

the Freeman

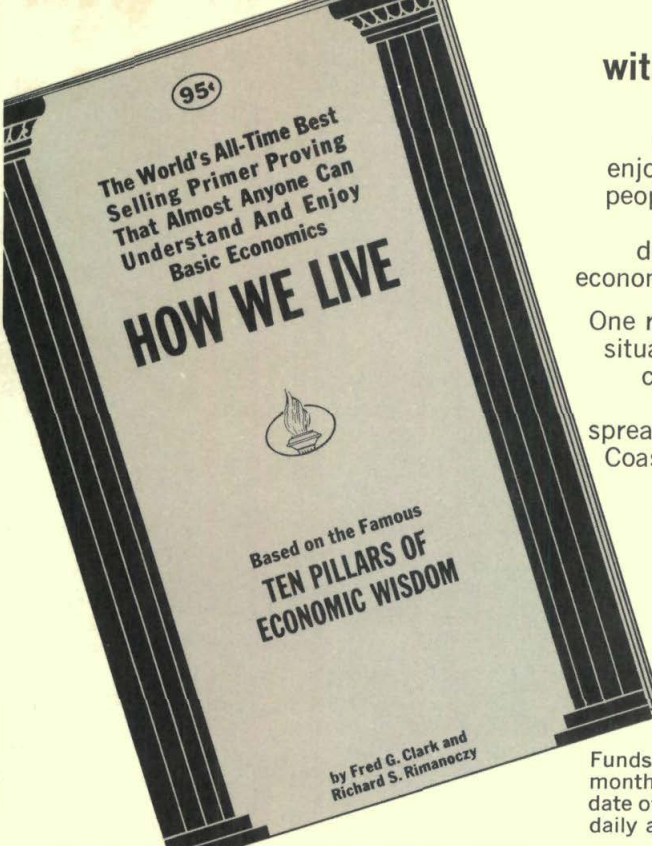
Ideas on Liberty

APRIL 1968

If fiscal soundness
requires restrictions
on private travel,

why the Federal rush to the moon?





Please accept this outstanding book with our compliment

More and more people are seeking easier ways toward the enjoyment of the fruits of other people's labor without realizing that their actions lead to the destruction of the moral and economic standards of our nation.

One remedy for this unfortunate situation is the rapid mass education in the basic economic laws of nature. To help you spread this knowledge to other people, Coast Federal Savings is happy to offer you, without cost, this outstanding book that explains basic economic truths in easily-understandable form.

You earn 5.13% at our current rate of 5.00% if account held 1 year. .25% bonus available.

Funds received by the 10th of a month earn from 1st; thereafter from date of receipt. Earnings compound daily and paid to date of withdrawal.

COAST FEDERAL SAVINGS

AND LOAN ASSOCIATION

To: John Hamner, Department FM, Coast Federal Savings and Loan Association
9th & Hill Streets, Los Angeles, California 90014

- Please send me the book: "How We Live," at no charge.
- Yes, I'd like to open a savings account. Enclosed is my check (or money order) for \$_____
- Individual Account
- Joint Account
- Please transfer my account.
- Please send me full information on Bonus Accounts.

Name(s) _____
(Please Print)

Street _____

City _____ State _____ Zip _____

the Freeman in this issue

VOLUME 18, NO. 4

APRIL 1968

- ✓ Not the **things** of life, suggests John Sparks, but the **people** ought to be free p. 195
- ✓ And how better to use and develop one's freedom than through unrestricted travel? p. 201
- ✓ Henry Hazlitt adds a word in defense of tourists and foreign investors p. 205
- ✓ Dr. Kuehnelt-Leddihn's practiced eye affords substantial insight into the economic, social, and political situation in Latin America p. 207
- ✓ Again, says Bill Dykes, let's first learn to dispose of our own garbage if we are truly concerned about othersp. 216
- ✓ Professor Carson reviews the history of pre-industrial England from which she was to emerge as a world power p. 219
- ✓ "Protect the leather industry! Then let us compete," is the way at least one man in the business sees it p. 232
- ✓ Life isn't exactly a game of basketball, concedes Gary North, but respected rules and an honest referee can help in either casep. 237
- ✓ Raymond Buker came a bit late for Christmas, but his point remains valid as of April 15 p. 247
- ✓ **The Future of Conservatism** by Stanton Evans affords this month's grist for "The Reviewer's Notebook"p. 249
- ✓ And Review Editor Opitz covers a pair: **The Symphony of Life** by Donald H. Andrews and **The Broken Image** by Floyd W. Matsonp. 252

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

the Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

LEONARD E. READ *President, Foundation for
Economic Education*

PAUL L. POIROT *Managing Editor*

THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a non-political, nonprofit, educational champion of private property, the free market, the profit and loss system, and limited government, founded in 1946, with offices at Irvington-on-Hudson, New York. Tel.: (914) 591-7230.

Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average \$12.00 a year per person on the mailing list. Donations are invited in any amount—\$5.00 to \$10,000—as the means of maintaining and extending the Foundation's work.

Copyright, 1968, The Foundation for Economic Education, Inc. Printed in U.S.A. Additional copies, postpaid, to one address: Single copy, 50 cents; 3 for \$1.00; 10 for \$2.50; 25 or more, 20 cents each.



Any current article will be supplied in reprint form upon sufficient demand to cover printing costs. Permission is hereby granted to reprint any article from this issue, providing customary credit is given, except "Tourists and Investors as Scapegoats" and "The Rise and Fall of England."

THE
BEST
THINGS
IN
LIFE
ARE

NOT FREE

JOHN C. SPARKS

THE OLD SONG proclaims that the best things in life are free — and specifically extols such romantic items as the moon, the sky, and the flowers in spring.

The composer of these popular lyrics doubtless earned his fame and royalties, though his philosophical sentiments might not win the plaudits of classical economists. The latter would point out that the best things derive their value from scarcity and are far from free.

A good house that may be free for the taking is extremely scarce — in fact, nonexistent. So are automobiles, automatic washers and dryers, stereophonic consoles, engineering services, the latest medical drugs, classical art, fur coats,

and endless other items and services — all scarce at prices buyers would prefer to pay.

Much as we might wish to acquire freely these best things of life, a moment's reflection shows why that is an impossible dream. None of these items is handed to us by nature. None comes into being without considerable effort by persons combining skills, years of training, and savings to produce desirable products and services.

These products or services exist only because they can command a price, a price sufficient to encourage productivity by those who have the inclination. The fact that some persons are willing to pay for new hats causes scarce and valuable hats to materialize.

Many individuals, working separately or grouped in companies, try to attract those who would buy

Mr. Sparks is an executive of an Ohio manufacturing company and a frequent contributor to THE FREEMAN.

their scarce products and services. Some succeed. Some do not. And respect for the discriminating judgment of potential buyers does more to improve the quality and variety of goods and services "for sale" than does any other factor.

The composer quite properly listed love, happiness, and other intangible wonders among the best of things. It was doubtless intended that the individual respond by actions that would *earn* for him stirring soul satisfactions without an outlay of cash. Several decades later, however, the song's promise has been stretched to cover not only the *philosophically*-desirable objectives listed by the song writer, but many *economically*-desirable products and services as well. Obsessed by desire to consume, prevailing political action attempts to by-pass the essential thought, saving, and labor that produce "the best *economic* things."

Progress in Medicine

Successful performance of a scarce and valuable service is well illustrated in the field of medicine. A medical man of 1868, if given a glimpse of the parade of medical accomplishments to come in the century just now ended, could scarcely have believed such miracles possible. The description of such medical treatments, drugs, and procedures would have been a

marvel to him, not to mention their blessings upon millions and millions of people. Life spans increased unbelievably; many common and formerly fatal diseases virtually wiped out; human lives blossoming that otherwise had no chance — miracles all!

Such outstanding service in saving lives and restoring health has brought substantial economic reward to many of these modern men of medicine. In addition to the monetary rewards, many have known the personal satisfaction of serving the unfortunate ones lacking the funds to pay the full price, or perhaps any price, for needed medical attention.

So phenomenal has been medical progress in the United States that one would hardly expect it to be the object of political attack. Yet, a strange brand of collectivist "logic" proclaims the "right" to free services of all kinds, including medical — not the volunteered services of generous physicians to those unable to pay — but the cold, impersonal, regimented service yielded by Federal legislation. By what logic do Americans of any age expect to receive free medical care under a system of compulsion?

Some may question the use of the word "free" to describe Medicare benefits. Does not each earner of income pay his own way through

the Federal social security system for Medicare? Furthermore, the doctor's care portion of Medicare is voluntarily chosen and paid for by the citizens. How can these be called "free"?

The answer, of course, is that no service of value can be free. Medicare is not free. It has to be paid for one way or another — or the service will not be forthcoming. But in the Medicare idea is a substantial element of something that to many of our countrymen *appears* to be a free benefit — or a *partially*-free benefit. They find it easy to assume that medical benefits are in unlimited abundance instead of scarce and costly. The service seems to be there for the taking. It is true that medical drugs, technical equipment, and skills are much more plentiful than in years past; yet, they do not grow on trees. Manufacturers spend millions of dollars to conduct research and develop new medicines. But their resources are limited by the amount stockholders are willing to risk in the uncertainty of researching and developing a new product. Not everyone is willing or able to endure the long years of study, expense, and self-denial to become a doctor. Doctors, therefore, are scarce. And so are the allied services such as nursing. Private and public hospital boards constantly need to

raise funds for expanded facilities and improved equipment. And the difficulty in acquiring such funds accounts for the relative scarcity of hospital services.

So what? What if those who are covered under the Medicare program believe that medical services are virtually free and available in great abundance — rather than *un*-free and relatively scarce? What difference does it make? They will receive the benefits, won't they — benefits they could not otherwise afford?

Consequences of Medicare

Medicare patients now receiving medical attention otherwise beyond their means will not easily be persuaded that Medicare is likely to downgrade the quality of medicine in this nation. Nonetheless, the advent of Medicare and its supplemental programs will tend toward that result.

The discipline of the market — that is, the exchange of values between persons willing to trade their scarce savings for scarce medical services — is lost, or severely impaired. Individual decision-making will be displaced by government compulsion. Tragic results are sure to follow.

Keep in mind that the cost of Medicare was estimated by its proponents on the low side to render it more palatable to wavering leg-

isolators. Costs of government programs seldom are estimated accurately. Medicare ran two or three times over its original estimate in the first year. Marginal illnesses that previously would have gone unattended now call for the doctor's attention — and add to the cost of Medicare. Patients seek more frequent and more extended hospitalization — at added cost. Medical services and medical supplies will broaden in definition so that areas never intended to come under the program will be included — and add to the costs. Opportunists will flock into the program, in collusion with patients, with supplies and “semi-hospital” services and activities bordering on the fraudulent — all to become a part of the costs.

Another extra cost — overlooked by the proponents of Medicare — is the transformation of medical services, formerly performed free or at very low cost, into full price when eligible for government compensation. One doctor who “before-Medicare” spent one day a week *gratis* with the residents of a home for the elderly, now allows Medicare to pay him more than \$1,000 for this day.

Beyond all this is the heavy cost of bureaucratic operation and the lost sense of frugality by all parties in the program — patients, doctors, hospitals, agents, and

others. What incentive remains to keep the total cost reasonable? None whatsoever. The social security or other tax rates will continue to grow until they finally become unbearable to taxpaying salary and wage earners. Greater Federal deficits will bring further inflation.

Those to Be Blamed

And there will be scapegoats to be sacrificed. Doctors will find their fees first restricted, then fixed. Numbers of Medicare patients will be forcibly increased without regard for the number of non-Medicare patients the doctor may prefer to serve. And there will be a revision in policy concerning other doctors who originally refused to cooperate. They will be blamed for the shortcomings of Medicare, poor attitudes, and lack of uniform coverage — and will be forced to join the program.

Private hospitals also will be among the scapegoats when they seek equitable coverage of hospital costs not now allowable for reimbursement by the Medicare program.

The innocent bystanders will be those persons not covered by Medicare but in need of medical attention, attention they will not get because so much of the scarce professional time and effort has gone

into red-tape, restrictions, and unnecessary "doctoring." These "forgotten" people, the ineligible, self-reliant families, will have to pay *twice*, first for the Medicare of others, and then for the care of their own families, not to mention the disproportionate share of hospital overhead expense they will be charged. For such double outlay, they will receive minimum time and attention from regimented doctors. This excluded group could hardly be blamed if it were to petition legislators to make Medicare coverage universal.

A further consequence of Medicare will be noted by all too few. The rate of medical growth and discovery of the last hundred years will not be maintained. Bureaucratically fixed fees will discourage the development of new surgical procedures and concepts. Difficult, time-consuming, risky, tiring, exploratory efforts will not be worth the candle under Medicare. What fee should a doctor charge for the first heart replacement operation? And why not stick instead to \$35 tonsillectomies, and \$150 appendectomies? Advancement in medical science is seriously threatened by Medicare.

Since the program is now law, why point to the descending path it will follow? Why spell out the terrible price that all Americans — the young and the elderly — will

pay in terms of lower quality care, the deterioration of medical science, reduced numbers of intelligent young men entering the field of medicine and scientific medical research? What good in predicting the gloomy future of medicine in the United States? The eggs have been broken, the scrambling under way. Will such portrayals of Medicare's future return us to our senses? Will this discussion help bring economic understanding? Will anyone gain from this effort the courage to join in the struggle to restore freedom in this field of human activity so vital to man's well-being? I do not know.

The Effort to Improve

The attempt must be made, however, regardless of the heavy odds against any quick rescue of medicine from the dismal detour it has taken. Some day, the collectivist idea will recede, as honest and intelligent human actions beat it into retreat. Such gains, however, do not come from wishful thinking or from dire predictions of socialistic evil. Nor is it certain that they will come from the actual misery of the adverse results. Human nature is prone to accommodate to adversity which arrives gradually — as might be expected in medical affairs under regimentation.

Only a fresh and better under-

standing of the achievements possible in a free society will wean support away from Medicare. Persons who think they are being practical in support of government medicine might well be persuaded to transfer their allegiance to the institutions of freedom. The search for a magic political formula that will produce the best economic things is doomed to failure. New formulas will be offered after each failure—"one more try"—which will fail in turn, until human gullibility is exhausted. Then a renewed understanding of the blessings of freedom will return to the people of our land.

To spread the understanding of freedom is our task. There is no other antidote for the regimentation of government control and interference dedicated to accomplishing the impossible. Only then will medical services and products be recognized as the best things in life, but far from free. Only then will freedom of choice and freedom of exchange return to the field of medicine. Only then will it resume its jet-like speed toward new miracles of the future.

The best things of life are not free. But human freedom is the best means to attain the most desirable "things" of our lives. ♦

IDEAS ON LIBERTY

Ownership Means Control

A MAN is free precisely to the extent that his property rights are intact, because the condition of freedom and the condition of slavery are distinguished on the basis of the right of private property. A freeman owns himself and whatever he comes by lawfully. A slave owns nothing. . . . Ownership, however, means more than the possession of formal legal title to things. It means control. Control means authority over use, and over disposition as well. It means the condition in which one has the authority to follow his own preferences.

SYLVESTER PETRO

From testimony before Senate Judiciary
Committee on the 1966 Civil Rights Act



PAUL L. POIROT

PERHAPS not always, but often the grass is greener on the other side of the fence. And if there be such a thing as progress, it must be primarily in terms of the freedom of the individual to travel and trade and find out what is beyond that fence.

A fence, of course, is a barrier — sometimes natural, as in the case of broad oceans or rivers, impenetrable jungles, lifeless deserts, steep mountainous terrain, or just empty space — sometimes man-made of mined harbors and passes, guarded walls, locked doors, barbed wire entanglements, iron curtains, restraining laws, or just red tape. And lack of knowledge and information, lack of imagination and initiative and ingenuity, lack of effort, lack of vision and courage and faith —

these may be barriers, too, more internal than external.

In a sense, these internal barriers are by far the most difficult for man to span, for he may not realize they are barriers or suspect there could be something beyond. How could there be anything beyond the ocean if the earth were flat? Or anything desirable beyond a great wall or an iron curtain if no outside goods or services or ideas were allowed to penetrate? Fear of the unknown can effectively halt man's search for knowledge. An ocean or river or fence or wall affords protection and security of a sort he will abandon with great reluctance, if at all. Wild animals, once domesticated, lose the ability to shift for themselves and the curiosity to explore beyond the fence; and man, long im-

prisoned, comes to welcome his walls and chains.

The Great Civilizer

The story of civilization, however, is the story of man emerging from his shell, thinking, forcing, working, winning his way over or under or around or through the barriers and fences he encounters. The story includes a running history of travel, the odysseys of man, the wanderings of Abraham and Lot, the journeys of Marco Polo, the voyages of the Phoenicians and Vikings and Columbus and Cabot, the Crusades, the Pilgrims, the Lewis and Clark expedition, the development of commercial aviation. So much of the story of human progress is expressed in the improvements in transportation growing out of man's need to travel—the horse, the wheel, the cart, the boat, the sail, the rail, the piston motor, the wing, the jet.

Man's need to travel! Necessity takes many forms and mothers many things. The need sometimes is literally for green pastures, a watering hole, raw materials, living room. Others travel in search of beauty, understanding, great ideas, truth—perhaps a sense of mission and responsibility toward fellow men. Some need to travel back through time, to discover and decipher and understand the

wisdom of the ancients, in books and lost records and buried bones and artifacts. And some would go where man has never been before.

Where man has been before and staked his claim, not always are travelers welcome. To cross a fence may be to trespass. Many of the chapters in the book of civilization have been written in the blood of conquistadors and crusaders and the victims of their invasion. Nor have we seen an end to such mass migrations and wars of conquest. Without condoning the methods of coercion, it may be acknowledged that invaders and defenders sometimes have learned from one another, hopefully found ways to live more abundantly together and in peace. But as long as some men travel to conquer, others will try harder to build and hide behind protective barriers. It must be doubted that ultimate human progress is to be thus achieved.

The Wealth of Nations

Adam Smith, less than two centuries ago, pioneered in setting forth in orderly fashion what some others had learned through trial and error about the wealth of nations. There had been travel and trade of sorts through the centuries. Marco Polo might be described as a traveling salesman. Camel caravans connected far-

flung communities through trade. The Phoenicians were active traders in Mediterranean waters. The Roman Empire was in part a trading area. There were the merchants of Venice and Florence. New trade routes opened in the wake of the Crusades. Columbus was seeking a better route to the spices of India. The mercantilists were traders in a protected market system. But it remained for Adam Smith to begin the explanation of the advantages of specialization and trade that men sometimes had practiced without full understanding. The wealth of nations, and of individuals, he perceived, is not so much something that exists — something hoarded or held in inventory — but an ongoing process of exchange among willing buyers and sellers free to travel with their ideas and their wares.

Other scholars studied and elaborated upon and refined the rationale for private ownership and control and free trade in a market open to all peaceful competitors. Eventually, some began to understand that when exchange is voluntary, both parties gain something from the transaction. Then they could know that it is not necessary to rob or enslave others in order to accumulate personal wealth. On the contrary, the far better way to serve one's own in-

terests is to more efficiently serve the interests of others and reap the rewards they will freely offer.

Freedom in America

Could it have been entirely coincidence that the year 1776, when Adam Smith's great book first appeared, also marked the beginning of a new idea about wars and governments? The American Revolution was a war for independence rather than for conquest, and the limited form of government that developed in the young republic was designed primarily to keep the peace among men who otherwise would be free to produce goods and services and to trade and travel as they pleased and could afford.

Primarily free! Yet, nearly another century would pass, and another terrible war, before human slavery would be unlawful in the land. Nor has the warring ceased, as attested by recent rioting and looting in American cities by persons politically unchained yet intellectually, morally, emotionally unfree. The person who has not learned to travel without trespassing remains essentially a runaway slave, not his own master.

Yet, primarily free! Within the United States over the years there have been remarkably few curtains, walls, tariffs, embargoes, or other barriers to trade and travel.

Rivers, oceans, mountains, and deserts have been spanned until no person in the nation is more than a few hours from any other. Contacts can be made and contracts consummated from any part of the country to any other in minutes, if not seconds.

**To Overcome Obstacles and
Become One's Own Man**

Overcoming such barriers has helped to set man free; but he needed to be somewhat free in order to overcome restraints and become self-responsible. Free to dream and follow that dream wherever it led. Free to explore every new opportunity and move toward those most attractive. Free to seek and find unused or wastefully used resources and exploit them to everyone's better advantage. Free to move himself to another job, if more attractive, or to move his place of business to a better location that might be available. Free to travel from an undesirable political jurisdiction to a better one. Free to pursue his educational program with any willing teacher, wherever available, at home or abroad. Free to compete in any market place. Free to visit friends who would wel-

come him. Free to partake of any recreational opportunities open to the public and within his means. Free to overcome in any peaceful manner, and to become his own man.

Yes, citizens of the United States primarily have known the blessings of open markets, open shops, open doors, open homes, open books, open minds, and open hearts, within the institutional safeguards of limited government, sanctity of contract, private property, and no trespassing. The mind of the individual has been free to grow in proportion as he has been free to explore and to travel and to trade. And as the individual has prospered, so has the nation. Travel and trade are warp and woof in the delicate fabric of civilization.

If man is to participate effectively in the ongoing process of Creation, he needs to be free to compete, not only within a given nation, but throughout the world. National borders that inhibit peaceful trade and travel are barriers to progress.

The most certain way to halt or prevent the development of a nation and its citizens is to fence them in. ◆



Tourists and Investors as Scapegoats

HENRY HAZLITT

THE DEFICIT in the U. S. balance of payments, and the prospect of losing still more gold, is the direct result of the government's own chronic budget deficits (particularly the huge one for 1968) financed by printing more and more paper dollars.

President Johnson blandly ignores all this and puts the blame on the American people. The worst culprits are the businessmen who invest abroad and the citizens who travel abroad. So he has announced mandatory limits and penalties on both. These restrictions may possibly make the balance-of-payments statistics look less ominous for a few months. But in the long run they are not only condemned to failure but will

deeply injure both the dollar and our economy.

Let's begin with foreign investments. Four-and-a-half years ago the government put a "temporary" penalty tax on foreign portfolio investments and asked for "voluntary" restraints on foreign bank loans and direct investments. Now it has decided that these direct investments are one of the chief causes of the balance-of-payments deficit and it has cracked down on them.

The truth is that our private investments abroad are one of the chief sources of strength in our balance of payments. So far as direct investment is concerned, the annual repatriation to the United States of income from

past investments has exceeded annual new investment outlays in every year since 1945. Currently we are receiving \$4 billion in income from this source, compared with an outflow of new capital of only some \$2.5 to \$3 billion.

We received in 1967 from *total* private investments — including bank loans and foreign securities — about \$6.5 billion in income compared with an outgo of \$4.5 billion in new investments. This means a net balance-of-payments surplus of about \$2 billion.

If we now constrict or cut off the flow of new investment abroad, we will do so only at the cost of constricting our future investment income from abroad. But this is only part of the cost. We will undermine our own long-range competitive strength abroad. We will withhold the capital that allows foreign countries to improve their living standards. And we will fail to develop the exports that grow directly out of our direct investments abroad.

The new program is riddled with contradictions. The government will first forbid its citizens to invest their money in countries where it is used productively to earn a return and strengthen our balance of payments. And then it will tax these same citizens and give away their funds as "aid" to irresponsible governments of "un-

derdeveloped" countries. These handouts, as experience shows, are wasted on harebrained socialistic schemes and, in any case, produce no offsetting earnings to help our payments balance.

The new investment curbs, finally, discriminate among foreign countries and so are certain to breed resentment and retaliation.

The proposed curbs on tourists are folly compounded. If, as Mr. Johnson says, the citizens who travel abroad are "damaging their country," aren't the citizens damaging it still more who spend American dollars on Scotch, French wines and perfumes, Italian couturiers, imported diamonds, jewelry, furs, and cars?

What's so outstandingly wicked about travel? Why not, in consistency, forbid the importation of all luxuries and put tough quotas on the import of coffee and cocoa? And why is it treason to travel to Belgium but still patriotic to go to Brazil?

There is only one basic cure for the weakness of the dollar. That is to stop the reckless Federal spending; stop the budget deficits; stop grinding out more paper dollars. The new penalties and decrees only divert attention from the need for this basic remedy. ♦

LATIN AMERICA

IN PERSPECTIVE

ERIK V. KUEHNELT-LEDDIHN

THE AVERAGE CITIZEN of the United States knows only too well that something is seriously wrong in Latin America. But what is it? If somebody has the measles, we notice the rash, but this is only a surface reaction on the skin pointing to a disease which actually infests the organism profoundly. The military dictatorships in Latin America also are reactions to an unhealthy situation. Usually people will mention the glaring differences of wealth and insist that "social reforms" would do the trick. Some claim that there is no "genuine faith" in Latin America and that the Church, by "allying herself with the rich" and failing to "fight illiteracy," has "betrayed the

masses." Others will blame the Spaniards for not having raised the educational level of the Indians, and so forth. Yet, in the prevalent views on Latin America, untruths are pitted against half-truths, results are taken for causes, and stark ignorance is mixed with stubborn prejudices.

As with a human being in a state of general decline, it is necessary to investigate the "case history" of Latin America. What is this part of the world like? What does it represent? First of all, let us face the fact that apart from the Caribbean area Latin America consists of three major regions:

(a) the countries (from Mexico to Paraguay) with many Indians, a large mixed population and a small, sometimes exceedingly small, white top layer,

Dr. Kuehnelt-Leddihn is a European scholar, linguist, world traveler, and lecturer. Of his many published works, the best known in America is his book *Liberty or Equality?*

(b) predominantly white nations (Chile, Argentina, Uruguay) and

(c) Brazil, a "sub-continent" larger than the United States, which is of Portuguese, not of Spanish origin and has a strong African admixture.

In spite of great varieties these three regions have a surprising number of common problems.

Now let us say a few words about the Indians. Some (but by no means all) of the Indian tribes had a relatively high civilization prior to the arrival of the Europeans. Still, they knew neither the wheel nor genuine writing. Those who were civilized lived in highly autocratic and totalitarian societies in which hard work, as far as it existed, was carried out under the whip of overseers. State and religion had tyrannic aspects; human sacrifices were the rule. When the Spaniards moved in, efforts were made to assimilate and amalgamate the native nobilities (in Mexico they were made equals of the *grandees*); but, by and large, the upper crust became Spanish. Once the adventurers who had brutally subjugated the country were eliminated, harnessed, or disciplined, the Crown took over.

The Spanish administration worked miracles. In no time, a new Christian civilization was

established: churches, chapels, cathedrals, palaces, city halls, printing shops, universities, monasteries, convents, and comfortable, spacious living quarters sprang up almost over night.

A Different Race

It was the Crown that tried to protect the Indians and later the *Mestizos*. The new aristocracy of Latin America, however — not at all social, political, or religious refugees as in North America, but largely members of Spain's lower nobility — resented the Crown's "protectionist" policy. "You in Madrid or Seville do not realize what we are up against!" they indignantly protested. And they were right — in a way. The Indian (unlike the African) has a most difficult personality, is racially easily assimilable but culturally quite inflexible. He has another logic, he is suspicious, has a closed mind, is not interested in private property and indifferent to pain, humorless (by our standards), unreliable, lazy — *if* we take Western notions as a measuring rod. "The lucky *Yanquis!*" I was once told in Peru, "If only we had Negroes instead of Indians!"

Yet the Crown was also right. The Indians with their different wave length were certainly difficult to handle. They proved highly

uncooperative and, more than their local Spanish masters, showed a profound distaste for systematic, hard work. We must bear in mind that the work ethics we know today in the Western world developed only after the Reformation. Our medieval ancestors worked infinitely less than we do. The average city or town in Europe 500 years ago celebrated between 90 and 140 holidays a year in addition to the 52 Sundays. Before the Spanish conquest, the Indians were used to either a bucolic life on the lowest level or to forced labor under their monarchs and *caciques*. Without stern discipline, the colonies could not have existed. This, Madrid did not understand. Hence, the resistance of the local "whites" against the distant capital and also against the Church which preached benevolence, leniency, and tolerance.

The War of Liberation

As a result the Latin American upper crust, egged on by Britain and the United States (both eager to trade in that huge area) and imbued with the ideas of the French Revolution, rose against Spanish domination. We had the amazing spectacle of a wealthy, landowning Creole aristocracy fighting the Crown because it protected the lower classes. (The In-

dians, needless to say, supported the Crown which, however, was soon defeated on battlefields thousands of miles from the motherland.) The intellectual fatherhood of the French Revolution in this struggle also hurt the Church. The majority of the priests and friars, born in Spain and loyal to the king, packed up and went home.

This "war of liberation" left the *Disunited States of Latin America* laboring under insoluble problems right from the start. Never had a republican and democratic form of government been adopted by countries less qualified to make it work. (In our generation, only Africa has made the same mistake.) In 1822 the two great liberators of Latin America met in Guayaquil: the Venezuelan liberator of the North, General Simón Bolívar, and the Argentine liberator of the South, General José San Martín. The latter implored Bolívar to establish a monarchy in South America, to look for a European prince who might accept the crown! He was convinced that republican democracy was bound to fail in the Latin part of the Western Hemisphere. Bolívar replied that he could see San Martín's reasons but that he had to oppose his views; he was pledged to republicanism and democracy; to advocate monarchy

would be a betrayal of everything he stood for.

San Martin returned to Argentina a broken man, packed his belongings and went into voluntary exile in Europe. He died in poverty in a small French town 30 years later. Bolivar, however, came to regret his reply. He, too, died in despair. "There is no faith in Latin America," he wrote, "neither in men nor in nations. The Constitutions are mere books, the treaties scraps of paper, the elections battles, liberty is anarchy and life a torment." He foresaw the rise of small local dictators and a decay so general that the European powers would not even bother to reconquer a bankrupt continent. "I have plowed the sea," was his cry of anguish.

No Common Denominator

These events of a century and a half ago clearly foreshadow the outline of our present troubles. Harold Laski said that the democratic republic will work only if two conditions are given: a two-party system and what Walter Lippmann calls "a public philosophy," that is to say, a common outlook, common political principles uniting the entire nation. In his Farewell Address George Washington pointed out that whereas monarchies can afford the luxury of ideological diversity, re-

publics have to shun the "party spirit" and must always seek a common denominator. Now, given Latin individualism, this uniformity is lacking — not only South of the Rio Grande but also on the Iberic Peninsula, in France, Italy and, we should add, in the rest of the non-Protestant Western world. The "team spirit" characterizes the Protestant, not the Catholic or Greek Orthodox world. Buttonhole the typical New York commuter and ask him what his political belief is. You will find, chances are, 100 per cent stand for the republic, 99 per cent for democracy. Then repeat the experiment in the subway of Madrid or Barcelona and you will discover where genuine pluralism is at home.

The political parties of Latin America suffer as a rule from radical ideological divergencies. Most of the parties are of the left — left of center, moderately left, radically left, yet, at the same time they are extremely nationalistic and show marked socialistic tendencies. (This is also true of the so-called Christian Democratic Parties inspired by the Left Wing of Italy's *democristiani* and not by the German, Austrian, Swiss, or Dutch Christian Democrats.) This combination of nationalism and socialism is a frightening mixture known only too well to

us in Europe, and it is even more frightening if it has racist undertones as we find them in Peru's APRA and, to a lesser degree, in Mexico's PRI. The difference between them and the Hitlerites, however, is this: the Nazis praised the lily-white Aryans whereas the Latin American national-socialist parties worship the brown skin.

Exploitation of Envy

But why all this Leftism? It is nothing but the political exploitation of the startling, frequently even provocative, differences between rich and poor. In the past 150 years the successful exploitation of envy has been the key to political success in Europe; and now the magic formula also works in Latin America. In other words: the "social problem" is at the bottom of this political ferment and seems to work into the hands of Moscow, Peking, and Havana. In using quotes for the term "social problem," we want to indicate that the issue is *not* really a social, but an economic one.

Not really "social"? No. Though in the past the Latins were not hard workers, the Indians (unless they were totally enslaved) worked far less. Foreigners with knowledge and determination have a very good chance in Latin America — not only Americans, Germans, and Britishers but also

Italians, Spaniards, and Portuguese who have developed material ambitions in Northern style. They become rich quickly. In Mexico the Spanish immigrants (and refugees) are called *los zopilotes*, "the vultures," not only because of their sharp noses and their beady eyes (so unlike the soft, brown traits of the Indians and mestizos) but mainly on account of their commercial zeal. When they arrive, they may start by pushing vegetable carts; ten years later, however, they are likely to drive a Mercedes. (Allegedly one-third of Mexico's wealth is in Spanish hands — data that are difficult to check.)

In Caracas I overheard a conversation between two Venezuelans one of whom remarked: "And I tell you, my friend, *Yanquis*, Germans, Portuguese, Spaniards, Italians, Syrians — they're all Jews, they're all Jews," by which he meant that they work hard, save money, reinvest it shrewdly, and generally forge ahead. Yet this "automatic" financial rise is also achieved by the ambitious minority among the natives, whatever their color. In a generally lethargic society where people, by and large, are not very competitive the few *ambiciosos* (what a dirty word!) will swiftly rise to the top. And how they are hated: the *Gringos* and the local rich!

The Social Pyramid

As a result of this odd distribution of energies (which, incidentally, is *not* climatically conditioned) the social pyramid has a very broad base and then narrows abruptly, ending in a very fine "needle." Such a "needle" is conspicuous indeed. In North European countries the social pyramid looks more like a triangle and its top is relatively broad. Still, we know that in Austria a total confiscation of monthly incomes of \$1,000 and over would, if equally distributed among all citizens, provide them with another cent and a quarter daily. If one were to expropriate all peso millionaires in Mexico, that means people owning more than 80,000 U.S. dollars, each Mexican would receive once and for all the sum of \$18.00. The statistics would look even less favorable in countries like Colombia, Peru, or Bolivia.

In other words: the most radical social reforms would hardly make a dent in the living standards of the masses. Not the expropriation of the rich will alleviate the situation, but only a *substantial general increase in production*. Rich countries are not rich on account of "natural wealth" (a totally exploded fallacy) but on account of a high work ethos, of industriousness, saving, and investment. Radical

discrepancies between the living standards of the social layers exist only in basically poor countries — and they are poor because the majorities are not enthusiastic about hard and systematic work.

Investments, too, present a ticklish if not insoluble problem. A revealing passage in *Populorum Progressio* speaks of wealthy people who, instead of investing their profits in their own country, transfer them abroad. It is true that wealthy Latin Americans, except, perhaps, Mexicans, have the tendency to invest in the United States, in Switzerland, even in Spain and Japan. They do this in spite of the fact that the profits derived thereby are well *below* what they would be at home. But it is *safety* these investors are worried about. Since most of the big popular parties are Leftist in their tendencies, since CONFISCATION is written in large letters on their party banners — confiscation of factories, large estates, church property, foreign companies — no wealthy Latin American can trust his own country.

A Formula for Failure

Almost all big parties, indeed, talk about "soaking the rich" and so do the Christian Democratic Parties who want to take the wind out of the sails of the Marx-

ist and "national socialist" groups. Appealing to the envy of the many seems the only way to get votes. A young Peruvian Christian Democrat informed me that 78 per cent of his country was in the hands of large landowners. I inquired how much remained for the average agrarian family. Taking the size and the thin population of Peru into consideration, there seemed to be land enough for all.

"What about the Japanese immigrants?" I asked, "They all do extremely well on tiny plots."

"You are right, but our people would never work as hard as these Japs do; thus we have to carve up the large estates, just as we have to nationalize the American oil companies."

"Confiscate their property?"

"Not really. We shall give them 2.5 per cent government obligations. They got their treaty by bribing our deputies."

"But didn't you tell me before that you want foreign investments, foreign loans? How do you expect to get them after expropriating American companies?"

"Well, they have to shell it out or we'll become communists. If they won't do it, we'll ask the Germans."

"My dear friend, economy is based on *credit* and the term *credit* implies trust. The Germans won't give you a cent!"

The young man was enormously surprised.

Military Stopgap Measures

Discussions like this prove the existence of a genuine vicious circle: no general disposition for hard work (as it is known, actually, only in parts of Western civilization and in East Asia), the tremendous gap between rich and poor, the demagoguery of the Leftist parties (led predominantly by "university men" and morally stranded scions of old families), all this creates the *necessity* for unconstitutional "take-overs" by the military. American public opinion as well as the State Department heartily disapprove of undemocratic military rule, but, normally, the armies step in only when the country is menaced by a Leftist, anti-American, pro-Castroite faction as a result of free elections or revolts.

In the past, most protégés of the United States have turned out to be leaning to the Left, toward Moscow, if not Peking, once they took over with American moral or financial support. This was the case with Fidel Castro whose ascent to power was enthusiastically greeted by the American press, of "Papa Doc" Duvalier in Haiti, of Juan Bosch. When the military junta in Santo Domingo ousted Bosch, when the Peruvian

army prevented Raúl Haya de la Torre from gaining control, when General Onganía took the reins in Argentina, Washington was none too happy. (The American acclamation of Marshal Castelo Branco in Brazil was something utterly new.)

Yet, one must admit that military dictatorships are only stop-gap measures. The problem posed by San Martín to Bolívar is as timely today as it was a century and a half ago. Still no monarchist party, no monarchist sentiment exists today in Latin America — except for Brazil which was fortunate enough to have a monarchy until 1889. Constitutions pose an insoluble problem everywhere, with the exception of Mexico which has a one-party system, being run by the PRI which, in turn, is firmly in the hands of an oligarchy. An ideal situation? By no means. But, at least, thanks to strictly rigged elections, there is a *permanence* on which an expanding economy can be based. The PRI (Revolutionary Institutional Party), once violently hostile to religion, has settled down, has become “bourgeois,” has made its peace with the totally impoverished Church.

The Role of the Church

And what about the Church in all that Latin American turmoil?

Perfectly silly charges are leveled against her: that she always sided with the rich, that she owns great wealth which she does not share with the poor, that she did nothing to alleviate illiteracy because she has a better hold on ignorant people, and so forth and so on. The fact is that the Church is desperately poor, that priests are living in abysmal misery, sleeping sometimes like dogs on the ground as I have seen with my own eyes, that she has been totally expropriated in many countries, that she has made and is still making heroic efforts to educate all layers although secular education is not one of her primary tasks. (Actually, in most, though not in all, Latin American countries the Catholic schools and universities are undoubtedly far superior to their secular counterparts.) That there are certain ecclesiastic problems which, for the moment, are beyond solution nobody will deny — for instance, the crucial problem of vocations.

What I am worried about, because a solution can and must be found, is the Church's stand in the aforementioned “vicious circle.” Christianity being only 400 years old in many parts of Latin America (where it is not European Christianity transplanted, but superimposed!), it has affected only the blood and the

hearts of the people, not the bones and the *minds*. This corresponds to the situation in Germany in the eleventh century, a fact one tends to forget in drawing comparisons. The Church has, in the past, concentrated too much on devotion (especially on Marian devotion) and not sufficiently on ethics, as Professor Fredrick B. Pike of Notre Dame pointed out in a brilliant paper. She did not preach energetically enough the *natural virtues*: respect for personal property, thrift, truthfulness, frugality, responsibility for the family, chastity, cleanliness. (In certain Latin American nations 85 per cent of all children are illegitimate and get their entire moral education from benign grandmothers.) Piety is impressive in Latin America, but the Mestizo who prays in mystical ecstasy, tears streaming down his face, may vote communist tomorrow or slit his neighbor's throat from ear to ear. Our early medieval ancestors acted in exactly the same way.

Today, having made great efforts in spirituality, the Church suddenly seems to have discovered "social justice" and engages heavily in politics. Although she rarely openly advocates the Christian Democratic parties, she fosters them secretly and, without sufficient studying and preparation,

teaches specific economic doctrines. One shudders at the thought of what the reaction will be when the Christian Democratic parties fail economically in the countries where they now hold sway.

We in Europe know by experience that Christian parties come and go whereas the Church remains — to face the music. In the past the Church has suffered atrociously for having supported specific political orders. The tragedy will not be lessened if, out of an ill advised idealism, the Church allows herself to be identified with specific economic systems, above all those of a socialist pattern which are notoriously inefficient.

These reflections do not offer a solution for Latin America's tragic vicious circle. There, as elsewhere, religious, economic, social, and political problems form an organic whole. In all likelihood, the Archimedean point for curing these ills lies in a reform of the Latin American's soul, mind, and spirit. If this could be achieved, the economic, social, and political shortcomings would largely disappear or, at least, be lessened. To cure the evils at their roots, and not by underwriting utopian blueprints, would thus be eminently the task of the Church. ♦

DEMUNICIPALIZE

the Garbage Service

This article first appeared as "Big Wars from Little Errors Grow" in the January, 1964, FREEMAN. But recent events indicate that someone must have missed the point.

A FRIEND recently chided us libertarians for being so engrossed in "pursuing our busy little seminars on whether or not to demunicipalize the garbage collectors" that we tend to ignore the most vital problem of our time: war and peace.

Well, I'm not so sure. On the assumption that the "garbage issue" is more fundamental than the "war issue," I take up the gauntlet exactly as our friend has flung it down.

War — like many other of today's problems — is the culmination of the breaking of libertarian principles, not once, but thousands of times. We are challenged to

jump in at this point and apply our principles to get out of the unholy mess resulting from years and years of errors on errors. The challenge might just as well have been put in terms like this: "You are a second lieutenant. Your platoon is surrounded. Your ammunition is gone. Two of your squad leaders are dead, the third severely wounded. Now, Mr. Libertarian, let's see you get out of this one with your little seminars."

My answer: "Demunicipalize the garbage service."

Now, wait, before you cross me off as a nut. I have a point. That second lieutenant is a goner. And so is the prospect of lasting peace until man learns *why* it is wrong

Mr. Dykes is an architect of Canton, Ohio.

to municipalize the garbage service. You can't apply libertarian principles to wrong things at their culmination and expect to make much sense or progress. You have to start back at the very beginning, and that is precisely what our little seminars are for. There are people who build for tomorrow, others who build for a year, some who look forward a generation. The libertarian, a part of "the remnant," takes the long view — forward to the time when war will be looked upon as we now look upon cannibalism, a thing of the past. And believe me, unless someone takes the long view, wars will continue.

Suppose a group of doctors in a meeting on cancer prevention decide to do with cancer as the state proposes to do with war: "Outlaw it." What chance would the doctors have? None. And precisely for the same reason that the state can't outlaw war: They don't know what causes it.

I think I know what causes war. In an unpublished article called "War, the Social Cancer," I developed the thesis that war is the malignancy resulting from the growth of interventionism, which invariably becomes uncontrolled, once started. Without interventionism — starting way back with things like the garbage service — war simply *cannot* happen.

Is There a Faster Way?

What do we do in our little seminars? We make the case for freedom, which cannot coexist with interventionism. Slow? Of course, painfully slow. But who can really say and prove there is a better — or faster — way?

I suppose, in a way, we can be thankful — so long as wars persist — that there are men willing to tell my son how, when, and where he will fight. I am not willing to be a party to telling their sons what they will do, because that would mean abandoning my position. Probably, in a world at this stage of evolution, there have to be both kinds. I can guarantee at least one who disavows initiated violence, but only if I hold fast to that position myself.

Depend on it, this view always will be scorned by those who cannot look past tomorrow. You may also depend on it that a time will come when the little seminars will bear fruit. Listen to Albert Jay Nock:

The fascination and the despair of the historian, as he looks back upon Isaiah's Jewry, upon Plato's Athens, or upon Rome of the Antonines, is the hope of discovering and laying bare the "substratum of right-thinking and well-doing" which he knows must have existed somewhere in those societies because no

kind of collective life can possibly go on without it. He finds tantalizing intimations of it here and there in many places, as in the Greek Anthology, in the scrapbook of Aulus Gellius, in the poems of Ausonius, and in the brief and touching tribute, *Bene merenti*, bestowed upon the unknown occupants of Roman tombs. But these are vague and fragmentary; they lead him nowhere in his search for some kind of measure of this substratum, but merely testify to what he already knows *a priori* — that the substratum did somewhere exist. Where it was, how substantial it was, what its power of self-assertion and resistance was — of all this they tell him nothing.

Similarly, when the historian of two thousand years hence, or two hundred years, looks over the available testimony to the quality of our civilization and tries to get any kind of clear, competent evidence concerning the substratum of right-thinking and well-doing which he knows must have been here, he will have a devil of a time finding it. When he has assembled all he can get and has made even a minimum allowance for speciousness, vagueness, and confusion of motive, he will sadly acknowledge that his net result is simply nothing. A Remnant were here, building a substratum like coral insects — so much he knows — but he will find nothing to put him on the track of who and where and how

many they were and what their work was like.¹

Now, turn to William Graham Sumner:

If we can acquire a science of society, based on observation of phenomena and study of forces, we may hope to gain some ground slowly toward the elimination of old errors and the re-establishment of a sound and natural social order. Whatever we gain that way will be by growth, never in the world by any reconstruction of society on the plan of some enthusiastic social architect. The latter is only repeating the old error over again, and postponing all our chances of real improvement. Society needs first of all to be freed from these meddlers — that is, to be let alone. Here we are, then, once more back at the old doctrine — *Laissez faire*. Let us translate it into blunt English, and it will read, Mind your own business.²

Again I say: We will never end wars if we do not, at the minimum, understand why the garbage service should be removed from the jurisdiction of the police force, that is — government. ♦

¹ Albert J. Nock, "Isaiah's Job" from *Free Speech and Plain Language* (William Morrow & Company, 1937).

² William Graham Sumner, *What Social Classes Owe to Each Other* (Harper & Brothers, 1883).

CLARENCE B. CARSON

The Rise and Fall of England



2. PRE-INDUSTRIAL ENGLAND

ENGLAND'S rise to greatness came after major political changes that afforded substantial liberty for Englishmen. There have been many efforts in recent generations to attribute productiveness, prosperity, and industrial leadership to almost everything except morality and liberty — such diverse factors as war, inflation, natural resources, government “promotion” of manufacturing, exploitation of workers, and technology.

The technological explanation is particularly alluring, for it is easy to see that an increase in the productivity of workers makes more goods available. So it does,

Dr. Carson, Professor of History at Grove City College, Pennsylvania, will be remembered for his earlier FREEMAN series, *The Fateful Turn*, *The American Tradition*, and *The Flight from Reality*.

if the workmen continue to work effectively, if the machines are utilized, and if what is wanted is produced. But then, technological advance is not an accident itself. It, too, is the result of inventiveness stimulated by incentives and relief from fetters; in short, it, too, is the result of morality and liberty.

The role of liberty and morality in the development of England's prosperity and leadership becomes clearer as one examines the situation in England before the change occurred. It has been shown that civilizational leadership was hardly usual for England, that the many wars in her past had not produced abundant prosperity, that such natural resources as were to be found in

that land had not distinguished her thus far in productiveness, and so on. In short, England's greatness, when it came, should be attributed to new factors: to morality and liberty.

The Political Setting

In the century or so before England began to industrialize on a large scale there was widespread oppression and hardship. Now, oppression and hardship were not peculiar to England of all nations nor to this time in history. On the contrary, oppression and hardship have been the lot of most peoples in most times everywhere. It is the relative exceptions to this that are noteworthy. But oppression has different forms in different times, and there are degrees of it as well.

It was in terms of the particular forms of oppression in England that an amelioration of it began to take place. Moreover, the increasing liberty — the freeing of the energies of the people — led to the industrialization which alleviated much of the hardship. It will be seen, too, that the hardship was not simply the result of inferior technology but, more directly, of the oppression itself.

Many Englishmen were inclined to blame the oppressions of the first half of the seventeenth century on the Stuart monarchs who

ruled. It is true that James I (1603-1625) insisted upon all his prerogatives, defending them on the offensive grounds of the Divine Right of Kings, and that Charles I (1625-1649) attempted to rule without going through the motions of dependence upon Parliament. But it would be difficult to prove that the Stuarts were more oppressive than the Tudors who preceded them. The Tudors had flattered the members of Parliament, however, by allowing them to participate in the despotic decisions. Of equal importance, the Tudors did not press issues to a constitutional head, while the Stuarts in pressing their claims to their ancient prerogatives raised troublesome constitutional questions. At any rate, there should be little doubt that the government of England was despotic at the outset of the seventeenth century.

It was not a despotism that sprang from the personality of a king alone. The system that prevailed provided considerable opportunity for despotism. At the beginning of the seventeenth century, England had a class system which was a relic of feudalism. The classes had lost that independence, however, which had earlier enabled them to balance and offset the power of the monarch. When Parliament acted

with the king, there were none who could effectively oppose the action. When Parliament refused to act with the king, it had no means of action; it would be dismissed, most likely. The basis of independence was there potentially, as we shall see later; but for the time, power was concentrated and had been for the past century. Whether it was exercised in an enlightened fashion or not, it was despotic.

The Forms of Oppression

Three different kinds of oppression and persecution can be distinguished: political, religious, and economic. All the oppression was by the government, of course, and was in an important sense political; but for purposes of discussion the oppression within the government itself is denominated political, while persecution of those not within government is referred to as religious or economic.

In many respects, political oppression was the mildest, but it got a great deal of attention because it frequently involved men who had a forum from which to speak. The great constitutional issues of the first half of the seventeenth century frequently involved the freedom and independence of the members of the House of Commons and of judges. The

freedoms for which Commons contended were freedom of speech, i.e., freedom to discuss whatever matters they desired when Parliament was in session; freedom from arrest while Parliament was in session or for what had been said and done there; and the right of initiative and alteration of legislation.

Monarchs of the time assumed that they would bring before Parliament such matters as would be considered and that these might be discussed and decided upon, but none others. Thus, Elizabeth I (1558-1603) had said:

For liberty of speech her majesty commandeth me to tell you, that to say yea or not to bills, God forbid that any man should be restrained or afraid to answer according to his best liking, with some short declaration of his reason therein, and therein to have a free voice, which is the very true liberty of the house, not as some suppose to speak there of all causes as him listeth, and to frame a form of religion, or a state of Government as to their idle brains shall seem meetest, She sayeth no king fit for his state will suffer such absurdities.¹

James I was more emphatic in 1621, when he commanded the

¹ Kenneth R. Mackenzie, *The English Parliament* (Baltimore: Penguin Books, 1950), p. 37.

Speaker of Commons "to make known in our name unto the House, that none therein shall presume henceforth to meddle with anything concerning our Government or deep matters of State."²

Persecution Under Charles I

It was under Charles I, however, that the most extensive political persecution occurred. When both houses of Parliament persisted in inquiring into foreign affairs in 1625, Charles dissolved Parliament and had the Speaker of the House of Commons, Sir John Eliot, imprisoned in the Tower of London. Parliament had not enacted a law requiring the payment of Tunnage and Poundage, but Charles, badly in need of funds, simply imposed it without parliamentary consent. "Seventy gentlemen, of whom twenty-seven were members of parliament, had to be imprisoned for refusing to contribute to the loan."³ After a stormy session in 1629, Sir John Eliot was once again sent to prison where he died in 1632, and Charles ruled eleven years without Parliament. When Parliament finally was called again in 1640, Charles could no longer work his will or even succeed in subduing

its members by arrests; the time of rebellion was at hand.

In like manner, the early Stuarts attempted to work their wills upon the courts. "In 1616 Chief Justice Coke was dismissed for refusing to defer to James I in giving judgment. Ten years later Charles dismissed Chief Justice Crew for refusing to admit the legality of a forced loan. . . . During the personal government of Charles I repeated dismissals reduced the judges to a state in which they enforced monopolies, abandoned Coke's attempt to restrict the jurisdiction of Church courts, and declared Ship Money legal."⁴ In short, the courts were made effective instruments for the despotic will of the king.

The Church of England

The religious oppression of Stuart England is known to Americans, because it was this that drove Pilgrims, Puritans, Baptists, Quakers, and Catholics to migrate in considerable numbers to the New World. Nowhere does the determination to maintain conformity by stamping out differences appear more clearly.

The Church of England was established. This meant that everyone "had to attend services in his

² *Ibid.*

³ Lacey B. Smith, *This Realm of England* (Boston: D. C. Heath, 1966), p. 210.

⁴ Christopher Hill, *The Century of Revolution* (New York: W. W. Norton, 1961), p. 68.

parish church every Sunday, and was liable to legal penalties if he did not. He had to pay tithes, one-tenth of his produce or his profits, to a clergyman whom he had no say in choosing, and of whom he might heartily disapprove. He was liable to the jurisdiction of Church courts, which punished him not only for 'heresy,' nonattendance at church, or sexual immorality, but also for working on Sundays or saints' days, for nonpayment of tithes, sometimes even for lending money at interest."⁵ Moreover, the Church kept a close watch over and a tight rein on thought and education. "Books were strictly censored, and the censorship was in the hands of the Bishops. Education was an ecclesiastical monopoly. . . . No person might teach in a school or private family unless licensed by his Bishop."⁶

Dissenters Unwelcome

Anyone who differed from the established church was in difficulty, potential or actual. Dissenters, both Protestant and Catholic, were persecuted. During Elizabeth's reign Catholics, particularly, were the subject of disabling legislation: an act of 1571 made it treason to declare that Elizabeth ought not to be queen or to bring in a papal Bull. An act of 1581

made it a high crime to attempt to convert a subject to the Catholic faith and set forth penalties for saying or hearing a Mass. During her reign more than two hundred Catholics were put to death.

Dissenting Protestants were not spared either. A small sect began to hold meetings, called Conventicles. An act of 1593 provided imprisonment for anyone who attended one of these meetings, banishment from England for a second offense, and execution for those who returned to England after having been banished. That matters were little improved for such dissenters under James I will appear from the account made by William Bradford of what happened to a company of them who tried to leave England for Holland in 1608. They arranged with a man for a ship to take them over.

But when he had them and their goods aboard, he betrayed them, having beforehand conspired with the searchers and other officers so to do; who took them, and put them into boats, and there rifled and ransacked them, searching to their shirts for money, yea even the women further than became modesty; and then carried them back into the town and made them a spectacle and wonder to the multitude which came flocking on all sides to behold them. Being thus first, by these catchpoll officers ri-

⁵ *Ibid.*, pp. 75-76.

⁶ *Ibid.*, p. 76.

fled and stripped of their money, books and much other goods, they were presented to the magistrates, and messengers sent to inform the Lords of the Council of them; and so they were committed to ward. Indeed the magistrates used them courteously and showed them what favour they could; but could not deliver them till order came from the Council table. But the issue was that after a month's imprisonment the greatest part were dismissed and sent to the places from which they came; but seven of the principal were still kept in prison and bound over to the assizes.⁷

Perhaps the most amazing persecution during the reign of James I was that for alleged witchcraft. The king had produced a book on demonology a few years before he came to the throne of England. "In 1604 an act increasing the penalties against witches was passed by the English Parliament and under it many thousands of witches were condemned and burnt in the first twelve years of the reign."⁸

The persecution of Puritans reached its peak during the eleven years when Charles I ruled with-

⁷ William Bradford, *Of Plymouth Plantation*, Samuel E. Morison, intro. (New York: Modern Library, 1967), p. 12.

⁸ Maurice Ashley, *England in the Seventeenth Century* (Baltimore: Penguin Books, 1952), p. 37.

out Parliament. Puritans were within the ranks of the Church of England, but they wished to reform it in various ways. Archbishop William Laud, acting under the auspices of Charles I, undertook to bring them completely in line or drive them out. "Archiepiscopal visitations took place everywhere to ensure that the altar stood at the eastern end of the churches, that paid lecturers should not invade the parishes to preach puritanism, that the services set out in the Common Prayer Book were used, and that extreme sabbatarianism was stamped upon. Puritan pamphleteers . . . were savagely punished by the Star Chamber."⁹ In the decade from 1630 to 1640 nearly 20,000 of the Puritans came to New England.

Efforts at Economic Stability

Economic oppression was usually more subtle than religious persecution, though hardly less devastating in its extended effects. Two intertwined principles dictated this oppression: the now ancient Medieval goal of stability and a later system which was being given theoretical formulation in the seventeenth century which we know as mercantilism.

The goal of economic stability is readily understood; it is the principle of maintaining things as

⁹ *Ibid.*, p. 68.

they are — prices, wages, products, rents, workers — by legislation or fiat. Mercantilism jibed perfectly with the royal absolutism of the time. It was a system of economic planning by which the monarch made economic activities an extension of his will for the supposed benefit of the kingdom. Regarding the effort to maintain stability, one historian says that the governments of the early Stuarts were “suspicious of social change and social mobility, of the rapid enrichment of capitalists, afraid of the fluctuations of the market and of unemployment, of vagabondage and social unrest.”¹⁰ Thus, “throughout the early Stuart period, governments thought it their duty to regulate industry, wages, and working conditions. In times of dearth they ordered Justices of the Peace to buy up corn and sell it below cost price; they forbade employers to lay off workers whose products they could not sell.”¹¹

The most famous of the attempts to maintain things as they were over the centuries were the laws against enclosure. Enclosure was the practice of combining the many plots of a manorial estate into a single farm, and frequently enclosing it for the pasturing of sheep (though it might also be

used for commercial row crop farming). From time to time the government tried to prevent this, one of the more determined efforts being made under Charles I.

Obvious Consequences

Many of the deleterious effects of this “stability” regulation were understood at the time.

Government regulation, in so far as it was enforced, rendered the English economy inflexible, less able to react to changes in demand than a free market would have been. In 1631 the Hertfordshire Justices of the Peace protested that “this strict looking to markets is the reason why the markets are smaller, the corn dearer.” Free trade would produce better results: the Dorset Justices agreed with them. Lancashire Justices refused in 1634 to cause unemployment by enforcing apprenticeship regulations; nor would they prosecute middlemen whose activities were essential for spinners and weavers of linen, who could not afford time off to go to Preston market to buy flax. In Essex it was “found by experience that the raising of wages cannot advance the relief of the poor,” since employers would not take men on at the enforced higher wage rates.¹²

There is nothing new about the ill effects of government interference with the market, as these instances show.

¹⁰ Hill, *op. cit.*, p. 28.

¹¹ *Ibid.*, p. 29.

¹² *Ibid.*, p. 31.

Monopolies Everywhere

The most notable development of mercantilism in the late sixteenth and early seventeenth centuries was in the establishment of monopolies. It was the habit of the monarchs to grant charters or patents to individuals or companies to have the exclusive right to engage in a certain trade or to make, sell, or purvey certain goods. One historian lists the following items as being thus monopolized at one time or another during the first four decades of the seventeenth century: bricks, glass, coal, iron, tapestries, feathers, brushes, combs, soap, starch, lace, linen, leather, gold thread, beaver, belts, buttons, pins, dyes, butter, currants, red herrings, salmon, lobsters, salt, pepper, vinegar, tin, beer, hops, barrels, bottles, tobacco, dice, cards, pens, writing paper, gunpowder, and so on. Little was left to be monopolized, except bread, as a member of Parliament noted in 1601.¹³

The impact of all this was quite predictable: inconveniences, scarcities, high prices, obstacles to enterprise, inflexibility, and great burdens, particularly on the poor. "By the late sixteen-thirties the economy was beginning to suffer. The clothing industry was hit by increased cost of soap and alum, and by the scarcity of potash

caused by suppression of imports. The Greenland Company lacked oil. The salt monopoly embarrassed the Fishing Society. The rise in the price of coal hit nearly all industries. 'No freeman of London,' said a pamphlet of 1640, 'after he hath served his years and set up his trade, can be sure long to enjoy the labour of his trade, but either he is forbidden longer to use it, or is forced at length with the rest of his trade to purchase it as a monopoly, at a dear rate, which they and all the kingdom pay for. . . .'¹⁴ Mercantilism had not yet reached its high tide in England, but it was well under way under the Stuart monarchs.

A Land of Many Oppressions

Pre-industrial England, then, was a land of many oppressions. It was a land in which those who dared to oppose the monarch risked not only their positions but their lives and liberty as well, a land in which freedom of religion had hardly been conceived, a land in which there were all sorts of obstacles to enterprise, in which privileged favorites dominated trade, in which government policy opposed change, and in which the king intervened in the economy to try to replenish the royal purse. These policies produced their full

¹³ See *ibid.*, pp. 32-33.

¹⁴ *Ibid.*, pp. 33-34.

quota of evils: the toadying politicians who altered their courses to accommodate every change of royal whim, the ecclesiastical corruption, and the economic waste following from intervention. Pre-industrial England was a land of widespread hardship for the many and of great bounty for the privileged few, mainly royal favorites.

There was nothing particularly new about the hardships of most people in seventeenth and eighteenth century England. Most people at most times have suffered such hardships, sometimes worse. But it is worth examining the material conditions of this time because of the notion that hardships of later centuries were products of industrialization; that business fluctuations, that child labor, that unemployment, that grinding and unremitting labor for long hours were introduced by something called the "Industrial Revolution." The best antidote to this perverse view of things is to look into the pre-industrial situation prior to 1750 in England.

Evidence of Hardship

Since the survey of oppression has dealt mainly with the first half of the seventeenth century, it would be appropriate to take the same time period for a survey of material conditions. However, information for this period is often

lacking or imprecise. There is much incidental evidence of hardship, particularly by way of expressed concern for the lot of the poor for this period: the passage of the famous Elizabethan Poor Law in 1601, the concern about Enclosure, and the pamphleteering of the Levellers and other reformers of the middle of the century.

Little more can be said, however, than some such formulation as this by an historian: "Certainly though the rich were often extremely rich (a landowner was not accounted really rich with less than £50,000 in property), the poor were always very poor." He goes on to explain why the lot of some of these poor may have been getting worse: "The steady rise in prices since the beginning of the sixteenth century had fallen heavily on those who depended on a day wage, more especially since wages were fixed and, at least in theory, held down by law."¹⁵ It is only in the late seventeenth and early eighteenth centuries that more precise information becomes available. This will serve almost as well for our purposes as would earlier information if it were available, because the economic oppression of the earlier period was still rampant, though the political and religious oppression was being somewhat alleviated.

¹⁵ Ashley, *op. cit.*, p. 22.

Rural Poverty

A generation or so ago, Dr. Dorothy George researched and wrote a book dealing with pre-industrial conditions. The following account is dependent mainly on her work. She was moved to do this, in part at least, because she understood that a myth had been purveyed about a kind of Golden Age which had supposedly preceded industrialization. Her research did not bear out any such condition. On the contrary, she found evidence of widespread hardship and most difficult conditions of life.

One writer who made a tabulation, of sorts, of conditions in the late seventeenth century estimated that at least half the population lived in abject poverty, were not, in effect, self-supporting. Even those who lived on farms could not, in most cases, afford to eat well. A contemporary of the times describes the situation this way:

The poor tenants are glad of a piece of hanged bacon once a week and some few that can kill a Bull eate now and then a bit of handg beefe enough to trie the Stomack of an ostrige. He is a rich man that can afford to eat a joint of fresh meat . . . once in a month or fortnight. If their sow pigge or their hens breed chickens, they cannot afford to eate them but must sell them to make their rent. They cannot afford

to eate the eggs that their hens lay, nor the apples or pears that grow on their trees (save some that are not vendible) but must make money of all. All the best of their butter and cheese they must sell, and feed themselves and children and servants with skimd cheese and skimd milke and whey curds.¹⁶

The poorest of the lot, and they were quite numerous, were the cottagers who lived on but a little land and managed to eke out a bare existence from it sometimes.

Women and Children

Child labor was not, of course, an innovation that came with the industrial revolution. Children have labored from time immemorial, as have women. Farmers must always have worked their children on the farms. Nor was the work of children in manufacturing new to the nineteenth century. Indeed, at the beginning of the eighteenth century it was considered a work of charity and good will to find or provide work for women and children. Frequently, a man could not keep his family on what he made. "But," as Daniel Defoe said at the time, "if this man's wife and children can at the same time get employment, . . . this alters the

¹⁶ Quoted in Dorothy George, *England in Transition* (Baltimore: Penguin Books, 1964), p. 12.

case, the family feels it . . . and as they grow, they do not run away to be footmen and soldiers. . . ."¹⁷

One child, put out to work by his father at the age of seven, went through two seven-year apprenticeships but still could not make a living at his trade. His second apprenticeship had been as a hosier, and he bought his own stocking frame, thinking that he might be able to go into the business. But it was no use: "I visited several warehouses; but alas! all proved blank. They would neither employ me, nor give for my goods any thing near prime cost. I was so affected, that I burst into tears, to think that I should have served seven years to a trade at which I could not get my bread," so the boy describes his experience.¹⁸

Intervention Creates Problems

Of course, child labor did not begin with the industrial revolution; no more did so-called business cycles. Dr. George says of the earlier time, "that there was an alternating rhythm of boom and slump, much affected by political causes (and mitigated by the progressive growth of trade) is fairly clear."¹⁹ By attributing them to political causes she had also pinned

down the most likely source of them.

One historian gives an example from the time of the early Stuarts of how government intervention caused a depression. England had for a long time been a major exporter of cloth. Customarily English cloth was sent to the Netherlands for some finishing and to be dyed. James I was persuaded that great benefit would accrue to the royal treasury and perchance to the kingdom if all the finishing work could be done in England and an Englishman could have a monopoly of the trade. He canceled the privileges of those who had formerly been authorized to export cloth and gave a patent to a new company which was authorized to export finished and dyed goods only. The undertaking "was a total failure. . . . The Dutch at once prohibited the import of *any* English cloths, finished or not. . . ." The company soon had to "admit defeat and obtain permission to export undyed cloth. Unable to sell abroad, they could not afford to buy at home. There was a crisis of overproduction: 500 bankruptcies were reported. Despite wage cuts and emigration, unemployment soared."²⁰ Quite often, however, the causes of business cycles cannot be so readily pinned down.

Obviously, unemployment was

¹⁷ Quoted in *ibid.*, p. 23.

¹⁸ Quoted in *ibid.*, pp. 62-63.

¹⁹ *Ibid.*, pp. 53-54.

²⁰ Hill, *op. cit.*, p. 36.

not something that mysteriously put in an appearance with the "industrial revolution." On the contrary, the rigidities of the sixteenth, seventeenth, and a portion of the eighteenth centuries produced frequent widespread unemployment. Shifts in demand for goods from wartime to peacetime were particularly difficult to adjust to in an age when so many of those changes had to await the authorization of the monarch. Seasonal unemployment was also endemic. "This was general in most trades. Before the days of steam, seaborne trade was usually seasonal and always irregular. Sometimes the Thames was so crowded with shipping that the lightermen, waterside workers, and even the Custom-house men were quite unable to deal with it. Sometimes a contrary wind kept the Pool of London almost empty."²¹

Tyranny Prevails in Absence of Known Alternatives

The inhabitants of pre-industrial England, then, were many of them oppressed, and there was regular as well as recurring hardship. Some people probably would have been without material goods in any case, but it should be clear that there was a close relation between the oppression and the hardship. A concerted effort had

been made to make all aspects of the life of people in England a reflection of the desires and will of the monarch. Power was centralized, concentrated, and despotically used. Economic matters were not decided freely according to the rational choice of the people but reflected, so far as they could make it so, the changing whims of monarchs.

However irrational these political, religious, and economic arrangements might appear to some of us, they had their apologists, rationalizers, and defenders in that day, as they usually do in any times. Indeed, at the beginning of the seventeenth century, hardly anyone could conceive of a free society. We who have received such a belief are quite often unaware of how dependent freedom is upon a great faith.

There were profound justifications for the absolutism of the seventeenth century. Men of the sixteenth and seventeenth century knew of nowhere else to look for order and peace than to monarchs. Hardly anyone believed that a society could subsist without having one, and only one, established religion. "No bishops, no king," said James I, for he perceived that the hierarchy of the civil power relied upon the hierarchical arrangements of the Church for its acceptance and support. Men in

²¹ George, *op. cit.*, p. 57.

that age thought about economic matters, as do many in our time, that unless they were controlled and directed by government, chaos and disorder would prevail. It was a perilous thing, from every angle, to question the authority of the monarch, however despotically it might be exercised.

There were, of course, bold men in the seventeenth century who would not only challenge the authority of the Stuarts but who would dare to order and carry out

the execution of Charles I. Whether this was a blow for liberty or not will probably remain always in doubt. But that Englishmen were beginning to conceive of ways to lighten the yoke and even establish liberty there is no doubt. When they did establish liberty, they did so in terms of certain principles and practices which had been evolving for a very long time. It is appropriate now to take a look at these foundations. ♦

The next chapter in this series covers the "Foundations of Political Liberty."

IDEAS ON LIBERTY

Finished Symphony

GREAT orchestras once filled this silent hall
with strains of concord making spirits soar
and stirring those who heard to thoughts and deeds
beyond the reach of less-inspired men.

We legislated music free to all
intending but to share the blessing more
and now with weeping don our mourning weeds,
for not a soul has learned to play since then.

JAMES E. MC ADOO

TO SAVE OUR HIDES

WILLIAM L. LAW

PROTECTIONIST sentiment in the nation seems more prevalent today than it has been in many years. This trend is unfortunate.

I have some knowledge of the subject, inasmuch as baseball glove leather was the principal product of our firm until 1957 when Japanese-manufactured ball gloves entered and ultimately captured 70 per cent of the United States market. Today we tan no baseball glove leather. Sentiment in the ball glove industry at that time was very strong for protective action. I investigated the matter in some depth but found that I could not in good faith urge protectionist action on my representative. Such action would have been wrong economically, politically, and morally. It simply makes no sense.

My sentiments are colored by the fact that I look on myself not

as a tanner whose product is leather, but as a capitalist whose product is profit. That climate most beneficial to capitalists, and for that matter workers and society in general, is one in which there exists a minimum of governmental interference.

Unfortunately, the most active foes of capitalism seem to be capitalists themselves, because they seek socialism for themselves but free enterprise for others.

The protectionist argument is almost as widespread today as it was two hundred years ago when Adam Smith so brilliantly demonstrated its fallacies. Fortunately, we have the work of Smith and his many successors plus the numerous empirical lessons of the benefits of free trade (of which the United States is a notable example) to demonstrate the advantages of unrestrained exchange; unfortunately, it seems

Mr. Law is President of the Cudahy Tanning Company in Wisconsin.

that each generation must relearn the lesson.

The Highest Impertinence

No improvement can be made on Smith's understanding that "it is the highest impertinence and presumption, therefore, in kings and ministers, to pretend to watch over the economy of private people, and to restrain their expense, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without any exception, the greatest spend-thrifts in the society. Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will. . . .

"To give the monopoly of the home market to the produce of domestic industry . . . must in almost all cases be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheap as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but

buys them of a shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbors, and to purchase with a part of its produce, or what is the same thing, with a price of a part of it, whatever else they have occasion for. What is prudence in the conduct of every private family, can scarce be folly in that of a great kingdom. . . .

"That it was the spirit of monopoly which originally both invented and propagated this [protectionist] doctrine cannot be doubted; and they who first taught it were by no means such fools as they who believed it. In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest. The proposition is so very manifest that it seems ridiculous to take any pains to prove it; nor could it ever have been called in question had not the interested sophistry of merchants and manufacturers confounded the common sense of mankind."

The "sophistry" of which Smith

speaks is in essence that being advanced today by those protectionists desiring to limit or eliminate the importation of foreign goods, and is basically as follows: The United States is a high wage country, its industry is unable to compete with that in other countries, imports are increasing, and unless remedial measures are adopted, our industries will be destroyed, our defense posture will be weakened, and a large scale unemployment will ensue.

That argument is advanced innocently by the naive and sophistically by those who know better. It is no different from that ventured by the mercantilists whose errors Smith so ably exposed.

For Better Living

Attend, then, the rationale for free trade — the position, incidentally, supported by most economists: We trade in order to obtain goods that are either unobtainable domestically, such as asbestos, or that can be obtained cheaper abroad, such as baseball gloves. Trade, between individuals, between states, between nations, is economic and it does not reduce living standards of the participants; rather, it enhances them. In short, trade raises wages. Those who think otherwise fail to understand that wages in the United States are the world's

highest for a reason; Americans work with the most and the best tools. American industry has the world's highest average capital investment (tools) per worker (\$23,000) and therefore has the highest average productivity per worker. We have high wages; however, because of the multiplier (tools) we have low labor costs.

Certainly, labor intensive industries — handmade lace, for instance — are unable to compete. Give an Italian girl a needle and \$20 per week and she will produce lace for one-fourth the cost of the American girl who receives \$80 per week. Their productivity must be equal. However, give an American miner a giant mechanical shovel and \$150 per week and by mining 20 tons of coal per day, he will produce much cheaper coal than the British miner with less efficient tools who receives \$60 per week and only produces four tons. The labor cost per American ton at that ratio would be \$7.50 and that per British ton would be \$15. So we import handmade lace and we export coal; we import baseball gloves and we export computers; we import coffee and we export jet planes.

We Pay with Exports

Exports must equal imports. If this were not so, we would hope for all the imports we could get.

Imagine receiving goods for nothing. But we must pay—and we pay with exports.

Those who would limit imports are taking a superficial view, and it is essential for the sake of our economic well-being that we consider this matter in depth. Consider not only the worker who competes with imports but also the worker who is helped by exports. The baseball gloves are seen, but the computers exported to pay for them are not seen because they have crossed the border; yet, they are nonetheless real.

Consider the consumers whose real wages are raised by cheap imports. Consider the merchants with whom the consumer who buys cheap imports spends the dollars saved. Consider the industries themselves which by competing in world markets are honed to a higher degree of competitive efficiency than they might otherwise be. Indeed, no one likes competition; but it is competition that has given the United States the world's highest standard of living.

Causing Unemployment

Let those who say that free trade causes unemployment examine our history. They will discover that our periods of highest unemployment occurred when tariffs were highest. Unemployment is not caused by imports, nor is

it caused by automation or by growth of the labor force. Supporters of those doctrines would be hard put to find statistical support.

Unemployment is caused when money wages are arbitrarily forced or held above the level indicated by the market. Remember, the level of *real* wages in an area is in proportion to the capital investment per worker in that area. But if *money* wages are arbitrarily oversupported, unemployment ensues. To illustrate: In the 1929 deflation the money supply fell by one-third; prices of goods fell, but the administration used all weapons at its disposal to hold money wages up, and for ten years 15 to 25 per cent of the work force was unemployed. The situation was not corrected until 1940 when the government took the opposite position (though for other reasons) and held wages down while it printed money to finance the war. Unemployment disappeared at once.

Most economists agree with the above position. One of them, Sir William Beveridge, said in his book, *Full Employment in a Free Society*: "This potential effect of high wages policy in causing unemployment is not denied by any competent authority . . . as a matter of theory, the continuance in any country of a substantial vol-

ume of unemployment which cannot be accounted for by specific maladjustment of place, quality, and time is, in itself, proof that the price being asked for labor as wages is too high for the conditions of the market; demand for and supply of labor are not finding the appropriate price for meeting."

Let it be understood that if money wages fell, prices would fall and real wages would continue to rise.

Trade, then, does not cause unemployment; rather, it raises living standards. If industries find that they cannot exist in a free market, it may be that they should not. This should be a market determinant.

***If Freedom Is the Goal,
Rely on the Market***

As for the final argument that national defense requires that the consumers subsidize these non-competitive industries, let it be said that this position has a better foundation than the others, though in most cases an insufficient one.

For instance, the head of a large steel company asks, "Can we, for example, be assured of the strong industrial base in steel we need for modern defense if one

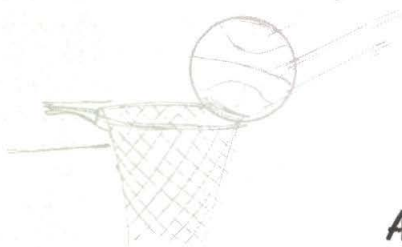
quarter or more of the steel we require is imported from countries lying uncomfortably close to the Soviet Union and China?"

I imagine that we can, but properly this is a matter for the strategic planners within whose purview it falls. The decision should be made in a calm and rational manner and without distortions urged by parties whose interests are not necessarily those pretended.

The free market has the answer to imports, to unemployment, to gold outflow, and to most economic problems if we will but let it function. If the level of money wages (the distinction between real wages and money wages is important) is so high that unemployment threatens and that the balance of trade is negative, then a high tariff policy will simply reduce exports and employment as it always has in the past. The solution of such a problem calls for hard money and the free market.

There is no other effective method. Reliance on the market is the only method consistent with the highest possible standard of living and a climate of political freedom.

Our business, incidentally, is excellent. ♦



LEW ALCINDOR AND THE GOLD CRISIS

GARY NORTH

AMERICANS are peculiar people. Consider, for example, their marvelous ability to memorize vast quantities of data concerning sports events, as well as their skill in recognizing the most subtle legal points in the operation of complex athletic contests. The *Saturday Evening Post* used to have a regular feature, "So You Think You Know Baseball?" in which the most intricate and perplexing situations that had appeared in certain games were presented and the reader was challenged to referee the game and make a decision. Yet, when confronted with some question concerning the devaluation of the pound, these same people are

dumbfounded. They cannot seem to grasp the simplest laws of trade; the various functions of money completely elude their powers of comprehension. It is not a matter of stupidity, exactly, but they just do not want to learn; it is better to leave such matters to "the experts." They fail to realize that their daily lives are far more intimately connected to the operations of the economy than they are to the outcome of a sports event. They can shout "Kill the umpire!" with no sense of shame, while they would never whisper and scarcely dare think to "Question the economic advisors."

Interestingly enough, the rules governing the operation of an economy are rather analogous to those governing a game. A game,

Gary North is a member of the Economists' National Committee on Monetary Policy.

like an economic system, must have stated rules; teams must be willing to abide by these rules; the rules must bear some relation to the reality of the game and the ability of the men to play it. Perhaps most important to the smooth functioning of a game, and an economy, is the presence of a respected, mutually acceptable referee. A sound international economy must have all of these things; so, for that matter, should a domestic economy. If a man wants to understand the "rules of the game" in international monetary affairs, he might do well to keep in mind that they should resemble the rules of a sport. The analogy is not perfect, of course; if it were, it would not be an analogy. But it can serve as a handy guideline by which we can examine the various reports that are coming out of Washington, London, and Paris.

The Rules for Basketball

Basketball can serve as our analogous sport. It is the only sport of American origin that can be dated precisely. Dr. James Naismith invented it for use in the YMCA program in 1891. It has become, in terms of paid attendance, America's most popular sport. While most of us are not intimately familiar with the game, at least we know something about

it. This is more than most people can say about their own economy.

Like basketball, the international monetary system has gone through a series of changes since 1891. Prior to 1922, the United States and most of Western Europe were on a full international (and domestic) gold coin standard. Paper currencies were freely convertible into a stated quantity and fineness of gold or silver. Gold was the medium of payment internationally. Because of this free convertibility rule, central banks and governments were partially restrained in the creation of paper currency and debt; if the value of the paper began to fall, due to an increase in the supply, domestic populations and foreigners rushed to convert the paper into specie metals.

In 1922, however, a decisive change came. Many nations, notably Germany, had been experiencing rampant inflation since the beginning of World War I. They had been printing vastly more paper IOU's for gold than they had gold in reserve. This practice had thrown the previously smooth operation of the international gold standard into confusion. All countries wanted to maintain their gold reserves against the demands of both domestic and foreign populations, yet they also wanted to enjoy the so-called benefits of do-

mestic inflation. Thus, their domestic inflationary policies had come into conflict with the operation of the international trading community.¹ As the value of the paper bills fell, many of the nations began to experience gold drains. Gold maintained its purchasing power, and even rose; paper currencies, in most cases, could hardly claim as much.

Genoa Conference of 1922

The result was the Genoa Conference of 1922. At that conference, the representatives of various nations attempted to find a substitute for the full gold standard. They decided that instead of the requirement that a nation keep its gold reserves proportional to its outstanding IOU's against gold, a new rule would be imposed: a central bank or a national treasury could now keep, instead of gold, interest-bearing bonds and securities of nations that would maintain a monetary system freely convertible into gold. Free convertibility was to be maintained among nations and their financial representatives, though not necessarily between a nation and its domestic population.

It was at this point that the

¹ I have dealt with this conflict in my essay, "Domestic Inflation versus International Solvency," *THE FREEMAN* (February 1967).

full gold coin standard was abandoned; in its place came the "gold exchange standard," which has developed into something fundamentally different from the gold standard which had existed before. Jacques Rueff has analyzed the great defects of this system.² The worst aspect is that an inverted pyramid of paper money and debt has been created; it rests on a tiny fraction of gold reserves. The United States and England have, until quite recently, been able to create vast quantities of unbacked money without feeling the effects of a gold run. Other nations have been willing to hold our bonds instead of demanding gold and thereby putting pressure on our policies of domestic inflation. They, in turn, have expanded their own domestic currencies on the assumption that our bonds are "as good as gold," and therefore equal to gold.

An Unstable Structure

With the devaluation of the pound and the pressures on the dollar, the pyramid appears to be toppling. This is why international monetary experts are frantically searching for some alternative means of payment besides gold. The structure of international trade is being threatened

² Jacques Rueff, *The Age of Inflation* (Chicago: Regnery Gateway, 1964).

by a collapse of the means of payment; the gold exchange standard is in serious trouble. The "exported inflation" of the United States and Britain is being called to a halt, but in doing this, foreign central banks and treasuries are risking the destruction of the present monetary system.

In other words, the Genoa Conference changed the operational "rules of the game." It created a system which only delays the ultimate judgment of gold against inflationary policies. The delay, in Britain's case, finally caught up in 1967; the United States is next on the list. For this reason, it is important to examine the assumption lying behind the Genoa Conference's decision. The same assumption lies behind many of today's anti-gold arguments. Before World War I, there had been relatively little change in the price structures of the various gold standard nations. England's wholesale prices had remained relatively stable for a century. In the United States, there had actually been a fall in the price level between 1870 and 1900. This is only natural; since the supply of gold and paper currency in this country had remained relatively constant, and since industrial productivity had doubled, a fall in the price level was inevitable. Thus, the gold standard had en-

couraged men to accept as normal a somewhat stable or even declining price level. But the war and postwar inflations brought higher domestic, and therefore international, prices.

"Not Enough Gold"

Now, if these new prices — inflationary prices — were accepted as somehow sacrosanct, valid, and beyond criticism economically (as so many government officials wanted the public to believe), then the argument of the inflationists had to be accepted: "There is not enough gold to facilitate international exchange." This is absolutely true today, even as it was true then, *given the level of the inflationary prices.*

The argument went unchallenged, just as it is going unchallenged today. Anyone who called for a return to gold was at the same time calling for a return to the prewar, gold-based price level. This, in turn, called attention to the fact that governments had worked a sleight-of-hand operation: they had levied invisible taxes through currency debasement. Men and women were paying higher prices for goods, and some of them were forced to restrict their consumption of these goods and services. Here was the secret of war finance and the expansion of government operations.

It implied that the government officials had not been altogether honest with the public in regard to the actual costs of the war.

Naturally, governments did not want to make such an admission, any more than they want to make it today. So the new, inflated price levels were accepted as the standards of evaluation, and the various nations ratified the "gold exchange" standard. There was just not enough gold to go around. Gold had failed to reproduce itself as rapidly as the governments had printed unbacked paper currencies, and thus gold had failed to keep up with the rising price levels. Gold was to blame, not governmental policies of inflation. The gold standard had to be modified, clearly.

At that point, the true gold standard was abandoned; whatever failures of the modern "gold exchange" standard one wishes to acknowledge, they are not the failures of the international monetary system prior to 1922. If the "gold standard" has failed, as so many contemporary economists are saying today, it is not the full gold standard. It is the failure of the standard created by the governments themselves in 1922.

Changing the Game

Now, what has all this to do with basketball? Simply this: men

can agree to changes in the rules of a game, but in doing so, they modify the game itself. Fifty years ago, before the advent of rules prohibiting a player from fouling the other in the act of shooting, or those abolishing the "center jump ball" after every score, the game was a much slower, much lower scoring affair. A score of 20 to 17 was common in 1920. Today a college team like UCLA can average almost a hundred points a game; even high schools, playing shorter games, have averaged in the "hundred plus" range. My grandfather, who played the game before 1920, refuses to watch the events on television. He insists that "it just isn't the same game." It is not "real basketball." In a certain sense, he is correct; the game really is not the same any more.

The analogy, of course, is not air-tight. Other factors have changed the game, such as more skillful players, better training programs, the coming of the jump shot, and the development of good big players. Still, even here we can find a lesson. The coaches sought after Lew Alcindor with an intensity never before seen. It is exactly analogous to the frantic search for gold made by governments and central banks in the 1920's (and today); everyone wants to augment his reserves of

gold. But not all central banks can be equally successful in their quest, any more than all the coaches could achieve their dream of having Alcindor on their team; therefore, many are dissatisfied with the result.

It was the good fortune of UCLA that Alcindor selected that school to attend; similarly, it was the good fortune of this country that its policies of domestic inflation were not immediately challenged by the operation of the gold exchange standard. It was "good" in the short run, and "good" from the point of view of the government; until 1958, gold flowed into this country. The "gold exchange" standard made this possible, especially when coupled to the fact that European nations were inflating their monetary systems even faster than we were.

Real Reasons Unstated

The losers, whether rival coaches or rival governments, are never happy. The coaches immediately imposed a rule against the famous "dunk shot," which had been perfected into a fine art by Alcindor. This was to equalize the game for the small man, we were told ("small man": anyone under six feet four inches). Of course, Alcindor was the only college player to use the shot regularly. What the coaches really wanted to do

was to equalize their teams with UCLA's squad. But this was left unsaid.

In the same way, the Genoa conferees did not admit that the real cause of the alteration of the rules was the fact that they wanted to pursue their own domestic inflationary policies more easily. The confiscation involved in all inflation had to go on, by definition, but the excuse given did not mention this side of the problem. No, the changes were made only to "modernize" international monetary arrangements.

What it really boils down to is that coaches want to win ball games, and without big men who are also skilled players their chances of doing so are dimmed. Similarly, countries that inflate their currencies lose gold to foreign nations (and domestic populations, if their rights of gold ownership are not declared "criminal" by officials of the state). The rules must be changed; gold and talented tall men are in too short a supply.

The difficulty arises, naturally, when the losers try to change the rules too much, and in doing so either isolate themselves from the game everyone else is playing, or else destroy the game itself. This is precisely what the Soviet Union attempted to do a few years ago. The Soviets have never beaten

the United States in an Olympic basketball game (no nation has). Thus, they proposed sweeping changes: a twelve-foot basket, seven men on each team, and free substitution of players. Not surprisingly, the Soviet press reported that Soviet fans were far more pleased with this new game.

Had these changes been acceptable to the Olympic rules committee, it would have forced the United States to change its entire basketball structure at the amateur level (an unlikely event) or else suffer the consequences when its Olympic teams entered international competition without being familiar with the different rules. The rules committee ignored the recommendation, and today the Soviet teams play the game by the "old-fashioned" rules, whether or not the public behind the Iron Curtain "enjoyed the game far more" the other way.

A Different Situation

The average sports fan, when he hears of such "unsportsmanlike conduct," is likely to scoff at these tactics. Yet consider what the United States is trying to do in the world's monetary affairs. Our nation is now suffering a gold drain as a direct result of our own domestic policies of inflation. Since we do not want to lose our gold reserves or stop the

inflation, we are caught in a dilemma. We are now attempting to have the "rules of the game" shifted in our favor, in order that we might avoid the payment of our gold debts to foreign nations. We want a "paper gold" system, or a special drawing rights system, or any other kind of system which will permit us to forfeit all or a portion of our gold debts.

Since 1958, the "gold exchange" standard has been working to our disadvantage. We want it amended. The world at present holds twice as many potential claims to our gold as we have gold to pay (assuming that Congress abandons the already meager 25 per cent gold reserve requirement for the support, and *restraint*, of our domestic money supply). The 1922 rules, which seemed to be of such benefit to us for so long, now appear to be hurting our international position. Unfortunately for our officials at the Rio de Janeiro conference of the International Monetary Fund in September of 1967, any alteration that is in our plans will inevitably hurt our "opposition" — those nations and central banks to whom we have made lawful commitments to pay gold on demand. The Rio conference was therefore a failure, whether the news media admitted this or not.

Like the rule change aimed at

Alcindor and the rule changes proposed by the Soviet Union, the ultimate motivation behind them was never mentioned in public. At the Rio meeting, no one spoke publicly about the possibility of a unilateral devaluation of the dollar; in private, according to Franz Pick, the delegates spoke of little else. The game goes on.

Gold Plays No Favorites

One thing is certain, however. There will always be referees. They are not loved men, and both teams may from time to time raise a cry against them. Nevertheless, they are vital. A game could not survive without them. Sometimes they may take the form of an informal agreement, such as in golf; anyone continually breaking the rules is ostracized by the other players. The players themselves act as the referees, and in a certain sense, this is what goes on in international finance and trade.

Historically, the means of enforcing the basic rules — the laws of supply and demand — have been connected with gold. Ultimately, gold is the referee of the international trading community. It has been for thousands of years. Gold plays no favorites; it is an impartial, though demanding, taskmaster. It simply operates according to the laws of supply

and demand. Try as they will, governments and central bank officials cannot legislate away these laws (could you play basketball with a hoop smaller than the ball?). Professor B. M. Anderson (curiously enough, he taught at UCLA before he died) has put it this way:

Gold is an unimaginative taskmaster. It demands that men and governments and central banks be honest. It demands that they keep their demand liabilities safely within the limits of their quick assets. It demands that they create no debts without seeing clearly how these debts can be paid. If a country will do these things, gold will stay with it and will come to it from other countries which are not meeting the requirements. But when a country creates debt light-heartedly, when a central bank makes rates of discount low and buys government securities to feed its money market, and permits an expansion of credit that goes into slow and illiquid assets, then gold grows nervous. Mobile capital of all kinds grows nervous. Then comes a flight of capital out of the country. Foreigners withdraw their funds from it, and its own citizens send their liquid funds away for safety.³

At this point, gold is withdrawn from the country in question. It

³ B. M. Anderson, *Economics and the Public Welfare* (Princeton: Van Nostrand, 1949), p. 421.

is in light of this that we can understand President Johnson's decision, announced on the first day of 1968, to restrict capital from flowing out of the United States through the imposition of exchange control laws. This is the first time in the history of this country that such a thing has been attempted. Mandatory restrictions are now placed on American capital that might have been invested abroad, so that the money cannot be used by foreign nations to buy our gold, or more properly to claim *their* gold which we are holding in storage.

Ironically, it was in 1958, the very year in which the gold outflow began, that President Eisenhower began to encourage American capital to flow abroad; tax benefits accrued to such investments. Gold, the impartial referee, has brought the change in policy, not the difference in political party affiliations of the respective Presidents. It was gold, and the economic laws that ultimately determine the movement of gold, that brought the conditions which convinced the President to impose exchange controls for the first time in our history. Government-created inflationary policies now have brought forth government-imposed restrictions on free trade and investment. Controls beget controls. Laws, even

the laws of that "barbarous" metal (to use Keynes' words and the words of Federal Reserve Chairman Martin), cannot be violated with impunity. Citizens may learn to trust their government, but other governments are not so easily deceived. The gold continues to flow out.

All of this has been an analogy, perhaps a strained one. The cases are different. Basketball is only a game for our enjoyment; if its rules are changed for one reason or another, probably little will be lost. The fans may feel that they have been deprived of a treat when they can no longer witness Alcindor's mighty dunk shot, but the rather self-centered decision of the opposing coaches will not do much harm.

Lives Are at Stake

The operation of the international trading community is something vastly more important. It is a matter of life and death to certain nations (India, for example), and an extremely grave problem confronts the world today: how can the United States continue to inflate its currency while continuing to meet its international gold debts? How can a dangerous, and perhaps impossible, alteration of the means of payment be made without destroying the delicate fabric of international trust?

Let no one misunderstand our situation; it is a crisis. The nations which continue to violate the laws of supply and demand in monetary affairs are risking disaster. If they continue to violate the "rules" of supply and demand — the most fundamental rules which no piece of legislation can remove — irrespective of the decisions made in Genoa in 1922, the fabric of the "game" will be destroyed. No one will play in such a "game." Men will cooperate voluntarily only when they can trust other men to fulfill their obligations and commitments; the same is true of nations.

In the final analysis, the changes made at Genoa only changed the surface rules of the international monetary mechanism. The old gold standard was scrapped, but not the laws of supply and demand, and not the law made explicit by Professor Mises, that inflations, when halted, result in depressions.⁴ By abandoning the old gold standard, and by inflating

⁴ Ludwig von Mises, *Human Action* (New Haven: Yale University Press, 1949), ch. 20. Of course, Mises shows that if the inflation is not stopped, the result will be a form of mass inflation even more destructive than a depression.

its domestic currencies, the Western world brought on the debacle of 1929-39. The result, at least in part, was the rise of the Hitler regime, the imposition of exchange controls by many of the nations, the disruption of world trade, and the collapse of productivity when the international division of labor was hampered. The referee — gold — was hindered in its task of relaying the facts of the market to the world; it was hampered in restoring monetary stability to the world. The result, finally, has been the financial crisis of 1968. The "game," as Jacques Rueff has warned us, is in danger of being destroyed:

Since 1945 we have again been setting up the mechanism that, unquestionably, triggered the disaster of 1929-1933. We are now watching the consequences, as they follow in their ineluctable course. It is up to us to decide whether we are going to let our civilization drift farther toward the inevitable catastrophe. For those with foresight, our most pressing duty at this juncture is to impress on Western thinking that monetary matters are serious, that they require deliberate consideration and should be dealt with systematically.⁵ ♦

⁵ Rueff, *The Age of Inflation*, p. xiii.



RAYMOND BUKER

Best Wishes!

Mr. Buker of Leaf River, Illinois, composed the following note to accompany \$5 bills sent as Christmas gifts in an area where state and local sales taxes amount to 5 per cent.

Dear . . .

Instead of presenting you with the wrong size of something, or a gadget you may not have use for, here is a genuine Abe Lincoln Instant Credit Card. Abe's picture makes it genuine because he was a genuine American. However, and this would grieve Abe's heart terribly: it is no longer genuine for the amount stated on it. The man behind the counter is still glad to take it and it will buy a couple dollars' worth of most anything.

You see, the box of Shredded Wheat that was marked 11¢ some years back, and no tax, is now marked 27¢*, plus tax. Even at today's prices you can't exchange this for \$5.00 worth of goods. You must quit buying when you get to \$4.75, and reserve the other two bits to pay the tax on what you have in your cart. No, it won't take you very long to exchange this picture of Abe for a few goods at the market place.

*The box of Shredded Wheat in our cupboard before Christmas was marked 27¢. About two weeks after Christmas we bought another box at the super-market. It was 31¢.

Perhaps you wish it would take longer, so you might want to do it this way. Take your picture of Abe to the bank and exchange it for 500 little metal tokens, each one with a picture of Abe on it. Then go out and have a big time. Two or three of them will buy a penny stick of candy. A dozen of them will buy a nickel ice cream cone. Just one of them will allow you to sit in your car and watch the people walk by for twelve whole minutes. And, oh yes, it is still the coin of the realm when the collection plate is passed at Sunday School.

It used to be good advice to take a few of these pennies and dollars to the bank and put them to work drawing interest. But it seems now, even with the interest added, it is worth less when you take it out than when you put it in.

It doesn't make sense. Something has gone wrong. But if we put on our thinking cap we can figure it out. We ask Uncle Sam to do everything for us. And Uncle Sam is such a good guy that he jumps at the chance. He hands out money right and left.

The only trouble is he doesn't *have* any money except what he first takes out of your pocket. Then when he can't get enough out of your pocket he plays magician and pulls money out of the thin air. This is called inflation and it causes Shredded Wheat to go from 11¢ to 27¢. Well, if we run out of money, we can always borrow more. Or, can we?

But, this is Christmas and with what help Abe is able to give you, we wish you a Merry Christmas. We also fervently *wish* you a Happy New Year. ◆

The Future of CONSERVATISM

I KNOW a certain news syndicate manager who is looking for a good young liberal columnist to balance the conservatives whom he already merchandizes. He won't find one. For the truth is that liberalism, in its modern centralizing, collectivizing, and statist connotations, is no longer producing ideas that carry conviction. The young who go for modern liberalism — the students who join such organizations as Students for a Democratic Society — have abandoned thought in favor of action. They are against the "Establishment" — but the Establishment is itself the product of modern liberalism. They are against "hypocrisy," but everybody, to them, is a hypocrite if he compromises enough with society to make a living. The expression of modern liberalism, with the more vocal rising generation, is the "confrontation," the demonstration, the riot. It does not lend itself to reason and to words.

The anarchistic urge does not produce a lasting movement, unless, as could conceivably happen in the wake of a great national defeat, a collectivistic dictatorship takes over amid the chaos that recklessness can produce. M. Stanton Evans, the Indianapolis editor who specializes in political demography, obviously doesn't think the U.S. is about to be defeated. His *The Future of Conservatism: From Taft to Reagan and Beyond* (Holt, Rinehart and Winston, \$5.95) combines eloquence and statistics to prove that the conservative trend is building up such a head of steam that it can't be stopped, even though modern liberals may continue to win some election victories.

Mr. Evans can count noses and analyze the election returns with the best of them. But he cuts much deeper than your ordinary political demographer. He finds certain telltale signs in the "common find-

ings of the new conservatives and the new consensus liberals." For some years now the allied conservative and libertarian causes have been producing a new intellectual journalism. Where there was once only a FREEMAN, there is now a whole group of magazines — *National Review*, *Modern Age*, *Rally*, *Triumph*, *The Intercollegiate Review*. The intellectual bankruptcy of the old liberal journalism of ideas is apparent when you compare any issue of the *Nation* or the *New Republic* with the editorial sections of the mass media. They are utterly indistinguishable in their repetitions of the current "conventional wisdom."

A Sinking Ship

But the current conventional wisdom has begun to bore such liberal intellectuals as Richard Goodwin, a former aide to John F. Kennedy and Lyndon Johnson, and Daniel P. Moynihan, author of a controversial study of the breakdown of the Negro family in the so-called ghetto. Goodwin professes to being troubled with "the growth in central power" that has been "accompanied by a swift and continual diminution in the significance of the individual citizen, transforming him from a wielder to an object of power." Noting the "fantastic labyrinth of wel-

fare programs" and the "monstrous incapacities of the Department of Health, Education and Welfare," Goodwin says there is "something wrong with the old approach." "The idea of decentralization," he concludes, "is making its first timid and tentative appearances in political rhetoric. It is possible to predict that the first party to carry this banner (if buttressed by a solid program) will find itself on the right side of the decisive issues of the 1970's."

Broken Promises

Moynihan's retreat from the current conventional wisdom of the collectivistic and centralizing liberals is even more pronounced than Goodwin's: "Liberals," he says in a sudden spate of revelation, "have been unable to acquire from life what conservatives seem to have been endowed with at birth, namely, a healthy skepticism of the powers of government agencies to do good." Moynihan's own conclusion is that the riots in seventy-five U.S. cities have resulted because the centralizing liberals "raised hopes out of all proportion to our capacity to deliver on our promises." Speaking for his own liberal movement, Moynihan says his colleagues "must divest themselves of the notion that the nation, especially

the cities, can be run from agencies in Washington."

A Healthy Skepticism

It takes special will power for the old-style libertarian to resist throwing a sarcastic "I told you so" in the faces of Goodwin, Moynihan and Company. But the will to resist should be invoked, for who among us is without sin? At least nine out of ten of us fell for some of the nostrums of the nineteen thirties. Those of us who discovered the need for "a healthy skepticism of the powers of government agencies to do good" in the late years of the New Deal should extend a charitable welcome to an Irving Kristol when he suddenly despairs of bureaucratic solutions to our troubles. And when a Richard Goodwin says it is "just possible that conservatives have something to teach about the value of institutional arrangements, and the unwisdom of sacrificing them to immediate desires," we should say, "Welcome aboard."

The mass media publications have been slow to catch on to the growing philosophical doubts among the liberals. As Mr. Evans says, there are two Americas. First, there is the "America we read about in the glossy magazines, glimpse in some portions of the daily press, hear discussed

on the national TV programs." In this America every problem can be solved by an increase in governmental services from the Federal authorities . . . and (by) a program of cautious accommodation of the Soviet Union." The second, and "other," America is only discovered by putting aside that mass magazine and turning off the TV set. But, curiously, a majority of the U.S. people live in the "other America."

Shifting Political Patterns

Mr. Evans proves this conclusively by analyzing the political changes of the nineteen sixties against the backdrop of westerly and southerly shifts in the population statistics, and against the drift of people into the suburbs. The northeast quadrant of the United States, where liberalism still calls the tune in local politics, has been growing at a pace considerably slower than the rest of the nation. The East, in the decade of the fifties, grew in population by 13.2 per cent; the Midwest, by 16.1 per cent; the South, by 16.5 per cent (and this despite the Negro exodus to Detroit, Chicago, and New York); and the West, by the huge figure of 38.9 per cent. California, Texas, and Florida have all become giant states, quite capable of canceling the liberalism of New York and Pennsylvania in

political years. California has its Governor Ronald Reagan, Florida its Governor Claude Kirk, Texas its Senator John Tower. The Republicans elected ten new governors in 1966, seven of them in the South and West. And, says Mr. Evans, seven out of a total of eleven governors in the West are considered to be conservatives.

The figures being what they are, it is small wonder that the so-called Eastern Establishment is having a hard time dominating Republican politics. Moreover, the growth of the suburbs, which nurture a conservative philosophy, is changing things even in the Northeast. Today more than fifty-eight million Americans live in the suburbs, a gain of almost 50 per cent in a decade. By contrast, the central cities gained only 11 per cent.

Mr. Evans thinks the Reagan victory in California is a portent of things to come on the national scene (though not necessarily in terms of a personal Reagan shift from Sacramento to the White House). Reagan put together a coalition of taxpayers, homeowners, and suburbanites by "surfacing all the anxieties which it should be the business of the Republican Party . . . to elicit." When the same coalition decides on a national candidate, says Mr. Evans, it will elect a President. ♦

▶ *THE SYMPHONY OF LIFE* by Donald Hatch Andrews (Lee's Summit, Mo.: Unity Books, 1966), 423 pp., \$4.95.

▶ *THE BROKEN IMAGE* by Floyd W. Matson (New York: George Braziller, 1964), 355 pp., \$6.95.

Reviewed by Edmund A. Opitz

PROFESSOR ANDREWS' book is the fruit of a lifetime spent in the fields of chemistry and mathematical physics. He is also a knowledgeable musician and, as the present volume demonstrates, is gifted with poetic imagination of a high order. Andrews ponders such startling breakthroughs in twentieth century science as radioactivity, X rays, the photoelectric effect, the quantum theory and the theory of relativity; then he develops a breakthrough of his own — offering music as the new model of the universe.

The older scientific model inherited from Sir Isaac Newton was the machine; whatever scientific investigators and theorists could not interpret along mechanical lines was swept under the rug, into the category of unreality. Reality was regarded as an intricate piece of clockwork; the idea of mechanism reigned supreme. It was futile to point out, as some continued to do, that the idea of mechanism is not a conclusion

reached by mechanical means, but by free thought; and that the mind, therefore, must be outside the machine, and indeed its creator.

The logic of these critics is as impeccable as it was unacceptable. Treat things as if they are mechanical, it was said in reply, and you get results; and these results are superior to anything produced by two thousand years of logic chopping! The material accomplishments of recent centuries reflect mental capacity of a high order, but while these marvels were honored mind itself was downgraded, reduced to an emanation of bits of matter.

We have now come full circle, to the point where the very progress of scientific investigation itself produces results which are inexplicable in terms of mechanics. It is music, argues Dr. Andrews, which provides us with the choicest clue as to the nature of the universe, and "in shifting the basis of our ideas about the universe from mechanics to music," he writes, "we move into an entirely new philosophy of science."

This is not so much to move off in a new direction as to step into a new dimension, and a little background reading might be helpful. Older works on the philosophy of science, such as those by Whitehead, Eddington, and

Joad, are still useful, but the recent book by Mr. Matson is even more pertinent. Matson is a philosopher, if by that label we understand a man who has so steeped himself in several disciplines that he gains a commanding vision which enables him to knit their separate findings into a coherent whole. This book surveys the centuries since Newton in terms of the ideas which have had a decisive impact on man's thinking about himself. Does the image man frames of himself enhance his humanity or downgrade it? The latter, Mr. Matson demonstrates. Men have tried to live with a distorted image of themselves, an image accorded the prestige of science until recently. But the forces of reconstruction are now gathering strength, and they are to be found among contemporary physicists, biologists, and psychologists; "all the way from the physics laboratory to the therapeutic clinic," he writes.

"Science" is a god-term, and many are offended if it is spoken of less than reverentially; such persons equate science with truth. Most genuine scientists, however, are able to view the matter objectively. Science is indeed one of the proudest accomplishments of the human spirit, generously enlisting the services of all sorts and conditions of men. It depends

on the rare innovator and trail blazer at the top end of the spectrum; makes use of the plodding, patient experimenter at the other; while in between it employs a variety of talents. The beneficent results of science on its own level speak for themselves.

But there is a dark side, for science is also a *mystique*, the prevailing faith of our time; it breeds an ideology, scientism, whose coarse growth tends to choke out all in life that is not quantitative and measurable — including the perceiving mind itself! Furthermore, this ideology has provided a plausible rationale for setting up planned states where the masses of men are manipulated by their “betters,” and the economy is forced into the pattern they have selected. These untoward by-products of science have come under sporadic criticism for several centuries, but the jabs were brushed aside as coming from philosophers, religionists, and men of letters.

The good news now is that scientists themselves, in growing numbers, are beginning to overhaul their own disciplines to take out the overweening pretensions. A handful of men let this genie out of the bottle, and along with an enormous amount of good, his clumsiness in the sectors beyond his competence have done im-

measurable damage. Kept within bounds he may fulfill his early promise, but in order for this to occur a new perspective and mood must be engendered, wherein man is regarded “as an indivisible subject rather than an assembled product.” The idea is that until man makes something of himself, he won’t be able to make real sense of the universe around him. Well, what kind of a species is the one to which we belong?

Man is the unfinished animal *par excellence*. In the case of most, if not all, other organisms, the initial endowment is potent enough to propel the organism from birth to mature form by a sort of unfoldment from within. Maturation occurs more or less automatically. Man’s situation is radically different. The infant’s endowment may be ever so generous but this is not sufficient to guarantee a superior adult. He is shaped in the family environment and by his culture, but the critical touches are added by himself; the full stature of personhood cannot be attained unless the individual takes himself in hand and makes something of himself.

This he will not do if he believes he cannot do it. If the prevailing ideology assumes that the individual is a mere creature of his environment, then that’s what individuals will tend to become.

If it is believed that men can take hold of themselves in creative ways, then they will do so and overcome environmental difficulties. What a man believes about himself significantly affects what he may become, and his chances of coming upon the right ideas are diminished if the ideological trend in his society is moving strongly in the wrong direction.

The animal is content just to live; not so man. The animal seeks to eat and avoid being eaten; he breeds, dies, and his race continues. Man, on the other hand, is a self-conscious being, aware of himself and of a not-self. The not-self out there is nature, both animate and inanimate. Nature has many facets; friendly, hostile, indifferent. Originally, at the mercy of nature and tethered by a chronically short food supply, man gradually learned to turn nature to his own uses: by taming fire, inventing the lever, and so on. Enhancing his mastery over nature, he outgrew nomadism and became a herdsman, then an agriculturalist, and finally a city dweller. Civilization is spawned by city life, and at the dawn of history man is lord of the planet; philosopher, builder, worshipper, poet, artist, hero.

The monuments of the past testify that the human race has had moments of splendor, but for

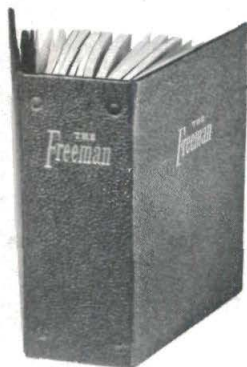
millions of human beings over the centuries life must have been brutish and short. They were a tough breed, however, in whom a kind of animal hope rarely faltered. Then, about four centuries ago men began to exploit a technique which gave them an immense amount of knowledge of nature and enormous control over nature's processes. Science in the modern sense, "the glorious entertainment," as Jacques Barzun calls it, was launched by the work of such men as Copernicus, Galileo, Descartes, and especially Newton.

The results speak for themselves, on the plus as well as on the minus side. Science has given men inordinate power over nature and they use some of this power to threaten and destroy each other. Science has saved life and extended the life span to the point where expanding populations crowd each other to the edges of the planet. We have better means of communication and worse things to say; faster means of getting there and less important things to do once we arrive. Man the maker and doer is proud of his stupendous inventions and magnificent artifacts, but he spends some vital essence in producing them and feels dwarfed and robotized in consequence; man the philosopher and belle-lettrist wallows in despair. The prevalent

philosophy, existentialism, poises man one step short of suicide; and in modern fiction he is often portrayed as a pitiful slob.

Is it surprising, though, that a technique which rigorously excluded every human element from its methodology in the beginning should, in the end, find man less than human? Science did not deal with the whole man, and those elements of human nature excluded by its investigative techniques return to bedevil us. This

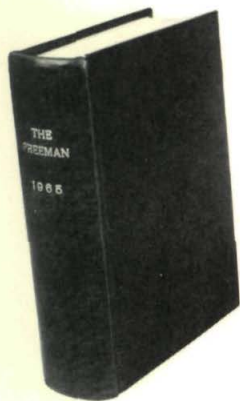
is the chapter about to close; for while the previous course of science was running down to its bitter end, new trails were being broken by science itself which point in an entirely different direction. We need, therefore, a new guide, one who will offer us not just a blueprint but a vision. Blueprint and vision are each necessary; the former to be learned, the latter caught. Dr. Andrews' remarkable book is highly contagious. ♦



HANDSOME BLUE LEATHERLEX
FREEMAN BINDERS

\$2.50 each

Order from: THE FOUNDATION FOR ECONOMIC EDUCATION, INC.
IRVINGTON-ON-HUDSON, NEW YORK 10533



BOUND VOLUMES OF
The Freeman—1967

Attractively sewn in a single volume with hard cover, the 12 issues from January through December, fully indexed—768 pages, for handy reference to the latest literature on freedom.

Only \$5.00

Bound volumes of THE FREEMAN for 1965 and 1966 are also available at \$5.00 each. Three volumes, ordered together, \$13.50.

These bound volumes of THE FREEMAN match in appearance and otherwise continue the 12-volume series of *Essays on Liberty* containing selections from THE FREEMAN and other Foundation releases back to 1946. (A separate cumulative subject matter, author, and title index is available for the 12 volumes of *Essays on Liberty*. \$1.00.)

ORDER YOUR BOUND VOLUMES NOW!

THE FOUNDATION FOR ECONOMIC EDUCATION
IRVINGTON-ON-HUDSON, N. Y. 10533

Please send me:

- THE FREEMAN for 1967 \$ 5.00
THE FREEMAN for 1965, 1966, and 1967 (3-volume set) \$13.50
ESSAYS ON LIBERTY (Set of 12, with cumulative index) Cloth \$30.00
Paper \$20.00

CHECK ENCLOSED

SEND INVOICE

NAME _____

STREET _____

CITY _____

STATE _____ ZIP CODE _____

the
Freeman
Ideas on Liberty

THE FREEMAN may be forwarded
anywhere in the U. S. A. No
wrapper required.

Place 8-cent postage here 

FROM

TO:

STREET

CITY

STATE

ZIP CODE

APRIL 1968

The Best Things in Life Are Not Free . . .	John C. Sparks	195
Progress Through Travel	Paul L. Poirot	201
Tourists and Investors as Scapegoats . . .	Henry Hazlitt	205
Latin America in Perspective	Erik von Kuehnelt-Leddihn	207
Demunicipalize the Garbage Service . . .	E. W. Dykes	216
The Rise and Fall of England: 2. Pre-industrial England	Clarence B. Carson	219
To Save Our Hides!	William L. Law	232
Lew Alcindor and the Gold Crisis	Gary North	237
Best Wishes!	Raymond Buker	247
Books:		
The Future of Conservatism	John Chamberlain	249
Other Books		252