?

You may think you couldn't treat a good friend this way, yet others have actually come to act toward their friends in this strange and uncivilized manner.

You certainly wouldn't believe you could be led to do such things because you and your friend disagreed over the terms and conditions of your employment. Most people wouldn't think of that as a reason for abandoning friendship.

Let's say, nevertheless, that you disagree with your friend as to whether you both should go to work at a particular place under certain specified conditions of employment. Your friend wants to work. You don't.

Would you just stay home and let your friend make his own free choice? You very well might, unless it so happened that a third party had come between you—

someone who specializes in stirring up trouble and turning friend against friend. This is the kind of situation in which sufficient encouragement by such specialists can easily lead to violence and wanton destruction of private property.

If you think, "It could never happen to me; I wouldn't be that kind," you're probably right . . . but then, you might be surprised. Of course, just the two of you—you and your friend—could settle almost any kind of difference that might come along, with no need for violence. But with a little "help" from the outside, from these specialists, it's surprising how friend can be turned against friend and made to do the most awful things.

Not far from The Ingersoll Milling Machine Company, not far from the place where you sit down with this friend of yours and eat your sandwich, not far from the roads where the two of you drive back and forth to work together, there are men who are committing the most wanton acts of violence and destruction against their friends.

The place is the Mattison Machine Works.

The people are men just like you and your friend, and the things friend has done to friend include crimes more like what you'd expect in a Cuban revolution.

Paint bombs have been thrown, windows shot out of automobiles with a rifle. A window was blasted by a shotgun with sufficient force to cause portions of the glass to slice the scalp of a woman sitting in her home.

Four men called on a woman 60 years old who had

suffered a heart attack and frightened her so badly that it was no longer possible for her son to leave her to continue working to make their living. Tires were slashed with knives, or punctured with nails strewn in the road; cars with rear view mirrors torn off, or with paint scratched from end to end by nails held in the hands of men standing at the parking lot gate.

All these shocking acts are on the record. They have been perpetrated here in our own community, by friend against friend, by neighbor against neighbor. They have demonstrated the startling extent of men's capacity for inhumanity toward other men.

The record itself is a sorry one, but more shocking than all these acts of violence is the fact that with these things going on right here in our own city, the Rockford community as a whole approves of them by its silence.

If a group of boys on the way home from a weekend at the lakes fired a rifle into a school or store window, the story would be all over the front page and everyone would be talking about juvenile delinquency and what to do about the teen-age problem. Yet, when the offenders are adults involved in a disagreement over employment conditions, most community leaders say nothing.

Clergymen who wax eloquent on the subject of man's inhumanity to man in Laos or Cambodia sweep this disgrace of our own community under the rug of silence, although there has been complete disregard for the private property and safety of other people—the basis on which our society was founded.

It is no excuse to say, "This is a job for the police," for the police are doing their best. But the police are always hard put to enforce any law when its violation seems to have community approval.

And what is the issue that causes some men to treat others this way? It's a very simple disagreement. One man says, "I want to go to work today." His friend says, "I don't want you to go to work today, and I will do anything within my power to prevent you, including endangering your life and the lives of your loved ones."

True, most of us would never reach this state of mind alone. We would need encouragement and constant prodding by professional antagonizers.

But it has happened, is happening, in our town, among people we know; and the best way to avoid it is to avoid the people who traffic in destroying friendships . . . the only people who have anything to gain by it.

DEFINING FREEDOM

by Edmund A. Opitz



FREEDOM cannot be successfully defended in practice by a people who are uncertain about the theory of freedom. Freedom's first line of defense is correct understanding, and an important part of understanding—whatever the subject matter—is proper definition. Attacks on freedom by its enemies are promptly recognized, and tend to rally freedom's friends to its defense. Defective definitions of freedom by its friends, on the other hand, may do the cause infinite damage; their faulty explanations of freedom may succeed only in explaining it away.

Rigorous definition is never simple or easy, and there is a sort of Gresham's Law at work in the intellectual sphere: Oversimplified explanations tend to drive out the complex and gain popular acceptance for themselves. Nature always seeks out the hidden flaw, and a bad definition is a crack through which good ideas may leak away.

Freedom is a complicated subject. How, otherwise, can we account for the fact that human beings have enjoyed so little of it in the course of their checkered history upon this planet? In trying to explain the lim-

ited amount of freedom they have enjoyed, men have concocted scores of mutually inconsistent definitions of it. The most popular definition of freedom, the one that comes first to mind, is, as we would expect, also the simplest: "Freedom is the absence of restraint." Nothing, at first glance, sounds more straightforward, but analysis reveals that the freedom so defined is equally compatible with unfreedom. "Unrestraint" is absence of restraint, unquestionably, but is mere "unrestraint" to be equated with human freedom?

Inner versus Outer Restraints

Restraints fall into two major categories; outer or sociological, and inner or psychological. It follows, then, that ideal "freedom" (of the sort envisioned by the above definition) is the course of conduct which results when a sudden whim or caprice, meeting no psychological checks within, is immediately obeyed and carried through to a conclusion without external hindrances. A man is "free"—according to the above definition—when his impulses are given uninhibited expression. For instance, a man is seized by an urge to heave a bottle of champagne into the chandelier and does so forthwith. When asked to explain his actions, he replies: "Well, it just seemed like a good thing to do at the time." This is certainly unrestrained action, and in terms of the above definition, the bottle thrower is the free man *par excellence*.

Some of us would want to raise a few questions about

the so-called freedom of the man whose spontaneous impulse results in this kind of conduct—even though it was his own bottle heaved into his own chandelier in an otherwise empty room. A man who is incapable of resisting his own impulses, who is under the sway of “the dark gods of the blood,” whose higher faculties of reason and will are no longer in control of the decision-making process does not conform to our picture of a free man. Quite the contrary! He is a man suffering from an emotional derangement, a man who can only react, having lost the power to act. Initiative is out of his hands and he is a thing moved rather than a free agent. Political liberty he may have, if he inhabits a free society, but it stretches a point to the breaking to regard him as a fully free man. Inner restraints are those which a man imposes on himself. Random impulses, urges, compulsions, twitches, and tics are sorted, graded, and policed—so to speak—by the will, the intelligence, and the higher sensibilities. When the intelligence fails, or the will caves in, or judgment is lacking, the individual has lost control of himself; something else has taken charge, and he is not free in any intelligible meaning of that word.

Let's leave the inner world to the psychologists and move into the outer world, back into the room with our bottle thrower. The definition we are analyzing stipulates no conditions except “absence of restraint.” Suppose now that the bottle thrower is not alone in his own home; he throws someone else's bottle of champagne, in another man's house, and in a roomful of people. He is

unrestrained, in other words, by respect for the property and persons of other people. And if freedom is simply "absence of restraint"—as this definition holds—then a man who is restrained by a due respect for the rights of other men to their persons and their property is not free!

Rather than freedom being the mere absence of restraints we begin to see that freedom is indeed the acknowledgment of certain kinds of restraints—or constraints. Inwardly, a man is free when he is self-determined and self-controlling. Outwardly, a man is free in society—enjoys political liberty—when the limitations he accepts for his own actions are no greater than needed to meet the requirement that every other individual have like liberty.

The Classic Liberals sought a Law of Equal Liberty: Each man is free to do whatever does not impair the equal freedom of any other man. This rule is based on the assumption that each person has prerogatives which no other may impair, such personal immunities being usually spoken of as "rights." Ethical behavior is conduct which respects these "rights"; and the law properly comes into play whenever these "rights" are violated. There can be no genuine freedom unless men generally recognize the limitations placed on each man's actions by consideration for the persons and property of other men.¹

¹"Liberty does not and cannot include any action, regardless of sponsorship, which lessens the liberty of a single human being." Leonard E. Read, *Government—An Ideal Concept* (Irvington-on-Hudson, N. Y.: Foundation for Economic Education, 1954).

Such consideration is virtually an acknowledgment of a moral order. Men are swayed by instinct and impulse, as are animals, but in addition, they are equipped with the means of checking these drives in order to permit a moral imperative to come into play. "Ought" plays a role in human life which has no counterpart in the animal world. "I want to do this but I ought to do that," voices a common phase of the decision-making process. The "ought" does not always win out, because human motivation is exceedingly complex. But duty and obligation do exert a restraining influence on impulse and interest, and individual liberty fares ill when men refuse to acknowledge the restraints imposed by the existence of a moral order.

Contract vs. Status

Then there are contracts. In the older societies of status, where each man had an assigned place in the hierarchy—the level on which his ancestors had lived—the idea of individual liberty had rough going. It was only when status gave way to contract that men had the freedom to move up or down the social ladder according to ability, to seek that place in society which accorded with their peers' judgment of individual merit. A contract society and the system of liberty are, for all practical purposes, equivalent terms. A contract is a give-and-take arrangement, and so, while one side of the contract equation may open up opportunities, the other imposes restraints. John Doe borrows money to-

day and lives it up for the next six months. His note comes due a year from today and he has a legal, as well as moral, obligation to meet its terms, however much they might seem to cramp his style. Modern society is sustained by an intricate network of contracts in which each of us is enmeshed. Their terms restrain us at a score of points; but unless we willingly embrace these restraints, we lend our weight to society's slide back into a condition of status. Contractual restraints are a condition of individual liberty.

The view which defines liberty as the mere "absence of restraint" may be well-meaning, but that is the best one can say about it. It is a definition which permits, and even encourages, the substance of liberty to leak away. It undermines the sanctity of person and property, it ignores the moral order, and it undercuts the system of contracts. The truly free man is not a captive of his impulses: he controls his own actions so as not to impair the equal rights of others to their persons and their property; he is constrained by moral considerations; and he is meticulous about his contractual obligations. Such a pattern of conduct is not accurately described by the simple label, "unrestrained."

THE OLD REGIME

by *Samuel B. Pettengill*



METHODS AND FORMS were important to Thomas Jefferson. He did not believe liberal ends could be attained by illiberal means, nor a democratic result by a dictatorial method.

So let us discuss "methods." It will be found that certain methods urged today have their counterpart in the past—a past that Jefferson rejected.

These precedents may be found in the history of many centuries. With them Jefferson had a profound acquaintance. Their development in England led to the great Declaration of 1776. Here the "objective" was "Life, Liberty and the pursuit of Happiness." The break with England took place because the "*form of Government*" became "destructive of these *ends*."

Let us consider conditions in France which preceded the Terror of the 1790's, the beginnings of which Jef-

Though he had supported the Roosevelt campaign objectives in 1932, the Democratic Congressman from Indiana, Samuel B. Pettengill, found himself strongly opposed to many of the methods of the "New Deal." In 1938 his book, *Jefferson, The Forgotten Man* (published by America's Future, Inc of New York), set forth the reasons for his opposition. These excerpts, comparing the New Deal with the Old Regime of prerevolutionary France, seem especially worthy of repetition today.

person saw with his own eyes during his five years' residence there as Minister, 1784-1789.

Our authority is the great Frenchman, Alexis de Tocqueville (author of the famous *Democracy in America*), in his book on his own country, *The Old Regime and the Revolution*. The following paragraphs in quotes are from this notable book. Please observe that it was written in 1856. This absolves it of any charge of bias or partisanship in today's politics. Nevertheless, these paragraphs seem like items from the daily papers:

The law obliged no man to take care of the poor in the rural districts; the central government boldly assumed charge of them.

Not content with aiding the peasantry in times of distress, the central government undertook to teach them the art of growing rich, by giving them good advice, and occasionally by resorting to compulsory methods.

Orders were passed prohibiting cultivation of this or that agricultural produce in lands which the Council considered unsuited to it. Others required that vines planted in what the Council regarded as bad soil should be uprooted. To such an extent had the government exchanged the duties of sovereign for those of guardian.

Some reduction of the burdens which weighed on agriculture would probably have proved more efficacious; but this was never contemplated for a moment.

You have neither Parliament, nor estates, nor governors; nothing but thirty masters of requests, on whom, so far as the provinces are concerned, welfare or misery, plenty or want, entirely depend.

The government had a hand in the management of all the cities in the kingdom, great and small. It was consulted on all subjects, and gave decided opinions on all; it even regulated

festivals. It was the government which gave orders for public rejoicing, fireworks, and illuminations.

Municipal officers were impressed with a suitable consciousness of their nonentity.

The church, which a storm had unroofed, or the presbytery wall which was falling to pieces, could not be repaired without a decree of Council. This rule applied with equal force to all parishes, however distant from the capital. I have seen a petition from a parish to the Council praying to be allowed to spend twenty-five livres.

Under the old regime, as in our own day, neither city, nor borough, nor village, nor hamlet, however small, nor hospital, nor church, nor convent, nor college, could exercise a free will in its private affairs, or administer its property as it thought best. Then, as now, the administration was the guardian of the whole French people; insolence had not yet invented the name, but the thing was already in existence.

Ministers are overloaded with business details. Everything is done by them or through them, and if their information be not coextensive with their power, they are forced to let their clerks act as they please, and become the real masters of the country. [The bureaucracy of the eighteenth century.]

Judges whose position was beyond the king's reach, whom he could neither dismiss, nor displace, nor promote, and over whom he had no hold either by ambition or by fear, soon proved inconvenient. [As they did in 1937.]

A very extensive machinery was requisite before the government could know every thing and manage every thing at Paris. [Just as at Washington!] The amount of documents filed was enormous, and the slowness with which public business was transacted such that I have been unable to discover any case in which a village obtained permission to raise its church steeple or repair its presbytery in less than a year. Generally speaking, two or three years elapsed before such petitions were granted. [The modern name is "red tape."]

A marked characteristic of the French government, even in those days, was the hatred it bore to every one, whether noble or not, who presumed to meddle with public affairs without

its knowledge. It took fright at the organization of the least public body which ventured to exist without permission. It was disturbed by the formation of any free society. It could brook no association but such as it had arbitrarily formed, and over which it presided. Even manufacturing companies displeased it. In a word, it objected to people looking over their own concerns and preferred general inertia to rivalry. [Competition.]

It seldom undertook, or soon abandoned projects of useful reform which demanded perseverance and energy, but it was incessantly engaged in altering the laws. Repose was never known in its domain. New rules followed each other with such bewildering rapidity that its agents never knew which to obey of the multifarious commands they received.

Nobody expected to succeed in any enterprise unless the state helped him. Farmers, who, as a class, are generally stubborn and indocile, were led to believe that the backwardness of agriculture was due to the lack of advice and aid from the government. [How familiar this sounds!]

Government having assumed the place of Providence, people naturally invoked its aid for their private wants. Heaps of petitions were received from persons who wanted their petty private ends served, always for the public good.

Sad reading, this: Farmers begging to be reimbursed the value of lost cattle or horses; men in easy circumstances begging a loan to enable them to work their land to more advantage; manufacturers begging for monopolies to crush out competition; businessmen confiding their pecuniary embarrassments to the intendant, and begging for assistance or a loan. It would appear that the public funds were liable to be used in this way.

The local franchises of the rural districts were fading away, all symptoms of independent vigor were vanishing, provincial characteristics were being effaced, the last flicker of the old national life was dying out.

France is nothing but Paris and a few distant provinces which Paris has not yet had time to swallow up.

All this Tocqueville wrote in 1856. He summed it up as follows:

History, it is easily perceived, is a picture-gallery containing a host of copies and very few originals.

So much from the great Frenchman writing in his own land under the Old Regime. Change "Paris" to "Washington," "provinces" to "states," and "France" to "the United States," and Tocqueville has painted with marvelous precision our country in the year 1938. [or 1962.]

Jefferson's Observations on the Situation

Now let us turn to Jefferson, who was in France immediately following our own Revolution of 1776 and just before the French Revolution broke out. What did Jefferson think of all this as he went from house to house observing the life of the rich and the poor, looking in their kitchens and kettles to see what they had to eat and asking how much they produced, what taxes they paid, what lives they lived. I quote what he said:

Never was there a country [France] where the practice of governing too much had taken deeper root and done more mischief.

As for France and England with all their pre-eminence in science, the one is a den of robbers, the other of pirates.

Nor should we wonder at the pressure [for a new constitution in France in 1788-89] when we consider the monstrous abuses of power under which these people were ground to powder, the enormous expenses of the Queen, the Princes

and the Court, the shackles on industry by guilds and corporations.

It is urged principally against the King that his revenue is one hundred and thirty millions more than that of his predecessor and yet he demands one hundred and twenty millions further.

The consternation is as yet too great to let us judge of the issue. It will probably ripen the public mind to the necessity of a change in their constitution and to the substituting the collected wisdom of the whole in place of a single will by which they had been hitherto governed. It is remarkable proof of the total incompetency of a single head to govern the nation well, when, with a revenue of six hundred millions they are led to a declared bankruptcy, and to stop the wheels of government even in its essential movements, for want of money.

You have heard of the peril into which the French Revolution is brought by the flight of their King. Such are the fruits of that form of government which heaps importance on idiots and of which the tories of the present day are trying to preach into our favor.

Jefferson believed as a cardinal principle of government that it should be decentralized. He had witnessed at firsthand both at home and in France the evils, the abuses, and the dangers of a concentrated government.

The Urge to Govern

Such was the regimentation of the eighteenth century, known to economists as "mercantilism," and to others as paternalism. It is often supposed that government was simple "in the good old days"; that it was simple because no other kind was necessary, and that centralization of control and bureaucratic regimentation at the nation's capital has existed only since, and only because

of, the "economic integration" of the network of radios, railroads, telegraphs, fast-moving transport, and all the paraphernalia of modern science and technology.

The contrary is the truth. The itch to govern is an ancient and hereditary disease and laid its heavy hand on the simplest affairs of the smallest village two centuries ago.

"I have myself counted in a provincial town of no great size in the year 1750, the names of 109 persons engaged in administering justice, and 126 more busy in executing their orders," observed Tocqueville.

A free market is not an unregulated market, as those contend who itch to rule the lives of other men. Every market needs regulation in the public interest. But in a free market competition is the great regulator. It prevents price gouging. It improves quality. It forbids quantity limitation. It gives the consumer most and best for least.

The only other regulator is the policeman. He is personal. Competition is impersonal. The one can be "reached." His judgments can be controlled. We childishly say, "Pass a law." The Romans were wiser. They said, "Who will watch the watchman?"

With the worst record in the civilized world in dealing with crime we are still crazy enough to want to turn over to more politicians more and more power to control more and more men. In doing so we set up more tribute-takers and tollgatherers along more trade routes. We subsidize politics at the expense of business, production, employment.

After seeing enormous tolls collected from the lesser businesses of liquor, race tracks, dance halls, red light districts, prize fighting, wrestling, slot machines, road building, municipal supplies, even schoolbooks for our children, we hanker and yearn to place all business, all trade, all agriculture, transportation, banking, mining, and so forth, under the rule of the politician!

The men who argue for this sort of "control," instead of the competition of the market place, are the New Tories. They are not liberals. They are not progressives. They are taking us straight back to the Old Regime described by Tocqueville and Jefferson.

LAWS FOLLOW BELIEFS

by Dean Russell



THE CONSTITUTION of the United States worked well until 1860 because most of the voters were in favor of the principles on which it was based. For the next eight years there was no effective Constitution; it was temporarily shelved while the issue of slavery was settled by force of arms. Not surprisingly, the victors then wrote their own philosophy into the Constitution.

The Constitution continued to work reasonably well from 1868 to 1930 because most of the voters were still generally inclined toward most of the principles that inspired it.

The Constitution hasn't worked at all well since 1930 because most of the voters have not been in favor of the social and economic and political systems it was designed to support. Words have little meaning when the spirit behind them is missing.

The government of the United States (or of France or Russia or any other nation over a significant period of time) will be and do whatever most of the voters want or will tolerate. No mechanistic scheme or written document can ever for long prevent the effective

minority (usually called the majority) of the people from doing whatever it is they want to do.

Thus, whenever the majority (that is, the effective minority) of the American people accept again the general philosophy that inspired the Constitution, we will return to the Constitution; not before. For while laws may reflect what people believe, it is the beliefs, *not* the laws as such, that generally determine their actions.

SAYING WHAT WE MEAN

by *Leonard E. Read*



INTEGRITY requires that we mean what we say; effective communication demands that we say what we mean. There can be no good society without the widespread practice of integrity.¹ Nor can society endure without effective communication. The increasing friction in man's relationship to man, especially those relationships of a political nature, betokens an erosion not only of integrity but also of communication.

A friend in another country, of different cultural background from our own, was horrified to learn that I totally disapprove of socialism, and I was equally horrified at his reaction. Subsequent discussion, however, revealed that we differed not at all in our ideologies, though the term "socialism" conjured up one image in his mind and quite another in mine.

The divergence in the images created by certain words and terms accounts in part for the many quarreling camps into which we are divided; brother fighting brother, so to speak, and often for no more reason than

¹ See "Integrity and Leadership," a chapter in my *Elements of Libertarian Leadership*. Irvington-on-Hudson, N. Y.; Foundation for Economic Education, Inc., \$2.00 paper; \$3.00 cloth.

a failure to communicate our own ideas, uncorrupted, to others. We mean one thing, but what we say is taken to mean something entirely different; in short, we do not say clearly what we mean. Anyone who ventures into philosophical discourse is confronted with what has been described as "the tyranny of language."²

The term "private enterprise" is a case in point. A person opposed to government or state enterprises—TVA, Canadian National Railways, U. S. Post Office, collectivized farming as practiced in Russia, and so on—may declare that he stands "four-square in favor of private enterprise." This term, however, is but a generality and is wholly lacking in descriptive precision. It is, at best, an untrustworthy image maker; it has a different meaning for every person who uses, hears, or reads it. To employ the bare term as descriptive of our beliefs is not to say, or at least not to convey, what we mean.

Most persons who speak and think favorably of private enterprise will have an image of such ideal situations as honorable men engaging in willing exchange and voluntarily cooperating and competing in response to consumer demands. They visualize participants in enterprises that employ workers and capital to produce more goods and services for more people at constantly lowering prices. They think of businessmen as servants of the masses, servants who believe in and practice open opportunity for all, with each person having a right to the fruits of his own labor, including such rewards

² See *The Meaning of Meaning* by C. K. Ogden and I. A. Richards. (New York: Harcourt Brace & Co., 1936.) p. 4.

for merit as are determined by a free and unfettered market. Indeed, some protagonists of private enterprise think of it as the Golden Rule in economic practice.

But observe what images "private enterprise" is apt to create in the mind of state interventionists: monopoly, dog eat dog, law of the jungle, cutthroat competition, exploitation of workers, devil take the hindmost, materialism, conspiracy, subsidy-seeking, greed, crookedness.

A generalized, simplified label does no more than offer the reader or listener an empty container into which he dumps his own meanings or preconceptions. In the absence of a precise definition that is understood and accepted, such terms are unreliable and cannot be used in communication without the risk of corruption in the process. Furthermore, it is futile to seek a single, simple term to describe what an intelligent person believes. The propensity to pigeonhole ourselves under some label not only tends to misinform others but also detours our own thinking processes away from self-enlightenment; we need to think through and clarify what we mean in order to grow in understanding.³ When we avow, without further explanation, our devotion to private enterprise, we communicate little more to others about our ideology than we would if announcing our social security number.

And, we must ask, why should we profess astonish-

³ For example, what do we mean when we refer to "price control"? Dr. Dean Russell has thought this through to the conclusion that it can have but one meaning: *people control!* See "Freedom follows the Free Market," p. 198 of this volume.

ment when the term "private enterprise" conjures up unfavorable images? Piracy is a private enterprise, and so is robbery, embezzlement, kidnapping, blackmail, head-hunting. Accepting a deep freeze or a mink coat by a bureaucrat in exchange for a government handout or contract is just as private and as enterprising as is a secret price-fixing get-together of corporate officials.

Private vs. Public

In the instance of the particular label-term here selected for analysis, image distortion originates when "private" is used as opposed to "public" or "government," as if the former were unqualifiedly virtuous. Other terms and explanations are needed to describe the two different organizational arrangements involved.

All evils, all virtues—all human actions, in fact—are private in the sense that an individual originates them; and an evil or virtue is neither more nor less private because of its practitioners being in or out of government.

Once we conceive of all action as related to persons and, therefore, responsible, we must look for the significant distinction between different types of private action. What, for instance, distinguishes TVA from an investor-owned electric system, or Canadian National Railways from Canadian Pacific Railway, or the U. S. Post Office from A. T. & T., or a collective farm in Russia from the farm you yourself might own and operate? The distinction is not fully explained by the term

“private”; for all actions, collectivized or not, are private. What, then, is the essential difference? What is the characteristic of those private actions which are immoral and unjust and, therefore, should be restrained; and of those private actions which are moral and just and, therefore, should be left free?⁴

Human actions are difficult to categorize in a precise manner, but the distinction sought here is roughly between the compulsory or coercive and the voluntary or nonauthoritarian. Yet this division, by itself, does not complete the task of saying what we mean, for there are certain acts of compulsion that may be desirable in a social sense; for instance, employing the authoritative force to *defend* life, liberty, and the fruits of one’s labor. Authority of the defensive brand is needed to put down unwarranted acts of aggression against peaceful persons, to discourage that kind of private action which *takes* life, liberty, and the fruits of one’s labor.

Compulsory action by the political authority is action backed by force or the threat of force. Reason as well as history attests to the fact that the political authority is always dangerous, for it can be used as easily for aggressive as for defensive purposes.

Government is by nature compulsory, but as long as persons, organized as government and backed by force, are limited to the defensive function, their work is wholly desirable. But when this same agency of men in-

⁴Bear in mind that we are here concerned only with those private actions which relate to and have a bearing on others, that is, actions with social implications.

tervenes to modify the productive or creative affairs of peaceful persons the authority becomes aggressive. The point need not be labored; one example will suffice: should we nationalize opera, as is now proposed, the authority will forcibly *take* the income of all taxpayers to gratify opera goers. This is the simple essence of all socialism and state welfarism.

Coercive in All Cases

Thus, it can be seen that all government enterprises beyond defensive functions—TVA, federal urban renewal, federal aid to education, the farm program, federal tourist agencies, “public” golf courses, endlessly on and on—are but human actions, all individual and private, backed by force, which is to say, they are authoritarian enterprises; the coercions are of the aggressive, not the defensive, brand!

Individuals backed by force and organized as government have no place or purpose, are capable of no contribution to peaceful persons in society, except to put down all private, authoritarian actions of the aggressive type. Examples of such private, aggressive action include theft, piracy, contract breaking, misrepresentation, violence, kidnaping—in short, feathering the nest of some with feathers coercively plucked from others.

Many of us when we speak of “private enterprise” in contrast to TVA and the like, have only in mind private actions which rest solely on willing exchange, that is, on nonauthoritarian or voluntary actions. But even these ad-

jectives, more accurately descriptive than "private," will not, by themselves, fully convey what we mean.

Some readers may look upon this commentary as much ado about nothing. Yet, in these days of scan reading and getting our ideas, if any, on the run, when so many believe they have no time for reflection, contemplation, concentration, and when hordes of us think we have a mission to set the masses straight, there is a temptation to oversimplify, to "lump think." We seek a word or phrase that will serve as an intellectual short cut to saying what we mean. This disastrous tendency is harmful, not helpful, to an emergence of the kind of people among whom the understanding and practice of liberty is possible.

Once we are rid of the self-delusion that we can make over or reform "the ignorant," we may see that the nation's economic, social, political, and moral disarray will not respond one whit to our censure or blandishments; *that the extent to which liberty eludes us is but a measure of intellectual and moral deficiency*; that salvation rests exclusively on the appearance of numerous improving individuals, enough, at least, to compose an attracting vanguard, persons whom others will seek as tutors.

This requires that we find out how better to say what we mean for, in so doing, we plumb our own depths and move toward self-enlightenment. It is impossible to improve explanations of what we mean without, at the same time, expanding our own knowledge and increasing the demand for our services as tutors.

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