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**Libertarian Holism**

*My position is not incompatible with urging that we try to extend our sense of “we” to people whom we have previously thought of as “they.”*

—Richard Rorty on solidarity

One day, my son Sid and I were looking at the various rocks in his collection. He was about six at the time. I used to get frustrated at that bucket of rocks. He'd put any old rock in there and find a new one practically every day. The collection got heavy.

“We have rocks coming out of our ears,” I said. So I asked him about his collection, pointing out certain rocks to see why he liked them. Each time he would find some little detail—a color, or glint.

“You might not think this one is that great,” he said, picking up a plain one, “but look at that peach color.” It really did have a beauty if you looked close enough.

“All right,” I replied. “But what about this one? It's boring.”

Then he looked at me and said, “You're looking the wrong way, Dad. Don't use your eyes.” He put it into my hand. It was the smoothest stone I've ever touched.

**Starting Points**

My son had taught me something important that day. His fresh look at the world had involved getting me to shed certain assumptions. As with rocks, so it is with people.

Most who read this publication self-identify as freedom-lovers. If there is anything we have in common, it's that. But what if we were to ask ourselves why we love freedom?

Some might claim their logic guided them from first principles to a place where they simply found their social-political orientation. This is the case for many in our community. They'll say they reasoned, starting with some axiom like a principle of non-harm. If we start with non-harm, we can either move to consequences about peaceful states of affairs, or we can simply hang the axiom on some

duty to respect people, a sacred and solemn duty of all. Fair enough.

Accepting all this for the sake of conversation, let us also suppose there are people who become freedom-lovers for very different reasons. It might seem to many that the only proper way to arrive at our worldview is via some reasoning process like the above. But let's suppose there are other ways people come into the light.

Perhaps they started out with a completely different set of concerns, what we might call personal or emotional values. Such values might include a sense of fairness, concern for the poor or oppressed, a sense of possibility and promise, or some other emotional touchpoint. Maybe they learned that, despite what they've always been told by various well-intentioned statisticians, our true liberalism—as a system—is the best route to satisfying those values they showed up with, which all depend in some way on freedom. So, when asked, these freedom-lovers will report something like, “Hey, I used to think I was a rabid progressive, until I learned that international trade and open markets have lifted more human beings out of abject poverty than any other system we've ever seen.” Their starting point was a deep desire to lift people out of poverty.

Suppose also there is some other group who arrives at libertarianism through talk of being excellent and/or realizing one's concept of happiness. These eudaimonic types sound more like Aristotle than John Stuart Mill, and their emotional values have to do with people realizing their own dreams, or being the best they can be. Such sentiments might attach to religious teachings about divine plans, or they might be freestanding emotions that terminate in the sense that we only get one shot at this life,

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and that it's just not cool to let others squander our lives for someone else's righteous cause. After all, we have our own righteous causes. We can find overlaps with others who have similar causes. We can collaborate. Together or apart, we can pursue our ideas of happiness and the good. And we can become the heroic beings we admire.

There may even be more seemingly bizarre emotional starting points—bizarre, that is, from someone else's

point of view. Buddhist writings lead one to think of the sacredness and interconnection of all life, which prescribes a peaceful orientation toward others. (One can see strands of this philosophy in the writings of FEE founder Leonard Read.) Yet another starting

point might be that a man falls in love with a freedom-loving woman and simply wants to accommodate her worldview and so eventually adopts it as his own. Remember: These are starting points. It could be that someone reads a Robert Heinlein book (or Ayn Rand, or Tolkien, or the *Illuminatus* trilogy), finds it resonates emotionally for reasons he can't explain, and reads more.

### **Limbiectarianism**

For many, I'd speculate, the emotional value centers are already there (inborn) and a mentor, a book, or a life event activates these centers and the person starts to build an intellectual latticework around them. As E. O. Wilson writes of John Rawls and Robert Nozick in *On Human Nature*,

Like everyone else, philosophers measure their personal emotional responses to various alternatives as though consulting a hidden oracle.

That oracle resides in the deep emotional centers of the brain, most probably with the limbic system, a complex array of neurons and hormone-secreting cells located just beneath the “thinking” portion of the cerebral cortex. Human emotional responses and the more general ethical practices based on them have been programmed to a substantial degree by natural selection over thousands of generations.

How’s that for an axiom?

Now, for the sake of discussion, can we safely agree these emotional values can indeed be starting points? I think so. However we might admire the first quarter of Mises’s *Human Action*, we can pretty safely admit that reading it is not the only

starting point. Whether we like it or not, there are multiple entry points, and thus a diverse set of paths from which people can arrive at the freedom philosophy.

### Here We Are

Here’s where things get really important: Freedom-lovers want the world to be a freer and better place. Can we also admit that the world would be freer and better if more people loved freedom? I think so. I hope you do too. If you don’t care whether more freedom-lovers are in the world, you can stop reading now. This is not to insult anyone, it’s simply not useful for you to read on.

Now, accepting that you want more people to be freedom-lovers, the questions become: Which do you care more about? *How* people arrive? Or that they arrive at all? If you care only about the former, you might be a one-trick pony. That is, your only approach to persuasion might be to tell people to read *Human Action*. And there is nothing

wrong with that approach, per se. I’ve suggested Mises to many. But I also realize that a lot of people might not be willing to take such a long detour through Vienna to get to our picnic—and that’s assuming they’re curious about our ideas at all.

That means it may be time to expand outward from single starting points. Your liberalism or mine works great when we can agree on a starting point. But we must first acknowledge that people don’t always start from the same point. In fact, if you believe Jonathan Haidt in *The*

*Righteous Mind*, that can be quite rare.

“Morality binds and blinds,” writes Haidt. “It binds us into ideological teams that fight each other as though the fate of the world depended on our side winning each battle. It blinds us to the fact that each team is

composed of good people who have something important to say.”

It doesn’t matter if you think that people have inalienable natural rights, or that the consequences of this ruleset or that will be positive, or that dispositions to the classical virtues provide the bases of our worldview. What matters is that those who are listening will come into any contact with you carrying certain ideological baggage. They will be disposed differently. To bring them around to your way of seeing things is to understand them, to empathize with them—at least in part. It requires pulling them into solidarity with you by helping them to reweave their web of beliefs.

### Masters of Persuasion

The masters of persuasion are libertarian holists. Holists are fluent in multiple value languages. It’s not easy. Even the most accomplished people might not be fluent across such

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languages. It doesn't matter how smart some economics professor is, for example. The breadth and depth of his thinking may be constrained by his specialization or by his starting points. He may be an accomplished scribe in a long tradition of economists, but have only a rudimentary grasp of concepts like virtue, deontology, and rhetoric. Likewise, the philosopher may make great stepwise syllogisms, but he may not have the gift of gab, exude the charm, or shake the brightest feathers that can pull an intellectually curious person into our orbit. True masters of libertarian holism are rare. But they are vital.

### Solipsism

I hesitate to introduce yet another dichotomy (thick or thin, brutalist or humanitarian), but I would suggest that the other end of the continuum from the holist is the solipsist. This person is content in the echo chamber, sometimes

even being alone with his principles. Solipsists can be valuable stalwarts for movement solidarity, because even though they operate in the echo chamber, they can help hold it together. A healthy libertarian solipsist will remind you in a reasonable way when you might be straying too far from the reservation. And they are good at finding other proto-solipsists—that is, those who share their particular starting points. But an unhealthy solipsist is strident, rabid, axiom-obsessed, dogmatic, or linear. Many are simply enamored of the idea of being in an exclusive club.

So, I would argue that more of us should either aspire to be libertarian holists, or at the very least respect those who are going about skinning this cat in different ways. Because after a certain point, libertarian solipsism is only good for indulging some adolescent urge to get attention. Anyone who wants to win—to persuade a critical mass

of human souls—has to be prepared to diversify, to think across multiple perspectives, and to understand the values of those who start at different points. Those who can do that will rise to the soaring heights of our movement.

### Two Forces

It takes a lot more effort to have a conversation across great ideological gulfs than to fire missiles across them. But we have to make the effort. Because there are certain, though perhaps unsettling, human truths we all have to face. First, there are only two forces of social change in this world that matter: persuasion and coercion.

One can have all the principles and axioms she likes but the people with the jails, the guns, and the jackboots may not care about your principles. Second, those committed to peaceful means of social change have only persuasion at their disposal.

**IT TAKES A LOT more effort to have a conversation across great ideological gulfs than to fire missiles across them. But we have to make the effort.**

So if we think using violence is wrong, we'd better become master persuaders—libertarian holists—willing to stare through other lenses and find a way to connect with their values before the people with the guns, jails, and jackboots do.

With all this, libertarian solipsists may accuse me of being a relativist. But those who do will be missing the point. We are only effective to the degree we can grow our ranks, lock our arms, and build our free world in parallel with the crumbling power hierarchies of the twentieth century.

Being a holist is about searching for all the reasons people ought to love freedom, celebrating them, and sharing them. This more complete, multifaceted movement will be more powerful than any State one day, because the people it comprises will be able to open others' eyes to subtler colors and smoother surfaces. **FEE**

# The Austrian Influences on Bitcoin

*There is a bit of Menger, Mises, Hayek, Rothbard, and Kirzner in every Satoshi*

JEFFREY A. TUCKER



Bitcoin seemed to emerge out of the blue in early 2009 as a unified monetary and payment system, something no one anticipated. It's true that the people who saw its merits and viability early on were code slingers and hackers. They posted their masterworks in strange places,

and these works are not available at university libraries. It's all a little much to get your mind around, and there's no academic literature about it. But then, the beauty of bitcoin is that you can jump in, start using it, and learn from the ground up.

For my part, I was incredulous about bitcoin for two years after I heard about it. It just seemed crazy that money could somehow be created by a computer without any external or physical foundation. In some ways, it seemed contradictory to everything we know about money.

But now that the currency has taken hold, its infrastructure is being built, cash-to-bitcoin machines are going up everywhere, and mainstream opinion is gradually coming around. Cryptocurrency is real and it's not going away.

It's time for a retrospective on exactly who among economists anticipated such a radical idea, that markets themselves could discover and sustain a money independent of the State. When looking for economists, we need to begin with those who regarded money as a market good, created through entrepreneurial experimentation.

That path points directly to the Austrian school.

**CARL MENGER** (1840–1921). “Money is not an invention of the state,” wrote the great founder of the Austrian school. “It is not the product of a legislative act. Even the sanction of political authority is not necessary for

its existence. Certain commodities came to be money quite naturally, as the result of economic relationships that were independent of the power of the state.”

This idea runs against most of what we think we know. Money is produced by the State today and has been in most places in the world for the better part of 100 years, creating an illusion that the State is the reason for money's existence.

This is untrue. Money was nationalized away from markets, just as the roads and schools were. None of the reasons for this development is good. Government likes to control the money because it can depreciate it and thereby have another revenue source besides taxes. It can guarantee its own debts to prevent markets from evaluating them realistically.

The banks oblige this wish. In exchange, they are protected from market competition and enjoy protection against bank runs. In essence, the government grants banks the right to counterfeit so long as government can enjoy the first fruits of the printing press.

Once you release yourself from the myth that government created money, new possibilities emerge. Menger describes the emergence of money in evolutionary terms. There is trial and error. There is innovation. There are fits and starts. Something can be money in one place and not in another. Its emergence is gradual and goes through many iterations. “This transition did not take place abruptly, nor did it take place in the same way among all peoples,” Menger wrote. This is a good description of bitcoin's emergence.

**LUDWIG VON MISES** (1881–1973). In a book published in 1912, Mises deepened and broadened Menger's original theory about the origin of money. He was seeking an answer to the question of money's original

price in terms of goods and services. He explained that at any time, there are many goods competing for money status—that is, someone would acquire the good not just to consume but also to trade for other goods.

He explained that it is impossible for anything to just be labeled “money” and therefore obtain value. There must be more to the process than that. Gold and silver, for example, obtained their money value by virtue of their prior use in barter. In this sense, money must extend from a living market experience.

How does this lesson apply to bitcoin? Bitcoin’s underlying value is connected to its incredibly innovative payment system. The technology combines a distributed network, a ledger updated and verified for each transaction, cryptography, and a direct peer-to-peer system of exchange to create the blockchain. Users played around with the results for eight months before the attached currency (bitcoin) obtained its first market value.

Giving value to this digital currency was not something that government or social contract could accomplish. It takes real market experience with a value good—or, in the case of bitcoin, a wonderful service that the whole world needs. Such is the origin of bitcoin’s value. In fact, if there

were no payment network bound up with the currency, the currency would have no value.

In my experience in explaining this process to people, the payment network is a real sticking point. Most people think of money and a payment system as different entities (dollars versus Visa). With national money, this reasoning is entirely correct. But bitcoin is different. It unites the two in one. That’s hard to think through.

Mises made two additional contributions to the theory of money. He said that central banking was not necessary and predicted that it would be detrimental to the soundness of money. History has proven him right. In his ideal, money would function entirely apart from the State—just as bitcoin does. Also, Mises closely tied the cause of sound money to freedom itself. He compared sound money to constitutions that guarantee fundamental human rights.

**F. A. HAYEK (1899–1992).** Hayek was Mises’s colleague in pushing for fundamental monetary reform for many decades. Together they warned of the dangers of central banking. They demonstrated how expansionary credit policy leads to price inflation and business cycles and also



antanacoins/Flickr

fuels the growth of government. They begged and pleaded to reverse course. But they were doomed to be prophets of decline.

One year after Mises's death, Hayek decided to take a different course. In 1974, he wrote *The Denationalization of Money*. He gave up on the idea of government involvement in money at any level and concluded that there had to be a complete separation, even at the level of reform. He suggested a revolution from below.

He once favored the gold standard, but with this book he said, in effect, "We certainly can do better than that, though not through government." He explained that "we have always had bad money because private enterprise was not permitted to give us a better one." He endorsed a system of privately created monies based on a variety of technologies, including indexes of commodity baskets. These monies would all compete for market dominance, the same as any other good.

This book seemed mind-blowing at the time. But with bitcoin, it's not so crazy. The technologies were not around during Hayek's day, but now we can see how much we've been missing in the age of nationalized money. Money has gotten worse rather than better—and this evolution is different from that of private commodities, like phones, cars, and computers. Money can indeed be a product of private enterprise. The right reform plan is to just forget about the government's system and move onward to something more wonderful. In the competition for money and payment systems, the market system will win.

**MURRAY ROTHBARD** (1926–1995). The first I ever heard of private coinage was from Rothbard's 1963 book, *What Has Government Done to Our Money?* The idea astonished me, though, again, the notion seems not entirely outlandish now. New research has emerged that

has shown that private currency is a huge part of modern history, from England in the Industrial Revolution to the American nineteenth century.

The idea of private coinage wasn't his central contribution. Rothbard was a theorist of the idea of private property, spelling out its implications for the whole of the social order. It is private property that brings order, secures liberty, rationally allocates resources, keeps conflict at bay, allows for the adjudication of disputes, incentivizes production, and generally shores up human liberty. Rothbard firmly established that money is and must remain private property.

Why does that insight matter? It comes down to one word: banks. They first existed as warehouses, made necessary because of safety and the costs of transport. The function of banks as lenders is really something different. In either case, the

rights to who owns what ought to remain clear. Alas, it was not to be the case. Banks love ambiguity over ownership. If they can warehouse your stuff and make money lending it out at the same time, that's good for them. If they can get government backing for the practice, that's even better.

Rothbard's best idea for reform—spelled out at great length in his 1983 book *The Mystery of Banking*—was to reinstitutionalize property rights in the realm of money. No more should there be confusion and uncertainty about the titles to money property. Just as in the rest of the world, there should be clear distinctions. You can warehouse your money or you can lend it to a bank lender at a risk, but there should be no mixing of the two. In today's world, no one has a clue who has a right to what.

Now consider bitcoin. When I own it, you don't. When you own it, I don't. There are no intermediaries, no chargebacks, no confusions about how many there are or to whom they belong. To pay is to transfer, not just on some fictional ledger that may or may not reflect reality. This system is a Rothbardian dream come true.

THE TECHNOLOGIES were not around during Hayek's day, but now we can see how much we've been missing in the age of nationalized money.



To be sure, Mt. Gox's collapse muddied the situation substantially, but that failure is not intrinsic to bitcoin itself. It was a result of one firm that was poorly run, and this firm was compromised by a hacking theft, a cover-up, incompetence, or outright fraud (it's still just starting to be sorted out—for instance, Mt. Gox just found 200,000 BTC it didn't realize it had). But the beauty of the situation is that even with that institution's obfuscation, users knew of the foul play. For years prior to bankruptcy, it was obvious that something was amiss. Bitcoin is still being traded. The newest firms are going the extra mile to make it clear that they hold all your property at all times. Plus, with paper wallets and cold storage, you don't have to use third parties at all.

Unlike the gold that Rothbard favored as currency (he died in 1995, just as the Web was privatized and began to mature), bitcoins are both weightless and spaceless. This means that bitcoin's warehousing function is technically unnecessary. Every owner can be his or her own banker. This is a dream in many ways, since the the warehousing function is technologically contingent, not an eternal feature of the world.

**ISRAEL KIRZNER** (1930– ). Kirzner is a student of Mises's who has dedicated his life's work to understanding and expanding upon an insight of his teacher. Mises saw that economics resisted formal modeling for many reasons, but a major factor was the presence of entrepreneurship. There is a reason that textbooks neglected this topic for decades. It contradicts the goal of perfect prediction and perfect control. Entrepreneurship introduces an element of chaos that defies every expectation. Kirzner elaborated.

Entrepreneurship is the act of discerning unmet technologies and needs in a market setting and bringing them to life for consumption and production. Entrepreneurship means introducing something new that had previously been unknown. There is an element of surprise that is essential to entrepreneurship that drives forward the process of market development.

When we think of bitcoin, how can we not think

of entrepreneurial surprise? It was released not as a traditionally capitalist product but rather on a free forum. Anyone could download it and starting "mining" bitcoins. But only those super-alert to the opportunity did so. One of those was the inventor himself, who is a very rich person today. This is what it means to be alert to and discover an opportunity.

Today there are many thousands of businesses that have grown up around bitcoin. There are wallets, exchanges, retail and wholesale stores, service companies, and so much more. Each one represents a risk. Most will not make it. But some will. What determines their success or failure (leaving aside government regulations) is whether they meet the consuming public's needs. No one can know the results in advance.

Kirzner is the master of describing this process, one that Menger said is at the heart of causing a new money to emerge. Thus have we come full circle: 120 years of scholarship that describes the very economic heart of cryptocurrency. To most people it is mystifying and amazing, and truly it seems that way. But there is a logic to it all, even if it is only obvious in retrospect.

How many years will it be before the economic science of the non-Austrian variety catches up? For now, most professionals in this field are politely ignoring how bitcoin has blown up nearly all conventional wisdom about monetary theory and monetary policy. (Konrad Graf, though, is already on the story). Indeed, bitcoin was necessary in part because the current State-based system has utterly failed to keep up with the times. Had the market been allowed to work all along, instead of being restricted and truncated by State control, the system would likely be further along than it is.

Now is a good time to look back, dust off those neglected books, and rediscover the school of thought that anticipated all the core of what makes bitcoin so incredible. **FEE**

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# The Individualist, Part 2

## *An interview with Anne Wortham*

*The first part of our interview with Anne Wortham made waves. In this second part, we go deeper into her experiences in higher education. Wortham is an associate professor of sociology at Illinois State University. She wrote her first piece for The Freeman in 1966.*

**The Freeman:** In higher education, you are something of a pariah. Would you care to talk about why you think that might be?

**Wortham:** Although I am certainly not highly regarded in the academic world, I don't think I am currently viewed as a pariah, at least not among most of my colleagues in the sociology department at Illinois State University. I am simply off the radar screen of mainstream academia. At ISU my presence is noted by the courses I teach and membership in campus governance committees. This is largely a consequence of my lack of active participation in professional organizations, political groups, or civic activities. Although I am a member of the Sociology of Culture section of The American Sociological Association, I am not actively involved. While my book, *The Other Side of Racism*, was published by a university press, most of my articles, though based on my scholarship, are published in opinion journals that are not read by sociologists. The reason is that I know that what I have to say will be rejected by the peer-reviewed professional academic journals. Fortunately the *World & I Journal* exists and publishes the kind of in-depth articles that I write.

My most recent work has appeared online at the Mises.org website. Other essays have been published at LewRockwell.com. On November 6, 2008, my letter to Americans that criticized their election of Obama to the presidency was published on the Rockwell website. Editors of the site gave the essay the title, "No He Can't!" which did not reflect my judgment at all. I was certain that he *could* move the country further down the road to serfdom, and indeed he has done precisely that. It was among the 10 best-read on LRC for February 2009. And for five weeks it was among the top five most-read articles on the site. It went viral on the internet, and was reprinted in newspapers and

various blogs. I was swamped with hundreds of emails, phone calls, letters, interview requests, and speaking opportunities. It was read by various radio talk show hosts. Emails have continued to arrive as late as this year. I would guess that over 90 percent of the responses were positive. I turned down all the requests for interviews and speaking engagements, as I didn't want additional publicity to complicate my relations with students and faculty at ISU, and I didn't want to be exposed to possible assault at a public event.

I am fairly certain that the essay is disapproved of by faculty who are aware of it, but no one has spoken to me about it. I did receive a message from the ISU president's office asking whether I was the author of the article. The question came as a result of inquiries the office was receiving from college administrators around the country.

The Obama essay was but an episode of public visibility. I remain essentially invisible in the academic world. Yet there is a record of academic criticism of my ideas. It all began with the denunciation of me by Molefi Kete Asante of Temple University in his review of my book, *The Other Side of Racism*. Asante condemned the work as "neo-racist" and a "complete mastery" of "Eurocentric individualistic ideologies." He accused me of being totally ignorant of "African concepts" and of failing to see the "antagonism between European individuality and African collectivity." He found it abominable that someone who was both female and black defended the tenets of individualism as persistently as I did.

**The Freeman:** Has that been all?

**Wortham:** No. The next major blow to my reputation came in 1983 upon my joining the faculty at Harvard University's Kennedy School of Government. In a letter to the dean of the KSG, which was shared among

Harvard's black faculty and beyond, Martin Kilson, a black professor in Harvard's government department, objected to the KSG's appointment of a "disciple of Ayn Rand's 'Objectivism.'" According to Kilson I was unqualified to teach the course on ethnicity and public policy because "Wortham doesn't believe ethnic realities should figure into public policy, especially not for Black folks, though maybe for some kinds of White folks. And anyway, any good student of ethnicity in modern society ... can tell you that *The Other Side of Racism* is a bad book and bad social science." In another communication he denounced what he called the book's "militant and polemical ideological thrust" as "tantamount to a right wing-moral-slam-in-the-face of Blacks' century-old strivings for equality in American society."

Although I am not a conservative, my presence in the wider academic world is basically as a subject of critical analyses of works on black conservatives.

In 2002, 20 years after Kilson's denunciation, he was still on my case, and included me in a group of black intellectuals whom he denigrated as "conservative true believers' ... convinced that problem areas in the modern development of African Americans ... in our racist American democracy could be resolved by fervent application of classical capitalist processes." He accused us of believing "that racism was merely an aberration on the face of an otherwise perfect American Republic, not, as I and other progressive Black intellectuals believe, a deep-rooted pathology at the core of the American Republic that must be activistically challenged in order to uproot."

In a collection of essays on *Dimensions of Black Conservatism in the United States*, author Sheri Smith criticized my "individual ethos," and characterized my defense of the contemptible Lester Maddox's right to refuse to serve blacks in his restaurant as being "against the collective sentiment of the African American community, and in this case, the larger American community." In her view the flaw in my argument is in asserting my

own "individual reasoning" (read: subjectivism) over the collective sentiment of the general population. The fact that I was insisting on the universal protection of the right to property was overlooked. So we are left with the impression of Wortham as a defender of a white racist.

In *Guess Who's Coming to Dinner Now? Multicultural Conservatism in America*, Angela D. Dillard includes me in a group of minority conservatives whom she describes as having "participated in delegitimizing the idea of demanding collective redress from the state for historical and contemporary wrongs, an idea that has traditionally guided the struggles of women and minority groups for inclusion and parity; ... shifted the focus to individuals and away from social forces in a far-too-simple story of success and failure, one that demands no redistributive justice for a large segment of American society; have allowed their conservative allies to ignore the criticisms and in some cases the very existence of nonconservative women, homosexuals, and people of color."

As far as I know, my colleagues in the sociology department are unaware of the journal articles and books that examine my ideas. But I am certain that they would agree with many of the negative assessments. Yet, I don't think they despise me as a pariah. They simply view my defense of reason and individual rights as objectionable and



irrelevant to the sociological enterprise. My response is to resist internalizing their judgment or taking responsibility for their ill-informed and flawed conclusions.

**The Freeman:** What do your students make of you, by and large? Are they shocked? Inspired? Challenged?

**Wortham:** My students generally know only one side of me: as the transmitter of knowledge from the canon of sociology and from my experiences. Although what I teach is consistent with my sociological perspective, I try not to place myself between my students and the scholarship in the field. However, in the context of examining a particular topic I will introduce students to ideas they are not likely to encounter in other courses. I use aspects of my philosophy, intellectual resources and biography to illustrate the theories and concepts we study.

For instance, as an illustration of the application of the methodology that Max Weber called “ideal types,” I introduce students to the typology of major ideologies in American politics identified by William S. Maddox and Stuart A. Lilie in *Beyond Liberal and Conservative: Reassessing the Political Spectrum*. We discuss other typologies, but in this case I want them to know that when American politics is analyzed in terms of its two major dimensions—government intervention in economic affairs and expansion of personal freedom—four ideological categories can be identified: liberal, conservative, populist, and libertarian.

In our examination of the theories of Karl Marx, students learn that the slave trade was an enterprise of mercantilism, not capitalism, as capitalism is characterized by free labor; that in 1848 Karl Marx was witnessing mercantilism alongside early capitalism; that most of the policies Marx believed were necessary to carry out the socialist agenda are now part of the government’s regulation of the American economy; and that the U.S. economy is best characterized as a mixed economy of capitalism and socialism that is referred to as “regulated capitalism” or “welfare state capitalism,” in which there is the practice of “crony capitalism” by business and the government. I refer them to Ian Bremmer’s 2009 *Foreign Affairs* article, “State Capitalism Comes of Age,” in which he defines State capitalism as “a system in which the State functions as the leading economic actor and uses

markets primarily for political gain.” They also learn that Marx incorrectly found the value of products in the labor that produced them rather than in the price buyers are willing to pay for them

They are shocked when I tell them that I am an example of someone who Marx would say is in a state of false consciousness. The reasons: As a black female wage earner, I do not think according to the oppressed groups of which I am a member. I do not support affirmative action; I do not view men as oppressors by definition, or as incapable of understanding me as a woman; I do not envy the rich for their wealth, or believe I have less because they have more. I tell them how, in the 1970s, people like me were told that we needed our consciousness raised.

I know that my self-presentation is disturbing to some students, but I also know that it is the first time most of them have ever heard a black person describe him or herself in this way. For some it is a welcomed perspective that challenges their perception of the ideologies guiding blacks and women, while confirming their own views. For others it not only challenges what they believe most blacks think, but they conclude that I am indeed in a state of false consciousness, and I see the light go out of their eyes. On the rare occasion a student has dropped the course. And just as rarely a student has asked to meet to learn more about my views.

During fall 1989, I gave two talks at Smith College. In the first, I spoke on individualism in the black community. My basic argument was that whites do not have a monopoly on individualism, that blacks can be individualists too. Suddenly, in the middle of my talk, a black student ran out of the room crying. I knew I was speaking in a language that was offensive to her. Students told me of the offensiveness of my views during the question period after the talk I gave the next night. They told me, in effect, that I spoke in a language that should not come from someone who is black and female. They had been taught that my ideas were the same as those used by racists to justify their exploitation of the disadvantaged. One young lady, a white student, condemned me and said I should not have been permitted to speak there.

I could understand why the students were offended

by what I said. Collectivism is now taken for granted and taught to students under the guise of diversity, civic engagement, and social change leadership. It is a key element of the American Democracy Project (ADP) initiated in 2003 as a multi-campus program by the American Association of State Colleges and Universities in partnership with *The New York Times*. When today's students hear the principles of individualism articulated, they think they are hearing an opposing brand of collectivism that they call Eurocentrism, or they believe they are hearing a philosophy that is hostile to the poor, the needy and the brotherhood of man. While I do not profess individualism in the classroom, when appropriate I do teach the difference between individualism and collectivism, and what is at stake in the conflict between those opposing worldviews. My approach is not that of a proselytizer, but of a teacher. My aim is to enlighten them, not to convert them to my side.

Recently, I was invited to be an advisor to the Black Sociology Students organization. In my refusal of their invitation, I wrote to them that although I have nothing against students forming an informal group of those who have the same interests or identity background, I do not join groups that emphasize racial, ethnic, gender, or religious perspectives, whether in scholarship or cultural and political interests. I also told them that while I am very interested in sociological scholarship on black Americans, I question the validity of distinguishing the practice of sociology by racial and other ascribed attributes of those who teach and practice the science. In my view sociology should not be taught or practiced in terms of "whose side are you on?" Lastly, I advised them not to engage in self-segregation; instead, for the sake of their scholarship and careers, they should join the department's Sociology Club or Alpha Kappa Delta, the international sociology honor society.

So far, only one student has approached me about my statement, but I expect that some black students who are aware of it and are also in my courses may respond with negative course evaluations.

*The Freeman*: Anne Wortham, it's been an honor and a pleasure. **FEE**

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## THE NIGHT BEFORE THE FIRST OF JUNE

*Arseny Tarkovsky*

And while the last notes of the last  
Nightingales continue to glide  
The pink foam of hawthorn  
Vaguely gleams at your bedside,

While the train bridge lies down  
Under the wheels like a suicide  
And my life flies headlong  
Above the river's black rippled bed—

Sleep in your glade as if under stage lights,  
Sleep—this night is shorter than your love.  
Sleep in this fairy tale, in this hive  
Of nameless night, in the forest of memories.

So this is when I've become who I was meant  
To be. With each new day, each day is dearer.  
With every night, my impatient judgment  
Of fate grows more biased and severe.

*translated by Phillip Metres and Dmitri Psurtsev*

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*Arseny Tarkovsky (1907-1989) was a Russian poet who spent most of his life as a translator, only publishing his own poems after Stalin's death (beginning in 1962). His work emerges from a visionary sensibility that became his way of forging a Russian art outside of Soviet realism. He was wounded in World War II, lost a leg to gangrene, and wrote some of the most powerful poems about the War.*

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# Enemy of the State, Friend of Liberty

LAWRENCE W. REED



**Q**uestion: If you could go back in time and spend one hour in conversation with 10 people—each one separately and privately—whom would you choose?

My list isn't exactly the same from one day to the next, but at least a couple

of the same names are always on it, without fail. One of them is Marcus Tullius Cicero. He was the greatest citizen of the greatest ancient civilization, Rome. He was its most eloquent orator and its most distinguished man of letters. He was elected to its highest office as well as most of the lesser ones that were of any importance.

More than anyone else, he introduced to Rome the best ideas of the Greeks. More of his written and spoken work survives to this day—including hundreds of speeches and letters—than that of any other historical figure before 1000 A.D. Most importantly, he gave his life for peace and liberty as the greatest defender of the Roman Republic before it plunged into the darkness of a welfare-warfare state.

Cato Institute scholar Jim Powell opened his remarkable book *The Triumph of Liberty: A 2,000-Year History, Told Through the Lives of Freedom's Greatest Champions* (Free Press, 2000) with a chapter on this Roman hero—a chapter he closed with this fitting tribute: "Cicero urged people to reason together. He championed decency and peace, and he gave the modern world some of the most fundamental ideas of liberty. At a time when speaking freely was dangerous, he courageously denounced tyranny. He helped keep the torch of liberty burning bright for more than two thousand years."

Who *wouldn't* want to have an hour with this man?

Cicero was born in 106 B.C. in the small town of Arpinum, about 60 miles southeast of Rome. He began practicing law in his early 20s. His most celebrated case, which he won, required him to defend a man accused of murdering his father. He secured an acquittal by convincing the jury that the real murderers were closely aligned to the highest public officials in Rome. It was the first but not the last time that he put himself in grave danger for what he believed to be right.

**MORE THAN anyone else, Cicero introduced to Rome the best ideas of the Greeks.**

In 70 B.C., 10 years after his victory in that celebrated murder trial, Cicero assumed a role uncommon for him—that of prosecutor. It was a corruption case involving Gaius Verres,

the politically powerful former governor of Sicily. Aggrieved Sicilians accused Verres of abuse of power, extortion, and embezzlement. The evidence Cicero gathered appeared overwhelming, but Verres was confident he could escape conviction. His brilliant defense lawyer, Hortensius, was regarded as Cicero's equal. Both Verres and Hortensius believed they could delay the trial a few months until a close ally became the new judge of the extortion court. But Cicero outmaneuvered them at every turn. Verres, all but admitting his guilt, fled into exile. Cicero's speeches against him, *In Verrem*, are still read in some law schools today.

Roman voters rewarded Cicero with victory in one office after another as he worked his way up the ladder of government. Along the way, the patrician nobility of Rome never quite embraced him because he hailed from a slightly more humble class, the so-called equestrian order.

He reached the pinnacle of office in 63 B.C. when, at age 43, Romans elected him co-consul.

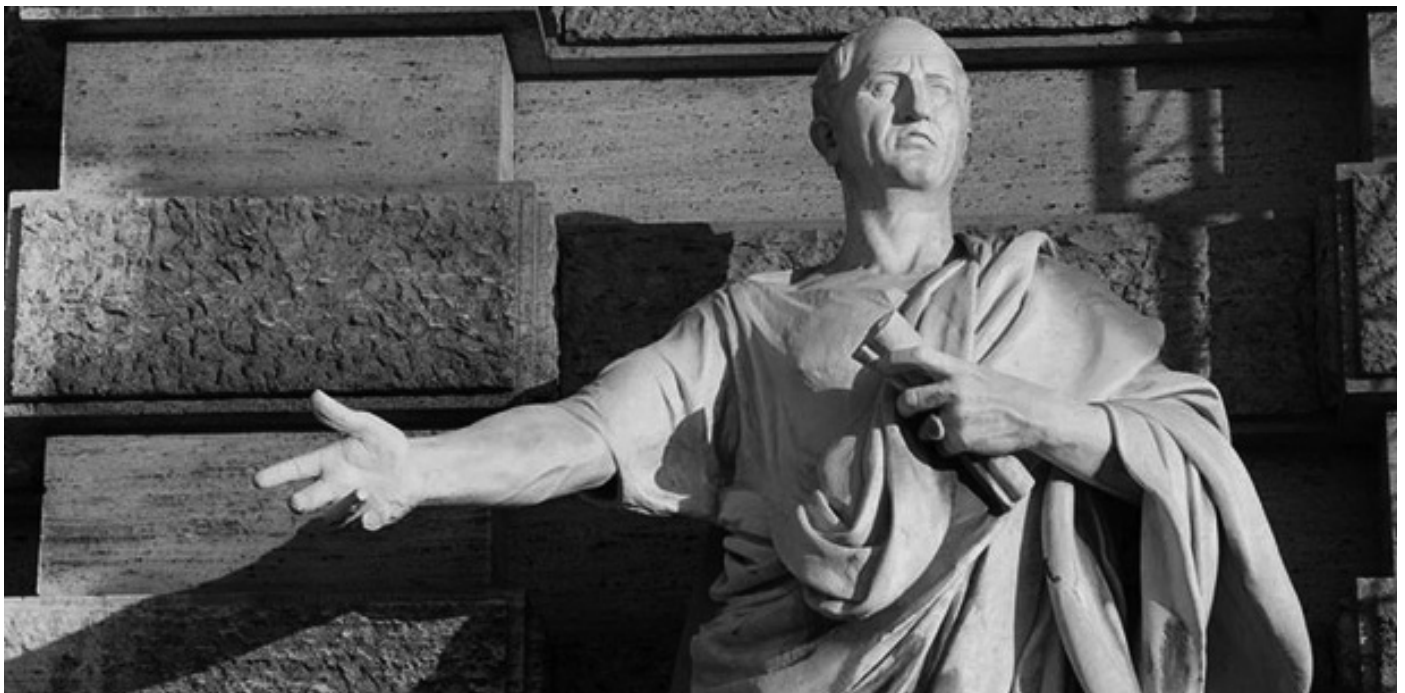
The consulship was the republic's highest office, though authority under the Roman Constitution was shared between two coequal consuls. One could veto the decisions of the other and both were limited to a single one-year term. Cicero's co-consul, Gaius Antonius Hybrida, was so overshadowed by his colleague's eloquence and magnetism that he's but a footnote today. In contrast, Cicero emerged as the savior of the republic amid a spectacular plot to snuff it out.

The ringleader of the vast conspiracy was a senator named Lucius Sergius Cataline. This disgruntled, power-hungry Roman assembled an extensive network of fellow travelers, including some fellow senators. The plan was to ignite a general insurrection across Italy, march on Rome with the aid of mercenaries, assassinate Cicero and his co-consul, seize power, and crush all opposition. Cicero learned of the plot and quietly conducted his own investigations. Then in a series of four powerful orations before the Senate, with Cataline himself present for the first, he cut loose. The great orator mesmerized the Senate with these opening lines and the blistering indictment that followed:

How long, O Catiline, will you abuse our patience?  
And for how long will that madness of yours mock us?  
To what end will your unbridled audacity hurl itself?

Before Cicero was finished, Cataline fled the Senate. He rallied his dwindling army but was ultimately killed in battle. Other top conspirators were exposed and executed. Cicero, on whom the Senate had conferred emergency power, walked away from that power and restored the republic. He was given the honorary title of *Pater Patriae* (Father of the Country).

But Rome at the time of the Catilinarian conspiracy was not the Rome of two or three centuries before, when honor, virtue, and character were the watchwords of Roman life. By Cicero's time, the place was rife with corruption and power lust. The outward appearances of a republic were undermined daily by civil strife and a growing welfare-warfare state. Many who gave lip service in public to republican values were privately conniving to secure power or wealth through political connections. Others were corrupted or bribed into silence by government handouts. The republic was on life support and Cicero's voice was soon to be drowned out by a rising tide of political intrigue, violence, and popular apathy.



In 60 B.C., Julius Caesar (then a senator and military general with boundless ambition) tried to get Cicero to join a powerful partnership that became known as the First Triumvirate, but Cicero's republican sentiments prompted him to reject the offer. Two years later and barely five years after crushing Cataline's conspiracy, Cicero found himself on the wrong side of senatorial intrigue. Political opponents connived to thwart his influence, resulting in a brief exile to northern Greece.

He returned to a hero's welcome but retired to his writing. Over the next decade or so, he gifted the world with impressive literary and philosophical work, one of my favorites being *De Officiis* ("On Duties"). In it he wrote, "The chief purpose in the establishment of states and constitutional orders was that individual property rights might be secured ... It is the peculiar function of state and city to guarantee to every man the free and undisturbed control of his own property."

Politics, however, wouldn't leave Cicero alone. Rivalry between Caesar and another leading political figure and general, Pompey, exploded into civil war. Cicero reluctantly sided with the latter, whom he regarded as the lesser of two evils and less dangerous to the republic. But Caesar triumphed over Pompey, who was killed in Egypt, and then cowed the Senate into naming him dictator for life. A month later, Caesar was assassinated in the Senate by pro-republican forces. When Mark Antony attempted to succeed Caesar as dictator, Cicero spearheaded the republican cause once again, delivering a series of 14 powerful speeches known in history as the Phillippics.

Cicero's oratory never soared higher. With the remnants of the republic hanging by a thread, he threw the scroll at Antony. The would-be dictator, Cicero declared, was nothing but a bloodthirsty tyrant-in-waiting. "I fought for the republic when I was young," he asserted. "I shall not abandon her in my old age. I scorned the daggers of Catiline; I shall not tremble before yours. Rather, I would willingly expose my body to them, if by my death the liberty of the nation could be recovered and the agony of the Roman people could at last bring to birth that with which it has been so long in labor."

Antony and his fellow conspirators named Cicero an enemy of the state and sent the assassin Herennius to take him out. On December 7, 43 B.C., the killer found

his target. The great statesman bared his neck and faced his assailant with these last words: "There is nothing proper about what you are doing, soldier, but do try to kill me properly."

With one sword stroke to the neck, the life of the last major obstacle to dictatorship was extinguished. At that moment, the 500-year-old republic expired, too, to be replaced by an imperial autocracy. Roman liberty was gone. On the orders of Antony, Cicero's hands were severed and nailed along with his head to the speaker's platform in the Roman Forum. Antony's wife personally pulled out Cicero's tongue, and in a rage against his oratory, stabbed it repeatedly with her hairpin.

Powell reports in *The Triumph of Liberty* that a century after the ghastly deed, the Roman writer Quintilian declared that Cicero was "the name not of a man but of eloquence itself." Thirteen centuries later, when the printing press was invented, the first book it produced was the *Gutenberg Bible*, but the second was Cicero's *De Officiis*. Three more centuries after that, Thomas Jefferson called Cicero "the first master of the world." And John Adams proclaimed, "All the ages of the world have not produced a greater statesman and philosopher" than Marcus Tullius Cicero.

Some might say Cicero's labors to save the Roman Republic were, at least in hindsight, a waste of time. He gave his life for an ideal that he was able to extend tenuously for maybe a couple of decades.

But if I had an hour with Cicero, I would thank him. I would want him to know of the inspiration he remains to lovers of liberty everywhere, more than two millennia after he lived. I would share with him one of my favorite remarks about heroism, from the screenwriter and film producer Joss Whedon: "The thing about a hero, is even when it doesn't look like there's a light at the end of the tunnel, he's going to keep digging, he's going to keep trying to do right and make up for what's gone before, just because that's who he is."

And that is exactly who Cicero was. **FEE**

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# The UAW Against the Volunteer State

*Labor politics is desperate, thanks to capital mobility*

WENDY MCELROY



The United Automobile Workers (UAW) recently failed to unionize the Volkswagen assembly plant in Chattanooga, Tennessee. The campaign—and failure—revealed the desperation and changing dynamics of modern labor unions.

The UAW is the richest union in North America, with assets of reportedly more than \$1 billion at the end of 2012. It is arguably also the most politically influential, because it donates large amounts of money to Democrats. Like most unions, however, its membership and dues are in decline while its costs, such as pension benefits, are climbing. According to the Bureau of Labor Statistics' Union Members Summary (Jan. 24, 2014), there were 14.5 million members in 2013, compared with 17.7 million in 1983, and 11.3 percent of workers belonged to a union in 2013, compared to 20.1 percent in 1983.

For the UAW and, perhaps, labor unions in general, the Chattanooga vote was a pivotal event: Foreign manufacturers employ a huge—and nonunionized—workforce.

The stumbling block: Foreign auto manufacturers such as Nissan, Volkswagen, Toyota, and Mercedes-Benz have set up plants in Southern “right-to-work” states. These states defend a worker’s right not to join a labor union; other states allow closed shops in specific industries, meaning that they exclude nonunion workers. A February 15 *Forbes* article explained, “In more than 30 years, none of the free-standing assembly plants owned by foreign manufacturers in the United States have ever been organized. (This doesn’t include factories that originally began as joint ventures.)”

According to *CBC News*, the UAW isn’t alone in its concern: “Detroit’s three automakers—Ford, Chrysler and General Motors—are increasingly anxious about the 78-year-old union’s future.”

Why would the UAW’s future worry Detroit’s big three? Unions and corporate executives, though they’re usually cast as enemies, share a vested interest in keeping the union strong.

“For them, it’s a ‘devil you know’ situation. They worry that the 382,000-member UAW could be absorbed by a more hostile union. Such a merger could disrupt a decade of labour-management peace that has helped America’s auto industry survive the financial crisis and emerge much stronger, according to a person with knowledge of executive discussions,” *CBC News* reported.

A standard method by which to unionize an American workplace is to have at least 30 percent of employees request a union, usually in the form of signing a card or a petition.

After the National Labor Relations Board (NLRB) approves the request, a secret-ballot election is held. If more than 50 percent of the employees vote for unionization, then a union is usually formed unless there are circumstances such as an appeal. A second procedure called a “card check” offers a different route; that’s when

over 50 percent of workers request unionization. *National Review* explained what happens next: “The employer can choose to recognize the union, and it’s formed without a secret ballot. If the employer declines ... a secret ballot election is held that requires majority support.”

The secret ballot has become a flashpoint, with surprising advocates and opponents. In decades past, unions pushed for secret ballots because they perceived a need to protect pro-union workers from threats or retaliation by employers. In short, secret ballots were a consciously pro-union measure to ensure workers could vote freely. Now, depending upon the politics of particular states and industries, unions want to make obsolete the secret ballot, which can function as an anti-union measure. That is, employees who vote secretly do not experience peer pressure or blowback from coworkers and union organizers. In some situations, this makes employees less likely to vote for unionization.

In recent years, Democrats have repeatedly introduced legislation into Congress that would automatically create

a union *without* the step of a secret ballot or the need for employer consent. The only requirement would be for 50 percent of workers to request unionization. The legislative attempts have been unsuccessful so far. If the unionization in Chattanooga had succeeded, however, it would have established precedent, bypassing legislation altogether. It also would have made a crack in the barrier that has prevented the unionization of foreign manufacturers in the South. Unfolding the Chattanooga event reveals modern labor-union strategy.

WHY WOULD the UAW’s future worry Detroit’s big three? Unions and corporate executives, though they’re usually cast as enemies, share a vested interest in keeping the union strong.

### The Pivotal Event

In February, the UAW seemed poised for victory in Chattanooga. A month earlier, it had publicly declared a victory by claiming that card check had demonstrated that a majority of workers wanted the union. It asked Volkswagen’s management for official

recognition. But eight workers complained to the NLRB, reporting that the UAW had used thug tactics and misrepresentation in the ballot-casting. They also accused the management in Germany of threatening to cut the flow of work to the Chattanooga plant unless unionization occurred.

That might be the most interesting aspect of the story. As *The Washington Post* asked, “The German company is campaigning *for* the UAW, not against it, in a kind of employer-union partnership America has seldom seen. What gives?” Most foreign manufacturers oppose unionization of their American plants because it would usher in expensive benefits packages and weaken their control of workplace practices, such as hiring and firing. But labor practices in Germany are union-friendly. Volkswagen was undoubtedly targeted because the company is open to establishing a German-style works council, which would have been the first of its kind in America. A works council consists of blue- and white-collar employees who are partners in management decisions

on issues such as productivity and workplace conditions. American labor laws, though, make this arrangement illegal without unionization. Specifically, federal NLRA statute section 8(a) (2) prohibits so-called “company unions,” which would categorize the VW works council.

The most powerful pushback against the UAW came from state officials who believed unionization would harm Tennessee’s economy and make the state far less attractive to business. One of the obstacles officials erected was a 2011 state law on secret ballots and the “selection of exclusive bargaining representative(s).” The law states,

Should employees and employers seek to designate an exclusive bargaining representative through an election, they have the right to a secret ballot election; if a secret ballot election is chosen, no alternative means of designation shall be used.

The state law has been called unconstitutional because it may contradict federal rules on unionization. Nevertheless, the state law clearly indicates Tennessee’s opposition. State Sen. Mark Green, the vice chairman of the Senate Commerce Committee, also called for Volkswagen to facilitate a secret ballot to protect workers’ privacy and shield them from intimidation. The likelihood of intimidation increases because most petition signatures are generated employee to employee, face to face. Green argued, “You’ve got seven guys standing around you who work with you every day and they’re saying, ‘hey, sign this card.’” Green concluded, “We don’t elect the governor that way, we don’t elect our representatives that way, the ballot is secret. That’s democracy.” The senator also claimed to know of four large manufacturers that were monitoring the Chattanooga situation before committing to expansion within Tennessee.

**VOLKSWAGEN**  
was targeted because the company is open to establishing a German-style works council. American labor laws, though, make this arrangement illegal.

Gary Casteel, the UAW’s regional director, denied the charges of union intimidation and threw the accusation back at the state government. A secret ballot, he argued, would give “outside interests” a 40-day window in which to take out ads and otherwise communicate anti-union messages to VW workers. By contrast, Casteel claimed the cards in the card check would carry a simple, self-explanatory message and not be confusing.

On February 14, the Chattanooga Volkswagen workers cast a secret ballot. They defeated unionization by a vote of 712 to 626. The defeat occurred even though Volkswagen had signed a neutrality agreement, pledging not to interfere with the UAW’s efforts; such agreements are considered to be endorsements of unionization. Volkswagen workers also defeated unionization despite a strong drive by the UAW that included public support voiced by President Obama. They defeated it even though the NLRB facilitated the election by fast-tracking it. An anti-union campaign headed by Sen. Robert Corker, Jr., and Tennesseans’ concern about unemployment, prevailed.

## Conclusion

Predictably, the UAW has appealed the February 14 results and seeks a revote. The union accuses state officials of “dirty politics.” For example, it argues that officials threatened to withdraw state-financed incentives if Volkswagen workers unionized. As of this writing (March 27), the NLRB has set a hearing for April 21, but delays are probable. Rejecting the vote would mean rejecting the solid precedent of siding with the voice of workers. Accepting the vote would mean undercutting labor unions on a matter that may be key to their future. Whatever the decision, union politics in America are changing. **FEE**

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# The State as a Metanarrative

## *How the postmodern critique can augment the libertarian one*

### CASEY GIVEN

Most people don't see postmodernism and libertarianism as sharing much in common. After all, the former refers to a philosophical trend embraced by largely leftist academics over the past half-century, while the latter refers to a political ideology of limited government that many characterize as center-right, originating to a great degree in the Enlightenment. One would be hard pressed to find someone subscribing to both schools of thought.

But have libertarians too quickly dismissed postmodernism without critically examining the philosophy in depth? Some of its elements are compatible with libertarianism and can enhance the libertarian critique of the State.

### What Is Postmodernism?

Libertarian stereotypes of postmodernism have a grain of truth. Foremost, postmodern philosophers are notoriously obscure in their writing. Trying to comprehensively understand the work of thinkers like Jacques Derrida or Judith Butler is extremely strenuous, leading many who attempt the task to abandon the project altogether. Such opacity is the unfortunate result of a French intellectual culture that emphasizes density over substance. As Michel Foucault famously remarked to the American philosopher John Searle, "In France, you gotta have ten percent incomprehensible, otherwise people won't think it's deep—they won't think you're a profound thinker."

Furthermore, it's difficult to pinpoint an exact definition of postmodernism, since most so-called postmodern academics deny that they're such. Derrida, Butler, and

Foucault have all shunned the term at one point or another, despite their work being largely classified into the same school of thought. Adding to the confusion, historians have trouble distinguishing postmodernism from modernism, its supposed predecessor. As literary critic Andreas Huyssen once said, "One critic's postmodernism is another critic's modernism."

But a comprehensible explanation of postmodernism does exist. The clearest definition probably comes from the French philosopher Jean-François Lyotard, who wrote in 1979, "Simplifying to the extreme, I define postmodern as incredulity towards metanarratives."

As the word's etymology implies, metanarratives are narratives about narratives, giving a grand structural story to human history. In plain English, they're the tales we've been told all our lives about existence from various

perspectives. Christianity's metanarrative, for example, is that humans have been sinful since Adam and Eve's fall in the Garden of Eden, but there is hope for salvation in accepting Jesus Christ as our Lord and Savior. The Enlightenment's metanarrative is that rational thought grounded

**M U C H      L I K E**  
various religions and philosophical schools, the government tells its own metanarratives to justify its purpose in exercising a monopoly on violence.

in empiricism leads to human progress. Marxism's metanarrative is that the history of the world has been one of class oppression, and a revolution of the proletariat is the only solution to end poverty, scarcity, and injustice.

Postmodernism, as Lyotard explains, is fundamentally defined by skepticism toward these metanarratives. The postmodernist examines, scrutinizes, or "deconstructs" such metanarratives (as Derrida would say), calling into question the premises behind metanarratives' assumptions. Contrary to the common stereotype of postmodernism muddling philosophical thought, the underlying aim of

the school of thought is ultimately to bring greater clarity to our complex world.

### How Can Postmodernism Be Libertarian?

Much like various religions and philosophical schools, the government tells its own metanarratives to justify its purpose in exercising a monopoly on violence. Every citizen is familiar with the State's metanarrative, especially if they've read a little Hobbes. Namely, the government monopolizes violence in order to prevent society from devolving into chaos.

Massachusetts Senator Elizabeth Warren provides a contemporary example of this metanarrative in a 2012 speech that President Obama famously regurgitated later that year:

You built a factory out there? Good for you. But I want to be clear. You moved your goods to market on the roads the rest of us paid for. You hired workers the rest of us paid to educate. You were safe in your factory because of police forces and fire forces that the rest of us paid for. You didn't have to worry that marauding bands would come and seize everything at your factory—and hire someone to protect against this—because of the work the rest of us did.

A good postmodernist would challenge this metanarrative, questioning Warren's underlying assumptions about the State being a necessary force of protection and progress in a cruel, Hobbesian world.

Do roads have to be publicly funded, or do contemporary examples point to the possibility of large-scale networks of private thoroughfares? Does education have to be a function of the State, or would a truly free market provide schooling? Do police always serve to protect, or do they create more violence than peace? Would life truly be “nasty, brutish, and short” without the State, or can market

coordination provide the peace and prosperity needed for individuals to flourish?

In this way, a postmodern outlook on politics could be a libertarian one, calling into question the government's power structure, which has been thoroughly rationalized and accepted for centuries. While most left-leaning postmodernists may shudder at the thought, these two schools of thought can indeed be compatible.

### Postmodernist Libertarianism?

A postmodern political outlook, however, would not simply reaffirm libertarians' radical questioning of the State. Many postmodern philosophers like Foucault have pushed beyond this, toward analysis of society, in ways that can add meaningfully to traditional libertarian analysis.

Foucault, for instance, was interested not just in how the State directly regulated society through coercion, but also in how indirect arms cultivated citizens to regulate themselves—what he coined “biopower.” According to Foucault, the State has “numerous and diverse techniques for achieving the subjugations of bodies and the control of populations” beyond the traditional institutions

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accepted for centuries.**

of coercion (like the police, the military, and the judicial system).

Hospitals, for instance, regulate a social norm of how to care for one's own body. Mental institutions regulate what “normal” behavior is. Schools regulate what historical knowledge and political attitudes citizens should be taught.

As German sociologist Thomas Lemuke summarizes Foucault's view, “What we observe today is not a diminishment or a reduction of state sovereignty and planning capacities but a displacement from formal to informal techniques of government and the appearance of new actors on the scene of government (e.g., NGOs) that indicate fundamental transformations in statehood and a new relation between state and civil

society actors.” The government’s reach into civil society has become so broad through indirect means like grants, tax breaks, accreditation, and regulations that it is constantly creating and reinforcing norms of how a citizen should act—and, in turn, justifying itself as society’s protector.

What’s interesting about this analysis from a libertarian standpoint is that these indirect institutions of the State have so often been wrong throughout history. Hospitals once displayed posters of a Department of Agriculture-approved food pyramid that encouraged citizens to eat largely grains and less meat, only to replace it in 2005 because of nutritional concerns. Mental institutions once used severe shock treatment for a number of psychological ills such as depression. Public schools once showed their students public service announcements warning children of the danger of homosexuality.

The underlying point is that the State’s metanarratives

allow it to exert control over the population. Even that point is something we can draw from postmodernism, though it’s not the only source of that insight. But the analysis—and even deconstruction—of metanarratives is postmodernism’s bread and butter. Libertarians can learn a thing or two from this. What’s more, it’s consistent with more familiar thinkers in our tradition, like F. A. Hayek, who saw government power as being at odds with a complex, emergent social order. (In fact, Foucault is believed to have developed an interest in Hayek’s work later in his life and encouraged students to read it.) Liberal economics and postmodern philosophy, then, can be seen as two sides of the same coin. Both call us to expose problems with the ways the State justifies its existence and perpetuates its own power. **FEE**

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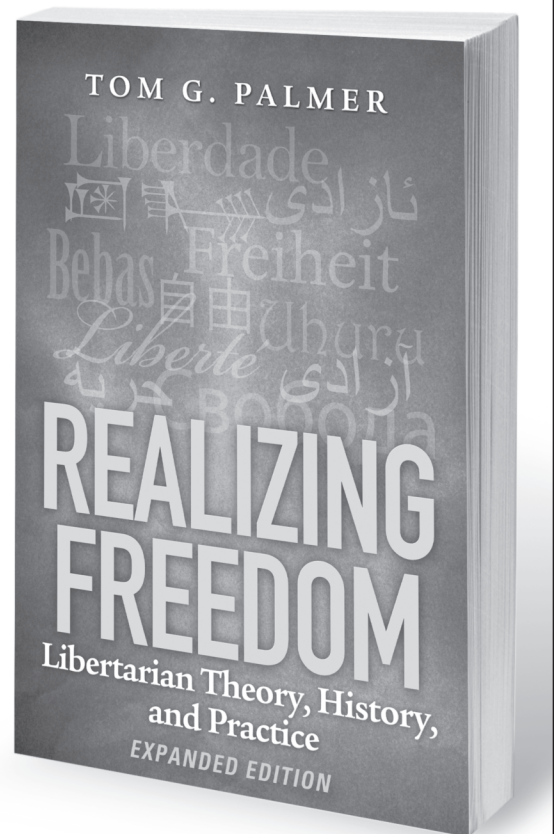
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# Zoned Out

## *Why and how we should seek to restore a free market in land*

NATHAN SMITH



I once knew a man who was finishing his basement so that his daughter and son-in-law could live there. I spent a lot of hours down there with a nail gun before the city planners nixed the project. My in-laws in Modesto, California, had to move out of their house into a mobile home on their own farm, because their kids needed a place to live. The law, for some reason, allowed them to put a mobile home there if seniors would be living in it, but not to accommodate a young family.

In run-ins with zoning laws, ordinary people encounter the perversity of government firsthand in ways that should make them receptive to the message of freedom and property.

You see, modern American society does not have a free market in land. Government interference with land use causes many of society's problems. For example, in recent decades, people have started moving out of richer states into poorer ones, as high-productivity metropolitan

areas refuse to accommodate population growth, driving housing prices and rents sky-high. While expensive real estate reflects high demand, the distortions originating with urban planners have made it difficult for young people to get a start in life. Artificial limits on supply, including zoning laws, building-height restrictions, parking requirements, and rules on maximum occupancy and minimum lot size, drive prices higher.

Without restrictions like these, real estate developers could build more high-rises and townhomes. Housing supply would rise, prices and rents would fall, more affordable cities would attract more people, and metropolitan productivity would raise national GDP.

### **Exclusion Zones and Environmental Harm**

Zoning can be a form of class warfare when rich people deploy government power to keep poor people out of their field of vision. In the early twentieth century, some

officials used zoning laws to exclude racial minorities from white neighborhoods. Today, class has replaced race as a main motivator for exclusion. Even when officials claim other intentions, zoning's effects are the same. Government interference with land use blocks people from stretching scarce dollars by sleeping more people in a room, for example, or converting single-family homes into multifamily homes. High property taxes and onerous construction codes make housing less affordable for everyone, especially the poor.

Zoning also harms the environment by forcing people out of cities, where they live less environmentally friendly lifestyles. Segregating residential, industrial, and commercial land use forces people to live farther from the places where they work and shop, causing more automobile dependency, asphalt, and urban sprawl. A free market in land would not eliminate sprawl, of course. Some people want a house and a yard. But the rise of suburbia in post-WWII America was driven not only by preferences, but significantly by zoning laws.

### This Land Is Their Land

Zoning tends to have an antidensity bias, but it often frustrates lovers of the rural life, too. When I moved to central California two years ago, I took a liking to the orchards and vineyards that surround the city, and looked for places in the countryside. That should have been easy. Agriculture generates low value per acre compared to residential rents, so people like me, with city jobs but a taste for the rural life, could easily offer landowners more than the land's agricultural opportunity cost.

Unfortunately, the Fresno County Division of Public Works and Planning has zoned most of the land here "exclusive agricultural" in order "to protect the general welfare of the agricultural community from encroachments of non-related agricultural uses which by their nature would be injurious"—how, pray tell?—"to the physical and economic well-being of the agricultural district."

The name of this regrettable agency contains the telltale

word *planning*. It is curious how often America fails to learn the lesson of its own victory in the Cold War: Markets are better than planning. Read a zoning ordinance and you will quickly get the strange sense of reading a Gosplan document. Why must non-agricultural operations be limited to 10 percent of a plot of land and three employees? Why are riding academies permitted (subject to director review) but arts and crafts schools prohibited? Why not leave such decisions to the market?

### Externalities and Other Canards

The only legitimate economic rationale for zoning is that land use often has positive and negative local externalities. What I do with my land can affect my neighbors' quality of life. If I fill my front yard with flowers, the whole street benefits. If I fill it with trash, I spoil my neighbors' street views and property values.

A factory next to a suburb is an eyesore. A café may enliven a neighborhood, but patrons compete with residents for scarce parking. In the face of local externalities, the usual theorems about market efficiency cease to hold, and zoning laws can, in principle, raise social welfare by mitigating activities with negative externalities and/or encouraging activities with positive ones. Possibly, though I doubt it, the Fresno County Division of Public Works and Planning could find some feeble argument from local externalities to justify allowing riding academies but not arts and crafts schools in "exclusive agricultural" districts.

But there's a better way to deal with externalities, elucidated by Nobel Prize-winning economist Ronald Coase in his 1960 article "The Problem of Social Cost."

Coase considered, as an example, the problem of a rancher whose cows sometimes stray into the neighboring farmer's field and destroy his crops (a negative externality). Does the farmer have a claim against the rancher, or do the rancher's cows have a right to roam where they will? Should fences be built? Should one of them halt operations? What is the efficient solution? What is the just solution? Coase claimed no insight about justice, but he showed why, if

**TODAY, CLASS**  
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zoning's effects are the same.



efficiency is our goal, it does not matter whose side the court takes, as long as (a) rights are defined clearly, and (b) they are tradable.

Suppose the following monetary values:

Rancher's profit: \$10,000

Farmer's profit: \$20,000

Damage to crops: \$15,000

Cost of fencing: \$15,000

The socially efficient solution here is for the rancher to halt operations. Fencing is too expensive. The rancher's profits are lower than the farmer's, and too small to offset the damage to crops.

Now, suppose a judge sides with the farmer, making the rancher liable. The rancher will shut down because his profits do not suffice to buy out the farmer or pay for the costs of fencing. But if the judge sides with the rancher, he will still shut down, because the farmer will pay him a little over \$10,000 to do so. Either way, we get the efficient solution.

If, instead, the values are ...

Rancher's profit: \$50,000

Farmer's profit: \$10,000

Damage to crops: \$15,000

Cost of fencing: \$15,000

... then the farmer will shut down, either because—if a judge rules against him in his dispute with the rancher—crop damage is causing him to lose money, or because—if a judge rules in his favor—the rancher buys him out. Whatever the efficient solution is, Coasean bargaining will find it, once the law clearly defines property rights in causing, or in being free from, externalities.

### Bargaining Our Way to Pleasantville

Zoning laws should be replaced by a free market in land, with Coasean bargaining to deal with local

externalities. The solution would be imperfect, due to transaction costs. But the system would get better over time, as entrepreneurial developers wanting to gentrify or commercialize neighborhoods would learn the best ways to acquire, from residents, the appropriate rights—perhaps involving complicated option contracts or Elinor Ostrom-style solutions to commons problems. And all of these alternatives would be supported by common-law approaches to dispute resolution and contract, which have been thoroughly crowded out by municipal codes.

By contrast, centrally planned systems tend to ossify over time, as they grow increasingly more starved for the market-pricing information that could

provide signals about the efficient use of resources. Of course, the local knowledge of people on the ground is the foundation of community. That too is lost when town planners purport to know more.

Market flexibility is especially important now because technology wants

to reorganize cities. Already, in an age of smartphones and laptops, when one hardly needs bookshelves or desks, young people with large student loans who want to live in Manhattan might find six-in-a-room lifestyles quite tolerable for a few months or years. Let the market decide. On the other hand, solar power and mobile data could open up attractive lifestyles in the foothills of the Sierras if they weren't zoned "exclusive agricultural." Let the market decide. Let the *people* decide.

In the future, cheap driverless taxis will make acres of urban parking obsolete. Even the home kitchen might become optional when driverless cars offer cheap 24/7 delivery of hot restaurant meals. Let the market decide. We need to get the old zoning boards out of the way and leave people and markets free to discover the lifestyles that best suit them in the 21st century. **FEE.**

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# Selling Envy

## *How governments promote the worst in us to redistribute wealth*

TERREE P. SUMMER

The current fuss over inequality has a classic feel to it. For one thing, it's one of the oldest plays in the Progressive playbook. But it's a well-established maneuver for governments everywhere. The idea is to appeal to the age-old feelings of envy and guilt that arise in virtually every person: Why should some have more than others? Is it fair that some people or whole countries have greater wealth and higher incomes while others struggle?

History is rife with examples of politicians inducing envy in order to attempt to justify redistribution. Those who fomented the Russian revolution in the early twentieth century tempted the proletariat with the property of the affluent. Hitler enticed the populace toward envy of the Jews, many of whom were economically successful in Europe, to help construct his national socialist empire. Miguel Faria, in his book, *Cuba in Revolution: Escape from a Lost Paradise*, states, "As in all socialist systems, Castro uses envy, class hatred, and class warfare." Much the same has been true of Peronist Argentina.

Envy pits us against each other, letting politicians leverage an instinctive reaction to gain power. It's an effective tactic and the rhetoric of inequality remains an effective cover, which is why politicians still trot it out routinely. But the policies it perpetuates will end up impoverishing any country.

Wealth redistribution inevitably robs every person of their freedoms. Equality is never achieved; the wealth is mostly shifted to those currently in power, who administer and derive political support from redistributive programs. The masses remain impoverished, and those in power remain, for as long as they can, the supposed champions of those masses, struggling for a fair redistribution.

This process was diagnosed some time ago by Helmut Schoeck, in his 1966 book *Envy: A Theory of Social Behavior*. According to Schoeck, "The revolutionary movements in South American republics, Bolshevism in Russia, the resentful Populists in the United States (today the Progressives), all were supported by those circles who would clearly be the first to take a malicious delight in the leveling of society. *But without exception, and sometimes in the course of a few decades, the new ruling caste has become a bourgeoisie or a plutocracy.*" [Emphasis added.] Inevitably, those promulgating envy as a means to leveling will, in the

end, become the same class they earlier despised.

History has shown us that the result of trying to enact income equality is that you achieve a society where all

the citizens are poor together. Ludwig von Mises, in *Socialism*, wrote,

Most people who demand the greatest possible equality of incomes do not realize that what they desire would only be achieved by sacrificing other aims. They imagine that the sum of incomes will remain unchanged and that all they need to do is to distribute it more equally than it is distributed in the social order based on private property.... *It must be clearly understood, however, that this idea rests on a grave error. It has been shown that, in whatever way one envisages the equalization of incomes this must always and necessarily lead to a very considerable reduction of the total national income and, thus, also, of the average income. For we have then to decide whether we are in favor of an equal distribution of income at a lower average income, or inequality of incomes at a higher average income.* [Emphasis added.]

W E A L T H  
redistribution inevitably robs  
every person of their freedoms.

European countries moved toward socialism and leveling in a big way during the twentieth century, partially in order to decrease income equality in monarchies in which only a few had wealth and the rest lived in poverty. But what has been the result?

According to Richard Florida, co-founder and editor at large at *The Atlantic Cities*, “The U.S. accounts for about a third of all high-net-worth people (60,657), and Europe is home to 54,170.” The actual numbers are not starkly different. In 2012, 24 percent, or 120 million people, of the 500 million people in the European Union were listed as at risk of poverty. In the same year, the U.S. poverty rate (out of 318 million people) was 15 percent, or roughly 46.5 million people. Socialist policies that attempt to level the economic playing field are repeatedly unsuccessful. As Winston Churchill stated, “Socialism is a philosophy of failure, the creed of ignorance, and the gospel of envy,” and “The inherent virtue of Socialism is the equal sharing of miseries.”

A society that encourages envy in order to “level the playing field” for its citizens is a society that will implode from within. Oppressive government spending programs requiring high taxation and controls on individuals can lead to economic stagnation or even collapse. There is something particularly sordid about politicians who play on our envy. It is a game of power and control, and it can lead people to justify using violence to take the property of others. Citizens of every country should learn to recognize whether politicians are manipulating them by playing on their envy. Only when we learn to aspire and admire those that are economically successful, and not be envious of them, will we see our economies flourish. **FEE.**

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## MY GRANDSON DREAMS

*John Wood*

In the night my grandson dreams  
that he can fly, that he can save  
his young brother and my son  
from those set to harm them.  
He dreams they are all together  
in my son’s office, there where  
bad men and determined evil  
have gathered for harm. And so  
he lifts wild into the air, sweeping  
up and down over them, breaking  
their faces until bones shard and they run  
howling from the sweet salves  
of his angelic and ripping fury.

What cares could wrestle so innocent a rest  
and drive his dreams into fear and rage?  
And what can I, an old man at so many miles  
from the treachery of his dreaming,  
do for this little boy, who I know  
would save me, as well, were I too there  
in the terrible office of his dreams?

---

*John Wood is a poet, critic, and photographic historian. His books of poetry include Endurance and Suffering: Narratives of Disease in the Nineteenth Century (Edition Galerie Vevais) and Selected Poems (University of Arkansas Press).*

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# Hating Politics, Loving Government

*Politics is inseparable from government*

SANDY IKEDA



Iconoclast filmmaker and political activist Oliver Stone spoke at the international conference of Students for Liberty last February in Washington, D.C. The common ground between Stone and most libertarians is his outspoken criticism of American militarism abroad, not

just by conservative Republicans but also by left-wing Democrats such as President Obama.

But where libertarians differ with Stone, and differ profoundly, is I think more interesting and instructive. Stone sounds like a man disenchanted with politics but still enamored of government. So he decries

interventionism abroad but approves of the violent interventions of the Chavez (now Maduro) regime in its own country. He seems to believe politics, particularly dirty politics, can be separated from government.

But intervening is what big government does, domestically or abroad.

## Admiration, Disenchantment, and Betrayal

Stone was, as I mentioned, harshly critical of President Obama and what Stone said he felt was the President's backpedaling on his campaign promises. At the same time, Stone expressed strong support for the current regime in Venezuela and the United Socialist Party's violent clampdown on antigovernment protesters, referring to the latter as "poor sports" for trying to overturn what he deems a democratically elected government.

To condemn violent intervention by the United States

government in foreign affairs while supporting violent intervention by Venezuela's government in its domestic affairs is an inconsistency obvious to most libertarians. The relative size of the U.S. government and its self-appointed role as world policeman compared to Venezuela's much more modest size and limited role in Latin America might be part of the reason that Stone opposes one and approves of the other.

But underlying Stone's disgust for President Obama, whom he supported over two elections, was a sense of

betrayal, that Obama as President must live in a very different world from Obama as candidate.

**WHAT IS POLITICAL rhetoric? It's persuasive talk in the service of achieving dominance in the use of violent aggression.**

## Deceive for the Sake of the Task

Stone is not alone in his disenchantment with President Obama. The President's approval rating has reached an all-time low and Democrats are worried about the potential drag on midterm elections. The once-shining candidate and bold politician has lost his luster, especially for those who believed his progressive rhetoric—not only on foreign policy but also on immigration, healthcare, and surveillance. To be fair, almost every incumbent President loses popularity in the second term. People eventually see that reality doesn't match rhetoric. But that's the point: It's mere rhetoric. Or, to be precise, political rhetoric.

What is political rhetoric? It's persuasive talk in the service of achieving dominance in the use of violent aggression. It was Carl von Clausewitz who said that "war is the continuation of politics by other means." War and politics are then just different ways of attaining physical dominance. While politics doesn't ordinarily involve open

violence (at least not in wealthier countries in recent decades), rhetoric in the service of politics does include lying. If initiating physical violence is an acceptable means—actually it’s *the* means—of engaging in war, lying and distortion are its relatively peaceful partners. That’s why the State is often defined as the agency that has a legitimate monopoly over aggression and fraud. Like physical violence, some argue that lying and deception can serve the common good: for example, telling people, “If you like your healthcare plan, you can keep it” in order to get Obamacare passed. Plato claimed that a “noble lie,” about the origins of a nation, for example, may be necessary to maintain social harmony. But such lies, he says, are best left to the elite rather than commoners.

Keeping the truth from potential enemies is just as important as keeping weapons from them. Politics, according to the Merriam-Webster online dictionary, involves “activities that relate to influencing the actions and policies of a government or getting and keeping power in a government.” Lying and deception are essential to politics and politics is inseparable from government. Or, as Jane Jacobs wrote in her brilliant book *Systems of Survival*, one of the basic rules of government is to “deceive for the sake of the task.”

### House of Cads

When government is limited to a few tasks, the need for and scope of deception are also limited. The more the government does, however, the bigger the role deception

plays in its daily activities. As the NSA scandal illustrates, government spies on citizens and then lies about it.

Although the American government has not yet reached the scope of collectivist central planning that F. A. Hayek targeted in *The Road to Serfdom*, much of what he writes there is applicable to it, *mutatis mutandis*. I specifically have in mind his famous chapter 10, “Why the Worst Get on Top,” the central point of which is that the more detailed

**T H E M O R E detailed the plan the State seeks to impose on its citizens, the more ruthless and expedient its executioners must be if it is to succeed.**

the plan the State seeks to impose on its citizens, the more ruthless and expedient its executioners must be if it is to succeed. This is why the most ruthless and unprincipled have the advantage in the struggle for political power. What separates President Obama, or any other

recent American president, from someone like President Vladimir Putin of Russia is a matter of degree, not of kind. To paraphrase Lord Acton, not only does power tend to corrupt, but absolute power tends to attract the absolutely corrupt. Frank Underwood, the protagonist of the television drama *House of Cards*, is an excellent, though of course fictional, illustration of exactly that tendency.

Politics is inseparable from government, indeed it is government, and the bigger the government, the bigger the role of politics. As they say, politics is a feature, not a bug. **FEE.**

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# Chasing Dystopian Rainbows

*It seems scientism passes for science these days*

STEWART DOMPE and ADAM C. SMITH

There are rarely any happy prophets. To get headlines you have to claim the world is ending. Add generous helpings of doom and gloom—and a pinch of apocalypse—and you'll widen your audience.

The most recent batch of dire predictions for humanity's future takes the same dramatic approach. You might think these are coming from the usual suspects—believers in the Mayan calendar or radical Evangelical interpretations of the Hebrew Bible. Nope. Apparently, this global, glass-half-empty prediction is the consensus of the mainstream scientific community. Or so we're told.

Just last week, the United Nations released its IPCC report (<http://tinyurl.com/oc6mrmb>), which states that if we don't meet global climate change head on, then all of humanity will soon be a vulnerable, dreary mess with plenty of natural disasters, famines, and other dismal scenarios to look forward to. Despite its attempt at shock and awe, there's nothing new being offered in the report. We don't want to suggest there are no potential problems looming in the future, but one must be precise in articulating the problem if one is to propose a solution. Even among the strongest proponents of climate change, there is still considerable debate about the strength of their models given the serious shortcomings in the precision of their forecasts.

## **Collapse: Houston, We Have a Problem**

One exemplar of this wave of dystopia is a bit of research ostensibly conducted at the behest of NASA, presumably with your tax dollars. Study authors argue that not only will human civilization collapse, but that income inequality is intricately intertwined both in the causal process and in the timing of the collapse.

The NASA study is a good illustration of the risks in applying analytical tools to problems they are unsuited to analyze. Their Human and Nature DYNAMICS (HANDY) model is built on the predator-prey model—which simulates interactions among wolves and rabbits—where predator Elites do everything but literally cannibalize the Commoners. Their biological model, in this instance, is simply inappropriate. Or more charitably, it's severely limited in dealing with problems better suited to political economy.

The study starts with an assumption about inequality that would make even Paul Krugman blush. People are placed into two categories: Elites and Commoners. "The economic activity of Elites is modeled to represent executive, management,

and supervisory functions, but not engagement in the direct extraction of resources, which is done by Commoners. Thus, only Commoners produce," the report says. Elites, as much modern thinking goes, do nothing but skim off the labor performed by Commoners. Given such assumptions, the model has nothing very encouraging to say about our future.

## **Models Just Aren't That Smart**

The authors might contend that theirs is a model of predator (humans) and prey (nature) but the Elites can only eat because of the existence of the Commoners. This is problematic for various reasons. For example, are Commoners also responsible for entrepreneurial discovery? Going further, the authors assume not only that the Elites hold the Commoners at a subsistence wage but that the Elites will always pay themselves a wage  $k$  times larger than subsistence.

THE NASA STUDY is a good illustration of the risks in applying analytical tools to problems they are unsuited to analyze.

Over time, the gap widens as Elites populate at greater rates than Commoners, thus placing tremendous burdens on the supply of natural resources. At some point, this burden becomes so pronounced that extraction rates fall because the total population has exceeded the carrying capacity of the environment. Here's what happens:

- The Elites always pay themselves first;
- Forced extraction exceeds the natural regeneration of the environment;
- Commoners are then driven below subsistence income; and
- Famine ensues.

Once Commoners start dying out, Elites are unable to sustain the economy without them, and presto! Doomsday. (Have a nice day!)

Such a model might explain the population dynamics of North Korea, but it seems inapplicable to most of the modern world. So the main problem with this "study" is that it doesn't go much further than nineteenth-century

economics in its assumptions about how the economy actually works. Using neo-Malthusian pseudoscience with a touch of Marxian class struggle only leaves us with a framework that is about 200 years past its prime. However elegant the mathematical model, the assumptions used to create it are beyond spurious.

### The Ultimate Resource Redux

One of the fundamental differences between humankind and the rest of the animal kingdom is that we humans discover new resources and modes of production. When there are more wolves, there are fewer rabbits; but when there are more humans, there are more chickens. Malthus, despite some interesting insights, was catastrophically wrong in his prognostications about population and agricultural output. And neo-Malthusians have been even more wrong.

USING NEO-MALTHUSIAN pseudoscience with a touch of Marxian class struggle only leaves us with a framework that is about 200 years past its prime.

The simulation only serves to give the underlying argument a veneer of scientific respectability. But it really is just as wrongheaded as Malthus's original theory. Relaxing the initial assumption of extreme wealth inequality would not only be more realistic but would overturn the result, as Elites would only be able to extract surplus above wages set by the market, which would certainly be greater than subsistence for most workers. This would in turn check their ability to damage the underlying resource base.

Furthermore, the model assumes that any efficiency gains from technological progress are undermined by greater consumption (akin to Peltzman's argument that better safety technology leads to greater consumption of risk: [tinyurl.com/cshlka4](http://tinyurl.com/cshlka4)). But then how do we explain how productivity gains in agriculture have led to exponential

growth in other emergent sectors (manufacturing, services, computers, etc.)? We may consume more food but not nearly enough to balance out the productivity gains. So farm employment shrinks and resources move to other pursuits,

making the world a wealthier place. These real-world phenomena are literally an impossible result in the NASA model.

Cross-disciplinary studies can offer new insights into how we should view human behavior. That said, those that offer only partisan parlor tricks and dystopian caterwauling should stick with reading Mayan calendars. **FEE**

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# Nigeria's Moment

*A visit to a West African nation reveals tragic failure, yet great potential*

DOUG BANDOW



ABUJA, NIGERIA—Arriving in Abuja, Nigeria, results in an almost simultaneous impression of poverty and potential. After decades of economic disappointment, even collapse, much of Africa is growing. Yet even its leading states—such as Nigeria—remain locked in an impoverished past and fail to live up to their extraordinary potential.

I've arrived with a journalist group organized by SLOK Holding Co., chaired by former governor Orji Uzor Kalu, a potential presidential contender. In Abuja the airport looked more appropriate for a small American town than for a capital city. While less chaotic than some other airports I have suffered through—Dhaka and Islamabad, for instance—it hardly befits what seems destined to be Africa's leading nation. I changed money at an “exchange” with two men sitting at a small desk, cash in one drawer. The parking lot was cramped and disorganized.

Although cities such as Abuja, Lagos (Nigeria's most populous urban area) and Port Harcourt (dominated by the nation's oil industry) enjoy significant development, poverty is never far away. There are paved sidewalks, but they are usually in disrepair, and dirt roadsides remain common, even the norm, depending on the city and district. Trash litters many streets. Most urban buildings are solidly constructed, some even stylish, but most are simple.

In Lagos, wealth has created a genuine skyline on Victoria Island. Yet, crowded streets filled with poor street vendors sit in the shadows of these fine structures. And the majority of residents live in vast expanses of simple homes crammed together. In Port Harcourt, shacks on overgrown lots dot the city, sometimes adjoining even

the best buildings, such banks and hotels. Driving in, we passed a pen filled with horses.

Electrical outages are constant, requiring any serious enterprise to maintain a generator. Riding an elevator is especially suspenseful; you find yourself plunged into darkness and brought to a jerky stop for what seems like an eternity before the brightness returns and you continue on your way. Traffic gridlocks can be worse than those in Los Angeles, New York, or Washington—in Port Harcourt my group took a couple of hours to go a few hundred yards at a particularly bad time.

Rural Nigeria is much poorer. Even the main highways lack even minimal maintenance, while burned and rusted wrecks, stripped of anything useful, litter the sides and medians. Trash is tossed alongside or piled in medians. Roads off the main drag are dirt, always rutted, often muddy, and barely adequate. Most shops are shacks built on dirt just feet from traffic. At times it appears that half of the population subsists by selling merchandise in traffic.

Still, hope remains. Everywhere in Nigeria I saw enterprise. People sit for hours under primitive lean-tos by the highway to sell drinks and food to travelers. Open-air markets, which seem to occur every couple of miles, are bustling, with people dashing hither and yon selling most everything you can find in a department store or supermarket. At major intersections and along busy streets people sit in the median and walk into traffic hawking fruit, drinks, SIM cards, picture frames, newspapers, magazines, cell phone chargers, cigarettes, sunglasses, watches, tools, socks, mops, cooking utensils, and even triangular hazard signs (quite appropriate given Nigeria's traffic).

Intellectual capital also is growing. Citizens of this former British colony typically speak English, the global commercial language. I visited a university filled with bright and engaging students hoping to make better



lives for themselves and their country. What the country desperately needs, said one business executive, a Nigerian who worked in America before returning to help manage his family's business, is an "enabling environment" for enterprise.

In this the government fails miserably.

One problem is insecurity. Nigeria has suffered dictatorship, civil war, insurgency, militant violence, Islamic extremism, and crime. Kalu said, "Internal security is critical," because without a police escort, you cannot move throughout much of the country. One newspaper editor cited the risk of robbery in driving papers for distribution at night. Business executives, political figures, and expatriate workers routinely travel with armed escorts, especially in the Niger Delta in the south.

Corruption is rife. One expatriate worker observed, "Nigeria's not a country. It is an opportunity." Mundane economic mismanagement bears even greater blame. State enterprises, especially the Nigerian National Petroleum Corporation, are particular founts of abuse. The World Bank ranks Nigeria among the bottom third of nations in its *Doing Business* report.

Average Nigerians are commonly—indeed, uniformly—frustrated. The young especially crave the opportunities that the country's dishevelment precludes. A third of adults under 25 are out of work. It's one reason Nigeria sports a diaspora of millions. The driver of my cab to the airport to start this trip was a Nigerian. Even the more optimistic Nigerians with whom I spoke say much more has to be done, despite the progress they see. Public involvement is essential to create a freer and more honest business environment.

Some see hope in Kalu, a wealthy businessman who understands entrepreneurship and promotes political reform. As a teen he started trading palm oil. He now holds interests in energy, finance, journalism, real estate, and more. Among his recent enterprises is *The New Telegraph* newspaper. His success—without using government office to his own advantage—is unusual. Noted my Cato Institute colleague Marian Tupy: Nigerian politicians usually "become wealthy during their time in the governor's mansion." When talking about his nation's future, Kalu denounced restrictive licensing and promoted markets; he advocated privatization, including in less traditional areas such as education, which he views as critical for Nigeria's

moral reformation. He told me that he "would like to see small government and big enterprise" and spoke with admiration of Ronald Reagan.

Kalu may run for president in 2015, though his chances are complicated by being an Igbo, a tribe whose members have not held the presidency in half a century. Substantial problems of ethnic division persist. Kalu viewed murderous attacks by the Islamic extremist group Boko Haram as a continuation of many earlier violent episodes.

The bigger question is whether he could actually implement his message of market liberalization if elected. Noted Tupy, Nigeria "has never had a president committed to small government, privatization and liberalization." But Kalu forcefully argued that committed leadership could make the difference.

Industrialized states have their problems, including sometimes galloping regulation (think Obamacare), and fail to live up to their potential. Yet they remain far freer, especially in economic affairs, enabling bright, enthusiastic, and hardworking people to prosper. Nigeria needs to follow the same broad growth path that enriched America and Western Europe, and more recently East Asia, including China.

The greatest tragedy of Nigeria's poverty is that it is so unnecessary. Its people know what to do. The spirit of enterprise is everywhere. It's time for the Nigerian people to liberate themselves. It's time for freedom to come to Nigeria. **FEE**

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# Frank Woolworth and the Minimum Wage

ZAC THOMPSON and DANIEL J. SMITH

Woolworth's five-and-dime stores pioneered a discount retailing model that was a godsend to consumers and employees across the country. Minimum-wage laws, however, would have kept their founder, Frank Woolworth, from even getting close enough to the retail business to have his moment of entrepreneurial insight.

Woolworth was born in 1852 in upstate New York to farmers. By contemporary standards, he grew up poor and deprived. He spent the vast majority of his childhood pitching hay, shoveling manure, feeding farm animals, and performing other duties required by his family's farm. Little Frank's farm life was so demanding at times that he had to sacrifice time spent in school.

By his 16th birthday, Woolworth knew he wanted out. His mother had saved for furthering Frank's education, so he completed a semester of bookkeeping classes in nearby Watertown, New York. But classroom experience wasn't enough; he had no relevant experience and failed to latch on anywhere. Frank spent an additional five years trapped in the life he longed to escape, until he heard of an opening at a dry goods store, Augsbury & Moore, in Watertown.

Uncertain and skeptical of Woolworth's capabilities, Moore agreed to take a chance and bring Woolworth on for basic grunt work. When Woolworth asked how much he would be paid, Moore replied in an astonished tone, "Pay you? Why you ought to pay us for teaching you the business! When you go to school you have to pay fees. Well, we won't charge you any tuition fee but you'll have to work for nothing until we can decide if you are worth anything and how much."

Initially, Moore wanted Woolworth to work for free for six months.

While his lack of experience made opportunities hard to come by, Woolworth made up for it in part by negotiating the trial period down to three months, followed by a wage of \$3.50 per week. It seems unfair at best, by contemporary standards, but Moore actually did Woolworth a favor by putting him on the course to vast wealth.

It got off to a rocky start. The inexperienced Woolworth habitually blundered during the trial period, requiring Moore to devote significant resources to training him and placating inadequately served customers. But after the first three months, Woolworth earned steady, small increases, eventually attaining a comfortable \$6 per week.

A minimum-wage policy would have precluded even this. With a minimum-wage policy, competition among workers favors those with more experience, better education, and more connections. Should an employer have to choose between two workers, both of whom would be legally required to earn the same wage, any self-interested businessperson would choose the more qualified and certain choice, rather than bet on an inexperienced or uncertain worker. To Frank's advantage, no such policy



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existed, and he could compete with higher-skilled workers by offering his services for lower compensation.

Woolworth made the most of his opportunity. Often working 82-hour workweeks throughout those early years, Woolworth consistently added skills, proving himself more than capable of clerical work, interior decorating, housekeeping, and bookkeeping. His newfound experience in business caught the eye of other employers, which brought him offers of higher wages. Arguably for the first time in his life, Woolworth was in control of his own destiny.

Leaving Augsbury & Moore to work for higher wages, Woolworth continued life in small business and recalled how Augsbury & Moore had a section of goods specifically designated to be sold at five cents per item. Designed to dispose of low-quality goods or supplement consumers' larger purchases, the five-cent section of Augsbury & Moore remained obscure and uninteresting, but Woolworth pondered the concept with intense curiosity. He realized that a real market existed for a store that exclusively sold five-cent goods. Approaching his former boss, Moore, for assistance, Woolworth managed to secure capital and a store location in Utica, New York, to experiment with his new idea. "Woolworth's Great Five Cent Store," launched in 1878, was initially a failure, but Woolworth kept at it. By 1881, Woolworth, along with his brother Charles, had developed a business model incorporating 10-cent merchandise and the chain had begun to flourish.

Woolworth's 5 & 10 Cent Store quickly captured large sections of the retail market, allowing Woolworth to expand his business. Reaching out into larger cities, Frank began opening larger stores with a more diverse selection of goods. At the end of his first year in business in 1879, Woolworth had two stores in operation with gross sales of \$12,024. Within 30 years Woolworth's stores had well over 200 locations, with gross sales of over \$23 million. Woolworth's business brought great wealth to him and his family, but more importantly it enriched the lives of millions of consumers and employees.

Domestically, Woolworth's turned into a miracle-maker for the average poor consumer. Woolworth's stores made available cheap goods to lower-income individuals,

particularly immigrants, improving their standard of living. It also employed thousands of people facing situations similar to young Frank's.

Woolworth himself was well aware of this. In his annual letter in 1892, Woolworth wrote, "When a clerk gets so good she can get better wages elsewhere, let her go—for it does not require skilled and experienced salesladies to sell our goods ... It may look hard to some of you for us to pay such small wages but there are lots of girls that live at home that are too proud to work in a factory or do housework. They are glad of a chance to get in a store for experience if nothing more and when they get experience they are capable of going to a store which can afford to pay good wages. But one thing is certain: We cannot afford to pay good wages and sell goods as we do not, and our clerks ought to know that."

Woolworth employees either moved up within the company or moved on to better opportunities outside of it. Alvin Edgar Ivie joined Woolworth's at age 16 as an office assistant and retired decades later with both a city mansion and country estate. The son of a farmer, Charles C. Griswold, worked his way up to the position of Woolworth store inspector, writing detailed reports of stores for Frank Woolworth. In fact, a major motion picture and book in the 1920s, *The Girl from Woolworth's*, actually featured a leading female character successfully rising from Woolworth counter girl to musical star.

A worker's productivity determines the wage he will be able to secure in the marketplace. Thus, a minimum wage restricts occupational opportunities to only those workers productive enough to earn the minimum wage. Workers who do not have the education and experience to earn the minimum wage are denied the opportunity to gain the relevant training, experience, and references on the job that are necessary to raise their future productivity and wages. Instead of helping low-skilled workers, minimum-wage advocates take away their best opportunity to get into the market in the first place. **FEE.**

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# The Economist Who Said Maybe

*The answer to most economic questions begins with “I don’t know”*

MICHAEL CLARK

Is microfinance in the developing world a beneficial strategy? Is bitcoin a good idea? Will 3-D printing substantially change our way of living? Imagine a panel of economists being asked questions like these. What kind of answer do you expect from them? Plenty of economic and techy jargon will get thrown around by those who have done their homework. Many of their answers will contain substantial merit, but I think the best answer is a simple “I don’t know.”

It’s not a complete reply and should be followed by some reasoned response. But “I don’t know” should be a prelude to more responses to economic questions, even pivotal ones about the future of our currency or the development of impoverished nations.

It might not look like a good answer for a trained economist to give. But humility is the most important lesson that training in economics yields. From Adam Smith to F. A. Hayek and many in between, a sound approach to economics involves understanding our limited capacity to answer such questions.

The essence of this humility is the respect for spontaneous order; market-based institutions answer questions like the ones above in ways no individual could. This yields phenomena, as Adam Ferguson puts it, of “human action, but not of human design.” The deep appreciation of the phenomenon of spontaneous order leads one to humility; we never know exactly what the market solutions will be.

## The Evolution of Music

Consider a blunt history of music as entertainment. The trend of big bands was replaced in 1948 by LP vinyl records and moved individuals out of the dance halls and into their own homes. After vinyl came the 8-track in the late 1960s, the cassette tape in the late 1970s, and then the CD started to gain popularity in the late 1980s. The big band, vinyl, 8-track, cassette, CD progression is a bit of a simplification because radio had come into

play as a separate market and multiple platforms had alternate sizes and models. However, the general popular-use trend was quite clear: About every decade, a better platform was developed.

It was not weird for people in the early 1990s to think that their CD collections were only temporary; most people thought something better would come along. More than a few thought they knew exactly what it was. The common thought was that popular music would be widely used on a disc similar to a CD, but the disc would be much smaller. If you watch the 1997 film *Men in Black*, the two characters have a discussion about the future of technology. One complains that he’s going to have to buy the Beatles’ White Album again soon to replace his CD with the mini-CD.

But just about everyone was wrong. Mini-CDs never supplanted the original CD. But a new market did emerge as the format of choice right around the year 2000. When answering the question, “What will be the next thing to hold our popular music?” the actual answer was, “Well, nothing!” What followed the CD was a digital file that could be transported via the internet. Imagine an individual trying to convince you in 1992 that the next step beyond a CD is in fact nothing. You wouldn’t have anything physical on you. You’d have nothing to search for underneath the passenger seat of your car, nothing to put into binders or towers for storage, and no worries about anything getting scratched, mangled, or tangled. You’d have this file called an MP3. You would essentially have nothing physical to replace the CD. Convincing someone of this invention before its existence would seem fairly absurd.

## So What?

In a market society the answers to questions like “Is X a good idea?” are often conclusions that exceed what most people originally considered possible. The market system often moves beyond what we were capable of seeing. How is the market so effective at progress? It is the same reason

I think the answer “I don’t know” is often a great response for an economist.

The true benefit of freedom is that the institution or the market system (not any one individual or expert) bears the cognitive burden of figuring out what is a good idea. The profit and loss system, where consumers voice their opinions, quickly guides entrepreneurs. What serves consumers’ needs best? Do we value using titanium for the current design of a tennis racquet or would it be better used in a new design of a toaster oven? With so many consumers having so many preferences for so many products, it is no easy task to figure out what the best use of a resource is—that is, unless you have the profit and loss system.

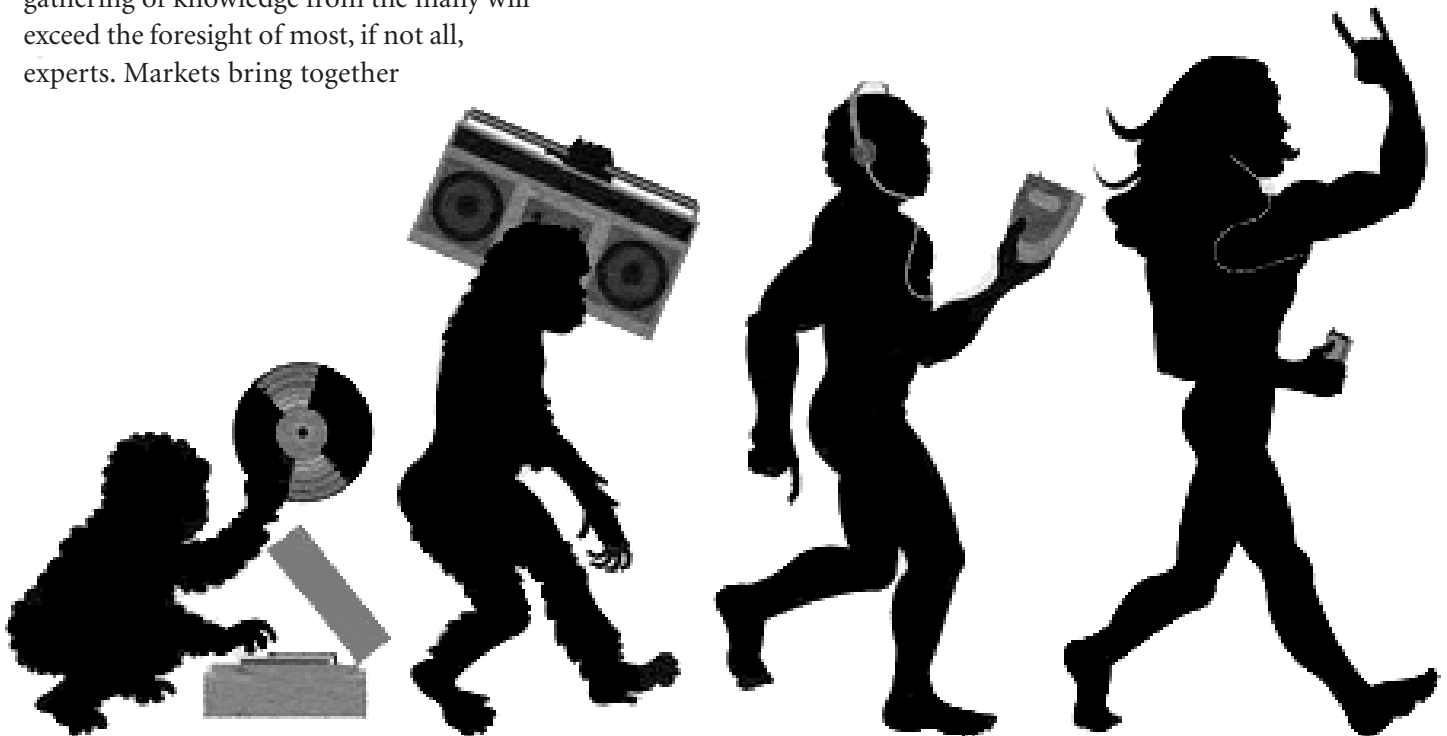
Many entrepreneurs play their role in helping us to figure out little parts of what works and, perhaps even more importantly, what doesn’t work. Entrepreneurial actions bring disjointed, disparate, and detailed local knowledge to the forefront. When filtered through the market mechanism of profit and loss, the gathering of knowledge from the many will exceed the foresight of most, if not all, experts. Markets bring together

the best from many and help us discover together instead of in isolation. When determining what works and what doesn’t, it is the market setting that allows a spontaneous order to do the heavy lifting that individual planners and experts simply cannot manage.

So is bitcoin a good idea? Is microfinance a path to prosperity for the impoverished? We have some grasp of the beneficial aspects of those ideas, and we can try to push forward some lines of argumentation to help the process. But it is a large part of our responsibility to remember our humility when it comes to questions of economics. F. A. Hayek put the context of discussing economics best when he stated, “The curious task of economics is to demonstrate to men how little they really know about what they imagine they can design.” **FEE**

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# If I Had a Million Dollars

SARAH SKWIRE

Dorothy Parker • “The Standard of Living” • 1941

From the very first sentence, Dorothy Parker’s “The Standard of Living” awakens not only admiration in the lover of literature, but attention in the lover of economics. “Annabel and Midge came out of the tea room with the arrogant slow gait of the leisured, for their Saturday afternoon stretched ahead of them,” she writes. In one simple sentence we are given a perfect picture of these young women. We know instantly, for example, that Annabel and Midge (and those names, when Parker was writing, were the equivalents of Brooklyn and Madison today) are not leisured. They have assumed the “arrogant slow gait of the leisured” because this is their afternoon off. And indeed, we are informed in the following paragraph that the young women are stenographers. “Annabel, two years longer in the stenographic department, had worked up to the wages of eighteen dollars and fifty cents a week; Midge was still at sixteen dollars. Each girl lived at home with her family and paid half her salary to its support.”

These are young, middle-class working women, about to enjoy a hard-earned afternoon off. And they will enjoy it by playing their favorite game.

Annabel had invented the game; or rather she had evolved it from an old one. Basically, it was no more than the ancient sport of what-would-you-do-if-you-had-a-million-dollars? But Annabel had drawn a new set of rules for it, had narrowed it, pointed it, made it stricter. Like all games, it was the more absorbing for being more difficult.

Annabel’s version went like this: You must suppose that somebody dies and leaves you a million dollars, cool. But there is a condition to the bequest. It is stated in the will that you must spend every nickel of the money on yourself.

...It was essential, of course, that it be played in passionate seriousness. Each purchase must be carefully considered and, if necessary, supported by argument. There was no zest to playing it wildly.

And so the young women window shop. But they do so with “a seriousness that was not only proper but extreme.” When Annabel declares that she would spend some of her money on a silver fox coat, “It was as if she had struck Midge across the mouth. When Midge recovered her breath, she cried that she couldn’t imagine how Annabel could do such a thing—silver-fox coats were so common!” The friends do not speak to each other or play their game again until Annabel revises her decision and elects to imagine purchasing a mink coat instead. (As Virginia Postrel reminds us in her book *The Power of Glamour*, “Glamour is subjective.”)

But the crisis of this particular episode of the game is a different one. On a hot September day when it is far too uncomfortable to think about fur, the girls pause outside the window of a Fifth Avenue jewelry store. (In my mental movie of this story, the store is Tiffany & Co., of course, because there is no more glamorous jewelry store.) In the window, Annabel and Midge spot a necklace, “a double row of great, even pearls clasped by a deep emerald.” Instantly, the fur coats are forgotten.

On a dare, Midge goes into the store to price the pearls. Told that the price is \$250,000, the girls react at first with disdain:

“Honestly!” Annabel said. “Can you imagine a thing like that?”

“Two hundred and fifty thousand dollars!” Midge said. “That’s a quarter of a million dollars right there!”

“He’s got his nerve!” Annabel said.

And then with despair they realize that their game of endless wealth has become subject to the chilling effects of scarcity.

But Parker knows that the effervescence of youth cannot be contained for long. And the final sentences of the story begin the game again. But this time:

Look. Suppose there was this terribly rich person, see? You don't know this person, but this person has seen you somewhere and wants to do something for you. Well, it's a terribly old person, see? And so this person dies, just like going to sleep, and leaves you ten million dollars. Now, what would be the first thing you'd do?

I don't know about Annabel and Midge, but I'd buy that necklace.

Virginia Postrel has observed that glamour “focuses preexisting, largely unarticulated desires on a specific object, intensifying longing. It thus allows us to imaginatively inhabit the ideal and, as a result, to believe—at least for a moment—that we can achieve it in real life.” She adds later that “glamour leads us to imagine ourselves

in the other: another person, another place, and another life.... Glamour's promise of escape and transformation can create an enjoyable but transient experience, provide a source of solace in difficult circumstances, or offer direction toward real-world action.” Highly unlikely ever to have the opportunity to spend \$10 million, \$1 million, or even, at their salaries, \$100 on something glamorous and desirable, Annabel and Midge play their game to soothe their frustrations and escape their daily grind.

Guy de Maupassant's story “The Necklace” must have been on Parker's mind when she wrote “The Standard of Living.” Here Madame Loisel, the beautiful young wife of a middle-class Parisian clerk, is invited to an expensively elegant party. She borrows a diamond necklace from a wealthy friend and loses it. She and her husband must then borrow the money to replace the necklace. They spend the next 10 years in grinding poverty while they repay their debts. At the end of the story, we discover that the lost necklace was made of artificial stones, and Madame Loisel has destroyed her youth, beauty, and happiness to attain something that was never real.

All of this reminds me of my favorite economic fairy tale—the episode of the poor man's son in Adam



Image from Shutterstock.com

Smith's *Theory of Moral Sentiments*. This young man, "whom heaven in its anger has visited with ambition," is discontented with his poverty.

He finds the cottage of his father too small for his accommodation, and fancies he should be lodged more at his ease in a palace. He is displeased with being obliged to walk a-foot, or to endure the fatigue of riding on horseback. He sees his superiors carried about in machines, and imagines that in one of these he could travel with less inconveniency. He feels himself naturally indolent, and willing to serve himself with his own hands as little as possible; and judges, that a numerous retinue of servants would save him from a great deal of trouble.

The poor man's son then labors his whole life to attain these luxuries, enduring "more fatigue of body and more uneasiness of mind than he could have suffered through the whole of his life from the want of them." After a lifetime of this work, and of toadying and obsequiousness to "those whom he hates," he ends in despair and misery. "He begins at last to find that wealth and greatness are mere trinkets of frivolous utility, no more adapted for procuring ease of body or tranquility of mind than the tweezer-cases of the lover of toys; and like them too, more troublesome to the person who carries them about with him than all the advantages they can afford him are commodious."

We should not fault the poor man's son for his ambition. We should, however, fault him for the technique he uses

to pursue his ambitions. "For this purpose he makes his court to all mankind; he serves those whom he hates, and is obsequious to those whom he despises." Caught up in the glamour of wealth and ease, he sacrifices his

character and his comfort in order to procure it. As Postrel comments, "The young man's picture of the good life—the glamorous vision that inspires his quest—omits important details. It leaves out years of laborious effort, showing only the result of hard work.... Glamour always obscures the difficulties and distracting details of life as it is really lived." Chasing an impossible dream of wealth without

**ANNABEL AND MIDGE know that wealth without work is a dream. They know they will almost certainly never have the necklace in the window. Their game provides them with a brief time of fantasy and escape that allows them to return to their work with renewed energy and inspiration.**

work, the poor man's son destroys his happiness.

Annabel and Midge are much wiser than Madame Loisel and the poor man's son. Annabel and Midge know that wealth without work is a dream. They know they will almost certainly never have the necklace in the window. Their game—like my grandmother's Depression-era trips to the movies—provides them with a brief time of fantasy and escape that allows them to return to their work with renewed energy and inspiration. Midge can hope to climb the ladder of the stenography pool the way that Annabel has. Annabel can hope to manage the pool one day. They can help make their families, and themselves, better off, bit by bit and by working hard. They understand how to balance their ambition with their reality. And they know that you can take a great deal of pleasure from fur coats and expensive necklaces without ever needing to own them. **FEE**

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