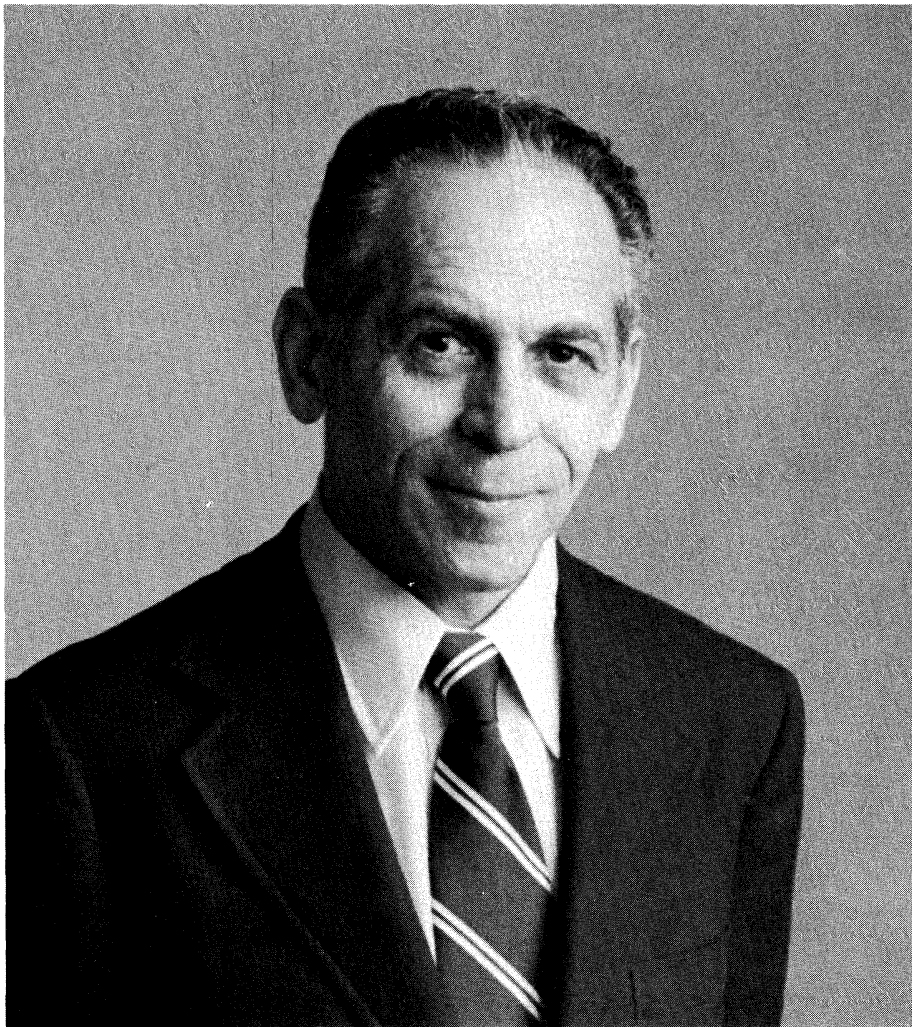


# Libertarian Review

March 1978 \$1.25

## The Myth of Psychotherapy

by Thomas Szasz



*Jeff Rigenbach dissects Geraldo Rivera*  
*Daniel Shapiro analyzes the neoconservatives*  
*Bruce Bartlett defends isolationism*

There are half a million men and women in prisons around the world for the simple crime of disagreeing with their governments.

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# Libertarian Review

March 1978

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**Subscriptions:** Single copy, \$1.25; 12 issues (one year), \$15; two years, \$25; three years, \$35. **Address Change:** Write new address, city, state and zip code on sheet of plain paper, attach mailing label from recent issue of LR, and send to Circulation Department, Libertarian Review, 1620 Montgomery Street, San Francisco, CA 94111. Second class postage paid at San Francisco and additional offices.

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# Editorials

## *Freedom of speech and the Nazis*

A great deal of irritating attention has lately been given over to the issue of freedom of speech and the right of assembly as they apply to the case of the pathetic Nazi group in Chicago. In one sense, it would be better if the whole issue—and those Nazis in particular—were to sink into a gaping abyss. But since the issue has been flaring up for several months, it will perhaps benefit us to set forth a somewhat different perspective than those thus far trotted forth by the various contending parties.

The facts of the case are that a Chicago-based Nazi group decided last year to try to stir up some trouble—and some publicity, no doubt, since the two often go hand-in-hand—by holding a series of marches and demonstrations in nearby Skokie. The choice of Skokie was no accident: 40,000 of that town's 70,000 inhabitants are Jewish, including 7000 survivors of the concentration camps. The Jewish community was justifiably outraged, and less justifiably, sought a court injunction to stop the proposed demonstrations. The injunction was granted, and then rescinded. A series of court battles ensued over the issues of freedom of speech and assembly, with the ACLU taking up the Nazi's case on First Amendment grounds.

The most immediate effect of this action was an upheaval in the ACLU's ranks: Nearly twenty percent of the ACLU's national membership resigned or refused to renew as a result of its defense of the Nazis. Freedom of speech was one thing, they announced, but these Nazis are a clear and present danger to the Jewish community. They had to be stopped, freedom of speech or no freedom of speech!

We shall not devote much space rehashing the arguments for freedom of speech and assembly. Libertarians are First Amendment absolutists, and believe that we must tolerate the freedom of speech of even those we loathe. The Nazis, in short, have the same right to freedom of speech as anyone else, even though they are a disgustingly pitiful symbol of politicized fear and hatred.

But it would be a tragedy if the First Amendment were violated just because this rabble has decided to stir up some trouble. It is a tragedy that they have been able to use the First Amendment—which they, as National Socialists, loathe—to get some cheap publicity. They ought simply to be ignored, and the Jewish community involved really ought to try to find within itself the heroic amount of self-control needed to do just that. Then the Nazis group would hoot and holler, find no one listening, and sink back into the muck from whence it came.

But there is another issue here, lurking in the background: Why should the Jews have to put up with such stuff? Why should anyone expect them to sit still and suffer the abuses of this gang of white hoodlums, whose own existence gives the lie to their notions of racial superiority? What right do these Nazis have to come into *their community* with their poisonous "message"? By asking such a question, we come face to face with the true villain in the story: public property.

In a free society, free speech and assembly are derived from property rights. The right of free speech is not a licence for someone to break into one's home and begin waxing eloquent, in one's living room. In a free society, one has the right to hire a hall, or a park, or a printing press to get one's message across. No one has the right to commandeer the property of another, to force it into the service of one's "right to speak." If Nazis were to break into a private meeting or violate private property rights to advance their odious views, those concerned would have every right to bounce them out on their ears, with relish.

The problem in Skokie and elsewhere is precisely one of public property—government-owned property, paid for by taxes. And it is the *government* which has its power limited by the Bill of Rights. The right to keep and bear arms, for example, is not a license to carry guns anywhere one chooses; property owners of all stripes have the right to set whatever rules of conduct they wish on their property. The right to keep and bear arms is a proscription against *government action* to violate individual rights. The same is true for freedom of speech and the right to assembly.

There is no better case than this one, the Nazis marching in Skokie, to demonstrate conclusively the sinister nature of public property, the contradictions and conflicts which result from government ownership. If streets and parks in Skokie were owned by the residents, then they rightfully could exclude the Nazis or anyone else without violating individual rights. But it is *state* property, hence restrictions on its use rightly are limited by constitutional restraints. The Nazis must be allowed to march.

The solution to this and to all other such conflicts is to begin taking seriously the preconditions of true community harmony and life: the sanctity and universality of private property, rightfully acquired. Already, there are a few private communities in this country which limit access to their grounds, and they need suffer neither from the rising crime rate which plagues this nation, nor from the insulting behavior of thuggish Nazis. They simply tell those with whom the members of the community do not wish to associate to get the hell off their property.

Such is the lesson to be learned from Skokie: If we really want to start solving some vitally important social questions, then we must take a long step backwards from relying on state power, and rely instead on that "social



power," as Albert Jay Nock called it, which flows from individualism, voluntary associations, and the rights of private property. State power leads inevitably to conflict.

As for the Nazis, our only choice here and now is either to march against them, or ignore their blustering, letting them fade back into richly-deserved obscurity. Above all, we must not give them the cause of freedom of speech to hold high. That spectacle, which we are seeing now in the courts of this nation, should be repugnant to all of us, whether Jewish or not.

## Save our children

**I**n a recent issue of *The New York Times*, Albert Shanker, the president of the United Federation of Teachers—a front group for those officious bureaucrats who terrorize American children—has left loose with a broadside against the Tuition Tax Credit Bill in a manner which should cause libertarians to take notice.

Sponsored by Senators Packwood and Moynihan (give the devil his due), the bill would give a \$500 tax credit to parents for each child for whom they pay \$1000 or more for tuition in a non-public school. That this plan would have a considerable, beneficent impact on American education is something to which Mr. Shanker's own piercing shrieks of doom and hellfire pay implicit homage. For, intones Mr. Shanker, barely concealing his panic, "I am convinced that if the bill becomes law . . . this will not just be a nice way to help families who are burdened with tuition payments. *It will be the beginning of the end for American public education.*" Hooray!

Mr. Shanker, of course, is one of the most prominent members of that "New Class" which would like to get control of nearly every institution in American society, shaping them to their own "ideals" and ends. Like the rest of that New Class, Mr. Shanker pulls out the long knives whenever anyone or anything threatens his power. His article, "Beginning of the End for Public Schools?", is one in a series of interminable paid advertisements in *The New York Times* and elsewhere for which the United Federation of Teachers foots the bill each week, so that Mr. Shanker need not have even his most trivial thought go unrecorded for posterity. The piece reads like the script for a disaster movie. It is a moral and logical disgrace.

Mr. Shanker claims that if the tuition tax credit bill is passed, thousands of families will rush to take advantage of it, forcing some schools to close. School closings he pleads, would be "painful," because they almost always engender community conflict over which school will be closed. Such conflicts as those over which he weeps such crocodile tears *always* occur with public schools. Not only is there conflict over where to build a public school, there are incessant skirmishes over every other question connected with public schools: personnel, curriculum, texts, whether there should be sex education, or prayer, or the Pledge of Allegiance, *ad nauseum*. *It is in the nature of the*

*beast*. When government takes over such a vital function, there is no choice for those who disagree but to fight tooth and claw for control of the institutional machinery.

Far be it from us to deny Mr. Shanker's claim that the Tuition Tax Credit system would be the beginning of the end for public schools! We *welcome* that long-overdue step. Mr. Shanker uses New York City as an example: If only ten percent of New York City's residents took advantage of this plan, "the public schools would lose 100,000 students." (Free at last!) In a chain reaction, state and federal aid to education would drop, leading to more disruptions, which in turn would cause an even greater exodus from the schools—"perhaps to private and parochial schools closer to home," he writes. Moreover, Mr. Shanker asks whether this first step, this \$500 credit, "will be the end of it? Of course not. Next year the Congress will be asked for a \$700 tax credit, later \$1000."

Note that Mr. Shanker refers to *tax credits* as funds provided for nonpublic schools by the government. Similarly, he refers to them as a "subsidy." A *tax credit* lets people *keep* a part of their *own* money which government otherwise would grab. If Mr. Shanker believes that a tax credit is a subsidy, then he must think we are *all* subsidized to the extent that the state apparatus does not seize everything we own.

It is difficult to know what to think of such a man. For decades now, public schools have been deteriorating at an alarming rate. Tons of money—billions upon billions of dollars—have been poured into this rat hole, and the only thing it has accomplished is to make it utterly apparent that this system is morally and politically bankrupt. We had damned well better understand that children are being crippled for life. We must open up competition in the area of education now. We must pry Albert Shanker's fingers loose from the throats of our children. Education is *too important* to be left to an incompetent and stagnant breed of bureaucrats. To privatize American education, we must break the stranglehold that these people today have on American children.

The venal institution of public education robs children of the best years of their lives, leaving them in exchange nothing but ignorance, boredom and rage. For twelve years and more, public schools are given the freedom in this country to pummel away at the liberty of American children, to pounce on their every display of independent thought, every trace of a sound value system, every concern with their own sovereignty of their own rights. For twelve years and more, the butchers of the classroom are given virtually totalitarian power over the minds and lives of children.

No one concerned with children or with knowledge can do anything but cheer any move, however slight, toward the crushing of this monstrous, rotting system of belligerent terror and abuse.

We should support the tuition tax credit plan, and press on to restore much-needed liberty to the whole area of education in this country. That is the only way to save our children from the crippled future which today haunts them like a spectre.

# The Public Trough

## *The new protectionism*

by Bruce Bartlett

One of the most disturbing developments of the past year is the resurgence of protectionism in the United States and throughout the world. The mounting pressure for protectionism is becoming so acute, in fact, that the prospects of a full scale trade war—with all that implies—are growing all the time.

At its convention in December, the AFL-CIO issued a strong statement favoring legislation protecting U.S. industry from foreign imports. George Meany, president of the labor federation, went so far as to say: "Free trade is a joke and a myth. And a government trade policy predicated on old ideas of free trade is worse than a joke—it is a prescription for disaster. The answer is fair trade, do unto others as they do to us—barrier for barrier, closed door for closed door."

This pronouncement is important because it reverses labor's historically held position favoring free trade. In the 19th

century, Cobden and Bright in England, Frederic Bastiat in France, and Henry George in the United States proved that free trade benefits the masses and that no overall benefit can come from tariffs, which only raise prices for goods workers must buy.

Business has always favored tariffs, on the quite natural grounds that such levies protect it from competition and thereby increase its profits. Thus, we have always had business on one side and labor on the other. Politically, the Democratic Party traditionally has been the party of free trade while the Republican Party was the party of the tariff.

Labor has reversed its position because it feels that free trade has led to the "export" of American jobs. It has asserted that hundreds of thousands of jobs have been "lost" due to imports in clothing, shoes, steel, autos, consumer and industrial electronics, and communications equipment.



A modicum of thought will show that the simple logic of the protectionists is easy enough to refute. As Milton Friedman wrote in a recent *Newsweek* column: "If the Japanese can sell color TV-sets in the U.S. more cheaply than U.S. manufacturers, that will mean fewer jobs in the U.S. television-manufacturing industry. But it will mean more jobs in those industries that can now export more to Japan."

The Carter administration has attempted thus far to walk a tightrope, trying to placate labor while avoiding quotas and tariffs. In the case of the steel industry, which has been especially hard-hit by imports from Japan, the administration adopted a reference price system designed to prevent the Japanese from selling steel for less than their cost of production. Allegedly, the Japanese have adopted this tactic in order to undercut American steel manufacturers and take over the market.

The fact is, however, that Japanese manufacturers are not baldly "dumping" their steel in the United States. It's just that the Japanese steel industry is vastly more efficient. According to a study by the American Iron and Steel Institute, Japanese workers are as much as 50 percent more productive than American steel workers—largely because Japanese steel plants are much more modern and efficient than American steel plants. Moreover, according to the Council on Wage and Price Stability, American steel companies have granted pay increases to their workers which are totally out of line with the economics of the industry. Steel workers are currently among the highest paid workers in America. At present their wages are more than 60 percent higher than the average wage for all manufacturing industries.

But even if the Japanese are "dumping," who cares? If they want to present a felicitous gift to the American people in the form of underpriced goods, why should we be concerned? The result can be only that all goods made with steel will be cheaper than they otherwise would have been—thereby creating more jobs in steel-related industries, such as automobile production.

The most serious danger in the United States' adoption of large-scale tariffs or quotas is the nearly certain retaliation in kind by other countries and a resultant breakdown of world trade. The last time this happened was when the United States adopted the Smoot-Hawley Tariff in 1929. This one act may have done more to create and prolong the Great Depression than any other single event. (See Jude Wanniski's article, "The Crash of '29—A New View," *Wall Street Journal*, October 28, 1977.)

(continued on page 42)

# Crosscurrents

by Walter Grinder

## •Austrian Economics Conference

Many of the country's leading Austrian economists gathered at New York University together with other prominent economists for two days in early January for a rather impressive and useful conference on "Issues in Economic Theory: An Evaluation of Current Austrian Perspectives." Cosponsored by the Institute for Humane Studies and NYU's Center for Applied Economics, the conference was organized and directed by Mario Rizzo—a member of a rare and curious breed in that, although he earned his doctorate at the University of Chicago, his sympathies and interests are far closer to the Austrian than to the Chicago School.

Speakers and discussants at the conference, in addition to Rizzo, included such notables as Ludwig M. Lachmann of NYU and South Africa; Murray N. Rothbard of the Polytechnic Institute of New York; Sir John Hicks of Oxford; Gerald P. O'Driscoll, Jr. of Iowa State University; Israel M. Kirzner of NYU; Richard E. Wagner of Virginia Polytechnic; Leland B. Yeager and Roger W. Garrison of the University of Virginia; Harold Demsetz of UCLA; John B. Egger of Goucher College; and Harvey Leibenstein of Harvard.

Economists with an Austrian bent are in residence at a growing number of academic institutions. But with Rizzo, Kirzner, and Lachmann (the latter as a frequent visiting professor) at NYU, Washington Square appears to be the best place in the country for advanced study in economics with an Austrian flavor. Kirzner and Lachmann have been published widely, and I look for some of the most important work in Austrian economics during the next several years to come from the pen of Professor Rizzo. His major interests at the moment include the relationship between law and economics, and the implications of Hayek's work on the "spontaneous order" of socioeconomic development. For those interested, there are a number of fellowships available at NYU for qualified students.

Rizzo plans to collect and edit the conference papers, and it is hoped these proceedings will be published soon thereafter. For more information, write Dr. Rizzo at

the Department of Economics, 516 Tisch Hall, New York University, New York, NY 10003.

## •Looking for a Textbook?

One of the peculiar frustrations of trying to teach an introductory economics course—whether to college freshmen or sophomores, or to an independent study group—from the Austrian viewpoint has been the lack of an appropriate textbook. Those of us who have been faced with this puzzle have searched for years for a suitable volume. Standard works like Samuelson or imitators thereof are both contradictory and too eclectic. Lipsey and Steiner are too abstractly rigorous and, even worse for a beginner, usually bear no relation to real-world human action. Alchian and Allen, Rothbard, Mises are, in all but exceptional cases, too difficult for beginners.

Yet in my delvings I have discovered two introductory-level texts I could recommend, with one basic caveat: the macroeconomics sections of each of them—since they are not written from a strictly Austrian analysis—are less than sound, in my view.

First is Henry N. Sanborn's *What, How, For Whom: The Decisions of Economic Organization* (Cotter-Barnard Company, P.O. Box 8466, Baltimore, Maryland 21234). Sanborn's book would best be described as a less-advanced and less-rigorous version of Alchian and Allen's famed *University Economics*. The book is particularly good on specialization, division of labor, and savings and investment.

The second introductory text I would recommend, and the one I tend to favor, is Paul Heyne's *The Economic Way of Thinking* (Science Research Associates, Chicago). Like Sanborn, this author's policy implications are clearly quite libertarian, and Heyne is good on specialization, efficiency, monopoly, profit, and other topics. But Heyne's book is my favorite principally because it is imbued totally with one of the major building blocks of Austrian theory—opportunity cost. Heyne's version of opportunity cost is not as consistently subjective or as forward

looking as most Austrians would prefer, but it is clearly the best I've seen in any college-level introductory text.

I am looking forward to the day when an introductory text is written by an Austrian economist who will deal with all matters—both micro and macro—from a consistently Austrian point of view. Until then, though, I do recommend both Heyne (first) and Sanborn.

If we ever expect to replace our current system of state capitalism with that of the free market, then we simply have to know how the unhampered market works and be ready to answer various criticisms of the free market. Therefore, as ancillary reading along with either of these texts, I still recommend using Henry Hazlitt's marvelous *Economics in One Lesson*, which is going through yet another revision and updating. Other than Hazlitt's little gem, I know of no book which so repeatedly and convincingly presents the basic economic lesson that within each and every projected economic policy measure are entailed a number of secondary (usually deleterious) consequences, the nature of which it is the job of the good citizen-economist to trace out, to understand, to explain, and to consider carefully before a policy decision is made.

## •Changing of the Guard

The principal organizing genius behind the creation and development of the Center for Libertarian Studies has been its first president, John Hagel III. Thanks in large part to Hagel's tireless efforts, the Center had developed into a top-notch academic think tank. Its publications, conferences, and research projects are among the finest in the country, and certainly the finest in the realm of purely libertarian studies produced in recent memory. At the end of his latest tenure as president, Hagel resigned because increasing time commitments of a business career will keep him out of the country a large part of the time.

Speaking for the whole libertarian community, I want to thank John for his sustained and creative efforts in making the Center the reality that, before he prodded others to action, many of us once only dreamed about.

Fortunately for the Center and for the cause of liberty, Hagel is being replaced by another talented and ardent libertarian. The Center's new president is David H. Padden, a Chicago businessman. He is president of his own investment firm and past chairman of the board of a major Chicago-based conglomerate. Like Hagel, he earned his MBA from Harvard University, albeit two decades earlier. Padden's administrative talents should ensure the con-

tinued growth and success of the Center.

Since the Center is now well established, I am now able to leave my post as executive director and return to my scholarly pursuits of researching, writing, and teaching. The Center's new executive director is J. Phillip Sykes, another dedicated libertarian who come to the Center from a combined background of business and scholarship. Phil is an able and amiable administrator, who, when combined with Padden, gives the Center a first-rate executive team.

Sykes' administrative assistant is Joanne Ebeling. The new position of project director is being filled by Richard Ebeling. Richard, by all accounts, is one of the best-read young academics in the libertarian movement. In particular, I know that his knowledge of the Austrian economics literature is practically unparalleled. Rounding out this capable staff is Alyson Tufts.

With this staff, the Center is better manned than at any time in its short existence. I wish them all well, and I expect that we will see a continued prospering of the Center.

#### •Stone on Stone

One of the truly great investigative journalists of the twentieth century (and perhaps of all time) is I.F. Stone, known to friend and foe alike as Izzy. Practically alone of all the journalists in America, Izzy Stone firmly held to his belief in an absolutely free press and in unfettered civil liberties for all Americans during the heavy-handed years of the early Cold War.



I.F. Stone

For those of us who were trying to find out what was really going in the Pentagon and behind other cloaks of governmental secrecy during the fifties and sixties, there was often only one place to turn to get documented evidence and informed analysis: in the last of the great one-man operations, *I.F. Stone's Weekly*.

There are probably many young people who know little about this journalistic genius and who have never read any of his perceptive and informative essays in the *Weekly*. I recommend that everyone read two volumes which contain some of Stone's best articles on the beginnings of the Cold War, and on the concerted attacks on civil liberties by the Truman regime (and later by Senator McCarthy). The first is *The Truman Era*, and the second is *The I.F. Stone Weekly Reader*, edited by Neil Middleton (both books are 1973 Vintage paperbacks). And for what still remains one of the best journalistic accounts of the South Korean government's instigative role in the war of the Korean peninsula, I recommend *The Hidden History of the Korean War* (Monthly Review Press, 1970).

Stone closed down the *Weekly* several years ago, and has written only sporadically for the *New York Review of Books* since then. I thought that he had otherwise gone into retirement. I should have known better about one who was so active. The spark that jogged my memory about Stone was a clever and revealing self-interview, "Izzy on Izzy," which ran in *The New York Times Magazine* on January 22, 1978. We find that, far from retiring, this septuagenarian Jeffersonian is back at school (a nonmatriculant at American University in Washington, D.C.) studying the history of the freedom of thought and expression and the struggles for it throughout the history of Western civilization. He is even learning Greek to facilitate studying the history of these issues in Hellenic times.

Throughout his long career, Stone's central and all-consuming passion has been to fight for freedom of thought. For doing so in a consistent and enthusiastic manner, he was unmercifully and groundlessly red-baited, time and again, by both conservatives and liberals.

Unfortunately, he does suffer from the modern liberal malady of not appreciating the need for the same absolute freedom in the economic sphere as he rightfully demands for those freedoms usually catalogued under the rubric of civil liberties. This dichotomy shows up in his own words most glaringly when he writes about the nature of his forthcoming book: "I would do a study in depth of what concerns me most—freedom of thought and expression, and how to preserve it against the new ex-

cuses for repression bound to arise in every generation, but just freedom of thought, not 'liberty,' which is too vague and slippery, and may include, as it often does, the freedom to exploit others."

This false separation of freedom of thought from economic liberty is the fatal flaw of modern liberalism. If libertarians can resolve this question to the liberals' satisfaction, and show them conclusively that liberty is indivisible and that property rights are crucially important human rights, then libertarians will have gone a long way in leading the best of the liberals out of the wilderness.

Personally, I remain nonplussed by Stone's own position on this matter. For Stone, more than few other living Americans, benefitted from this country's long heritage of economic liberty and private ownership of the tools of production. Does Stone seriously believe that he could have created and maintained the *Weekly* if some "public" authority had owned all presses, newsprint, and other assorted printing supplies?

This tragic flaw aside, Stone is eminently worth reading, and, more particularly, worthy of our highest esteem and appreciation. I am looking forward to the publication of his book on a subject that should be of central concern to us all.

## Coming soon in Libertarian Review

- An interview with Austrian economist Ludwig Lachmann
- John Hospers on Rose Wilder Lane
- Murray Rothbard's new monthly column, "The Plumb Line"
- George H. Smith on Herbert Spencer
- Jeff Rigenbach on the Jarvis-Gann tax initiative

# Media

## Geraldo and the prohibition agents

by Jeff Riggensch

Geraldo Rivera comes highly recommended. Ron Powers of the *Chicago Sun-Times*, the only TV critic ever to win the Pulitzer Prize, calls him "a journalist of considerable ability" who has earned his "renown for tough reporting". He's also won more than a hundred awards for his "excellence" and his "humanitarian services" as a reporter. And if you're still not convinced, he'll tell you himself:

"One of the reasons I dropped out of show business," he told *Gallery* magazine last June, "is because no one was mentioning anymore that I am a lawyer or that I am a newsman with a hundred journalism awards. Suddenly they were talking about what a cute ass I've got, or my hair style".

Geraldo's venture into show business lasted from 1972, when he produced his Peabody Award-winning documentary on the conditions at the Willowbrook State School for the Mentally Retarded in Staten Island, New York, to 1975, when he moved from his local news job on WABC-TV in New York to his present ABC Network news position. During those three years, Geraldo spent much of his time emceeing benefit rock concerts to raise money for the mentally retarded. But for the past three years, he's been back at his chores as a tough reporter, "smoldering with ill-contained outrage," as Ron Powers puts it, "on behalf of the downtrodden common man," exposing the evils of motorcycle gangs, venereal disease, seasonal farm work, and, most recently, cocaine.

Geraldo's five-part series on cocaine was broadcast one week in December as part of the ABC "Evening News" with Barbara Walters (Harry Reasoner was on vacation). It got underway one wintry Monday evening, with Walters's declaration that "seven million Americans have tried cocaine and one million now use it regularly".\*

"Yet," said Geraldo, who was now on camera, walking the streets of Harlem, "cocaine is almost as dangerous as heroin, and costs even more!"

In fact, Geraldo continued, cocaine was being used more and more by junkies, who needed a substitute for the poor quality heroin they were getting for their money these days. The Drug Enforcement Administration had so cut the inflow of heroin to this country, you see, that the smugglers and pushers had to make what little they did get through go a long way. So they had



Geraldo Rivera

to cut it practically to nothing, and sell their junkies a white powder that was about 5 percent heroin and about 95 percent something else. Of course this enervated product did next to nothing to slake the heroin addict's insatiable craving for dope, and he was forced to turn to other drugs, notably cocaine, in his frenzied quest for relief and escape.

Geraldo visited a couple of junkies who were mumbling incoherently and shooting up coke. He visited a party where coke was being snorted through soda straws. He visited a discotheque where people were dancing energetically and snorting coke in restrooms. He commented that most of these cocaine users believed the drug was not addictive like heroin. But how did they explain, he wondered, "the terrible desperation of the junkie's craving for another shot of 'snow'?"

To underscore this point, Geraldo talked with a young man who allowed as how he'd do most nearly anything for cocaine, "though," he added after a second's thought, "I doubt I'd kill for it." Next time, Geraldo promised, he'd show us where cocaine comes from.

And he did. But before going on, let us dwell a few moments on what we learned in part one of Geraldo's series. We learned that there are a million regular cocaine users in America; and, by implication, since they received the lion's share of the time devoted to the subject, that heroin addicts account for a significant portion of this million. In fact they do not. Lester Grinspoon and James B. Bakalar of the Harvard Medical School assessed the available evidence a little more than a year ago, and concluded that "the use of cocaine by opiate addicts is a very small corner of the contemporary scene anywhere in the world."

The studies cited by Grinspoon and Bakalar would support the contention that about 20 percent of all junkies are also regular cocaine users. The D.E.A. claims there are about half-a-million junkies in the United States, which would seem to mean that no more than about 100,000, or 10 percent, of those one million regular cocaine users could possibly be junkies.

And those who are junkies are not using cocaine as a substitute for heroin. Richard Ashley, in his 1975 book, *Cocaine: Its History, Uses and Effects*, flatly denies that any such substitution is possible:

Cocaine is a Central Nervous System stimulant, heroin a Central Nervous System depressant. They have opposite effects and one *cannot* be the substitute for the other. To belabor the point: if coke was a substitute for heroin, an addict could stave off the pains of withdrawal with cocaine, as he can with methadone. But he can't.

\*Statements attributed in this article to Barbara Walters and Geraldo Rivera, including those enclosed in quotation marks, are reproduced from handwritten notes.

This latter point is confirmed by William Burroughs, in his "Letter From a Master Addict to Dangerous Drugs," published more than twenty years ago in the *British Journal of Addiction*. Burroughs states unequivocally that cocaine "produces a state of nervousness for which [heroin] is the physiological answer," so that for any junkie whose heroin supply is adequate, "the use of cocaine . . . always leads to larger and more frequent injections of [heroin]." Any attempt to substitute cocaine for heroin, then, would only intensify the addict's craving for junk.

And as for the junkie's "desperate craving for another shot of snow," Burroughs writes:

The desire for cocaine can be intense. I have spent whole days walking from one drug store to another to fill a cocaine prescription. You may want cocaine intensely, but you don't have any metabolic need for it. If you can't get cocaine you eat, you go to sleep and forget it. I have talked with people who used cocaine for years, then were suddenly cut off from their supply. None of the experienced any withdrawal symptoms.

This finding is, as far as I have been able to discern, universal in the literature on cocaine. And I have been able to find only one book on the subject which speaks of junkies using cocaine as a substitute for heroin—Marc Olden's *Cocaine* (Lancer Books, 1973), which is admittedly based almost entirely on interviews with Drug Enforcement Administration agents.

Why would the D.E.A. seek to associate cocaine with heroin in the public mind, even try to create the impression that they are interchangeable drugs? Well, as Richard Ashley has observed, in discussing the federal government's misclassification of cocaine as a "narcotic": "By calling cocaine a narcotic the government anti-cocaine propagandists reaped the advantage of having all the drug-innocent citizens associate these frightening stories of narcotic addiction with cocaine as well as with the opiates which the stories, in fact, usually were about." Clearly, if the Drug Enforcement Administration can get "the populace at large to identify cocaine with . . . drugs such as heroin and the reams of adverse publicity received by these drugs," the Drug Enforcement Administration can also get funding from the populace at large to stamp out the cocaine menace. As Thomas M. Coffey observes in his recent book, *The Long Thirst: Prohibition in America 1920-1933* (Norton, 1975), "the parallels between our current narcotics [sic] prohibitions and the alcohol prohibition of the 1920s are too striking to ignore":

. . . the agencies responsible for stopping the drug traffic . . . like the liquor enforcement officers in the '20s, have big stakes in the continua-

tion of the narcotics prohibition. The honest officers have only their jobs to protect. The others would also lose great chunks of clandestine income if the system were changed.

Of course, all this has implications for the reporter, especially for the "tough" reporter. H.L. Mencken explored them, with characteristic directness, in the July 1925 issue of *The American Mercury*:

Who, ordinarily, would believe a Prohibition agent? Perhaps a Federal judge in his robes of office; I can think of no one else. Yet the newspapers are filled every day with the dreadful boasts and threats of such frauds; they are set before the people, not as lies, but as news. What is the purpose of such bilge? Its purpose, ob-

tionally publicized bust, the drug remains readily available; that the evidence suggests it is being used by more and more Americans with each passing year; that, in fact, its users have grown more numerous in every year since the drug was first prohibited, setting their greatest growth records in precisely those years when the most money was poured into the "war on drugs". The average broadcast journalist of today will never read anywhere that street heroin has been only five to six percent pure for the past thirty years. And therefore, when the D.E.A. tells him it has brought the purity of street heroin down to five percent, he will not know that he is

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## The average, even the above average broadcast journalist of today is less generally educated and less informed about current events than the average newsman of 50 years ago. Today, he reads almost nothing but newspapers, newsmagazines, and bestsellers.

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viously, is to make it appear that the authors are actually enforcing Prohibition—in other words, to make them secure in their jobs. Every newspaperman in America knows that Prohibition is not being enforced—and yet it is rarely that an American newspaper comes out in these days without a gaudy story on its first page, rehearsing all the old lies under new and blacker headlines.

Today the headlines are spoken, not printed ("Biggest Cocaine Bust in U.S. History—Film at Eleven"), but the rest of the story is the same . . . or almost the same. As I have observed before in these pages, the average, even the above average, broadcast journalist of the 1970s is less generally educated and less informed about current events than the average newspaperman of fifty years ago. The average broadcast journalist of today reads almost nothing, or nothing but newspapers, newsmagazines and bestsellers. And he will never read in any of these places that the heroin Prohibition isn't being enforced either: that despite the occasional sensa-

listening to a con—a con desigend to get more money out of those who, in the end, keep the D.E.A. in business: the taxpayers. The average broadcast journalist of today will never read anywhere that heroin and cocaine are not interchangeable or even similar drugs, and therefore, when the D.E.A. tells him they are, he won't be suspicious.

I have to suppose that this tendency of the contemporary broadcast journalist to be unlettered explains the inaccuracy of Geraldo's first report on cocaine, and, for that matter, of the other four as well. I have to suppose, for example, that Geraldo hasn't ever read (even during the research he surely must have done for his nationally televised reports) *Cocaine: A Drug and Its Social Evolution* by Lester Grinspoon and James B. Bakalar (Basic Books, 1976). This book, as close to a definitive study of cocaine as has yet seen print, contains several pages of revealing information on the attitudes toward cocaine which prevail south



of the U.S. border—information which might have enabled Geraldo to place the facts he brought out in his second report in some kind of perspective.

Geraldo's second report was from South America, where he visited an open air market in the Andes and saw bunches of dried coca leaves being openly, legally traded. From there he travelled to Lima and to Bogota, where he accompanied city police on a coke bust at the home of a major trafficker—a man who (allegedly) refined cocaine from coca leaves in his own lab, then exported his product to the United States.

Geraldo reported that coca-leaf chewing is legal in South America and is looked upon by the people there as coffee drinking is by the people of this country. Cocaine is illegal, however, and South American police have been intensifying their efforts to stop the manufacture and sale of the drug, motivated by some monetary grants and some diplomatic pressure from the United States. "But mostly," Geraldo reported ruefully, "they're catching young Americans, many of whom had hoped to finance a trip south by bringing back an ounce or two of coke. Instead they wound up in jail, in countries where the Bill of Rights doesn't apply." The major traffickers, meanwhile, have remained free, and have built such a business that Colombia exported more dollars worth of cocaine last year than coffee.

There are no factual errors here, mind you—just a curious failure to see the pattern behind the facts (or to do the research which would have cast that pattern into high relief, made it too obvious to ignore). Grinspoon and Bakalar quote an unidentified U.S. diplomat as saying of South America: "These countries don't have a drug problem themselves. There's no mutual interest to work with." They comment:

What this means is not that South Americans do not use cocaine but that they do not regard it (or cannabis) with the horror that North American drug enforcement officials consider appropriate. It is hard for them to take the menace of cocaine seriously while the coca leaf serves as the ordinary daily drug of millions in Peru and Bolivia—even if they are poor and often despised Indians. (It is the same with opiates in Southeast Asia.) Cocaine itself has always been relatively easy to buy, too.

Moreover,

Most of the people who deal in cocaine, . . . like illicit alcohol refiners, use the drug they sell. The game of evading the cocaine laws is like the game of evading income taxes commonly played in many countries, or like the methods once adopted in the United States in the face of alcohol prohibition.

Many South American government officials have been unmasked as cocaine traf-

fickers themselves, Grinspoon and Bakalar write, and those who aren't in the business are understandably reluctant to prosecute those who are; as Geraldo's own figures indicate, cocaine is important to the economies of the countries in which it's produced. Little wonder, then, that when the gringos come south with their grants and their demands for arrests, the South Americans arrest not their own countrymen (who are, in their eyes, merely persecuted businessmen) but other gringos. This is not, needless to say, the version of things endorsed by the Drug Enforcement Administration. And by the time he'd reached the end of part two, with forty percent of his series behind him, Geraldo had cited a single source for every fact he had referred to: the D.E.A.

In part three, Geraldo talked with coke users about their bad experiences. One stock broker said his habit had cost him \$500 a week until he'd kicked it. A Beverly Hills High School student said he'd had to have his stomach pumped after loading up on quaaludes, Tylenol and coke.

In part four, Geraldo talked perfunctorily with the editor of the drug abuser's magazine, *High Times*, and the Massachusetts judge who threw out cocaine possession charges against a Boston man last year on the grounds that the laws prohibiting cocaine possession were unconstitutional. The editor snorted some coke on camera and said he thought it was a good high and harmless in moderation. The judge said coke was less harmful than tobacco and alcohol, and laws forbidding its possession for personal use therefore constituted an unreasonable invasion of privacy. Then Geraldo talked, a little more lengthily, with the D.E.A.

And finally, in part five, Geraldo visited two laboratories where government-sponsored studies of cocaine were being carried out. He revealed that scientists at one of the labs had given monkeys the wherewithal to supply themselves with cocaine at will. And, lo!, the monkeys liked coke so much they supplied themselves incessantly, like people who chain-smoke cigarettes. Geraldo looked grave as he revealed this, and I wondered if maybe it was because he was running out of time and hadn't mentioned whether the constant ingestion of cocaine was harming the monkeys in any way. But then Barbara Walters was back on camera with a warning that cocaine was a menace not only to monkeys, but also to humans.

"The federal government has told ABC News," she intoned breathlessly in that imitable voice of hers, her every vowel grating like a rusty hinge, "that 1500 cocaine users have been injured in the past

year after using cocaine. And there have been nine deaths in the past year in incidents directly related to cocaine use." And with a brief reminder that cocaine possession was a serious crime, she was in to the next story of the evening. Geraldo's cocaine series was over!

But what had it revealed? That the Drug Enforcement Administration has done its job so well where heroin is concerned that the junkies and pushers have turned to cocaine and created a brand new problem? That South American police just happen, by sheer bad luck, to apprehend more penny ante North American smugglers than large scale South American smugglers? That black market drugs are expensive? That taking three or four different drugs in large doses simultaneously may lead to the stomach pump? That monkeys like cocaine?

Did Geraldo think those accident and death figures proved cocaine is dangerous? Nearly 1500 people are injured every year after using bicycles. And a great many more than nine are killed in incidents directly related to bicycle use.

Why did Geraldo turn to one authority and one authority only—the government and its hirelings—for all his "facts"? Why did he give the only pro-cocaine speakers on the program significantly less time to explain themselves than his anti-cocaine speakers?

Why did ABC send Geraldo to South America and Washington and Boston, when they could have produced exactly the same program in New York by hiring a script written around D.E.A. propaganda leaflets and hiring a few actors to play the parts of the South Americans? It would have been equally factual in the end.

I can only suppose Geraldo did it the way he did it because he's too uninformed on the subject of drugs to doubt the Prohibition agent's veracity. Otherwise I may be forced to admit that George Bernard Shaw was right about journalists when he said that the archetypal reporter is

a cheerful, affable young man who is disabled for ordinary business pursuits by a congenital erroneousness which renders him incapable of describing accurately anything he sees, or understanding or reporting accurately anything he hears. As the only employment in which these defects do not matter is journalism. . . . he has perforce become a journalist. . . .

Perhaps it's true. GBS was right about so many things.

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# Liberty's Heritage

## *Tariffs and Reciprocity*

by *Frederic Bastiat*

### Introduction

In this age of protectionism and nationalism, the whole rich legacy of classical liberalism desperately needs to be rediscovered. With worldwide protectionism on the rise, however, no one is more relevant today than Frederic Bastiat, the great French pamphleteer, economist, and politician. Born in Bayonne on June 29, 1801, Bastiat rose to prominence carrying the banner of free trade, pouring out over the years a series of brilliant pamphlets killing statist and protectionist fallacies with caustic wit and naked logic.

As Rose Wilder Lane has pointed out, "His labors were prodigious. He organized the first French Free Trade association, and acted as secretary of its central committee

in Paris; he organized its branch societies; he interviewed politicians, collected funds, edited a weekly journal, contributed to four other journals, addressed meetings in Paris and throughout France, delivered courses of lectures on the principles of political economy to students in the colleges of law. He was dying of tuberculosis." Bastiat died in Rome on December 24, 1850.

"Tariffs and Reciprocity" is taken from Chapter Ten of the first edition of Frederic Bastiat's *Economic Sophisms*, translated from the French by Patrick James Stirling. These brilliant commentaries first appeared as a series of articles that Bastiat contributed to the *Journal des Economistes* in 1844, and attracted attention throughout Europe.

There is no more fitting testament to the genius of this man than that offered by Lane:

"Frederic Bastiat is one of the leaders of the revolution whose work and fame, like Aristotle's, belong to the ages. Aristotle, too, was a pioneer in an unexplored continent of human knowledge; he did little more than blaze two trees where the Wilderness Road began; he showed the way to a new world that he did not reach. What modern science owes to Aristotle, a free world will someday owe to Bastiat."

We have just seen that whatever increases the expense of conveying commodities from one country to another—in other words, whatever renders transport more onerous—acts in the same way as a protective duty; or if you prefer to put it in another shape, that a protective duty acts in the same way as more onerous transport.

A tariff, then, may be regarded in the same light as a marsh, a rut, an obstruction, a steep declivity—in a word, it is an obstacle, the effect of which is to augment the difference between the price which the producer of a commodity receives and the price which the consumer pays for it. In the

same way, it is undoubtedly true that marshes and quagmires are to be regarded in the same light as protective tariffs.

There are people (few in number, it is true, but there are such people) who begin to understand that obstacles are not less obstacles because they are artificial, and that our mercantile prospects have more to gain from liberty than from protection, and exactly for the same reason which makes a canal more favorable to traffic than a steep, roundabout, and inconvenient road.

But they maintain that this liberty must be reciprocal. If we remove the barriers we have erected against the admission of Spanish goods, for example, Spain must remove the barriers she has erected against the admission of ours. They are, therefore, the advocates of commercial treaties, on the basis of exact reciprocity, concession for concession; let us make the sacrifice of buying, say they, to obtain the advantage of selling.

People who reason in this way, I am sorry to say, are, whether they know it or not, protectionists in principle; only, they are a little more inconsistent than pure protectionists, as the latter are more inconsistent than absolute prohibitionists.

The following apologue will demonstrate this:

### Stulta and Puera

There were, no matter where, two towns called Stulta and Puera. They completed at great cost a highway from the one town to the other. When this was done, Stulta said to herself: "See how Puera inundates us with her products; we must see to it." In consequence, they created and paid a body of obstructives, so called because their business was to place obstacles in the way of traffic coming from Puera. Soon afterwards Puera did the same.

At the end of some centuries, knowledge having in the interim made great progress, the common sense of Puera enabled her to see that such reciprocal obstacles could only be reciprocally hurtful. She therefore sent a diplomat to Stulta, who, laying aside official phraseology, spoke to this effect: "We have made a highway, and now we throw obstacles in the way of using it. This is absurd. It would have been better to have left things as they were. We should not, in that case, have had to pay for making the road in the first place, nor afterwards have incurred the expense of maintaining obstructives. In the name of Puera, I come to propose to you, not to give up opposing each other all at once—that would be to act upon a principle, and we despise principles as much as you do—but to lessen somewhat the present obstacles, taking care to estimate equitably the respective sacrifices



Frederic Bastiat

we make for this purpose." So spoke the diplomatist. Stulta asked for time to consider the proposal, and proceeded to consult, in succession, her manufacturers and agriculturists. At length, after the lapse of some years, she declared that the negotiations were broken off.

On receiving this intimation, the inhabitants of Puera held a meeting. An old gentleman (they always suspected he had been secretly bought by Stulta) rose and said: The obstacles created by Stulta injure our sales, which is a misfortune. Those which we have ourselves created injure our purchases, which is another misfortune. With reference to the first, we are powerless; but the second rests with ourselves. Let us, at least, get quit of one, since we cannot rid ourselves of both evils. Let us suppress our obstructives without requiring Stulta to do the same. Some day, no doubt, she will come to know her own interests better.

A second counsellor, a practical, matter-of-fact man, guiltless of any acquaintance with principles, and brought up in the ways of his forefathers, replied: "Don't listen to that Utopian dreamer, that theorist, that innovator, that economist, that Stultomaniac. We shall all be undone if the stoppages of the road are not equalized, weighed, and balanced between Stulta and Puera. There would be greater difficulty in going than in coming, in exporting than in importing. We should find ourselves in the same condition of inferiority relatively to Stulta as Havre, Nantes, Bordeaux, Lisbon, London, Hamburg, and New Orleans are with relation to the towns situated at the sources of the Seine, the Loire, the Garonne, the Tagus, the Thames, the Elbe, and the Mississippi, for it is more difficult for a ship to ascend than to descend a river. (A Voice: Towns at the mouths of rivers prosper more than towns at their source.) This is impossible. (Same Voice: But it is so.) Well, if it be so, they have prospered contrary to rules." Reasoning so conclusive convinced the assembly, and the orator followed up his victory by talking largely of national independence, national honor, national dignity, national labor, inundation of products, tributes, murderous competition. In short, he carried the vote in favour of the maintenance of obstacles; and if you are at all curious on the subject, I can point out to you countries where you will see with your own eyes road-makers and obstructives working together on the most friendly terms possible, under the orders of the same legislative assembly, and at the expense of the same taxpayers, the one set endeavoring to clear the road, the other set doing their utmost to render it impassable.

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# The Movement

## • Campaign in California

A serious libertarian challenge to the political establishment may be under way in California, where Libertarian Party candidate Ed Clark is actively campaigning for governor. Clark, a prominent Los Angeles lawyer and a long-time libertarian activist, is emphasizing the issues of tax cuts (he is campaigning hard for the Jarvis tax limitation initiative, which will slash property taxes by 60 percent), an end to government monopoly education, and legalization of victimless crimes. Clark recently spoke before 450 people in Sacramento and 350 people at Stanford and has made a number of media appearances, most recently the Jim Eason Show in Northern California. He has campaigned with libertarian psychiatrist Thomas Szasz during a recent Szasz speaking tour of the state sponsored by the Libertarian Party.

The campaign will require over 100,000 signatures to qualify for ballot status, a goal which Clark believes he can reach. Interested persons may wish to contact the campaign at 544 Vine Street, #1, Glendale, CA 91204. Clark's call for an immediate dollar-for-dollar system of tax credits for private education is already gaining attention in a state burdened with inefficient, dangerous, prison-like public schools which often serve as breeding grounds for crime. Clark is also campaigning in the religious and Spanish-speaking communities, emphasizing educational diversity in a free market for those parents desiring a religious or bilingual education for their children.

A direct-mail campaign will begin in April and will initially reach over 20,000 California libertarians as well as other groups open to libertarian appeals. Full page ads in state editions of national magazines are being contemplated in conjunction with the national Libertarian Party. Special brochures for small businessman, students, taxpayers, and other groups are being prepared by campaign staffers. Clark, who is campaigning with 19 other California LP candidates, hopes to gain over 175,000 votes, the margin by which present Governor Jerry Brown defeated Republican Houston Flournoy in 1974, thereby making the LP the balance of power in California.

The California LP's recent state conven-

tion was disorganized and unfruitful, and many LP leaders hope libertarians in California will coalesce around an effective and hard-hitting Clark for governor campaign. The Clark campaign intends to go beyond simple media exposure for libertarian ideas and have a real impact on California politics. If Clark picks up a sizable following at the polls, 150,000 or more, major candidates and political figures will have to take libertarian issues and ideas seriously. The popularity of the Jarvis tax limitation proposal, which gathered well over one million signatures in attaining ballot status, promises a constituency for political figures who will address the issue of government intrusion and coercion. Ed Clark hopes to be the one to take advantage of that sentiment.

## • Libertarian Review film

Libertarian Review recently released the first professionally produced film about the libertarian movement. *For A New Liberty: The Libertarian Movement in America* is a full-color, 30-minute film documenting the recent growth of the libertarian movement. Directed by John Doswell, director of *The Incredible Bread Machine*, *For A New Liberty* promises to be one of the most effective tools available to libertarian groups and activists. This fast-paced movie features such prominent figures as Senator William Proxmire, Eugene McCarthy, columnist Jack Kilpatrick, and author John Marks discussing the importance of the libertarian movement and their view of its future. Also featured are such prominent libertarians as Murray N. Rothbard, Dom Armentano, Roger L. MacBride, F.A. Hayek, Roy Childs, Nathaniel Branden, and Bill Evers.

This combination of libertarian spokesmen and prominent political figures and social commentators will go a long way toward establishing the legitimacy of the libertarian movement as a serious competitor in the modern political spectrum.

*For A New Liberty* was unveiled at a public showing in San Francisco before a large audience of libertarians and guests. The response was enthusiastic and a number of copies were purchased at the showing.

The film discusses movement organizations such as the Center for Libertarian Studies, the Libertarian Party, the National Taxpayer's Union, the Association of

Libertarian Feminists, *Libertarian Review*, and more. It is useful for showing to civic groups, political clubs, high schools, colleges, or just friends and neighbors. Copies of the film may be purchased for \$175 and are available for rental at \$30 per week plus round-trip shipping costs. Orders may be sent to: Libertarian Review, Inc., 1620 Montgomery Street, San Francisco, CA 94111.

## • The only trend

We've always proclaimed that libertarianism is the movement of the future. But such claims are always looked at askance by outsiders until one of their own kind sits up and takes notice. Well, the liberal left seems to be opening its eyes, if an item in the February 3 *Baron Report*, a Washington insiders' newsletter, is any indication.

The *Baron Report* is produced by Alan Baron, who is also Washington correspondent for the new, left-liberal political affairs journal, *Politicks and Other Human Interests*. This recent entry into a field that is quite hazardous financially is published by Rockefeller son-in-law Tom Morgan. In an item titled "Swing to the right?", Baron questions whether the electorate is really displaying a trend toward conservatism. He explains that we are dealing with a matter of definition, because "positions which were viewed as liberal a few years ago are considered moderate or even conservative now." Thus, while fewer voters call themselves liberal, fully two-thirds of the increasing body of self-proclaimed conservatives favor governmental action in employment, job safety, and health care, and 40 percent favor decriminalizing marijuana.

After making these observations, Baron points out that if there is any evident trend in opinion, "it's toward libertarianism—the philosophy that argues against government intervention and for personal rights. Conservatives welcome that trend when it indicates public skepticism over federal programs; liberals welcome it when it shows growing acceptance of individual rights in such areas as drugs, sexual behavior, etc., and increasing reticence of the public to support foreign intervention."

## • A progressive view

In the same vein as Alan Baron's comments on libertarianism is a rather favorable report on the movement in the January issue of *The Progressive*, that 70-year-old bulwark of the populist left. In the article, free-lance journalist Carol Polsgrove notes that while "most Americans probably still

figure that a libertarian is a cross between a libertine and a librarian" (will someone please come up with a new joke?), "in many ways, that is too bad. There is surely a place in this country for a party of principle, if only to remind Americans that they already have some sound constitutional principles which are frequently violated. There is a place for a party that says no law is the best law, if only to encourage closer scrutiny of the avalanche of laws that tumble down each year upon us. And there is a place for a party which raises a radical challenge so essentially tolerant."

Of course, one can't expect a sudden, mass conversion to libertarianism by the philosophical descendants of Robert LaFollette. In the midst of her description of libertarian philosophy, Polsgrove worries about the ability of the free market to support us all. "Libertarians, like Jimmy Carter" (what a distasteful comparison!), she declares, "believe in the virtue of work; they prophesy doom for a nation whose citizens are not productive." Thus, she explains to the uninitiated, libertarians

"berate" nonproductive welfare recipients and bureaucrats. "Yet both the bureaucracy and the welfare rolls may have grown simply because there is not enough 'productive' work to go around. . . . While it is possible that in a free-market economy almost everyone might be able to find some way to earn an adequate income, it is equally possible that the market itself might prove as coercive as any government could be. A choice between taking a job at \$1 an hour or not eating is scarcely a choice."

Aside from her obvious need of a few lessons in Austrian economics, Polsgrove also needs to read her own copy a bit more closely, because there is a lot she has to learn just from what she herself has said.

The most obvious item is her equating bureaucrats and welfare recipients—quite accurately, of course. Most bureaucratic "jobs" are just so much make-work. The problem is that these titled welfare recipients also "make work"—and very unproductive work it is, indeed—for the rest of us, as they intrude into everyone else's

affairs for the benefit of no one but themselves. Polsgrove simply fails to proceed to the next step in the logical chain and see that bureaucrats are not only nonproductive, but reduce the productivity, privacy and liberty of the rest of us.

As for the work ethic, someone forgot to tell Polsgrove that we are clearly in favor of letting anyone who wants to lie around on the lawn (their own lawn, that is) all day, if that's what they want to do. Their survival is their own responsibility. Unlike the welfare state, libertarians put no stigma on not working; we merely place responsibility where it belongs: on the individual.

The most serious flaw, of course, is Polsgrove's suggestion that there "is not enough 'productive' work to go around." What else can be expected when the state so ardently rewards nonproduction while penalizing productivity?

Will some kind soul please send Ms. Polsgrove a few volumes of Mises, Hayek, Rothbard, or whatever other economists they favor? We clearly have a sizable educational task before us.

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# The Myth of Psychotherapy

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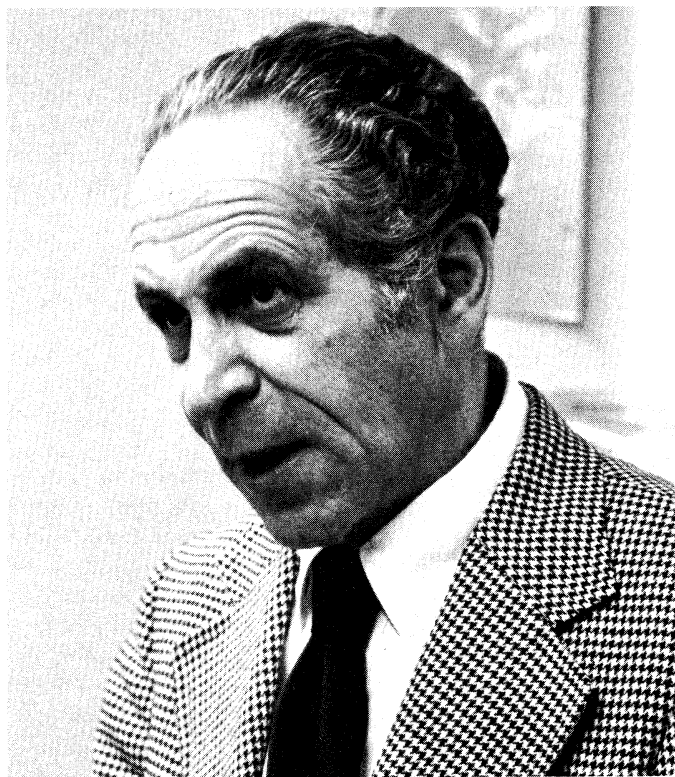
by Thomas Szasz

**I**t is widely believed today that just as some diseases and patients are, and ought to be, treated by means of chemotherapy or radiation therapy, others are, and ought to be, treated by means of psychotherapy. Our language, the mirror of our mind, reflects this equation of the medical and the mental. Fears and foibles are “psychiatric symptoms”; persons exhibiting these and countless other manifestations of “psychiatric diseases” are “psychiatric patients”; and the interventions sought by or imposed on them are “psychiatric treatments” among which “psychotherapies” occupy a prominent rank.

In several previous books, I have argued that this entire system of interlocking concepts, beliefs, and practices is incorrect and immoral. In *The Myth of Mental Illness* I showed why the concept of mental illness is erroneous and misleading; in *Law, Liberty, and Psychiatry*, why many of the legal uses to which psychiatric ideas and interventions are put are immoral and inimical to the ideas of individual freedom and responsibility; in *The Manufacture of Madness*, why the moral beliefs and social practices based on the concept of mental illness constitute an ideology of intolerance, with belief in mental illness and the persecution of mental patients having replaced belief in witchcraft and the persecution of witches. In the present work, I extend this critical perspective to the principles and practices of mental healing, in an effort to show that psychotherapeutic interventions are not medical but moral in character and are, therefore, not literal but metaphorical treatments.

There are three fundamental reasons for holding that psychotherapies are metaphorical treatments. First, if the conditions psychotherapists seek to cure are not diseases, then the procedures they use are not genuine treatments. Second, if such procedures are imposed on persons against their will, then they are tortures rather than treatments. And third, if the psychotherapeutic procedures consist of nothing but listening and talking, then they constitute a type of conversation which can be therapeutic only in a metaphorical sense.

In the eighteenth and nineteenth centuries, when people spoke of the “cure of souls,” everyone knew that the diseases



Dr. Thomas Szasz

such cures were supposed to heal were spiritual, that the therapists were clerical, and that the cures were metaphorical. Whereas today—with the soul securely displaced by the mind and the mind securely subsumed as a function of the brain—people speak of the “cure of minds,” and everyone knows that the diseases psychiatrists treat are basically similar to ordinary medical diseases, that the therapists who administer such treatment are physicians, and that the cures are the results of literal treatments.

This is neither the first nor most likely the last time in history that people have mistaken the metaphorical meaning of a word for its literal meaning and have then used the

literalized metaphor for their own personal and political purposes. In this book I shall try to show how coercion and conversation became analogized to medical treatment. The results are now all around us: dance therapy and sex therapy, art therapy and aversion therapy, behavior therapy and reality therapy, individual psychotherapy and group psychotherapy. Virtually anything anyone might do in the company of another person may now be defined as psychotherapeutic. If the definer has the proper credentials, and if his audience is sufficiently gullible, any such act will be publicly accepted and accredited as a form of psychotherapy.

**M**ental illness and mental treatment are symmetrical and indeed symbiotic ideas. The extension of somatic therapy into psychotherapy and the metaphorization of personal influence as psychotherapeutic coincide with the extension of pathology into psychopathology and the metaphorization of personal problems as mental diseases. Since the Freudian revolution, and especially since the Second World War, the secret formula has been this: If you want to debase what a person is doing, call his act psychopathological and call him mentally ill; if you want to exalt what a person is doing, call his act psychotherapeutic and call him a mental healer. Examples of this sort of speaking and writing abound.

It used to be that the forcible abduction of one person by another constituted kidnapping. The captor's efforts to change the moral beliefs of his captive constituted coerced religious conversion. Now these acts are called "deprogramming" and "reality therapy."

"Moonies' parents given custody; 'Deprogramming' sessions begin today," reads the headline of a typical recent newspaper story. From an Associated Press dispatch, we learn that "five young followers of the Rev. Sun Myung Moon today begin 'deprogramming' sessions their parents hope will change their lives. 'This is very scary,' said John Hovard, 23, of Danville, California, after a court decision Thursday returned him and four others to the custody of their parents for 30 days. 'This is like the mental institutions they put dissidents in in Russia.' . . . Wayne Howard, an attorney for the parents, told reporters that 'reality therapy'—procedures commonly called deprogramming—'will begin immediately.'"

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*Thomas Szasz, professor of psychiatry at the Upstate Medical Center at Syracuse, New York, is the author of numerous books, including Ceremonial Chemistry, The Myth of Mental Illness, The Manufacture of Madness, and Karl Kraus and the Soul Doctors. He is acknowledged to be the leading intellectual figure—not only in the United States, but throughout the Western world—in the campaign against involuntary mental commitment, psychiatric abuse, and the Therapeutic State. This selection from his latest book, The Myth of Psychotherapy, is reprinted by permission of Dr. Szasz and Doubleday/Anchor Press. Copyright © 1978 by Thomas Szasz.*

Although an appeals court stayed the judicial order for "deprogramming," it upheld the order placing the "children" in their parents' custody. "'This is a case about the very essence of life—mother, father, and children,' said Judge Vavuris in his decision. 'There is nothing closer in our society than the family. A child is a child, even though the parent might be 90 and the child 60.'" Judge Vavuris was mistaken in asserting that there is, in our society, nothing "closer" (presumably meaning "more important") than the family: in modern American society psychiatry is even more important, just as in medieval European society Christianity was even more important. These, after all, are the institutions that legitimize the family and thus support society.

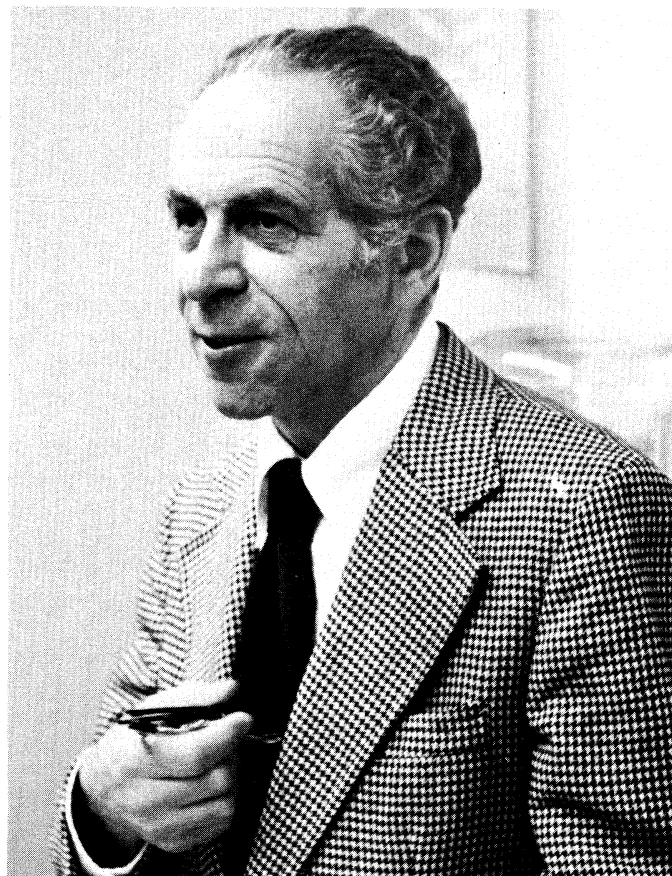
Of course, before there was deprogramming or reality therapy, there was incarceration in the good old-fashioned insane asylum. In the recent best seller *Haywire*, Brooke Hayward describes how that method of psychiatric treatment was used by her father and by the famed Menninger Clinic on her brother Bill. It is an episode that proved strangely unsettling to several reviewers of her book. John Leonard, for example, is dismayed that "[Leland] Hayward's [an important theatrical agent and producer] idea of being a father was to send his son to a mental institution in Topeka, Kansas, when 16-year-old Bill wanted to quit school." Peter Prescott writes even more indignantly—indeed, libelously, were it not true—that "Bill, the youngest [child], angered his father, who had him thrown into the Menninger psychiatric clinic for two years. Sane when he entered, he quickly deteriorated." For decades, the Menninger Clinic has been looked upon as the psychiatric equivalent of the Mayo Clinic, a veritable Lourdes for



lunatics. Nevertheless, in the context of their book reviews, these noted commentators allow themselves, and their readers, a momentary glimpse behind the psychotherapeutic rhetoric. They do not say, as Leland Hayward probably would have said, that Bill Hayward was confined in a psychiatric hospital because he was mentally ill; nor do they say, as the mad-doctors at the Menninger Clinic probably would have said, that the psychiatrists accepted Bill as a patient because he needed mental treatment. (After all, Hayward could not have "thrown" his son into a mental hospital if the psychiatrists had not agreed that he was a fit subject for psychotherapy.) The point, of course, is that when a person views the proceedings approvingly, he calls imprisonment in institutions such as the Menninger Clinic "psychotherapeutic."

Not only is confinement in a mental hospital therapeutic, but so is temporary leave from it. In 1976, New York State Department of Health Regulation #76-128 redefined "trial visits" as "therapeutic leaves." If being paroled from a mental hospital is a form of treatment, then of course Medicaid and insurance companies will pay for it. The justification for this piece of psychiatric legerdemain was articulated by an apologist for the American Psychiatric Association as follows: "Therapeutic leaves of increasing length as well as overnight leaves must be introduced as early as possible into the treatment plan. These leaves must be professionally monitored, regulated, and modified as clinical conditions require. . . . One has to conclude that not only are therapeutic leaves therapeutic, but that they are crucial to any rational treatment plan, and from a practical point of view they must be reimbursable." The Hospital Association of New York State has endorsed this view and has advised area hospitals that "day passes would be reimbursed if they were a part of a therapeutic plan and fully documented." Moreover, only so-called acute patients are limited to day passes; chronic patients can, apparently, have unlimited passes and their nonhospitalization may still be regarded as treatment and reimbursed by Medicaid. "Passes of greater than 24 hours duration were not possible under the present federal guidelines," according to the association, "except for chronic (hospitalization for more than 60 days) patients." The therapeutic possibilities of psychiatric semantics are clearly boundless.

A more amusing recent example of psychotherapy is the use of profanity. Traditionally, foul language has been regarded as a sign of poor manners. Since the psychiatric enlightenment, it is no doubt also a symptom of the passive-aggressive personality, and perhaps of other as yet undiscovered and unnamed mental maladies. During the declining days of the Nixon presidency, it was elevated to the ranks of psychotherapy—by, of all people, a Jesuit priest! On May 9, 1974, the *New York Times* reported that Dr. John McLaughlin, a Jesuit priest who was a special assistant to President Nixon, held a news conference in which he defended the president against growing charges that the "Watergate transcripts portrayed 'deplorable, disgusting, shabby, immoral performances' by the President and his aides." Referring specifically to the "liberal use of profanity" in the Watergate transcripts, Father McLaughlin declared



that "that language had 'no meaning, no moral meaning,' but served as a 'form of emotional drainage. This form of therapy is not only understandable,' Father McLaughlin said, 'but, I think, if looked at closely, good, valid, sound.'"

The most dramatic—and, at the same time, historically the most transparent—examples of how the language of psychopathology and psychotherapy is used to vilify and glorify various human acts lie in the area of sexual behavior. Three examples will suffice.

Throughout the nineteenth century masturbation was regarded as a cause and symptom of insanity. Today, it is a psychotherapeutic technique used by sex therapists. For example, Helen Kaplan emphasizes that even though "a patient can avoid talking about masturbation guilt in psychotherapy, she must come to terms with this issue if, in sex therapy, she is instructed to experiment with self-stimulation." "Sexual tasks" play an important role in Kaplan's therapeutic armamentarium. For retarded ejaculation she prescribes the following treatment: "The patient is instructed to ejaculate in situations which in the past had evoked progressively more intense anxiety. Initially, he may masturbate to orgasm in the presence of his partner. Then she may bring him to orgasm manually." In a similar vein, Jack Annon asserts that "masturbation may be therapeutically helpful in treating a wide variety of sexual problems and, therefore, it is important for the clinician to become knowledgeable and comfortable in the area if he or she wishes to take advantage of such a treatment modality." It is indeed unfortunate that masturbation is a tax-deductible activity only if it is prescribed by a physician.

For decades, nudism was considered a form of exhibitionism and voyeurism—that is, a perversion and hence a mental illness. Today, it is an accepted form of medical treatment. In reply to an inquiry from a reader, an editorial note in the authoritative journal, *Modern Medicine*, explains that “according to the Internal Revenue Service, such [*i.e.*, nude] therapy is a deductible medical expense if the patient is referred to the group by his physician and a written statement to that effect by the physician accompanies the patient’s tax return.”

One of the oldest tactics in the battle between the sexes must surely be the refusal of women to gratify the sexual desires of men. With the dawn of psychiatric enlightenment this behavior too has been attributed to mental illnesses, such as hysteria and frigidity; today, however, it is also enlisted in the struggle against mental illness, specifically as a cure of alcoholism. An item in *Parade* magazine begins with the following question: “How does a wife get a husband to stop drinking?” In Sydney, Australia, we learn, some wives do it by “withholding sex from their husbands.” Lest the reader unscientifically conclude that these women do this because they do not like, or are angry with, their husbands, we learn that the wives’ conduct is in fact a form of psychotherapy: “It’s all part of a program directed by Professor S. H. Lovibond, a psychologist at the University of New South Wales. ‘We don’t tell the wives,’ explains Professor Lovibond, ‘that withholding sex is the only aversion technique, but each is left to devise her own method. Quite a few have devised sex withholding to help an alcoholically addicted husband conquer his weakness.’” Professor Lovibond’s use of language is revealing: he calls alcoholism a weakness, and sex withholding an aversion technique. The article in *Parade* goes on to assure the reader that for husbands who might be happy with their wives’ sexual withholding, Professor Lovibond has more persuasive therapeutic tools at his command: “Professor Lovibond also uses electroshock therapy on his problem drinkers to dissuade heavy drinkers from the bottle.”

I cite these examples here not to argue that all so-called psychotherapies are coercive, fraudulent, or otherwise evil. That view is as false and foolish an oversimplification as is the view that all such interventions are healing, helpful, or otherwise good, merely because they are called “therapeutic.” My point is rather that many, perhaps most, so-called psychotherapeutic procedures are harmful for the so-called patients; that this simple fact is now obscured by the expanded, loose, metaphorical—in short, jargonized—contemporary use of the term *psychotherapy*; and that all such interventions and proposals should therefore be regarded as evil until they are proven otherwise.

**O**f course, people have always influenced each other, for better or for worse. With the development of modern psychotherapy, there arose a powerful tendency to view all previous attempts of this sort through the pseudomedical spectacles of psychiatry and to relabel them as psychotherapies. Accordingly, both psychiatrists and laymen now believe that magic, religion, faith-healing, witch-doctoring, prayer, animal magnetism, electrotherapy, hypnosis, suggestion,

and countless other human activities are *actually* different forms of psychotherapy. I consider this view objectionable. Instead of claiming that we have finally discovered the real nature of interpersonal influence and given it its proper name, *psychotherapy*, I believe our task should be to uncover and understand how this concept arose and how it now functions. That is the task I have set myself in this volume.

More specifically, I shall try to show how, with the decline of religion and the growth of science in the eighteenth century, the cure of (sinful) souls, which had been an integral part of the Christian religions, was recast as the cure of (sick) minds, and became an integral part of medical science. My aim in this enterprise has been to unmask the medical and therapeutic pretensions of psychiatry and psychotherapy. I

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## Objecting to the personal use of a mythology, by consenting adults, is objecting to religious freedom; objecting to the legal and political use of force and fraud concealed by a mythology is objecting to religious persecution.

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have done so not because I think that medicine and treatment are bad things, but rather because, in the so-called mental health field, I know that the psychiatric and psychotherapeutic mythology is now used to disguise deception and conceal coercion—by psychiatrists, patients, politicians, jurists, journalists, and people in general.

Since people need myths to sustain their existence, however, there must be restraints on the pursuit of demythologizing. Accordingly, I have—in my life and in my writings—tried to distinguish between the use of myth to sustain a person’s own existence and its use to deceive and coerce others. Objecting to the personal use of a mythology in private, or between consenting adults, is objecting to religious freedom; objecting to the legal and political use of force and fraud concealed and justified by a mythology is objecting to religious persecution. One can, of course, believe in and defend freedom of religion without believing in the literal truth of any particular religion—theological, medical, or psychiatric. And one can object to religious coercion even though one might believe that some or all of the goals of that particular religion—theological, medical, or psychiatric—are desirable. In either case, one would be for freedom and against coercion—not for or against religion or medicine or psychiatry.

It is in this spirit that I have offered my previous efforts at demythologizing psychiatry, and in which I now offer my present effort at demythologizing psychotherapy.

# The Neoconservatives

## *A Libertarian Critique*

by Daniel Shapiro

**T**here is no doubt about it: the neoconservatives are on the rise, gaining steadily in influence, both on the intellectual and political levels. The question which libertarians must face, therefore, is a simple one: is the neoconservative trend a bright spot on the horizon, or a black cloud threatening to shower down upon us new, virulent forms of statism? Concerned as we must be with allies, let us take a closer look at their doctrines, contrasting their approach to that of libertarianism.

We simplify only slightly when we say that the neoconservatives essentially see man as split into two parts. On the one hand, there is evil self-interest, continually grasping for more and more material goods, ruled by emotional forces; on the other hand, we find sobriety, self-discipline and duty to sacrifice—when necessary—to the common good, which serves to hold down the poisonous muck boiling within. This view is hardly unique in human history. With roots going back to ancient times, it most strongly echoes Freud (bourgeois virtue is rather like a repressive mechanism trying to keep a lid on the id), and the concern of Marx and Rousseau about the alleged split between bourgeois man and citizen. Much could be said about this deeply-held view, but what is important for our purposes is that as an explanatory device, this view of man is not necessary to clarify a single one of the problems the neoconservatives point to. It is a dogmatic metaphysical commitment, held by a group who scorns dogmatic commitments. More importantly, it is a superficial rationalization, preventing the neoconservatives from seeing that what is responsible in actuality for many of the problems they link to human nature is nothing less than the state itself, with its continual manipulations of social life.

The entire neoconservative concern with “permissiveness,” a concern they share with the traditional American right, is a case in point. For nothing better illustrates the ignorance of both groups concerning the nature of the free society and capitalism. As Samuel Brittain points out in his important book *Capitalism and the Permissive Society*, capitalism is a profoundly permissive society, permitting human beings to do anything they wish, anything they choose, so long as they accept the consequences and do not violate the rights of others. Thus, in capitalist society there tends to be a social correlation between freedom and responsibility, between “permissiveness” on the one hand, and the individual’s ability to bear the costs of his so-called “permissive” actions on the other.



*Irving Kristol*

But the fact of the matter is that the entire concept of “permissiveness,” like the term “hedonism” (as used by the neoconservatives), is a very fuzzy one indeed. The charge of “permissiveness” is hurled perennially by each generation at the next. Yet in periods of economic growth, there is a reason why this “permissiveness” should be pervasive. For as an economy grows, and investment in capital goods increases, the productivity of labor increases as well. This means that the level of effort necessary to achieve a given standard of living *drops steadily* in a growing economy. The level of “self-discipline,” “restraint,” and the like necessary to a given standard of living therefore declines as well.

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*Daniel Shapiro, a graduate student in philosophy at the University of Minnesota, was active in the antiwar and antidraft movements, and has been active in libertarian circles for many years.*



Moreover, as their standards of living increase, people tend to devote the newly uncommitted portions of their lives to leisure.

So every generation can, given such growth over time, look at the next a bit uneasily. The younger group appears undisciplined, lax, all too unrestrained. But in each generation there are different, objective levels of "discipline" appropriate to the then-current needs. The caveman would have looked with envy upon the 19th century American farmer; that farmer would in turn have watched the contemporary American laborer with similar envy.

The level of effort, of "discipline," of "restraint" in any culture tends to decrease over time and tends to be "proportional" to real economic conditions and requirements. "Permissiveness" is an epithet the old habitually hurl at the young.

In previous times, religion served the function of drumming discipline into the culture; today, the neoconservatives are performing the same function, and are even trying to resurrect the social power religion once had. Yet nothing should be more obvious than that such advances as birth control lead to a "lessening" of restraints, and that such lessening tends to be in accord with the changing consequences of such things as sexual relationships. If the consequences and contexts of actions change over time, nothing could be more natural than that the cultural norms also change, reflecting changing facts. The neoconservatives, in fact, represent a profound "cultural lag."

It is only when the state interferes with such natural social, cultural, and economic arrangements that there is any deviance from such patterns. The state permits the widespread severance of action from consequence, of freedom from responsibility—a natural consequence of state paternalism, the very paternalism which, despite disclaimers, lies at the heart of the neoconservatives' social policies.

It is their blindness to such basic analysis which reveals the neoconservatives' conception of the nature and working of the free market process for the superficial pretense that it is.

Their view that installment buying and mass consumption are signs of "hedonism" set loose by modern capitalism is but another instance of this shallowness. What they are referring to, of course, is the debt-oriented, spendthrift philosophy which has come more and more to dominate Western society in the last 50 years. But this bent toward consumption is not caused by the bogey capitalism, which fomented hedonism. It is a direct function of *inflationary* psychology, produced by the state and its intellectual apologists, the Keynesians and the neo-Keynesians. Going into debt would be a limited, relatively responsible affair if constrained by economic reality. But the government—through the Federal Reserve system—prints more money; thus, currency values fall, saving appears progressively more pointless, and good bourgeois frugality tends to be swept away. The free market would, by its very nature, sharply limit irresponsible orgies of debt; the game of inflation, where some benefit at the expense of the many, is an outgrowth not of our "baser selves," but of base academics, politicians, and members of the board of the Federal Reserve system. The neoconservatives

would do well to note that it was largely the desire to escape from the *discipline* of the free-market gold standard that led to our present-day, fiat-paper inflationary cycles. To grasp this notion, just read any Keynesian textbook where "excess" savers are viewed with great suspicion.

Similarly, when the neoconservatives blame "the revolution of rising expectations" on the decline of bourgeois character, they overlook the fact that, in a free market, expectations are roughly proportional to the goods and services that genuinely can be produced. Expectations usually translate themselves into a drive to better oneself, and do not create inexorable conflicts. It is only when the state is looked on as a paternalistic provider, as a source of wealth, when it is taken for granted that one has a *right* to certain goods and services, that these expectations produce the mess we see around us. In the free market there is no "free lunch"; no goods and services are due to anyone by *right*. One cannot automatically demand or expect *anything*—other than having one's rights to life, liberty and property respected.

One ought to say bluntly that the neoconservatives themselves are part of the problem here. Not only are they passionate supporters of the welfare state—witness Irving Kristol's support of social security, national health insurance and unemployment insurance as but one of a plethora of examples—but they also support manipulating the market through "rigging" processes, which grant to some individuals favors extracted by force from others.

These points all illustrate the libertarian thesis that the unfettered market is a great problem-solver and conflict-avoider. Massive conflicts arise when the market is *not* allowed to work. In the market you can't help but serve other people's needs, wants and interests: A seller needs a buyer, and vice versa.

Although the neoconservatives may proclaim their sympathies with the workings of the market, they simply do not grasp the essential opposition of state and market. The neoconservatives follow a long line of theorists who would rather blame political and social problems on the release of the "bad" forces within us, than see the state as the guilty party. They carry with them obfuscation and confusion.

## ***Morality and stability***

**Morality and order (or stability) are frequent neoconservative themes, but despite all the pages of print devoted to them, most of these writings are a mass of confusions and fallacies. To see why, we must summarize briefly the relationship between morality and politics.**

Morality in its broadest sense is concerned with the values man should pursue through the whole range of his life. Because it is so broad, questions about interaction with other men are only *part* of its domain. *Political* principles deal with man as he necessarily interacts with other men in a human community. It is a branch of ethics. Two confusions usually result from a failure to be clear about the distinction between morality and politics. First there is the confusion between the standards employed in evaluating political matters as opposed to those used for moral matters, which



may have nothing to do with politics. Second, there is the confusion between the aim of political principles and the aim of moral principles in general. Political principles are used to establish uniform guidelines so men can interact in a (hopefully) peaceful and beneficial manner; moral principles are concerned with other matters, such as “virtue.” As Tibor Machan shows in *Human Rights and Human Liberties*, politics is concerned with *rights* while morality (properly) focuses on acting *rightly*. Given these differing aims and concerns, it follows one shouldn’t use standards which apply only to morality in the political sphere.

Neoconservatives commit both of these errors. First, they are quite willing to use coercion to help people behave “morally.” But coercion is only justified in the political sphere, where the aim is to prevent unjustifiable conduct towards others. To use coercion to promote virtue is to assume the *aim of politics* is to help create a virtuous order, rather than establish domestic peace and a climate of mutual cooperation. That Kristol could *applaud* the prohibition movement for having a good conscience is tantamount to believing that the political order should keep people upright. Such a view of politics is a regression to ancient political philosophy, which lacked the idea that there were certain spheres (called rights) where the state could not intervene.

In fact, the neoconservatives have it backwards: Not only can’t the state create or help create moral people, but it usually makes things worse. It disrupts the voluntary attempts of people to solve their problem and produces unanticipated, pernicious consequences. In fact, the drug laws, today’s analogue of prohibition, are a showcase for how the state undermines the bourgeois character neoconservatives value. Our wars on drugs have been a major force in creating a drug culture and mystique, through such measures as castigating the drug user as an alien, sick being and forcibly separating him from society, and by making the drugs sound more dangerous—and thus alluring—than they really are. In addition, the drug laws have caused increased crime and the disruption of millions of lives, contribution to the exploitation of the taxpayers, and caused the deaths of thousands because of impure street drugs. None of this is conducive to strengthening bourgeois virtue. (For more on this point, see the writings of Thomas Szasz, from whom the neoconservatives could learn a great deal.) Our drug laws have created the “drug abuse” problem: The state undermines morality by attempting to enforce it. The theoretical error that *politics* (in this case, the state) should aim for the *moral* goal of virtue leads to disaster in practice.

## The order of the free society

Related to the neoconservatives’ blunders about “morality” is their lack of comprehension of the concept of “order,” another one of their key values. The neoconservatives need to study long and hard Hayek’s notion of a “spontaneous order.” To call for “wedding order organically to liberty,” as Irving Kristol does, misses the point that liberty creates *its own order*, far better than does the state—which can, at best, only provide the peaceful conditions under which



Norman Podhoretz

order can develop. The neoconservatives have correctly stressed the complexity of social reality; but this means *not* that the government should move cautiously, *not* that those government programs which survive have a reason for their existence, *not* that a program of conservative reform is required, but that a radical commitment to the market is necessary, since only the market can handle the complex interactions of largely unknown facts. No matter how cautious government officials are, they can never anticipate the countless changes, the bewildering complexity of the world; only the unhampered market system, with its marvelous ability to adapt and change, to adjust to facts which no one can know in their totality, does this. Only the market can make full use of the knowledge scattered throughout millions of human beings in society. When the state tries to anticipate what it can never anticipate, it produces disorder and conflict.

Therefore, since state coercion usually foment conflicts while the market tends towards harmony, the best road to order is via freedom.

Of course, behind these confused appeals to “order” is a thinly veiled yearning for a state elite to promote “morality” through the use of coercion—an imposed order, not a spontaneous order—a position we have already discussed and found wanting.

Sometimes the neoconservative quest for “order” revolves around the need for stability. By this, I mean their dislike of a turbulent polity and moralistic politics, and their approval of consensus welfare state politics and an unquestioned,

bipartisan, interventionist foreign policy. The latter two are implicit, not explicit, but can be seen in their attacks on the "radicalism" of the left (New Left) or right (McCarthyism), and in their attacks on isolationism. Unfortunately, rather than seeing the whittling down of the state as the road to genuine order and stability, the neoconservatives see their task as one of attacking ideology, which they see as the source of all this turbulence and anticonsensus radicalism.

## ***The failure of anti-ideology***

The anti-ideological attack of the neoconservatives is a classic case of hostile reaction to one's past experience. Former socialists, they now use the Marxist notion of ideology as grounds for condemning all ideologies as simplistic; interpreters of McCarthy as a typical ideologue who injected a moralistic atmosphere into politics, they believe political discourse should be primarily focused on practical, concrete issues, not moral principles. It is obvious what has gone wrong here: The Marxist notion of ideology is not correct. No neoconservative has ever argued for the proposition that ideologues *must* destroy and simplify. Indeed, how is a person to make sense of the complex world of political reality without the aid of a coherent, systematic view—namely, an ideology? Neoconservative skepticism about the power of reason, and their hankering for religion, have blinded them to one of man's greatest needs: the need

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**Only the market can make full use of the knowledge of millions of human beings. When the state tries to anticipate, it produces only disorder and conflict.**

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to make things *rational* and coherent. Ideology is one of the instruments we use for meeting this need; it almost always fails, sometimes spectacularly, but there is nothing *necessary* about these failures. There is a second question: Why is McCarthy necessarily taken as the paradigm of an ideologue? He was obviously more along the lines of a demagogue; because he conducted his crusade against Communism like a preacher rooting out the Devil does not mean all morally principled approaches within the political arena must be of that character.

From a libertarian perspective, the neoconservative abandonment of ideology leads to pernicious consequences: the anti-ideological, practical, nonmoralistic approach to political matters amounts to a concealed conservative apologetic for American statism.

At a time when statist institutions are being battered by

increasing skepticism and hostility, the neoconservative approach to politics—"Does it work?" rather than, "Is it just?"—is, in effect, a device for preventing this hostility from developing into a fundamental reexamination of the system of American statism itself.

This underlying principle is illustrated very well indeed by Irving Kristol, in an article in *The Wall Street Journal* entitled "Reforming the Welfare State." Kristol begins by observing that "it is unarguable that the welfare state is in trouble." He points out that while countless billions have been poured into welfare measures the welfare state has not "cured poverty," but rather has created as many problems as it has solved. And yet Kristol's announced aim is to *save* the welfare state. He announces that he wants to *reform*, not to *dismantle* the welfare state. He complains that existing programs are just excessive paternalism, with their all-encompassing attempt to "solve problems," that "it is these programs, which do not work . . . that are bringing the welfare state into dispute." He goes on to attack those who *would* raise fundamental questions, who *would* dismantle the welfare state:

There is no more chance today of returning to a society of 'free enterprise' and enfeebled government than there was, in the 16th Century, of returning to a Rome-centered Christendom. The world and the people in it have changed. One is permitted to regret this fact—nostalgia is always permissible. But the politics of nostalgia is always self-destructive.

When one questions a government proposal by asking if it is expensive or too bureaucratic, rather than by asking whether it is immoral or unjust, one is operating within a framework where the fundamental questions about the American welfare-warfare state simply are not being raised.

In fact, the whole neoconservative attitude towards "morality" can be seen as an argument that moral criticism should aim only at preserving the legitimacy of the American social order, rather than condemning it or radically changing it. The neoconservative plea for a moral regeneration in the West is really a yearning for an elite which will help institute a value system that will resurrect bourgeois virtue and provide legitimacy to the social order. If and when this elite gets involved in politics, it should provide moral *guidance*, not radical criticism. Intellectuals should help to solidify the foundations of the social order rather than shaking it so that it may crumble. That is why consensus politics is the ideal for neoconservatives: It implies an agreement on the basics of the polity and involves a give-and-take approach where questions about the justness of the political framework are not raised. Ideologies, with their moralistic attacks, subvert such consensus politics. Hence the neoconservative critique.

The neoconservatives are right that ideologies frequently raise fundamental questions about the polity, disrupt consensus politics, inject moral questions rather than a cost-benefit mentality into political parlance; but why must this *always* be condemned? The real reason they condemn it is the neoconservative identification of ideological thinking with utopian thinking. *This linkage is an obfuscation.*

"Utopian" can refer *either* to a radical who sets forth a set of principles, which he refuses to compromise even though



Nathan Glazer

they have no present chance of being adopted, *or* to someone who advocates a Utopia in the literal sense—meaning “nowhere”, an impossible pipe dream which if tried in practice would wreak havoc. To condemn ideology for being utopian and to contrast it with a practical, nonmoralistic approach to politics is tantamount to arguing that any set of principles which present a radical critique of the present social order (here, American statism) involves a flight away from reality into a Platonic, unrealizable vision.

But such is true only if the existing social order is fundamentally sound; only then would a radical critique be Utopian in the Platonic sense. Thus by a neat semantic trick the neoconservatives have hidden their basic assumption: American statism is not fundamentally unjust or evil; we may tinker and modify, we may make it more efficient, less bureaucratic, but *that's all*. When Kristol called capitalism modified by a welfare state the best of all *available* worlds he demonstrated this same trick in a different vocabulary. Of course American statism is better than many other available statisms being offered; surely it is preferable to England or Russia. But so what? That the American form of government may be the best one *available* says nothing about what it should be or could be: It should and could be a lot better. To offer a radical ideological program as our framework for how it could be better is not to offer a “nowhere” type of Utopia. The neoconservatives have not argued for this, and in fact couldn't, for its indefensible. Their assertion—and that's all it is—that ideology means Utopianism allows them to get away with a bald-faced apologetic for statism, albeit a

milder form than we have now. It is a crowning irony that the anti-ideology of the neoconservatives is exactly what Marx seems to have thought all ideology was: an apologetic for the existing social system. On this point, at least, the neoconservatives have deserted Marxism only to turn out to be its foils. Time and time again, the neoconservatives show themselves as prisoners of their past: narrowly-read, trapped by the categories and issues of the 1930s. They would drag everyone else into the narrow disputes which formed their early convictions.

Another serious problem with this anti-ideological approach is that it makes neoconservatives incapable of understanding the inner logic of states. From neoconservative literature one could well conclude that governments are often inefficient, bureaucratic, and (most of all) incompetent, but never even come close to considering the fact that governments are *exploitative*, try to increase their coercive *power*, and have *economic interests* which often determine what they do. The point is that an anti-ideological position limits one's understanding of social and political phenomena. To approach government from the framework of *competency* or *efficiency* or *stability* is to overlook more rudimentary questions: Efficiency for *what*? Competence in *what*? Stability for *what*? Clearly, a systematic, coherent, principled account of the state would have to answer at least these questions, while an efficiency-oriented approach *never even raises them*. It is interesting to note that the two most systematic theories of the state—libertarianism and Marxism—have both given similar answers (though they mean quite different things by the answers) in their attempts to “see through the political realm” (Nozick's phrase). Rather than states being mere bunglers, they are primarily exploitative, coercive wielders of power who operate not out of benevolent purposes but most frequently from attempts to further their clientele's interests. Thus, looking at the state from the point of view of competence or efficiency is worse than naive: It is akin to insisting that a criminal gang should be more “efficient” in its plundering and looting.

The neoconservatives' anti-ideological approach appears to prevent them from even *raising* the issue of coercive power and its relation to the state's favoring certain economic groups in society. *Why* do regulatory agencies help those they regulate? *Why* do unions fight for the minimum wage? *Why* do most big businessmen favor an interventionist foreign policy? Questions of these sort are rarely raised by the neoconservatives, with their stress on efficiency and competence. (True, their concern with the “new class” does show an awareness that certain people have a vested interest in state power, but they fail to raise the question of whether this is typical of all political elites.)

## The spirit of liberty

Perhaps the most damaging charge against the anti-ideological approach is that such a slant on politics can never contain the spirit of liberty. A fighter for liberty uses as his weapon the abolitionist spirit towards injustice, not a cost-benefit calculating machine or a misguided “realism.”

This is another way of saying that a natural-rights ideology is essential for providing the fuel necessary to sustain one in the long, arduous encounter with the Leviathan state, and it is thus not surprising that neoconservatives lack such a commitment. I do not mean to suggest that one has to be a consistent libertarian to have the spirit of liberty; what one needs is the view that if a certain policy is detrimental to liberty it is therefore unjust and should be abolished as quickly as possible. If one adopts this view on at least some key issues then one is capable of the spirit of liberty, at least some of the time. That the neoconservatives lack this capability is shown by the fact that on two of the most important matters of state policy—the draft and high taxes—they fail even to come close to understanding the wrongness of these state invasions of people's rights. The draft is slavery, pure and simple, but the sole neoconservative comment during the tumultuous years of the 1960s was Daniel Moynihan's praise of this noble American institution. As far as crippling taxation goes, reactions range from Daniel Bell's and Nathan Glazer's claims that high taxes are necessary and right in this day and age to the occasional complaint that high taxes are creating instability and bureaucratization.

In the name of opposition to ideology, in the name of realism and practicality, neoconservatives unwittingly end up as apologists for American statism, view politics through blinders which prevent them from even raising basic questions about the state, and dull their moral sensibilities to the point that they can't even be upset by the draft or crippling taxation. The old theme of sacrificing justice on the altar of realism has been repeated.

## *The witches' brew*

There is some merit to the neoconservative writings, particularly when they are exposing the failure of certain welfare state policies, or of socialism. There is virtually no merit in their writings on foreign policy. Until very recently they have been maddeningly unspecific on foreign policy issues. Recently, however, they have become more concrete, but at the cost of their much-vaunted commitment to "complexity." The idea that the West is facing a "failure of nerve" (as if all we had to do was to be more gutsy and things would get much better), that the appeasers are marching us like lemmings into the sea, is so *simplistic* that it's hard to see how a group of people dedicated to the view everything should be kept as complex and ambiguous as possible could have fallen for it. Although the neoconservatives are middle-aged (and proudly so—recall the beginning issue of *The Public Interest* described in my previous article), on this matter some of them seem to have ossified into near senility: Surely Norman Podhoretz's "The Culture of Appeasement" is a new low in the neoconservative arsenal. The idea he presents, that pacificism, homosexuality, and lack of patriotism are a malevolent triumverate which were accelerated and distilled during the Vietnam War into anti-Americanism, would be laughable were not Podhoretz serious.

But there is more to the growing neoconservative, interventionist clamor than this recent mental rigidity. Another factor is their conception of prudence. Neoconservatives have always favored an interventionist foreign policy, but now that "Pax Americana" is under increasing attack in theory and in practice they see it as prudent to stand up and be counted, so to speak. The neoconservatives have not become more "moralistic" in foreign policy than in domestic matters because of an aberration in their thinking; rather, seeing the bipartisan consensus in favor of interventionism being challenged, they have decided that a forceful defense of Wilsonianism is in order, particularly since they fear "the abandonment of Israel." As neoconservatives see it, in a world filled with hostile totalitarianism the world's largest democracy must "defend its values." According to some of them, this process of reaffirmation entails an expanded defense budget, clear nuclear superiority, and a hostility towards notions of détente and arms control.

This view demonstrates an alarming inability to understand the moral and practical implications of interventionism. If there were individuals walking around with labels marked "democrat" (good guys) and others with the tag "totalitarian" (bad guys), and the latter were committing aggressive acts against the former, then coming to the aid of the good guys might make sense. Things are not like that. The label "democrat" is only a limited compliment; it is far better than being a totalitarian, but democratic states can and do commit monstrosities day and night. The assumption that democratic states will act more justly than totalitarian nations is hogwash. (Who has been more aggressive in the last 20 years, China or the United States?) Moreover, because we are concerned with governments interacting with governments, not ordinary individuals with other ordinary individuals, this makes the situation extremely complicated. One must consider the effects on the *citizens* of the various countries in question, and when one does, one comes up—or should come up—with the answer that most attempts to "stand up" for "our" values usually result in war, the permanent soaking of the taxpayers, the creation of a military bureaucracy; in short, with an enormous drain on the productive energies of the people.

Surely it is the mark of *prudence* to realize that the 20th century has been a century of mass murder on an unprecedented scale, and that one should be looking for ways to change this. Instead, most of the neoconservatives spend their energy directly or indirectly in fomenting the arms race, shouting that the Russians are coming, and doing what they can to prevent disarmament. During the Vietnam war, at least, Glazer, Moynihan and Podhoretz were at times aware of the moral monstrosities that were being perpetrated in Indochina. Now, however, awareness of the moral horror of war seems to have escaped from the neoconservative consciousness.

It would be nice if this obsession with proving we still have it in us, to show the Russians we're tough, were a passing aberration; but, unfortunately, all available signs and signals show that this will be *the* neoconservative theme in the future. I'm afraid we must plan for a long siege against their bellicosity.

## The question of alliances

To evaluate the question of neoconservative compatibility with libertarianism, let us present some contrasts.

1) Libertarians consider liberty the highest political end because coercion violates individual rights, and therefore is unjust. Neoconservatives consider liberty to be one among many important values, which sometimes can be sacrificed for the sake of other values such as stability and creating a moral climate. Libertarians take the offensive: They take liberty as a good to be fought for determinedly. Neoconservatives take either a cautious, "responsible" attitude towards it—yes, it's important, but let's not go overboard—or a defensive attitude, when they perceive liberty to be extremely threatened. Libertarians define liberty as the absence of coercion. Neoconservatives rarely define it, and even advocate coercive measures in its name. Libertarians are passionately concerned with individual rights; neoconservatives rarely mention such, given their anti-ideological and social science background, and Kristol's sympathy with classical political philosophy's emphasis on virtue, not rights.

2) Libertarians are ideological radicals. Neoconservatives are "practical," efficiency-conscious moderates. Thus, libertarians view most states as evil, coercive mechanisms which disrupt and distort people's lives and energies, and which often act out of consideration for the interests of their subsidized clientele. Neoconservatives view the state occasionally as a force for moral rectification, sometimes a bungler, sometimes stupid, but never as exploitative or evil.

3) Libertarians view the existence of an encompassing political sphere as a clear sign of injustice in the community; we enter politics in order to reduce it to the minimal amount possible. Thus we don't value stability in the political community *per se*. The key question for evaluating politics is, What is considered to be the bounds of legitimate political action?; not, Are political affairs turbulent? A turbulent polity, which is turbulent due to hostility directed at coercive measures, is preferable to one where all is stable because people aren't sufficiently aroused to the dangers of statism. The neoconservative view, on the other hand, could easily consider a just polity one where there was a large sphere of political affairs, if it "made sense" to the citizens and contained the right "blend" of political values.

4) Libertarians are necessarily rationalists in that they are ideologists committed to a consistent, principled approach towards politics. Furthermore, they tend to blame political injustices not on the evil nature of man, but on the state that prevents people from acting in accordance with their own perception of their interests and values. Neoconservatives are skeptical of reason; they dislike principled, systematic approaches to evaluating political matters. Viewing man as containing deep-seated, irrational forces, they often blame political maladies on the freeing of man's darker side, rather than on the effects of state malevolence.

5) Libertarians are in favor of dismantling all state elites, which parasitically drain the life blood of their citizens. Neoconservatives lack the awareness that states necessarily create ruling elites, and in any event aren't hostile to this occurrence; instead, neoconservatives *favor* a state elite which



Daniel Bell

will help regenerate the West. (More precisely, they are willing to use the state to help the elite perform its task.)

6) Libertarians are political isolationists, principled advocates of a noninterventionist foreign policy, which they take to be eminently practical as well. They are opposed to increasing the arms budget, to the draft, and to foreign entanglements. They see jingoism as an aberration and as something to be fought. They are opposed to colonialism, militarism and imperialism, seeing all these as aggressively opposed to individual liberty, both domestically and in other nations. By contrast, the most prominent neoconservatives—particularly Moynihan and Podhoretz—are ardent interventionists, opposed to political isolationism; advocates of ever-increasing armaments budgets; opponents of disarmament and détente; apologists for the draft (when it existed); blind to the horrors of colonialism, militarism and imperialism, to the threat that *these* constitute to "bourgeois virtue." They are the closest group we have to classical jingoists. In the case of the Middle East, they are usually the most ardent and militant Zionists and hard-liners, seeing any "retreat of American power" anywhere on the globe—any retrenchment from foreign entanglements—as yet another step on the road to "making the world safe for communism" and "the abandonment of Israel." The two groups could not possibly be more opposed to each other.

7) Libertarians represent the spirit of youth: rationalistic, ideological, concerned with consistent principles, and tenacious advocates of a radical ideal. Neoconservatives are middle-aged both chronologically and spiritually. Badly burned by the failure of socialist radicalism in their youth, they stress caution, ambiguity, and the fruitlessness of a moral, ideological, principled approach to social matters. In effect, the neoconservatives view the spirit of youth as misguided and sometimes pernicious; libertarians view the



spirit of middle age as an irrational apologetic for injustice. Neoconservatives are thus, in a great many senses, different from, and opposed to libertarians in ideas, approaches, policies and spirit. To make this clear think of how we would view a neoconservative world. This would amount to a polity in essential agreement concerning the ideas of an efficient, nonbankrupt, welfare state, replete with government "rigging" of the free market by regulations, and bolstered by a vigorously interventionist foreign policy.

The last thing we need is an *efficient* welfare state; inefficient government has the merit that it produces anger towards its assaults on liberty. Inefficient government allows pockets of liberty to emerge due to its inefficient monitoring. An efficient welfare state (assuming this is even possible, which is dubious) would be dedicated to weeding out those who tried to work around its regulations. Furthermore, if it ever came to the point where fundamental dissent concerning the idea of a welfare-warfare state was muted,

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## **The last thing we need is an efficient welfare state; inefficient government has the merit that it produces anger towards its constant assaults on liberty.**

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this would amount to a retrogression from the last ten years or so, when more and more Americans began pugnaciously challenging the proclivities of the Leviathan.

Similarly, a more interventionist foreign policy is hardly what libertarians are aiming for. Insofar as neoconservatives are hostile to arms control and a less interventionist foreign policy, they are a genuine menace preventing us from reversing the horrible legacy of Wilsonianism. An efficient welfare state is bad enough; the maintenance of a deadly warfare state posed to "prudently" intervene wherever its "interests" are "threatened" would be disastrous.

Though a neoconservative triumph would be a dismal prospect for libertarians, there is something we can learn from them. Their stress on the importance of a moral foundation for political judgments is terribly relevant for libertarians: We have hardly worked out a satisfactory answer for *why* liberty is the highest political end. Further, some libertarians themselves give unintended support to the neoconservative claim that such a position means the rejection or lack of concern with morality; i.e., that to favor maximum liberty is to imply that (almost) everything is morally justifiable. For instance, Walter Block, in his introduction to his now famous (infamous?) *Defending the Undefendable*, writes that the people he defends are "guilty of no wrong-doing"; they are not villains, he adds, because "they

do not initiate violence against non-aggressors." On the contrary, the fact that a person violates no rights doesn't show in the slightest that he is not a moral villain or guilty of no wrongdoing; he may well have the moral sensibility of Andy Warhol. Block confuses the concept of not being guilty of wrongdoing *politically* (in that one violates no rights) and that of being free of guilt in the realm of morality proper.

It probably would also be fruitful to enter a dialogue with the neoconservatives and encourage them as they stumble towards quasi-classical liberal positions, at least on some issues. As the state's programs increasingly fail, as neoconservatives begin to see that virtually all welfare state programs are either bureaucratic or don't accomplish what they are supposed to do, they may well turn towards market solutions for social problems. Given their attitude towards liberty, there will be limits on how far they could go in this process; but as it occurs, we certainly ought to encourage and push them more towards freedom. This might involve an attempt to help the neoconservatives generalize some of their conclusions. As Kristol exposes the foibles of the "new class," we could point out to him that this class differs only degree, not kind, from other state supported and supporting classes. As Glazer comes to recognize more and more the severe "limits of social policy" as attempted by the state, let us point out to him that this does not apply to the market's ability to promote social well-being. As Moynihan increasingly becomes aware of the truth that socialism is "a distinctly poor means of producing wealth," we should point out to him that all statism restricts and distorts productive energies, including the sort he supports.

But though we may carry on a dialogue, encourage them, and even learn from them, we must vehemently reject the claim, as formulated by Kristol, that the neoconservatives are trying to breathe new life into the old traditions of genuine political liberalism. A practical support for some free market policies, an interventionist foreign policy, a willingness to suspend some liberties for stability, a sympathy with the notion of a state elite, do not a renewed classical liberalism make.

Libertarians are the legitimate heirs of the classical liberal tradition; our ideology is a radicalized version of classical liberalism, stripped of its contradictions, inconsistencies, and compromises. While it would be wrong to say a victory for liberty is inevitable, it would be a colossal blunder to think we can speed up that happy day by making alliances with that cautious and in many senses antilibertarian group of intellectuals known as the neoconservatives.

Again and again, whether we contemplate the conservatives or the neoconservatives, the liberals or the remnants of the antiwar left, we must inevitably come to the same conclusion: If we are to achieve our goals of a full respect for individual liberty, a severe limitation on coercive government power in all spheres (economic freedom, civil liberties, and foreign policy), we must do so by building our own independent ideological movement, a movement ferociously dedicated to advancing the libertarian vision. It may seem a slow process, but in the long run it is the only path to liberty in our time.



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# In defense of ISOLATIONISM

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by Bruce  
Bartlett

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Throughout the past year, a stormy debate has raged over Soviet-American relations: a fierce crossing of verbal swords between those who see America as confronted by an expanding sphere of Soviet power, menacing world peace and freedom, to be countered by escalating American defense spending, and those who, seeing no such threat, believe that Soviet-American rapprochement is possible and welcome, based on détente, mutual arms reduction and nonintervention.

This debate differs radically from those that have come before: Today, those in favor of a more militant foreign policy are extraordinarily well-organized, well-financed, and willing to go virtually to any length to achieve their ends. The spearhead of this drive is the "Committee on the Present Danger," which numbers among its board members a host of establishment liberals from both parties, including most of those who have been agitating for a more aggressive American foreign policy literally for decades. Daniel Yergin, in his excellent article "The Arms Zealots" (*Harper's*, June 1977), comments that the Committee "has consciously modeled itself on groups of distinguished laity that campaigned before World War II for preparedness and, after, for the Marshall Plan."

One of the strongest allies of this arms coalition is *Commentary* magazine, edited by Norman Podhoretz. It was *Commentary* that fired the biggest gun in the current debate by publishing Richard Pipes' article on "Why the Soviet Union Thinks It Could Fight and Win a Nuclear War," which summarized the conclusions of President Ford's Foreign Intelligence Advisory Board "Team B" study of Soviet strategic objectives more than a year ago.

The wide support evinced for the arms coalition is partly due to the relative lack of opposition which it faces. While every issue of *Commentary* carries new, hawkish scare stories about the Soviet arms build-up, the evils of détente, or the consequences of appeasement, and virtually every other major magazine has picked up the lead—Norman Podhoretz, for example, recently moved over to *Harper's* with his appeals for more defense spending in "The Culture of Appeasement"—those capable of refuting this view have been all too silent and, even more importantly, ill-organized. Aside from Daniel Yergin's excellent article, the few major criticisms include Earl Ravenal's "Towards Nuclear Stability" in the *Atlantic* (September 1977), Richard Barnett's "Promise of Disarmament" in the *New York Times Magazine*, and Barnett's "The Present Danger" in the November issue of *Libertarian Review*.

Recently, however, a major voice on the subject of American-Soviet relations, George F. Kennan, has risen to answer the naive dogmas of the "arms zealots." In his latest book, *The Cloud of Danger: Current Realities of American Foreign Policy* (Atlantic-Little, Brown, 1977), Kennan presents perhaps the most important noninterventionist analysis of American foreign policy offered since before World War II. It is important because George Kennan cannot be dismissed out of hand, and his qualifications are unquestionable: Having entered the American foreign service fifty years ago, he has held several crucially important foreign policy posts, and has written a dozen books on foreign policy subjects, including *American Diplomacy, 1900-1950*, *Soviet-American Relations, 1917-1920*, *Soviet Foreign Policy, 1917-1941*, and two volumes of his *Memoirs*. After gaining his initial fame as one of the principle architects of the doctrine of containment, Kennan has moved progressively toward a noninterventionist position in foreign policy questions.

Kennan's book was written during the winter of 1977. As he writes:

It was a time dominated by an intensive debate in American opinion over the question of how to deal with the Soviet Union. On the outcome of this debate there seemed to hang the entire future of American policy and of world events. This appeared to be a real and crucial parting of the ways: one road leading to a total militarization of policy and an ultimate showdown on the basis of armed strength, the other to an effort to break out of the straitjacket of military rivalry and to strike through to a more constructive and hopeful vision of America's future and the world's.

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Bruce Bartlett is a congressional aide whose column "The Public Trough" is a regular LR feature. He has written for Reason magazine and many other periodicals.

In 14 chapters devoted to the broadest questions of policy and strategy, from a penetrating critique of the necessary inner conflict between the requirements of a democratic form of government and the consequences and requirements of global interventionism, to an analysis of the nature of Soviet-American relations, Kennan shows why a large-scale and systematic move in the direction of noninterventionism is both necessary and proper.

It is perhaps understandable, then, that he has earned the wrath of the defense establishment and its intellectual apologists, and has drawn a vicious assault from the pen of Edward Luttwak in the November 1977 issue of *Commentary*, "The Strange Case of George F. Kennan." It is a vindictive review which reminds one of the vile blitzkrieg conducted against Charles A. Beard for questioning the conventional wisdom on the origins of World War II. In particular, one is reminded of Samuel Eliot Morrison's "History Through a Beard," which appeared in the *Atlantic* shortly after Beard's death. (Ronald Radosh has recently done an exceptionally fine job of reviewing the case of Charles Beard and other postwar critics of intervention in his *Prophets on the Right*.)

Luttwak launches his attack by evoking the old code-word for noninterventionism: isolationism. Instantly, one is supposed to imagine that Kennan is calling for cutting America off from the world completely, ignoring reality, sticking his head into the ground like an ostrich, and all the other hideous myths about "isolationism" that have been so carefully perpetuated for the last forty years—whenever a person questions the prevailing assumptions about American foreign policy.

Luttwak is at least very open about his own points of view. He says that

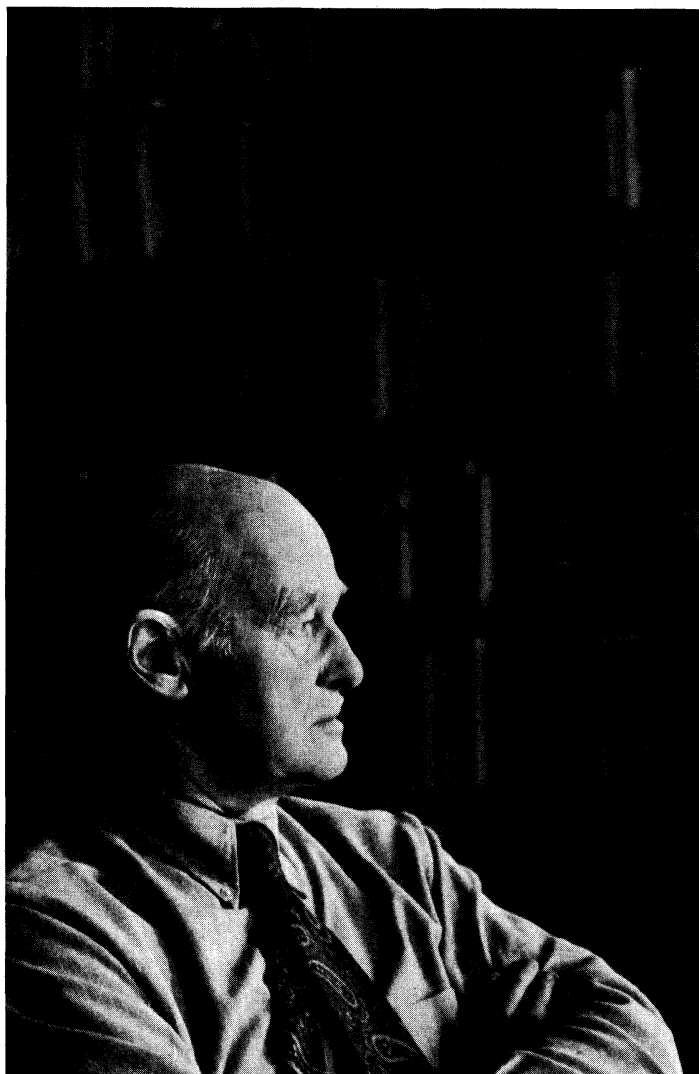
it is the balance of power alone that will unfailingly determine what can be protected and how securely. . . . It is the relative military strength, economic leverage, and social influence of the United States as compared to its antagonists that defines the scope of American protection, influence, and access.

George Kennan, on the other hand, argues persuasively that expanding the scope of American "influence" has not produced greater security for the United States, but rather has created more and more risks of military involvement in areas which have no relationship to American security. The Korean War, the Vietnam War, and any number of lesser engagements since World War II—costing thousands of lives and billions of dollars—are ample proof of Kennan's assertion. Consequently, Kennan advocates the reduction of external commitments to the indispensable minimum. And I would see this minimum in the preservation of the political independence and military security of Western Europe, of Japan, and—with the single reservation that it

should not involve the dispatch and commitment of American armed forces—of Israel. . . . In order to concentrate our resources and efforts on these essential tasks, we would . . . ruthlessly eliminate ulterior commitments and involvements that would distract us from their performance. This would involve the abandonment of several obsolescent and nonessential positions: notably those at Panama, in the Philippines, and in Korea. It would involve the restoration to our Western European allies, who are the proper bearers of it, of the responsibility for shaping the future relationship of Greece and Turkey to NATO and for working out with the governments of those two countries the disposition of NATO military facilities and garrisons on their territory. American facilities and garrisons would no longer be maintained there.

With respect to the so-called Third World, Kennan advises that we should “not overly concern ourselves for words and reactions of the governments of this area, remembering that the best we can expect from them, over the long run, is their respect, not their liking or their gratitude.”

To this, Mr. Luttwak replies:



George Kennan

If the United States continues to allow its relative military power to decline as compared to that of its antagonists, and principally the Soviet Union, sooner or later it may well be forced to retreat into Mr. Kennan's restricted perimeter, if not beyond. But the reverse does not obtain; if the United States were to abandon all but Western Europe and Japan, this would not allow it to reduce its military power with impunity, as Mr. Kennan seems to believe. On the contrary, the industrial democracies under siege would probably need much more military power than they now have, merely to survive.

In a nutshell, Luttwak and the other members of the arms coalition are saying that more defense spending and more allies automatically guarantee a better defense. They seem incapable of seeing two sides to the coin: that more defense spending and more far-flung commitments by the United States may in fact create the very conditions which necessitated that spending and those commitments in the first place. In other words, a smaller defense may indeed be a better defense.

Kennan, because he is a historian, understands that much of what passes for proof of communist imperialism is actually Russian imperialism—which is a very different thing. He knows that Russian emperors coveted Eastern Europe for centuries before it finally came under Russian domination after World War II. Indeed, the Crimean War was fought by England and France for the very purpose of keeping Russia out of Eastern Europe. Moreover, it should be remembered that Eastern Europe is the route through which Russia had been invaded three times in the twentieth century alone. The point is that when it was handed the opportunity to get that which it had coveted for so long—a buffer zone and expansion of its sphere of influence—Russia naturally sought to put Eastern Europe under its control. Russian imperialism had absolutely nothing whatever to do with communist ideology.

But if one disregards the Russian conquests in Eastern Europe, there is relatively little evidence remaining of communist imperialism. There are occasional minor interventions, in Africa and elsewhere, but these are nowhere near the scale of a great many American interventions since the Second World War. Those remaining countries which are presently under communist domination were not “conquered” by the Soviet Union, or put under communist domination by outside military might, but rather were subject to large-scale, domestic, communist revolutionary activity, often in the face of Soviet opposition. But this places the “threat” of communist expansion by means of a *nuclear war* into an entirely different light. Since the communists have never expanded by such means before, why should anyone think they shall do so in the future?

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# The idea is almost never seriously considered that the Soviet Union may be building all those missiles and submarines not for offensive military purposes, but for defense against us.

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The answer usually given is that the Soviets must be building all those missiles and nuclear submarines for *something*. Unfortunately, the idea is almost never seriously entertained that they may be building their weapons not for offensive military actions, but for defense—from us, from those allies which we have, over the past few years, armed to the teeth, and from China.

Imagine yourself in the place of the Soviet Union, surrounded by American military bases which circle the world, with the United States admittedly spending billions of dollars more for military spending every year, and with a hostile power to the south—China. Would it be unreasonable for the Soviet Union to fear attack?

There are a great many things which might be offered in proof of this, among them the fact that a considerable amount of Soviet military spending is clearly defensive, not offensive. It is a well-known fact, for example, that the Soviet Union spends a very large portion of its military spending on civil defense, especially the kind most likely to be useful, not in a confrontation with the United States, a major nuclear power, but with China, an admittedly minor nuclear power. Moreover, the biggest share of the Soviet Union's armed forces are not poised on the edge of Western Europe, preparing for some sort of blitzkrieg against the West, but rather on the border of China. If there is this sort of fear of China, which historically has not been very aggressive in its foreign policy, is it unreasonable for the Soviets to have an even greater fear of the West, which is the avowed enemy of communism, and has shown itself more than a little interventionist over the years?

Furthermore, the evidence frequently cited by supporters of increased defense spending that Russian nuclear weapons have a greater throw-weight, or megatonnage, ignores the obvious point that this is more likely to be the response of a country preparing for a second-strike, rather than a first-strike against a presumed opponent. The United States, by stark contrast, has always and continues to emphasize *accuracy* in its weapons—the sort of thing which one *would* emphasize if one were preparing for a first-strike, rather than a defensive second-strike.

Lastly, there is considerable debate over the fact that the Russians undoubtedly spend more of their gross national product for “defense” than the United States does. However, we should take into account here two facts:

first, that the Soviet Union has less than half the GNP of the United States—so it is natural to expect the proportion spent on the military will be higher—and secondly, that since the Soviet Union has a totally state-controlled economy, a great many things are done by the government in the name of “defense” which are done in America under another name. For example, Soviet soldiers are frequently drafted for the purpose of garbage collection and other municipal tasks, and are often sent into the fields for the harvest. Thus, in the context of a state-controlled economy, the existence of a large armed force may not necessarily imply that there is greater preparation for war. After all, the United States Army Corps of Engineers has carried out various public works projects for nearly 200 years. The analogy between this activity and much of what passes for defense spending in the Soviet Union is a direct and precise one.

Given these facts, a pruning of the defense establishment in America and a unilateral reduction in some nuclear weapons might very well yield great benefits in terms of reducing tension and the likelihood of war with the Soviet Union. As Earl Ravenal has detailed, this could be accomplished with no appreciable loss of strategic deterrence, and might even make America better equipped to withstand any possible attack. Ravenal specifically emphasizes the case of land-based nuclear missiles, which make the territory of this country a particularly vulnerable and likely target in the unlikely event of military confrontation.

This brings us to another point raised by Kennan which Luttwak chose to ridicule: the effect of more and more defense spending on the American economy. In particular, Kennan points out the inflationary nature of most defense spending, which has been noted by Seymour Melman in *The Permanent War Economy*.

Kennan notes that not only is inflation harmful to the economy in itself, but is especially harmful if we are in fact losing ground to the Soviet Union in terms of weaponry. As Kennan puts it:

Even if it were true that we were rapidly being overtaken and

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# The expansion of the public sector, which the conservatives hate almost as much as they hate communists, is largely the consequences of the policies conservative themselves advocate.

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left at a disadvantage by the rate of development of the Russian armed forces . . . we ought to recognize that the reason for this, if carefully examined, would turn out to lie less in the pace and dimensions of the Soviet effort than in the wildly increasing expensiveness of our own. Considering the rate at which the costs of national defense are now being permitted to rise in this country, we can hardly expect to keep up such a competition except at enormous, steadily increasing, and finally almost prohibitive cost to our economy as a whole. . . . If the protagonists of heavy military spending really wished to find the shortest path to the correction of what they see as a growing disbalance to our disfavor in the relative strength of Soviet and American forces, they would do well to give more attention to our own inflation on the military budget, and less to the effort to convince the rest of us of the menacing intentions and fearful strength of our Soviet opponents.

Of course Luttwak recoils in horror at this assertion. But rather than refute its logic he launches into one of the most vicious tirades against the chief proponent of this view, Seymour Melman, that has ever seen print. Luttwak writes:

Mr. Kennan is obviously unaware that his authority is not a disinterested scholar driven to write by some late discovery, but rather a full-time critic of the military establishment, willing to attack any defense project on economic, environmental, diplomatic or moral grounds interchangeably, and who would no doubt oppose defense expenditures just as strongly even if by some miracle their effect were to be deflationary.

Of course, Melman's motives are totally irrelevant to the soundness of his analysis. And Melman certainly is not the first person to point out that one of the worst features of the rise of a military state is the effect it has on the domestic economy. Felix Morley used to emphasize this point constantly in his writings. (See his chapter, "The Need for an Enemy," in *Freedom and Federalism*; see also this author's essay, "Why We Still Have a War Economy," *Reason*, April, 1977). And more recently, Jonathan R.T. Hughes, a conservative professor of economics at Northwestern University, wrote in his book, *The Governmental Habit*:

Each war inflated the economy and gave the federal spending mechanism a scope it did not previously have. The historical expansion of the federal sector has been mainly achieved by a few short bursts of wartime spending, not by a steady rise related to the country's population growth, or the GNP it produced. After each war there were expanded interest payments, new veterans benefits, as well as the actual growth of government costs. Once a new plateau of expenditures was achieved the gains were held.

For this reason alone, those who proposed some abatement of federal expenditures in the post-Vietnam War period had little reason to hope. The tax system ensured self-financing of government expansion.

The expansion of the public sector, which conservatives hate almost as much as they hate the communists, is then in very large part the direct consequence of the policies conservatives themselves advocate, leading to all the attendant evils of which we are well aware, such as inflation.

There is much more in both the Kennan book and the Luttwak essay, but there is one final point to be made about George Kennan.

Despite the fact that his principal fame derives from writing one famous essay about the Cold War back in 1947, which developed the idea of containment, Kennan always has been, for the most part, in the revisionist camp. His most important work in this respect is *American Diplomacy, 1900-1950*, which is little read today.

He writes, for example, with reference to the world wars:

When you tally up the total score of the two wars, in terms of their ostensible objective, you find that if there has been any gain at all, it is pretty hard to discern.

Does this not mean that something is terribly wrong here? Can it really be that all this bloodshed and sacrifice was just the price of sheer survival for the Western democracies in the twentieth century? If we were to accept that conclusion, things would look pretty black; for we would have to ask ourselves: Where does all this end? If this was the price of survival in the first half of the twentieth century, what is survival going to cost us in the second half? But plainly this immense output of effort and sacrifice should have brought us something more than just survival. And then, can we only assume, some great miscalculations must have been made somewhere? But where? Were they ours? Were they our Allies?

All this is not to say that George F. Kennan is a libertarian or anything like it, but he is a remarkably astute observer of foreign policy whose writings reflect a very strong trend of noninterventionism and revisionism, and whose qualifications in this area are beyond reproach. This is why he is feared so greatly by the "arms zealots" like Edward Luttwak. Let us only hope that Kennan is not cowed by the viciousness of Luttwak's attack on him (and the other attacks that are likely to follow) and continues to write and speak out on the important issues facing American foreign policy. If he does, he can be a very strong voice for rationality.



# Books and the Arts

## *Faithless, lawless, and kingless*

by Robert R. Cooke

**Society Against the State: The Leader as Servant and the Humane Uses of Power Among the Indians of the Americas**, by Pierre Clastres, translated by Robert Hurley in collaboration with Abe Stein. Urizen Books, 186 pp., \$12.95.

Ever since the first European contact with the Indian societies of North and South America, Western observers have considered these societies to be anthropological cul-de-sacs—dead-end cultures that failed to mature past Stone Age levels because they were in some way “unable” to create true political organizations, i.e., the state. What political power there was existed only in rudimentary form; thus the fact that historians and anthropologists considered these societies as inferior was simply a matter of definition. To be sure, the Incas and Aztecs developed visible, familiar state structures, but the rest of pre-Columbian America was a morass of societal failure, groups unable to “progress” beyond their archaic, anarchic forms.

The basic premise of the history we have been given by our schools, literature and popular entertainment for untold centuries has been the state as bulwark and source of society. But recently the flood of statism produced by two world wars seems to have crested—may even be ebbing—and an intellectual resistance is emerging. If we do not confine our vision to strictly political and economic issues, we find both in other disciplines and in other countries counterparts to American libertarian ideas. The *Nouveau Philosophes* of France, for example—Andre Glucksman, Bernard-Henri Levy and others—are challenging the fundamental Marxist dogmas of European statism. Now, this translation of Pierre Clastres’ *La société contre l’état* makes available to American readers a book that may be the first anarchist classic in the field of anthropology.

*Society Against the State* is a discourse of power, both general and particular. Clastres provides the raw material for this book from his own records (he lived with tribes in Paraguay and Venezuela) and those of other observers since the 16th cen-

tury concerning leadership and political power in American Indian societies (especially the tropical forest cultures—the nomadic Guayaki, the sedentary Tupi-Guarani farmers—but occasionally venturing as far afield as the Apaches under Geronimo). Clastres underscores the observations with his classification of these “peoples without history” as societies “in struggle against the state.”

The Indian societies discussed by Clastres were and are (those few that survive) purely voluntary associations.

Political power did exist, in the sense (employed by Clastres) of there being organized social functions; but power resided in the community as a whole. The most singular aspect of the chiefs of these tribes is that they had no coercive power; a chief performed several functions, but had no authority to enforce anything, in peacetime (war created a special case). The chief was effective in his office only as long as the *consensus omnium* lasted; the moment “his” (or “hers”—women were sometime chiefs) people judged him to have overstepped his assigned role, his power vanished—for the people ceased to follow him.

Indian societies were stateless by design, not chance. Both political infrastructure and individual psychology were intended to reinforce each other to defeat any attempt to impose coercive rule.

The Indian understanding of power is profound: “It is in the nature of primitive society to know that *violence is the essence of power*. Deeply rooted in that knowledge



is the concern to constantly keep power apart from the institution of power, command apart from the chief." (Emphasis added)

Philosophically, the Indians held that both power and nature were limits on the domain of culture, which "apprehends power as the very resurgence of nature" and sees "the principle of an authority which is external [to culture] and the creator of its own legality [to be] a challenge to culture itself."

But, just as culture negates nature, so may it negate power: "Thus effective elaboration of the political function, coercive power, is possible only if it is in some way inherent in the group"—i.e., a part of culture. The Indians realize fully that the basis of culture is *exchange*, exchange of goods and ideas. They defeat power, then, by removing its perquisites and duties from the realm of exchangeable values; for example, the chief must recite daily a speech to which no one pays any attention, so that no ideas are exchanged. With the rupture of exchange, the political function ceases to be a part of culture and thus becomes impotent.

The individual psychology that makes this work is deeply ingrained, especially by the *rite de passage*, a process both awesome and horrible to European observers. The Indian societies have no written law; in the initiation into adulthood (endured by both sexes), the law is inscribed in the memory of each person by ordeals of physical torture, in rites undergone voluntarily, even eagerly, borne with incredible stoicism. In these "societies of the mark" both the law and membership in society (they are the same to Indians) are written in pain on each body. This primitive law, a prohibition of political inequality, says to each member of society: "You are worth no more than anyone else; you are worth no less than anyone else . . . You will not have the desire for power; you will not have the desire for submission." By each individual's acceptance of personal agony, and by the remembrance thereof, a more monstrous cruelty—the state—is rejected.

Even granting the existence of working anarchic societies, some critics will remain unimpressed: What, after all, is proven by the example of scattered tribes of Indians, barely eking a living from the forest?

To this, Clastres makes two telling rejoinders, one demographic, one economic. Because of recent American studies of Indian populations, as well as his own calculations, Clastres agrees with the estimations of P. Chaunu, in the *Revue Historique*, that the population of pre-Columbian America was not 8 or 13 or 40 million people but rather "80 and perhaps 100 million souls." Even excluding the Incan and Aztec

populations and a number of societies with state-like organizations, we must conclude that around the year 1500, a small but substantial portion of the human race lived in stateless societies. On the economic side, Clastres argues that Indian societies were actually "affluent": They worked but a few hours a day, spending most of their time in pursuit of happiness, and enjoyed diet and health certainly superior to that of their European contemporaries. The absence of capital accumulation, however we may judge it, was from choice, not incapacity.

After following Clastres through the Indian societies, seeing the reality of cultures that deny the state even the opportunity to gain a toehold, one wonders with the author, What caused the collapse in other societies of social structures acting as barriers against power in other societies? Clastres produces several hypotheses, but these are only suggestions. He evinces little interest in showing how cultures failed against the state; he desires instead to explore their successes.

I should like to have read such an account, Clastres' view of the origins of the state, judging from the insights demonstrated in this work. As he died in a car accident in Paraguay this past summer, at the age of 43, *Society Against the State* must stand as his chief contribution to political anthropology. Yet there is one major flaw with the book: The inadequacy of this translation is a serious matter. The American edition has many internal style variations, and numerous French phrases—perfectly good constructions in the original—are translated awkwardly, even literally, into disagreeable or meaningless English forms. I strongly suggest to the publisher that, for the second edition, a better translator or a bilingual copyeditor be put to work.

"Faithless, lawless, and kingless," the Indian cultures of the forest were to the European conquerors, soldiers, and priests who claimed the sanction of a murderous god and an intolerant state for their actions. Thus, power ever seeks to disguise itself, exalting its own qualities, denigrating its foes. And, although new studies of state and power are removing their mystique, we too often accept unwittingly the judgement of power upon its vanquished (and vanished) enemies. Pierre Clastres' achievement was to brush aside the deceptions of power, to uncover a society, strange and primitive to our eyes, whose people valued their liberty above all.

Robert Cooke is the manager of *Laissez-Faire Books* and associate editor of the newsletter of the Association of Libertarian Feminists.

## A problem of definition

by Percy L. Greaves, Jr.

*The Inflation Swindle*, by Ernest J. Oppenheimer. Prentice-Hall, 190 pp., \$8.95.

For years the politicians of both major political parties have told us they are opposed to inflation. Yet inflation goes on and on. As the swindle continues, the damage it does to our misdirected economy becomes ever more difficult to correct or even alleviate. Nevertheless, it is the rare politician who will propose that our government and its agencies stop their constant creation of the newly-manufactured dollars they sneak into the pockets and bank accounts of their favorite voters.

As our inflation fails to fade away as promised, it has become a subject of deeper and deeper concern to more and more of our citizens, particularly the retired, the unemployed, and the nonunion workers, who find it ever more difficult to meet their daily needs. A sighing majority seem to swallow the official line that the trouble lies with greedy businessmen who keep asking for higher and higher prices. Others seem to believe that inflation is the result of some act of God, beyond the control of humans or their governments. Still others accept the Marxian fallacy that inflation is an inherent weakness in capitalism itself.

As time passes, a few members of our society are beginning to question some of the sleeping pills handed out by the Establishment spokesmen and trumpeted in the mass communication media. One such person is Ernest J. Oppenheimer, who holds a Ph.D. in international relations and has done time at a leading university and at the State Department. Annoyed by the fact that inflation and taxes had forced him "to accept a negative return" on his speculation in government securities, he started in 1970 to ask some questions and look for the answers. His first discovery was that this condition of perpetual inflation has been going on since 1940. So he "set to work developing a procedure that would rectify this error."

His findings were so startling to him that he started writing articles for financial publications. He has now published his conclusions in a book entitled *The Inflation Swindle*. For an amateur economist who has probably never heard of the Austrian School, he has come up with a number of sound conclusions—as well as a larger number which are not so sound. His greatest weaknesses are his acceptance of some of the basic fallacies which contribute

to our present inflation, and his recommendations, which would make matters worse rather than better.

First, the good news. By reading Adam Smith and studying the facts available to him, Oppenheimer now has no doubt that our government is not only the main culprit, but is also the main beneficiary of inflation. He has found out not only how the government uses the Federal Reserve system to monetize its debt, but also how that debt can be manipulated into roughly seven times as many new dollars—by using government securities as a fractional reserve for the dollars the government thus creates and pumps out through the banking system. He does not seem to be aware that private debt is also monetized in a similar manner. For the present, the latter is the lesser of the two evils.

He is also able to tell us that inflation fouls up accounting and interest rates, while creating illusory business profits (which the government taxes and thus reduces available capital). He realizes that these Keynesian policies have not prevented recessions or mass unemployment. He verifies his own experience that inflation penalizes savers. And he is justifiably disturbed at the legal limitations placed on the interest rates that savings institutions can pay savers. At one point he states that savings are the source of all loans. This is, of course, the way it should be. Unfortunately, our government sanctions and obtains loans of money which no one has saved and which has been created solely by legal legerdemain. He makes much of the fact that inflation is fraudulent and thus immoral.

Oppenheimer's book contains many kind references to the free market. The author recognizes the desirability of market-determined interest rates, free from all government manipulations and controls. He has rightly concluded that if our inflation is not soon stopped, our whole society will be in serious jeopardy. As he states it, "The most important prerequisite to correct action is to understand as fully as possible the nature of the problem. . . . The problem must be tackled directly through political means, to force the government to return to financial orthodoxy and constitutional procedures. Our main energies as responsible citizens should be directed to that task, rather than being dissipated by fruitless endeavors to outwit inflation." To this we can say, amen.

When it comes to his own understanding of inflation and to his suggested remedies, he is on shakier ground. Perhaps his greatest weakness is his acceptance of the very popular fallacy that government can and should maintain a so-called "stable price level." Accordingly, he repeatedly

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	Jan. 2	Jan. 3	Jan. 4	Jan. 5	Jan. 6
LCS	Closed	3550	3460	3495	3510
Bramble		3700	N/A	3600	3600
Numisco		3650	3536	3608	3624
IPMC		3684	3603	3653	3645

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	Jan. 2	Jan. 3	Jan. 4	Jan. 5	Jan. 6
LCS	Closed	3645	3570	3615	3610
Bramble		3690	N/A	3680	3640
Numisco		3708	3625	3677	3677
IPMC		3768	3682	3736	3742

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suggests, as his chief remedy, that the government issue what he calls "inflation-proofed" bonds. He is also an advocate of all forms of indexing. He does not seem to realize that such indexing merely shifts the inflation burdens, while reducing the incentives (for the groups that have temporarily benefited) to fight the real evil—inflation of the quantity of money.

He apparently picked up this idea from an unfortunate article of Alfred Marshall, the teacher of Keynes. He seems to think it a simple thing to tie some easily manipulated purchasing unit to a cost-of-living index. Similar ideas have been advanced by Irving Fisher, the Monetarist School, and, more recently, by Nobel Prize winner F. A. Hayek, who now endorses private money or moneys based on complex commodity indexes. So perhaps he may be forgiven.

The problem is not quite so simple, however. As Oppenheimer admits, "in a dynamic, innovative society with an ever-changing stream of goods and services, it should be acknowledged that a perfect index cannot be constructed." What he does

not seem to realize is that an index always has to be the result of value judgments as to what to include and exclude and what weight to assign to each item. Those who make the decisions are thus forced to select an index which will hurt some and help others. As the stream of goods and services shifts, new decisions must be made constantly, always at the expense of some who will protect the justness of their injury.

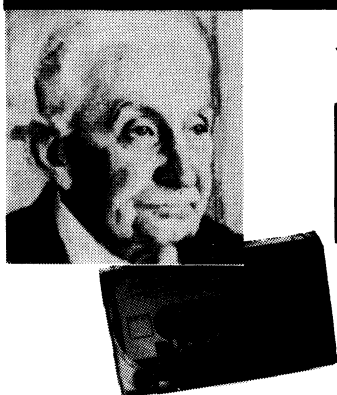
The Carter administration has recently been busy with statistical index "revisions" or up-datings which tend to show their regime in a better light. Such political economic manipulations which vainly attempt to create prosperity are the very heart of our inflation problems.

The very idea of a "stable price level" is a utopian dream that cannot be fulfilled. It is only imaginable in a stagnant "evenly rotating economy" that repeats itself with a certainty impossible in reality. It should be remembered that such a dream was the vision of Franklin Roosevelt when he broke our government's promises to redeem its bonds and dollars in a specified quantity of

gold. As FDR stated in 1933, "When we have restored the price level, we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during succeeding generations. . . . We are continuing to move toward a managed currency."

The Federal Reserve system became the engine of inflation in World War I. Fortunately, at that time there were limitations on the degree to which it could inflate. When these limits were approached, a reasonably free economy forced a correction. Roosevelt and his successors removed these limitations one by one, until Nixon removed the last on August 15, 1971. All these actions were taken with the plea that they were needed to provide a "stable price level," prevent recessions and provide full employment. As Ludwig von Mises had forewarned, these efforts obviously have failed.

Oppenheimer does not like gold as a monetary standard. He thinks history has shown that government can inflate with gold as well as with paper. It is true that



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governments have clipped coins, reduced reserve requirements, and ended gold redemption. These things, however, have occurred because a negligent electorate permitted them. Governments cannot inflate the quantity of gold. Governments cannot print gold. Under present conditions, the

## The Establishment has befuddled the issue by changing the popular definition of inflation to signify one of the results of their increases on the quantity of money—namely, higher prices.

market left free would undoubtedly choose gold as its money. As regards money, the sole function of government ought to be to define the monetary unit and then let the courts enforce the laws against fraud.

If we are to solve the inflation problem, we first must understand the term in its only meaningful sense—an increase in the quantity of money. This is the historical and dictionary meaning that both presents the problem and points to the solution—*stop increasing the quantity of money*.

The modern Establishment has befuddled the issue by changing the popular definition of inflation to signify one of the results of their increases in the quantity of money—namely, higher prices. Unfortunately, this is not even the most important consequence of an increase in the quantity of money—the misdirection of the economy in a manner that must inevitably break down.

This change in the popular definition of inflation is not without serious consequences. When people define inflation as higher prices, as Oppenheimer does, there is a natural tendency to think that businessmen who raise prices are responsible for inflation. The cure is thus thought to be price controls. Now businessmen, like workers and everyone else, are always seeking higher incomes. They would like to raise their prices with every sale. Why don't they double their prices every month? They simply cannot get such higher prices. In times of inflation, however, when the government is pumping out newly-created dollars, they can ask and get higher prices because there are people who can and will

pay these higher prices. They are the first recipients of the newly-created money. Few people understand the legal processes. Still fewer understand the dire consequences.

When the quantity of money is inflated, some group must get its hands on the new money first. They spend it before prices go up. This means that those who follow them to the market place, with money they have earned or saved, find fewer goods and services available. They then bid up the prices. As this process continues, business tends to produce more and more for those who spend the newly-created money, and less and less for those who spend money that was earned in return for contributions to the market. Inflation thus redirects the economy at the expense of the nation's workers and savers.

Inflation can always be stopped at any time. When the government stops increasing the quantity of money, those who were spending the newly-created money must reduce their purchases, and those who sold to them must look for new customers. This period is popularly called a recession or depression, as business and workers must shift their efforts and curb their appetites for higher incomes. If the inflation is not stopped in time, the result will inevitably be runaway inflation, with the monetary unit becoming worthless.

Oppenheimer should be given great credit for his private search for an answer to inflation. If we are to save our civilization, many more people must follow his path. All our citizens should open their eyes and minds to the simple facts of current political and economic life. There are a number of good publications in print. Starting with Ludwig von Mises' *The Theory of Money and Credit* (1912), brought up to date in reprints of a 1953 edition, Austrian economists have made available a number of valuable contributions. This reviewer is, of course, prejudiced. For those seriously seeking to understand our inflation and the solution to the corollary economic problems of our age, he recommends starting with Murray Rothbard's *What Has Government Done to Our Money?*, then going to this reviewer's *Understanding the Dollar Crisis*, and concluding with Mises' recently-released *On the Manipulation of Money and Credit*. If enough people did that, the next Congress would soon put an end to the inflation swindle—the political manufacture of more and more dollars.

Percy L. Greaves, Jr., a consulting economist and former student of Mises, is the author of *Understanding the Dollar Crisis and Mises Made Easier*.

## A festschrift of insults

by Tom G. Palmer

**Menckeniana: A Schimpflexicon**, ed. by Haardt and Mencken, Octagon, New York, 132 pp., \$9.50.

After many years of inaccessibility, Sara Haardt Mencken's unique tribute to her husband is back in print. *Menckeniana: A Schimpflexicon* (from *der Schimpf*, an insult) is a collection of some of the most vicious, ridiculous and unintentionally hilarious attacks ever printed. The contributors to this slim volume range from fever-swamp bible-bangers to KKKers to professors of literature, and they damn Mencken for every sin imaginable. These sins—real and imagined—include atheism, Germanism, libertarianism, Judaism, having a foreign name, Bolshevism, Toryism, loose living, diabolism, vulgarity, rum and Romanism, and being the Antichrist in the flesh. These carefully selected insults, complete with authors and sources, are arranged by topic, including zoological ("polecat," "howling hyena," "maggot," etc.); genealogical ("hunnish," "a Negro by inclination if not by birth," "Neanderthal," etc.); statesman; critic; writer; ex cathedra; as an American; and so on.

Along with the predictably vitriolic religious fanatics, from the Chautauqua Yahoos of the Bible Belt to the orthodox right reverends in their pulpits, we are presented with a panoply of opponents of common sense, free thought and freedom—from the American Legion, to trendy Veblenites, to chiropractors, to single taxers, to republicans, to rotarians, to the Anti-Saloon League, to the *Chicago Worker* ("one of [capitalism's] staunchest defenders . . . tells many lies and many more platitudes"), to one Rev. McConnell, writing in the *Oklahoma City News* ("A Radical Red. It's a wonder decent people haven't risen up and lynched him.").

The *Schimpflexicon* was the product of Sara Haardt's diligent search through the thousands of articles on Mencken and "Menckenism" which spewed forth from all over the country. The collection was arranged by Mencken and Haardt and published by Alfred A. Knopf, Mencken's life-long friend and the publisher of Mencken's books and magazines, the *Smart Set* and the *American Mercury*. The introduction, signed only "The Publisher," states: "Himself given to somewhat acidulous utterance, he [Mencken] has probably been denounced more vigorously and at greater

length than any other American of his time, not even excepting Henry Ford, Robert M. LaFollette, Clarence Darrow, and Sacco and Vanzetti. Here there is room only to offer some salient specimens of this anti-Mencken invective—mainly single sentences or phrases torn from their incandescent context. Some were chosen for their wit—for there are palpable hits among them!—some for their blistering ferocity, and some for their charming idiocy."

The examples chosen for this cornucopia of vituperation range from frustrating stupidity to blind hatred:

• "Mencken is connected with the *New York World*, the attitude of which toward Romanism and Rum the reader should know full well. From his name, he seems to be a Jew, or at least a German, and recently in an Alabama daily he was sneering at Genesis." (*Alabama Christian Advocate*)

• "A MONUMENTAL jackass. A liar supreme. A bomb-thrower. His loyalty during the late war was questionable." (*The Easton [Maryland] Star*);

• "When H. L. Mencken assails the Rotarian of today he is attacking the American people." (Rabbi Louis Binstock, the *Charleston [W. Virginia] Gazette*)

For his brilliant posthumous attack on one of history's most sanctimonious, puffed-up, demagogic wind-bags, William Jennings Bryan, ("If the fellow was sincere, then so was P. T. Barnum."), Mencken earned the lofty contempt of Iowa's *Cascade Pioneer*: "Of such a man this bloodless vivisectionist would viciously dismember with play of words and phrases

and destroy the memory of the honorable American citizen as he lies dead, and strike at him with the fell purpose of destroying the ideals of men who believe in something dearer than the beliefs of the Darwins and the Darrows and the Menckens, and all that tribe of scoffers and scorners, who seek to make of the world as Godless chaos."

Then there was Professor Edwin Sim, writing in the *Santa Monica Evening Outlook*, who took up the cudgel for the man who tricked us into war: "What can be said of a man like Mencken who, in the presence of the broken body and spirit of the still living Woodrow Wilson, could refer to him frequently as 'the late Woodrow'?" What indeed? Only that Mencken had been legally barred from the mails by Wilson's war censorship, and had not been taken in by his tenuous claim to civility; that he saw Wilson for the wicked, little war-monger that he was, willing to sacrifice countless lives for his insipid yet fanatical Anglophilia.

Octagon has, in recent years, reprinted a veritable treasury of Mencken. Other Mencken works which have been rescued from inaccessibility and reprinted in library editions (in the original type, printed on cream paper, bound in sturdy, red cloth) include *Treatise on Right and Wrong*, *Notes on Democracy*, *In Defense of Women*, *A Book of Prefaces*, *The Bath-tub Hoax and other Blasts and Bravos*, and the entire six volumes of Mencken's famous *Prejudices*. Republication of the *Schimpflexicon* is a fitting tribute, a *festschrift* which Mencken would have welcomed.



## *The sky is falling! The sky is falling!*

by Jeff Rigenbach

**Literary Politics in America: The End of Intelligent Writing**, by Richard Kostelanetz. Sheed, Andrews and McMeel, 500 pp., \$5.95.

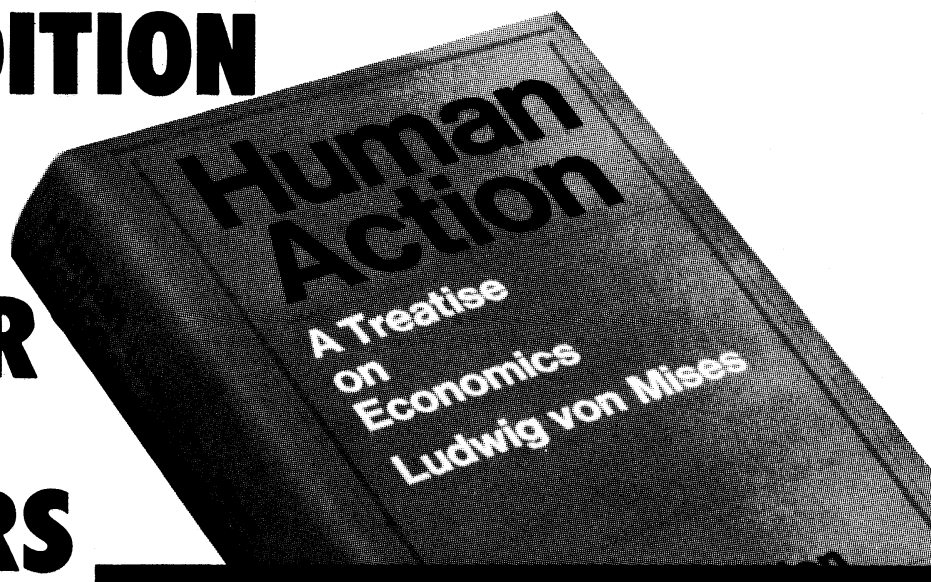
Richard Kostelanetz, according to his own generously detailed description, "stands six feet tall, weighs 180 pounds and loves especially to swim and read." Also, presumably, to write and edit and compile. *Literary Politics* is Kostelanetz's eighth book, not counting the fifteen or so he's edited and the five or six he's compiled. And what with his contributing poems and stories and essays to periodicals, and writing and producing and narrating TV programs, and delivering lectures, and staging "illuminated demonstrations of his creative work," it seems incredible that he should find any time for swimming. In fact, when you reflect on Kostelanetz's tender years (he was born, he says, on May 4, 1940), it seems incredible that he should have found time even to emerge from his apartment in recent years.

But wait a minute. Maybe that's it. Maybe he *hasn't* emerged from his apartment in years. Maybe that's his secret—the perspective on things which has enabled him to sustain such a tone of outrage for more than four hundred closely printed pages, while arguing a thesis as nearly self-evident as that taxation is theft or that involuntary military "service" is slavery.

Kostelanetz's thesis, put simply, is that an American literary "establishment," headquartered in New York, has been working actively for years to promote the reputations of its members, while keeping nonmembers, especially the young and innovative, out of print. This has been going on, according to Kostelanetz, since the 1930s, when certain Southern writers, all of them friends or acquaintances (and in some cases husbands and wives) of each other, launched what he calls an "invasion" of the American literary community. In the next two decades, they founded "a network of magazines sympathetic to one another, with overlapping lists of editors, contributing editors, contributors, reviewers—magazines in which the star critics were frequently quoted, both in the essays and in



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— Ludwig von Mises

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the ads, and their contributions featured over those by a supporting cast." They concocted and promoted a "reinterpretation of the intellectual and literary traditions to emphasize (and often resurrect) appropriate predecessors for themselves." They displayed "decided penchants for mentioning each other in the same breath with the greatest figures of Western literature and for measuring both earlier or contemporary writers against . . . [their own] ideology."

Of course, all this posturing and self-promotion would have come to nothing if certain of the Southern writers (notably William Faulkner, Robert Penn Warren, Erskine Caldwell and Carson McCullers) hadn't won some measure of popular acclaim and academic acceptance. "In the evolution of an establishment," Kostelanetz writes, "collective success begins when the group's stars earn recognition outside their immediate sphere (where acclaim had previously been guaranteed), when its pet 'ideology' gains increasing acceptance, when its academic colleagues are chosen as professors in the major universities . . . and so forth."

By the early 1950s, the Southern literary establishment had seen its "most touted novelist" win the Nobel Prize, and its critics and poets "established as professors at first-rank universities, their textbooks best-sellers, their essays and poems frequently anthologized." But a new generation of readers with a different taste in literature was now buying books. And by the mid-1960s, there was a new, Jewish, literary establishment, with Saul Bellow as its William Faulkner and Irving Howe as its Allen Tate.

By "literary" writing, I should quickly point out, Kostelanetz does not mean poetry, fiction, and literary criticism. "Literature" he says "is simply that writing which is appreciated long after its first publication, as well as that writing which emerges from distinctly 'literary' traditions. 'Intelligent writing' particularly includes poetry and fiction, and also criticism that is more substantial and considered than glib reviewing, and, to a lesser extent, other serious non-fiction expository forms that inhabit a realm between special knowledge and the general interests of the educated public."

Thus Kostelanetz includes writers like Irving Kristol and Daniel Bell in his three-page membership list of "The New York Literary Mob." And his profile of how the Southern and Jewish literary establishments went about establishing themselves may be applied with equal justice to even such predominantly nonliterary groups as the intellectual elite of the libertarian

movement. There are the magazines with the overlapping lists of editors and contributors; the publishing, reviewing, promoting and advertising of each other's books; the reinterpretation of modern intellectual history; the resurrection of neglected precursors (like Nock, Tucker, Spooner and Stirner); the tendency to mention each other "in the same breath" with the greatest figures in Western thought; even the "eccentric who pursues idiosyncratic, often contrary extremes, and yet remains loyal because no one else will publish him," and whose "waywardness and intellectual indulgences" are "often cited by group spokesmen as evidence of their 'openness'."

The same profile fits the science-fiction community in this country, for all that science-fiction is ordinarily (if erroneously) thought of as subliterate. As far as I can see, the profile fits *all* groups of intellectuals who have interests, ideas, and personal friendships in common, and who win sufficient support from readers to "establish" themselves with those readers. Having established themselves, they are motivated to stay established. And like the most successful competitors in any other market, they make use of advertising and public relations to secure their positions, and they refrain from knowingly helping their competitors. Typically they become conservative and resistant to change.

But none of this is new. It is the way of the world. How could anyone live to be 34 years old (Kostelanetz's age when the original edition of his book was published three years ago) without having observed this pattern in human affairs? Unless . . . but my original hypothesis is surely too fanciful; surely Kostelanetz *has* been out of his apartment; surely he *has* experienced life. Even if he hasn't, surely he has read some of the judgements rendered on this self-same issue by the elder statesmen of earlier literary generations. George Moore, for example, in 1925: ". . . each generation, dissatisfied with the literature that preceded it, is inspired to write another literature . . . a literature which seems to the writers more permanent than the literature their fathers wrote, but which is destined to pass away as silently. Of the passing of literature there is no end; the world is littered with dead literature as with leaves. . . ."

Or James Branch Cabell, in 1928: "From the beginning, it would seem, all really matured opinion has been at one on the point that the younger generation was speeding post-haste to the dogs. Since the commencement of recorded literature, oldsters everywhere, in every known era, have drawn a snarling comfort from this

pronouncement, just as pertinaciously, and just as pathetically, as the world's current youth has always been positive that, when once everybody over fifty was disposed of, the human race was bound for the millenium. . . ."

But if Kostelanetz has read such judgements, he hasn't inferred from them that contemporary literary politics is only the latest act in an ageless, endless drama. Far from it. "All pertinent discussion of what to do," he writes, "must begin by acknowledging the imminent death of literature. . . ." That's what the older generation—the establishment—has accomplished. And as for the younger generation, "No writer born after 1939 has been an initiator of the type of literary scandals this book describes."

Maybe Kostelanetz should spend more time swimming and less time writing and editing and compiling. Maybe he should try public pools, where he'd meet people and have a chance to observe them interacting with each other. Kostelanetz has a large talent. Informed by a somewhat more realistic attitude, he could go far.

*Jeff Rigenbach teaches criticism at UCLA and practices it in a number of magazines, including LR.*

## Protectionism

(Continued from page 6)

Take this path one step further: A disintegration of world trade along these lines not only would lead to acute economic suffering around the world but also would intensify the likelihood of war. One needs to think back only a few years to the oil embargo of 1973-4, when world trade virtually ground to a halt and American policymakers began to talk seriously about invading the Middle East to get oil, to get a whiff of what might ensue.

Thus prospects for free trade are not bright. As Macaulay once said, "Free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular."

There is always the possibility that the traditional liberal support for free trade may hold—although some prominent free traders in Congress (like Representative Charles Vanik, chairman of the Trade Subcommittee) have called openly for quotas—and that groups with vested interests in free trade, like farmers and other exporters, may offset the pressure for protection. In the end, though, the most important beneficiary of free trade is the consumer. If this fact can be made clear to the American people, then we may yet avoid a trade war.

# Busting the antitrust trust

by D.T. Armentano

**The Antitrust Paradox**, by Robert Bork.  
Basic Books, 462 pp., \$18.00

To mention the subject of antitrust is to conjure up images of good government battling bad business monopoly, all in the name of the consumer interest. These images are widely believed to be accurate by the public, but they are simply not correct. Indeed, the antitrust vision is so overwhelmingly accepted that the Congress is likely to expand the scope of the antitrust laws themselves and approve legislation that would allow the "break up" of supposedly concentrated American industries. Antitrust is a sacred cow almost without precedent in public policy.

Now it is certainly true that few members of the general public really understand antitrust theory or have ever read an antitrust case. But who could reasonably expect such behavior? There are many areas of our lives that are too complicated (costly) for direct investigation and so we rely on experts or specialists to make the complications comprehensible. If a trained academic economist tells you, for instance, that a particular business arrangement extends and expands monopoly power from one market to another, and thus injures consumer welfare, you are very likely to accept his judgment. You are even more likely to "believe" if almost the entire community of academic economists chimes in with agreement. And you certainly *will* believe if prominent and respected justices of the Supreme Court sanction such a theory in case law for sixty years. The theory may be entirely incorrect but it is, nevertheless, legitimate because it has been systematically legitimized by the people who (should) know and by the people who count. Indeed, over time the theory and the law tend to build up a social immunity to any serious criticism and the matter is, for all practical purposes, settled.

In the area of antitrust theory and law this immunity is wearing off, fast. In recent years scholarly articles highly critical of antitrust theory and court decisions have appeared in leading law journals. In addition, respected economists such as Harold Demsetz and Yale Brozen have been increasingly critical of conventional theories of concentration and of the empirical studies that claim to justify the atomizing of much of big business. Finally, John

McGee's *In Defense of Industrial Concentration* (Praeger, 1971) and my own *The Myths of Antitrust* (Arlington, 1972) were head-on, systematic assaults on antitrust theory and history. The criticisms were clearly building for a final confrontation with the conventional wisdom that would bring the entire controversy out into the open.

Robert Bork's *The Antitrust Paradox* will shake the smug paradigm of orthodox beliefs to its very foundations. No longer will it be possible to ignore the critics of existing antitrust policy or dismiss their arguments as fanciful and their facts as contrived. Indeed, the Bork book is so well-argued and persuasive, so comprehensive in its scope, so penetrating in its depth of analysis, and so remarkably clear that it cannot help but shift the burden of proof to the establishment economists and lawyers. This is the most important antitrust book of the last twenty years and even the most enthusiastic advocate of regulation will have to come to grips with its arguments and facts.

The modus operandi of *Paradox* is both simple and straight-forward: First, demonstrate that the only legitimate concern of antitrust legislation is to insure that consumer welfare is maximized; and second, demonstrate that our present antitrust policies—excepting the prohibition against "naked" price-fixing—are not consistent with that legitimate purpose. A good part



Robert Bork

of the book is devoted to demolishing arguments that consumers must be protected from price discrimination, or exclusive dealing, or (most) mergers, or oligopoly, or even monopoly if attained through internal growth rather than combination. Bork is convinced that consumers require no such alleged protection, that such prohibitions tend to perpetuate or increase inefficiency, and that the laws tend to protect high cost firms at the general consumer expense.

Many lay readers of this book may not understand or be entirely convinced by the relentless logic, sound though it may be; what will convince them is the absolute and obvious nonsense of the leading antitrust cases. And it is the knowledge of how antitrust *really* works in practice—as Bork so correctly observes at the start of his book—that is so necessary for public understanding, debate, and eventual reform.

There are some important and subtle discussions in *The Antitrust Paradox* that deserve to be highlighted. One such significant discussion is Bork's analysis of exclusionary practices and alleged "barriers to entry" in the market. Both ALCOA and the United Shoe Machinery Corporation were chided by the court because they engaged in certain business practices that "excluded" competition. And mergers are frequently struck down by the courts on the argument that they tend to create barriers to the entry of new competition and, thus, restrain trade in violation of the law. Yet Bork correctly argues that all such exclusions and (most) barriers are in actuality *efficiencies* that some firms have instituted while others have not. Not to understand this—and most industrial organization theorists do not—is to turn antitrust on its head, to end up employing the law to attack the very market arrangements that advance consumer welfare. As Bork correctly concludes, "Until the concept of barriers to entry is thoroughly revised, it will remain impossible to make antitrust law more rational or, indeed, to restrain the growth of its powerful irrational elements."

Bork closes his book with his own suggestions for reform. He would have antitrust laws that only:

- prohibit "naked" price-fixing and market division agreements between competitors;
  - limit horizontal mergers that create very large market shares (those that leave fewer than three significant rivals in the market);
  - and prohibit "direct" predation, employing governmental processes, that are designed to drive rivals from a market or delay the entry of new competitors.
- All the rest of antitrust should be aban-

doned since its costs far outweigh any conceivable benefits to consumers.

Although it is destined to become a classic in its field, there are some difficulties in *The Antitrust Paradox* that ought not to be neglected. The most important difficulty for the professional economist is Bork's complete reliance on the standard neoclassical price models of (pure) competition and (pure) monopoly. If these price models are both correct and relevant then Bork's analysis and conclusions are inevitable. If these models are wrong-headed, or, worse, irrelevant, then Bork's analysis and policy conclusions may not follow at all. Further,

**Robert Bork's new book will shake the smug paradigm of orthodox beliefs to its very foundations. No longer will it be possible to ignore the critics of existing antitrust policy or dismiss their arguments as fanciful and their facts as contrived.**

since the real economic world never resembles either price theory model, one important question remains: What conclusions are to be drawn unambiguously concerning resource allocation in all real-world markets?

These difficulties are most apparent in Bork's discussion of price-fixing. Nonancillary price-fixing and market division are to be *per se* illegal since their intent or effect is to reduce output, raise prices, and thus misallocate scarce economic resources. This conclusion follows from the pure monopoly model where, relative to pure competition, the monopolist produces less and charges more. But output in *all* real markets (imperfectly competitive, monopolistically competitive, or oligopolistic) is "less" than it would be under purely competitive equilibrium conditions. Thus the fact that production in the real world is less than it would be under pure or perfect

competition proves nothing at all about consumer "welfare".

Nor does the presence of "output restriction" by itself prove anything. If demand declines for a product or service, then output *ought* to decline also. Bork repeatedly assumes—trapped within his own static monopoly model—that "garden-variety price-fixing restricts output producing a dead-weight welfare loss to consumers." But, in fact, this is almost never the actual circumstance of any price-fixing agreement. If Bork had actually developed the history of such conspiracies more systematically, he would have discovered that the "agreements" were resorted to in times of severe recession and business uncertainty. The outputs were inevitably restricted by *buyers* and not by *sellers*. Monopoly-style output restriction was neither the intent nor the achievement of sellers in these cases.

Nor, of course, were the price-fixers able to sustain any real agreement. With no effective way to enforce the conspiracy, and with significant output outside the cartel, the agreements proved almost totally ineffectual. Certainly, they were *not* able to both restrict output and raise prices, although they may have been able to moderate slightly the severity of the price decline. Yet Bork's *per se* rule would outlaw all such attempts, and perhaps give rise to more formal and lasting agreements through mergers or even government participation.

Bork repeatedly maintains that horizontal mergers ought not to be made illegal *per se*, even though they admittedly snuff out an existing competition, since the integration of productive facilities "may" create efficiency and often does not "control the market." Mergers *may* create economies, to be sure, but here we are talking about mergers that arise solely because price agreements are illegal. Indeed, such a merger might tend to produce *diseconomies*, but still be preferable to bankruptcy. Yet while Bork is willing to trust the free market in almost all other areas, and willing to admit that the business structures that survive tend to be the most efficient ones, he balks at extending these same presumptions to price agreements.

Thus, there are some difficulties with the Bork book, and some of them are serious. Nonetheless, *The Antitrust Paradox* is a work of great skill, insight, and understanding. It should go a long way toward illuminating the murky underworld of antitrust and serve as an important beacon that will guide us out into the light.

*D. T. Armentano is professor of economics at the University of Hartford, and the author of The Myths of Antitrust.*

## ***The morality of neoconservatism***

***by Tibor Machan***

**The Cultural Contradictions of Capitalism**, by Daniel Bell. Basic Books, 301 pp., \$12.95

What is it that unites prominent intellectuals of both the Right and Left in their unashamed distrust of freedom? Apparently, those who believe that the human spirit is a fragile thing, and those who fear that we mere humans have not been given a sufficient dose of the will to survive and flourish (in the material sense) both find capitalism to be a dangerous system.

Neoconservative prophet Daniel Bell, one of the keenest observers of our epoch's social drama, has gathered his fears—most initially published, in somewhat different form, in *The Public Interest*, *Commentary*, *Encounter*, *Daedalus* and *Social Research*—into one imposing volume which details his qualms about the moral and cultural basis of capitalism. His highly abstract, even abstractionist, analysis carefully takes capitalism to task; but, as anyone who is familiar with the basic tenets of neoconservatives such as Bell, Irving Kristol, Nathan Glazer and others should expect, Bell's criticisms all follow from one principle: his own, *false* conception of the nature of capitalism. Take away this illusory foundation and the entire elaborate structure falls of its own weight.

Professor Bell's central thesis, in his own words, is that "in the liberal ethos that now prevails, the model for a cultural imago has become the modernist impulse, with its ideological rationale of the impulse quest as a mode of conduct. It is this which is the cultural contradiction of capitalism." If this kernel of insight seems a bit obscure at first, perhaps a look at the functioning of the neoconservative mind would be enlightening.

The entire work can be read as an indictment against what Bell and his colleagues call hedonism, what they identify as the necessary value assumption underlying the case for capitalism. A more complete overview of the history and application of this notion than is possible here is presented by Daniel Shapiro in his two-part series on "The Neoconservatives" in this and the previous issue of *Libertarian Review*, so I will concentrate on the philosophical underpinnings of Bell's work.

Bell tells us that capitalism "is an economic-cultural system, organized eco-

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nomically around the institution of property and the production of commodities, and based culturally in the fact that exchange relations, that of buying and selling, have permeated most of the society." But is this definition sound?

Capitalism is organized around the institution of *private* property—a crucial fact apparently overlooked by Bell. In his characterization, this vital aspect is lost. Indeed, most noncapitalist systems are also organized around the institution of property *per se*, in that socialist economies are quite property-conscious. Property merely consists of valued items. The legal framework that specifies rights to such items determines whether the socioeconomic system is capitalist, socialist, communal or whatever. In Bell's analysis, many of his conclusions hinge on his definitions.

But if we amend Bell's definition of capitalism to focus on *private* property, the second half of his definition, concerning the cultural basis of capitalism, seems to be a curiously bland stew, lacking the necessary ethical and political ingredients. Could a private property system really be based culturally "in the fact that exchange relations . . . have permeated most of society"? Of course not, because the private character established for property *must* give priority to self-responsibility. Aristotle was perhaps the first to point out that the crucial flaw in communism is what Garrett Hardin has called "the tragedy of the commons," that widespread neglect permeates the economy because individual responsibility is absent. Capitalism has a built-in ethical factor that Bell simply has overlooked:

Even beyond this peculiar exclusion of the concept of *private* property, there are other factors relevant to capitalism which escape Bell's notice. Above all, capitalism has forced us to emphasize *voluntary* human relations. This may not be an impressive achievement in the eyes of those whose major concerns are order and tranquility, and, indeed, Bell fails to mention the ethical significance of an economic system under which individuals must take the responsibility for their own actions.

Individuals are daily faced with choices, where a discernable (although not easy) alternative is possible between the better, the not-so-good, and the worst. Whatever the intellectuals say and pass on to future sociologists to analyze, this is still the crux of the moral life. And it is this moral life that capitalism, through its singular emphasis on the sanctity of the individual and his or her voluntary actions, helped along more than any other system has done.

Of course, Bell has an answer of sorts to this structure of morality, in another theme that flows throughout the book as a mis-

placed undercurrent. "What holds one to reality," he asks, "if one's secular system of meanings proves to be an illusion?" He offers his own response: "I will risk an unfashionable answer—the return in Western society of some conception of religion."

This statement presents its own problems. Bell claims that secular systems of meanings have proven to be an illusion. Yet he has considered only one system, reductive materialism—perhaps the most poverty-stricken of all secular systems. There are thinkers sprinkled across the historical landscape who excel the reductive materialists by lightyears: Kierkegaard, Nietzsche, the British Idealists, and, more recently, Ayn Rand, Abraham Maslow, Rollo May, and Martin Buber come to mind.

But over and above what may be dismissed as a problem of bad phrasing—a sacrifice made for purpose of conciseness—I am concerned that Bell is unfair to the naturalist—as against supernaturalist—impulse, and holds out too much hope for us via the route of religion. Look, for example at the Hellenic age, in which the kind of religious attitude we are familiar with from Judeo-Christian faiths was clearly absent. Did that secularism provide the members of those cultures with meanings that proved to be an illusion? At the heart of the question of returning to religion lies the question about the *truth* of religion, specifically of theism. In our times, when the mere declaration of an answer from some source of absolute authority will not suffice, we must confront this question in ways *possible* for all of us to grasp. The assuring counsel of the chosen few simply will not suffice. Plainly put, a good, sound answer is needed. And here Bell is of no help at all. Bell looks us over, in the fashion of a microbiologist taking a close look at a "culture", but we are given very little with which to help our predicament.

But when it is openly lamented, throughout Bell's book, that "Western society lacks . . . *civitas*, the spontaneous willingness to make sacrifices for some public good," Bell offers us very poor reasons indeed. So it is not surprising that many remain skeptical about how just is the constant demand for sacrifices.

Worth noting is Bell's serious and fully-justified concern with the value postulates underlying much of capitalist social theory. The main spokesmen for capitalism today are two renowned Nobel Prize-winning economists, F.A. Hayek and Milton Friedman. Both are essentially moral skeptics. Hayek does not believe that an ethical system should be provided in support of his classical liberal or libertarian policies. Indeed, he thinks that there may be a contradiction between support of liberty and

support of any particular ethical position. Milton Friedman believes, in turn, that liberty is incompatible with the idea that anyone can know what is the right way to act, in any universal sense.

Many others who defend the free society and market have very similar views. Perhaps underlying this impulse toward skepticism and relativism is the commonsense aversion many have toward the kind of slave morality Nietzsche saw as the essence of Christianity.

It may be worth noting, in conclusion, that certain recent developments in philosophy are pointing toward something far more hopeful, yet fully consistent with secular liberal politics, than Bell's own reflections in this book. For example, David L. Norton's *Personal Destinies: A Philosophy of Ethical Individualism* (Princeton University Press, 1976), is a brilliant, erudite, philosophically robust and immensely inspiring argument for the sort of individualism that does not debase man to the status of an undifferentiated atom (or rat), but ascribes to each person the fullest possible potential for human excellence in this life. With a little imaginative ethical reflection, Bell might have been able to do the same.

I have been somewhat argumentative with Daniel Bell's work—which, incidentally, should speak in its support, at least for its capacity to raise the important ethical and political questions of our age. I am generally unsympathetic toward his tendency of denouncing capitalism; but to the extent capitalism has existed, I am fully convinced that through it, on the whole, human beings could lead better lives, not just materially (although that counts for a good deal), but also spiritually, regarding the development of their intelligence, artistic sensibilities, scientific knowledge, personal qualities, and whatever else contributes to the good life of man here on earth.

Perhaps capitalism should be condemned for doing all this because thereby it has paved the road to heaven with all sorts of powerful temptations. As for me, I will be ever grateful, for without that bit of capitalism still left about us, I would probably be a prisoner in a Soviet camp, a peasant in a Hungarian village, or just plain dead from the disease of individualism in a collectivist system.

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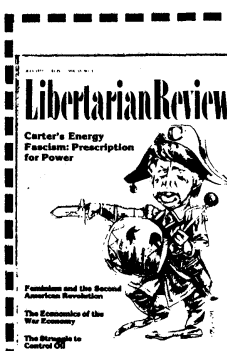
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