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CHARLES W. WILLIAMS

FOOD FROM THOUGHT

How ideas flower
and bear fruit,
if men are free

IMPORTANT EVENTS in the exciting history of food have interesting, divergent, and often accidental beginnings.

In 1856 a boy in Pittsburgh grew some extra horseradish in his mother's garden. He borrowed a wheelbarrow, which he filled with bottles of ground horseradish and sold to local grocers. The boy was Henry Heinz; and from this first bottle of horseradish sauce grew the intricate world-wide business of the H. J. Heinz Company. Before 1900 that one variety had grown to 57, which today numbers close to 570 in this far-flung food empire.

Mr. Williams, now retired from an executive role in the food industry, has written numerous articles concerning that field.

In 1904 Thomas Sullivan, a tea merchant, sent samples of his various blends of tea to a few of his customers packed in little, hand-sewn silk bags. To his amazement, orders began pouring in by the hundreds for his tea put up in bags. His customers had discovered that tea could be made quickly without muss or fuss by pouring boiling water over tea bags in cups. Thus, quite by accident, was the start of a million-dollar innovation in the sale of tea.

In 1890 a salesman living in Johnstown, New York, while watching the time it took his wife to make some calf's-foot jelly, decided that powdering gelatin would

save a lot of time in the kitchen. Charles B. Knox put his idea into operation, hired salesmen to go into peoples' homes to show how easily his gelatin could be dissolved in water and used. His wife worked out recipes for aspics and desserts to be given away with each package. This was the beginning of Knox Gelatine known today by every American housewife.

Peter Cooper, the inventor of the "Tom Thumb" locomotives, also invented a process for mixing powdered gelatin, sugar, and fruit flavors. This was fifty years before it began to appear on grocers' shelves as Jell-O. He was too early; merchandising methods had not been developed to convince housewives of the need for ready prepared foods. Just before the beginning of this century spectacular advertising for its day pointed out how many desserts could be prepared from this inexpensive, neat, clean package of Jell-O. Recipe booklets were distributed by the millions, as many as 15 million in one year, unheard of in that day. Another billion-dollar food business was launched.

Count Rumford, born in Massachusetts, who later migrated to England, was a leading physicist of the nineteenth century. He built the first kitchen range designed for use in a prison in Munich. This proved so efficient and workable that many wealthy people commissioned Count Rumford to replace their open hearth type of cooking apparatus with these new contraptions in their manor kitchens. By 1850 many American manufacturers had adapted Rumford's invention and were producing cast iron ranges in many sizes and shapes, lavishly decorated. From an experimental prison range, the modern stove industry was born.

In 1914 a young scientist from Brooklyn, New York, named Clarence Birdseye joined a scientific expedition to Labrador. He was also an avid sportsman, so he lost no time. He cut a hole in the thick arctic ice to try his hand at fishing. The fish froze as soon as they were exposed to the subfreezing air, often before he had them off the hook. To his surprise, the fish could be kept frozen for weeks and then defrosted and cooked like a fresh fish without any loss of texture or flavor. After returning to the United States, Birdseye made the same discovery while hunting caribou. The steaks from the quick-frozen caribou could later be broiled to a juicy, flavorsome rareness. Because of World War I, he had to drop many additional experiments in quick-freezing all kinds of food. After th

war he went into the fishery business in Gloucester, Massachusetts, and experimented with fast freezing on the side. With a tremendous amount of good salesmanship, he raised money for the first quick-frozen food company. The first Birdseye package went on sale to the public in 1930. It would have been difficult to believe, at that time, that within a relatively few years almost every segment of our giant American food industry would be in quick freezing.

In Boston in 1894 a boarding-house keeper was criticized by a sailor in her rooming house because her puddings were lumpy. Insulted at first, she became interested when he explained that the South Sea island natives pounded tapioca to a smooth consistency and suggested that she experiment by running some through her coffee grinder. Sure enough from there on her puddings were as smooth as silk. Soon she was putting up her finely ground tapioca in bags and selling them to her neighbors. She chose a very magic name – "Minute Tapioca" – and soon found a big business on her hands. Many quickly prepared foods have since copied the word "minute," but today a minute does not seem fast enough and has been replaced by "instant."

Many people believe Aunt Jemima to be a fictional name representing an old-fashioned Negro mammy. On the contrary, the name of this ever-popular pancake mix was inspired by a real, live person. A widow who lost all her money and could no longer pay wages to the faithful old family cook worked out a formula with her real-life Aunt Jemima and managed to borrow enough money so they could jointly put their product on the market. The mix brought fame and fortune to the real Aunt Jemima and her former penniless mistress.

Chiffon cake was billed in huge cake mix ads in the 1940's as the "first really new cake in a hundred years." Harry Baker was a professional baker and owned a pastry shop in Hollywood, California. For years celebrities had flocked to his store and raved about his cakes. Many cooks feel that their personal recipes should be very valuable to some big food manufacturer but are shocked to find that variations of nearly every recipe have already been tried in the research kitchens. Harry Baker was one of the lucky ones; he sold his recipes for many thousands of dollars to General Mills. The valuable secret of his chiffon cake was that instead of shortening he used salad oil.

Going back many years to 1520, Cortez, the Spanish conqueror of Mexico, observed native Mayan Indians treating tough meat with the juice of the papaya, a common fruit in most tropical lands. He noted this in his writings about his conquest. Strangely enough, this find lay dormant until recent years, when the tenderizing element in papayas was turned into a powder, put up in jars ready to sprinkle on the surface of meat to make chuck and round steaks as tender as sirloin and porterhouse. From this long-forgotten idea came Adolph's Meat Tenderizer, a necessity in many homes.

In 1824 a German doctor living in Venezuela had a Spanish wife who had been sickly for years. Determined to cure her, he worked for over a year on a formula of herbs and spices until he invented a tonic that he claimed brought her back to health. Sailors stopping at the little port of Angostura found that this blend of herbs, spices, and the blossoms of the blue Gentian plant would cure seasickness. They spread the fame of Angostura bitters around the world, the process being speeded when they learned to add it to their ration of rum. When it became an essential part of a Manhattan cocktail, its place in our lives was further assured. Later, it was found to be an excellent addition in many food recipes, and today Angostura Bitters is found on almost everyone's food shelf.

Early traveling merchants from the city of Hamburg, Germany, learned from the Tartars in the Baltic Sea area how to scrape raw meat, season it with salt, pepper, and onion juice to make what is still called tartar steak. The people of Hamburg soon adopted the tartar steak. After many years some unknown Hamburg cook made patties out of the raw meat and broiled them brown on the outside and still pretty raw on the inside – a true hamburger. Today in the butcher shops of America, ground hamburger meat accounts for 30 per cent of all the beef sold to consumers.

The Toll House was a country inn in Massachusetts noted for good food. In the early 1940's Ruth Wakefield, who was then mistress of the inn, started serving a crisp little cookie studded with bits of chocolate. Miss Wakefield readily gave her customers the recipe, and all of a sudden, bars of semi-sweet chocolate began vanishing from the shelves of the stores in the area. It didn't take long for the Nestle Company, and later

Hershey, to smoke out the fact that everyone was making the cookie recipe from the Toll House; and soon they were selling millions of packages of chocolate bits specifically so people could make these wonderful cookies. Today it is America's most popular cookie, available frozen, in ready-to-use cookie mixes, and already made in packages.

The early Chinese found that seaweed dried and ground into a powder and added like salt to food had a magical effect on meats and vegetables – all their natural flavor was enhanced. That's why Chinese food became so popular all over the world. Eventually our chemists discovered the flavor-enhancing element and called it glutamate. Today this product, monosodium glutamate, made from beet sugar waste, soy beans, or wheat, is a staple item in every market. It is known to American shoppers as Ac'cent.

Gail Borden, the son of a frontiersman, went to London in 1852 to sell a dehydrated meat biscuit at the International Exposition being held in England. He used all his money trying to put over his idea and had to travel steerage to get home. He was appalled at the crowded, miserable conditions imposed on the immigrant families coming to America. During the trip several infants died in their mothers' arms from milk from infected cows, which were carried on board most passenger vessels to furnish milk, cream, and butter for the passengers. Borden was sure there was a way to preserve milk for long voyages; but many before him had tried and failed, including Pasteur. After four years of intensive research, Borden perfected a process of condensing milk. In 1856 his patent was approved in Washington. After much work selling the idea to skeptics, the first canned milk was introduced to the American market and formed the cornerstone of the vast and diversified Borden Company.

In Battle Creek, Michigan, Ellen Gould White had a dream one night in which she was told by the Lord that man should eat no meat, use no tobacco, tea, coffee, or alcoholic beverages. As a Seventh Day Adventist she established the "Health Reform Institute," a sort of sanitarium, where her guests ate nuts disguised as meat and drank a cereal beverage. This beverage was the creation of one of her guests named Charles William Post, who was suffering from ulcers. He named his beverage Postum. Post also invented the first dry breakfast

cereal, which he called "Elijah's Manna." He decided to go into business producing his inventions; but the name Elijah's Manna ran into consumer resistance, so he changed it to "Grape Nuts."

In this same sanitarium was a surgeon named Dr. Harvey Kellogg, whose name along with Post's was destined to be on millions of cereal packages every year. One of Dr. Kellogg's patients had broken her false teeth on a piece of zwiebach, so he invented a paper-thin flake cereal from corn. Breakfast cereals immediately became a rage, and at one time there were as many as forty different companies in Battle Creek competing for this new health food business. So began the vast cereal business of today.

Margaret Rudkin was the wife of a stock broker and her son suffered from allergies. She made an old-fashioned loaf of bread from stone-milled whole wheat flour, hoping to build up her son's health. The bread helped her son; so her doctor persuaded her to bake the bread for some of his patients, and soon she was in business. When this bread was introduced in the thirties, it competed at 25¢ against the spongy white variety selling at 10¢. Within 10 years, Maggie Rudkin's Pepperidge Farm Bread was in demand all over the East Coast and other bakers were making similar loaves – another small beginning for a nationally-known company, Pepperidge Farms.

One night Teddy Roosevelt, who had been visiting the home of President Andrew Jackson, stopped for dinner at the Maxwell House, a famous eating place nearby. Roosevelt, a great extrovert, was so delighted with the coffee that when he finished he replaced the cup in the saucer with a formal gesture and cried out heartily, "that was good to the last drop," a phrase destined to make quite famous the coffee named after the Maxwell House.

St. Louis, Missouri, was the site of two important developments in the realm of food. In 1904 an Englishman was tending a booth at the St. Louis International Exposition demonstrating the virtues of a hot cup of tea. This was an insurmountable task during the hot July days in the Mid-West. Our Englishman, Richard Blechynden, disparagingly wiped the perspiration from his face as he watched the crowds pass him by. Finally, in desperation, he threw some ice into the hot tea urn and the crowds began to swarm around his booth. The drink was a sensation,

and iced tea quickly became one of America's most popular thirst quenchers.

Still in St. Louis, but back in 1890, a physician ground and pounded peanuts to provide an easily-digested form of protein for his patients. The result was peanut butter, which was quickly and rightly adopted by food faddists all over the country. Today it is a staple found in almost every American kitchen. It's a rare mother who isn't thankful for healthful peanut butter when nothing else seems to tempt her children's appetites.

So, with these anecdotes, one can see that almost every great food company or food idea had a small but fascinating beginning. Some came quite by accident, others from diligent perseverence, reflecting the drive and ingenuity of the human race – free enterprise among free men. ◈

IDEAS ON LIBERTY

To the Liberator

No gun, no harsh harangue, no threat of force
is necessary to divert my course
from narrow, unenlightened paths I tread
to better ways, wherein my heart and head
are won to higher causes you espouse.

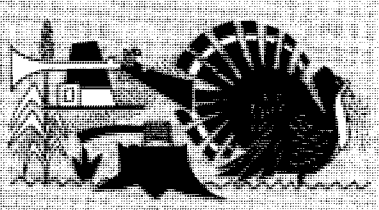
I seriously doubt that when my house
is leveled in the name of brother-love
I'd much consider that a proper shove
along the road you'd like to see me take.
The will you wish to win, you try to break.

But if you know your way is really best,
try living it, and I will do the rest.

JAMES E. MCADOO
Sarasota, Florida

Governor Bradford's history of the Plymouth Bay Colony is a story that deserves to be far better known.

Instead of Famine— Thanksgiving!



HENRY HAZLITT

MOST of us have forgotten that when the Pilgrim Fathers landed on the shores of Massachusetts they established a communist system. Out of their common product and storehouse they set up a system of rationing, though it came to "but a quarter of a pound of bread a day to each person." Even when harvest came, "it arose to but a little." A vicious circle seemed to set in. The people complained that they were too weak from want of food to tend the crops as they should. Deeply religious though they were, they took to stealing from each other. "So as it well appeared," writes Governor Bradford, "that famine must still insue the next year also, if not some way prevented."

So the colonists, he continues, "begane to thinke how they might raise as much corne as they could, and obtaine a beter crope than they had done, that they might not still thus languish in miserie. At length [in 1623] after much debate of things, the Gov. (with the advise of the cheefest amongest them) gave way that they should set corne every man for his owne perticuler, and in that regard trust to them selves . . . And so assigned to every family a parcell of land . . .

"This had very good success; for it made all hands very industrious, so as much more corne was planted than other waise would have bene by any means the Gov. or any other could use, and saved him a great deall of trouble, and gave farr better contente.

"The women now wente willingly into the feild, and tooke their litle-ons with them to set corne, which before would aledg weakness, and inabilitie; whom to have compelled would have bene thought great tiranie and oppression.

"The experience that was had in this commone course and condition, tried sundrie years, and that amongst godly and sober men, may well evince the vanitie of that conceite of Platos and other ancients, applauded by some of later times;—that the taking away of propertie, and bringing in communitie into a comone wealth, would make them happy and florishing; as if they were wiser than God. For this comunitie (so farr as it was) was found to breed much confusion and discontent, and retard much imployment that would have been to their benefite and comforte.

"For the yong-men that were most able and fitte for labour and service did repine that they should spend their time and streingth to worke for other mens wives and children, with out any recompense. The strong, or man of parts, had no more in devission of victails and cloaths, than he that was weake and not able to doe a quarter the other could; this was thought injuestice . . .

"And for men's wives to be commanded to doe servise for other men, as dressing their meate, washing their cloaths, etc., they deemed it a kind of slaverie, neither could many husbands well brooke it . . .

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

Let us be thankful for this valued lesson from our Fathers — and yield not to the temptations of socialism. ◈

MORAL EDUCATION: ENDS AND MEANS

FREDERICK A. MANCHESTER

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

For background on this article, readers may wish to turn again to his "Moral Education — and History" in the July 1968 FREEMAN.

I BEGIN with a few expressions of opinion I have recently come across. By Dr. Robert E. Fitch: "It is certainly true that moral confusion is growing"; and, speaking of what is needed to restore health to a prevailingly sick nation: "Then there must be change in the American home to end this long, Spockian period of ultrapermissiveness. We must bring up our offspring with some sense of the moral imperatives that they will confront in life, and with the sense that a real authority does exist in the world."[1] By Mr. George F. Kennan: "To correct these conditions [conditions causing "some deep emotional discomfort, approaching at times a mass hysteria" in the "radical students"] will indeed require a revolution – a revolution in the social and intellectual and spiritual environment of American childhood and early youth . . ."[2] By Governor Nelson Rockefeller: "So I believe very strongly in getting these young people [the "predelinquents"] – in the kindergarten, in the prekindergarten, even – and then intensive help in the first three grades. Maybe we could cut our classes to 12 children – no more than 12 – where they can really get the help they need to

[1] *U. S. News & World Report*, June 10, 1968, p. 49.

[2] *Ibid.*, June 17, 1968, p. 68.

establish the patterns, the mores, the standards, the moral fiber which is essential for free citizens."[3]

Theologian, diplomat, aspirant to the Presidency of the United States: in the quoted words of each of these prominent men as regards one or another element in our current turmoil, there is included a call, specifically or in effect, for moral education. It seems probable, when more and more people trace to its source the ultimate cause of much of this turmoil, that this call will be increasingly heard and that it will have behind it increasing earnestness and force.

First, conviction of a need; then, consideration of how the need can best be met. Such would appear to be a natural sequence. In what follows, I assume that moral education is widely felt to be a major requirement of our time and venture some remarks on two topics relating to it: (1) What are we to understand by the phrase – what in short is the end that our moral education should have in view? and (2) What are the means by which we may endeavor to attain this end?

The end seems plain and can be expressed in the simplest of words: it is to produce the man of character – the man whose actions can be counted on, in any and all circumstances, to represent a high standard of conduct.

Overcoming the Lower Self

And the means? When we come to inquire into these, we soon realize that to get beyond vague generalities we must know the fundamental facts about man's moral nature. To the first thinkers on the subject the problem involved must have seemed hopelessly complex and elusive – indeed well-nigh insoluble. Happily, the first thinkers did their work thousands of years ago, and what they and their many successors accomplished can, in its essentials, be readily summed up. The inner man is not one but two. There is the lower, the ordinary, self; and there is the higher, the extraordinary, self. The lower self is the self of the elemental lusts, urges, instincts, passions, appetites, impulses, desires – including all those we commonly associate with what we call the lower animals. Our reference to these animals, it may be noted, is sometimes both inaccurate and unjust. "The beast that lies within us" – some such words I recall reading only the other day, where the allusion was probably to actions of a kind or degree that beasts never dreamed of. A beast has desires, but desires that are definite and limited; when these

[3] *Ibid.*, June 24, 1968, p. 53.

are satisfied he is content until they again demand satisfaction. Man has not merely animal desires but animal desires that can be multiplied a hundredfold – and often are so multiplied – by a boundless imagination.

The higher self, on the other hand, is the self of the "noble cravings" as opposed to the "ignoble cravings" of the lower self. (The quoted phrases are Buddhist.) Here is the seat of man's moral impulses, of all the self-denying virtues, of all aspiration to spiritual excellence. Here sits the court which finally determines what conduct in given circumstances is just and right; and associated with it is its executive agent the conscience, whose responsibility it is to see, to the utmost extent of its power, that the decision arrived at is carried out, no matter how strong the opposition offered by the lower self.[4] When a man's higher self has complete dominion over his lower self, he is said to have achieved self-mastery.

Achieving Self-Mastery

We can now return to our man of character. It is he that we want our moral education to produce, and now we are in a position to name specifically his primary quality. That is self-mastery – in at least a high degree.

But why "in at least a high degree"? Why not self-mastery absolute? Is not self-mastery in all degrees an easy thing to attain?

Most emphatically, it is not!

What says the Christian Bible? – "He that is slow to anger is better than the mighty; and he that ruleth his spirit than he that taketh a city" (Proverbs, 16:32); and, in full corroboration of the saying, we read in the Buddhist Dhammapada (Chapter VIII – Irving Babbitt translation): "If one man conquer in battle a thousand times a thousand men, and if another conquers himself [that is to say, his lower self], he is the greatest of conquerors. One's own self conquered is better than the conquest of all other people; not even a god or a demigod or Mara with Brahma can change into defeat the victory of a man who has vanquished himself."

These words from the scriptures of two of the world's most famous and most widespread religions are not extravagant or idle words: they may be taken to mean exactly what they say.

The Buddhist passage praises the man who has conquered himself. If conquest is here taken to signify conquest only – that is,

[4] I should perhaps warn the reader that the preceding particularized and somewhat fanciful account of the role of conscience is the product, not of scholarship, but of introspection. He can test it in his own experience.

the act of overcoming, rejecting, denying the evil impulses of the lower self, and no more – there would appear to be a degree of self-mastery superior to even this. To this higher degree Confucius says he attained – but, it will be noticed, though he doubtless was of all men one of those most predisposed by nature to practice the moral life, it took him seventy years to do it!

"At fifteen," he tells us, "my mind was bent on learning. At thirty, I stood firm. At forty, I was free from delusions. At fifty, I understood the laws of Providence. At sixty, my ears were attentive to the truth. At seventy, I could follow the promptings of my heart without overstepping the mean."[5]

At seventy, in other words, he had achieved his moral ideal, which was to observe in all his conduct "the mean"; but at this age he not only observed it, he found that in so doing he was following the "promptings" of his "heart." His regeneration was thus complete.

Two Kinds of Indolence

But why the prodigious difficulty the quotations imply? Why is it so very, very hard to master one's lower self?

The reason is to be sought in man's deep-seated proneness to indolence – though here a major distinction must be made. There are two kinds of indolence: ordinary indolence, one might call it, and extraordinary indolence. The first, we all know, is common – whence the saying "every man is as lazy as he dares to be" – and may readily become a knotty problem in statesmanship. Roughly speaking, it is physical. The second, on the other hand, is spiritual: it is the indolence that keeps a man from working on himself to the end of regulating, controlling, holding in check the expansive sallies of his lower nature. The early Buddhists had a name for it – *pamada*. Of this all-important distinction probably no better illustration could possibly be found than in the character of Napoleon Bonaparte as this is viewed in Emerson's *Representative Men*. I present two contrasting groups of quotations:

Napoleon "wrought for his crown. Having decided what was to be done, he did that with might and main. He put out all his strength." – "He fought sixty battles. He had never enough." – "His achievement of business was immense, and enlarges the known powers of man. There have been many working kings, from Ulysses to William of Orange, but none

[5] Lionel Giles, *The Sayings of Confucius*, The Wisdom of the East Series, p. 83.

who accomplished a tithe of this man's performance."

Napoleon "proposed to himself simply a brilliant career, without any stipulation or scruple concerning the means." – He "was singularly destitute of generous sentiments. The highest-placed individual in the most cultivated age and population of the world, – he has not the merit of common truth and honesty. He is unjust to his generals; egotistic and monopolizing; meanly stealing the credit of their great actions from Kellermann, from Bernadotte; intriguing to involve his faithful Junot in hopeless bankruptcy, in order to drive him to a distance from Paris, because the familiarity of his manners offends the new pride of his throne. He is a boundless liar." – "To make a great noise is his favorite design." – "He would steal, slander, assassinate, drown and poison, as his interest dictated. He had no generosity, but mere vulgar hatred; he was intensely selfish; he was perfidious; he cheated at cards . . ."

But enough! In the first group, astonishing industry, initiative, drive – the very antithesis of ordinary indolence; in the second, an ego of egregious proportions, subject to no restraint – a spiritual indolence, in short, that is monumental. Had Napoleon, instead of conquering much of continental Europe, but conquered himself – doubtless a gigantic undertaking – how much better it would have been, not only for him and for countless other individuals, but possibly also for all mankind!

If, then, moral education is to produce the man of character, and the primary mark of such a man is self-mastery, it is clear that its task is indeed formidable and that all the means that can forward its accomplishment – every influence, every force, every power – should so far as possible be employed. Among the means available at least five can be distinguished: instruction, environment, example, discipline, habit. Though the five are distinguishable, they probably seldom, if ever, work separately; and all of them may, especially in the early period of life, work simultaneously and together.

Instruction

Instruction, including counsel, warning, exhortation, persuasion, is, generally speaking, indispensable. People must sooner or later be told, and made to understand, what is right and what is wrong, what is just and what is unjust, and urged so to control their lower selves as to do the one and avoid doing the other. Obviously, such teaching should be given as early as possible to all children. (Are

anything like all American children getting it today? One wonders. May there not indeed be millions of them who have never received it and who are therefore destitute of a mental basis for acceptable conduct?) But direct inculcation of morals is by no means for the young only. It has its place, or should have it, in all formal education, to the very end of a four-year college course; and impressive testimony to its importance is a widespread practice of religion – the frequent exposure of the devotee of nearly all ages to the reading of scriptures and the preaching of sermons.

Environment

Environment unquestionably is a powerful force, and, in the abstract at least, is no doubt generally recognized to be so, though it seems less certain that in practice the measures it suggests receive adequate attention. It is our environment that inevitably determines in large part the kinds of influence, including moral influence, to which we are daily subjected. If a man is to be educated to self-mastery, it is therefore obvious that he should be surrounded by social forces consistent with such an aim, not by social forces inimical to it. Unfortunately, in the practical world a man's environment may sometimes be beyond his own or anyone else's control. Where a favorable environment is not obtainable, it is plain that more than ordinary reliance must be placed on other means of moral education.

Example

Example, with the exception of habit, is probably the strongest and most effective of the five means I have listed. Precept, however eloquent, is no match for it. "Example," Edmund Burke is quoted as saying, "is the school of mankind; it will learn at no other." Its importance scarcely needs elaboration, though I cannot resist mention of what is, so far as I know, the most imposing application of the principle involved that has ever been made. The human tendency to imitate what it looks up to and admires is the very core of the Confucian philosophy of the state. A single quotation from one of the Five Classics will suffice by way of illustration:

A ruler "questioned Confucius on a point of government, saying: Ought not I to cut off the lawless in order to establish law and order? What do you think? – Confucius replied: Sir, what need is there of the death penalty in your system of government? If you showed a sincere desire to be good, your people would likewise be

good. The virtue of the prince is like unto wind; that of the people, like unto grass. For it is the nature of grass to bend when the wind blows upon it."[6]

Example, though it can operate independently of environment – as when a "deprived" boy of the ghetto happens by chance to attract the interest of a man of character who becomes for him a model – is closely related to it, and is likely to be the factor in any milieu that exerts the greatest influence.

Discipline

Discipline – the use of external pressure, physical if necessary, to mold conduct – is a means having to do chiefly, in the present context, with the training of children. That, within proper limits, it has its place in the moral education of the young will be denied only, I think, by those to whom the doctrine of supine permissiveness has become less a mere doctrine than a saving gospel. It is surely desirable, even at the expense if need be of some slight disagreeableness, that children should be brought up "with some sense of the moral imperatives that they will confront in life, and with the sense that a real authority does exist in the world." The gist of the matter is expressed curtly – some might think a bit barbarously – in once familiar words: "Spare the rod and spoil the child."

Habit

Habit – for a reason that will later be apparent – I take up last of my five means. The topic is one familiar to us all ("That's a habit I must break myself of"; "The youngster has frightfully bad habits"; "Unhappily, endless telephone conversations have become for her a daily habit") – and no wonder, if the Duke of Wellington was right in saying that "habit is ten times nature." Some twenty-three hundred years ago its importance was already fully recognized by Aristotle, who made it the very cause or condition of virtue. Moral excellence, he said, "is the result of habit or custom": "by doing just acts we become just, and by doing acts of temperance and courage we become temperate and courageous"; "acts of any kind produce habits or characters of the same kind."[7] With the young he would take no chances: it "is clear," he said, "that in education habit must go before reason . . ."[8] In other words, to give the remark a moral application, we should not wait till children are

[6] *Ibid.*, p. 42.

[7] *The Nicomachean Ethics* (Peters translation), Book II.

[8] *Politics* (Jowett translation), 1338b.

old enough to exercise their independent judgment before instilling in them good habits, since in the interim they may have become the victims of bad ones.

If anyone cares to realize (or realize afresh), in terms of his physical brain, what it means to be the unfortunate victim of a bad habit (a possibly more or less terrifying experience), or the fortunate beneficiary of a good one, he perhaps could not do better than to consult Chapter IV of William James's *The Principles of Psychology.* If he did so, he would read that the phrase *"our nervous system grows to the modes in which it has been exercised* expresses the philosophy of habit in a nutshell"; also "that any sequence of mental action which has been frequently repeated tends to perpetuate itself; so that we find ourselves automatically prompted to *think, feel,* or *do* what we have been before accustomed to think, feel, or do, under like circumstances, without any consciously formed *purpose,* or anticipation of results"; also that "It scarcely, indeed, admits of doubt that every state of ideational consciousness which is either *very strong* or is *habitually repeated* leaves an organic impression on the cerebrum; in virtue of which that same state may be reproduced at any future time, in respondence to a suggestion fitted to excite it."[9]

James begins the concluding paragraph of the chapter with these words of warning:

> The physiological study of mental conditions is thus the most powerful ally of hortatory ethics. The hell to be endured hereafter, of which theology tells, is no worse than the hell we make for ourselves in this world by habitually fashioning our characters in the wrong way. Could the young but realize how soon they will become mere walking bundles of habits, they would give more heed to their conduct while in the plastic state. We are spinning our own fates, good or evil, and never to be undone. Every smallest stroke of virtue or of vice leaves its never so little scar. The drunken Rip Van Winkle, in Jefferson's play, excuses himself for every fresh dereliction by saying, "I won't count this time!" Well! he may not count it, and a kind Heaven may not count it; but it is being counted none the less. Down among his nerve-cells and fibres the molecules are counting it, registering and storing it up to be used against him when the next temptation comes. Nothing we ever do is, in strict scientific literalness, wiped out.

Habit, we may now observe, bears a special relation, a kind of supplemental or terminal relation,

[9] The second and third of the preceding quotations are from an authority cited by James; and the italicized words in the first he attributes to the same source.

to all the other means of moral education that I have identified. Instruction, environment, example, discipline, working separately or together, can start us on the path of self-mastery, but only habit can make it certain that we reach our destination; or, to shift the image, the four other agencies may entice or coerce us into the chamber where spiritual regeneration takes place, but only habit can complete the process and make permanent its results.

It would seem, then, that moral education, intended to produce the man of character, should place ultimate and supreme emphasis on the formation of right habits.

By way of concluding this brief treatment of a subject of immense importance, I should like to recur to and further emphasize one idea. This is the idea that moral excellence is a quality which, generally speaking, cannot be readily or quickly arrived at; on the contrary, it is normally the result of long and assiduous training. This being the case, nothing could be less wise than to assume – as now seems widely assumed – that youth can get all the ethical culture it needs, by a species of osmosis, from the surrounding atmosphere. Such a notion, the surrounding atmosphere being what it is (illustrations I omit as starkly superfluous), would surely be chimerical in the extreme. It seems clear that moral education, in any area, had best be preceded by vivid realization of the true magnitude of the task. ◈

The Devil You Say!

ROBERT M. THORNTON

THE FOUNDING FATHERS held to an unsentimental view of the nature of man. They regarded him as a flawed creature, peculiarly liable to be corrupted by the exercise of power; and further – as John Jay observed – they believed that any form of government that fails to consider men as they really are will soon prove abortive. The elaborate system of checks and balances written into the

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United States Constitution reflects this opinion of human nature, being an effort to contain power and disperse its exercise. They sketched the structure of a tolerable society, knowing full well that imperfect men cannot create a perfect one. Even Jefferson, more optimistic than most, pooh-poohed the idea of the natural goodness of man when it comes to questions of power. "Bind him down from mischief with the chains of the Constitution," he cried.

But what do we say today about the nature of man? The prevailing view, it is safe to say, is that man is not a flawed creature at all. It may take lots of time and money and planning, we are told, but the shortcomings of men can be corrected. Man is perfectible, but a faulty social environment has kept him wretched. We now have the means of perfecting the environment and breeding the kind of men to suit. The knowledge is at hand, and the next step is to grant the state the necessary powers to put it to practical use.

Now this is an important change in our understanding of human nature. What we are denying, although perhaps not in so many words, is the reality of evil, the Christian symbol of which is the Devil. Of course, this symbol, like most, has been misused and to say you believe in the Devil means to many persons that you think a red creature with horns and a tail is running around with a pitchfork chasing people. But properly understood, the Devil stands for the very real existence of evil in the world, and we can expect him to be around as long as the world is. So, then, those who believe man may achieve perfection are saying, in theological language, there is no Devil.

Dangerous Consequences

What are the consequences of this idea, consequences that should concern not only philosophers and theologians but all men? Perhaps the most dangerous, especially to libertarians, is the willingness to grant more and more power to the state to plan for and consequently control the lives of individual citizens. We falsely believe that there are some men so good we can trust them with unlimited powers and so wise we can expect to live better lives after we submit to their direction. Deny the reality of evil and we come to believe that the imperfections of man and his societies can be corrected once "social engineers" backed by the state succeed in determining our environment, and even our heredity. Government action will eliminate poverty, broken homes, prejudice, poor schools, economic inequality, and similar im-

pediments, and usher in utopia. The assumption is that man's problems are somehow external to him. The older view, on the other hand, regarded man himself as the problem, and this insight tied in with free will. The tiger cannot choose to be untigerish, Ortega remarked somewhere, but a man can choose to be unhuman. It is this capacity for choice that is the distinctive mark of humanity, and which enables a man to rise above his environment where animals simply adapt to theirs.

When environmentalism takes over it lessens the sense of responsibility. What do many of us say when, for instance, a senator is shot down? Our ancestors would have regarded the murderer as a tool of the Devil or as a terrible sinner, but we think of him as a sick person, that is, a man not responsible for his crime. Society is somehow to blame. Alter society, then, and such persons will be cured by the political medicine man.

Today's view of man's nature represents a 180-degree change from that of the Founding Fathers. But even today, some of us believe that a man need not be sick, physically or mentally, to commit a crime whether it be murder or something less serious. A murderer may very well be rational, intelligent, polite, well-poised – in many ways a likable fellow – but yet so evil that he does wrong. Or, in theological language, he succumbs to the Devil's temptations. Not every horrible deed is done by a "nut."

Utopians have for a long time been ridiculed, and properly so, but it is more important to refute the premise underlying all utopian schemes: the erroneous idea that man is perfectible, that evil is not inherent in the nature of man. Although we may not care to use old symbols, we must once again reaffirm our belief that evil in the world is a very real thing, that, if I may put it so, the Devil is still with us and is likely to stay. ◈

IDEAS ON LIBERTY

Passions Forge Fetters

SOCIETY cannot exist unless a controlling power upon will and appetite be placed somewhere, and the less of it there is within, the more there must be without. It is ordained in the eternal constitution of things, that men of intemperate minds cannot be free. Their passions forge their fetters.

EDMUND BURKE, 1791

CLARENCE B. CARSON

The Rise and Fall of England

9. THE WORKSHOP OF THE WORLD

MOST COMMONLY, leadership within a civilization has gone to that country most successful in practicing the arts of war and bringing others under its sway by military conquest. The armies of Alexander the Great preceded the Hellenizing of the Mediterranean; the Legions of Caesar spread the civilization of Rome; French preponderance in the High Middle Ages rested in part upon the work of such as William the Conqueror; and the armies of Louis XIV consolidated French leadership in the seventeenth century of our era. Indeed, conquered peoples appear quite often to accept the military superiority of the conqueror as an indication of the general superiority of his way. At any rate and for whatever reasons, they learn, imitate, and adopt his ways: his language, his arts, his economic system, and so on. Thus, military conquest frequently has resulted in leadership within a civilization.

By contrast, England's leadership in the nineteenth century was based hardly at all upon success with the arts of war. It is true that England was on the victorious side in the Napoleonic wars. It is also true that the British navy maintained a preponderance on the seas throughout the century. It should be ac-

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knowledged, too, that Britain became more expansive and conquest-minded toward the end of the period. But England's successes were mainly in the arts of peace, and it was for these primarily that she was admired and imitated. Britain's leadership was commercial, not military, and it was in such areas as form of government, free trade, and manufacturing that her ways were initially followed.

Growth in Manufacturing

Britain's commercial leadership was first asserted in the realm of manufacturing. It was this particular leadership that led J. D. Chambers to refer to Britain as *The Workshop of the World* from around 1820 to 1880. The spurt in the growth of manufacturing began in the 1780's, as has already been shown, and would continue to mount for much of the nineteenth century. England had long been a major producer of woolen goods, but now took the lead in cotton textiles. They were the major export item throughout the century – "amounting to one-half of the value in the early nineteenth century and about one-quarter a hundred years later. . . . In 1912 an English economist declared that 'the export trade in manufactured cotton goods from this country is in money value the greatest export trade in manufactured goods of any kind from any country in the world.'"[1]

One estimate has it that there was in general a tenfold industrial output increase between 1820 and 1913.[2] One area of dramatic increase was coal production. "From an approximate ten million tons in 1800, the output of British mines rose to forty-four million tons in 1850, and, under the gigantic stimulus of the thirty years of prosperity which followed, to 154 million tons in 1880."[3] Iron production rose mightily throughout the century, too. It is estimated that in 1740 a little over 17,000 tons was produced. "Between 1827 and 1840 the annual production of pig in Great Britain increased from 690,000 tons to 1,390,000. It more than doubled again by 1854, when it reached 3,100,000 tons."[4] By the end of the century production had reached 8 million tons.[5] In the course of the century, " precision

[1] E. Lipson, *The Growth of English Society* (London: A. and C. Black, 1959, 4th ed.), pp. 330-31.

[2] M. W. Flinn, *An Economic and Social History of Britain* (London: Macmillan, 1965), p. 235.

[3] J. D. Chambers, *The Workshop of the World* (London: Oxford University Press, 1961), pp. 43-44.

[4] Gilbert Slater, *The Growth of Modern England* (London: Constable, 1939, 2nd ed.), p. 345.

[5] Lipson, *op. cit.*, p. 335.

toolmaking had come to be a major British industry and the manufacture of interchangeable standard parts and the use of machine tools which could adjust measurements to a thousandth of an inch had become commonplace."[6]

Compared with Other Nations

To show Britain's place of leadership in the world, however, it is necessary to compare British economic activity with that of other leading countries. Great Britain's percentage of manufacturing production in the world was 31.8 in 1870. By comparison, that of the United States was 23.3, that of Germany 13.2, and that of France 10.3, among the leading countries.[7] In 1860, Britain had 23 per cent of world trade, compared with 11 per cent for France and 9 per cent for the United States.[8] In 1880, Britain had more than 6½ million tons of shipping plying the seas, compared to less than 1½ million by the United States, the nearest competitor.[9] Britain, too, was banker for much of the world, as investments poured out to developing and undeveloped countries, the gold capital, and the center for the major insurance firm, Lloyd's of London.

Though agricultural products played little role in British exports, it is indicative of general British productivity that for much of the century production continued to rise. Despite the great growth in population, up until the middle of the nineteenth century Britain grew most of the wheat consumed in the country and almost all animal products. One historian notes that the increasing productivity could be "attributed to the employment of capital in improving the soil, in draining, manuring and above all in taking in new land suitable for mixed farming."[10]

The period when England was most clearly the workshop of the world falls roughly between the late 1840's and the mid 1870's. This was, in many ways, the golden age of British leadership and affluence. It fell between the repeal of the Corn Laws and Navigation Acts and the onset of protectionism abroad once more. It was a time when the energies of Englishmen were released by liberty and turned to constructive efforts in the arts of peace. "For most Englishmen, these two decades were . . . years of prosperity. All things considered, it was a

[6] Walter L. Arnstein, *Britain: Yesterday and Today* (Boston: D. C. Heath, 1966), p. 73.

[7] Shepard B. Clough, *European Economic History* (New York: McGraw-Hill, 1968, rev. ed.), p. 397.

[8] *Ibid.*, p. 338.

[9] *Ibid.*, p. 346.

[10] Chambers, *op. cit.*, p. 77.

period of social harmony in which both talk and consciousness of class division subsided. It was an age when underlying assumptions about the necessity for a high degree of individualism at home, free trade abroad, and progress in the affairs of mankind were accepted by most. . . ."[11]

The commercial leadership of Britain in the world was not the achievement of a few men, some of whose names adorn the pages of history. It was, rather, the accomplishment of very nearly a whole people. England became the workshop of the world not only by the efforts of statesmen, inventors, entrepreneurs, financiers, large farmers, industrialists, and shippers but also by the application of the energies of miners, factory workers, sailors, steam fitters, mechanics, field hands, weavers, smelters, and so on through an almost interminable list of employments. Not all contributed in the same degree to this great productivity, but all who employed their minds, hands, and/or savings in constructive activity played some part in it.

How Did the Workers Fare?

This brings us to what is probably the most controversial question about nineteenth century English history. Namely, how did the workers fare in the workshop of the world? More specifically, did the toilers in field, factory, and mine receive their due reward for their contributions to English productivity? To put the question in more answerable terms, did the English people benefit generally from this great productivity, or was the productivity achieved at the expense and by the exploitation of a large portion of the populace, as is sometimes alleged? To put it yet another way, did industrialization redound to the benefit or the harm of many of those who wrought it?

These questions have been the subject of intense investigation over many years, by economic historians and others. Positions about them have been woven into or made the bases of ideologies. They have long since become grist for the mills of politicians, and political polemics and parliamentary studies have poured forth, frequently indistinguishable from one another. Scholarly studies of the last several decades have done much to place these developments in perspective and to mediate the claims and counterclaims of interested parties.

From the outset, there were those who believed or claimed that the results of industrialization were greatly harmful to England. As Lipson says, "It was a common

[11] Arnstein, *op. cit.*, p. 69.

view that, bad as was American slavery, 'the white slavery in the manufactories of England was far worse.' Robert Owen asserted that the effect of all the 'splendid improvements,' had 'hitherto been to demoralize society through the misapplication of the new wealth created.' "[12] The following is a recent statement of the impact of early industrialization. "The initial growth of these industries could only be achieved by the regimentation of vast armies of cheap labour. Herded together in the slum towns of the nineteenth century, these victims of industrial progress had to wait until hard-won experience in handling the new problems of urban life slowly rescued them from their unhealthy squalor."[13]

Despite the Hardships, Conditions Steadily Improved

In view of all that has been written upon the subject, and particularly of lengthy and thorough scholarly studies, it is unlikely that anything new can be added. What can be done is to review briefly the arguments, try to discern in what direction reason and evidence points, and bring the weight of expert judgment of those who have studied it to bear on the question.

The historical record is clear that there was much hardship and suffering in nineteenth century England. Men, women, and children did frequently work long hours at exacting tasks and in unpleasant surroundings. Employment did fluctuate, and there were periodic depressions. Families did live in squalid factory towns and in housing with meager appointments. A leader of Chartism in the nineteenth century reported the following about the lives of some of the poor in London. "In whole streets that we visited we found nothing worthy of the name of bed, bedding or furniture. . . . Their unpaved yards and filthy courts, and the want of drainage and cleansing, rendered their houses hotbeds of disease; so that fever combined with hunger was committing great ravages among them."[14]

No doubt, too, workers were dependent upon employers for their livelihood, and if they were laid off they might have little or no resources until they found new employment. Wages were hardly such as to lead to early affluence. Thomas Carlyle spoke of "half a million hand-loom weavers working fifteen hours a day in perpetual inability to procure thereby enough of the coarsest food; English farm labourers at nine

[12] Lipson, *op. cit.*, p. 244.
[13] Flinn, *op. cit.*, p. 234.
[14] Lipson, *op. cit.*, p. 245.

shillings and at seven shillings a week."[15]

That hardship and suffering abounded in the nineteenth century, even in the midst of rising productivity, there is no reason to doubt. That suffering existed is not the issue, however. The relevant question is: What was the relation of industrialization and greater productivity to the material well-being of workers and of the populace generally? Did they suffer in consequence of it, or was their lot ameliorated by it?

Poverty Always a Problem

Of all the interpretations of history, it would be difficult to find one more perverse than that which ascribes the suffering to industrialization. Such an interpretation flies in the face of both reason and evidence. How could greater productivity result in an increase of hardship? It flies in the face, too, of the actions and decisions of the workers themselves, of economic theory, of the judgment of nations, and of what men generally have sought to imitate. Yet, such an interpretation has frequently been offered, from the beginning to the present day.

The first thing to be noted is that most of the hardships pointed to by critics were not new to the nineteenth century. Hardship and suffering have been the common lot of most men throughout the ages. Hours of work have been long and unremitting for those who would produce much for so long that the memory of man runneth not to the contrary. Women and children have usually worked alongside the men, or at other tasks. Periods of employment have always alternated with periods of inactivity for most people. Farming, which has engaged most workers at most times, is by its very nature seasonal. Much of the year there is little productive work to be done. Other employments have rarely had greater regularity, if household servitude is left out of account. Depressions have occurred off and on throughout history, in consequence of wars, market changes, changes in the money supply, and so on. Housing has been squalid from time immemorial. Death by disease and malnutrition greatly antedates the awareness of these as causes of death, and, indeed, goes back no doubt to the very appearance of life on this planet. The squalid housing of industrial towns was probably superior to that in the countryside from which many of the inhabitants came. Most workers have ever been dependent upon someone for employment, whether landlord or master.

[15] *Ibid.*, p. 244.

Signs of Progress

What was new in the nineteenth century, then, was not toil and hardship. On the contrary, it was the beginning of the amelioration of these. It was only in the wake of the much greater employment of machinery that hours of work could be reduced without resulting in increasing deprivation. It was only as work was organized in factories, and large companies became common, that employment began to be regular rather than seasonal and intermittent. Regular employment became common, too, after predictable transportation was developed, particularly the railroad, and world-wide markets were opened. Indeed, it is probable that some of the discontent among workmen arose from a lack of enthusiasm about the regularity, punctuality, and disciplined character of factory work. Sanitary conditions only came to prevail after causal relationships were discovered between filth and refuse, on the one hand, and disease on the other. Making towns and cities habitable places was also greatly aided by cheap pipes, lighting, and transport facilities, themselves a part of the industrialization. As to wages, they could and did rise as the productivity of workers increased through the use of new techniques and mechanical aids.

Far from being the cause of toil and hardship, then, the industrialization and increased productivity were the means of which these were relieved or made less burdensome. That this was so from the beginning needs to be made clear. Many writers who attest that many improvements eventually came from industrialization maintain that in its early stages there was much harshness. Harsh, things may have been, but this should in no sense be attributed to the industrialization. Even if life was harsher for some than it had been for their forebears, this should not be attributed to the industrial changes. Let us turn now to the evidence for the improvements which followed upon the use of new techniques and machinery.

Population Explosion

One of the best evidences for the general improvement which came in the wake of these developments is the growth of population. Estimates indicate that there were about five and a half million people in England and Wales in 1700, and that the population had increased to about six and a half million in 1750.[16] When the first census was taken in 1801, the

[16] See T. S. Ashton, *The Industrial Revolution* (New York: Oxford University Press, 1964), p. 4.

population was a little under 8,900,000.[17] By 1831, it had reached 13,897,000; by 1851, 17,928,000; by 1901, 32,528,000.[18] Even if conditions had worsened in the early years of industrialization, then, it should be ascribed to the pressure of population. But there is no reason to read the history of these years in this fashion.

On the contrary, the increase in population should be ascribed to improved and improving conditions. Ashton notes that the rising population should not be attributed to any extensive change in the birth rate, for it remained at about the same level for the years 1740 to 1830. Nor does inward migration explain the increase in population, for there were probably more people leaving England for other shores than were coming in. The increase should be attributed to the decline in the mortality rate due to the "substitution of wheat for inferior cereals. . . , an increased consumption of vegetables. . . ," better "standards of personal cleanliness, associated with more soap and cheaper cotton underwear. . . ," the "use of brick in place of timber in the walls. . . . The larger towns were paved, drained, and supplied with running water; knowledge of medicine and surgery developed; hospitals and dispensaries increased; and more attention was paid to such things as the disposal of refuse and the proper burial of the dead."[19] Another historian says, "Even in the slums of the new industrial towns expectation of life was better than ever before. People were already, on the whole, better fed, better clothed, less likely to contract disease and better cared for when they did, than during the eighteenth century."[20] He is speaking of the situation as it existed in 1815.

How Workers Behaved

One of the best evidences of the impact of industrialization is the behavior toward it of those in need. There is no doubt that those looking for employment flocked to the new factory towns from the outset. Far from being repelled by conditions in factory towns which writers have since deplored, they were irresistibly drawn to them. The most notable movement of workers was into northern England. "Technical improvement in the newly developing industries of these regions

[17] J. Steven Watson, *The Reign of George III* (London: Oxford University Press, 1960), p. 517.

[18] Arnstein, *op. cit.*, p. 378.

[19] Ashton, *op. cit.*, pp. 4-5.

[20] David Thomson, *England in the Nineteenth Century* (Baltimore: Penguin Books, 1950), p. 11.

served as magnets to attract not only capital but population as well. . . . Large numbers were attracted from the surrounding agricultural regions. . . . But large numbers came from regions more remote. . . ." They came from southern England, from Scotland, and from Ireland. "Officials in the growing industrial centers often became alarmed, in fact, by the rapid influx of laborers, and . . . even made attempts . . . to check the flow from the vast reservoirs of unemployed in other regions."[21]

There was a general trend over the years for wages to rise. Of course, this trend was not uniform throughout nor universal. Machinery was adopted at different paces in different industries. There were always workers and processes that were marginal or becoming submarginal, and wages would reflect such situations. Nevertheless, the trend was up. One survey indicates that if wages in 1790 be taken as 100 they had risen to 137.4 by 1845. Money wages had gone much higher than this during the Napoleonic wars, but after the war prices fell. The over-all trend during most peacetime years was stable or higher money wages coupled with lower prices.[22] In the third quarter of the nineteenth century there was probably the most dramatic sustained improvement in wages and living conditions that had ever occurred in English history. "Money wages, with a few slight lapses, rose steadily between 1850 and 1874. From a base of 100 in 1850 it has been calculated that the general level rose to 156 by 1874. . . . For these reasons the standard of living and prosperity of the mass of the workers rose greatly throughout the period."[23]

Another measure of the relative prosperity of workers was the amount of saving. Records of the growth of savings are to be found in the increase of membership in what were called "friendly societies" and in deposits in savings banks. Membership in friendly societies increased from somewhere between six and seven hundred thousand in 1801 to 1,500,000 in the late 1840's. There were over a million depositors in savings banks in 1844, with 27 million pounds to their credit.[24]

The indications are, too, that living conditions continued to improve. The death rate per year continued to fall: in London from

[21] Witt Bowden, *Industrial Society in England Toward the End of the Eighteenth Century* (New York: Barnes and Noble, 1965, 2nd ed.), pp. 95-96.

[22] Llewellyn Woodward, *The Age of Reform* (London: Oxford University Press, 1962), p. 11.

[23] Thomson, *op. cit.*, p. 143.

[24] Chambers, *op. cit.*, pp. 210-11.

23.8 per thousand in 1841-51 to 21 per thousand in 1871-81; in northern industrial towns for the same period from 28.1 to 24.6. One writer notes, "Lord Shaftesbury on his eighty-third birthday in 1884, remarked on 'the enormous improvement' in the housing and sanitation of London during the previous thirty years, and it may well be true that London was the healthiest large town in the world."[25]

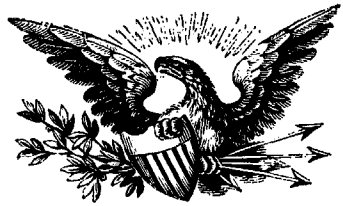
Not Utopia — But Marked Improvement

How did the workers fare, then, in the Workshop of the World? They fared well, indeed. They fared well in comparison with workers of other ages and times. They fared well in comparison with their parents and grandparents. They fared well in comparison with workers in most other countries, if not all other countries. Their wages were rising in relation to the costs of what they bought. Housing and sanitation were improving. If a workman did not like his employer, he could seek out a different one. If he did not like to be an employee, he could, perchance, save his wages and go into business for himself. Some did, and many more could have. If he did not like conditions in England, he could migrate. English workmen could hope, and they were free.

Of course, England was not utopia, not even in the halcyon days from 1850 to the 1870's. There was much and long toil; wages were less than one might desire; people still died as a result of accidents and disease; there was tragedy and grief, as in all ages. The hardship and suffering were surely due mainly, however, to the human condition, to the fact that man must earn his keep by the sweat of his brow in temperate climes, to the fact that there are numerous other organisms preying upon him and vying with him for the limited sustenance on this planet, to the scarcity of goods and services and the insatiability of human wants and desires. Change in processes and equipment could not make this earth other than what it is — a place of trial and tribulation — but it could bring improvement. That is what industrialization did, even, or especially, for workers. ◈

[25] *Ibid.*, pp. 188-89.

The next article of this series will discuss "The Victorian Way: Affirmed and Rejected."



How to Win a War

ED LIPSCOMB

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

It is still essentially, as it has been for more than 20 years, a massive, long-range Cold War, interspersed with hot subsidiary engagements intended among other things to test America's will, deplete its resources, and furnish ammunition for world-wide propaganda.

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

In the midst of multitudinous speeches and statements, reports in print and on the air, and analyses by politicians, military chiefs, space scientists, and the headline-seeking experts who write columns and commentaries for public media, I must admit that I cannot come up with any very intelligent appraisal of our current status in this fateful conflict with communism that means national survival or servitude for us all.

I can, however, tell you *positively*, how we can win it – the *only* way we can win it – and it is not merely by appropriating

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This article, slightly updated here, first appeared in the August, 1960, FREEMAN. Events of the intervening eight years demand reconsideration of its important message.

more billions for defense, or even by insisting that we get as much defense as we already are paying for.

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

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

This is the war which every major communist leader has predicted we would lose, and in losing it insure our national destruction. Marx, Lenin, Stalin, Khrushchev – all have declared again and again that *this* would be the pattern of our disappearance as a world power.

We March Toward Insolvency

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

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

The trend, for example, is toward national insolvency. We take counterfeit comfort in the fact that we are staying within a so-called "temporary" Federal debt limit – a limit that recently was raised three times in one year.

State and local governments search frantically for more funds – the purchasing power of our money continues to decline – key industries are undercut by increasing inability to meet foreign competition – and thoughtful men wonder how so much domestic stability and world leadership could have been converted into so much confusion so quickly.

The trend also is toward destruction of incentive.

A man of exceptional competence and ability finds that the more hours he works the less he earns per hour of effort.

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

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

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

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

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

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

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

A Vested Interest in Conflict

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

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

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

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

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

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

Matching Our Words with Deeds

A third and tremendously significant reason why I say we are losing the home war is that practically nobody is fighting wholly, sincerely, and unreservedly on the side of the forces that would keep us strong. Our defense is dependent largely on men and groups who either fight on one side one day and the other the next, or who fight with one hand while accepting bribes from the opposition with the other. Since such divided loyalty invites defeat, I want to explain exactly what I mean.

If you will ask around, you will

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

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

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

I would like to make a statement here which I want you to correct, if I am wrong. I do not know of a single businessmen's organization, of any kind, which customarily passes resolutions on public policies, whose record will not reveal support for programs or projects which are part of our trend toward defeat.

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

The War Inside Each of Us

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

If we can, and if we do – if we are truly victorious here – we will defeat foreign communists and

international gangsters on any front they choose, be it military, economic, diplomatic, ideological, or what you please. We will confound the hopes and contradict the prophecies of our enemies, and earn the respect and admiration of our friends.

How, then, can we win this second war? We can win it, and win it only, if you and I and others like us can win still another war – a third war. It is the war which each one of us must fight inside himself.

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

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

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

Neither I nor any other man can tell you how you are coming along with your own personal war. I can, however, tell you how you can win it, and in winning it achieve personal invincibility which no amount of legislation can bring, and no amount of persecution by either fellow-citizens or outsiders can overthrow.

Practice What We Believe

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

Hence, I say that the first battle you and I must win is to practice what we profess to believe. To do otherwise means not only to lose our personal war, but through our hypocrisy to influence others to lose theirs also. Just as the tem-

perance lecturer who gets drunk is a greater liability to his cause than is the admitted barfly, so the businessman who preaches free enterprise while he participates in programs of political intervention is a greater liability than the admitted socialist.

You can join the WCTU, vote for prohibition, circulate resolutions to close liquor stores, and wear a tall black hat and swallow-tailed coat complete with cane, but your neighbor still will not think you believe in temperance if he sees you staggering around your yard or patio at cocktail time. You cannot convince him that you are opposed to statism if you support resolutions calling for Federal funds for local projects, or make him think you believe in individual freedom and independence if you expect Washington to underwrite, directly or indirectly, your personal or business risks.

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

We Can Help Those Around Us

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

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

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

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

The answer to that depends on

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

Personal Victories Needed

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

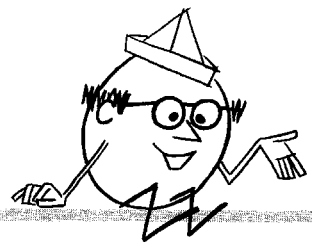
I won't win, no matter how the domestic front and the international front come out, if I don't win my personal war and contribute my utmost to similar victories for those around me. And I cannot be beaten, no matter how other fronts come out, if I know that I have applied to my daily life the principles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

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

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

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

HAROLD M. FLEMING



The meanings of "MONOPOLY"

"When I use a word," Humpty Dumpty said, in rather a scornful tone, "it means just what I choose it to mean – neither more nor less."

"The question is," said Alice, "whether you can *make words mean so many different things."*

"The question is," said Humpty Dumpty, "which is to be master – that's all."

CHARLES L. DODGSON, English mathematician

PERHAPS there is an important word somewhere in the English language that is used as loosely as "monopoly." But it would be hard to find.

Yet this word – with its derivatives, "monopolize," "monopolistic," "monopoly power," and so on – is basic to orthodox economic theory. And there is scarcely any aspect of the American industrial economy to which the economists haven't applied this general concept through one or other of the variety of meanings they have given it.

Though the overtones and connotations of "monopoly" are, strangely, all to the bad, American business could shrug this off if it were not for one fact. The academic economists have, through the Federal Trade Commission and the Antitrust Division of the U. S. Department of Justice, sold their ideological jargon to the Federal courts. In the 1960's, with

Mr. Fleming, for many years New York Business Correspondent of the *Christian Science Monitor*, is a prominent free-lance writer on business and economics.

alarming speed, the U. S. Supreme Court has frankly begun to cite *economic theory* as a basis for its antitrust decisions, rather than legal precedents.

And "monopolizing," "attempting to monopolize," "conspiring to monopolize," or possessing "monopoly power," can be crimes under the Sherman Act. So the free-wheeling use of the words by the economists can spell trouble for any business – at least of any size and financial strength.

"Single Seller"?

By its etymology, from its Greek roots, "monopoly" means "one seller," or "single seller," or "sole seller" – just as "monotone" means one tone, "monorail" one rail, and so on through such words as monogamy, monologue, monoplane, and monomania. Historically, this was its original meaning; and in the case of the Elizabethan, Stuart, and Hanoverian monopolies, there was an "or else. . ." implied. The early monopolies were *legally enforced;* they were *exclusive grants.*

(Those were monopolies – literal and legal – that contributed to the exodus of Puritans from England to Boston; to the English Civil War in the 1640's; to Adam Smith's diatribes in his *Inquiry into the Wealth of Nations;* and to the American Revolution.)

"Monopoly" = Size?

But in the late nineteenth century the word "monopoly" was cut loose from its etymological moorings. It was used synonymously with "trust" and "combine." As Supreme Court Justice Holmes put it in his dissent in the Northern Securities case in 1903 –

> . . . it has occurred to me that it might be that when a combination reached a certain size it might have attributed to it more of the character of a monopoly, merely by virtue of its size, than would be attributed to a smaller one.
>
> 193 U. S., at 407

Thus the Standard Oil Company never did more than 90 per cent of the nation's kerosene business. Over the decades the meaning of the "mono-" in "monopoly" has been considerably further diluted. A 104-page draft complaint is on file in the Antitrust Division against General Motors Corporation, charging that it "monopolizes the manufacture, sale, and distribution of automobiles." GM's "market penetration" usually runs 50-55 per cent. An antitrust expert recently remarked that "monopoly is a matter of degree. . . ." (Edward S. Mason, in *Monopolistic Competition Theory,* John Wiley, 1966, p. 80) The classic statement of this looser meaning for monopoly was that of Judge

Learned Hand in the Alcoa case. He said that 90 per cent "is enough to constitute a monopoly; it is doubtful whether 60 or 64 per cent would be enough; and certainly 33 per cent is not. . . ." (148 F.2nd 416) (1945) His percentages, incidentally, were based on the three separate choices of *relevant market* available in the case.)

Of far more fundamental importance, however, in the economists' historic recoinage of "monopoly," has been their equating, since the 1880's and 1890's, of today's *unprotected* monopoly, with the *legally protected* monopolies of the sixteenth through the eighteenth centuries. The difference is as important as the difference between the former mercantilist systems and modern capitalism. If it isn't important, Adam Smith wasted over 25 years on his *Wealth of Nations.*

(Of course it might be said that even in those earlier days, hardly anyone ever had a real "100 per cent" monopoly. But in those days the irrepressible price-cutting competitor had to be a lawbreaker– usually a smuggler.)

"Monopolistic Competition"

But the really skillful semantic treatment of "monopoly" came in the early 1930's. Harvard Professor Edward H. Chamberlin's *Theory of Monopolistic Competition* was a tremendous success in the Washington and academic worlds, and subsequently went through six editions with scarcely a change. The book put into circulation two now fashionable notions – "monopolistic competition," and "joint monopolization" ("oligopoly").

Chamberlin went back to the pure meaning of "monopoly" – that is, sole seller. He then pointed to the obvious fact that, in this sense, everybody has a "monopoly" of his own location, reputation, brand, personality, and so on – whatever is unique about his product or service. Thus all forms of "product differentiation" were "monopolistic."

> With differentiation appears monopoly, and as it proceeds further, the element of monopoly becomes greater . . . .
>
> . . . Where there is any differentiation whatever, each seller has an *absolute monopoly* of his own product, but is subject to the competition of more or less imperfect substitutes. (italics added)

Since each is a monopolist and yet has competitors, we may speak of them as "competing monopolists," and of the forces at work as those of "monopolistic competition."

> *Theory of Monopolistic Competition,* 1st Edition, 1933, page 9.

Since modern business competition is very largely waged in the form of product improvement,

quality, reputation, service, and other non-price forms, this amounted to an intellectual judo, in which the business community's greatest competitive strength was converted to an all-out polemical weakness. But Chamberlin went considerably further than that. He wrapped up "monopolistic competition" with an extraordinary conglomeration of other factors and said the result was *excess industrial capacity*. Included in this conglomeration were

> . . . formal or tacit agreements, open price associations, trade association activities in building up an esprit de corps, "price maintenance," the imposition of uniform prices on dealers by manufacturers, and excessive differentiation of product in the attempt to turn attention away from price. . . . (p. 106)

Also "business or professional 'ethics,'" the disguising of price cuts, and "custom or tradition."

"The common result of this assemblage," he said, "is excess productive capacity . . . permanent and normal . . . and the result is high prices and waste. . . *These are wastes of monopoly — of the monopoly elements in monopolistic competition.*" (p. 109) (italics added)

"Joint Monopolization"

But a much greater impact was achieved by this modest-sounding book through its developing of the theory of "oligopoly."[1] This theory says that where a few firms do most of the business in a given industry, they keep prices up for fear of price wars, and so work like a joint monopoly. Said Chamberlin:

> Since the result of a cut by any one is inevitably (sic) to decrease his own profits (sic), no one will cut, and, although the sellers are entirely independent, the equilibrium result is the same as though there were a monopolistic agreement between them. . . . No one will cut from the monopoly figure because he would force others to follow him, and thereby work his own undoing. . . . (pp. 48, 49)

Thirty years later, the Supreme Court, in vetoing a merger of large banks, said:

> That "competition is likely to be greatest when there are many sellers, none of which has any significant share," is common ground among most economists. . . .
>
> U. S. vs. Philadelphia National Bank, 374 U. S. 321 (1963)

In this decision the Court was relying on the Chamberlin theory of "oligopoly," or joint monopolization.

Thus, in a generation the con-

[1] Chamberlin uses the word "oligopoly" on page 8 of his first edition, written in 1932, and states in a footnote: ". . . as to the word 'oligopoly,' I have never seen it in print. . . ."

cept had moved from the ivory towers of Harvard to the august chambers of the Supreme Court.

Totting up all these meanings for "monopoly," we now have five:—

1—an exclusive Crown grant;
2—a sole producer, but without government protection;
3—a "dominant" or large producer;
4—a unique selling point (brand, reputation, location, skill, selling method, or other peculiarity);
5—a lack of aggressive *price* competition among several large competitors (joint monopoly pricing).

"The question is," (as Alice said) "whether you *can* make words mean so many things."

The Monopolist's Alleged Excessive "Freedom"

The trouble with the monopolist, the orthodox economists say, is that he has too much freedom; he sits too comfortably. As a sole seller, he has no competition; or as a "dominant" seller, he hasn't enough. So he can charge a "monopoly price"; and he has "monopoly power."

Thus the Attorney General's National Committee to Study the Antitrust Laws, in 1955, said:

> Monopoly power . . . implies the monopoly seller's relative freedom from pressure to reduce costs, to develop new products, or otherwise to innovate, and to diffuse the benefits among customers. . . . p. 316

This is an extremely myopic view, which no modern "monopolist," *no matter how defined*, could afford to act on. It is short-sighted in time, in the sense that a varsity racing crew, having pulled ahead of its rivals, still cannot rest on its oars. It is short-sighted in form, because it ignores two major hazards to the single seller, which orthodox economics brashly overlooks.

The first of these two hazards is obsolescence. It is the single seller's risk, in a modern economy, that the rug may at any time be pulled out from under his lovely monopoly by some innovator. The second hazard is that, if he doesn't keep "reaching for volume," the "monopolist's" market may rapidly outgrow him and his prices, and move into the hands of more imaginative sellers.

Orthodox economics, being all but blind to these factors, vastly overstates the power and importance of monopoly, and vastly *understates* the power and importance of competition.

Innovation, Obsolescence, and the Economists

Innovation has become a way of life in the modern American

economy. In the less than a quarter-century since World War II, American industry has poured *two-thirds of a trillion dollars* into new plant and equipment – a large proportion of that for making *new products*, which, for leading industrial corporations, now account for from a third to nine-tenths of dollar sales. The research lab and the "New Products Division" have become principal engines of competition both defensive and offensive. Interindustry competition has brought "everybody into everybody else's pasture." The mortality of product markets is estimated in terms of a prospective "product life cycle" which ends in the graveyard of obsolescence.

Not a glimmer of this is reflected in orthodox economics. It all but ignores this innovation – and completely blanks out on the unmentionable subject of obsolescence. Innovation appears only as "product differentiation," which is "monopolistic," as we have seen. *Radical* innovation, of the sort that makes up Schumpeter's famous "perennial gale of creative destruction," is even more "monopolistic." Said the Attorney General's Committee in 1955:

> Extreme product differentiation, by tending to insulate the demand for one product against that for rival products, may allow real positions of monopoly to develop. (p. 328)

(In plainer English, this means that any new product, like, say, an integrated circuit, so good as to be "in a class by itself," automatically puts its owner into a class by *himself*, which means that of a sole producer, which means, a "monopolist.")

As for obsolescence, the orthodox economists not only don't discuss it. They don't mention it. For instance, it is not in the index of Chamberlin's book, nor of the widely-discussed 1959 *Antitrust Policy* of Kaysen and Turner, nor in the index of the most widely sold of all first-year college economics textbooks, that of Paul A. Samuelson.

Yet this is not at all strange. Orthodox economics does not pretend or purport to deal with dynamics. It is a *statical* theory. It has always been a statical theory. Its idealized competition consists of hosts of small firms making the same products forever and a day. In the treadmill of static economics the producers go on, like the figures on a Grecian urn, endlessly turning out the same kind of goods – except, perhaps, for a sly occasional use of "product differentiation" to beat the boredom of pure *price* competition.

(For in this tinker-toy body of theory, no competition is theoretically countenanced except that of price – and even there, the "competitors" take what they can get. There is no marketing – only sales; no R & D; no "raiding" of competitors; no experimental price cutting – in short, no innovation and no obsolescence.)

Thus Professor Alfred Marshall, the Victorian grandfather of this Victorian way of thinking, wrote:

> No doubt there are industries . . . which . . . are in a transitional state, and it must be conceded that *the statical theory* of equilibrium of normal demand and supply *cannot be profitably applied to them.*
>
> But such cases are not numerous. (italics added)
>
> *Principles of Economics*, 8th Edition, p. 501.

If few industries were "in a transitional state" then, (a notion hard to accept) many are now, and late-Victorian economics, by the confession of its own founder, "cannot be profitably applied to them." In fact how many industries today are *not* "in a transitional state"?

"Monopoly Prices"

The orthodox economists have an obsessive notion that "monopoly" always means higher prices and scarcity. In fact they use the term "monopoly price" as, in Adam Smith's words, "the highest price which can be got."

Thus the following are typical quotations from the orthodox economics department.

> The monopolist produces less and less and gets a higher price. . . .
>
> Benjamin Ward, *Elementary Price Theory*, MacMillan, 1967; page 93.

> In general, a monopolist taking over a previously competitive industry would find that profits could be increased by reducing his output below, and raising his price above, the level selected by those competing firms. . . .
>
> *Antitrust Law & Economics Review*: Vol. 1, No. 1, 1967; page 137.

> . . . monopolistic interference reduces output needlessly. The fact that it produces such scarcity is reflected in the higher price it creates.
>
> Samuelson, *Economics: An Introductory Analysis*, 5th Edition, 1961, page 428.

> A monopolist tends to produce too little because of his fear of "spoiling the market." He connives and contrives to produce scarcity.
>
> Samuelson, page 579.

These pronouncements have the earmarks of imaginative demonology. Certainly they are not supported by the preponderance of evidence on record in the scores of thousands of pages of testimony given in the major anti-monopoly court cases since the Sherman Antitrust Act was passed in 1890.

Fact may be stronger than fic-

tion, but in contrast to the above is the following early statement of policy of one of the most famous monopolies in American industrial history.

> The selling price for the year has been a gradually lowering one, not on account of competition, but on account of our own voluntary wish to encourage new customers for our very much larger output for aluminum which we intend to produce.

The above is an excerpt from the 1895 annual report of a very small corporation which, 50 years later, had become a very large corporation and was *still* the *sole producer* of aluminum ingots in the United States.

Such marketing policy is sometimes called "reaching for volume." It has been characteristic of the capitalist system since it superseded the mercantilism of the eighteenth century. Business firms aim the policy at

> a larger *total* profit from a smaller *unit* profit. The idea has been that lowering prices might result in large *volume*, which might result in lower per-unit *costs*, which might result in larger *total profits*. Often it did. The big money has been made, and the big companies built, on this "mass-production-for-the-masses" principle.
>
> Fleming, *Gasoline Prices and Competition*, Appleton-Century-Crofts, 1966, p. 34.

A famous example was the Model T Ford, the price of which Henry Ford cut, year after year, from an initial $850 to an ultimate low of $290 – making himself a billion dollars in the process.

(Ford, incidentally, had a "monopoly" by a couple of the economists' usages of that word. For one, of course, he was the sole producer of the Model T. For another, he was for years much the "dominant" producer of cars in the lowest price slot in the business.)

The self-same reach-for-volume philosophy was restated in 1968 by President Fred Borsch of the General Electric Company. He said:

> We will continue to trade current earnings for future growth.
>
> You aren't going to get growth in earnings unless you get the growth in volume on which to get the earnings.
>
> *Business Week*, March 30, 1968.

The Economists Forget

Orthodox static economics is largely based on the assumption of get-rich-quick business policies. Nevertheless the basis of the above business thinking is not entirely beyond the ken of the orthodox economists. They express it, obscurely, under the rubric of "elasticity of demand."

In esoteric charts and jargon, they teach that when a producing firm, by cutting the price of its

product, can *increase* its total dollar sales, that product has an "elastic demand"; but if, on the other hand, by cutting the price it will *decrease* total sales, the product has an "inelastic demand." What they mean by "elastic demand" is, in somewhat plainer English, a price-sensitive market in which there is more money to be made by offering the product *cheap,* than by offering it *dear.*

But for some strange reason, when they get on the subject of "the monopolist," they seem to forget all about their "elasticity of demand." They seem to think that single sellers (sole producers), unlike other business firms, either concentrate on products with *inelastic demand,* or, in producing for price-sensitive markets, are too stupid to reach for volume.

Chamberlin, for instance, talks throughout his book as though elasticity of demand made no difference to "the monopolist" – that is, as though the single seller has no reason to reach for volume by selling cheap. In fact he makes the astonishing flat statement that "it is not to [the monopolist's] advantage that the demand be elastic." (page 66)

It seems likely that the orthodox economists have borrowed their obsessional fear of "monopoly prices" from Adam Smith. For in Smith's day the typical pricing of the protected monopolist was for high and quick profits.

"The monopolists," thundered Adam Smith –

> "by keeping the market constantly under-stocked, by never fully supplying the effectual demand, sell their commodities much above the natural price, and raise their emoluments . . . greatly above their natural rate. . . ."
>
> Book 1, Chapter 7, p. 61, Modern Library.

But Smith, in this famous paragraph, said explicitly that he was talking about "a monopoly granted either to an individual or a trading company." And in the language of modern business, such monopolists could "raise a price umbrella" and then rely on the *law* and its enforcement agencies to exclude would-be competitors from rushing in "under the umbrella."

Is it not obvious that the economists' mighty mistake is a penalty they pay for confusing such protected monopolists with today's unprotected sole producers?

The "monopolists" described in the textbooks today are figments of the economists' imagination – fantasy firms pursuing policies of high price and contrived scarcity well calculated to be such firms' own undoing in short order.

Modern orthodox economists

should brush up on their economic history. Such policies were thoroughly tested by businessmen in the years just after the great wave of horizontal mergers around 1900 – and the policies didn't work. Consider the case of the American Can company in its first postmerger year.

> . . . business was good. The food-canning industry was growing. So the new management took steps to capitalize promptly on its 90 per cent control of the can-making business. It raised prices for cans, in gradual steps, by about 25 per cent – and in the middle of the canning season.
>
> The results were about what you would imagine. Not only were customers angered, but also, everybody and his brother decided to go into the can-making business – or go *back* into it. Competitors sprang up like mushrooms. The new Company bought up a few of them, and several million cans, to get them off the market, and then quit trying. Within two years competitors had increased their share of the can business from less than ten per cent, to 40 per cent.
>
> – William C. Stolk, Chairman of the Board, American Can Company, speech, "Revolution in Containers," before the Newcomen Society, New York, 1960.

Whether it is striving to be or to *remain* a sole producer, no firm can afford such policies. This was stated, with a twist of irony, by Schumpeter in his often-quoted remark that a single seller without legal protection can achieve his position (and then hold it for decades) "only on the condition that he does not behave like a monopolist.[2] What he meant was that one cannot become or remain a "monopolist" by behaving *the way the economists say that monopolists behave.*

The confusing multiplicity of meanings, and the inaccurate assumptions and connotations, which the economists have given to "monopoly," condemn it as a menace to clear thinking. The economists claim it as among their "tools of analysis." But it is shot through with emotional overtones; and so, in practice, has come to be a tool of confusion.

"There is a natural obstacle to progress in abstract thought," once wrote Isabel Paterson, "which has often delayed rational inquiry; an erroneous concept or theory may be expressed in terms which embody the error, so that thinking is blocked until the misleading words are discarded from the given context,"[3]

"Monopoly" is one such misleading word. ◈

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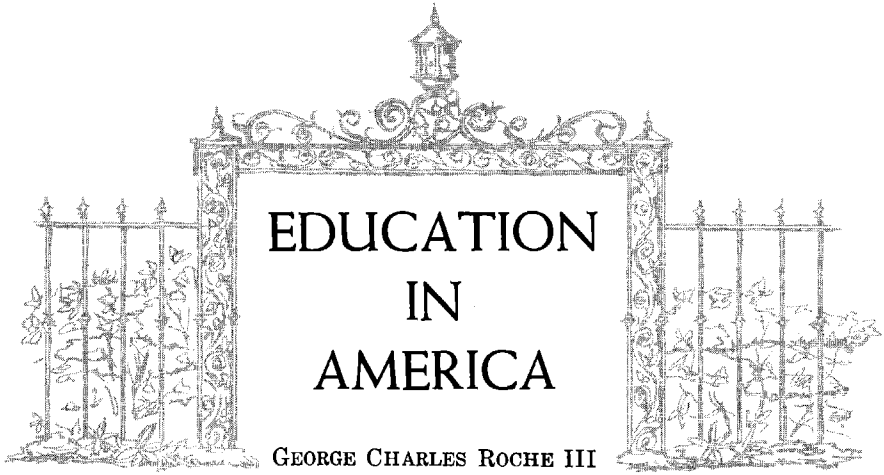
[2] Joseph Schumpeter, *Capitalism, Socialism and Democracy*, Harper's, 1947. p. 99.

[3] *The God of the Machine*, Caxton Printers, 1964, p. 99.



EDUCATION IN AMERICA

GEORGE CHARLES ROCHE III

2. *Freedom, Morality, and Education*

TO FULLY appreciate the shortcomings of our present educational framework and face realistically the task of rebuilding it requires a careful and complete understanding of the concepts we value in society – a "thinking through" of our own first principles. What kind of educational goals do we really desire?

To Plato, proper education of the young consisted in helping them to form the correct mental habits for living by "the rule of right reason." But, how do we define right reason?

An important part of education centers on the attempts of society to transmit its culture to the rising generation. What are the accomplishments of past generations? What have been the goals and values by which society has lived? What guidelines should be available to the rising generation as it faces its own inevitable problems?

Still, education must be far more than the mere indoctrination of the young into the methods of the past. A hallmark of Western civilization is its educational focus upon the development of the individual's capacity to function as an individual, tempered by recognition of the common characteristics

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imposed upon all civilized communities by the unchanging aspects of human nature. In this sense, the proper goal of education is everywhere the same: improve the individual as an individual, stressing the peculiar and unique attributes each has to develop, but also emphasizing the development of that "higher side" shared by all men when true to their nature. This educational goal might be described as the quest for "structured freedom," freedom for the individual to choose *within* a framework of values, values universal to *all* men simply because they are human beings.

A Framework of Values

Education in this best sense requires no elaborate paraphernalia. It is characterized, not by elaborate classrooms or scientific "methods," but by an emphasis upon the continuity and changelessness of the human condition. The effort to free the creative capacities of the individual, to allow him to become truly himself, must recognize the values which past generations have found to be liberating, asking that each new generation make the most of inherited values while striving to enrich that heritage. True education is society's attempt to enunciate certain ultimate values upon which individuals, and hence society, may safely build. The behavior of children toward their parents, toward their responsibilities, and even toward the learning process itself is closely tied to such a framework of values.

Thus, in the long run, the relationship we develop between teacher and pupil, the type of learning we encourage, the manner in which we organize our school systems, in short, the total meaning we give to the word "education," will finally be determined by our answers to certain key questions concerning ultimate values.

Those who built the Western World never questioned this continuity of our civilization nor attempted to pluck out the threads that run through its fabric. Ever since the Hebrews and Greeks made their great contributions to Western thought, it has been taken for granted that through the life of the mind man can transcend his physical being and reach new heights. Self-realization, discipline, loyalty, honor, and devotion are prevailing concepts in the literatures, philosophies, and moral precepts that have shaped and mirrored Western man for centuries.[1]

The necessity for such an underlying value system has been well established in the work of such eminent social critics of our

[1] Thomas Molnar, *The Future of Education*, p. 30.

age as C. S. Lewis and Richard Weaver. The case for such an underlying system must not depend upon the whims of debate with the relativistic, subjectivist spokesmen who today dominate so much of American education and thought. Those who hold that certain civilized values are worthy of transmission to the young, that some standards are acceptable and others are not, are on firm ground in their insistence that such values and standards must be the core of any meaningful educational framework.

Truth

The late C. S. Lewis, an urbane and untiring critic of the intellectual tendencies of the age, used the word *Tao* to convey the core of values and standards traditionally and universally accepted by men, in the Platonic, Aristotelian, Stoic, Christian, and Oriental frameworks. The *Tao* assumes a fixed standard of principle and sentiment, an objective order to the universe, a higher value than a full stomach. As such, the *Tao* presupposes standards quite incompatible with the subjective, relativist suppositions of "modern man. We are told by the relativists that the *Tao* must be set aside; the accumulated wisdom of centuries, the values of East as well as West, of Christian and non-Christian, the striving of the past to discover the higher side of man and man's conduct, must not stand in the path of "progress." Thus, the "revolt" of the "Now Generation."

Advances in technology account in part for the denial of our heritage. Since scientific and technological knowledge tends to accumulate (i.e., be subject to empirical verification as correct or incorrect, with the correct then added to the core of previously verified knowledge), many people assume that man's scientific progress means he has outgrown his past and has now become the master of his own fate. Moral questions are of a different order. Wisdom, not science or technology, points the way for progress here. For an individual to be inspired by the wisdom and moral rectitude of others, he must first make such wisdom his own. This is education in its finest sense.

Plato's "Rule of Right Reason"

To grasp the accumulated moral wisdom of the ages is to become habituated to such concerns and to their claims upon one's personal conduct. At that point, the rule of right reason, the goal which Plato set for education, becomes the guiding light of the individual.

This rule of right reason could

provide the frame of reference so lacking in today's society. Many modern existentialists complain that the world is meaningless and absurd. It is not surprising that the world no longer has meaning for those who recognize none but materialistic values. The world of reason and freedom, the real world in which it matters a great deal what the individual chooses to do, is revealed only in the spiritual quality of man that so many moderns deny. It is this higher spiritual quality of the individual, evidenced in his creative capacity to choose, which alone can give meaning to life and transform the world of the individual. This is the recognition of those higher values that lead to Truth. Such an awareness on the part of the individual, such a rule of right reason, will be, in Berdyaev's words "...the triumph of the realm of spirit over that of Caesar . . . ." This triumph must be achieved anew by each individual as he strives for maturity . . . and his struggle for maturity constitutes the educative process.

A Higher Law

Despite our vaunted "modern breakthroughs in knowledge," it is doubtful that anyone now alive possesses more wisdom than a Plato, an Epictetus, a Paul, or an Augustine. Yet much of what passes for "education" in our time either denies this accumulation of past wisdom or belittles it in the eyes of the student. Truth, after all, is a measure of *what is*, a measure of an infinite realm within which the individual is constantly striving to improve his powers of perception. As the individual draws upon his heritage and applies self-discipline, he comes to recognize more and more of that truth and to understand it. The individual is thus able to find himself and his place in the universe, to become truly free, by recognizing a fixed truth, a definite right and wrong, not subject to change by human whim or political dictate. The individual can only be free when he serves a higher truth than political decree or unchecked appetite.

Such a definition of freedom in consonance with a higher law has its roots deep in the consciousness of civilized man.

In early Hinduism that conduct in men which can be called good consists in conformity to, or almost participation in, the *Rta*—that great ritual or pattern of nature and supernature which is revealed alike in the cosmic order, the moral virtues, and the ceremonial of the temple. Righteousness, correctness, order, the *Rta*, is constantly identified with *satya* or truth, correspondence to reality. As Plato said that the Good was

"beyond existence" and Wordsworth that through virtue the stars were strong, so the Indian masters say that the gods themselves are born of the *Rta* and obey it.

The Chinese also speak of a great thing (the greatest thing) called the *Tao*. It is the reality beyond all predicates, the abyss that was before the Creator Himself. It is Nature, it is the Way, the Road. It is the Way in which the universe goes on, the Way in which things everlastingly emerge, stilly and tranquilly, into space and time. It is also the Way which every man should tread in imitation of that cosmic and super-cosmic progression, conforming all activities to that great exemplar. "In ritual," say the Analects, "it is harmony with Nature that is prized." The ancient Jews likewise praise the Law as being "true."[2]

Thus, the Christian insistence that man must order his affairs according to a higher law is far from unique. Such a view has been held in common by all civilized men. Our own early institutions of higher learning were deeply committed to the transmission of such a heritage. The nine colleges founded in America in the seventeenth and eighteenth centuries, (Harvard, Yale, Brown, Dartmouth, Columbia, Princeton, Pennsylvania, Rutgers, and William and Mary) were all of religious origin. Such was the early American view of education.

Human Freedom and the Soul of Man

There is a measure of truth in the Grand Inquisitor's assertion that many people do not wish to be free. Freedom can be painful, and someone like the Grand Inquisitor usually is at hand, quite willing to take over the chore of making decisions for others. Those civilizations which have prospered, however, have been peopled by those who appreciated the transcendent importance of their individuality and who valued the freedom necessary for its expression and fulfillment. "Education is not, as Bacon thought, a means of showing people how to get what they want; education is an exercise by means of which enough men, it is hoped, will learn to want what is worth having."[3]

Education is an exercise by which men will learn to want what is worth having. This is a recurrent idea among Western thinkers. Aristotle wrote that the proper aim of education was to make the pupil like and dislike the proper things. Augustine defined the proper role of education as that which accorded to every object in the universe the kind and degree

[2] C. S. Lewis, *The Abolition of Man*, pp. 27-28.

[3] "Science and Human Freedom," *Manas*, Feb. 28, 1968, p. 7.

of love appropriate to it. In Plato's *Republic,* the well-educated youth is described as one . . .

who would see most clearly whatever was amiss in ill-made works of man or ill-grown works of nature, and with a just distaste would blame and hate the ugly even from his earliest years and would give delighted praise to beauty, receiving it into his soul and being nourished by it, so that he becomes a man of gentle heart. All this before he is of an age to reason; so that when Reason at length comes to him, then, bred as he has been, he will hold out his hands in welcome and recognize her because of the affinity he bears to her.

What is this higher side of human nature which can be cultivated, this higher side of man which will learn to want what is worth having? According to the standards of Western civilization, it is the human soul.

If we seek the prime root of all this, we are led to the acknowledgment of the full philosophical reality of that concept of the soul, so variegated in its connotations, which Aristotle described as the first principle of life in any organism and viewed as endowed with supramaterial intellect in man, and which Christianity revealed as the dwelling place of God and as made for eternal life. In the flesh and bones of man there exists a soul which is a spirit and which has a greater value than the whole physical universe. Dependent though we may be upon the lightest accidents of matter, the human person exists by the virtue of the existence of his soul, which dominates time and death. It is the spirit which is the root of personality.[4]

Our Choices Affect Our Lives

Some of those who espouse the idea of freedom are quick to declaim such terms as soul, God, or Higher Law, feeling that such "mysticism" denies the individual the capacity to freely choose since it binds him to a higher Authority. This is a groundless fear. In fact, the whole idea of a higher law and a God-given capacity for individual free choice only opens the door into a world in which man is constantly remaking the world as he modifies and expands his own horizons. It is precisely the fact that the soul of the individual derives from a higher order of nature that allows man to constantly remake the world and his own life according to his own understanding and his own perception. This is the source of the self-discipline which produces honor, integrity, courage, and the other attributes of civilized man. This is the source of the framework within which all meaningful, civilized choice takes place.

[4] Jacques Maritain, *Education at the Crossroads,* p. 8.

Still, the existentialists may be right about one point. It is true that man finds himself encased within a body and a material existence which he did not choose. It is also true that he finds himself limited by the ideas peculiar to his time. Even if he chooses to fight such ideas, the very nature of that choice and struggle is determined by the ideas he finds around him. This is why man is at once the molder and the molded, the actor and acted upon of history. We are all a part of an existential situation that is, and yet is not, of our own making. In a very real sense of the word, we are shaped by generations long past, yet have a role to play in the shaping process for generations to come. It is this capacity to choose, limited by the framework we have inherited, which man must come to understand and deal with if he is to be truly "educated."

In principle, therefore, it does not matter whether one generation applauds the previous generation or hisses it – in either event, it carries the previous generation within itself. If the image were not so baroque, we might present the generations not horizontally but vertically, one on top of the other, like acrobats in the circus making a human tower. Rising one on the shoulders of another, he who is on top enjoys the sensation of dominating the rest; but he should also note that at the same time he is the prisoner of the others. This would serve to warn us that what has passed is not merely the past and nothing more, that we are not riding free in the air but standing on its shoulders, that we are in and of the past, a most definite past which continues the human trajectory up to the present moment, which could have been very different from what it was, but which, once having been, is irremediable – it is our present, in which, whether we like it or not, we thrash about like shipwrecked sailors.[5]

Unless he seeks only the freedom of shipwrecked sailors, freedom to drown in an existential sea, the individual desperately needs to recognize that his truly liberating capacity to choose is hinged upon a moral framework and certain civilized preconditions which at once limit and enhance his choice. It is this recognition that constitutes civilization.

Civilized Man

What is it then, that civilized man comes to value? One possible answer is given by Harold Gray, the creator of Little Orphan Annie and of the equally delightful Maw Green, Irish washerwoman and homey philosopher *par excellence*. In one of Gray's comic strips, he

[5] Jose Ortega y Gasset, *Man and Crisis*, pp. 53-54.

confronts Maw Green with a slobbering, unkempt, aggressive boob, who shouts, "I got rights, ain't I? I'm as good as any o' those big shots! *No*body's better'n *me!* I say all men are *born equal!* Ain't that right?"

Maw Green maintains her boundless good humor and agrees that all men are indeed born equal, but she turns aside to confide to the reader, "But thank Hiven a lot of folks outgrow it!"

Perhaps that civilizing task of "outgrowing it" is how the educative process can best help the individual. Yet in a time of collapsing standards, of "campus revolts," such a task for the educative process seems impossible of fulfillment. If so, Mario Savio and Mark Rudd may be samples of things to come, of tomorrow's torchbearers upon whom our civilization depends.

Surely, such a prospect is frightening to most of us. If we are to avoid such a fate, the underlying problem must be faced squarly: Does a proper definition of the nature of the universe and the nature and role of man within the universe presuppose the existence of a fixed standard of value, universally applicable to all men at all times? To accept such a view is to challenge directly the root assumption of the modern world . . . a world unwilling to accept the discipline inherent in such a fixed value system, a world finding self-congratulation in its illusory man-made heaven on earth, a heaven blending equal portions of subjectivism and relativism.

Man Must Be Free to Choose

There have been among us those men of intellect and integrity who have challenged the dominant mentality of the age, warning that man must be free to choose and yet properly instructed in the making of his choice. They have insisted that proper values can emerge and be defined by the passage of time and the accumulation of human experience. This accumulated wisdom, this framework of values, thus provides an enhancement of meaningful choice, not limiting but rather clarifying, the individual's power to decide. Such individual choice, plus the framework within which that choice takes place, is a reflection of higher values than society itself:

> Freedom of the human personality cannot be given by society, and by its source and nature it cannot depend upon society – it belongs to man himself, as a spiritual being. And society, unless it makes totalitarian claims, can only recognize this freedom. This basic truth about freedom was reflected in the doctrines of natural law, of the rights

of man, independent of the state, of freedom, not only as freedom within society, but freedom from society with its limitless claims on man.[6]

To a maverick like Berdyaev, freedom was the key word, but even he admitted that man was a spiritual being and that nature had her own laws demanding respect from the individual as he made his choices.

Many others in the civilized tradition of individual freedom and a fixed moral framework have perceived that the individual must be not only free, but sufficiently educated in the proper values to permit intelligent choice. Albert Jay Nock, for instance, believed that

> . . . the Great Tradition would go on "because the forces of nature are on its side," and it had an invincible ally, "the self-preserving instinct of humanity." Men could forsake it, but come back to it they would. They had to, for their collective existence could not permanently go on without it. Whole societies might deny it, as America had done, substituting bread and buncombe, power and riches or expediency; "but in the end, they will find, as so many societies have already found, that they must return and seek the regenerative power of the Great Tradition, or lapse into decay and death."[7]

Nock was not alone in his insistence upon such standards for the education of future generations. He stood in the distinguished company of such men as Paul Elmer More, T. S. Eliot, C. S. Lewis, and Gilbert K. Chesterton, to name but a few of the defenders of the Great Tradition. These have been the civilized men of our age.

With Canon Bernard Iddings Bell, the distinguished Episcopal clergyman who saw so clearly the tendency of our times, we might ponder our future:

> I am quite sure that the trouble with us has been that we have not seriously and bravely put to ourselves the question, "What is man?" or, if and when we have asked it, we have usually been content with answers too easy and too superficial. Most of us were trained to believe – and we have gone on the assumption ever since – that in order to be modern and intelligent and scholarly all that is required is to avoid asking "Why am I?" and immerse oneself in a vast detail of specialized study and in ceaseless activity. We have been so busy going ahead that we have lost any idea of where it is exactly that we are going or trying to go. This is, I do believe, the thing that has ruined the world in the last half century.[8]

We have lost our philosophic

[6] Nicholas Berdyaev, *The Realm of Spirit and The Realm of Caesar*, pp. 59-60.

[7] Robert M. Crunden, *The Mind & Art of Albert Jay Nock*, p. 134.

[8] Bernard Iddings Bell, *Crisis in Education*, p. 162.

way in the educational community. We have often forgotten the moral necessity of freedom, and have usually forgotten the self-discipline which freedom must reflect if it is to function within the moral order. As parents, as human beings, as members of society, we must insist that our educational framework produce neither automatons nor hellions. The individual must be free to choose, yet must be provided with a framework of values within which meaningful, civilized choice can take place. That two-fold lesson must lie at the heart of any renaissance of American education. ◈

The next article of this series will discuss "Scientism and the Collapse of Standards."

AS GOLD GOES...

WILLIAM F. RICKENBACKER called the turn on silver in this country: it became too valuable industrially and commercially to permit its use for currency at the rate the U. S. Treasury was willing to pay for it. A simple proposition in supply and demand.

Now, in a book which bears the ominous title, *Death of the Dollar* (Arlington House, $4.95), Mr. Rickenbacker says that gold is bound to go the way of silver. Once upon a time gold had two primary uses. Since it did not rust and was suitably scarce, it made the most desirable store of value that human beings could find. It kept better than cattle, tobacco, or even wampum. Ergo, it became the preferred backing for currencies, the most satisfactory means of settling differences in international trade balances. It also had the appeal that goes with great beauty. The economist doesn't have to become an esthetician to know that women and the likes of Indian princes prize gold for decorative purposes; all he has to do is to take this as a phenomenon that has persisted ever since men first began to work metals.

But now, in the technological age, the properties of gold are becoming prized for all sorts of uses that have nothing to do with the monetary needs of governments and central banks, the shipping of gold bars to settle international balances, or the desires of maharajahs for ornament. The heart of Mr. Rickenbacker's book is surely those pages about the increasing demands for gold in industry. Since this is the news in his book, let us summarize a bit of it.

Gold in the Space Age

There is the new science of space-age electronic circuitry, for example. All of a sudden we discover that 23 per cent of domestic gold consumption is in electrical and electronic applications. Gold is used in diodes, in transistors, and as small-diameter "whisker" wire. In salt or solution form it is in demand for the electroplating of printed circuits, resistors, transducers, silicon wafers, and connectors. The radioactive gold isotope

198 is used in cancer therapy. Gold-platinum alloys are used as rayon spinnerets. Nuclear reactors are safer when their structural parts in contact with the fuel solution are plated or clad with gold.

This sort of catalogue could be extended beyond the capacity of this or any magazine to print it. Because the catalogue of industrial uses grows bigger every year, it is amazing that no book has yet been written to explore its ramifications. The statistics are interesting. Back in 1957 the industrial consumption of gold was 1.46 million ounces. In 1966 the figure had jumped to 6.1 million ounces. Going up at the rate of 15 per cent per year, the domestic consumption of gold for nonmonetary purposes has more than quadrupled within a decade. It is now four times the annual U.S. domestic gold production. In the world outside the U.S. the production of gold is leveling off and may actually decline. Says Mr. Rickenbacker, "The day of gold as the plaything of central bankers is ended."

A Knotty Problem

In view of the facts, Mr. Rickenbacker is amazed that Washington thinks it can hold the price of gold down to $35 an ounce. He is also amazed that great thinkers wrack their brains to come up with such self-incriminating phrases as "paper gold." In the light of his sharp and terse sections on the use of gold in industry, the somewhat overextended chapters which Mr. Rickenbacker devotes to such things as the International Monetary Fund and the failures of the Federal Reserve Bank to cope with inflation seem somewhat windy. This isn't the fault of Mr. Rickenbacker's style, which is always lively, impertinent, and succinct. The windiness derives from Mr. Rickenbacker's excessive use of quotations from "group think" documents and from the so-called experts. The historian may prize Mr. Rickenbacker's collection of other people's words, but the general reader will find himself trying to pry his eyes open as the New York Federal Reserve discloses that the mechanism of international payments "has been under constant study and review by a number of official bodies, including the IMF, the central bankers who meet regularly at the Bank for International Settlements in Basle, Working Party 3 of the Economic Policy Committee of the Organization for Economic Development (OECD) in Paris . . . and national treasuries and central banks." What came out of all this "constant study and review"? The Fed solemnly sums it up as follows: "The central bankers emphasized that even strong cur-

rency defenses cannot be a substitute for the eventual correction of major underlying payments imbalances – a point heavily stressed at the IMF meetings as well. In this respect, the continued balance-of-payments deficits of the United States have been a source of concern."

In other and shorter words, the bankers say that we won't get well until we find a cure. But we knew that already.

Too Many Controls

As a believer in the quantity theory of money, a belief which he shares with Milton Friedman, Mr. Rickenbacker doubts that the "cure" will be found by people who try to restrain and redirect the movement of gold, goods, and services across international boundaries by offering "controls." This points the way to Hjalmar Schachtism, autarky, and declining production on a world scale. It ends by substituting the gun standard for the gold standard. Controls breed more controls, and we need fewer of them, not more. The world will remain in trouble as long as the American economy, which is the strongest on the planet, remains inflationary. As currency and credit are pumped into the U.S. system at a rate that vastly exceeds annual increments in productivity, the continued "supposition" that the dollar is "equal to a fixed number of marks or francs or guilders" is simple idiocy. We won't solve our external difficulties, and those of other countries as well, until the American economy accepts Federal budgeting discipline at home. It is the domestic monetary policies of the various important nations that count, not the attempts of international monetary authorities to devise means of establishing new "drawing rights" and the multiplication of "paper gold."

Mr. Rickenbacker is attracted by Milton Friedman's ideas about free floating exchange rates, which would let the price of gold fluctuate in accordance with free market dictates. A new fixed price for gold, he thinks, would only create the necessity of re-pegging the dollar to gold every other generation. As a believer in free choice and the philosophy of libertarianism or voluntarism (if such awkward words must be used), I am attracted to the Friedman idea myself. But in a world that shies away from any disciplines at all, wouldn't it be a boon to get a stable relationship between the dollar and gold at a realistic new rate even if it only promises to last for twenty years?

This is the question that Mr. Rickenbacker really poses. I wish he had done more to answer it. ◈

▸ THE SOVIET ECONOMY: MYTH AND REALITY by Marshall I. Goldman (Englewood Cliffs, N. J.: Prentice-Hall, 1968), 176 pp., $1.95.

Reviewed by Gary North

UP UNTIL NOW, probably the best brief introduction to the Soviet economy has been Robert W. Campbell's *Soviet Economic Power* (Praeger, 1966). Now, a second must be added to the list, Professor Goldman's study of myth and reality in the Soviet economy.

In each of the thirteen compact chapters, Goldman examines a myth. For example, he demonstrates that the economy of Czarist Russia was growing, and that by 1913 it was in no sense a backward country economically. In fact, it was not until 1953 that the real wage income of the urban Soviet worker equalled the 1913 level!

Not only was Lenin's October Revolution not a legitimate Marxist one, by Marx's own standards, Goldman shows that subsequent economic practices of the USSR have not conformed to Marxist teachings concerning a "people's democracy." Planners have continually resorted to capitalistic measures in order to make the system function at all. In spite of Marx's hostility to the conservatism of Europe's peasantry, Goldman thinks it unlikely that Marx ever intended that peasants should be expropriated on the scale practiced by the Soviets. Estimates have run as high as 10 million deaths as a result of Stalin's collective farm program.

In recent years, the author shows, there have been moves toward decentralization of the economy. Such capitalistic features as rent, interest, and a limited profit system have been imposed. Nevertheless, Goldman is under no illusions as to the nature of these innovations: "It is unlikely that private ownership of the means of production will ever be tolerated, except perhaps in a few small service industries or trades." Thus, chapter ten is devoted to a refutation of that increasingly prominent myth: "The Soviet Union is becoming capitalist, and, in a few years, there will be no differences between the Soviet and American systems." Unless, he fails to add, America decides to meet the Soviets more than halfway.

The book is no diatribe. Where he thinks the Soviets have accomplished something important (often by employing nonsocialistic means), he says so. This book is a healthy corrective for those myths that have as their foundation the worship of collectivist economic practices. ◈