

# THE *Freeman*

## IDEAS ON LIBERTY

**JULY 1962**

<b>Freedom's Foundation . . . . .</b>	<i>Carlton Williams</i>	<b>3</b>
<b>Basis of Liberty . . . . .</b>	<i>Dean Russell</i>	<b>9</b>
<b>Individual Liberty in the Crucible of History</b>		
<b>3. Circumstances Hostile to Liberty . . . . .</b>	<i>Clarence B. Carson</i>	<b>11</b>
<b>Do-It-Yourself Brainwashing . . . . .</b>	<i>D. M. Westerholm</i>	<b>22</b>
<b>The Decontamination of Profits . . . . .</b>	<i>H. P. B. Jenkins</i>	<b>27</b>
<b>Idolizing Institutionalism . . . . .</b>	<i>William Henry Chamberlin</i>	<b>28</b>
<b>A King of Long Ago . . . . .</b>	<i>Lewis Love</i>	<b>34</b>
<b>Who Conserves Our Resources? . . . . .</b>	<i>Ruth Shallcross Maynard</i>	<b>36</b>
<b>The Moral Element in Free Enterprise . . . . .</b>	<i>F. A. Hayek</i>	<b>44</b>
<b>Taxpayers' Money . . . . .</b>	<i>Howard Preston</i>	<b>52</b>
<b>Freedom, Productivity, and Progress . . . . .</b>	<i>Edward P. Coleson</i>	<b>54</b>
<b>Books:</b>		
<b>Hindsight on the Liberty League . . . . .</b>	<i>John Chamberlain</i>	<b>59</b>
<b>Other Books . . . . .</b>		<b>62</b>



**THE FOUNDATION  
FOR ECONOMIC EDUCATION, INC.**  
*Irvington-on-Hudson, New York*

# *Announcing*

## 2 LP Records

## 2 new Clichés of Socialism

A new FEE service: LP recordings of outstanding FEE seminar lectures, for use at home and/or business get-togethers.

Two now available: **Essence of Americanism** (three sides) and **Clichés of Socialism** (one side), both by Leonard E. Read.

---

Regular price, the set, \$7.00.

Special Introductory Price:

**\$5.00**

The two latest in this series of suggested answers to the most flagrant of socialistic fallacies:

#28. "Tell me, just what liberties have you lost?"

#29. "Private businessmen should welcome government competition."

Each cliché printed on single, 8½ x 11 sheet

Sample copies on request

Regular price, 2 cents each

Full set of 29 Clichés, 58 cents

For the above Records and Clichés, write:

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.

IRVINGTON-ON-HUDSON, NEW YORK

## *Also:* THE FREEMAN on Microfilm

An agreement has been entered with University Microfilms to make available to libraries and others who may be interested current as well as back issues of **The Freeman** since January 1956. Inquiries should be directed to University Microfilms, 313 N. First Street, Ann Arbor, Michigan.

# OUTSTANDING ADVANTAGES FOR SAVERS

## COAST FEDERAL SAVINGS

**JOIN** the more than 100,000 savers who hold individual, joint, trust, or corporation savings accounts at Coast Federal and get these important advantages:

**SAFETY**—Assets over half a billion dollars—third largest association in the U.S. Strong reserves and high ratio of cash and government bonds to assure withdrawal of savings immediately on request.

**HIGHEST EARNINGS** consistent with safety. Current rate at least 4.75% per annum. Accounts opened by the 10th of the month earn from the first.

**SAVE-BY-MAIL CONVENIENCE** — Airmail postage paid both ways. Prompt, efficient service on all transactions.

**INSURANCE**—Accounts insured up to \$10,000 by the Federal Savings and Loan Insurance Corporation.



**COAST FEDERAL SAVINGS**

JOE CHAIL, PRESIDENT

Coast Federal Savings, Department "H"  
9th & Hill  
Los Angeles 14, Calif.

(Please check-mark as desired.)

1.  I enclose  check,  money order, to open a savings account in the following name or names:

2.  Please send information on Coast Federal Savings and Loan Association.

\_\_\_\_\_

\_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

JULY 1962

Vol. 12, No. 7

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. 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, 1962, 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; 25 or more, 20 cents each.

Permission is hereby granted to anyone to reprint any article in whole or in part, providing customary credit is given, except "The Moral Element in Free Enterprise," and "Taxpayers' Money."

Any current article will be supplied in reprint form if there are enough inquiries to justify the cost of the printing.



The clergymen of America were a major fountainhead of freedom prior to the Declaration of Independence. Retention of freedom in the land may well depend upon what clergymen say in our time.

# Freedom's Foundation

CARLTON WILLIAMS

THERE IS a fatalistic belief that freedom depends upon the kind of government under which a person lives. If one happens to live in a land where the privileges of freedom are denied, his only hope is to migrate — if he can — to another country. This belief takes for granted that freedom is the gift of the state, that freedom or the lack of it is a consequence of the policy of government. The assumption is that freedom is entirely a matter of the law, or the

will of the ruler, as the case may be.

When any people believe that freedom is merely a privilege which may be bestowed or withdrawn at will by their rulers, they are in the gravest danger, for the history of nations shows that once a power is gained by the state, it is not willingly relinquished. Whether it is clear or not to the masses, it is really the people themselves who are finally responsible for the conditions under which they live.

It is easy to demonstrate this when we consider our own early

The Reverend Mr. Williams is Pastor Emeritus of The Old Stone Church, Rockton, Illinois.

Illustration: A. Devaney, Inc., New York



history. No one questions that our Constitution was framed and our federal government formed by dedicated men who were motivated by high ideals which had deep religious foundations. They believed that men were "endowed by their Creator with the inalienable rights of life, liberty and the pursuit of happiness," and they admitted that man's law must be in conformity with "the laws of nature and nature's God."

In this discussion our purpose is to emphasize that without lofty idealism, such as a commanding faith in religion, it is impossible for a people to achieve freedom, or to maintain it once it is achieved.

### ***Freedom Is Within Us***

Freedom is not something the government gives to the people; rather, it is what "we the people" give to ourselves in the kind of government we establish or tolerate — "the government deriving its powers from the consent of the governed." If "we the people" have no commanding idealism, no convictions worthy the name, nothing to give, no protests to make, then the government is free to usurp all power and privilege to itself. Such a statement is easy to make, but would the people of East Germany, for example, agree that they are governed by a system of their

own making? Would we Americans agree that the growing menace of the income tax is something we have wished upon ourselves? Any attempt to answer such questions involves a sober examination of the basic foundation of human freedom. Present evils in any country cannot be separated from the blunders, the crimes, the shortsightedness of the past. The sins of the fathers remain long after to punish their children. It behooves us then to do some sober soul-searching. As never before in human history we need to understand what freedom is and where it comes from.

Freedom is that condition under which people have the right of uncoerced choice. So long as we are bound by conditions which invalidate choice — whatever those conditions may be — we are enslaved by them and to that extent dehumanized. This does not mean, however, that freedom has no built-in restraints. True freedom is obligation as well as privilege. When the yoke of bondage is taken from man's neck, the cross of responsibility is placed on his shoulder.

Still there is a persistent temptation to regard freedom as escape from bother, the privilege to live at ease and in luxury without being interfered with. This conception is one which idealism must

challenge. No one can guard the fortress of his own soul without having strong convictions with which to challenge the evils that seek to destroy him. Goethe says, "He only earns his freedom and existence who daily conquers them anew." (Faust, V, 6) And Lord Byron responds, "I loathe . . . the mortal made of such quicksilver clay that in his breast no permanent foundation can be laid." (Don Juan, II, 209)

We have ruthless enemies who scoff at our sacred ideas as foolish weaknesses and delight to throw our most cherished values into their withering fires of hate and deception. Once we lose our belief in the sanctity of the individual and in the truth of our ideas, we become easy prey to a godless ideology that promises to destroy us. What, then, are these ideals, what is this "religion" which holds the secret of our protection?

### **Free To Choose**

The primary promise of religion is salvation; and when religion is on the shelf, salvation is in the balance. To some, "salvation" may mean personal redemption or the promise of life after death. But what we are talking about here is world salvation, the salvation of the human race, the salvation of America. For if what America stands for is lost, is it possible

that the rest of the world can be saved?

We speak of that saving force as "religion." If that word is wisely used in this connection we must inquire what it is. Religion is man living in harmony with *himself*, with his highest self. And no one can live in harmony with himself without being in harmony with his Creator. No man created himself or fabricated his own mind. He was created, without being consulted; and he was created for a purpose, whether he knows it or not. Each person has two potentials: God grants to each of us the right to be ourself, at the same time being His invention and His instrument. Man had no choice about being created, but he does have a choice about being God's agent. The purpose of creation was to provide us an opportunity to exercise free will, in the divine hope that we would choose wisely and by the merit of that choice prove ourselves worthy of fellowship with our Creator.

Probably the most audacious experiment in creation was man's endowment with this freedom of choice. No other creature on earth has such freedom. Everything else in the universe, animate or inanimate, follows a pattern to which it is bound and from which it cannot escape. Only man is free to control himself or run uncontrolled, to

pray or to curse, to become a saint or to be a sinner. As we regard ourselves in this light, the conviction dawns that God *in us* is aiming at the production of superior beings, creatures of such high order that we may be both worthy and capable of cooperation with God in the unfinished work of creation. "For creation waits with eager longing for the revealing of the sons of God; for creation was subjected to futility" yet "will be set free from its bondage to decay. . . ." (Romans 8:19-21)

#### **A Mountaintop of Importance**

Once we are seized by the conviction that we are created for so exalted a purpose that it beggars description, we are immediately lifted to a mountaintop of importance. Such belief gives man an unshakable dignity and the conviction that nothing, except his own self, can prevent his achieving a God-given greatness. Every person in existence has such a destiny, whether he is aware of it or not. But any one of us may miss the goal of God's intention by refusing to go in the direction of that goal. And the same thing is true of entire nations. Human history is crowded with bloody hands and scarlet robes, yet God never compels men to obey.

Consciousness of God is the highest achievement in human ex-

perience, and is, I firmly believe, the supreme goal of human life. This is true religion. It is not creed or dogma or churchism. It is a mental-spiritual experience of the highest order.

Irreligion, on the other hand, is habitual denial of God in thought and behavior, and this is also to reject man. Far too many people in this distressed world live as if they had no relation whatever to their Creator, and so fail to recognize the meaning and reason of their own existence. The tragic result of such failure is the inevitable loss of those ideals which are the necessary foundation of a triumphant life.

This is a lofty ideal which may appear exceedingly difficult to apply in a practical world. If we do believe that human freedom is God-endowed and cannot be violated without disaster, how are we to behave in the face of a creeping socialistic paralysis? We are confronted with a desperate conflict between our ideals and practical conditions. We believe human rights are God-given, yet are forced to accept state regulations as citizens. We do not believe in the increasingly huge federal spending—the everlasting filling the public hog trough with free-for-all—yet are obliged to pay our taxes, nevertheless. So we lose our individuality, our personal free-



dom, by being obliged to conform to state regulations. We need to have it thundered home to us by every means available that all centralized authorities, from the federal government to the labor unions, are concerned with limiting individual liberty, not with promoting it.

### **A Serious Problem**

We have one national problem which illustrates this conflict and one for which there seems to be no solution, a problem which is seldom mentioned and scarcely thought about. It is the condition which has developed in our educational system which prohibits the teaching of religion in public schools. This prohibition has come about for two well-known reasons.

In the first place the Constitution forbids the government to establish religion and recognizes the right of the people to worship as they please. This is all to the good, and no one in his right mind would advocate that it be changed.

But the second reason is very bad, and the sooner it can be changed the better it will be for the welfare of the whole world. I refer to the sectarianism in organized Christianity which has split God's people into unreasonable, and I say unchristian, factions. The result is that public education has been obliged to become en-

tirely secular from beginning to end.

The tragedy is that ideology which has the power to save, best expressed in the Christian religion, is ignored in the education of our children. Because it is ignored, Christian idealism appears to them unnecessary. Being out of bounds in the system, religion becomes out of bounds in the attitude of both teachers and students. If religion is the foundation of freedom, as repeatedly claimed, the practice which ignores religion is a practice which will eventually destroy freedom. Witness atheistic Russia where a man who dared to speak as I am speaking would be silenced before he could be heard. We have not yet gone that far but when we refuse to allow religion to be taught to our youth, we are preparing an attitude of mind opposed to religion and favorable to materialism, secularism, and outright disregard for righteousness. An alarming evidence of this growing attitude is the epidemic of juvenile delinquency, the major crime wave among teenagers. Many of our young people appear to have little or no regard for the rights of others or respect for truth and morals, and are plunging headlong down the dismal road to dissipation and lawlessness. Why? Because of the failure of parents and schools and churches!

Neither modern youth nor their parents before them were trained in public schools to evaluate the loftiest ideals ever given to man. Both teenagers and their parents have been schooled in secular subjects and coached in materialistic values but left to themselves in what amounts to a wilderness of spiritual taboo. If the churches claim to take over the spiritual education of our people, the public is unimpressed, seeing that the church is divided against itself and has not enough spirituality to mend its own ugly schism. If people generally, including juveniles, develop a commanding ideology, they must do it despite these conflicting conditions, and they must do it pretty much by their own initiative.

This leads us to the current criticism that America, excelling in science and industry, has become materialistic. People are so hungry for money that it seems to make little or no difference how they get it. Nothing really matters if it does not "pay off." Science, engineering, production, transportation, machinery, material, stuff — these are the measure of modern life, while our religion, art, music, poetry have become more and more empty, if not nonexistent. We rush here and there in feverish hurry and when we get there, we have a baffling sense of not having ar-

rived anywhere. We seek entertainment, pleasures, comfortable-ness, pursuing a fictitious pot of gold without ever seeing a rainbow. Our lives are surfeited with indulgences while achieving little satisfaction. How many people do you know who have the ability to "rejoice and be exceedingly glad"?

### **Practical Application**

However fanciful our argument, the fact is that every philosophy or religion must have a practical application. Society is established and sustained in and by economics. Property rights are fundamental to freedom, just as life is impossible without "stuff." Materials are necessary to life, but are they so vital that they must be guaranteed by the state? The answer to this question is the master key, which is the deep, the passionate appreciation of the importance and the sanctity of the individual.

Religious ideals are addressed to persons. "Thou shalt . . . Thou shalt not . . . Blessed art thou . . . Do this and thou shalt live . . . Love thy neighbor as thyself . . . THOU!" These lofty conceptions have nothing whatever to do with government. They are addressed to you. The government is *your* instrument, answerable to you. But do not forget, you are God's instrument, answerable to Him. ♦

## BASIS OF LIBERTY

---

*Freedom Disappears When Economy Is Controlled*

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

---

Dr. Russell recently has re-joined the staff of the Foundation for Economic Education. This article first appeared in the Sunday edition of the *Rockford* (Illinois) *Morning Star*, January 7, 1962.

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

"This is the case of him, who, dreading poverty, parts with that invaluable jewel, Liberty; like a wretch as he is, he will be always subject to a tyrant of some sort or other, and be a slave forever; because his avaricious spirit knew not how to be contented with that moderate competency, which he might have possessed independent of all the world."

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

Justice Sutherland of our Supreme Court clearly saw this con-

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

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

A primary lesson of history is that liberty generally flourishes when goods are privately owned and distributed. I can find no example of real freedom for the people over a significant period of time when the means of production were mostly owned by the government, or by a restricted and self-perpetuating group who controlled the powers of government.

In addition, material prosperity

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

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

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

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

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

# INDIVIDUAL

# LIBERTY

in the

# CRUCIBLE

of

# HISTORY

CLARENCE B. CARSON

MEN BENT upon tyranny will ever find means at hand for achieving it and justifications for imposing it. The unimaginative, the uncreative, the lazy, and the irresponsible can ever find formidable circumstances to excuse their failures. Whether any given set of circumstances is more favorable to liberty than another is debatable. It is not debatable, however, that conditions change, or that changed circumstances require different approaches to the same goal. Deterministic explanations of human behavior cannot be disposed of by simply denying any importance to circumstances. We front at any given time an imposing array of circumstances in terms of which we must modify our behavior or have it modified for us, react or respond, adjust to or overcome them. Effective action must proceed from an awareness both of enduring and of changing circumstances.

One of the inherent weaknesses of conservatism is its tendency to rely upon whatever is established and instituted, oblivious to the

---

Dr. Carson is Associate Professor of History at Jacksonville State College in Alabama. This is the third in a series of six articles on Individual Liberty in the Crucible of History. The next article, "A Collectivist Curvature of the Mind," appears next month.

## 3. Circumstances Hostile to Liberty

manifold changes that are occurring. At his best, the conservative labors to preserve enduring values; at his worst, he battles to maintain all established practices. Frequently, he stands for the ephemeral and enduring indiscriminately, thus laying himself open to the charge that he fears change and loves the comfort of the familiar. Quite likely, too, conservatives at any time will have among their number those who have established themselves in some favored position, and who wish to see it maintained as a special privilege.

Those whose dominant public concern is with liberty can make common cause with conservatives at one point — their desire to maintain instituted protections of liberty because it is an enduring value. But the task is not now one of simply maintaining liberty; it is in great measure one of restoring it. The posture of the indiscriminate conservative can be a positive hindrance in the latter undertaking. Liberty is a very practical matter. To ignore or gloss over changed circumstances will not help to maintain liberty, but it will play into the hands of those whose programs have resulted in a gradual circumscription of liberty. Twentieth century "liberals" have had the advantage too long of taking potshots at the

conservative who would, they say, return to the days of McKinley.

The argument from circumstances (and the "necessity" of coming to terms with them) is the most powerful one in the arsenal of the "liberal." The argument cannot be countered either by ignoring or denouncing it. It can only be met effectively by recognizing the changed conditions of the twentieth century, acknowledging that changed circumstances require different approaches to liberty, and boldly confronting these circumstances with new ideas and programs. An historical purpose can be served also by calling attention to the changed physical conditions in America, for it was in terms of them that reformers advanced their programs and infused America with their ideas.

It is not necessary to embrace a deterministic environmentalism in order to recognize that changed circumstances can alter the conditions of individual liberty. When conditions are simple, the alternatives for choice are more apparent. The fewer people involved in a decision the easier it is for all of them to participate effectively in the decision-making process. Economic independence promotes individual liberty; dependence is a deterrent. As the situation becomes more complex, as men's

lives become more interrelated, as institutions grow in size and complexity, as organizations extend their reach, liberty becomes ever more difficult to maintain. Conversely, it is much easier for tyranny to be subtly extended.

The foundations of American liberty were conceived and laid in an overwhelmingly rural, agrarian, sparsely populated, and informal America. These foundations rested upon premises inherited from the Old World and practices congenial to the New World conditions. There is, of course, no conclusive proof that the belief in individual liberty was simply a product of the American environment, and I doubt that it was. New soil can become the ground for new tyrannies if men are willing. My assumption is that the devotion to liberty grows out of faith, hope, belief, and determination before which conditions may be nothing more than an adjunct.

At any rate, New World conditions offered opportunities congenial to the development of liberty if men's minds were bent in that direction. This new land offered to the settlers unbounded opportunity to conquer, to build, to change, to create a country, as it were, to their own liking. Early settlers were largely free from the binding fetters of custom, from

the necessity to conform to established ways, from many of the prescriptions of class and caste, from most, if not all, of the limitations of an established order.

### ***Responsible Individuals***

But the New World not only offered much; it also required much of the settlers. It required strength, courage, ingenuity; it placed great responsibility upon the individual: he must establish order, and he must provide for himself and his own or perish.

So, for intellectual, spiritual, and circumstantial reasons, Americans developed an order in which there was much individual liberty and a corresponding individual responsibility. Social customs arose to abate the loneliness and ameliorate the severity of individual responsibility. They tended to be voluntary in character, and to depend upon cooperation rather than coercion for their working. I have in mind such folkways and customs as house-raising, house-warmings, hog-killing, quilting bees, cornhusking, and sitting up with the sick and the dead. In case of severe need occasioned by crop failure, hail, being burned out, the loss of an indispensable cow or horse, neighbors frequently made up an offering to help out. It was customary in the nineteenth century for orphans, the aged, the

infirm, the crippled, and the maimed to be cared for by the closest kin among the relatives. When death occurred, the neighbors not only sat up during the period of mourning but also laid out the body, built the coffin as likely as not, dug the grave, and sang at the funeral. Recreation originated in and was participated in by the community: singings, all-day to-do's, cakewalks, square dances, turkey shoots, fox hunts, debates, fish fries, and picnics.

Rural Americans, that is most Americans before the Civil War, produced most of the necessities of life on the farm and in the home. They grew most of their food, hunted and fished for a portion of their meat, spun their yarn, wove and fashioned home-spun clothes, churned their butter, made their soap and the lye that went into it. A family often "got by" with only an occasional trip to the store to purchase spices, salt, powder and shot, and delicacies or trinkets. The farmer was by necessity a jack-of-all-trades, adept at everything from carpentry to wood splitting. The farm wife was expected to be accomplished in everything from fancy needlework to gardening.

I describe neither utopia nor pastoral bliss. There was much hard and lonely work, much suffering; the rains fell on the just

and the unjust alike. My point is that here were people who had a way of life built upon independence, who had a significant liberty to dispose of their time and resources, and were profoundly aware of their responsibilities for their own well-being. Self-respect and community respect depended upon maintaining independence. There was something even shameful in having to ask aid of anyone else. Help from others should be volunteered, not asked for.

#### **Civil War — A Dividing Line**

The Civil War can be and often has been taken as the dividing line between the old and the new America — as that point at which such diverse and multitudinous changes began to spread across America that we can profitably speak of a qualitative change in the conditions of American life. As one historian states it, "Our nation of 1865 was a nation of farmers, city artisans, and industrious independent business men, and small scale manufacturers. . . . In this period before the Civil War comparatively small single owners, or frequently copartnerships, controlled practically every industrial field."<sup>1</sup> After the Civil

---

<sup>1</sup> Burton J. Hendrick, *The Age of Big Business* (New Haven: Yale University Press, 1919), pp. 2-3, 6-7.



War there emerged an increasingly industrialized, urbanized, and mechanized America.

It is neither practical nor necessary to trace out in detail the multitudinous changes that have occurred affecting the condition of Americans since the Civil War. It will be useful, however, to consider some of them in detail and to suggest the impact of others. I shall focus upon those developments which have been attended by increasing dependency, ramifying interdependency, growing complexity, and a circumscription of the area of choice of the individual. My purpose will be threefold: to show that the conditions within which liberty could possibly be maintained have changed, to indicate the bearing of changes upon the individual's view of his chances for free choice, and to lay bare the circumstantial background which made "liberal" programs appear necessary and desirable.

While the Civil War and developments attendant upon it did not start the train of events and developments which were to circumscribe the individual, it did accentuate and accelerate some of them. The outcome of the war practically determined that the union was indissoluble, that states having once joined it were subject to national decisions. The con-

stitutional amendments adopted in consequence of the war greatly extended the scope of the central government. The Fourteenth Amendment made citizenship national, forbade states to violate the privileges of any citizen (thus laid the foundation for federal courts to provide rights). The Fifteenth Amendment extended the role of the national government into the determination of who should vote. The war and reconstruction made force a part of the character of the United States; no one could now correctly maintain that the union was voluntary. The extension of the powers of the national government created a greater force at a further remove from the individual, made government more impersonal, and made it less likely that an individual could alter its course.

#### ***Unprepared for Freedom***

The difficulties of the freed Negro may demonstrate to some extent the difficulties of achieving liberty in that postwar United States. On the face of it, the freeing of the Negro was a gain for liberty in the United States. But most Negroes were unprepared for this giant step into freedom, and the hard truth is that they frequently traded slavery for peonage. Much of their new-found freedom was lost in the share-crop

and supply system which emerged in the South to replace the slave-plantation system. By the end of the nineteenth century the Negro, more often than not, was politically disfranchised, socially segregated, and economically encumbered. He became one of the several elements of the population receptive to the appeal of government provided "independence."

If the Negro made some gains relative to his former condition, the white people in the South lost in independence during and after Reconstruction. Both as a result of governmental attempts to make over the South and because of the fall in prices of farm products, many white men were reduced to tenant farming. The trend toward white tenancy mounted through the years. "In 1900 about 36 per cent of all white farmers in Dixie belonged to these classes. In 1930 the proportion had gone up . . . to about 45 per cent."<sup>2</sup> Negroes and whites became competitors at the same level for the available land.

The Southern white man alleviated, to some extent, the threat of submergence by the Negro by developing industries which were usually closed to the Negro. But in so doing the Southerner frequently traded the dependence of

the tenant for that of the factory and mineworker. If anything, the factory worker was more dependent upon the mill operator than the tenant had been upon the landlord. Frequently he lived in a company house, bought necessities at the company store, was "protected" by the company police, sent his children to the company school, and attended a church subsidized by the company.

#### **Tenant Farming**

The national agricultural situation followed a similar, though less dramatic, pattern. The farmer's independence was being drained away by declining prices, heavy shipping and machinery costs, and increasing indebtedness. In the 1890's, 27 per cent of American farms were mortgaged, and by 1910 the proportion had increased to 33 per cent. Farm tenantry was rising nationally: in 1880, 25 per cent of American farms were cultivated by tenants; by 1910 the figure had risen to 37 per cent.<sup>3</sup>

The period from 1865 to 1890 had been one of unprecedented agricultural and westward expansion (a major reason for the surplus in farm products which drove

<sup>2</sup> Wilbur J. Cash, *The Mind of the South* (Garden City: Doubleday, 1954), p. 283.

<sup>3</sup> T. Harry Williams, Richard N. Current and Frank Friedel, *A History of the United States* (New York: Alfred A. Knopf, 1959), II, 172-79.

prices downward), of the occupation of new lands, of gold and silver rushes, of the building of cattle empires and the massacre of buffalo for their hides, of the expropriation of resources and the filling out of the West. Opportunity did not end abruptly in 1890, but the surface resources that had drawn men westward were owned and being utilized. The fertile land had been claimed; the range land was being fenced; the buffalo had been killed. Some Americans became aware that our resources were not limitless, and Congress passed the first conservation laws. This change in conditions set the stage for the belief that the ownership and control of property — and its use and abuse — by some men was a threat to others.

#### **Private Fortunes Accumulated**

Momentous economic changes occurred between 1865 and 1900. It was a period of rampant rugged individualism, of the accumulation of great fortunes in steel, meat, oil, silver, and rails, of the concentration of wealth in the hands of powerful individuals, of the spanning of the continent by railroad and telegraph, of wild stock market coups, of prosperity and depression. According to one report, the wealthiest man in New York was worth \$6 million in

1855. When Cornelius Vanderbilt died in 1877, he left a fortune of \$104 million. Andrew Carnegie sold his steel interests in the early twentieth century for stocks and bonds valued at \$492 million.<sup>4</sup>

Many rugged individualists used their wealth and manipulative skill to form monopolies and trusts. When Standard Oil Company, the first great trust, was formed in 1870 there were twenty-five independent refineries in Cleveland. In two years Standard absorbed all but five of these. "By 1874 the greatest refineries in New York and Philadelphia had likewise merged their identity with his [Rockefeller's] own. When Rockefeller began his acquisition, there were thirty independent refineries operating in Pittsburgh, all of which, in four or five years, passed one by one under his control. The largest refineries of Baltimore surrendered in 1875."<sup>5</sup> Thus did smaller enterprises succumb to absorption by the giants.

It is doubtful that individuals acting alone would have been able to gain virtual control of whole industries. Rockefeller combined his wealth and acumen with that of other men to form his predatory trust. Many of the great railroads were built with funds subscribed by numerous individuals,

<sup>4</sup> Hendrick, *op. cit.*, pp. 10, 19, 84.

<sup>5</sup> *Ibid.*, p. 36.

groups, towns, and states. Furthermore, while governments rarely interfered with business operations in the late nineteenth century, they did actively aid and assist them in a variety of ways. There were tariffs, patents, franchises, and injunctions available to the fortunate, and some railroads received large grants of land and huge government loans. Combinations of capital could operate throughout the United States under the frequently uninhibitory charters of a single state. The courts, instead of acting to limit the activities of combinations, extended their protection over them: the Supreme Court ruled (*Santa Clara Co. v. Southern Pacific R. R. Co.*) that a corporation was a person in the sense implied in the Fourteenth Amendment. It was these conditions—government aid and protection with a minimum of restriction—which made possible the great concentrations of wealth and power.<sup>6</sup>

Following upon and accompany-

---

<sup>6</sup> I refrain from entering into the debate as to whether these developments produced more "good" or "evil." Such questions are usually answered within a framework of assumptions—pragmatic, materialistic, and the belief that man has sufficient knowledge to make such judgments—which I do not share. My interest in these developments here is restricted to them as they became circumstances of liberty.

ing industrialization and the nationalization of business was a tremendous increase in nonagricultural and industrial workers. In 1860 there were 4,325,116 nonagricultural workers in the United States; in 1900 there were 18,161,235, a more than fourfold increase. Whatever else may be said for the "blue collar" and "white collar" workers, who made up an increasing proportion of these nonagricultural laborers, they were usually dependent and exposed when depressions and layoffs came. More often than not, they had neither land, property, nor insurance to fall back upon in adversity. Moreover, employment was uncertain: it fluctuated drastically in depressions such as those of the 1870's and 1890's (not to mention the 1930's), and in recessions in 1884, 1893, and 1907. Financial panics and depressions were not new to this time, but their impact was much more widespread and devastating than they had been in an earlier America when men were apt to be less dependent upon one another.

#### **Urbanization a Factor**

Accompanying and related to industrialization and the increase of industrial workers was the rise of the city in the late nineteenth century. Though rural still out-

numbered urban inhabitants, one historian says: "In America in the eighties urbanization for the first time became a controlling factor in national life. Just as the plantation was the typical product of the *antebellum* Southern system and the small farm of the Northern agricultural order, so the city was the supreme achievement of the new industrialism."<sup>7</sup>

So many problems which concern only the individual or the family in rural areas are a common and collective concern in the city. If a farmer in a rural area has a pigpen near the house, only he and his family are likely to suffer, but for a man to keep pigs in the city may offend the nostrils of all those within a city block. City life provided the circumstantial background for much of the regulatory legislation of the twentieth century, which increasingly circumscribed the liberty of the individual.

Urban living has affected liberty, too, by obscuring the reality within which American liberty was conceived. The farmer is in daily contact with a reality of conditions which he did not create and some of which he is impotent to alter. The rains fall or the

drought deepens; the frost comes early or the hail destroys the crops. The city dweller lives in contact with no such obvious constricting reality. The conditions of his existence are mostly man-made, hence apparently alterable at will. He is easy prey to the idea that he alone creates wealth, or that whatever is wrong can be corrected by governmental action. He seeks scapegoats in adversity and worships heroes in prosperity. If the farmer too is susceptible to these attitudes, it may be indicative of the fact that he derives more and more of his opinions from the city via the mass media of communication.

#### **Other Complications**

The few developments I have discussed in some detail are only a beginning and a sampling of that totality of circumstances that surround the individual in the twentieth century. The huge immigration that poured into America in the late nineteenth and early twentieth century swelled the population of Eastern cities with near destitute inhabitants, many of them illiterate even in their own tongues, having come from lands without traditions of representative government, used to paternalistic arrangements, and whose conception of democracy was frequently vitiated with so-

<sup>7</sup> Arthur M. Schlesinger, *The Rise of the City* (New York: Macmillan, 1933), p. 79.

cialism and anarchism. Enterprising individuals in the early twentieth century sometimes found the sources of capital closed to them by a virtual "money trust."<sup>8</sup> An international order which had generally kept the peace in the nineteenth century swiftly deteriorated in the twentieth, and we have been confronted with total war and its attendant circumscription of the liberty of the individual. The development of the mass media of communication has provided means for subtle and vulgar manipulation of the individual—both by governments and by private concerns—unprecedented in the history of man. Standardization, rationalization, and mechanization are abstractions standing for practices used by ever larger organizations in the twentieth century to alter the context within which human liberty could be realized.

It is to simplify, but there is

---

<sup>8</sup> The "money trust" was a term used in the early twentieth century to describe the dominant position of the Rockefellers and Morgan of major American financial institutions. The Pujo Committee reported in 1913: "If by a 'money trust' is meant an established and well-defined identity and community of interest between a few leaders of finance . . . your committee . . . has no hesitation in asserting . . . that the condition thus described exists in this country to-day." [Quoted in Harold U. Faulkner, *The Quest for Social Justice* (New York: Macmillan, 1931), pp. 46-47.]

much validity to the view that the individual has been dwarfed by nationalized, consolidated, and centralized businesses; swallowed up in giant corporations, vast bureaucracies, and huge armies, battered by total war, economic depressions, governmental and business propaganda; made apparently insignificant by his life in impersonal cities; replaced by the machine, or required to adjust to its demands; baffled by the complexity of the operations in the world in which he lives; manipulated by salesmen, advertisers, politicians, announcers, and assorted confidence men.

### ***The Growth of Organizations***

How has he reacted or responded to these pressures and conditions? In the broadest terms, the response can be suggested figuratively. To begin, man acts in a strange and sometimes irrational but an almost always consistent manner when confronted by forces that are, or appear to be, beyond his control. He seeks company in his fear and impotence, to lose himself within some group or in the mass of humanity, to submerge himself in something larger than himself. What man, confronted by some natural phenomenon posing a threat to himself—say an oncoming storm—has not wished for the warmth and

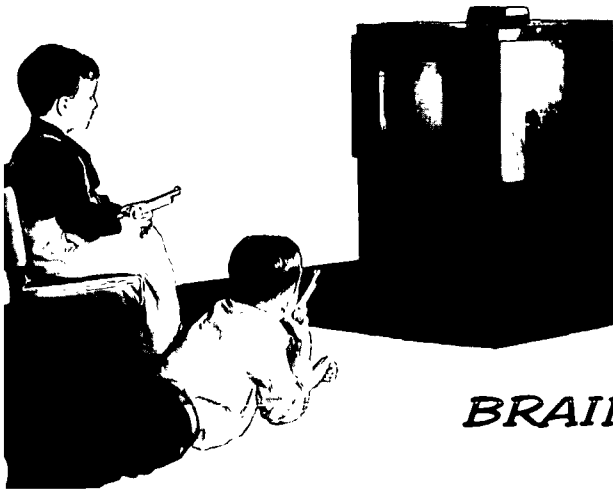
companionship of the family circle? It is the gathering of friends which assuages the pangs of grief when some member of the family is claimed by death.

The developments we have been considering do not appear upon analysis to be natural phenomena. But they took on something of the same sort of inevitable coloration. It was the relative incomprehensibility of the developments which made them so formidable to the individual. What man does not comprehend, he cannot control. Furthermore, that which is beyond the individual's comprehension appears to be a force beyond the control of man. Giant corporations, complex mechanical operations, big government which could be heard and felt but not seen, made it appear that these behemoths acted with a will of their own, resisting the interference of a mere man. Probably these conditions came nearer to convincing men that things were determined outside of and beyond their control than any subtle theory could have done.

Men reacted, then, by joining together in groups: labor unions, business associations, secret societies, patriotic organizations, pressure groups, farm organizations, and cooperatives. These, in turn, became a menace to individ-

ual liberty. Witness, for example, the plight of the unorganized worker as an individual pitted against the combined force of organized men in a union. This condition added more fuel to the fire of demands for government mediation and regulation.

This account is only in part valid. The story of man differs from that of the story of lower animals. Man does not simply react to circumstances; he formulates theories and explanations and acts upon them. He is guided and directed by his interpretations, beliefs, and assumptions. It is *not* my contention that the course that American history took was inevitable nor that it was simply a reaction to circumstances. On the contrary, circumstances provided the favorable soil for the seeds of ideas planted by reformers of the time we have been considering. Conditions lent an air of plausibility to interpretations that were made of them. My point here is that there were new circumstances that posed problems for traditional concepts of American liberty, that these conditions provided a backdrop for reform efforts, and that failure to take them fully into account by defenders of liberty has led us into the present morass. ♦



*Do  
It  
Yourself*

**BRAINWASHING**

THE TITLE sounds a bit shocking. But the situation which inspired it was shocking, too. No political rally, no public demonstration, no wild oration was the cause. It was only a group of small boys playing "cowboys" in the back yard — playing with all the shrieks and shouts and swaggers so traditional to the game. When all the shooting was over and the gun smoke cleared, the "good guys" had won — also traditional. So, what's shocking? Simply this: William "Billy the Kid" Bonnie, Jesse James, and Patrick Garrett constituted the entire cadre of "good guys." These were the illustrious gentlemen almost deified by ten impressionable and pas-

sionate young men of eight summers average age, an age most notably prone to physical action, personal identification, and black-and-white interpretation of supposed fact — capable of comprehending the difference between fact and fiction, but only in a broad general sense. They ask if this person really lived, and in this place; and if these answers are affirmative, they then accept all of the legend as presented.

(It had not been presented to them that one of their heroes was a psychopathic murderer, one a thief and killer, and the third a man who trod both sides of the line, using the law to suit his own personal interests and benefits.)

This problem was not as small as one might suppose on first glance. Here were children who

Mrs. Westerholm is a Registered Nurse, housewife, and student of liberty of Inglewood, California.

Illustration: Ewing Galloway



were forging ideas and ideals on which they would build eventual mature philosophies and consequent behavior patterns. These were boys and girls who would one day have the task of perpetuating our various freedoms, and in many instances the far harder task of regaining lost freedom. Would they be apt to actively defend heritages of which they had no real understanding or conviction, and thus no real respect? We doubted it seriously.

As I handed out cookies and lemonade, I studied their eager restless faces and listened—really listened—to the words. For a brief moment I had the impression that I was listening to strangers. These were not the same children who came running with their skinned knees, their empty stomachs, their fabulous new ideas, and their endless questions of “Why?” They were the same, of course; it was only the listener who was different. This time there were purpose and attention to the listening.

### ***The Essence of the Heroic***

That evening we guided the after-dinner chatter to the subject of playtime heroes and why they were considered heroic. The answers solidified my sense of shock, and shame, too. The “heroic” figures were almost all

gunfighters, with a few wartime Aces and a couple of contemporary “name singers” thrown in for leavening. Television was the primary authority quoted, and to a lesser extent motion pictures and comic books. So much for the history lessons at school and the books and stories read aloud at home. These apparently had not been enough, or strong enough, to fill the appetite for identification.

We pursued it further and discovered that out of some twenty truly great and dramatic historical names, only four were clearly recognized—and three of these were due solely to the efforts of Mr. Walt Disney and his enlightened and refreshing entertainment! Hardly an inspiring score. We were not proud of ourselves as parents that evening.

There were no established “study groups” for this age level to which we could turn for help or advice. The local elementary teachers were sympathetic and helpful in suggesting research materials we might find useful, but they pointed out that there was only so much of the school day which could be devoted to history without slighting some other subject.

We decided to deal with this just as we had other subjects such as nature study, chemistry, elementary physics: we would start

at home. If our youngsters could learn at home about atomic structure, and the Dalton brothers, why not real heroes? Why wait until the children were old enough to join young adult study groups, for then they would have so much to unlearn?

We had always spoken matter-of-factly in our home about democracy, free enterprise, responsibility to self and nation, equality and initiative—but we had neglected to give these concepts personifications with which the children could identify. They had thus sought and found their own heroes. We knew we dared not perpetrate any abrupt attack on their beloved men of brawn. Children are fiercely loyal to their chosen idols, be they contemporary, factual, or legendary. All we could do was to present to them what we believed were even more attractive substitutes, and let them choose which they would accept.

Some people have tried to tell us that we should simply demand that they accept what we offered — “After all, they’re only children, they should obey you.” Nonsense! First of all, you cannot demand belief; it just won’t work. To believe is to accept with your mind. You can command bodies to obey. You cannot command a mind to accept. And, really now, how can

you expect to teach anyone to respect and admire the basic principles of freedom if you deny one of the fundamentals of freedom to the one you are teaching?

Of course, teaching the quite young child is different from teaching older students. Obviously, to give him a totally free choice of acceptance at this age might well result in his learning the hard way why you do not run in front of a truck, or set fire to the house, or jump off the roof! You have to use good plain common sense. Also, one must naturally assume the responsibility of selecting material for presentation, since Junior is not yet old enough to take on his own research activities, or to evaluate the degree of truth presented. Indeed, this is one of the most serious responsibilities of parenthood.

### ***Changing Their Ideas***

What we decided on was really a quite deliberate course of “brainwashing.” Stop and think for a moment of the actual meaning of this hated and feared term — a washing, a cleansing; not a removal or exchange of the object “washed.” Furthermore, this cleansing is accomplished only with the consent of the subject — a gradual cleansing away of false values and interpretations by the regular use of the soap of truth,

and truth alone. We would give the Jesse Jameses a fair hearing, but no gilding of the legend; nor would we give our candidates more than a fair hearing. This was our brainwashing.

For us, fortunately, the medium was relatively simple. We had long had story times for the children, so our line of communication was already established. All we had to do now was choose our story material deliberately and carefully, and be patient about results. The latter was as difficult as it always is. But the former, the finding of the material, proved far more difficult than we had imagined. Our history is richly peopled with truly prodigious examples of bravery and wisdom, both dramatic and appealing. The problem was to find books and stories which were factual and realistic, and still within the vocabulary and ideological limitations of young children. There were some, to be sure; but for the main part we found ourselves reading several histories and biographies of each person, then condensing the total into individual vignettes. We also tried to hold as much general background information in reserve as possible, to meet the simply amazing number of questions children fire at you.

Children are marvelously per-

ceptive and often sharply analytical. Where many adults tend to accept a side-point because the main body of the topic is "proved," the child will jump gleefully on the unsuspecting side-point; and you're off on the track of Indian lore, gunsmithing, early agriculture, animal husbandry, or the gustatory attributes of squirrel stew! If we didn't have the answers (and blushing often we didn't), it was back to the books. And it was fun!

#### **A Growing Study-Group**

Gradually we found our story circle growing, as other youngsters in the neighborhood dropped in, stayed that day, and returned the next. One day a question was asked regarding "Billy the Kid," I took a deep breath and quietly gave as brief and factual an account of his life as I could. There were no yowls of protest — only a moment of digestive silence. The one vehement comment was, "Man! That guy on television sure oughta bone-up!" I felt like a general who has just won a decisive battle. The boys accepted the truth quite matter-of-factly, I believe, because they now had new and steadier heroes to turn to for identification and consolation.

And so it goes. We think it is showing successful results. There are no scientific or really reliable

methods to measure our progress, naturally. We have to judge by such things as the buffalo hide-hunter replacing the "sod-buster" as villain; and the number of bears shot in our back yard per week, as opposed to the number of six-gun duels; and the type of questions asked in the story circle. We did not attempt, nor expect, to achieve any radical changes by this small project. All we hoped to do was help these young eagles to become more aware of their national heritage — to instill the respect and awareness of what has been accomplished by some of our forefathers — to be knowingly proud of their heritage. We believe they are. We further hope that as they grow older they will carry on their own research and inquiry, as they realize how much the past has to teach the present.

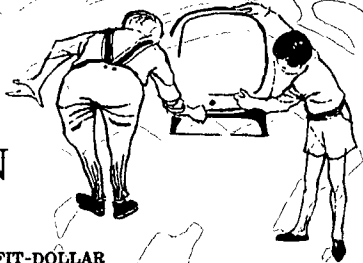
The only materials you need are a good library, a little gift of gab, a love of the truth, and a large-sized cookie jar. Just a handful of children — but this handful will soon be adult citizens. They will one day be spreading their own respective ideas and actions throughout the nation as they

take up their individual places and professions. What they do then is up to them. I rather think we shall be proud of every one of them.

More than once I have been asked if I think it is really wise or worth-while to spend so much time on such a limited field when there is so much community work that needs doing. It is certainly true that there is much for all of us to do in many activity spheres; and I do not limit myself exclusively to the children. True, I shall probably never have enough time, or inclination, to be a "social success." I also doubt that I shall ever write anything profound or nationally significant; nor be an active member of any importantly influential group or club. It does not even appear that I shall ever have enough time for as much serious libertarian study and research as I'd like. But, perhaps my children will. I honestly believe that eventually this may prove more important to the nation, and more pleasing to God, than any other personally tempting endeavor might be. At least it seems so for me. I am grateful for the opportunity. ◆

# THE DECONTAMINATION OF PROFITS

or — THE HUNTED LIFE OF A PROFIT-DOLLAR



When shadows faded in the dusk  
Beneath the drooping trees,  
Old Kaspar threw the windows wide  
To catch the evening breeze,  
While Peterkin and Wilhelmine  
Looked at the television screen.

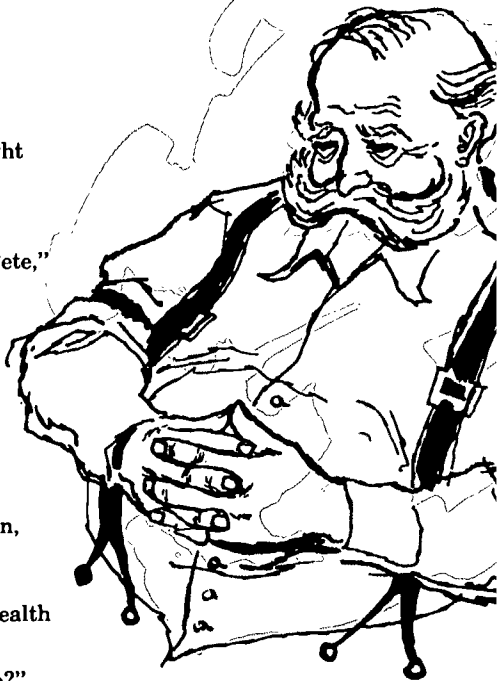
They saw the sheriff check the loads  
And buckle on his gun,  
Then charge along the business street  
As fast as he could run;  
While shoppers turned in sudden fright  
Then scuttled quickly out of sight.

"Are bandits shooting up the town?"  
Cried little Peterkin.  
"It's something worse than bandits, Pete,"  
Said Kaspar with a grin.  
"A profit-dollar, so they say,  
Was hidden out in town today."

"Why take a gun," asked Peterkin,  
"To find a dollar bill?"  
"It comes in handy," Kaspar said,  
"To open up a till.  
The owners often want to keep  
The profit-dollars which they reap."

"Some greedy folks," said Kaspar then,  
"Seem never to have learned  
How wrong it is for them to keep  
The profits they have earned.  
They're not convinced that private wealth  
Is bad for economic health."

"What harm would keeping profits do?"  
Asked little Wilhelmine.  
"A profit-dollar," Kaspar sighed,  
"Is held to be unclean  
Until it's spent for workmen's beer  
Or squandered in the public sphere."



H. P. B. JENKINS  
*Economist, Fayetteville, Arkansas*

The title graphic consists of two classical columns standing on a series of horizontal lines representing steps. The columns are positioned on either side of the word "DOLIZING", which is written in a large, bold, sans-serif font. To the right of the second column, the word "INSTITUTIONALISM" is written in a similar font, partially overlapping the right side of the column's base.

DOLIZING INSTITUTIONALISM

THE MOST POPULAR modern idol is institutionalism, the belief that the necessary answer to every problem is not reliance on individual intelligence and initiative, but the creation of some new agency or committee or department, the inauguration of some new form of bureaucratic overlay on human activity. Professor Parkinson has joked and others have wept about what seems to be an irresistible biological tendency of bureaucracy to grow, regardless of whether it is fulfilling any function at all.

One of Parkinson's most telling points was his analysis of what happened in the British Ministries of Navy and Colonies after the end of World War II. This

was a time when British warships were rapidly being consigned to the mothballs and the British Empire was shrinking much faster than it had ever grown. One dependency after another was putting in its application for UN membership as an independent state. Logic would have seemed to call for a drastic curtailment in the personnel of Ministries which were fulfilling increasingly modest tasks. But just the reverse occurred. The number of employees in the two Ministries grew almost in inverse proportion to the diminution in the number of warships and colonies.

One could find similar fulfillments of what Parkinson humorously christened his "Law" — that every bureaucratic organization must grow by a percentage basis every year — in many countries and in many periods of history. It

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. He has written a number of books, has lectured widely, and is a contributor to *The Wall Street Journal* and many nationally known magazines.

is a safe guess that as the Byzantine Empire shrank during the period of its decline after the eleventh century the number of its officials did not decrease proportionately, that skeleton staffs of administrators remained in being for provinces that had long been lost to the onrushing Turks. After the withdrawal of the Belgians, the primitive Congolese for a time abolished the grade of private in their ragtag and bobtail "army," unconsciously following the example of more sophisticated peoples. The NATO set-up in Europe is short on soldiers, top-heavy with high ranking officers. The example of Switzerland, where the highest peacetime rank in the very efficient Swiss citizen army is that of Colonel, has not proved contagious.

The instinctive reaction of some politicians and commentators and editorial writers to the problems of America's growing cities is not to call for more initiative and self-help on the part of the inhabitants of these cities, but to demand a special agency in Washington, another link in the long chain of federal bureaucracy.

#### ***Bureaucracy in Business***

Government is by no means the only offender in this matter of proliferating bureaucracy. Private business organizations sometimes

become too big and too heavily staffed for their own good, fat unwieldy organisms that would have horrified the lean, hard-driving, pioneer industrialists who founded them. In universities and colleges, what should be the subsidiary business of administration and management has been gravely encroaching on the proper function of communicating learning and knowledge and wisdom to the students. A friend who had attended one of the large eastern universities in the thirties recently remarked to me: "Don't you find that academic administration everywhere is vastly more complex, requiring more men and more money, than a generation ago?"

There are few, if any universities and colleges in America the administrative staffs of which have not swollen beyond recognition since the end of World War II. A European author of a book on American higher education called one of his chapters "Deans Within Deans." The Deans of College and Deans of Faculty and Deans of Men and Deans of Women and Deans of Freshmen and Deans of Admission and Deans of Graduate Students and Deans of Law and Deans of Engineering and Deans of specialized subjects would make up a very large unit in the academic army.

One wonders what Socrates and Plato and Aristotle, all fairly effective teachers in their day, and the wandering scholars of the Middle Ages who pitched their tents wherever students would come for instruction, would have thought of this huge administrative superstructure. Or, what of that famous New England educator, the legendary President of Williams College, whose ideal of teaching through simple personal contact was summed up in the phrase:

"Mark Hopkins at one end of a log and a student at the other."

No doubt, the influx of students into colleges and universities does call for enlargement of administrative staff. But when this process is carried too far, it may destroy one of the finest values of higher education, the fruitful contact between men of high scholarship and character and students eager to enlarge their horizons.

#### *International Agencies*

This idolization of institutions as supposed carriers of salvation has extended to other fields. That the noncommunist peoples of Europe should achieve closer political, economic, and cultural unity is a noble and desirable ideal. But is the cumbersome bureaucracy at the headquarters of the European Economic Community in

Brussels necessary to the realization of this ideal?

It is worth remembering that Europe before World War I gained many of the advantages that are promised from the operation of the Common Market, and without any international bureaucracy or elaborate treaties running into hundreds of articles. How? Simply by honoring, with negligible exceptions in the shape of low tariff duties, three basic freedoms: the ability of men, goods, and capital to cross frontiers without let or hindrance.

America could not have developed the western part of the continent so rapidly after the Civil War except for the strong arms of Scandinavian farmers and Slav steel workers and Irish and Italians who worked in construction jobs. The free inflow of capital, mostly from Great Britain, helped appreciably with the building of America's railway network. These principles are just as valid and useful today as ever. Had it not been for communism, had Russia remained open to foreign capital, its vast natural resources would have been developed and its industries would have grown — but without such inhuman accompaniments as famine and forced labor. In short, if nations wish to observe the basic rules of a free economy, there is no reason for



them to bind themselves in knots of international bureaucracy. All they have to do is to restore, in their dealings with each other, the freedoms of movement that were generally observed in the nineteenth century, including the convertibility and relative stability of currencies.

### **The Size of the State Department**

It probably comes as something of a shock to many Americans to realize that there were only about 60 employees of the State Department in Washington in 1900, as against 9,995 at the last count. For some enlargement of staff there may be good reason; the world has grown much smaller in terms of communication and much more complex as regards some fields that are now closely associated with foreign policy. For the proper protection of United States interests, political and economic, the State Department needs, at home and abroad, men who are familiar with the ins and outs of politics in Europe and Asia and Africa and Latin America, experts in such subjects as balance of payments and the implications of the Common Market, specialists in Soviet strategy and tactics.

But, when one has stretched charitable allowance to the limit, the fact remains that the State Department is grossly overstaffed. It

is clumsy, inefficient, and less able to assume proper responsibility because so many of its employees busy themselves preparing and editing ambiguous "policy papers" which furnish no effective guidance, or participating in endless conferences that seem unlikely to improve the fortunes of the American Republic. "Coordination" is carried to ridiculous lengths; the most trivial message sometimes requires the attention not only of half a dozen superfluous bureaucrats in the overgrown building in Foggy Bottom but of representatives of other government departments and agencies as well.

Lenin, in the last year of his life, took a look at the chaos of a big inspection and audit department known as Workers' and Peasants' Inspection, or *Rabkrin* (its Russian abbreviation) and uttered a heartfelt cry: "Let's have less quantity and more quality." That is a good slogan for a reformer, if one ever arises, who can somehow cut the State Department down to manageable and workable size.

Two examples in American history indicate that we did pretty well in foreign relations before the present monstrous bureaucratic overgrowth set in. Benjamin Franklin was largely on his own, without the staff of underlings and secretaries which even a minor de-

partment head would consider indispensable today, when he brought off the neat diplomatic stroke of persuading France to enter a war against Great Britain, which was of little real concern to France but of life-and-death importance to the American colonies that were struggling to become the United States of America.

In another great crisis during the Civil War when it sometimes seemed touch-and-go whether the British government might recognize the Confederacy, the United States Minister in London, Charles Francis Adams, made do with such help as he obtained from his later famous son Henry, from a career clerk, and from such accidental visitors from the United States as he could enlist. One man, entrusted with authority and responsibility, able quickly to grasp the essential facts of a situation, is likely to be far more useful in conducting a vigorous and successful foreign policy than a host of departmental and inter-departmental committees that kill original ideas by procrastination and dilution and reduce the clear outline of policy to a vague blur of compromise generalities.

#### **Good People Have Good Laws**

One of the oldest human delusions, and a definite part of the idolization of institutionalism, is

the belief that men may be made good by organizational gimmicks, or by writing a certain type of legal code or constitution. The inverse of this proposition is much nearer to truth. Take a people with the essential prerequisites of self-government: patriotism, education, sense of common national purpose, willing to abide by the rules of the political game, able to win at the polls without persecuting the losers and to lose without succumbing to the impulse to upset the result by revolution. Such a people can make almost any constitution work tolerably well.

A people without these prerequisites would soon make a shambles and a mockery of the finest theoretical plan of government in the world. Almost all Americans are rightly proud of their Constitution, which the British statesman, William E. Gladstone, described as "the most wonderful work ever struck off at a given time by the brain and purpose of man." But the American Constitution was no accidental triumph of pure theory. It was the work of some of the best minds of a society that possessed a tradition of orderly self-government, that had been cemented by the recent experience of a common struggle for liberty.

Just as the real test of institu-

tions, and their prospect of durability, depend upon the qualities of the people who live under them, so it is a vain illusion to imagine that a people can remake its character by a revolutionary change of institutions. A good example of this point is furnished by the course of the Russian Bolshevik Revolution. At first sight here was a fundamental upheaval that changed everything from top to bottom, that reversed the positions of what had formerly been the upper and lower classes, that wiped out differences of rank and wealth with unprecedented thoroughness.

And yet, as the new Soviet order took shape, it became increasingly evident that in many ways it was merely Old Russia in New Masks. What change had taken place was mainly in the direction of making a rather inefficient old tyranny much more thorough, logical, and consistent. Before the Revolution Russia had a Duma, or Parliament, in which there was an opposition, but with rigged election laws to make certain that the position of the government could not be seriously threatened. Now there is a Supreme Soviet, or Soviet Parliament, in which there is no voice of opposition whatever.

Under the Czarist system newspapers might be censored. The

Soviet system has gone this method of thought control one better by requiring that every editor of a newspaper be a card-carrying communist. Under the Czars and under the Soviets alike Russia enjoyed the distinction of being, of all European countries, the hardest for a foreigner to get into or for a Russian to get out of.

Many Russian peasants supported the Soviets, not because they were communists, but because they believed communist promises that they were to get the land of the former estate owners. But in 1929 and succeeding years the imposition of collective farming took away from the peasants any individual ownership of the land and reduced them to the status of serfs, obliged to work the land under taskmasters appointed by the government. There was no effective habeas corpus in Czarist Russia; there is no effective habeas corpus in the Soviet Union.

#### ***Changing Rulers Doesn't Always Change the Rules***

The original communist dreams of equality, of direct self-government have long been abandoned. The Communist Party has replaced the Czarist bureaucracy; a new ruling class has taken the place of the old; inequalities of pay and privilege are just as rigid

as they were under the old regime. Behind the façade of proletarian rule the methods of fierce old Czars like Ivan the Terrible and Peter the Great are constantly peeping out. One is impressed by the prophetic wisdom of the Polish novelist, Joseph Conrad, who wrote in response to the Bolshevik Revolution:

"The ferocity and imbecility of an autocratic rule rejecting all legality and in fact basing itself upon complete moral anarchism provokes the no less imbecile and atrocious answer of a purely utopian revolutionism encompassing destruction by the first means to hand, in the strange conviction that a fundamental change of hearts must follow the downfall of any given human institutions. These people are unable to see that all they can effect is a mere change

of names. The oppressors and the oppressed are all Russians together; and the world is brought once more face to face with the truth of the saying that the tiger cannot change his stripes nor the leopard his spots."

The negative lesson of the Bolshevik Revolution is the futility of expecting a change of hearts and minds from a change of external institutions, no matter how violent and sweeping. The positive lesson (and this applies also to the current fetish of salvation through institutionalism) is that the only true revolution lies in an inner change of hearts and minds. This, incidentally, is the common conviction of all the world's great religious and moral teachers, whose target is always the individual, never the institutions under which the individual lives. ♦



LEWIS LOVE

THERE ONCE lived a king in a distant land—a just and wise old king, for he had observed and learned much about his people and about himself and his power. His

Mr. Love is a businessman and Associate Editor of the Fort Worth, Texas Rotary Club's *Rotagraph*, where this article first appeared, March 16, 1962.

people were free to go their way, and were fearful of the king and his soldiers, for his rule granted no privilege to one that was not a privilege to all equally. And they were free to petition their king and seek his wisdom in their affairs.

Thus there came one day to the royal court an artisan, a mason, and a beggar who was lame.

"O great and wise king," they cried, "we are sorely troubled with our plight." "I," said the artisan, "make many useful goods. I use great skill and labor long, and yet when I am finished, the people will not pay my price."

"And I," said the mason, "am a layer of stone for houses and fine walls, yet I am idle, for no one gives me work."

"I am a poor lame beggar," said the third man, "who seeks alms from those who pass, as they find it in their hearts to do so, but alms are so few as to be of great concern lest I perish."

"I can see that your trouble is great," consoled the king, "and what would you ask of me?"

Then, they spoke as a group, the artisan, the mason, and the beg-

gar who was lame: "Your power is very great, our king, and you can make the people see the folly of their ways and aid us in our troubles."

"Perhaps," said the king, "perhaps my power is great, but I must use it wisely or it shall be lost." And he called to the captain of his guard.

"Bring forth three swords," he commanded, "one for each of these men, and instruct them in their use. These three shall go forth in the land and compel those who will not voluntarily deal with them to obey their command."

"No! no!" the three men called out, "this we did not ask. We are men of honor and could not set upon our fellow man to compel him to our will. This we cannot do. It is you, O king, who must use the power."

"You ask me to do that which you would not do because of honor?" questioned the king. "Is honor one thing to a beggar and another to a king? I, too, am an honorable man, and that which is dishonorable for you will never be less dishonorable for your king." ♦

# WHO CONSERVES OUR RESOURCES?



RUTH SHALLCROSS MAYNARD

"WHO SHOULD conserve our resources?" If a poll were taken, a large majority probably would answer: "Our federal and state governments." And if one were to ask why this view is so widely held, he would find among other "reasons" the following:

(1) that the free market is chaotic, gives profits to the few, and is unmindful of the great "waste" of our diminishing limited resources;

(2) that "people's rights" are above "private or special interests" and only the government can

properly serve the public interest;

(3) that government has access to more funds;

(4) that government has the power and facilities to obtain all the necessary data and to do the research needed for the best "scientific" decisions on resource conservation;

(5) that the price system does not operate in the interests of conservation because of the "unrestrained pursuit of self-interest";

(6) that the concentration of power in some corporations further threatens our dwindling resources and must be regulated by government.

*Dr. Maynard is Assistant Professor of Economics, Lake Erie College, Painesville, Ohio.  
Illustration: A. Dovaney, Inc., New York*

**Refuting the "Reasons"**

These "reasons," of course, do not indicate how a government agency would go about attempting a solution to the conservation problem — this is always just assumed — but consider them briefly:

(1a) The free market is anything but chaotic. Competing natural market forces reflect in prices the wishes of both buyers and sellers — millions of individuals, separately accountable and responsible for their own actions in their own field of economic activity. All persons seek their own advantage when allowed a choice, but in the free market a producer cannot profit unless he pleases consumers better than his competitor does. Since he must think of efficiency and lowered costs in order to survive, it is false to assume that he alone profits from the use of natural resources from which are made the products wanted by consumers. All gain who use the resulting products.

(2a) Can there be "people's rights" superior to the rights of individuals? All individuals have special and private interests and rights. Therefore, the "people" cannot have rights except individually; and the right to life carries with it the right to maintain it by private and special means.

(3a) The government has no funds that have not been taken from the people by force, whereas many a large private undertaking has come forth from voluntarily contributed funds. In fact, the entire industrial development in this country has been a continuous example of this voluntary way of creating the facilities for production by giving the consumer what he wants at the price he is willing to pay in competition.

(4a) Offhand it would seem that a government might have access to more data about scarce resources than would a private enterpriser. But government cannot bring forth the detailed information so vital to sound decision. The kind of detailed knowledge needed simply isn't "given to anyone in its totality," as Hayek has pointed out.<sup>1</sup> "Knowledge of the circumstances of which we must make use never exists in concentrated or integrated form," he states, "but solely as dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess." Yet, producers need such information before they can decide how to act. The chief communicator of

---

<sup>1</sup> F. A. Hayek, "The Use of Knowledge in Society," *The American Economic Review*, Vol. XXXV, No. 4, September 1945.

this knowledge is free price movements. If the price of a given resource continues upward, this tells producers all they need to know about its increasing scarcity and signals them to conserve it, to use it sparingly and for the most valuable products. Advocates of government planning never seem to grasp how this works, for they are constantly tampering with market forces, distorting the delicate price signals that could otherwise guide them. Thus, government planners must rely on using *general* data obtained by crude polling methods which are unreliable for action in specific economic areas and are out of date before they can be collected, analyzed, and summarized. Moreover, such studies cannot tell the government controller as much as free price movements tell individuals acting in a particular market as buyers or sellers.

(5a) The role that prices play in the free economy is so little understood that many people believe government must set prices lest they reflect only the "selfish interests" of the producers. The price system not only tells producers and consumers when scarcity of a product exists (prices rise) or when it has become more plentiful (prices drop); it also supplies the incentive to act in the

interests of conservation by seeking a substitute for the high-priced scarce material. Competitive prices allocate scarce resources to those who will *pay* more (not those who *have* more, as is alleged) for the right to try to serve consumers efficiently and profitably.

(6a) If concentration of power in corporations is too great to be permitted, what about the ultimate concentration of power in a government institution beyond the regulation of market forces? Government is unaccountable in the sense that it is not obliged to please consumers in order to stay in business. If it does not show a profit, its losses can be covered by tax money. Big corporations can behave in monopolistic fashion only if they enjoy government privileges of some kind. Potential competition, substitution, and elasticity of demand force them to keep prices close to the competitive level.<sup>2</sup>

#### **When Government Controls**

The foregoing arguments, however, do not touch upon the basic problem involved in the conservation of resources. Let us assume that Congress passes a conservation law setting up "The Federal Bureau of Conservation." Tax

<sup>2</sup> Hans Sennholz, "The Phantom Called Monopoly," THE FREEMAN, March 1960.



money must then be appropriated for this Bureau. The director, a political appointee, must find a building and hire a staff large enough to justify his salary. To investigate and collect data on what is being done is a time- and tax-consuming job.

Turning the conservation problems over to an agency with police power does not mean solution, however. It only means that the director has been given the authority to find a solution and to force it on those individuals who are in the market for natural resources. This does not assure the public that the director has any special grant of wisdom concerning the problems involved, or that he will even know what they are. This appointment would lead him to assume that individual enterprisers were not doing their jobs well. He would undoubtedly define his task as one of finding what individual enterprisers are doing wrong and stopping it. Such interference could only prevent private individuals from utilizing their creativity and energy in seeking a solution to both immediate and long-run conservation problems. Having stopped this flow of creative endeavor, he would need to find a "positive" solution—such as stockpiling by force certain quantities of those materials deemed most scarce.

### ***Difficult Decisions***

But for whom would the director be stockpiling? Would he sacrifice the present generation to future ones? And, if so, which ones? The next generation, the one after that, those living a hundred years from now, or whom? And how could he possibly know what those generations would want or need? Moreover, he would have the problem of what quantities to stockpile and what grades (best or worst) to save. Would some items have alternative uses? Would he plan for possible added or new uses in the future? These questions never seem to be asked by the authors of books and articles on conservation, whose specialty is to condemn private enterprise.

Stockpiling only aggravates the very scarcity given as the reason for stockpiling. The more scarce a stockpiled item, the higher the price, and the more complaints to be heard from the users. Whereupon, the director probably would seek power to fix prices lower than market levels. This, of course, could only lead to increased demand and pressure on prices, leading to black markets or government rationing, or both. Allocation by rationing would present the problem of whom to favor and whom to slight. His authority to discriminate would sub-

ject the director to strong political pressures. If not by political favoritism, the director could select by personal preference, or first come, first favored. Any system is discriminatory. The system of government planning implies arbitrary discrimination by one man with police power who decides who shall get what. Without personal favoritism, the free market "discriminates" *against* those who would waste scarce materials — it lets their businesses fail — and "discriminates" *for* those who would most efficiently use the resource to serve consumers — their profit depends on their capacity to conserve the scarce resource.

The government system is based on arbitrary decisions of man over man, with strong probability of political influence; the free market system is influenced by nonpolitical and nonpersonal forces. There is no other alternative. The first system leads to static conditions which cannot meet the changing needs and desires of consumers, the "people" most involved and presumably those whom a conservation agency ought to protect. The business way encourages search for substitutes when price rises indicate growing scarcity. This not only aids conservation but also affords the consuming public more rea-

sonably priced alternatives in times of scarcity. When prices are fixed below market levels by the government director, this discourages conservation and gives a false signal as to the degree of scarcity all the way from the natural resource level to the final consumer.

### ***Private Enterprisers Conserve What Is Worth Saving***

Until someone discovers that a resource has a specific use, it has no value for which it should be conserved. Alexander the Great had no use for the reservoir of oil beneath his domain. The underdeveloped countries do not lack resources. But they have not yet found the key (personal saving and competitive private enterprise) by which to utilize the resources to meet the people's needs. Private enterprisers are constantly trying to find new materials and new uses for known resources, always looking ahead to see which ones will be available and how efficiently they can be utilized. Pick up any trade journal and note the articles on how to cut costs, utilize waste materials, be more efficient. Because the government told them to? No. The hope of profits acts as a powerful compulsion to be efficient, to improve, to conserve. The following examples show how private enterprisers eliminate waste and uti-

lize natural resources to meet the needs of the consuming public.

Until natural gas was known to be useful as a fuel, petroleum producers burned it to get rid of it. Until ways were found of storing and transporting gas with safety, it had only local use. Competition forced the search for further uses and wider markets, and profits rewarded those who best served consumers. As ways were found to handle gas beyond local markets, consumers elsewhere gained a wider choice of fuel, and other fuels were thereby conserved.

#### **Reliance on Hindsight**

Accusations of waste in private industry are always based on hindsight. Any statistics of inadequate use of natural resources are history. When a new method or new use is discovered, it is easy to point out past waste and misuse. The assumption is that industrialists are wasteful if they haven't seen in advance all possible uses for all materials.

The meat-packing industry over the last century has used all but the squeal of the pig. But this did not come all at once. Nor did it could it have come from government decrees. It came slowly through individual efforts to cut costs and increase profits in competition with others.

In the lumber and pulp-paper

industries, uses have been found for virtually all of a tree, including the bark, branches, and sawdust which were formerly "wasted." The "waste" lignin, after removal of the carbohydrates, has been the concern of many a pulp company as well as scientists at The Institute of Paper Chemistry, who have yet to find a use that will meet adequately the competitive market test of consumer choice.

With the increasing scarcity of pure water, the pulp and paper industry has used less and less of it per ton of product. When wood became scarce in Wisconsin, the "Trees-for-Tomorrow" program was instigated, encouraging farmers to grow trees as an added cash crop. As salt cake from Saskatchewan grew scarce, the Southern kraft-pulp mills learned how to reclaim it and cut the amount needed per ton of pulp by two-thirds or more. Could such a conservation measure have been forced by government decree? It is most doubtful.

In the agricultural field are many illustrations of continuous improvement: of tools (the history of the plow alone would make an impressive volume); of methods of utilizing land, fertilizers, insecticides, and seeds; of knowledge of genetics, hydroponics, and radioactive materials.

All of these have played a vital part in getting better farm products to the people with fewer man-hours and at less cost. These all conserve time.

Time also is a resource. Conserving time can save lives from starvation, give relief from back-breaking jobs, enable individuals to further achieve their respective purposes. Improved tools have won time for more leisure, for increasing recreational, cultural, educational, and religious activities.

#### ***Individual Improvement***

Improvement of the well-being of individuals, rather than conservation, is the chief goal in the utilization of resources. Absolute conservation could lead to the absurdity of not utilizing our resources at all, and thus conserving to no purpose—no freedom and no improvement of our lives. J. S. Mill has expressed it thus: "The only unailing and permanent source of improvement is liberty, since by it there are as many possible independent centers of improvement as there are individuals." The energy of the police force of a government agency must by its very nature be negative. Enterprisers are positive, constantly trying to solve specific problems. It is impossible to force the release of the creative energy of millions of individuals

who, if free, are each highly motivated to release it in trying to improve their status. Thus, force only inhibits the real sources of improvement.

Because individuals have been free to find the best use of land resources, the American farmer today feeds himself and at least 25 others. In our early history food production was the principal occupation, and in some countries today as high as 90 per cent of the population still spends long hours of backbreaking work farming for a bare subsistence.

#### ***Who Is Responsible for Waste?***

The real waste in resources comes from government policies. It is seen especially in wartime, but more and more in peacetime programs. The government farm program has encouraged waste of land, seeds, fertilizers, labor, and capital by subsidizing the production of surpluses to be stored in bins that dot the countryside. The foreign aid program has wasted various resources, sending them to countries where little if any use has been or could be made of them. Waste occurs in such projects as the TVA that floods permanently many fertile acres which formerly provided millions of dollars worth of food products and which the Army Engineers have estimated would not be flooded by

the natural forces of the Tennessee River in 500 years.

Rising taxes also promote waste. The corporate income tax of 52 per cent of earnings, for example, encourages industrialists to engage in questionable and wasteful projects which appear justified only when purchased with a 48-cent dollar. This is not in the interests of conservation.

However, the errors individuals make and their waste of resources are small and inconsequential compared with those made by government agents in controlling a major supply of a scarce resource. Those in civil service positions are rarely dismissed or otherwise held accountable for their errors. A private individual stands to lose personally if he wastes resources in his field of economic activity, and has a built-in motivation for attempting to correct his mistakes as soon as they are reflected in rising costs or decreasing demand. A government agent, however, risks no personal loss when he misuses resources, he cannot recognize mistakes by rising costs when prices are fixed

arbitrarily, nor is he motivated to correct his mistakes even when recognized.

Natural resources are best utilized and conserved where they meet specific economic requirements in the most efficient way as determined by competition in the free market. Government control of natural resources reduces the freedom of choice of producers in using these materials and this affects adversely the freedom of choice of consumers who buy the final products made from them. There is no effective method of determining the economic requirements of the people when the free market is not allowed to reflect them, nor can force solve the problem of conservation. It is a false panacea that is centuries old, advocated by those who desire power over others whom they neither trust nor respect. Conservation will take place in the best sense where individuals are allowed to seek solutions to their own personal problems as they arise. Necessity is the mother not only of invention but of conservation as well. ♦

#### IDEAS ON LIBERTY

*Ben Moreell*

WE CONSERVE NATURAL RESOURCES by using them in the most efficient and economic manner. . . . If a given project cannot pass the test of economics, that is a sure sign that it is not conservation but waste.

*Our Nation's Water Resources--Policies and Politics*

# THE MORAL ELEMENT

## in *Free Enterprise*

F. A. HAYEK

ECONOMIC ACTIVITY provides the material means for all our ends. At the same time, most of our individual efforts are directed to providing means for the ends of others in order that they, in turn, may provide us with the means for our ends. It is only because we are free in the choice of our means that we are also free in the choice of our ends.

Economic freedom is thus an indispensable condition of all other freedom, and free enterprise both a necessary condition and a consequence of personal freedom. In discussing *The Moral Element in Free Enterprise* I shall therefore not confine myself to the problems of economic life but consider the

general relations between freedom and morals.

By freedom in this connection I mean, in the great Anglo-Saxon tradition, independence of the arbitrary will of another. This is the classical conception of freedom under the law, a state of affairs in which a man may be coerced only where coercion is required by the general rules of law, equally applicable to all, and never by the discretionary decision of administrative authority.

The relationship between this freedom and moral values is mutual and complex. I shall therefore have to confine myself to bringing out the salient points in something like telegraphic style.

It is, on the one hand, an old discovery that morals and moral values will grow only in an environment of freedom, and that, in general, moral standards of people and classes are high only

---

Dr. Hayek is Professor of Social and Moral Science at the University of Chicago and author of many books, including the 1944 classic, *The Road to Serfdom*, and *The Constitution of Liberty* (1960). This article is reprinted by permission from a symposium on *The Spiritual and Moral Significance of Free Enterprise* sponsored by the National Association of Manufacturers, December 6, 1961.

where they have long enjoyed freedom—and proportional to the amount of freedom they have possessed. It is also an old insight that a free society will work well only where free action is guided by strong moral beliefs, and, therefore, that we shall enjoy all the benefits of freedom only where freedom is already well established. To this I want to add that freedom, if it is to work well, requires not only strong moral standards but moral standards of a particular kind, and that it is possible in a free society for moral standards to grow up which, if they become general, will destroy freedom and with it the basis of all moral values.

### ***Forgotten Truths***

Before I turn to this point, which is not generally understood, I must briefly elaborate upon the two old truths which ought to be familiar but which are often forgotten. That freedom is the matrix required for the growth of moral values—indeed not merely one value among many but the source of all values—is almost self-evident. It is only where the individual has choice, and its inherent responsibility, that he has occasion to affirm existing values, to contribute to their further growth, and to earn moral merit. Obedience has moral value only where

it is a matter of choice and not of coercion. It is in the order in which we rank our different ends that our moral sense manifests itself; and in applying the general rules of morals to particular situations each individual is constantly called upon to interpret and apply the general principles and in doing so to create particular values.

I have no time here for showing how this has in fact brought it about that free societies not only have generally been law-abiding societies, but also in modern times have been the source of all the great humanitarian movements aiming at active help to the weak, the ill, and the oppressed. Unfree societies, on the other hand, have as regularly developed a disrespect for the law, a callous attitude to suffering, and even sympathy for the malefactor.

I must turn to the other side of the medal. It should also be obvious that the results of freedom must depend on the values which free individuals pursue. It would be impossible to assert that a free society will always and necessarily develop values of which we would approve, or even, as we shall see, that it will maintain values which are compatible with the preservation of freedom. All that we can say is that the values we hold are the product of freedom, that in

particular the Christian values had to assert themselves through men who successfully resisted coercion by government, and that it is to the desire to be able to follow one's own moral convictions that we owe the modern safeguards of individual freedom. Perhaps we can add to this that only societies which hold moral values essentially similar to our own have survived as free societies, while in others freedom has perished.

All this provides strong argument why it is most important that a free society be based on strong moral convictions and why if we want to preserve freedom *and* morals, we should do all in our power to spread the appropriate moral convictions. But what I am mainly concerned with is the error that men must first be good before they can be granted freedom.

It is true that a free society lacking a moral foundation would be a very unpleasant society in which to live. But it would even so be better than a society which is unfree and immoral; and it at least offers the hope of a gradual emergence of moral convictions which an unfree society prevents. On this point I am afraid I strongly disagree with John Stuart Mill, who maintained that until men have attained the capacity of being guided to their own improvement by conviction

or persuasion, "there is nothing for them but implicit obedience to an Akbar or Charlemagne, if they are so fortunate as to find one." Here I believe T. B. Macaulay expressed the much greater wisdom of an older tradition when he wrote that "many politicians of our time are in the habit of laying it down as a self-evident proposition that no people are to be free till they are fit to use their freedom. The maxim is worthy of the fool in the old story, who resolved not to go into the water till he had learned to swim. If men are to wait for liberty till they become wise and good, they may indeed wait forever."

#### ***Moral Considerations***

But I must now turn from what is merely the reaffirmation of old wisdom to more critical issues. I have said that liberty, to work well, requires not merely the existence of strong moral convictions but also the acceptance of particular moral views. By this I do *not* mean that within limits utilitarian considerations will contribute to alter moral views on particular issues. Nor do I mean that, as Edwin Cannan expressed it, "of the two principles, Equity and Economy, Equity is ultimately the weaker... the judgment of mankind about what is equitable is liable to change, and . . . one of the forces



that causes it to change is mankind's discovery from time to time that what was supposed to be quite just and equitable in some particular matter has become, or perhaps always was, uneconomical."

This is also true and important, though it may not be a commendation to all people. I am concerned rather with some more general conceptions which seem to me an essential condition of a free society and without which it cannot survive. The two crucial ones seem to me the belief in individual responsibility and the approval as just of an arrangement by which material rewards are made to correspond to the value which a person's particular services have to his fellows; *not* to the esteem in which he is held as a whole person for his moral merit.

### **Responsible Individuals**

I must be brief on the first point — which I find very difficult. Modern developments here are part of the story of the destruction of moral value by scientific error which has recently been my chief concern — and what a scholar happens to be working on at the moment tends to appear to him as the most important subject in the world. But I shall try to say what belongs here in a very few words.

Free societies have always been societies in which the belief in in-

dividual responsibility has been strong. They have allowed individuals to act on *their* knowledge and beliefs and have treated the results achieved as due to them. The aim was to make it worthwhile for people to act rationally and reasonably and to persuade them that what they would achieve depended chiefly on them. This last belief is undoubtedly not entirely correct, but it certainly had a wonderful effect in developing both initiative and circumspection.

By a curious confusion it has come to be thought that this belief in individual responsibility has been refuted by growing insight into the manner in which events generally, and human actions in particular, are determined by certain classes of causes. It is probably true that we have gained increasing understanding of the *kinds* of circumstances which affect human action — but no more. We can certainly not say that a particular conscious act of any man is the necessary result of particular circumstances that we can specify — leaving out his peculiar individuality built up by the whole of his history. Of our generic knowledge as to how human action can be influenced we make use in assessing praise and blame — which we do for the purpose of making people behave in a desirable fashion. It is on this limited determin-

ism — as much as our knowledge in fact justifies — that the belief in responsibility is based, while only a belief in some metaphysical self which stands outside the chain of cause and effect could justify the contention that it is useless to hold the individual responsible for his actions.

### ***The Pressure of Opinion***

Yet, crude as is the fallacy underlying the opposite and supposedly scientific view, it has had the most profound effect in destroying the chief device which society has developed to assure decent conduct — the pressure of opinion making people observe the rules of the game. And it has ended in that *Myth of Mental Illness* which a distinguished psychiatrist, Dr. T. S. Szasz, has recently justly castigated in a book so titled. We have probably not yet discovered the best way of teaching people to live according to rules which make life in society for them and their fellows not too unpleasant. But in our present state of knowledge I am sure that we shall never build up a successful free society without that pressure of praise and blame which treats the individual as responsible for his conduct and also makes him bear the consequences of even innocent error.

But if it is essential for a free

society that the esteem in which a person is held by his fellows depends on how far he lives up to the demand for moral law, it is also essential that material reward should *not* be determined by the opinion of his fellows of his moral merits but by the value which they attach to the particular services he renders them. This brings me to my second chief point: the conception of social justice which must prevail if a free society is to be preserved. This is the point on which the defenders of a free society and the advocates of a collectivist system are chiefly divided. And on this point, while the advocates of the socialist conception of distributive justice are usually very outspoken, the upholders of freedom are unnecessarily shy about stating bluntly the implications of their ideal.

### ***Why Liberty?***

The simple facts are these: We want the individual to have liberty because only if *he* can decide what to do can he also use all his unique combination of information, skills, and capacities which nobody else can fully appreciate. To enable the individual to fulfill his potential we must also allow him to act on his own estimates of the various chances and probabilities. Since we do not know what he knows, we cannot decide

whether his decisions were justified; nor can we know whether his success or failure was due to his efforts and foresight, or to good luck. In other words, we must look at results, not intentions or motives, and can allow him to act on his own knowledge only if we also allow him to keep what his fellows are willing to pay him for his services, irrespective of whether we think this reward appropriate to the moral merit he has earned or the esteem in which we hold him as a person.

Such remuneration, in accordance with the value of a man's services, inevitably is often very different from what we think of his moral merit. This, I believe, is the chief source of the dissatisfaction with a free enterprise system and of the clamor for "distributive justice." It is neither honest nor effective to deny that there is such a discrepancy between the moral merit and esteem which a person may earn by his actions and, on the other hand, the value of the services for which we pay him. We place ourselves in an entirely false position if we try to gloss over this fact or to disguise it. Nor have we any need to do so.

### **Material Rewards**

It seems to me one of the great merits of a free society that ma-

terial reward is *not* dependent on whether the majority of our fellows like or esteem us personally. This means that, so long as we keep within the accepted rules, moral pressure can be brought on us only through the esteem of those whom we ourselves respect and not through the allocation of material reward by a social authority. It is of the essence of a free society that we should be materially rewarded not for doing what others order us to do, but for giving them what they want. Our conduct ought certainly to be guided by our desire for their esteem. But we are free because the success of our daily efforts does not depend on whether particular people like us, or our principles, or our religion, or our manners, and because *we* can decide whether the material reward others are prepared to pay for our services makes it worth while for us to render them.

We seldom know whether a brilliant idea which a man suddenly conceives, and which may greatly benefit his fellows, is the result of years of effort and preparatory investment, or whether it is a sudden inspiration induced by an accidental combination of knowledge and circumstance. But we do know that, where in a given instance it has been the former, it would not have been worth while to take the

risk if the discoverer were not allowed to reap the benefit. And since we do not know how to distinguish one case from the other, we must also allow a man to get the gain when his good fortune is a matter of luck.

### ***The Moral Merit of a Person***

I do not wish to deny, I rather wish to emphasize, that in our society personal esteem and material success are much too closely bound together. We ought to be much more aware that if we regard a man as entitled to a high material reward that in itself does not necessarily entitle him to high esteem. And, though we are often confused on this point, it does not mean that this confusion is a necessary result of the free enterprise system — or that in general the free enterprise system is more materialistic than other social orders. Indeed, and this brings me to the last point I want to make, it seems to me in many respects considerably less so.

In fact free enterprise has developed the only kind of society which, while it provides us with ample material means, if that is what we mainly want, still leaves the individual free to choose between material and nonmaterial reward. The confusion of which I have been speaking — between

the value which a man's services have to his fellows and the esteem he deserves for his moral merit — *may* well make a free enterprise society materialistic. But the way to prevent this is certainly not to place the control of all material means under a single direction, to make the distribution of material goods the chief concern of all common effort, and thus to get politics and economics inextricably mixed.

### ***Many Bases for Judging***

It is at least possible for a free enterprise society to be in this respect a pluralistic society which knows no single order of rank but has many different principles on which esteem is based; where worldly success is neither the only evidence nor regarded as certain proof of individual merit. It may well be true that periods of a very rapid increase of wealth, in which many enjoy the benefits of wealth for the first time, tend to produce for a time a predominant concern with material improvement. Until the recent European upsurge many members of the more comfortable classes there used to decry as materialistic the economically more active periods to which they owed the material comfort which had made it easy for them to devote themselves to other things.

### **Cultural Progress Follows**

Periods of great cultural and artistic creativity have generally followed, rather than coincided with, the periods of the most rapid increase in wealth. To my mind this shows *not* that a free society must be dominated by material concerns but rather that with freedom it is the moral atmosphere in the widest sense, the values which people hold, which will determine the chief direction of their activities. Individuals as well as communities, when they feel that other things have become more important than material advance, can turn to them. It is certainly not by the endeavor to make material reward correspond to all merit, but only by frankly recognizing that there are other and often more important goals than material success, that we can guard ourselves against becoming too materialistic.

Surely it is unjust to blame a system as more materialistic because it leaves it to the individual to decide whether he prefers material gain to other kinds of excellence, instead of having this decided for him. There is indeed little merit in being idealistic if the provision of the material means required for these idealistic aims is left to somebody else. It is only where a person can him-

self choose to make a material sacrifice for a nonmaterial end that he deserves credit. The desire to be relieved of the choice, and of any need for personal sacrifice, certainly does not seem to me particularly idealistic.

I must say that I find the atmosphere of the advanced Welfare State in every sense more materialistic than that of a free enterprise society. If the latter gives individuals much more scope to serve their fellows by the pursuit of purely materialistic aims, it also gives them the opportunity to pursue any other aim they regard as more important. One must remember, however, that the pure idealism of an aim is questionable whenever the material means necessary for its fulfillment have been created by others.

### **Means and Ends**

In conclusion I want for a moment to return to the point from which I started. When we defend the free enterprise system we must always remember that it deals only with means. What we make of our freedom is up to us. We must not confuse efficiency in providing means with the purposes which they serve. A society which has no other standard than efficiency will indeed waste that efficiency. If men are to be free to use their talents to provide us

with the means we want, we must remunerate them in accordance with the value these means have to us. Nevertheless, we ought to esteem them only in accordance with the use they make of the means at *their* disposal.

Let us encourage usefulness to one's fellows by all means, but let us not confuse it with the im-

portance of the ends which men ultimately serve. It is the glory of the free enterprise system that it makes it at least possible that each individual, while serving his fellows, can do so for his own ends. But the system is itself only a means, and its infinite possibilities must be used in the service of ends which exist apart. ♦

# Taxpayers' Money

HOWARD PRESTON

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

Scarcely a day passes but what the newspapers report on some project which the "government will pay for." Quite often a poli-

tician will explain gleefully to his constituents how he has saved them money. The new bridge or highway or municipal building or what have you will not, says the politician, cost his beloved taxpayers anything but a simple fee.

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

Now, except for their own contribution through personal tax, politicians don't spend their own money. When the President or the

---

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

Congress approved a gift or a loan of millions or billions of dollars, inside the country or outside, the money being spent doesn't belong to them. It isn't President Kennedy's money that's being spent, any more than it was President Eisenhower's money or President Truman's money or George Marshall's money under the Marshall Plan.

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

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

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

Because of this, I have suggested more than once that the phrase "federal funds" be changed

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

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

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

Federal funds? Nuts. That's our dough. ♦

# FREEDOM, PRODUCTIVITY, and PROGRESS

EDWARD P. COLESON

EMERSON once remarked that if a man made a better mousetrap the world would beat a path to his door, but he neglected to mention what some of the folks would do when they got there. It is to be expected that the Amalgamated Mice of America would mouse-cott the new arrangement, nor can one

help sympathizing with those who may be hurt in the short run by the march of progress. But more than likely, the Emerson

Better Mousetrap Company would come in for a lot of opposition from others with less obvious reasons for objecting to the innovation. Unfortunately, it seems that ever since our stone age grandparents thought of moving out of the cave, anyone who upset the status quo by trying to do things a bit more efficiently has been suspect. Doubtless that is why human history is largely the story of poverty and stagnation.

We often fail to realize how hard it was to get the machine age in motion and how hostile forces threatened to swallow the fresh new ideas which sparked this revolution before it got started. Progress is not inevitable or automatic. Picture James Watt struggling to build a steam en-

---

Dr. Coleson is Professor of Economics at Spring Arbor College in Michigan.



gine without the tools and equipment we take for granted. The modern industrialist, used to dealing in thousandths of an inch, may begin to appreciate the problems of these pioneers when he notes the satisfaction expressed by Watt's partner when they succeeded in boring a fifty-inch cylinder that "does not err the thickness of an old shilling in any part." Try using a thin dime as a precision gauge, or imagine a "fit" that sloppy.

But that was not the greatest hurdle. Years before, when Watt wanted to set up his workshop in Glasgow, he was not permitted to do so because the local tradesmen thought there were already more than enough such establishments. Watt got his chance only because the University took him as their instrument maker. Later, when factories were developing in England to make use of the new power and equipment, mobs of workers swept down upon the mills and destroyed them. The new technique, incredibly crude by our standards, might produce too much and drive the price of cloth below the starvation level for the weavers who still plied their trade by hand. Their fears were justified: they couldn't compete with the Frankenstein monster which spewed abundance and threatened their jobs.

We may imagine that the "surplus" problem is modern, a tragic consequence of the phenomenal productivity of the machine, now being automated to further compound the difficulty. But mankind's neurotic fear of abundance (pleniphobia, if one may coin a term) is deep-seated and was old when Englishmen first discovered that a mechanical device could spin several threads in place of one. It is hard for us to see how they could have imagined that their *little* was too much; but they so believed, and responded by rigging the market just as we do. The result was to render the "times" — or as we would say, the economy — "out of joint." Eventually, we may see that our maladjustments grow out of the same regulations and controls which they belatedly realized were causing rather than curing their difficulties.

The sudden burst of productivity, coming nearly two centuries ago to a world with a chronic and psychopathic fear of abundance, generated a bitterness against the machine which persists even today. Generations of soft-hearted people, refusing to look beyond the obvious for the true significance of the industrial revolution, are perpetuating a misunderstanding that need not have developed in the first place.

For the simple truth is that plenty is desirable. Everyone wants *more* for himself and only seeks to limit output for others because he believes he will get more if they have less — an immoral, selfish, and short-sighted policy which is self-defeating and only leads to economic and political chaos.

We try to dress our ancient practices in modern garb and imagine they are necessitated by the stupendous productivity of the machine. A recent textbook tells the student that two men with a combine can cut and thresh as much wheat in a day as 125 laborers could do by hand, or a ratio of 62½ to 1 in our favor. This overlooks the fact that combines are produced, not by rubbing magic lamps, but by a long line of men and machines, which reduces the net ratio considerably. Dr. William H. Peterson of New York University thinks we were perhaps six times as productive in 1960 as in 1800, rather than 62½ times as implied in that other figure. If people today want a dozen times as much as their ancestors did in 1800, there should be no problem; and we know that human wants are insatiable — we feel we must have a multitude of things they never dreamed of having. But, if we devise all sorts of fantastic schemes to reduce output we'll be right back where

they were in 1800 — cutting and threshing grain by hand.

### **Pre-Industrial Society**

It might help our thinking if we could back up a few centuries to compare the "before-and-after" of industrialization. Practically, we can do almost as well by going to a primitive village in some backward area of the world where people still farm with a hoe and craftsmen still ply their ancient trades by hand. Having had this experience a few years ago, I assure you that the glamour of "going native," the simple and unspoiled life, fades as quickly as the morning haze under the rays of the tropical sun. Our neighbor was a weaver who spent day after day on his veranda weaving a narrow web of crude cloth on his primitive loom supported by three sticks. "How quaint," you say, but that is only part of the story. The poor native was a man of years, malnourished and unkempt, and his craft had fallen on evil days. Competition from cheap, imported textiles — made with high-priced labor — was driving the old man out of business and he was too old to change. Women in America may think that dry goods are too expensive; everything we ever buy always costs too much and, for some perverse reason, everything we have to sell brings too

little. Although our weaver earned only a pittance, his cloth was relatively expensive by our standards and fantastically so for his neighbors. Nor was the reason obscure: he simply produced so little.

A further tragedy in such lands is that staple foods are not cheap either, although some items may be. A balanced and sufficient diet is a luxury few can afford. Throughout the backward areas of the world obesity is associated in the native mind with wealth, since no one else can afford to eat that much. For weeks or even months of the year, after the seed is planted and before the new crop is harvested, the chronic shortage becomes acute—the “Hungry Season” in native parlance. It is impossible to produce an abundance of food on sterile, eroded hillsides with a short-handled hoe.

Their poverty cannot be attributed entirely to crude tools and primitive techniques. Nor is this one of those horrible examples of exploitation with an absentee landlord behind the scenes taking all the profits. It is scarcely worth considering whether things were divided properly in the village where I lived, since redistributing would not make much difference; a man's fair share of the *little* wouldn't be very much.

### **Everyone Is Poor**

The real problem is that everyone is poor. And a strong contributing factor must be that no one really owns anything; it belongs to the group, the extended family. If one urges a native farmer to grow more to tide his family over the “hungry season,” he will point out the futility of it. If he had a modest surplus when the relatives ran out of food, they would all visit him until it was exhausted. So, why not loaf with the neighbors now and go hungry with them later? Togetherness, with a vengeance!

Another factor may further explain the general backwardness and stagnation. The natives suffer from the familiar socialist delusion that one cannot prosper except at the expense of others. So, if anyone in the village seems to be getting ahead, the word is whispered around that he possesses a charm, “boa medicine,” which promotes his interest but harms his neighbors. Assorted tragedies and misfortunes in the village will build resentment until the charmed one is finally hauled before the local chief. He will then be prosecuted and persecuted until he is reduced to the lowest common denominator of native existence, to the same level of want and misery with everyone else in the village.

### **The Source of Abundance**

It is hard for us to imagine how little their *little* can be. A traveler in a primitive region came upon a family bowed down with grief because they had lost — not a child or mother — just a lowly needle! In colonial America they are said to have burned houses to recover the nails. Nails were even used as money until Jacob Perkins invented a machine in 1795 that would make 60,000 of them a week. (Imagine the “inflation”!) After that, they sold nails by the keg, not by the dozen. Ordinary pins once cost twenty cents each (when twenty cents was a fair start on a day’s wage) and were given as gifts — until a man broke the pin market with a machine that would turn out two million a week. Wearing fitted shoes was once the exclusive privilege of monarchs and the very wealthy. Ordinary folks wore clodhoppers which fit very sloppily; fitting a pair of tailor-made shoes was like having a portrait painted. A bushel of wheat cost an English laborer the equivalent of five days’ pay in 1770. It was not until John Deere’s plow broke the prairies, and McCormick’s reaper speeded the harvest — plus a lot of other inventions in the

last century — that the English laborer had anything like an adequate diet. Famines used to be as common in Western Europe as they still are in underdeveloped areas today.

But, why continue? We can tell the story of modern progress in terms of more adequate food, shelter, clothing, and even luxuries for the average man and his family. Or, we can continue to grieve over the industrially “displaced persons” — the nailmakers, pinmakers, shoemakers, and hoe and sickle farmers that the new machines released for more productive opportunities. I recall seeing an old livery stable operator sitting by his door waiting for the customers that no longer came. Perhaps the automobile should have been abolished! His competitor down the street spent his spare time tinkering with a “tin lizzie,” and as the horse and buggy faded out, he converted his stable to a garage. Perhaps a dirge for old dobbin is appropriate, but why not look at the positive side for a while? Progress means growing pains, but growth betokens life, health, and new conveniences and comforts for millions. Let progress reign! ♦

## HINDSIGHT ON THE LIBERTY LEAGUE

FOR PEOPLE who are concerned with the difficulties of operating—or even formally maintaining—a republic in a time when practically everybody has ceased to believe in the concepts of natural law and inalienable rights, George Wolfskill's *The Revolt of the Conservatives: A History of the American Liberty League 1934-1940* (Houghton Mifflin, 303 pages, \$5.00) provides an amazing, instructive casebook. But its meaning goes deeper than anything that is provided by the author's rather shallow moralizing.

Dr. Wolfskill, a first-rate researcher who writes a clean, crisp prose, knows that he is telling the story of a great practical failure. The Liberty League spent thousands of dollars and thousands of hours in the effort to defeat Franklin D. Roosevelt in 1936, yet succeeded nowhere save in Maine and Vermont, which might have gone for Roosevelt's opponent, Alfred M. Landon, anyway. From this Dr. Wolfskill concludes that

the Liberty League high command, rich men for the most part, were "the wrong people . . . espousing the wrong philosophy at the wrong time." What he should have said is that it is fatal to be both rich and right at a time when a popular majority has been weaned away from the basic constitutive idea of a republic, which is that all men, whether rich or poor, are entitled to equal protection in inalienable rights deriving not from the state but from their Creator.

To operate a republic on the opposite theory, that rights are the transient and entirely relativistic dispensations agreed upon by 51 per cent of the voters, is a long-run impossibility, for the majority, cut loose from moral anchors, will progressively eat up the spiritual and material capital on which society and the state itself depend for their continuity. But 1936 was not a propitious year for long-term considerations.

Having entered the basic objection to Dr. Wolfskill's approach,

we may concede that the Liberty League completed the ruin of its chances for good works by making a long succession of tactical blunders. The Liberty Leaguers were not the "wrong" people; they had as much right to protection in their lives, liberties, and property as anybody else. But they were wrong in their approach to politics, for what they did not see is that tides cannot be changed by blowing upon the surface of the waters. Dr. Wolfskill is quite correct in saying that the "League failed because it represented economic and political conservatism at a time when both were out of style." In such a time one cannot hope to win by narrow concentration on an election; the only practical thing to do is to dig in for a long campaign to change the mind-set of the majority, which involves something deeper than getting out the vote.

#### **Emotional Forces Overlooked**

The Liberty League did not reckon with the interaction between breadlines (even the sophisticated breadlines of the WPA) and the very human attribute of envy. The rich men who set up the Liberty League, a group which included several Du Ponts as well as important industrialists, like Alfred P. Sloan and E. T. Weir, were quite sensible in their fears

that the New Deal would do little more than institutionalize the depression. (It was World War II that solved Roosevelt's unemployment problem, not such gadgetry as the PWA and the NRA.) But they did not reckon with the emotional forces that had been unloosed between 1929 and 1933. They thought that an elementary appeal to logic could be "sold," provided the logic were backed with sufficient cash to disseminate it in carload lots to the literate in every corner of the land.

In their feeling that they could "save the Constitution" by spending money for the broadcasting of principles, the Liberty Leaguers drew sustenance from their previous success with the Association Against the Prohibition Amendment. Jouett Shouse, the able attorney who led the AAPA in its final campaign for repeal of the Volstead law, argued that the Eighteenth Amendment was "misplaced in the federal Constitution." It was, essentially, a "police statute" which usurped a right of surveillance of sumptuary habits that belonged to the local communities and states. In its battle for a particular constitutional principle the AAPA had succeeded by broadcasting—and John J. Raskob, the Du Ponts, and others who had paid most of the bills for the AAPA, did not see why the

appeal to logic shouldn't work in fighting such "unconstitutional" things as the AAA, the TVA, the Potato Control Act, and the Guffey-Snyder Bituminous Coal Conservation legislation.

### **"Rights" Had Become Suspect**

It was one thing, however, to lead the workingman to a glass of good beer and quite another to restore a belief in such things as States' Rights and the sanctity of economic contract in a day when the very idea of "rights" had become suspect. The trouble went much deeper than anything of an immediately specific nature that had been thought up by the New Deal to combat the depression.

What the Liberty Leaguers did not seem to know was that the battle for constitutional principle had been lost far earlier in the century. For one thing, the amendment which had legalized the "progressive" income tax in 1913 had effectively "nationalized" incomes: what a man could keep of his paycheck was a matter of federal permissiveness, not of individual right. By 1933 few people really believed that a man had clear title to what he produced, and the depression merely provided a practical reason to redistribute the wealth more arbitrarily. The whole idea of constitutional "principle" had become ut-

terly befogged by 1933, and if any real regeneration were to be effected, it would have to begin far back of politics. There were, for example, the schools. Franklin D. Roosevelt had been taught to disbelieve in Say's Law of Markets at Harvard University in the early nineteen hundreds — and from a disbelief in the efficacy of the market it was easy to jump to the conclusion that economic contract was in itself an anachronism. The attempt to preach the sanctity of market principles to the New Dealers, or to the voters whom they represented, in the heat of the political campaign of 1936 was equivalent to poulticing a cancer.

Moreover, the Liberty Leaguers had no conception of the role played by symbolic fitness in political combat. They let Al Smith, the man of the brown derby and the sidewalks of New York, lead off their 1936 campaign by making a speech to a crowd of millionaires at an expensive dinner in Washington. Al Smith should have "taken a walk" out of the Roosevelt Party in an entirely different setting, say by crying out to a group of working men in Madison Square Garden that it was John Doe's dollar that was being devaluated as well as John D. Rockefeller's, and that John D. Rockefeller could still afford to buy beer

after the devaluation where John Doe couldn't. But Al Smith, out of anger toward Roosevelt, forgot his old political adroitness, and let himself be maneuvered into seeming a spokesman for the rich. As William Allen White put it, the Du Ponts had become "black beasts in the popular imagination" merely because they had money. Al Smith should have steered clear of seeming to speak for the "black beasts" when he was really speaking for anybody and everybody who still had a nickel to preserve.

The relevance of symbolism to politics dawned on the Liberty Leaguers after the Roosevelt 1936 landslide. Thus, when Roosevelt proposed his Court Packing plan in early 1937, Jouett Shouse bestirred himself to keep the Liberty League out of the forefront of the fight against it. The political "pros" among the Republicans chuckled to themselves when Burton Wheeler, a Democrat, helped lead the onslaught on the Court Pack plan in the Senate. When the plan had been defeated, the Liberty Leaguers could claim a victory for their constitutional "teachings." But they had, finally, to admit that you don't sell "teachings" the way you sell "motor oil and razor blades."

Since 1936 conservatives and libertarians have learned a great

deal about the nature of the crisis that confronts the republic. They have learned that the New Deal was an effect, not a cause; that the task of saving the individual from chronic manipulation by statistis is a matter of re-creating a philosophical fabric even more than it is a matter of electing "good" men to office. They have learned that politicians are agents, not prime movers, and that if the mind-set of the country is first taken care of, the politicians will do as they are told.

Because they have been willing to undertake the task of patient education, conservatives and libertarians have been winning at least a few political victories in recent years. They will win even more when the generation that is now in its twenties has had time to mature. ◆

▶ **BIOCHEMICAL INDIVIDUALITY** by Roger J. Williams (New York: John Wiley & Sons, Inc., \$6.50)

*Reviewed by James L. Doenges, M.D.*

EGALITARIANS have for decades espoused an impossible cause. The more erudite of their number knew, and occasionally admitted, that some men are "more equal" than others! The facts of individual variation are fully demonstrated in this book by the Pro-



fessor of Chemistry and Director of the Biochemical Institute of the University of Texas.

Modern egalitarians have two choices. They may ignore Dr. Williams' *Biochemical Individuality* (which most of them will have to do), or challenge and attack some "windmills" of their own construction in an attempt to confuse the issue and draw attention from the obvious, yet well-demonstrated facts which Dr. Williams presents. These are facts which every biologist, scientist, anthropologist, geneticist, doctor of medicine, and every observant citizen knows almost as "second nature." People are not equal — except in their human-ness. Each person is an individual, different from every other person.

Every human being is a deviate in some respects, and this fact is of immense significance for the life sciences: medicine, dentistry, nutrition, and others. Individuals exhibit important anatomical differences; they vary in body chemistry; their nutritional patterns are not the same; they differ in their tolerance to various drugs, in endocrine activity, in excretion pattern.

The point driven home by Williams' book is that men cannot be dealt with *en masse*, and we should give up trying to do so. Mass legislation, mass education,

mass medication, and mass everything else, swamp the individual person who, after all, is our main concern.

This book is easy to read, self-evident in its analysis, but an essential for a more complete understanding of the entire picture by those who are not, and do not care to be, "equal." ♦

► **SUFFER, LITTLE CHILDREN** (Reflections on American Education) by Max Rafferty (The Devin-Adair Company, New York, 1962. 166 pp. \$3)

*Reviewed by Rev. August W. Brustat*

THIS INCISIVE, hard-hitting volume might well be subtitled: "A School Administrator Speaks His Mind." Max Rafferty, a school superintendent in California, is a master of the King's English, and has produced a unique book. It goes to the very heart of the educational problem and propounds sane, workable solutions.

Among other things, Rafferty discusses the decline of educational standards, the stress on "methods" rather than "subject matter" in teachers' colleges, the cultural mediocrity of many teachers, the lack of discipline in the schools, the concentration on "projects" and "field trips" instead of solid instruction, and the

generalized report cards which tell little, if anything, about a child's academic competence and accomplishments.

The author criticizes the universities for spawning a philosophy which "denies eternal verities, glorifies the immediately useful, and decries learning for the sake of learning. . . . The mating of permissive progressivism and soulless Behaviorism," he writes, "has produced a monster."

This is a volume that ought to stir up a lot of discussion among teachers, school officials and boards, and parents. If this happens, education may yet revive!

► WHO IS AYN RAND? by Nathaniel Branden. (New York: Random House, 239 pp. \$3.95)

*Reviewed by Francesca Knight*

AYN RAND'S uncompromising advocacy of reason, self-interest, and individualism has won her an enormous following. Her novels, *The Fountainhead* and *Atlas Shrugged*, have sold over two and a half million copies. It would be hard to name a modern writer who has stimulated such violent controversy — such intense admiration or such intense hostility.

Nathaniel Branden is a psychologist and close associate of Ayn Rand; he is co-editor with her of the newly founded *Objectivist*

*Newsletter*. Several years ago he founded Nathaniel Branden Institute, Inc., which offers lecture courses on Objectivism (the name Miss Rand has given to her philosophy) in New York and in other cities across the country. The undertaking has been highly successful, and there can be no question but that Ayn Rand, both as philosopher and novelist, has stirred up considerable enthusiasm among young intellectuals.

*Who Is Ayn Rand?* is an analysis of the novels of Objectivism's founder from the standpoint of philosophy, psychology, and literary method. The title essay of the book, contributed by Barbara (Mrs. Nathaniel) Branden, deals primarily with Miss Rand's artistic and intellectual development.

Ayn Rand's chief target is the morality of altruism. The cardinal principles of her ethics are: the supremacy of reason; man's right to exist for his own sake, neither sacrificing himself to others nor others to himself; and the principle that no man or group of men has the right to seek values from others by the use of physical force.

Conservatives owe it to themselves — and to their cause — to consider what it is that Ayn Rand is offering people, and what is the nature of her appeal. They will find answers in this book. ♦

**A MANUAL FOR BELIEVERS IN FREEDOM —**

# ELEMENTS OF LIBERTARIAN LEADERSHIP

**By LEONARD E. READ**

## CONTENTS

- |                                   |                                                 |
|-----------------------------------|-------------------------------------------------|
| 1. Faith and Freedom              | 8. The Methods of Leadership                    |
| 2. Consistency Requires a Premise | 9. The Manners of Leadership                    |
| 3. Booby Traps                    | 10. Aids to Leadership                          |
| 4. Why Do We Lose Liberty?        | 11. Three Levels of Leadership                  |
| 5. Emergence of a Leadership      | 12. Can Busy People Become Libertarian Leaders? |
| 6. Humility and Leadership        | 13. Liberated                                   |
| 7. Integrity and Leadership       |                                                 |

PUBLISHED MARCH 1962 BY:

**THE FOUNDATION FOR  
ECONOMIC EDUCATION, INC.**

**IRVINGTON-ON-HUDSON, N. Y.**

183 pages

\$2.00 paper; \$3.00 cloth

Quantity Discounts

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.  
IRVINGTON-ON-HUDSON, NEW YORK

Please send me **ELEMENTS OF LIBERTARIAN LEADERSHIP.**

\_\_\_\_\_ copies paper @ \$2.00

\_\_\_\_\_ copies cloth @ \$3.00

Check enclosed

Please bill me

NAME \_\_\_\_\_

STREET \_\_\_\_\_

CITY AND ZONE \_\_\_\_\_

STATE \_\_\_\_\_

# THE Freeman



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

From:

## The Fruits of State Intervention

■ They have found their punishment in their success. Laws overturned; tribunals subverted; industry without vigor; commerce expiring; the revenue unpaid, yet the people impoverished. . . .

EDMUND BURKE, Reflections on the  
Revolution in France, 1790

To:

\_\_\_\_\_

Street

\_\_\_\_\_

city

zipcode

state

PLACE  
41-CENT  
POSTAGE  
HERE