

# the Freeman

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# the Freeman

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PAUL L. POIROT *Managing Editor*

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CLARENCE B. CARSON

THE  
FOUNDING  
OF  
THE  
AMERICAN  
REPUBLIC

1

The American Epic:  
1760-1800

Several years ago, I introduced and undertook to teach a college course called "The Founding of the American Republic." Several things moved me to do it. One was my long term interest in the period. Another was the belief that such a course would offer one of the best means for covering the basic political principles on which these United States were founded, covering them with sufficient detail that they would be more likely to be remembered by students than the usual much briefer coverage in broader courses. Yet another reason was an idea that there was some sort of unity within these years that warranted treating them in a separate course.

One difficulty, of sorts, presented itself to offering such a course effectively. There was not a textbook which dealt with the period I had in mind in a unitary fashion. This could be attributed, in part, to the fact that I proposed to take the course down to the year 1800. Books which looked by their titles as if they might be appropriate did not do this. For example, Merrill Jensen's *The Founding of a Nation* covers the years 1763-1776, while Forrest McDonald's *The Formation of the American Re-*

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Dr. Carson is Chairman, Social Science Department, Okaloosa-Walton College. He is a noted lecturer and author, his latest book entitled *Throttling the Railroads*.

public deals mainly with the years 1776-1790. Books which treat the American Revolution mostly deal in detail with only a small portion of the period. Richard B. Morris's *The American Revolution* concentrates on the years 1763-1783, and John R. Alden's *The American Revolution* covers the years 1775-1783. Books of readings cover a shorter period, too, as a rule. For example, Jack P. Greene has edited two extensive anthologies — *Colonies to Nation* and *The Reinterpretation of the American Revolution* — both of which are for the years 1763-1789.

#### **A Time to Remember**

There are numerous books that deal with some aspect of this period: the background to it, the coming of the revolt, the Declaration of Independence, the War for Independence, the years under the Articles of Confederation, the Constitutional Convention, and the early years of the Republic. In addition there are biographies of most of the leading figures of the period, numerous monographs on such specialized subjects as religion, economics, ideas, and so on. It may well be the most written about period of American history; most certainly, the period has been most extensively mined for documents to collect and reprint. A few titles will suggest something of

the depth in which it has been covered: Max Savelle, *Seeds of Liberty* and *The Colonial Origins of American Thought*; Robert A. Rutland, *The Birth of the Bill of Rights*; Nathan Schachner, *The Founding Fathers*; Leslie F. S. Upton, *Revolutionary versus Loyalist*; Peter N. Carroll, ed., *Religion and the Coming of the American Revolution*; Douglas S. Freeman, *George Washington* in seven volumes.

Moreover, the events, movements, developments, and men of this time have been the subject of a great variety of interpretations and some of the most active controversies among historians. Professor Greene divides the older interpretations into three broad categories: the Whig Conception, the Imperial Conception, and the Progressive Conception. To this, he would add a panorama of interpretations that have come since World War II, many of which are revisions of earlier interpretations.

He says that the "new investigations have focused upon seven major problems: (1) the nature of the relationship between Britain and the colonies prior to 1763; (2) the nature of social and political life within the colonies and its relationship to the coming of the Revolution; (3) the reasons for the estrangement of the colonies

from Britain between 1763 and 1776; (4) the explanations for the behavior of the British government and its supporters in the colonies between 1763 and the loss of the colonies in 1783; (5) the revolutionary consequences of the Revolution; (6) the character of the movement for the Constitution of 1787 and its relationship to the Revolution; (7) the nature and meaning of the Revolution to the men who lived through it.”<sup>1</sup>

This list shows, too, how fragmented and specialized the study of this period has become. Interpretations have not generally been of the whole period but of some briefer span within it. Such questions as the following have been subjected to intensive study. What was the impact of British mercantilism on the American movement for independence? How many people from what areas and which segments of the population voted for delegations to ratification conventions in the states? What was the role of merchants in fomenting revolt against the British?

Just to touch upon the outlines of some of the interpretations that have been made will suggest some of the angles from which the happenings of these years have

been viewed. Many of these focus upon why the colonies broke from England, and upon the years 1763-1776. The oldest and most enduring interpretation is that it was a movement for liberty and from British oppression — a view that is sometimes called the Whig theory. There is a mercantile thesis, which may include the idea that the British followed a policy of “salutary neglect” during most of the colonial period, only to reverse this policy a decade or so before the revolt. Or, the mercantile theory may deal much more complexly with the inner contradictions of mercantilism, their adverse effects on trade and relations among nations. There is the maturity thesis — vigorously set forth by Lawrence H. Gipson — which holds that many of the American colonies had reached such a level of political and economic maturity that they no longer needed or wanted the British connection.

### **A Class Struggle**

A major effort has been made to subsume the whole of this epoch into a class struggle theory. The inception of the conflict is particularly difficult to place in this framework, but there is something to go on in pitting the British landed class against the merchant class both in England and America. From some such point of

<sup>1</sup> Jack P. Greene, ed., *The Reinterpretation of the American Revolution* (New York: Harper and Row, 1968), pp. 18-19.

view, the struggle might have arisen from the efforts of Americans both to resist mercantile restrictions and the payment of their debts. Much more fertile, for class struggle theorists, was the conflict within individual colonies between tidewater aristocrats and piedmont yeomen, particularly in North Carolina. On this view the revolt from England was accompanied by a civil war within the colonies. The contest continued over the years and involved such questions as easy money, a moratorium on debts, the powers of the states versus the Confederation, and eventually split the country over the question of ratifying the Constitution.

Many historians in the twentieth century have insisted upon telling the story of the years 1763-1800 in the context of a series of contests between Liberals and Conservatives. The terms were not in use at the time, and those who pursue their use must have some of their characters reversing their positions from time to time in ways that the men need not have been conscious of doing, if they did. Still, those who wanted to break from England 1774-1776 must be, by these writers, denominated "Liberals," while those favoring continuing the British connection would be "Conservatives." Those who favored ratification of

the Constitution of 1787 would be "Conservatives," while those opposing it would be "Liberals."

There have been other interpretations, but the above examples give some idea of what has gone on. The epic character of the founding period of American history has frequently been obscured by the attention focused on contending interpretations, by the dredging up of selected facts which serve as grist for the mills for some partial view, by the concentration on minutiae which results in losing sight of the forest amidst the trees and shrubs, by the amplification of debates which had frequently long since been decently interred before the participants were themselves, by the quest for failings among great men and the search for imperfections among people, and by the fragmenting into parts of something which has a basic unity.

### ***History Hangs on a Philosophy***

Many of these tendencies have been aggravated by the tendency among historians toward empirical data unilluminated by philosophy but given its meaning by ideology. This is not to be taken to mean that facts are not indispensable to history, nor that the work of finding and substantiating details is not valuable, nor that anyone attempting to write an account of

these years can be anything but grateful for the scholarship that has gone before. It is rather to observe that the fruits of research and study have so often been presented in such a way that the mind loses hold or does not grasp much that is momentous about the founding of these United States.

There is no need, of course, to go to the opposite extreme, to ignore the debates and the divisions, to glorify riotous behavior, to describe the Founders as if they had not personal interests involved in their decisions, or to pretend that there was unity where there was diversity. The epic character of these years does not depend upon the purity of all the participants nor the disinterestedness of their behavior. It depends upon grasping what they wrought by pursuing a course over the period of a generation despite their imperfections, their divisions, their selfishness, and their shortsightedness. By their fruits ye shall know them, we are told in Scripture, and it is these fruits which give unity to an era and an epic cast to what was done.

### ***The Story Unfinished in 1789***

The American epic occurred between 1763-1800, with a background laid before that time and some filling out occurring after. The political foundations of these

United States were set during these years. Seventeen eighty-nine does not make a good terminal date for the founding of the Republic; the Constitution was at that point only a "piece of paper." It had not yet had the breath of life breathed into it by the determination and actions of men; it did not even have a Bill of Rights. An experiment began to become an actuality within the next decade or so, and the story needs to be continued for several years beyond the inauguration of the government in 1789.

Strictly speaking, there is no American epic, or, if there is, it is according to the fifth meaning in the *American College Dictionary*, i. e., "something worthy to form the subject of an epic." An epic, essentially, is a "poetic composition in which a series of heroic achievements or events, usually of a hero, is dealt with at length as a continuous narrative in elevated style." The models for the epic in Western Civilization are the *Iliad* and the *Odyssey*. Epics frequently have as their subject the founding of a city, a nation, or the coalescing of a people. They usually have to do with legends and myths, with early accounts of a people that go back before any historical record, accounts that have been passed along by word of mouth.

But this serves mainly to point

up the differences between the founding of the United States and most countries which had preceded it in history. The origins of most nations are available to us mainly in myths and legends; they go back to a time when the memory of man does not run contrary to their existence. Little enough is known of the coming of the Anglo-Saxon peoples to what then became England, much less about their antecedents on the continent. The establishment of English monarchy is, for us, a tangled web of chronicle, legend, lore, and historical glimpses of shadowy figures who had acquired such sobriquets as Ethelred the Redeless. Even more so was this the case with Rome and Greece, and it is only somewhat less so with France and Spain.

### ***The Characters Were Real***

These United States, by contrast, came into being in what is for us modern times with what that connotes of literary record, events substantiated from many independent sources, and the characters definitely historical ones with not even a shadow of a doubt that some of them might have been mythical or combinations of several actual persons.

Poetry has rough going in dealing with prosaic factual materials. Heroes can hardly surface or sur-

vive the minute probing of their lives by modern biographical techniques. Elegant language requires an informing vision which has not fared well in the midst of a naturalistic outlook. Prosaic history under the tutelage of professionals has replaced epic poetry; irreducible facts which will stand careful scrutiny have tended to supplant elegantly worded narratives. We have gained in exact knowledge quite often at the expense of impoverishing the spirit; those who seek sustenance from the past have asked for bread and been tendered a stone instead.

Even so, there are the makings of an epic in the men, events, documents, and developments of the years 1763-1800. Every schoolboy once learned the rudiments of the stuff of epics: "Give me liberty or give me death"; the midnight ride of Paul Revere; "the shot heard round the world"; "Taxation without representation is tyranny"; the making of the flag by Betsy Ross; Nathan Hale's "I regret that I have but one life to give for my country"; the heroism of George Washington: at Kip's Bay, crossing the Delaware, at Valley Forge; the villainous treason of Benedict Arnold; "millions for defense but not one cent for tribute," and so on.

An epic is not for schoolboys alone; hence, it must probe more



deeply into the background of a people. These years had an unusual crop of men, major and minor characters who would fit well amidst the elegant language of an epic: James Otis, Patrick Henry, Samuel Adams, John Dickinson, Benjamin Franklin, George Washington, John Hancock, Thomas Paine, Thomas Jefferson, Gouverneur Morris, Horatio Gates, Baron von Steuben, Marquis de Lafayette, James Madison, John Adams, Alexander Hamilton, John Marshall, and many, many others who have been well called Founding Fathers.

Events abound, many of which have a symbolic ring to them, events which call to mind crises, resolutions, and climaxes, such as: the Stamp Act, the Stamp Act Congress, the Boston Massacre, the Tea Act, the Boston Tea Party, the Coercive Acts, Lexington and Concord, the meeting of the Second Continental Congress, the declaring of independence, the Battle of Saratoga, the Franco-American Alliance, the Battle of Yorktown, the Treaty of Paris, Shay's Rebellion, the Constitutional Convention, the XYZ Affair.

Even the documents of these years have an epic quality to them: the elegance of the language, their philosophical tone, and the vision with which they call an imperial rule to account as well

as set forth the new direction for a people. The story of these years is encapsulated in the documents for which these titles stand: the Suffolk Resolves, the Circular Letters, *Letters from a Pennsylvania Farmer*, the *Novanglus Letters*, the Olive Branch Petition, *Summary View of the Rights of British America*, *Common Sense*, the Declaration of Independence, *The Crisis*, the Articles of Confederation, the Virginia Bill of Religious Liberty, the Constitution, the *Federalist*, Hamilton's Report on Manufactures, Washington's Farewell Address, and the Virginia and Kentucky Resolutions.

### **Conflicting Ideas at Work**

What gives dramatic character to any series of episodes which make up an epic is conflict. Of conflicts, there were more than enough during these years: Parliament versus colonial assemblies, King against American congresses, the opposition of loyalists to revolutionaries, Redcoats against Continentals, Federalists versus anti-Federalists, Conservatives (or whatever they should be called) against Jacobins, the partisan conflict between Federalists and Jeffersonian Republicans, and nationalists versus states-righters, not to mention such more subtle conflicts as those between establish-

mentarians (or antidisestablishmentarians) and disestablishmentarians or between mercantilists and proponents of laissez-faire. What was right and who wrong may not always have been as clear as partisans liked to think, but many of the conflicts were worthy of the combatants.

What takes these men, events, documents, developments, and conflicts out of the ordinary and raises them to epic proportions are the great ideas which were espoused, which informed and enlivened them. Professor Clinton Rossiter has noted the habit the people of this time had "of 'recurring to first principles,' of appealing to basic doctrines. . . . Few men were willing to argue about a specific issue . . . without first calling upon rules of justice that were considered to apply to all men everywhere."<sup>2</sup> The following are some of these ideas: natural law, natural rights, balance of power, separation of power, limited government, freedom of conscience, free trade, federalism, and republican forms of government. As Rossiter says, "The great political philosophy of the Western world enjoyed one of its proudest seasons in this time of resistance and

revolution."<sup>3</sup> To which should be added, it had its finest season in the laying of the political foundations during the constitution making years.

Perhaps the greatest wonder of all during these years is what these men wrought out of revolution. The modern era has had revolution aplenty, and then some. All too often they have followed what is by now a familiar pattern, that is, great proclamations of liberty and fraternity, the casting off of the old rules and restrictions, the subsequent loosening of authority, the disintegration of the society, and the turning to a dictator to bring a more confining order. Though some have tried to tell the story of America during these years along such lines, the interpretations are always strained. Clearly, the Americans avoided most of the excesses associated with revolutions.

### ***Building Upon a Heritage***


Many things may help to explain this, but one thing is essential to any explanation. Americans did not cut themselves off from their past experience, from ideas and practices of long standing, or from older traditions and institutions. In their building they relied extensively upon ancient and modern history and that which had

<sup>2</sup> Clinton Rossiter, *The Political Thought of the American Revolution* (New York: Harcourt, Brace and World, 1963), p. 52.

<sup>3</sup> *Ibid.*

come to them through the ages. What separates this as an epic from abortive revolutions is that these men brought to a fertile junction their heritage — which contained several great streams, namely, the Classical, the Christian, and the English —, their experience, and contemporary ideas. The Founders stood on the shoulders of giants, though it sometimes requires giants also to attain such heights.

An epic poem might well ignore these antecedents in order to attribute all that was accomplished to the heroes of the time. An historical account — even one which acknowledges the epic proportions of what occurred — cannot well do so.

Thus, it is appropriate now to relate something of the heritage and experience which went into the founding of the American Republic. 

Next: *The English Heritage*

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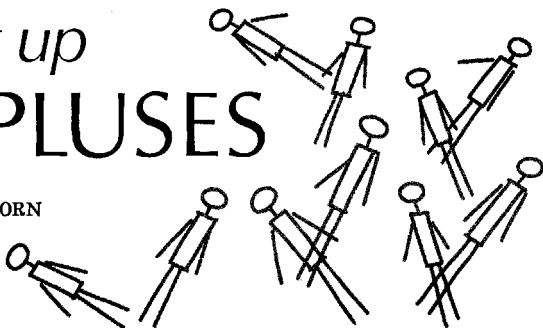
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# Buying up SURPLUSES

GEORGE HAGEDORN



THERE ARE presently before Congress two proposals which make an interesting combination. One proposed measure would seek to relieve unemployment by creating large numbers of public service jobs; this would involve the expenditure of some \$4 billion in government money during the next four years. The other proposal would raise the statutory minimum wage from its present level of \$1.60 to \$2 an hour (or even more in some variants).

What this combination reminds us of is the course of action government pursued for many years in the field of agriculture price supports. Prices of certain agricultural products were set at a higher level than they could have commanded in the market without

government intervention. This meant that more was produced than markets would absorb *at that price*. The "solution" was for government to buy up the surplus at the taxpayers' expense and store it away.

The two proposals we have mentioned as currently before Congress would, in combination, have a similar effect on the labor market. The increase in the legal minimum wage would maintain an artificially high price for labor—particularly the unskilled segment of the labor force. The resulting surplus of labor would then be taken off the market by government and assigned to public service jobs, at the taxpayers' expense. The public would be paying to buy up surplus labor in much the same way as it has paid to buy up surplus grain.

We would regard enactment of

Mr. Hagedorn is Vice-President and Chief Economist of the National Association of Manufacturers. This column appeared in *NAM Reports*, May 24, 1971.

*either* of these two proposed measures as a serious mistake in economic policy. The two together represent an approach to manpower problems which is both costly and futile. The nation would simultaneously be making unskilled labor less employable in the private sector, and offering them make-work jobs in government. It is hard to see how anyone would be better off, and the taxpayer would most certainly be worse off.

#### ***With Friends Like These . . . .***

Both proposals are advocated by the reputed "friends of labor." But we wonder why anyone who desires to create more job opportunities for unskilled labor would advocate making it more expensive — which would be the obvious effect of an increase in the minimum wage.

The labor market is not exempt from the elementary rule which applies to any market — the more costly you make whatever it is you wish to sell, the less you are likely to sell of it. Raising the price which must be paid for an hour's work by an unskilled worker is the surest way of cutting down on his chances for employment.

The proposal for creating new public service jobs, although it seems to have been primarily intended to help the unskilled members of the labor force, also pro-

vides that up to one-third of the jobs in any area may be filled by unemployed professionals — with annual salaries up to \$12,000.

The argument used by supporters of this approach is that, since there are useful things that could be done in the public sector, and since there are unemployed people in the country, it is a good idea to bring the two together. In that way the unemployed people would have jobs and would be doing something that needs to be done.

But we must assume that the services these people would be performing would be of very low priority and impossible to justify by any ordinary comparison of costs and benefits. If that were not so, the case should have been made for them in the ordinary process of budget making.

The answer to this may be that it is better for people to be performing low-priority functions than to be doing nothing at all. That answer might have some validity if it were not for the fact that government make-work jobs impede the process by which job opportunities are created in the private sector. Their effect is to preserve, rather than correct, the economic distortions which led to unemployment in the first place. Buying up surpluses is a way of insuring that surpluses will continue.

Keeping unemployment to a minimum may be simply described as preserving a reasonable balance between supply and demand in the labor market. And this requires a reasonable balance between what employers can get for their output and what they have to pay for their labor. We won't try to describe all the factors which may affect that relationship—they range over the whole subject of economics. But one thing is sure: providing a protected refuge in government employment for workers who are displaced by imbalances between labor costs and prices in the private sector is a good way of preventing the imbalances from ever disappearing.

### **Where Does It End?**

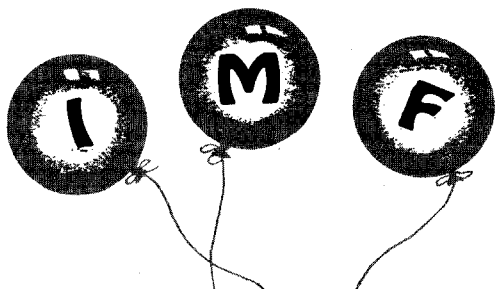
Government programs for taking surpluses off the market—whether of farm products or of labor—are easy to start but hard to terminate. We would fear that measures for creating large numbers of “public service” jobs, although proposed as an emergency measure, might become a permanent burden on the taxpayer.

Their effect would not be that more jobs would be available, but that more of the available jobs would be in government and fewer in the private sector. More people would be performing low-priority functions in government, and fewer would be working in the private sector where the market enforces more exacting standards of usefulness.

The analogy with the farm price-support program suggests some other disturbing possibilities. In both cases, a government commitment to take surpluses off the market clearly necessitates government restraints on the customary freedoms of individuals.

When the government undertook to support the prices of certain farm products, they were eventually forced to impose acreage restrictions to keep supply down to manageable proportions. This amounted to a rationing among farmers of the right to produce certain products. Will we, as the logical consequence of a government undertaking to support the labor market, see a rationing of the right to hold a job?



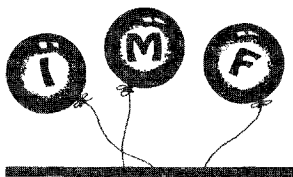


## WORLD INFLATION FACTORY

THE LATEST CRISIS in the foreign exchanges illustrates once more the inherent unsoundness of the International Monetary Fund system. That should have been obvious when it was first set up at Bretton Woods, N. H., in 1944. The system not only permits and encourages but almost compels world inflation.

There follows a reprint of the article I wrote in *Newsweek* of October 3, 1949, at the time of another major world monetary crisis. I do this to emphasize that today's crisis could have been predicted twenty years ago. It is not merely the result of mistakes in the recent economic and monetary policies of individual nations, but a consequence of the inherently inflationary institutions set up in 1944 under the leadership of Lord Keynes of England and Harry Dexter White of the United States.

In an epilogue I discuss the measures needed to extricate ourselves from the present international monetary crisis and to prevent a repetition.



## WORLD INFLATION FACTORY

# The World Monetary Earthquake

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**W**ITHIN a single week 25 nations have deliberately slashed the values of their currencies. Nothing quite comparable with this has ever happened before in the history of the world.

This world monetary earthquake will carry many lessons. It ought to destroy forever the superstitious modern faith in the wisdom of governmental economic planners and monetary managers. This sudden and violent reversal proves that the monetary bureaucrats did not understand what they were doing in the preceding five years. Unfortunately, it gives no good ground for supposing that they understand what they are doing now.

This column has been insisting for years, with perhaps tiresome reiteration, on the evil consequences of overvalued currencies. On Dec. 18, 1946, the International Monetary Fund contended that the trade deficits of European countries "would not be appreciably narrowed by changes in their currency parities." I wrote in *Newsweek* of March 3, 1947: "It is precisely because their currencies are ridiculously overvalued that the imports of these countries are overencouraged and their export industries cannot get started." In the issue of Sept. 8, 1947, as well as in my book, *Will Dollars Save the World?* I wrote: "Nearly every currency in the world (with a few exceptions like the Swiss franc) is overvalued in terms of the dollar. It is precisely this overvaluation which brings about the so-called dollar scarcity."

**Y**ET until Sept. 18 of this year the European bureaucrats continued to insist that their currencies were not overvalued and that even if they were this had nothing to do, or negligibly little to do, with



their trade deficits and the "dollar shortage" that they continued to blame on America. And the tragedy was that former Secretary of State Marshall, the President, and Congress, completely misunderstanding the real situation, accepted this European theory and poured billions of the American taxpayers' dollars into the hands of European governments to finance the trade deficits that they themselves were bringing about by their socialism and exchange controls with overvalued currencies.

In time the managers of the Monetary Fund learned half the lesson. They recognized that most European currencies were overvalued. They recognized that this overvaluation was a real factor in causing the so-called "dollar shortage" and unbalancing and choking world trade. But they proposed the wrong cure.

They did not ask for the simple abolition of exchange controls. (Their own organization in its very origin was tied up with the maintenance of exchange controls.) They proposed instead that official currency valuations be made "realistic." But the only "realistic" currency valuation (as long as a currency is not made freely convertible into a definite weight of gold) is the valuation that a free market would place upon it. Free-market rates are the only rates that keep demand and supply constantly in balance. They are the only rates that permit full and free convertibility of paper currencies into each other at all times.

Sir Stafford Cripps fought to the last against the idea that the rate of the pound had anything to do with the deepening British crisis. Trying to look and talk as much like God as possible, he dismissed all such contentions with celestial disdain. But at the eleventh hour he underwent an intellectual conversion that was almost appallingly complete. We "must try and create conditions," he said, "in which the sterling area is not prevented from earning the dollars we need. This change in the rate of exchange is one of those conditions *and the most important one*" (my italics). And on the theory that what's worth doing is worth overdoing, he slashed the par value of the pound overnight from \$4.03 to \$2.80.

There are strong reasons (which space does not permit me to spell out at this time) for concluding that the new pound parity he adopted was well below what the real free-market level of widely usable sterling was or would have been on the day he made the change. What he did, in other words, was not merely to adjust the pound to its market value as of Sept. 18 but to make a real devaluation.

The first consequence was to let loose a world scramble for com-

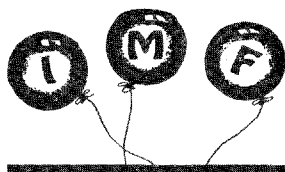
petitive devaluation far beyond anything witnessed in the '30s. Most nations fixed new rates lower than their existing real price and cost levels called for. These countries, therefore, will now undergo still another epidemic of suppressed inflation. Their internal prices and living costs will start to soar. Unions will strike for higher wages. And if the past (or Sir Stafford's Sept. 18 talk) is any guide, the governments will try to combat this by more internal price-fixing and rationing, continued or increased food subsidies, unbalanced budgets, and wage fixing.

**I**N this country, on the contrary, the tendency will be to drag down our price level somewhat by lowering the dollar price of imported commodities and forcing reductions in the dollar price of export commodities. This will increase our problems at a time when the unions are pressing for a wage increase in the camouflaged form of insurance-pension benefits.

It will be necessary to re-examine our whole foreign economic policy in the light of the new exchange rates. Marshall-plan aid with overvalued European currencies was largely futile; Marshall-plan aid with undervalued European currencies should be unnecessary. In fact, we may soon witness the reversal of the world flow of gold. For the first time since 1933 (if we omit the war years 1944 and 1945) gold may move away from, instead of toward, our shores.

But getting rid of overvalued currencies, even in the wrong way, is nonetheless a tremendous gain. The chief barrier that has held up a two-way flow of world trade in the last five years has at last been broken. The chief excuses for maintaining the strangling worldwide network of trade restrictions and controls have at last been destroyed. Were it not for the echoes of the atomic explosion in Russia, the outlook for world economic freedom would at last be brighter.

The best British comment I have read since the devaluation comes from *The London Daily Express*: "Let every foreign country pay what it thinks the pound is worth . . . But the socialists will never consent to free the pound. It would mean abandonment of their system of controls. . . . If you set money free you set the people free."



## WORLD INFLATION FACTORY

### Epilogue 1971

THE PREDICTION made in this 1949 piece, that the flow of gold would be reversed, proved correct. The deficit in our balance of payments, in fact, began in 1950. Our 1949 gold stock of nearly \$25 billion proved to be its high point. Thereafter it declined. The decline accelerated after 1957 when our balance-of-payments deficits started to reach major proportions.

But all this should not have been too difficult to predict. For on top of the great world realignment of currency values in 1949, our monetary authorities began to inflate our own currency at a greatly increased rate. The dollar "shortage" disappeared, and was soon succeeded by a dollar flood. What would otherwise have been a slight tendency for our prices to fall was offset by an expansion of our money supply. In September, 1947, two years before the 1949 crisis, the U. S. money stock (currency in the hands of the public plus de-

mand bank deposits) was \$111.9 billion. In September, 1949, it was only \$110 billion. But by December 1950 it had reached \$115.2 billion, and by December, 1951, \$122 billion. The figure at the end of May, 1971, was \$225 billion.

It is important to remember that the present world monetary system is not a natural growth, like the old international gold standard, but an arbitrary scheme devised by a handful of monetary bureaucrats who did not even agree with each other. Some of them wanted inconvertible paper currencies free to fluctuate in the foreign exchange markets and "managed" by each country's own bureaucrats solely in accordance with "the needs of the domestic economy." Others wanted "exchange stability," which meant fixed values for each currency in relation to the others. But none of them wanted constant convertibility of his country's currency by any holder into a fixed

weight of gold on demand. That had been the essence of the classic gold standard.

So a compromise was adopted. The American dollar alone was to be convertible into a fixed amount (one thirty-fifth of an ounce) of gold on demand. But only on the demand of official central banks, not of private holders of dollars. In fact, private citizens were forbidden to ask for or even to own gold. Then every other nation but the U. S. was to fix a "par value" of its currency unit in terms of the dollar; and it was to maintain this fixed value by agreeing either to buy or sell dollars to whatever extent necessary to maintain its currency in the market within 1 per cent of its parity.

### ***The Burden of Responsibility***

Thus there was devised a system which appeared to "stabilize" all currencies by tying them up at fixed rates to each other — and even indirectly, through the dollar, tying them at a fixed ratio to gold. This system seemed to have also the great virtue of "economizing" gold. If you could not call it a gold standard, you could at least call it a gold-exchange standard, or a dollar-exchange standard.

But the system, precisely because it "economized reserves," also permitted an enormous infla-

tionary expansion in the supply of nearly all currencies. Even this expansion might have had a definite limit if the U. S. monetary managers had constantly recognized the awesome burdens and responsibilities that the system put upon the dollar. Other countries could go on inflationary sprees without hurting anybody but themselves; but the new system assumed that the American managers, at least, must always stay sober. They would refrain from anything but the most moderate expansion to keep the dollar constantly convertible into gold.

But the system was not such as to keep the managers responsible. Under the old gold standard, if a country overexpanded its money and credit and pushed down interest rates, it immediately began to lose gold. This forced it to raise interest rates again and contract its currency and credit. A "deficit in the balance of payments" was quickly and almost automatically corrected. The debtor country lost what the creditor country gained.

### ***Just Print Another Billion***

But under the gold-exchange or dollar standard, the debtor country does not lose what the creditor country gains. If the U. S. owes \$1 billion to West Germany, it simply ships over a billion paper dollars. The U. S. loses nothing,

because in effect it either prints the billion dollars or replaces those shipped by printing another billion dollars. The German Bundesbank then uses these paper dollars, these American I. O. U.'s, as "reserves" against which it can issue more D-marks.

This "gold-exchange" system began to grow up in 1920 and 1921. But the Bretton Woods agreements of 1944 made things much worse. Under these agreements each country pledged itself to accept other countries' currencies at par. When holders of dollars shipped them into Germany, the Bundesbank *had* to buy them up to any amount at par with D-marks. Germany could do this, in effect, by printing more paper marks to buy more paper dollars. The transaction increased both Germany's "reserves" and its domestic currency supply.

So while our monetary authorities were boasting that the American inflation was at least less than some inflations in Europe and elsewhere, they forgot that some of these foreign inflations were at least in part the result of our own inflation. Part of the dollars we were printing were not pushing up our own prices at home because they went abroad and pushed up prices abroad.

The IMF system, in brief, has been at least partly responsible

for the world inflation of the last twenty-five years, with its increasingly ominous economic, political, and moral consequences.

### **What Should Be Done Now?**

As long as the world's currencies continue to consist of inconvertible paper there is no point in setting new fixed parities for them. What is a "realistic" rate for any currency today (in terms of others) will be an unrealistic one tomorrow, because each country will be inflating at a different rate.

The first step to be taken is the one that West Germany and a few others have already taken. No country should any longer be obliged to keep its currency at par by the device of buying and selling the dollar or any other paper currency at par. Paper currencies should be allowed to "float," with their prices determined by supply and demand on the market. This will tend to keep them always "in equilibrium," and the market will daily show which currencies are getting stronger and which are getting weaker. The daily changes in prices will serve as early warning signals both to the nationals of each country and to its monetary managers.

Floating rates will be to some extent disorderly and unsettling; but they will be much less so in

the long run than pegged rates supported by secret government buying and selling operations. Floating rates, would, moreover, most likely prove a transitional system. It is unlikely that the businessmen of any major nation will long tolerate a paper money fluctuating in value daily.

The next monetary reform step should be for the central banks of all countries to agree at least not to add further to their holdings of paper dollars, pounds, or other "reserve" currencies.

#### **Let Citizens Own Gold**

The next step applies to the U. S. alone. There appears to be no alternative now to our government doing frankly and *de jure* what for the last three years it has been doing without acknowledgment but *de facto*: it should openly announce that it can no longer undertake to convert dollars into gold at \$35 an ounce. It owns only about \$1 in gold for every \$45 paper dollars outstanding. Its dollar obligations to foreign central banks alone are now more than twice its holdings of gold. If it really allowed free conversion it would be bailed out of its remaining gold holdings within a week.

The government should also announce that until further notice it will neither buy nor sell gold.

Simultaneously, however, the United States should repeal all prohibitions against its citizens owning, buying, selling, or making contracts in gold. This would mean the restoration of a really free gold market here. Incidentally, because of distrust of floating paper currencies, it would mean that international trade and investment would soon be increasingly conducted in terms of gold, with a weight of gold as the unit of account. Gold, even if not "monetized" by any government, would become an international money, if not *the* international money. On the foreign-exchange markets national paper currencies would be quoted in terms of gold. Even if there were no formal international agreement, this would prepare the way for the return of national currencies, country by country, to a gold standard.

#### **Stop the Reckless Government Spending that Brings Inflation**

All this concerns technique. What chiefly matters is national economic and monetary policy. What is essential is that the inflation in the U. S. and elsewhere be brought to a halt. Government spending must be slashed; the budget must be consistently balanced; monetary managers as well as private banks must be deprived of the power of constantly and


recklessly increasing the money supply.

Only abstention from inflating can make a gold standard workable; but a gold standard, in turn, provides the indispensable discipline to enforce abstention from inflating.

David Ricardo summed up this reciprocal relation more than 160 years ago:

"Though it [paper money] has no intrinsic value, yet, by limiting its quantity, its value in exchange is as great as an equal

denomination of coin, or of bullion in that coin. . . .

"Experience, however, shows that neither a state nor a bank ever has had the unrestricted power of issuing paper money without abusing that power; in all states, therefore, the issue of paper money ought to be under some check and control; and none seems so proper for that purpose as that of subjecting the issuers of paper money to the obligation of paying their notes either in gold coin or bullion." 

### ***Misplaced Trust***

A SENTIMENT of trust in the legal money of the state is so deeply implanted in the citizens of all countries that they cannot but believe that some day this money must recover a part at least of its former value. To their minds it appears that value is inherent in money as such, and they do not apprehend that the real wealth, which this money might have stood for, has been dissipated once and for all. This sentiment is supported by the various legal regulations with which the Governments endeavor to control internal prices, and so to preserve some purchasing power for their legal tender. Thus the force of law preserves a measure of immediate purchasing power over some commodities and the force of sentiment and custom maintains, especially amongst peasants, a willingness to hoard paper which is really worthless.

JOHN MAYNARD KEYNES,  
*The Economic Consequences of the Peace* (1920)

IDEAS ON



LIBERTY

ROBERT G. ANDERSON

## **Root of All Evil**



BY ANY MEASURE of contemporary comment or activity, the inevitability of inflation seems assured. True, political commentary often seems to indicate a concern over the effects of inflation as great shows of consternation accompany every announcement of a new rise in prices. Rhetoric against inflation is popular, and promises abound of future stability. The arguments are always the same; our past excesses are lamented and a call is made for future temperance, much like the solemn pledge of the reforming drunk . . . tomorrow morning!

The attack, of course, is always against the rising prices that accompany inflation. The popular misconception that rising prices and inflation are synonymous gives rise to the heated debates that rage today. It is higher prices that

are condemned and concern over the effects of inflation that gains our attention.

The failure to distinguish cause from effect in the discussion of inflation is leading to disastrous consequences. This concentration on rising prices brings "solutions" that are complicating the problem and resolving nothing. The danger in defining inflation as a general rise in prices is that it commingles inflation with many other economic phenomena that could have had the same effect.

This erroneous concept of inflation (rising prices) leads to proposals for wage and price controls — lately referred to as National Incomes Policy—foreign exchange controls, "government guidelines," and other such socialistic "remedies." The insidious nature of these proposals lies in the illusion that, if they were adopted, they would eliminate inflation. As Pro-

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Professor Anderson teaches economics at Hillsdale College in Michigan.



fessor Ludwig von Mises has long contended, this false understanding of inflation can lead only to false remedies.<sup>1</sup> Following such "remedies" yields a more collectivized society, where individual effort is stifled, thus resulting in net losses in productive capacity. But unfortunately, inflation will still be very much with us! The paradox is that while inflation's effects are unpopular, its cause, an increase in the quantity of money, goes largely unchallenged.

**Not Whether to Inflate,  
but How Much?**

Whether increases in the quantity of money will continue is no longer even seriously debated in economic circles. Opinion favoring "monetarism" (manipulation of the money supply) is so overwhelming in the academic community that the only current controversy concerns when, and by how much, the money supply should be expanded or contracted. An understanding of the forces leading to this state of affairs is essential in order to grasp why inflation seems to be here to stay.

Inflation is not something that happens because we like its effects. It is not something to be charged to the acts of devious and sinister

men. To seek base motives for the existence of inflation would be futile. Inflation exists because the body politic sees it as an effective solution to another problem—a problem fundamental to the statist society—that of government financing.

Governments are not of themselves productive, wealth-creating entities. They derive their economic capacity from their power to extract resources from the private, productive segment of society, i.e., working individuals and businesses. The point is that governments can give nothing to anyone without first taking it from someone. In order to spend, governments must tax!

Further, it appears to be in the nature of governments to seek ever more power and, thus, ever more revenue. Eventually, the governmental burden exceeds the willingness of citizens (or subjects) to contribute by the traditional methods of taxation. Given these two facts, the obvious result is disguised taxation . . . inflation!

**Government Expansion**

The problem is well illustrated in a study of the growth of public finance in the United States in this century. In 1902, total government expenditure as a percentage of gross national product was slightly more than 8 per cent.

<sup>1</sup> Ludwig von Mises, *Planning for Freedom* (South Holland, Illinois: Libertarian Press, 1952), p. 78.

By the mid-1950's the figure was in excess of 30 per cent, and it continues to rise.<sup>2</sup>

Traditional forms of direct taxation such as income taxes, sales taxes, property taxes, poll taxes, excise taxes, gift and inheritance taxes, and tariffs, simply will not be tolerated to finance government operations of this magnitude. We have reached a point where the marginal utility for financing more government ventures directly through taxes is no longer acceptable to the political majority.

While the demand for more government services continues, the way or will to pay for those services has vanished. A spendthrift government is producing a "taxpayer revolt."

The stories are legion of politicians consistently voting for appropriation bills and against revenue bills. Partisan political demands require a responsiveness to the clamor for more government and no taxes. Such demagoguery has devastating consequences, yet the impact of such actions is borne not by the demagogue but by the whole of society. Fiscal dishonesty seems to be no barrier to staying in political power.

The point, of course, is that if

you cannot get the money by taxes, then print it! When the governmental burden on a society becomes excessive, inflation is the only politically expedient means remaining for government to finance its activities.

### **A Whole New Point of View**

To seriously believe that inflation will fade away requires a radical departure from current statist trends. It presumes an abandonment of collectivist ideology and welfare concepts which have now become the "American Way of Life." As long as the state is viewed as "provider," the source of limitless benefits, inflation will be a part of our lives.

Yet, there are some who will argue that these errors of understanding can be corrected, and that proper political insight and statesmanship can halt inflation. But to wage a successful war on inflation requires far more than mere statesmanship. It requires refutation of the theoretical arguments of the "new" economists who unabashedly declare that inflation (an increase in the quantity of money) is economically desirable. The fetish is economic growth. The economic community is permeated today with the notion that money supply increases are fundamental to the growth of the economy.

<sup>2</sup> J. M. Buchanan, *The Public Finances* (Homewood, Illinois: Richard D. Irwin, Inc.) third edition, p. 46.

Dr. Frederick Hayek has accurately described our problem as "the defense of our civilization against intellectual error."<sup>3</sup> Let us realize that people act on what they believe to be true, not what is true. And the fact is that this inflationist doctrine is so firmly imbedded in contemporary economic literature that even many "free market" economists proclaim its validity.<sup>4</sup>

### **Monetary Manipulation**

The almost universal acceptance of the inflationist doctrine has made it the "new" ideology!

"But everyone agrees that a rising g.n.p. without an increase in M [money] will tend to raise interest rates and thus limit the growth of g.n.p. Thus, it is important that M [money] grow gradually over the long pull. . . ."<sup>5</sup>

To repeat, the ideology is so firmly imbedded that the only controversy concerns when and how much inflation we should have. Whether to stop tampering with the money supply is not even given consideration by the "new" monetary theorists!

<sup>3</sup> *What's Past Is Prologue* (Irvington, New York: Foundation for Economic Education, 1968), p. 37.

<sup>4</sup> See "Downward Price Flexibility and Economic Growth" by Gary North, *THE FREEMAN*, May, 1971.

<sup>5</sup> G. L. Bach, *Economics* (New York: Prentice-Hall), fifth edition, p. 181.

The "new" economist who wishes to manipulate money has failed to grasp its economic function. Since the function of money is in its utility as a medium of exchange, supply changes will affect only the purchasing power of money, and thus only can detract from its original utility.<sup>6</sup>

Today's monetary theorist, concerning himself with specialized mathematical equations, apparently has no grasp of the historical origins of money. He seems totally unaware that a free market in money evolved out of freely acting individuals exchanging their values in an open market. Further, this ancient origin of crude commodity money in the form of gold, silver, and copper was, and is, the base upon which modern money systems are founded.

Money was in the beginning, and still remains, an economic good. The attractiveness, then and now, of commodities such as gold, silver, and copper as money lies in their resistance to manipulations of supply. It is precisely for this reason that the "new" economist is so critical of the gold standard, or any commodity standard that the free market may establish. Obviously, his urge to manipulate the supply of money

<sup>6</sup> See Murray N. Rothbard, *What Has Government Done to Our Money?* (Santa Ana, California: Pine Tree Press, 1963).

would be frustrated by limitations inherent in a commodity standard.

### **False Wealth Destroys the Real**

The clamor for increasing the supply of money is founded on a failure to distinguish between an economic "boom" and economic growth, a failure to understand the nature and cause of economic improvement.


In the early stages of inflation the increased supply of money causes an artificially lower rate of interest. This lowered interest rate causes an increase in borrowing, which correspondingly causes an increase in the use or the spending of money. However, this accelerated "spending" only forces up future prices, and as future consumption is limited by earlier borrowings, the ultimate consequence of this inflation-kindled "boom" must be the inevitable "bust." All that has been accomplished has been a disequilibrium of economic resources, with correspondent erratic fluctuations in economic activity. Rather than a gain in real wealth occurring, there has been an erosion of wealth. The consequences are not unlike the January "belt-tightening" following the excesses of the December holidays.

Sustained economic growth, however, is only attainable through greater production. The notion

that supply creates its own demand is not only theoretically valid; it is obvious to anyone who looks about him. To think that we can consume before we produce is an absurdity — a *non sequitur*.

The history of economic growth has been a history of the substitution of capital for human energy. Savings, productively employed, are essential in the replacement of and addition to our capital stock. An environment hostile to productive investment inevitably suffers in terms of material welfare.

Because inflation has introduced a false wealth into the economy, real wealth has been eroded and capital accumulation has suffered. Any real growth that still occurs in our society is in spite of inflation and not because of it! Additional doses of inflation will most assuredly destroy this economic development by obliterating profit margins and consuming capital.

The conclusion is obvious. Attacks on higher prices as the means for ending inflation can bring only "false remedies" in the form of more socialism. If inflation is to be ended, it will require corrective action at its origins. And these two, the realities of statist financing and the inflationist ideology, make formidable adversaries indeed! 

# THE DISASTER LOBBY

THOMAS R. SHEPARD, JR.

ONE MORNING last fall, I left my office in New York and hailed a cab for Kennedy Airport. The driver had the radio tuned to one of those daytime talk shows where the participants take turns complaining about how terrible everything is. Air pollution. Water pollution. Noise pollution. Racial unrest. Campus unrest. Overpopulation. Underemployment. You name it, they agonized over it. This went on all the way to Kennedy and as we pulled up at the terminal the driver turned to me and said: "If things are all that bad, how come I feel so good?"

I wonder how many Americans, pelted day after day by the voices of doom, ever ask themselves that question: "If things are all that

bad, how come I feel so good?"

Well, I think I have the answer. We feel good because things *aren't* that bad. I would like to tell you how wrong the pessimists are, and to focus an overdue spotlight on the pessimists themselves. These are the people who, in the name of ecology or consumerism or some other ology or ism, are laying siege to our state and Federal governments, demanding laws to regulate industry on the premise that the United States is on the brink of catastrophe and only a brand new socio-economic system can save us. I call these people The Disaster Lobby, and I regard them as the most dangerous men and women in America today. Dangerous not only to the institutions they seek to destroy but to the consumers they are supposed to protect.

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Slightly condensed from a speech by Mr. Shepard, publisher of *Look* magazine, at the 44th annual meeting of the Soap and Detergent Association in New York City, January 28, 1971.

### Why Not the Truth?

Let's begin with a close-in look at that drumbeat of despair I heard in the taxicab and that all of us hear almost every day. Just how much truth is there to the Disaster Lobby's complaints?

Take the one about the oxygen we breathe. The Disaster folks tell us that the burning of fuels by industry is using up the earth's oxygen and that, eventually, there won't be any left and we'll suffocate. False. The National Science Foundation recently collected air samples at seventy-eight sites around the world and compared them with samples taken sixty-one years ago. Result? There is today precisely the same amount of oxygen in the air as there was in 1910 — 20.95 per cent.

But what about air pollution? You can't deny that our air is getting more fouled up all the time, says the Disaster Lobby. Wrong. I *can* deny it. Our air is getting *less* fouled up all the time, in city after city. In New York City, for example. New York's Department of Air Resources reports a year-by-year *decrease* in air pollutants since 1965. What's more, the New York City air is *immeasurably* cleaner today than it was a hundred years ago, when people burned soft coal and you could cut the smog with a knife.

Which brings us to water pollu-

tion. The Disaster Lobby recalls that, back in the days before America was industrialized, our rivers and lakes were crystal clear. True. And those crystal clear rivers and lakes were the source of the worst cholera, yellow fever, and typhoid epidemics the world has ever known. Just one of these epidemics — in 1793 — killed one of every five residents of Philadelphia. Our waterways may not be as pretty as they used to be, but they aren't as deadly either. In fact, the water we drink is the safest in the world. What's more, we're making progress cosmetically. Many of our streams will soon *look* as wholesome as they *are*.

Perhaps it's the fear of overpopulation that's getting you down. Well, cheer up. The birth rate in the United States has been dropping continuously since 1955 and is now at the lowest point in history. If the trend continues, it is remotely possible that by the year four thousand there won't be anyone left in the country. But I wouldn't fret about *underpopulation* either. Populations have a way of adjusting to conditions, and I have no doubt that our birth rate will pick up in due course.

I now come to the case of the mercury in the tuna fish. How did it get there? The Disaster Lobby says it came from American factories, but then the Disaster Lob-

by believes that all the evils in the world come from American factories. The truth, as scientists will tell you, is that the mercury came from deposits in nature. To attribute pollution of entire oceans to the nine hundred tons of mercury released into the environment each year by industry — that's less than forty carloads — is like blaming a boy with a water pistol for the Johnstown Flood. Further proof? Fish caught forty-four years ago and just analyzed contain twice as much mercury as any fish processed this year.

Speaking of fish, what about the charge that our greed and carelessness are killing off species of animals? Well, it's true that about fifty species of wildlife *will* become extinct this century. But it's also true that fifty species became extinct *last* century. And the century before that. And the century before *that*. In fact, says Dr. T. H. Jukes of the University of California, some one hundred million species of animal life have become extinct since the world began. Animals come and animals go, as Mr. Darwin noted, and to blame ourselves for evolution would be the height of foolishness.

#### **From Drugs to Unemployment**

Then there is the drug situation. Isn't it a fact that we are becoming a nation of addicts? No,

it is not. Historically, we are becoming a nation of *non*-addicts. Seventy years ago, one of every four hundred Americans was hooked on hard drugs. Today, it's one in three thousand. So, despite recent experimentation with drugs by teenagers, the long-range trend is downward, not upward.

Another crisis constructed of pure poppycock is the so-called youth rebellion, to which the Disaster Lobby points with mingled alarm and glee. But once you examine the scene in depth — once you probe behind a very *small* gaggle of young trouble-makers who are sorely in need of an education, a spanking, and a bath, not necessarily in that order — you can't find any rebellion worth talking about. A while back *Look* commissioned Gallup to do a study on the mood of America. Gallup found that, on virtually every issue, the views of teenagers coincided with those of adults. And on those issues where the kids did *not* see eye-to-eye with their elders, the youngsters often tended to be *more* conservative.

The same assessment can be made of the putative black rebellion. There isn't any. Oh, there *are* the rantings of a lunatic fringe — a few paranoid militants who in any other country would be behind bars and whose continued freedom here is testimony to the fact that

we are the most liberated and least racist nation on earth. But the vast majority of black Americans, as that same Gallup study revealed, are staunch believers in this nation.

How about unemployment? The Disaster people regard it as a grave problem. Well, I suppose even one unemployed person is a grave problem, but the record book tells us that the current out-of-work level of 6 per cent is about par. We've had less, but we've also had more — much more. During the Kennedy Administration unemployment topped 7 per cent. And back in the *recovery* period of Franklin Roosevelt's second term, unemployment reached 25 per cent. So let's not panic over this one.

### ***In the Good Old Days We Couldn't Have Survived***

That word "panic" brings me to the H-bomb. Some people have let the gloom-mongers scare them beyond rational response with talk about atomic annihilation. I can't guarantee immunity from the bomb, but I offer the following as food for thought. Since World War II, over one *billion* human beings who worried about A-bombs and H-bombs died of other causes. They worried for nothing. It's something to think about.

One final comment on the sub-

ject. Members of the Disaster Lobby look back with fond nostalgia to the "good old days" when there weren't any nasty factories to pollute the air and kill the animals and drive people to distraction with misleading advertisements. But what was life *really* like in America a hundred and fifty years ago? For one thing, it was very brief. Life expectancy was thirty-eight years for males. And it was a gruelling thirty-eight years. The work week was seventy-two hours. The average pay was \$300. Per *year*, that is. The women had it worse. Housewives worked ninety-eight hours a week, and there wasn't a dishwasher or vacuum cleaner to be had. The food was monotonous and scarce. The clothes were rags. In the winter you froze and in the summer you sweltered and when an epidemic came — and they came almost every year — it would probably carry off someone in your family. Chances are that in your entire lifetime you would never hear the sound of an orchestra or own a book or travel more than twenty miles from the place you were born.

Whatever American businessmen have done to bring us out of that paradise of a hundred and fifty years ago, I say let's give them a grateful pat on the back — not a knife *in* it.



### A Word for DDT

Now I'm not a Pollyanna. I am aware of the problems we face and of the need to find solutions and put them into effect. And I have nothing but praise for the many dedicated Americans who are devoting their lives to making this a better nation in a better world. The point I am trying to make is that we are solving most of our problems . . . that conditions are getting better, not worse . . . that American industry is spending over three billion dollars a year to clean up the environment and additional billions to develop products that will keep it clean . . . and that the real danger today is *not* from the free enterprise Establishment that has made ours the most prosperous, most powerful, and most charitable nation on earth. No, the danger today resides in the Disaster Lobby — those crape-hangers who, for personal gain or out of sheer ignorance, are undermining the American system and threatening the lives and fortunes of the American people.

When I speak of a threat to lives, I mean it literally. A classic example of the dire things that can happen when the Disaster Lobby gets busy is the DDT story.

It begins during World War II when a safe, cheap, and potent new insecticide made its debut. Known as DDT, it proved its value almost

overnight. Grain fields once ravaged by insects began producing bumper crops. Marshland became habitable. And the death rate in many countries fell sharply. According to the World Health Organization, malaria fatalities dropped from four million a year in the nineteen thirties to less than a million by 1968. Other insect-borne diseases also loosened their grip. Encephalitis. Yellow fever. Typhus. Wherever DDT was used, the ailment abated. It has been estimated that a hundred million human beings who would have died of one of these afflictions are alive today because of DDT.

But that's not the whole story. In many countries, famine was once a periodic visitor. Then, largely because of food surpluses made possible by DDT, famines became relatively rare. So you can credit this insecticide with saving additional hundreds of millions of lives.

Then in 1962, Rachel Carson wrote a book called *Silent Spring*, in which she charged that DDT had killed some fish and some birds. That's all the Disaster Lobby needed. It pounced on the book, embraced its claims — many of them still unsubstantiated — and ran off to Washington to demand a ban on DDT. And Washington meekly gave them their ban, in

the form of a gradual DDT phase-out. Other countries followed the U.S. lead.

The effects were not long in coming. Malaria, virtually conquered throughout the world, is having a resurgence. Food production is down in many areas. And such pests as the gypsy moth, in hiding since the nineteen forties, are now munching away at American forests.

In some countries — among them Ceylon, Venezuela, and Sweden — the renaissance of insects has been so devastating that laws against DDT have been repealed or amended. But in our country the use of DDT, down to 10 per cent of its former level, may soon be prohibited entirely.

The tragedy is that DDT, while it probably did kill a few birds and fish, never harmed a single human being except by accidental misuse. When the ultimate report is written, it may show that the opponents of DDT — despite the best of intentions — contributed to the deaths of more human beings than did all of the natural disasters in history.

### **Can We Afford It?**

In addition to endangering human life, the Disaster Lobbyists are making things as difficult as possible for us survivors. By preventing electric companies from

building new power plants, they have caused most of those blackouts we've been experiencing.

By winning the fight for compulsory seat belts in automobiles, they have forced the 67 per cent of all Americans who do not use seat belts to waste two hundred and fifty million dollars a year buying them anyway.

By demanding fewer sizes in packaged goods on the ground that this will make shopping easier for the handful of dumbbells in our society, they are preventing the intelligent majority of housewives from buying merchandise in the quantities most convenient and most efficient for their needs.

And I need hardly remind you what the Disaster crowd has done and is doing to make washday a nightmare in millions of American homes. By having the sale of detergents banned in some areas and by stirring up needless fears throughout the country, they have created the kind of chaos that may set cleanliness back two generations. And again, as in everything they do, they have missed the point entirely. As Vice-President Charles Bueltman of the Soap and Detergent Association recently pointed out, detergents with phosphates are perfectly safe, eminently effective, and admirably cheap. And if they foam up the water supply in some communities,

the obvious remedy is an improved sewer system. To ban detergents is the kind of overkill that might be compared with burning down your house to get rid of termites.

### **A System Worth Saving**

But of all activities of the Disaster Lobbyists, the most insidious are their attempts to destroy our free enterprise system. And they are succeeding only too well. According to Professor Yale Brozen of the University of Chicago, free enterprise in the United States is only half alive. He cited as evidence our government's control of the mail, water supplies, schools, airlines, railroads, highways, banks, farms, utilities, and insurance companies, along with its regulatory involvement in other industries.

And his statement was made prior to introduction in Congress last year of a hundred and fifty bills designed to broaden government influence over private business. Fortunately, most of the bills were defeated or died in committee. But they will be back in the hopper this year—along with some new bills.

If so many important people are against free enterprise, is it worth saving? I think it is. With all its faults, it is by far the best system yet devised for the production, distribution, and widespread

enjoyment of goods and services. It is more than coincidence that virtually all of mankind's scientific progress came in the two centuries when free enterprise was operative in the Western world, and that most of that progress was achieved in the nation regarded as the leading exponent of free enterprise: the United States of America.

For in the past two hundred years—an eyeblink in history—an America geared to private industry has conquered communicable diseases, abolished starvation, brought literacy to the masses, transported men to another planet, and expanded the horizons of its citizens to an almost incredible degree by giving them wheels and wings and electronic extensions of their eyes, their ears, their hands, even their brains. It has made available to the average American luxuries that a short time ago were beyond the reach of the wealthiest plutocrat. And by developing quick-cook meals and labor-saving appliances, it has cut kitchen chores in most homes from five hours a day to an hour and a half.

But the practical benefits of free enterprise are *not* my principal reason for wanting to preserve the system. To me, the chief advantage of free enterprise is in the word "free." "Free" as op-

posed to controlled. "Free" as opposed to repressed. "Free" as in "freedom."

### **The Assault on Freedom**

I am always amazed that members of the Disaster Lobby — libertarians who champion the cause of freedom from every podium, who insist on everyone's right to dissent . . . to demonstrate . . . to curse policemen and smoke pot and burn draft cards and fly the flags of our enemies while trampling our own — these jealous guardians of every citizen's prerogative to act and speak without government restraint are also the most outspoken advocates of eliminating freedom in one area. When it comes to commerce, to the making and marketing of goods, our liberty-loving Disaster Lobby is in favor of replacing freedom with rigid controls.

And let us not minimize the value of this freedom of commerce to every man, woman, and child in our country.

This is the freedom that makes it possible for the consumer to buy one quart of milk at a time — even though a government economist may think gallon containers are more efficient and quarts should be abolished.

This is the freedom that enables the consumer to buy rye bread if he prefers the taste — although

someone in Washington may feel that whole wheat is more nutritious and rye should be outlawed.

This is the freedom that allows the consumer to buy a refrigerator in avocado green despite some bureaucrat's desire to have all refrigerators made in white because it would be more economical that way.

For in a free economy, the consumer — through his pocketbook — determines what is made and what is sold. The consumer dictates the sizes, the shapes, the quality, the color, even the price.

And anyone who doubts the importance of this element of freedom ought to visit one of those grim, drab countries where the government decides what should and what should not be marketed.

But this is the direction in which the Disaster Lobby is pushing *our* country. What surprises me is how few of us seem to recognize the enormity of the threat. Instead of fighting back, we keep giving in to each inane demand of the consumerists — in the hope, I suppose, that if we are accommodating enough, the danger will go away.

Well, it *won't* go away. *So let's start fighting back!* It's not an impossible task because the Disaster Lobby is, by and large, not too bright and far too preposterous. All we have to do to win over the

American people is acquaint them with the facts.

We must show them that the consumerists are for the most part devout snobs who believe that the average man is too stupid to make his own selections in a free marketplace.

Our Disaster group opponents also have the most cockeyed set of priorities I have ever encountered. To save a few trees, they would prevent construction of a power plant that could provide essential electricity to scores of hospitals and schools. To protect some birds, they would deprive mankind of food. To keep fish healthy, they would allow human beings to become sick.

### **Signs of Immaturity**

One curious feature of the Disaster Lobby is an almost total lack of ethics. I say "curious" because these are the people who demand the maximum in ethics from private industry. Not long ago, an organization favoring clean air ran an ad soliciting funds from New Yorkers. It was full of half-truths and non-truths, including this sentence: "The longer you live with New York's polluted air and the worse it gets, the better your chances of dying from it." But we know that New York's air is *not* getting worse. Just let some private company run that ad and

see how fast the consumerism boys would have a complaint on file with the FTC.

Immaturity is also a characteristic of the Disaster man. His favorite question is, Why can't we have everything? Why can't we have simon-pure air *and* plentiful electricity *and* low utility rates, all at the same time? Why can't we have ample food *and* a ban on pesticides? I recommend the same answer you would give a not-too-intelligent five-year-old who asks, "Why can't I eat that cookie and still have it?" You explain that you just *can't* under our present technology.

Just recently, the Coca-Cola Company felt it necessary to reply to environmentalists who demand immediate replacement of glass and metal soft drink containers with something that will self-destruct. "A degradable soft drink container sounds like a fine idea," said Coca-Cola, "but it doesn't exist. And the chances are that one can't be made."

And Edward Cole, president of General Motors, responding to a government mandate for drastic reductions in exhaust emissions within the next four years, stated: "The technology does not exist at this time — inside or outside the automobile industry — to meet these stringent emission levels in the specified time."

This inability of the Disaster people to accept reality is reflected in their frequent complaint that mankind interferes with nature. Such a thing is patently impossible. Man is *part* of nature. We didn't come here from some other planet. Anything we do, we do as card-carrying instruments of nature. You don't accuse a beaver of interfering with nature when it chops down a tree to build a dam. Then why condemn human beings for chopping down a lot of trees to build a lot of dams . . . or to do anything else that will make their lives safer or longer or more enjoyable?

When it comes to a choice between saving human lives and saving some fish, I will sacrifice the fish without a whimper. It's not that I'm anti-fish; it's just that I am pro-people.

The Disaster Lobbyist's immaturity shows up again and again in his unwillingness to compromise . . . to understand that man must settle for less than perfection, for less than zero risk, if he is to flourish. Failing to understand, they demand what they call "adequate testing" before any new product is released to the public. But what they mean by adequate testing would, if carried out, destroy all progress. If penicillin had been tested the way the Disaster Lobby wants all products

tested — not only on the current generation but on future generations, to determine hereditary effects — this wonder drug would not be in use today. And millions of people whose lives have been saved by penicillin would be dead.

We simply cannot test every aspect of human endeavor, generation after generation, to make *absolutely* certain that *everything* we do is *totally* guaranteed not to harm *anybody* to *any* degree whatsoever. We must take an occasional risk to do the greater good for the greater number. But that is a rational, mature evaluation — something of which the Disaster Lobby seems utterly incapable.


So this is the face of the enemy. Not a very impressive face. Not even a pleasant face. We have nothing to lose, therefore, by exposing it to the American people for what it is.

### **Let the Facts Be Known**

The time for surrender and accommodation is past. We must let the American public know that, once free enterprise succumbs to the attacks of the consumerists and the ecologists and the rest of the Disaster Lobby, the freedom of the consumer goes with it. His freedom to live the way he wants and to buy the things he wants without some Big Brother in Washington telling him he can't.

Truth and justice and common sense are on our side. And Americans have a history of responding to those arguments. All we have to do is get the story out . . . as often as possible, in as many forms as possible. And let's not vitiate our efforts by talking to each other — one businessman to a fellow businessman. The people we must reach are the *consumers* of America, and they're out there right now listening to propaganda from the other side . . . and, as

often as not, agreeing with it. But why shouldn't they? They have yet to hear the truth.

It's a bit late to make a New Year's Resolution, but I suggest this one for anyone willing to chip in with a tardy entry. Let us resolve that 1971 will be the year we help convince the people of America that our nation is a great one, that our future is a bright one, and that the Disaster Lobby is precisely what the name implies. A disaster. 

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## WHO PAYS for clean air and water?

Dear .....

I enjoyed our recent discussion on the subject of pollution and have been thinking further about the position so many people are taking these days:

In years past, greedy free-enterprise producers have heedlessly ignored the public good in order to increase their profits; for example, by pouring their industrial wastes into the air or water.

Imagine if you will the situation in 1900 in some highly competitive business such as coal mining. For simplicity, assume there were five producers. And, as would be true in any competitive industry, their costs of production would differ, depending on capital available, employee efficiency, location, and the like:

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<i>Producer</i>	<i>Production Cost per ton</i>	<i>Selling Price</i>	<i>Profit, % of sales</i>
A	\$3.50	\$5.00	30
B	4.00	5.00	20
C	4.50	5.00	10
D	4.75	5.00	5
E	5.00	5.00	0

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Bear in mind that the price of any commodity of a given quality in a competitive market is determined, not necessarily by the producer whose profits are largest, but by the one willing to sell for the least, whether he is enjoying a profit or suffering a loss. All others either meet that price or lose their market. So, in our illustration Producer E sets the price, and the others merely meet the competition.

Now, suppose that in 1901 the government had imposed strict laws against dumping acid wastes from mines into streams. Let's say the effect would be to raise costs 25 cents a ton for each producer, which means that the selling price would have to advance to \$5.25 a ton if E were to continue in business just breaking even:

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<i>Producer</i>	<i>Production Cost per ton</i>	<i>Selling Price</i>	<i>Profit, % of sales</i>
A	\$3.75	\$5.25	28.6
B	4.25	5.25	19.0
C	4.75	5.25	9.5
D	5.00	5.25	4.8
E	5.25	5.25	0

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The only way the selling price of \$5.00 could be maintained is for E to take a loss of 25 cents for every ton he produces. If he chooses not to do so (a near certainty), then the price goes to \$5.25 and everyone's profit margin remains about the same as before.



If E decides to go out of the coal business, the over-all supply of coal is reduced accordingly, and the tendency is for the price of coal to rise, probably more than 25 cents a ton until the supply/demand equation gains a new equilibrium.

In any case, the cost of fighting pollution is passed on to the consumer; there simply is no way to force the producer to absorb government mandated industry-wide costs such as the installation of anti-pollution facilities. Nor, in the "bad old days," was there any way for the producer to profit from dumping wastes into the air or water; competition obliged him to pass any savings back to the consuming public.

So, if someone is to be blamed for ignoring the "public good," it will have to be the consumer who demanded coal instead of antipollution for his money.

Suppose that producer A had been public spirited and had voluntarily installed antipollution equipment without being pushed by government. Would consumers have been willing to pay him \$5.25 for coal which other more "profit oriented" producers were still offering at \$5.00?

This is a simplification of a complex supply/demand situation in the open market. But I think it is a valid model. There is no way, in a competitive market, for any producer to gain a monetary advantage for himself by polluting the air and water, assuming that government enforces its antipollution statutes evenhandedly. And this is always true in a free market for all producers, whether they mine coal, pump oil, cut timber, manufacture automobiles, or whatever. When consumers want to buy clean air and water, producers will surely arrange for abundant supplies in whatever form customers will pay for.

Cordially yours,

Francis H. Aspinwall



# OWNERSHIP AND FREEDOM

Freedom is based on ownership. If it is possible for a person to own land and machines and buildings, it is also possible for him to have freedom of press, speech, and religion. But if it is impossible for a person to buy and sell land and other resources, then it is also impossible for him to have peaceful access to any effective means of disagreeing with the decisions of his government. Thus my contention is that, in the final analysis, human freedom stands or falls with the market economy of private ownership of the means of production and distribution.

True enough, freedom may be temporarily suppressed to some considerable extent by various forms of censorship under a system of private property; but, at least, there is still discussion about it (and even objection to it) in the

privately owned newspapers. In contrast, my thesis is that the issue of censorship *can't even arise* in a society in which all the means of production and distribution are owned in common by all the people. Thus, "ownership" is the key to any discussion of freedom.

For example, no one disputes the fact that a slave is still not free even when he is permitted several legal "freedoms." The slave owns nothing that he can use to protest — neither a printing press nor a pulpit nor a speaking platform. Everyone understands that the slave's owner is still in charge, primarily because he can deprive his slave of all material possessions. But few people appear to understand the similar correlation between freedom of religion in general and the *ownership* of the church buildings. Yet it should be obvious that if all churches and seminaries are owned in common

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Dr. Russell is Director of the Graduate Program in Management, Dominican College, Racine, Wisconsin.

through the government, freedom of religion as we know it in the United States (and in France and similar countries) cannot exist.

True enough, various "freedoms" in this area may be permitted by the governmental owners, sometimes referred to as the "managers of the people's property." And, of course, it is always possible for anyone to be a secret believer. But freedom for a person to disagree completely and openly with the religious beliefs of all other people — and to announce and establish a new religion — is simply not possible in a society where all resources are owned in common, instead of by individuals or groups of individuals. An entire nation of "in common" owners simply will not permit their leaders to allocate scarce "food and housing" resources to the building of seminaries and churches for misguided individuals who believe that the best representation of God is a black woman, or that God is an omnipotent entity who directly interferes in the daily activities of persons who please or displease him. And under a system of governmental ownership of the means of production and distribution, surely it is obvious that there can be no seminaries and churches for those strange people who believe that "in common" or governmental

ownership is contrary to the teachings of a Supreme Being who emphasizes *individual* responsibility, *voluntary* association, and *personal* salvation.

#### **Conditions Consistent with Freedom of the Press**

If freedom of the press is to have any substance, it must include the following arrangement: Every person (if he is willing to pay a modest price) has easy access to a printing press, and the government itself protects his right to distribute his written messages of total disagreement with various governmental policies and officials. Surely, no one is foolish enough to imagine that this "free press" arrangement can exist when all of the printing machinery is owned in common by the people through their government.

No rational person has ever seriously suggested that Castro should promote an anti-Castro press in Cuba. But even if he were willing to tolerate the establishing of a privately owned "opposition newspaper" in Havana, there is simply no mechanism to procure the needed factors of production and distribution for a private company in a "command economy," i.e., an economy that is operated by the government for the benefit of all the people who own every-

thing in common. Actually, when one tries to imagine a mechanism or system to permit the operation of a privately owned newspaper in an economy of common (governmental) ownership, he invariably visualizes some form of a market economy wherein *individual* owners determine what is to be printed and how it will be distributed. This, of course, supports my thesis that no freedom of the press is possible in an economy that is owned by everyone and is operated by the government for the benefit of all.

#### **Private Ownership the Key**

My theory is that freedom of press, speech, and religion are likely to flourish wherever the means of production and distribution are owned by individuals and are operated for profit. (Note that detractors of the press in the United States don't deny that the owner is printing what *he* wants to print; these objectors merely disagree with *what* the owner chooses to print and *why* he does it.) But in any nation where all the means of production and distribution are owned in common by the government, there is no possible way for writers, speakers, clergymen, and people in general to express peacefully and publicly their total disagreement with the governmental "managers."

Test this idea empirically by looking at the nations around the world with "command" economies of common ownership and the nations with some recognizable form of "market" economy wherein the *primary* motivation for production is the hope of profit. My "mere theory" of a necessary relationship between the free market economy of private ownership — and freedom of press, speech, and religion — will be empirically validated.

Does censorship of privately owned newspapers, e.g., in Spain and South Africa, invalidate my thesis on ownership and freedom? Well, the *mechanism* for peaceful dissent (private ownership) still exists in both nations. And thus dissent is at least possible — at a relatively high cost to the dissenter, of course. Even so, there is still an encouraging amount of newspaper disagreement with governmental policies in Spain and South Africa. But, in contrast, in Russia where newspapers are owned in common by all of the people, the possibility of editorial dissent doesn't even exist. Since the managers of the people's economy are also the managers of the people's newspapers, obviously they are not going to denounce themselves and their political and economic decisions in their own press.

There should be nothing surprising about that fact; the publisher of *The New York Times* doesn't denounce himself in his own newspaper — any more than do the publishers of *Pravda*, i.e., the leaders of the Communist Party. The private owners of *The Washington Post* are free to advocate the abolition of private ownership, if they wish to do so. It is literally impossible, however, for the governmental owners of *Izvestia* to advocate that newspapers be turned over to private ownership in Russia; for there simply is no way to implement such a procedure. Nor does "who's on top" make any difference whatever; for as long as the "common ownership" arrangement continues, the press must necessarily reflect the "in common" policies of the nation, whatever they may be.

#### **Ownership in Common Sets Stage for Pollution**

Most people are usually impressed by their empirical comparisons of freedom of press, speech, and religion in East and West Germany, in China and Japan, and in various other nations all around the world. They can readily see that, in practice and for whatever reasons, there does seem to be a positive relationship between freedom to dissent and

the ownership of the press, and so on. And a few will finally acknowledge the fact that the owners of a newspaper in *any* country — Russia or the United States — simply cannot make a decision and, simultaneously, write an editorial denouncing themselves and their decision.

Even those few, however, are still prone to worry about the "pollution and slums and discrimination and fraud and false advertising that are caused by the free market economy."

It should be obvious, however, that "pollution" is not peculiar to the free market economy of private ownership. The same problem exists in a command economy of ownership in common; in fact, pollution has now become an exceedingly serious problem in industrialized Russia with its huge hydro-dams and gigantic river diversions. Since this issue of pollution is clearly and necessarily an "in common" problem under any economic system, it must be solved through the "in common" government — whether it be a dictatorship or a democracy. For neither the government-owned Tennessee Valley Authority nor the privately-owned Consolidated Edison Company should be permitted to continue practices which destroy the land and pollute the atmosphere.


### **Problems in Paradise**

As for racial and religious discrimination, one of the most vicious examples of it exists in the Soviet Union. I am, of course, referring to the "Jewish people" in Communist Russia where the synagogues, as well as the steel mills, are owned in common by the people for the benefit of all. Under a system of ownership in common, it is usually even impossible for a person to leave the country! Discrimination against races and religions is not in any sense a "free market" problem; in fact, the market economy of private ownership of resources may well be the *only* arrangement that can possibly accommodate these historical and emotional issues in a workable manner over a significant period of time.

Slums and slum conditions exist, of course, in Moscow and other communist cities around the world. And even in Sweden — where there are no slums in the ordinary sense and where the government has assumed almost total responsibility for providing the people with places to live — the acute housing shortage is perhaps the most controversial issue in the nation. "In common" ownership offers no solution whatever to housing problems, either in New York City or in Peking.

Nor is "fraud" peculiar to a market economy; since this is a character-defect that inheres only in individuals, it exists under all forms of ownership. And false and misleading advertising is obviously an "in common" problem which must be solved by law, i.e., the legislatures and courts of the governments of the people — any people and any government.

Actually, the accusations so frequently directed against the free market economy — pollution, false advertising, violence in various forms and degrees, including war — are generally misdirected; those social ills are mostly the result of corrupt or apathetic or deluded or power-mad governmental officials who are not even capable of performing their primary functions of maintaining the peace, suppressing fraud, and attending to other obvious functions that are clearly of an "in common" concern to everyone.

Well, that's what I mean by the free market economy of private ownership of the means of production and distribution. I'm for it because I am convinced that *all* freedoms must necessarily disappear soon after the market system of producing and distributing goods and services is abolished or allowed to decay. 

# Two Ways to Slavery

*James M. Rogers*

When delegating power and authority to “good” men, remember that the power is apt to be inherited by “bad” men

IN THE Old Testament, there are two thought-provoking stories of how a people brought about their own enslavement. While both examples show that slavery is a moral issue, for the most part the stories use economic and political events and decisions to record the degree of bondage and how it came about. The real lesson lies in the fact that these people became slaves through a sequence of events which, at the time, seemed to be a good course for them to follow. Since we're making these same mistakes in America today to an alarming degree, these two stories hold for us a significant lesson.

The first of the events took place very early in the history of the Hebrew people — our philosophical forefathers. Most of us are aware of the fact that when Moses came upon the scene in Egypt, the Israelites were enjoying the dubious distinction of being among the most downtrodden slaves in that part of the world. But few of us seem to

have any idea how they got that way. We remember that these Israelites weren't always the slaves of the Egyptians, but the events leading up to this dark period have not been given enough emphasis in most studies of the Bible.

The leading character in this tragedy was the man of “the coat of many colors” fame, Joseph. He was the eleventh son of old Jacob who, in his youth, had tricked his brother Esau out of his birthright.

THE FIRST scene in the drama really takes place on the plains at Shechem — near the vale of Hebron on the land of Jacob — where we find ten of the sons of Jacob tending the flocks. They are fed up with their brother Joseph. He had announced to them some time before that he had a dream telling him that his brothers were all going to be his subjects one of these fine days. This, added to the fact that their father had made no secret of his special affection for the

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*The late James M. Rogers was formerly a member of the staff of the Foundation for Economic Education. His essay, first published in 1955, is well worth reading again.*

boy, is too much for the brothers. They gang up on Joseph and throw him into a pit until they can decide what to do with him.

Through a series of coincidences — combined with the compassion of one brother, Reuben — Joseph is sold into slavery to a merchant going into Egypt. There he is sold again and ends up, finally, in jail because of a married woman who thinks she can't live without him.

While Joseph is a prisoner, his knack for interpreting dreams is brought to the attention of Pharaoh, King of Egypt. The King has had a dream which has defied interpretation by his magicians. Someone tells him of the prisoner Joseph who, it is said, can give him the meaning of the dream.

Joseph is sent for and tells the King that the dream is a warning. It means that the country will enjoy seven years of bountiful harvests, which will be followed by seven years of great famine. Joseph says further that the dream is a warning to Egypt to store up food during the seven good years, in preparation for the seven bad ones which are to follow.

The King is so overjoyed at Joseph's ability to bring forth this wonderful interpretation that he puts him in charge of the entire operation. That is how Joseph became the first OPA administrator in history.

INCIDENTALLY, it was this Bible story which was actually used by some politicians in America to sell price stabilization and the "ever normal granary" to the American people. The real punch line of the story — the scene where the people became slaves of the man controlling the granary — was never included in those Bible quoting sessions of the early Thirties. This is how it happened.

The seven good years in Egypt rolled by on schedule, and the storing of grain went according to plan. Then came the bad years. There is nothing in the story to indicate how the government of Egypt gained control of the excess crops in the good years, but the way the government distributed the crops in the bad years is made very clear. Joseph forced the Egyptians to pay for every bushel of grain they got from the government. Finally the people had nothing left with which to buy the food they so desperately needed. So he demanded of them that they bring him the deeds to their lands. On the appointed day they did; then he made the awful pronouncement which is never referred to when the story is retold by politicians to the American people today. When the Egyptians laid the deeds to their land at his feet, Joseph said to them: "Behold, I have bought *you* this day . . ."



In our day, the land is rapidly coming under the ownership of the government which already owns, outright, 25 per cent of the land in the United States. While government ownership of the rest of the land is not presently being established through an open "bring me the deeds to your land" approach, such ownership is being constantly established nonetheless. Men who may not even realize it are becoming modern Josephs. Ordinarily, they do not openly ask for deeds. But surely some of them are smart enough to know that ownership is much more a matter of who has the power of decision over the property than of who happens to be listed as the owner with the County Recorder's office. This indication of ownership in the Recorder's office may only entitle the so-called owner to the dubious pleasure of paying taxes on the land.

The real owner of a property is the one who calls the shots on how the land is to be used: What can be raised on it? To whom and for what price can the produce be sold? How are the profits to be divided? On that basis, ownership of America's farm lands is quite different from what the Recorders' books may indicate.\* Actually, the full

plight of farmers is not fully stated when we show that they no longer own the land. Joseph really put the picture in focus with his "I have bought *you*," for whoever owns the land also owns the people of the land.

MANY YEARS after his brothers had sold Joseph into slavery, they were still back on the plains of Shechem with their flocks. Because they had robbed themselves of the insight of Joseph, they didn't bother to put any surplus aside during those fat years, acting as though the good times would never end. Then when the lean years came along, they suddenly found themselves faced with starvation.

Rumor had it that grain could be found in the land of Pharaoh. The sons of Jacob journeyed there to buy wheat, which is referred to in the Bible as corn. When they arrived in this far off land, they began to bargain over the precious foodstuff with a person they thought was a shrewd Egyptian. Not one of them suspected that he was their brother Joseph whom they had long since thought dead.

The chapter that tells of the revelation of Joseph's true identity, and the subsequent arrangement to have Jacob and all the rest of the

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\*For a specific example of how this works in the United States, a reading of *Agrarian Reform* by Paul Poirot would be most illuminating. (Foundation for Economic Education, Irvington-on-Hudson, N. Y.; single copy free.)

family brought to Egypt for Joseph to look after, is indeed a touching story. Those parts of the story have been told and told again as examples of how one so wronged can — and should — forgive his tormentors. However, as in the case of “Behold, I have bought *you* this day,” the sad end of the Israelites through the paternalism of their brother Joseph always seems to get left out of the story.

You see, before Joseph permitted his father, his brothers, and their families to participate in this wonderful system to save the world from famine, they had to place themselves in the same position as the Egyptians. So in addition to owning the Egyptians, Joseph also became master over his parents and his brothers and their families.

At the time, this was no source of concern to the Israelites, for was not Joseph their beloved brother and son? Was this not the one who had been able to forgive his brothers for their horrible deed of years ago? What possible harm could come from agreeing that their brother Joseph should have this fearful power over them?

How many times throughout history this same mistake has been made: Power given to someone who is trusted; then another, to whom the people would *never* have given power, inherits that which was given to a trusted one.

You can guess what happened. Joseph died. An Egyptian inherited the power that had been Joseph's. He didn't assume any power that had not been in the hands of the kind and compassionate Joseph. The only difference was that he used it differently. He used it to make of the Israelites the abject slaves described in the Bible.

**T**ODAY we have empowered people in our own government to do things for us without realizing the fearful extent of that power. We don't yet realize it because the people who now hold it have generally not chosen to exercise it in all the awfulness implicit in it. When they do, we will wonder how we could ever have been foolish enough to have given that power to anyone.

The market place is literally jammed with examples of how we have surrendered powers over our jobs, incomes, production facilities, and trade channels. We have also surrendered certain powers in other areas in ways we probably don't even imagine.

In the State of New York, for example, the people have empowered the governor of the State to determine the nature of right and wrong as it is to be taught to the children in our schools. The people don't yet realize the full meaning of this; but you may be sure that sooner or later the realization will

come, and they will say: "How could we have done this?"

HERE IS how we surrendered a large part of our responsibility over the minds and morals of our children: We have given the governor the power to appoint a Board of Regents which, in turn, has the power to approve or disapprove every textbook to be used in the schools of the entire State. If they do not always choose to exercise the power, it is still nonetheless true. We have further permitted this same Board of Regents to set the standards of learning which must be met by a child before he may be passed from one class to the next. This is true not only of a knowledge of subjects like arithmetic, reading, and spelling, but also of such matters as the proper functions of government.

If you were to offer only one of the offices of our land to those who could change this Republic to something we hate, they would be completely satisfied to have no other power than control of the one just referred to: the power over education. You may say: "Yes, but the men who are in possession of that power are fine people." This is quite likely true, even though I find myself in disagreement with certain of the ideas and principles they conclude to be morally right, and which they are causing to be taught

to our children. But that is not what's worrying me. My fear is that, at some time in the future, a man who has the power of appointing that Board of Regents will, little by little, destroy the younger generation's resistance to tyranny by causing them to be taught ideas and principles which are in direct conflict with our Declaration of Independence and Constitution. Some of those questionable principles are already apparent in a number of textbooks. They have to do with world government, foreign wars, government ownership of the means of production, and other similar issues.

And if you think you will "vote the rascals out" if the government tries to take full control over our children's education, I have news for you: The government *already* has full control. And so far as I can determine, most people want it that way. True, the government still *permits* private schools — under government supervision. And there is still some controversy as to whether the federal government or the state government shall exercise the major control over the education of our children, but that is merely a temporary sop for people who enjoy arguing details rather than principles.

That is just one of the ways we have given power to people — slowly and over a long period of

time — because we have confidence in them. The issue behind the Bricker Amendment is another example of this same process. One of the main arguments against the Bricker Amendment is: "Don't you trust the President?" And the answer could be that the children of Israel trusted Joseph too, but that was of small comfort to them after another person inherited the power and then did something with it that Joseph would never have done. The lesson we should learn from the Israelites is this: In deciding whether or not to give power over you to your most trusted friend, imagine that his authority might eventually be held by your worst enemy. Then act accordingly; for although the friend may never misuse it, there's no way of telling who might inherit it from him.

**T**HE BONDAGE in Egypt was the first period of slavery for the Israelites. It was not the last, however, nor in some ways was it the worst. The next period of their slavery did not take place until many years later; not until after Moses had come along and led them out of the land of bondage and across the wilderness for some forty or more years; until they had finally entered the Promised Land under the leadership of Joshua.

Those early years in Canaan were wonderful ones. Here was a

people who had never really accomplished anything as a nation. They were the offspring of these twelve brothers, the sons of Jacob. They had been suffering or running away from something almost ever since they came into existence. The peoples they had to fight in order to get their place in the already overcrowded fertile crescent were of such famous names in the family of world tribes as the Hittites — the great fighters, the discoverers of iron swords — the Amorites, and also the Canaanites. These were all accomplished tribes or nations which had tradition and history in their favor. The Israelites were nothing more than a ragged group of desert nomads.

There was one significant difference, however. This seemingly unorganized group of desert waifs had a most unique type of government. They had no king to command and control them. Long since, these people had learned that there is a great source of wisdom which guides the universe and, although their knowledge of it was quite primitive, and their method of reaching this great source of wisdom and power left much to be desired, they had a motivation which was head and shoulders above all the tribes around them.

It was not a case of each man contacting this power for himself and in his own way; they were still

too primitive for that. Instead, they had selected from among their group one upon whom they felt a special mantle of their God, Jehovah, had fallen. And it was his job to interpret to the rest of them the will of Jehovah.

By this seemingly simple and childlike system, these people were able to overcome almost insurmountable odds. While all the other tribes were thinking and working only on the level of the mind of man, or satisfying a multiplicity of unknown spirits which seemed to work mostly against them, the Israelites were actually trying desperately — although sometimes foolishly and mistakenly — to know the will of the force that was directing all of creation. You don't have to be very good to be best at something if you are the only one who's trying it at all!

THE ONE selected to guide the children of Israel in the way of Jehovah was called the judge. Their form of "government" might be called a theocracy. But it was completely unlike the theocratic societies which came about in later years, when men like Oliver Cromwell and others who thought themselves to be part god, ruled people in a dictatorial fashion. The social organization of the Israelites was the honest attempt of a people to be governed by God. It was more

than an honest attempt; it was the most successful venture to date in that part of the world.

During those early years in Canaan, the children of Israel made progress such as has seldom been made in the whole history of the world. The tribes increased; their flocks increased; suitable settlements were made with the Canaanites who recognized something quite unusual and unique in these people; and the responsibility of judgeship passed through several hands until, finally, it rested with one of the greatest judges of all: Samuel.

SAMUEL HAD served the children of Israel through many difficult times, accurately interpreting the will of Jehovah. But he had become an old man. The time had come for him to begin thinking in terms of his successor. He had high hopes that one of his two sons would show signs that would make him the choice of Jehovah. But how would he ever know? Samuel divided a small portion of the country in half, putting one son as judge over one part and the other son as judge of the other part.

Everything was against these two boys. They were young; they were the easy prey of tempters who offered them money; they had some extremely bad examples being set before them by the Oriental poten-

tates on every side. To put it simply, they performed very badly.

The elders of the several cities were watching all of this with much interest. They saw in these two irresponsible young men their next judge, and the prospect did not please them. So, at a prearranged time, they met with Samuel at Ramah. There the elders told him that as they observed the experiment, it was apparent the sons were not wise in the ways of Samuel; and Israel did not look forward to having either of them as a judge. Then the elders told Samuel that what they really wanted was a king to rule over them in the fashion of other nations. They asked him to appoint one.

**T**HIS WAS a great shock to Samuel. To him it was an indication that they were not satisfied with his judgments. As was his custom in time of trouble, he stalled for time, then took the matter to a quiet place where he was accustomed to talking with Jehovah.

As you read this in the First Book of Samuel, it almost seems as though Jehovah anticipated Samuel's feelings because Jehovah told him that he was wrong to feel so bad. It was not Samuel they were rejecting, but Jehovah. He also said there was nothing, really, that either he or Samuel could do. If these people really wanted a king, they

were going to have one; and it would be wise for Samuel to make the best possible choice.

Jehovah said there were some things, however, that he wanted the people to know before they turned to a king for guidance in matters which theretofore had always been left to their God. He wanted them to know the inevitable results which come to pass whenever men give to other men powers that should be left in the hands of their Creator.

So he told Samuel to tell it to them straight. He said to tell them that this king who would replace him would at first need only about 10 per cent of all their sons and daughters and manservants and maidservants, and 10 per cent of the produce of their work to support his efforts; but that would be only the beginning. The implication was that it would eventually be 25 per cent and then 50 per cent, then more and more, because he concluded by saying that they would all become virtual slaves of this king they would put in the place of Jehovah.

His parting instruction to Samuel was to tell them: "And ye shall cry out in that day because of your king which ye shall have chosen: And the Lord will not hear you in that day."

The accuracy of that prophecy was very quick to make itself

known. Saul, the first king, taxed the people about 10 per cent. David took care of at least 25 per cent more. Solomon, his son, required about 50 per cent. Along with this destructive taxation, all of these kings were performing various and sundry other evil acts upon the people — just as Jehovah had predicted. Then, in rapid succession, a rather feeble assortment of kings called upon them to give the rest of their possessions to support a series of foolish and wasteful wars. It was the end of the Israelites as a nation. From that time on, until they became so scattered over the face of the earth that it's really difficult to know what happened to them, they were constantly the slaves of either their own or some foreign king.

**T**HE EXPERIENCE of the Israelites early in the history of the world, proved the truth of this fact about government: When the people turn to the source of creation for leadership — instead of to the authoritarian arrangement whereby the mind of man rules men — they have a chance to accomplish great things.

This wonderful idea of government was never really tried again for many hundreds of years. It was only after many nations of men had collapsed under the weight of their so-called divine kings, and had be-

come a rubble over which succeeding generations and armies had trampled, that a handful of people finally crossed the wide expanses of the great sea to America. Here this idea was to have a chance to work its wonders again.

In this new climate, there were still many persons who thought it would be sure death to the people if they did not have a king to whom they might look for leadership. So they maintained allegiance for many years to their traditional kings across the sea. But when the king began to increase his take of the percentage of their productive efforts — and continually called upon them to support and fight his useless wars — some of the wiser people in this new land saw the potential of permitting God to do most of the ruling.

**T**HIS NEW experiment was to be quite different from the first one in Canaan. The early Americans had learned that it was not necessary to have a judge to intercede with God for them. They had learned that *every* man might approach this great source of power and wisdom if he so desired. Every man was potentially capable of finding his own answers. And so, essentially, that was the way they decided to run the country. The lion's share of government was to be a matter between the individual

and whatever he found to be his Jehovah. In fact, about all they decided to leave to organized and formalized government was the power to restrain those persons who injured other persons. Vast areas which had theretofore always been the province of a ruler of the people, were going to be handled in this new and revolutionary manner of individual authority and responsibility.

Just think of it! All aspects of the individual's life and his right to live it; all aspects of the individual's liberty and his right to be a free man; all aspects of the things he would decide to do for the pursuit of happiness; all these things were going to be governed in this revolutionary fashion outside the authority of formalized government whereby some men have always directed and controlled other men!

It was to be chiefly a most unusual kind of theocracy. God would be ruling the nation, not through any one man but through each man as he knew his own God.

The results of this revolutionary concept of government were extraordinary. The people prospered as no people had ever prospered before them. They grew strong — both materially and spiritually. They invited the poor and downtrodden of all nations to leave their man-ruled societies and move to this land of

freedom under God where every man was his own master and responsible for his own actions. The freedom-hungry foreigners poured in by the millions. The old and the new lived together, worked together, worshipped together, and prospered together. They were free and unafraid. As long as they held to the original concept of a partnership between God and man, all went well.

**B**UT SOMEWHERE along the way the people faltered. They began to lose their faith. They began to fear the consequences of their own free choices. Without even realizing it, they began to reject God and personal responsibility, and to clamor for a man-ruler to look out for their welfare and bear their burdens for them.

Had this covenant between God and man been dissolved by man in one fell swoop, maybe Jehovah would have ordained some "Samuel" through whom he would have passed the same judgment on these Americans that he did on the Israelites when they dissolved the arrangement. However, the Americans began doing it a little at a time. They did not start right off and say they were going to have a king to rule in all the areas which were originally reserved to the individual and his Jehovah. They made this decision piecemeal.



When the people first began turning their responsibilities over to government on a small scale, they didn't realize that they were actually dissolving their relationship with God; but they were. And the judgment which was passed on that group of Israelite elders clear back at Ramah, began to settle on them. Little by little, these Americans began to become slaves of the men to whom they were giving God's job.

At first it wasn't much, just a matter of two or three per cent of the total productive effort of the people that was being assigned to those who were going to assume Jehovah's responsibility. This money was to be used by the officials for the general welfare, such as charity, education, public works — "things which all men of goodwill ought to be doing anyway." But then it was 10 per cent. Then 25 per cent, and more. At the same time, millions of our young men were drafted against their wills and sent to fight foreign wars which didn't concern them.\* As we look at it now, it seems strange that more of the people — especially the religious leaders — didn't see the connection between this and the judgment at Ramah. But the trans-

fer of responsibility and authority continued and the percentage of slavery increased.\*\*

TODAY, as this is being written, we are presently a little over 36 per cent the economic slaves of those to whom we have transferred the control of our market places, our incomes, and our responsibilities to act like children of God. How far will we go in the changing of the rules which made possible the wonderful progress we enjoyed under conditions of freedom?

All along the way, many persons have realized that something is terribly wrong and have tried to show that we are bound for chaos because of the absence of freedom in the market place. They have insisted that this absence of freedom in the market place makes for less production than we could have, more shortages than we need to have, and a final absence of wealth. Of this there is no doubt. But the time when it becomes obvious to all can often be removed some distance from the act which caused it to happen. To be sure, every Israelite could eventually testify to the poverty and slavery which became his lot because of what the people had done in rejecting Jehovah. But ac-

\*For a full discussion of this, see *The Conscription Idea* by Dean Russell. (Foundation for Economic Education, Irvington-on-Hudson, N. Y.; single copy free.)

\*\*For a method of measuring this, see *Liberty: A Path to Its Recovery* by F. A. Harper. (Foundation for Economic Education, Irvington-on-Hudson, N. Y.; 159 pp., \$1.50 paper-bound.)

tually, the full effect of earlier decisions did not come to pass for quite some time. While they were existing under a partial system of slavery during the reigns of David and Solomon, it would have been hard for them to believe that the poverty and destruction which was in store for them was just around the corner. Like present-day Americans, the Israelites also "never had it so good."

When the fires of an economy have been well stoked by the energy of freedom, it's often quite surprising how well that fire holds, and how much heat it can give off even after the source of that fuel is gone. But the fact remains that whenever and wherever we transfer authority and power over us to *any* organization or person, we thereby enter into a form of bondage, a degree of slavery. While this is seen most clearly when the organization is government, the principle still works for other organizations as well.

Take the case of the worker who transfers to some union organization authority over his right to pursue the happiness he receives from his work. Just as soon as that transfer is completed, a kind of slavery exists at once in some degree. Where, before, he was free to exercise his own judgment, he's now dependent on the new authority—the union organization. When the

time comes that a majority of those in power decide that the individual shall not go to work the next day, then he has no say in the matter and this very important facet of his right to the pursuit of happiness is gone. He has thereby become in some degree the slave of a master; no longer is it a matter which he may talk over with the Creator from whom he has inherited the right. He has empowered another to assume the position of Jehovah. He's fired Jehovah from that job.

**SLAVERY EXISTS** whenever we give men the power over our lives which rightly belongs with the Creator. This word "slavery"—or the softer term of "bondage"—might strike many people as harsh and without relationship to anything in our day. Slavery is more often thought of in connection with the situation existing in the South before the Civil War. We only delude ourselves, however, when we fail to see that whenever our productive effort is controlled by other men, without our consent even though they achieve the power legally, it is still slavery. Periods of slavery in which government was the master are many. The people of Germany and Italy will attest to the slavery they experienced under Hitler and Mussolini. Yet both men seem to have arranged things in a legal fashion. Are the people of Russia


any the less slaves because their productive effort is owned by their government instead of by a man?

There are two ways to slavery. This is not to say there aren't others. But these two ways as shown in the history of the Israelites have been set before us to examine: Here we see a truly great people who made a fearful mistake, and then upon being given a second chance, made such a final blunder that it actually wiped the nation from the face of the earth.

**T**ODAY we're combining both of these ways to a frightening degree here in the United States. We're empowering some people to be masters over us when we know it's not the sort of power we would ever give to someone we distrust. That's the mistake that was made at the time of Joseph. The condition in which Moses found the children of Israel is ample testimony to the result of such a mistake. Their next mistake was in demanding that a man be selected to rule over them and to decide for them what they should be forced to do in unison.

We are now in the process of dissolving that part of our New World concept of government which made it different from the conditions of Europe. It was this difference which caused people who were

nothing in the old climate to become inventive and resourceful and creative and productive in the new. The essential difference was that the only power men were to have over other men was the power to prevent them from injuring each other, which is a very small part of the decisions that make up the whole of life. In effect, all the rest of living was to be self-government between the individual and his God — a new theocracy.

**I**T IS not yet too late for the American people to return to our original concept of individual freedom and personal responsibility under God. But if we aren't worried now, just when will we realize the truth of the judgment of God as it was passed on the Israelites at Ramah? If not when we are 36 per cent slaves, will it be when the slavery is 50 per cent, or 75 per cent? Will we be so blind that the truth of that judgment will not come to us until it is too late, until we, like the Israelites, have been dissolved as a nation and scattered over the face of the earth, perhaps never to be called together again? For the final judgment was: "And ye shall cry out in that day because of your king which ye shall have chosen: And the Lord will not hear you in that day." 

# EARLY WARNING

*Observations concerning the  
failure of the "welfare state"  
by Nassau Senior,  
English economist (1790-1864),  
based on a visit in France  
about 1850.*

MEN, whose reasoning faculties are either uncultivated, or perverted by their feelings or their imaginations, see the great power of the State, and do not perceive its limits. They see it disposes of great resources, and do not perceive how easily these resources may be not only exhausted but dried up. They are struck by the contrast between great superfluity and great indigence, between lives shortened by indolence and lives shortened by toil, by wealth squandered unproductively while

cultivable lands lie waste and labourers ask in vain for employment. When excited by such a spectacle, what is more natural than to propose laws, by which the toil which appears to them excessive shall be forbidden, by which the government shall provide the strong with employment and the weak with relief; and obtain the necessary funds, partly from the superfluity of the rich, and partly by taking possession of the productive instruments which their present owners are too idle or too timid to turn to the best advantage? It requires a long train of reasoning to show that the capital on which the miracles of civilization depend is the slow and painful creation of the economy and enterprise of the few, and of the industry of the many, and is destroyed, or driven away, or prevented from arising, by any causes which diminish or render insecure the profits of the capitalist, or deaden the activity of the labourer; and that the State, by relieving idleness, improvidence, or misconduct from the punishment, and depriving abstinence and foresight of the reward, which have been provided for them by nature, may indeed destroy wealth, but most certainly will aggravate poverty.

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*Journals Kept in France and Italy  
from 1848 #52.*

# Bastiat's Life and Times

THE YEAR was 1848. The country was not the United States, it was France. The man who was calling upon the government to become the employer of last resort was not Jacob Javits or Eugene McCarthy, he was Louis Blanc. The leader who endorsed the principles of freedom in general, yet who championed more and more interventionist social welfare laws in particular, was not Richard Nixon, he was the post-legislator Lamartine. And the mobs in the streets, including the students, were like the modern SDS or May Day Tribe, even though they weren't known to the headline writers by any of the acronyms or nicknames that bewilder us today.

In a period very much like the

present, France, in 1848, was embarked on the short-lived experiment of the Second Republic. The experiment failed for the very simple reason that few Frenchmen had any workable theory of the limitations of government. The middle classes had been living off the state, by a complicated system of subsidies and protected monopolies; the workers, angered by the favoritism, wanted to cut in on the distribution of the goodies. The nation's administration was centered in Paris, and the provinces were sullen but not yet mutinous. As for the aristocrats, whose still living members had been impoverished by the Great Revolution, the wars of Napoleon and the overthrow of

the Bourbons in 1830, they were powerless to take the responsibility which their forebears had flubbed throughout the eighteenth century. With more and more people attempting to live by government bounty, there was simply not enough tax money to pay the costs of Louis Blanc's National Workshops. The socialists — and they were pre-Marxian socialists — who had taken over France had run things into the ground. And the dictatorship of Louis Napoleon — “Napoleon the Little” — was just around the corner.

Who, at the time, had a thorough grasp of what was going on? Alexis de Tocqueville, who had studied the American adventure in limited government for his *Democracy in America*, had some inkling of the causes of the tragedy that was unfolding. But only one man, the political economist and philosopher who is now the subject of George Charles Roche III's *Frederic Bastiat: A Man Alone* (Arlington House, \$6.95), had the wide-ranging intelligence to trace effects back to their real causes in imperfect human understanding of the proper role of government. The life and the thought of Frederic Bastiat are convincingly set forth by Dr. Roche in a study that benefits greatly from the author's ability to swing back and forth between two ages that are so very similar.

### **A Time of Preparation**

If the “life” aspects of this study are not very exciting insofar as Bastiat's younger years are concerned, the fault is not Dr. Roche's. For Bastiat, from the time of his birth in southwestern France in 1801 up until the early eighteen forties, lived the quiet and mainly contemplative life of a country gentleman. He dabbled in scientific agriculture without much aptitude for it; he acted as a justice of the peace; he married briefly (the circumstances of his union with a country girl do not come clear from the extant records); and he traveled in Spain and Portugal. This was his “active” life during his younger career; his real life was in the mind — and it is Dr. Roche's exploration of a mind that makes this book an exciting document for a period that needs Bastiat's thinking just as much as it was needed during the turbulence of the late eighteen forties in France.

Bastiat was, by temperament, a man who valued truth more than comfort. He had the ability that is given to few men of divining the secondary consequences of an action when the first consequences are bemusing almost everybody into thinking a problem has been solved rather than compounded. The port of Bayonne, where Bastiat went to school, had suffered

by the English blockade during the Napoleonic wars, and after 1815 the controls imposed by the French government on commerce didn't seem to effect much of an improvement. Seeking an explanation for the continuing depression, Bastiat found it in the works of Jean-Baptiste Say and Adam Smith.

He might have left it at that if, after his return to his family country seat at Mugron, he had found nobody but clods with whom to converse. But, as luck would have it, a brilliant young intellectual, Felix Coudroy, lived on a neighboring estate. Coudroy was a socialist, a follower of Rousseau, and, as George Roche puts it, "a challenging specimen of everything wrong with nineteenth-century French thought." But he was amenable to reason, and in the end Bastiat converted him to the "freedom philosophy."

### **Then Bastiat Was "Called"**

For twenty years Coudroy and Bastiat studied and conversed on a daily basis. Bastiat had no idea that this long novitiate in careful analysis and exposition would ever have any practical application. But the upheaval in the eighteen forties would not leave quiet scholars alone. Bastiat suddenly found himself in the middle of an argument about the British free

trade movement. He wrote an article about the influences of English and French tariffs on the future of the two countries, the article was printed, and the country gentleman of Mugron forthwith discovered that he had a mission in life.

The mission necessarily involved a move to Paris, which had always drained the provinces of their talents. In his subsequent career as journalist, legislator, organizer of a free trade movement, and author of systematic works on political economy, Bastiat eventually came to value the pursuit of truth more than he valued life itself. He literally burned up his lungs in his efforts to warn his fellow citizens of the eighteen forties against the effects of the preachings of Louis Blanc, Proudhon, Blanqui, and a whole rabble of socialists and anarchists. Instead of taking care of himself during the early stages of tuberculosis, Bastiat wrote around the clock. His marvelously aphoristic work, harvested in a few brilliant volumes (*Economic Harmonies*, *Economic Sophisms*, *The Law*), did not convince enough Frenchmen in time to avoid the revolutionary excesses of the Second Republic or the dictatorship of Louis Napoleon (history repeating itself on the plane of farce, as Karl Marx described it), but it has provided a standard to which

we may rally in our own day, hopefully in time to prevent the coming to Washington of a Louis Napoleon in late-twentieth century "mod" dress.

### **A Faith in Freedom**

Dr. Roche, out of his own substantial scholarship, does a brilliant job of "penetrating the twisted trail of 'conservative-libertarian' thought as reflected in Bastiat." Bastiat was not quite an Edmund Burke, for he cared less about tradition than Burke. On the other hand, he was not one to insist on imposing rational blueprints, even those of his own devising, on anybody by the political means. He believed in progress, but not in the idea that the human race could perfect itself. God had put us here on earth to choose between good and evil, and the prime hope was that, in the generations to come, we might choose a little more of the good. But the choice had to be left to

the individual. If "planners" were allowed to impose their conceptions of "virtue" on the rest of us, they would be usurping the place of God. This is not something that fallible man should ever be permitted to do.

American conservative thought in recent times has given too much to Edmund Burke and not enough to Bastiat. Without taking any credit away from Burke, it remains true that Bastiat's thought is more in the American, or Madisonian, vein. Lacking a feudal background, we have always been more of a libertarian than a conservative people. Dr. Roche's study brings this home to us anew, and one hopes that it will be widely read, particularly with an eye to salvaging that wing of the New Left that has some native libertarian instincts and might be converted to the "freedom philosophy" as Bastiat once converted Felix Coudroy. 