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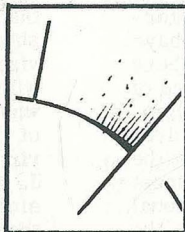
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The End Of Economic Freedom

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by Dr. Murray N. Rothbard

On August 15, 1971, economic freedom died in America. And the terrible thing is that everybody cheered. Where was the opposition? Where are the people who, for four decades now, have been denouncing wage and price controls?

Where are the businessmen? For decades, the business community has been proclaiming its devotion to free enterprise, to the free price system. For decades, they have been attacking direct controls on prices and wages. Where are they now? They are the loudest and most delighted of the cheering squad for Mr. Nixon's New Totalitarian Economic Policy. On the day after Nixon's sudden and dramatic price freeze, the *Washington Post* reported that the mood of the business and banking community was "almost euphoric." William P. Gullander, head of the National Association of Manufacturers, expressed his delight at the wage-price freeze; and George G. Hagedorn, chief economist of the NAM, and who has many times proclaimed his devotion to the free market, joined in the hosannahs. The Chamber of Commerce of the United States, which in 1951 had issued a report on *The Price of Price Control* demonstrating that price and wage controls do not work and impose a terrible burden on the economy, was scarcely less enthusiastic in hailing the program.

On August 24, furthermore, Secretary of Commerce Maurice Stans met with eleven of the heads of the nation's biggest corporations; Stans reported delightedly that all of our biggest businessmen not only hailed the controls, but "want to be sure the program does not terminate on Nov. 12". In fact, not a single businessman of any stature, not one, has been reported to be anything but enthusiastic about the wage-price freeze. And so where is all the talk about the free enterprise system? Where are the men to rise and defend our lost economic freedom?

The conservatives of this country have scarcely done any better. For decades, they too have opposed "creeping socialism" and have been particularly vehement in attacking direct controls over wages and prices and their dictation to the individual on what price or wage he may charge or pay on the market. Where are the conservatives now? For the most part, we have heard only a resounding silence. In fact, many conservatives have simply joined in the cheering, have hailed the dramatic move by our "strong" President, and have curiously forgotten their supposed devotion to "strict" construction of the Constitution as a protection for our liberties. The slight amount of conservative criticism that has appeared has been timid and wistful, with a nary a mention of the dictatorship that has suddenly buried our economic freedom, and scarcely a fraction of the righteous indignation with which they greeted Mr. Nixon's grandstand announcement of his trip to Communist China. *Human Events* expressed the hope that the controls would not be permanent; and the nation's most prominent conservative, William F. Buckley, in a dithering column of August 19, stated that the controls were not necessary but that, on the other hand, Mr. Nixon saw that controls could work for an "intermediate length" of time, even though they cannot work either in the "short" or the "long" run. By what principles or what precise length of time we can enjoy "intermediate" success with price and wage controls, neither Mr. Nixon nor Mr. Buckley has bothered to let us know.

And where are the nation's economists? For at least two decades, virtually all the nation's economists, let alone

Arthur Burns, Paul McCracken and the other Administration economists who have led us to the destruction of the free economy, have told us, with all the certainty of which they are capable, that price and wage controls do not work, that they tackle only the symptoms and not the causes of inflation, that controls do not halt inflation but only bring about shortages, distortions, disruptions, and black markets. Yet, virtually all of them have jumped on the control bandwagon, with no hesitation whatever - even Professor Samuelson, whose own best-selling textbook reveals the unworkability of direct price controls on the market. It is no wonder that virtually the only economist to champion controls all along - J. K. Galbraith - has hailed Mr. Nixon as a "repentant sinner"; he could have included the nation's economists in the gibe. There have only been a few honorable exceptions to the stampede: Milton Friedman mildly criticized the controls as unworkable - but without denouncing the invasion of freedom involved. And 16 Chicago School economists headed by Allen Meltzer of Carnegie-Mellon University, did issue a statement denouncing wage and price controls as "inequitable, wasteful, inefficient and destructive of personal freedom". But that is literally all. How ironic that the only large-scale and determined attack on the wage-price freeze was launched by the very Democrats and labor unions that had been calling for controls for many months! Some of the union rhetoric was impassioned and even denounced the controls as dictatorial and unconstitutional - thus reminiscent of the conservatives and businessmen of days gone by. Leonard Woodcock, head of the United Automobile Workers, even charged that "Nixon's is the hand that held the dagger" but that the Democrats, in passing the authorization, for controls in the first place, had put the dagger into his hand.

But it is highly unlikely that the nation's unions, despite their passion and their early talk of non-compliance and a general strike, will be the instrument to save American freedom. For the unions, after all, have long championed such controls, and merely resent the fact that profits weren't frozen as well. Furthermore, they are already showing indications that if unions are given their share as partners in a tripartite control arrangement, such as ruled the country during the days of NRA and World War II - a tripartite rule of big business, big unions, and big government - they will end their outcry. In short, labor unions hardly oppose the controls in principle; they just want a bigger share of the pie.

The Cause of Inflation

The controls won't work. The prime reason why they won't work is that they do not tackle the *cause* of inflation, but only lash out at the symptoms. Let us see why. Every *price* is simply the terms of an exchange on the market, an exchange with money on one side and some good or service on the other. When I buy a newspaper for a dime, ten cents in money is being exchanged for one newspaper; when I buy a hat for \$5, five dollars in money is being exchanged for one hat. And so the key to what makes prices high or low is the relationship between the supply of goods available and the supply of money which can be used to purchase them. Suppose, for example, that by some magic process, the quan-

tity of money available in the country doubles overnight. The supply of goods remains the same, for nothing has really happened to lower or raise them. But then we will all enter the market with twice as many dollars burning a hole in our pocket as compared to yesterday. And if consumer tastes remain about the same, this means that twice as much money will be bidding for the same amount of goods, and all their prices will approximately double; we will all have to pay twenty cents for the same newspaper and \$10 for the same hat.

In the unhampered free market economy, the supply of goods and services usually increases, as investment and productivity rise. This means that the tendency of the free market will be for prices to *fall*, some prices of course more than others, depending on where productivity increases the most. It is rare that production actually *decreases* in a free economy, and certainly in the last decade as inflation has continued and accelerated, production has generally continued to go up rather than down. So we cannot account for the continuing inflation from the production side. Where then is the culprit? It is the *money* side, for the supply of dollars has continued to go up, and even to accelerate, especially during the Johnson and Nixon Administrations. And as the supply of dollars has risen and risen ever faster, prices have gone up as well – all prices: including rents, wages, and interest rates. This year, for example, the supply of money has been increasing at a rate of 12-16%; is it any wonder that prices have kept increasing as well? Furthermore, in all the hullabaloo about everything being “frozen”, one of the vital factors conspicuous for *not* being frozen is the money supply, which keeps on rocketing upward.

Who, then, is responsible for the continual and growing increases in the supply of money? It is *not* big business or little business or labor unions or consumer “greed” or international speculators or any of the other economic forces that government has focussed on to pin the blame for inflation. *The culprit is none other than the federal government itself.* It is the federal government and no other organization that has absolute and effective control of the supply of money, and regulates it to its own content. It is the federal government that has been merrily increasing the supply of money, to “stimulate” the economy, to finance its own now enormous budget deficits, to help out favored borrowers, to lower interest rates, or for any other reason.

Note then the stance of the government, whether it is the Nixon or Johnson or any other administration in the history of inflation. First it pumps more money into the economy, and continues to do so. *Then*, as the new money inevitably spreads throughout the society, and as prices and wages and rents inevitably increase in response, the government itself becomes increasingly possessed with righteous indignation. It issues edicts, bellows about social responsibility, and denounces various groups in turn for supposedly causing the price inflation. Business is denounced for raising prices, labor unions for asking and obtaining wage increases, landlords for raising rents, and sometimes consumers for spending too much. But never, never does the government bother to point to its own responsibility for the whole problem. Instead, it continues to pour more money into the system, and then to wax indignant when prices and wages rise in inevitable response. The White Knight of government, with its myriad of experts and advisers, marching out to man the ramparts of the “fight against inflation”, turns out to be the very culprit who is the source and origin of the whole problem.

How does the government increase the money supply? The old candid days of simply printing more greenbacks, such as caused inflation during the Revolutionary War and the Civil War, is now hopelessly out of date. For one thing, the process was too clear, and when the “Continental dollar” printed in massive lots during the American Revolution became virtually worthless, it was clear to almost everyone that the unlimited printing press of government was the responsible agent. It was from that experience, by the way,

that the old American phrase, “Not Worth a Continental”, originated. The current inflationary process is much more subtle, though no less effective, and hence understood by very few non-economists. It works something as follows:

The controller and virtual dictator of the money and banking system is the Federal Reserve Board, appointed by the President. The Federal Reserve Act gives to the Federal Reserve Banks, run by the Board, the monopoly of the issuance of paper money, and forces the nation's commercial banks – *not*, by the way, against their will – to keep their reserves at the Fed. The commercial banks are then allowed to *create* money – in the form of demand deposits, or checking accounts – to a multiple of approximately 1:6 on top of their total reserves. In short, if total bank reserves at the Fed are \$10 billion, the banks are allowed to create and lend out up to \$50 billion more, until their checking accounts total \$60 billion. Almost always, the banks are eager to do so. If, then, bank reserves increase by another \$1 billion, they will create \$6 billion in new money in the economy.

The key lever in the creation of new money and the expansion of the money supply, then, is the total of bank reserves. These are under the complete control of the Federal Reserve Board itself, which keeps seeing to it that bank reserves increase, and at a rapid rate. How does the Fed do this? Basically, by going into the “open market” and buying assets. Actually, it doesn't matter *what kind* of assets the Federal Reserve Banks decide to buy. Suppose, for some reason, the Fed takes it into its head to buy one of my old typewriters. It purchases a typewriter from me for \$30. The Fed now has another typewriter in its offices, valued at \$30. I – and this is the crucial step here – have a check for \$30 on the Federal Reserve Bank of New York. I can't do anything with the check; the Fed does not have personal accounts with the public. I have to take my \$30 check and *deposit* it with my commercial bank, say Chase Manhattan. I now have an increase in \$30 in my bank account; the total money supply in the economy has already increased by \$30, since checking accounts function as money. But this is by no means all; the Chase Bank delightedly takes the \$30 check on the Fed and deposits it in its own account at the Federal Reserve Bank of New York. This increases the Chase's reserves by \$30, and it – or more precisely, the banks as a whole – can now increase the nation's money supply by a multiple of 6:1, by \$180 altogether, \$150 of which go into new loans to business.

Therefore, if the Fed buys any asset from a member of the public, total bank reserves increase by the same amount, and the total money supply increases by *six times* that amount.

In actual practice, the Fed doesn't bother seeking out my old typewriters. Neither does it incur the charge of favoritism involved in buying corporate stocks. In practice, it confines its purchases to existing U. S. government bonds and other securities. If the Fed buys \$1 million worth of U. S. government bonds from private bond dealers, total bank reserves will increase by \$1 million, and the money supply as a whole by \$6 million.

And so the major culprit of the inflation has been the Federal Reserve Board, which has been merrily buying government securities on the open market and thereby leveraging the money supply ever upward. The chairman of the Fed for the last year and a half, and therefore the biggest single culprit, the bearer of the major share of the guilt, for our inflation, has been none other than Arthur F. Burns – the same Arthur Burns who has been hailed so fulsomely by the press for his great work in pressuring President Nixon to freeze wages and prices. Arthur F. Burns, the man most responsible for inflation, thereby becomes in the eyes of the public the greatest battler against it.

The Function of the Price System

The free price system, the free fluctuation of all prices,

wages, and rents, which has been so blithely destroyed by the President, is the heart and soul of the functioning of the market economy. The Freeze, or any direct control, of prices strikes at the heart of the effective working of our economy, and will act to reduce the economic system to chaos. For each and every price, of the innumerable prices of all varieties of goods and services in the economy, reflect the individual forces of supply and demand. If the demand for frisbees rises and the demand for hula hoops falls, the price of the former will increase and the price of the latter will fall, and this will give the signal to the toy manufacturers, through the increased profits in frisbees and the decline in hula hoops, to shift from producing the latter to the former. Similarly, if copper becomes more scarce, its price will rise, and the scarce product will be allocated to those uses and firms which can most profitably and productively employ copper. The more marginal uses will be sacrificed for the more important. And if a new invention occurs, say, in frisbee machinery, the lowered costs will lead to a greater production and hence a fall in frisbee prices. In this way, prices - all prices, including wages and rents - are a sensitive and ever responding indicator to the changes in the underlying forces of supply and demand. A free price system leads businessmen in pursuit of profit and in avoidance of loss, to produce most efficiently those products most desired by the mass of consumers. Cripple that system and the intricate price mechanism for conveying signals and information to producers is destroyed. The economy is then at sea without a rudder, with nothing to tell the producers what they should produce and what means of producing are most efficient.

The Freeze Won't Work

At the very beginning of a freeze, not much appears to be different - understandably, since prices and wages as of August 14 reflected the supply and demand forces on August 14. At first, then, the frozen prices approximate the free market results. But as time goes on, the freeze becomes more and more artificial, more and more out of tune with the ever-changing forces of consumer taste and demand, and producer supply and efficiency. The longer the freeze continues, the more distortions, inefficiencies, and misallocations of resources appear in the economy. That is why in the history of controls, such as OPA in World War II, they begin in euphoria and increasingly become ineffective, disastrous, and unworkable.

Indeed, as of the writing of this article in the first week of September, intractable problems have already appeared in the freeze. Teachers are hired continuously but they only are hired officially at the beginning of the fall term; shall they receive a previously-agreed upon wage increase? The September 6 issue of the *New York Times* reports a series of totally contradictory answers to tough questions posed about the freeze in Internal Revenue offices throughout the country. For example: can a landlord raise rent if he puts in a new incinerator? No, say some IRS offices, that's a violation of the freeze; yes, say others, because the incinerator improves the dwelling which is therefore a different, and superior, housing product deserving of more rents. But if we adopt the latter, highly sensible, position, *what standard* does the government at in setting the new fixed rent? On wages, the government at first tried to freeze wages even if the person is promoted - an absurd position which then freezes a man's salary for more productive work, and which cuts his real wages and ends the incentive to accept promotions. It then reversed itself, allowing higher pay for promotions. But then again: how high can the increase be? If the standard is the prevailing job, suppose "new" jobs, both real and phony, are created; what is the standard then? Another good question that the *Times* posed to the IRS: suppose that an employer wants to reward an employee. He can't give him a wage

rise or a bonus during the freeze, but is he permitted to grant an extra week's vacation? This is of course an increase in the employee's pay per unit of work. The befuddled reaction of the government officials is just the beginning of the headaches they will confront, and the evasions they will, step by step, inevitably concede:

"The question about whether an employee could be given an extra week's vacation as a reward for good work produced slightly more no's than yes's. But one official, who said that the extra vacation was prohibited by the freeze, volunteered the suggestion that the company go ahead and do it anyway. 'It would be considered a bonus,' the official said. 'But who will know. Just don't say anything about it.'"

Problems are endemic. The professional athletes justly complain that their brief working life means that they suffer a greater injustice from the freeze than the rest of the labor force. An owner of a laundromat in New York State had just been about to raise his prices, after a considerable rise in costs; but now that he cannot, he is losing money and announces that he will have to go out of business.

The freezing of all unit prices, indeed, does not necessarily insure the continuing profits of each business. Take, for example, the case of a businessman who must replace worn-out machinery or a landlord who must install a new boiler. His rents, and his profits, were calculated on the basis of his old costs; but the boiler or machinery price, while no higher than on August 15, is likely to be considerably higher than it was in, say, 1960, when it was originally installed. And so the higher capital prices will cut severely into his profits.

There is another point here that must be emphasized. There are other elements that enter into a firm's costs besides the prices it must pay for specific units of labor or raw materials or equipment. For a firm might have to shift its purchases from a less expensive to a more expensive material, or from less to more highly skilled labor. And, if it does so, its costs will increase, and its profits possibly turn into losses, even though the price of each particular thing has remained the same. (On these and other problems of price controls and freezes, see Jules Backman, ed., *Price Practices and Price Policies*, New York, Ronald Press, 1953, Part V.)

Any price control will, of necessity, fix the price higher, lower, or precisely the same as the free market would have set. The freeze begins with the latter and rapidly deviates as time goes on. If the price is set too high, then unsold surpluses will pile up; if the price is set too low, then - provided that the controls are carried out - shortages will develop. Since the purpose of the freeze and further controls is to set maxima rather than minima, and since they are being imposed to deal with an inflationary problem, then we can expect that shortages will grow and intensify as the controls continue.

In short, prices rise in the first place because the federal government has been pumping too much money into the economy, and increasing money leads to higher prices. If, then, the government tries to cure the price rise by issuing freeze or control orders, this is equivalent to a physician trying to cure his patients fever by breaking open the thermometer and holding down the mercury column. More to the point, the analogy would be complete if the physician has been injecting fever germs into the patient all along.

As controls continue, then, either or both of the following will happen: (1) to the extent the controls are effective, shortages will emerge and intensify - and we will once again all enjoy the wartime phenomena of shortages of meat, cigarettes, gasoline, and whatnot. During World War II, people were more willing to bear these conditions because they thought - wrongly - that the shortages were the inevitable result of the war effort and not of the OPA price ceilings. But now there is no all-out war to mask the grim economic realities. (2) The controls can and will be increasingly avoided and evaded. One form will

be outright "black" markets, with all the scarcity, corruption, and disallocations that they imply. Actually, the "black market" is simply the market, the free market, trying desperately to emerge in the midst of the crippling network of controls. Another form will be all manner of indirect avoidance and outwitting of the controls. We have already mentioned in wage controls such devices as phony promotions and extra vacations. There are numerous others, including getting around price ceilings by subtle reduction in the quality or size of the product. Soon we will find, for example, our candy bar packages containing even more air than they already do, or the quality of the chocolate declining still more. Even with a vast network of controls, even with a million-man enforcement arm, it would be impossible to police all of these end-runs around controls.

A well-known method of getting around a price freeze is simply to shift to a new product. Since the product wasn't being produced at all at the date of the freeze, there are no price guidelines for the government to impose. In Allied-occupied Germany after World War II, where the Allies imposed severe price ceilings specifically to punish Germany and to cripple its industrial recovery, the result of the controls was truly grave shortages in the necessities of life, food, clothing, etc., which had been produced in the pre-World War II base year. Instead, the energies of the German industrial machine poured into all sorts of trivial new products - toys, gimcracks, etc. Germans went starving and poorly clothed while surfeited in toys. It was only with the "Currency Reform" of 1948 which lifted the price controls that Germany was able to eliminate the shortages rapidly, to shift from toys to useful products again, and to move on to the famous "economic miracle" of the postwar years. (For the instructive story of price control in occupied Germany, see Nicholas Balabkins, *Germany Under Direct Controls*, New Brunswick, N. J.: Rutgers University Press, 1964).

And so, the attempt to hold down the symptoms - price inflation - while pouring in new money only leads to what has aptly been called "repressed inflation", in which the repression bursts forth in the form of evasions and black markets.

Or else the government itself will reluctantly and increasingly grant exceptions and exemptions to the undoubted "inequities" of the price and wage freeze. We have seen that these insoluble inequities have already emerged. Suppose that we have Mr. Jones, who is making \$2000 below the prevailing wage in his occupation, and was just about to receive an increase. Or take the laundromat owner going on the rocks. It is obvious - and openly acknowledged in Washington - that the absolute price-wage freeze cannot be extended forever. *Something* will have to be done about the inequity cases, the businesses losing money, the athletes with special problems, etc., and these problems of a changing economy will develop increasingly as time goes on. But if the economy can't be frozen indefinitely, then neither - in the eyes of the Administration - can the freeze be simply lifted at the end of 90 days. For then the repressed inflation will burst into the open, and prices and wages will soar to compensate for the enforced freeze. The only other option for the Administration will have to be *permanent* price and wage controls - with a vast army of bureaucrats making decisions about every individual inequity. In short, a recrudescence of the already failed OPA of World War II.

In recent years, Europe has seen a dismal record of failure of wage-price controls. From 1965 to 1970, for example the Labor government of Great Britain imposed a wage-price freeze to combat inflation, "voluntary" for the first year and compulsory thereafter. By 1970, it was clear that wages and prices had been advancing *faster* during the freeze than it ever had before. By June, 1970, when the British government abandoned the controls as hopeless, wages were rising at an annual rate of 10% and

prices by 7%.

Price-controls have also played a vital but little-known part in the political history of Asia. One of the major reasons for the downfall of Chiang-kai-Shek, for example, was the fact that, due to national deficits and paper money inflation, China had been suffering, before and during World War II, from a runaway inflation, and Chiang had met the problem by imposing severe price and wage controls. The inevitable result of the controls was grave shortages throughout the country, and, as in so many cases in the past since the Edict of Diocletian in ancient Rome, the government met the problem by escalating the penalties for evading controls. Chiang, in fact, ended by making an example of black marketeers by executing them publicly in the streets. In this way, he lost his merchant and middle-class support; in contrast, the Communists, whenever they occupied an area of China, ended the monetary expansion and thereby cured the inflation. Is it any wonder that Chiang lost China?

As shortages pile up from the price controls, we can expect the next totalitarian advance: rationing. With demand permanently greater than supply at the frozen price, the government will try, in one area after the other, to impose compulsory quotas for everyone's purchases, as it did during World War II. The result will be further dictation and bureaucracy, a vast network of ration points and ration coupons, favoritism, inequities, corruption, and further black markets. For in the free economy, it is *price* that performs the rationing function, smoothly and easily. But it does more; for if there is a shortage of, say, tires, a higher price will not only "ration" the tires to those demanding them the most, it will also call more tires into production. Compulsory rationing will perpetuate the shortage.

Americans should never forget our last tragic experience with peacetime controls. After World War II, the Truman Administration tried to cling to vestiges of price controls; in particular, the ceilings on prices of meat. The result, during 1946, was a severe meat shortage, and a diversion of meat into the black markets. Finally, President Truman reluctantly lifted the controls on meat on October 14, 1946, after which the meat shortage quickly disappeared. At that time, Truman said:

"I recognize the hardships that many of you have undergone because of the lack of meat. I sympathize with millions of housewives hard-pressed to provide nourishing meals for their families . . . thousands of veterans and other patients in hospitals throughout the country . . . Many workers have been thrown out of work by the meat shortage. The by-products from lawful slaughter of livestock are sorely needed . . . for insulin and other necessary medicines . . . and for hides; and already some of our shoe factories are closing and workers are being laid off for lack of leather . . . There are reports of widespread disregard and violations of the price-control law. Experience shows that this leads to a tendency to disregard the sanctity of other laws of the country."

But while President Truman was forced to throw in the towel on controls, the disquieting point for all of us and for the future is that he had given long and serious consideration to mobilizing the army and seizing meat in the packing-houses. Recognizing, however, that the meat was not in the packing-houses but in the farms, Truman added: "Some have even suggested that the government go out on the farms and ranges and seize the cattle for slaughter . . . We gave it long and serious consideration . . . We decided . . . it would be sholly impracticable because the cattle are spread throughout all parts of the country."

And so, the President concluded wistfully, "there is only one remedy left - that is, to lift controls on meat."

And so, President Truman recognized that he had two basic alternatives to remedy the mess that controls had

created: either return to a free economy or go on to a totalitarian state. His decision for freedom was reluctant and hairline - and influenced undoubtedly by the farm vote that was being lost for the coming 1946 elections. Is President Nixon going to bring us the totalitarian society that we barely escaped under Harry Truman?

The Phony Freeze

Apart from all other considerations, the freeze is a phony one. Democrats and unions have centered on the failure to freeze profits, without realizing that profits are not a regular price but a residual, which may and do shift wildly from being large, small, zero, or negative. But other prices have not been frozen.

For example: cunningly, the government exempted from the freeze fresh foods. This means that the scandalous farm price support program, in which the taxpayer is forced to pay farmers for growing less or even no food, will continue merrily on its way, contributing to price inflation. The government gave as its argument that if price ceilings are imposed on seasonal foods, say cantaloupes, this would create grave shortages of cantaloupes as their supply becomes scarce in the autumn. Very true; but doesn't this mean that the supply of *all other* goods will also become short, though not as quickly and evidently? Freezing prices of *processed* foods while allowing the price of *raw* foods to rise, furthermore, will aid the farmers, but will also mean that the wholesalers and retailers of these foods will be suffering losses and will either stop operating altogether or go into black markets. Isn't it insane to allow plentiful supplies and free prices in, say, fresh strawberries, while imposing ceilings and therefore shortages in the frozen variety?

Secondly, interest rates are free, the government again giving as its argument that a ceiling on interest rates will dry up the supply of credit. Very true - but again, why not apply the logic elsewhere? Furthermore, if the government did go on, as the Democrats have urged, to freeze interest rates, they could never freeze interest yields on bonds, which will rise as bond prices fall.

Thirdly, consider this grave inconsistency: on August 16, Secretary Connally exulted that the price freeze had caused stockmarket prices to rise by 30 points. What kind of thinking is this - to force prices down while chortling because stock prices are going up? Aren't stock prices also prices? Why cheer when they go up while forcing others to stay down?

Fourthly, state and local taxes are specifically exempt from the freeze. The Oregon cigarette tax, for example, is going up as scheduled. Aren't taxes prices? Doesn't a higher tax also contribute to price inflation? Or do our rulers think that it is a hardship to pay more for goods that we want and use while it is *not* a hardship to pay more - taxes - for services that are nonexistent or negative (the activities of government)? What is the logic here?

Fifthly, as everyone knows, President Nixon accompanied the freeze by announcing a 10% across-the-board surcharge on imports. This is going to raise the price of imported products by approximately 10%. So Mr. Nixon is combatting inflation by deliberately raising a whole host of prices! For the consumer this makes no sense; it makes sense only as a giant subsidy to inefficient domestic firms and industries that have been hit by efficient competition from foreign firms.

Sixthly, the government announced that *welfare payments* are not included in the freeze. And here we have probably the most horrendous single piece of logic in the entire program. For the announcement read that only prices and wages in payment for *productive services* are being frozen. Since welfare payments are not made for productive services, they call rise willy-nilly. In short, it is *evil* for someone to pay a worker more for his productive services; it is perfectly OK to pay a welfare client more for not producing at all! What sort of insane logic is this?

Big Business and Unions

One of the main reasons that the American public as a whole, and many conservatives and businessmen, favor the wage-price freeze is because they believe that unions and their demands are responsible for inflation. They are flatly wrong. The unions are responsible for a host of economic ills, feather-bedding, restrictionism, misallocation of resources and wages, but inflation of prices is not one of them. Consider this: a union makes a demand for a large wage increase. *Why* does the employer agree to pay it? This is the crucial question. *Demands* mean nothing; I, for example, could demand a tripling of my salary and be thrown out of the office as a result. The point is that employers are *able* to pay the demands, and the question to ask is: how come? Why are they able to pay? The idea that businessmen simply pay higher wages and then "pass it on" in higher prices is economic nonsense. For surely businessmen are *always* trying to sell their products at as high a price as possible. If they can get a higher price, why in the world should they wait for unions to ask more before they raise their prices?

Or look at it this way: suppose all unions in the country should demand an immediate quadrupling of their wages and salaries. Does anyone think that the employers would agree? Why not, if all they have to do is to pass the raise on in higher prices? Furthermore, consider real estate prices, which have risen rapidly in recent years. How come, since there are no unions, no collective bargaining, involved here?

Obviously, something else is involved - and that something else is the aforesaid increase in the money supply. If the money supply increases at 10% per year, then all prices and wages will tend to rise by approximately 10%, and the employers will be able to pay the 10% increase. Once again, it is the hidden force of the money supply that is at work in determining the inflation.

Furthermore, empirically, union wage rates do not rise, overall, faster than non-union wages; in fact, in an inflation, the slowness of collective bargaining tends to make union wages lag behind non-union. Consider, for example, how very much the wages of domestic servants have gone up since World War II. Everyone knows this, and everyone also knows that there is no union in the domestic service field. So, again, unions cannot be the culprit.

One of the characteristics of the late stages of an inflation is that wage rates begin to press on prices, and profits are squeezed. It is clear that many big businessmen favor the freeze because they are trying to coerce wage rates from rising. Furthermore, they know that while both are in the long run unenforceable, price controls are easier to evade than wage controls. The worker is a visible, and indivisible, entity, and so his wage rate is more controllable; but the candy bar can easily be shaved a bit or its quality lowered without attracting attention. Furthermore, the reason for the enthusiasm of General Motors and Ford for the whole Nixon package is evident: for in addition to wage control, the auto manufacturers reap the benefits of the 7% excise tax cut on autos, and of the burden of the import tax surcharge on their burgeoning European competitors - to say nothing of the further burden that the dollar devaluation places on foreign imports.

Furthermore, the "voluntary" freeze on dividends clearly hurts the small investor, while leaving the large stockholders, who are more interested in a rise of stock prices than in dividends, completely unscathed. Here is another reason for big business to look kindly on the program.

Permanent Controls Equal Fascism

It is now clear that price and wage controls of some sort will succeed the 90-day freeze - in short, that we have now entered a political economy of permanent direct controls. There is only one word for this New Economic Policy, a

word that is at first glance harsh and exaggerated, but is in fact precisely appropriate. That word is "fascism." A system of permanent price and wage controls, administered by a central government bureaucracy, probably headed by some form of tripartite board including Big Business, Big Labor, and Big Government - this is precisely what fascism is, precisely the economic system of Mussolini's Italy and Hitler's Germany. This is the economy of the "corporate state", administered by dictation from the top, controlled and monopolized by Big Business and Big Union interests, with the individual, and the consumer, the person who suffers. In short, the mass of the American public will suffer from this system of corporate statism, from the death of the free price system, from the invasion of individual rights, from the hampering of growth, efficiency, and productivity, that the system will entail.

For now for the first time we have permanent peace-time controls. At least the World War II and Korean War controls, as bad as they were, were recognized as purely a wartime emergency expedient; they were not supposed to herald a new totalitarian economic system. But now we have such a system. And no organized group, left, right, or center, Democrat or Republican, liberal or conservative, has come out in principled opposition to the New Economic Fascism. The unions have already made it clear that they will accept the new system if they achieve their due share of power as junior partners in the tripartite control system. Presumably they will get their wish.

Far more important than the grave economic consequences of the new system are the political and moral implications. For where are our inalienable rights? By what conceivable right does the federal government dare to step in and tell free individuals how much they can agree to pay for goods and services? By what right does it step in to say that I cannot pay X-amount for a product or a service, or that someone cannot sell it to me for the agreed price. If two kids are swapping, for example, a penknife for two frisbees, how dare the government step in and threaten penalties or even jail if the kids do not exchange one penknife for one or for three frisbees - for this is what price control in essence means.

Even the price controls of World War II, moreover, exempted newspapers from the controls, because the government realized that price controls on newspapers implies a grave infringement on freedom of the press. But even the press is not exempt from the controls; does freedom of the press mean so much less nowadays?

There is also the Caesarism involved in the freeze by Presidential edict. If the President can simply go on TV and unilaterally declare an immediate freeze, then all of our liberties, moral, political, and Constitutional, are truly gone. If the President can do this, then he is truly another Caesar, another Mussolini, another Hitler; his power is then absolute. Is our Constitution completely forgotten? Are we going to put up passively with a slide into absolute Presidential dictatorship? And by what stretch of Constitutional finagling can the President freeze local rents? What gives him the power to freeze rents in a Peoria boardinghouse? Where is the "interstate commerce" here? Are there to be no restraints on the President's absolute power?

Already, a few law professors have spoken out against the new despotism. Four law professors at Catholic University Law School are bringing suit against the government to outlaw the freeze. And, in a trenchant letter to the New York Times of September 6, Professor Arthur S. Miller of George Washington University Law School warns that "Congress has abdicated its legislative function." He adds that "no such sweeping delegation has ever been upheld (by the courts) outside of wartime . . . The war powers, furthermore, are not usable to uphold the delegation or the President's actions", or even the Economic Stabilization Act of 1970 itself. Miller also points out that the President acted secretly and in great haste, while Congress was out of session: "That is government by *fait accompli* - hardly in

consonance with the spirit of the Constitution." Miller also points out that the government's abrogation of contractual wage increases after Aug. 14 "varies the obligation of contracts. It takes contract rights (property rights under the law) without paying just compensation required by the Constitution." Miller adds that "World War II and Korean War precedents, if that they are, are not controlling. The war powers are not a source of power here. Even if they were, Chief Justice Warren said in 1967 that they do not 'remove constitutional limitations safeguarding essential liberties.'"

Professor Miller concludes his welcome letter by warning that "President Nixon's declaration of national emergency can hardly add to his constitutional powers. It is part of a growing package of government by executive decree or fiat. The American people should be very sure that they want to travel much further down the perilous path of economic controls and executive domination."

Selective Controls

There are hints that the Nixon Administration, in a vain attempt to impose permanent price and wage controls without constructing a huge bureaucratic apparatus to run our lives, may try to impose "selective" controls on a few industries. One prediction is that controls may be imposed only on industries composed of large businesses. It is true that big businesses, being highly visible and in the public eye, are superficially easier to control than smaller firms. But "selective" controls, however selected, can never work for long. If, for example, the prices of automobiles are frozen, and the prices of the numerous parts that the auto companies buy from small manufacturers are allowed to rise, then clearly the auto firms will begin to suffer heavy losses. The pressure will then be great to extend the controls to the parts industries, and so on to the various raw material industries. Capital, furthermore, will begin to leave the frozen industries for the unfrozen. And if wages in big firms are frozen while those in small firms are allowed to rise, then obviously workers will begin to leave the former for the latter. Selective controls, in short, are soon found to be unworkable; they set up inexorable pressures either to remove the controls altogether and return to a free economy, or else extend the controls to the entire economy.

Wake Up America

And so fascism is here - and it doesn't even work. We have sold our birthright of freedom for a mess of inedible pottage. Our economic dictators should at least heed the warning of their predecessor, Field Marshal Hermann Goering. After his capture by the Allies, Goering stated: "Your America is doing many things in the economic field which we found out caused us so much trouble. You are trying to control people's wages and prices - people's work. If you do that, you must control people's lives. And no country can do that part way. I tried it and failed. Nor can any country do it all the way either. I tried that too and it failed. You are no better planners than we. I should think your economists would read what happened here." (Quoted in F. A. Harper, "A Just Price and Emergency Price Fixing," *Essays on Liberty, Volume II*, Irvington on Hudson, N. Y.: Foundation for Economic Education, 1954, pp. 198-99.)

With both political parties silent or enthusiastic about the new statism, and all the organized groups scrambling aboard to increase their share of the pie, there is only one way that we can be freed from this monstrous incubus of permanent price-wage controls. And that is if the American public itself takes a hand. Only the American public can break the new chains which our Caesar has forged. Only the American public can render the wage-price controls unenforceable, by "voting with their feet" in their everyday lives. But to do this, the public must be able to hear voices of opposition, voices who will raise the cry: "This shall not pass!"

NIXON'S NEP

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In our special September issue on the wage-price freeze (which received considerable attention throughout the country), we did not have a chance to examine the other, vitally important aspects of President Nixon's New Economic Policy. To us, it is unaccountable that many conservatives and even libertarians reacted in this way to the Nixon economic package: "Well, of course we don't like wage-price controls, but . . . the rest of the package is so good that the overall effect might be favorable." For the rest of the package is almost as bad as the price controls, and is likely to have even more disastrous long-range effects.

I don't speak of the piddling proposals for an investment tax credit, which would only return us to the Democratic policy, or the even more piddling proposals to reduce a deficit which will still constitute the largest two-year deficit in peacetime American history. For the critical remainder of the package is its international economic and monetary

policy. In the international part of the NEP, President Nixon announced, single-handedly and dramatically, perhaps the most savage program of nationalistic economic warfare in our history. After decades of lauding our allies of the "free world", Mr. Nixon turned suddenly and dealt them a vicious economic blow, a blow which changed the world economic picture overnight, and returned the world to the disastrous economic warfare of the 1930's. The brutal assault on exports from efficient foreign competitors, particularly from the amazingly productive and thrifty Japanese, will shatter the structure of international trade and the international division of labor, and lead to pernicious political consequences. It is true that the proclaimed American "free trade" policy, from Cordell Hull onward, has always been far more solicitous for freedom for *our* exports than for freedom for exports *from abroad*. But the unilateral imposition of the 10% surcharge, coupled with going off gold and bludgeoning the Japanese into accepting stringent quotas on their exports of textiles, is a blatant reversion to economic nationalism, warfare, and autarchy. It is true that, for many years, American industry has been losing the competitive race in many areas, partly because so much capital and technological research have been diverted to unproductive military channels, partly because the increasingly inflated dollar has

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been overvalued. But attempting to cure this inefficiency by a reversion to blatant protectionism will not only injure the American and the foreign consumer in countless ways: in the long run it will not even aid American industry, or the deficit in the balance of payments.

Protectionism not only injures the American consumer directly, by using coercion to prevent him from buying the cheaper textiles or cameras or automobiles that he would like to buy. It also injures the consumer indirectly and even more intensively, by freezing labor, land, and capital resources in the increasingly inefficient industries, and thereby preventing them from moving into those industries that are more efficient and have a competitive advantage in selling at home and abroad. By this freeze, the efficient export industries are prevented from expanding, and thus these industries are hurt, along with the consumers who would benefit from the more efficient allocation of resources. But, as the 19th century libertarian economist Frederic Bastiat put it, the latter effect, however crucial, is "unseen", whereas the direct aid to the inefficient and floundering textile, steel, and camera industries is visible and "seen." And furthermore, of course, the foreign countries cannot be expected to take this brutal affront lying down forever. Already, Denmark has placed its own 10% surcharge on American exports, and we can expect American exports, and consumers everywhere, to suffer grievously from the general and accumulating breakdown in international trade. As Western Europe moves toward economic unity, we can expect ever stronger measures of retaliation from the disillusioned and understandably embittered nations of Europe. The tough, "hard-nosed" negotiating attitude of Secretary Connally, who seems to think that he is dealing with Mexican field hands on a Texas ranch, will of course only accelerate the disintegration of the world market.

Particularly disquieting politically is the attitude pervading the Administration toward Japan, which it is hardly an exaggeration to say verges on the war hysteria that developed in the 1930's. We have to go back to George Orwell's 1984, or to some of the imaginative writings of the Old Right revisionists, to catch the flavor of the anti-Japanese hysteria that has been sweeping the American government. For Orwell and the revisionist writers postulated that it is almost as if, every twenty years or so, the ruling insiders in the Establishment push a few buttons, and suddenly national "friends" become national "enemies" and *vice versa*, not only in the government but throughout the nation's press and media. Thus, in the late 19th century, Germany was "good" and Russia "bad"; in the first decades of the 20th, however, Russia was "good" and Germany "bad". After World War I, Germany was "good" again and Russia "bad"; in the mid-1930's, Germany shifted to "bad" and Russia became "good"; and since World War II, Germany has been "good" again and Russia "bad." Who knows when the next switch will occur? On the Asian front, in the early years of the twentieth century, Japan was "good" and China "bad"; and then, by the mid-1930's, Japan became "bad" and China "good"; and, finally, after World War II, Japan became "good" again and China was "bad". But now, another dramatic Asian reversal appears to be underway. At the same time that the Establishment is beginning to move toward a "China good" policy once again, Japan is swiftly becoming "bad". We seem to be back in the atmosphere of 1937 once more. Japan, so recently a progressive and staunch bastion of the "free world", is being referred to in the press once more as "aggressive", expansionist, troublesome. A friend of ours who was until recently on the senior staff of the Council of Economic Advisors reports that, throughout the Administration, every time Japan sells another yard of textiles or another camera in the U. S., the anti-Japanese hysteria pervading our government rises another notch. As one cynical wag put it, it's a good thing that Japan is unarmed, otherwise we would be provoking it into another Pearl Harbor.

So what was there about the Nixon package that could tempt some libertarians into partial approval? Ironically, it was

Nixon's going off gold, a step that did even more than the 10% surcharge in driving the world into a competitive policy of national economic warfare. The irony is particularly acute because for over twenty-five years, the small, unsung – and still unsung – band of "Austrian" economists: headed by Mises, Rueff, Heilperin, Hazlitt, and including your editor, warned day in and day out that the Bretton Woods system was headed for certain collapse. The irony is that for twenty-five years the Establishment economists, now so righteous in ditching Bretton Woods, pooh-poohed the Austrian warnings, and asserted that the system was graven in stone, that the dollar was an eternal rock, and could not be shattered. And now, though some libertarians have been slow to realize it, Bretton Woods has been ditched in the *reverse* of an Austrian direction, and toward even worse and more pernicious systems.

Some historical background: for generations before 1914, the world monetary system was roughly one of free trade, allied to and intertwined with a "classical" international gold standard. Every national currency was defined as a certain weight of gold, and therefore *was*, in effect, that weight. All paper currencies were convertible into gold, and, therefore, into each other, freely and without governmental restraint. Not only did this mean the monetary and therefore the virtual economic unification of the international economy. It also meant that the redeemability of paper currency into gold provided a vital check upon the inflation of paper currency by governments, and hence kept inflation and the business cycle within moderate bounds. (The fact that the gold standard was partly vitiated by central banking and fractional reserve banking only weakened but did not destroy the effectiveness of the world monetary order.)

World War I wrecked the international gold standard and the pieces were never put back together again. Every country financed the war effort by large-scale currency inflation, and every major country but the U. S. abandoned the gold standard, to go over into paper currencies governed by the fiat of the nation-State. During the 1920's, the world moved, *not* back to a classical gold standard, but to currencies tied only nominally to gold, and actually to the British pound, which in turn was tied to the dollar, which remained the only currency clinging to the older gold standard. Britain, furthermore, insisted on returning to nominal gold at a highly overvalued par, overvalued in relation to the severe inflation of the pound during and after the War. The result was a chronic British deficit in the balance of payments, and inflation in the U. S. to alleviate that deficit. The overinflated currencies collapsed in the Great Depression, and every country, including the United States, went over to a world of fiat paper currencies, inflation, exchange control and blocked currencies, competing devaluations to stimulate one country's exports and block the other fellow's exports, competing protective tariffs, and a general breakdown of international trade which helped perpetuate and intensify the depression on a world scale. And no less an authority than Secretary of State Cordell Hull repeatedly testified that the economic warfare of the 1930's was directly responsible for the outbreak of World War II.

One of the major American war aims was to reconstruct a new international monetary order from the shambles of the 1930's. But, once again, it was not to be a classical gold standard, with its concomitant of free trade, *laissez-faire*, and avoidance of inflation. The new order, established by severe American pressure at Bretton Woods in 1944-45, was a recrudescence of the shaky and unsound system of the 1920's, with two important differences: (a) the new order rested on the dollar, and not at all on the pound; and (b) no country, including the U. S., returned to a full gold standard, in which each currency was redeemable in gold. Instead, gold was re-established as redeemable only for dollar balances held by foreign central banks; American citizens were no longer to enjoy the gold hedge against inflation. American citizens were still prohibited from owning gold, as they had been since 1933, ostensibly for the duration of the bank crisis "emergency." The dollar price of gold was

fixed at \$35 an ounce, which had been the official price since 1934, and all other currencies were fixed in terms of dollars. Moreover, the other countries were allowed to fix their currencies in terms of their pre-war exchange rates, rates which did not reflect their considerable inflation. Hence, most foreign currencies were overvalued in terms of dollars, while dollars in turn were undervalued.

The world returned to an international monetary order, with roughly fixed exchange rates and a fair amount of interconvertibility of currencies. But foreign countries now held their reserves in dollars more than in gold, and the supply of dollars was in the hands of an ever-inflating American government. Thus, in the early post-war period overvalued foreign currencies suffered from a predictable "dollar shortage", and the propaganda then arose that the U. S. had a "world responsibility" to supply dollars to these countries in foreign aid to "cure" their continuing and ever-present shortage. But around 1950, international economic conditions began inexorably to change. European - and Japanese - economies and currencies became sounder and relatively less inflated, helped by the advice of highly-placed Austrian and semi-Austrian economists: Wilhelm Ropke and Alfred Muller-Armack in Germany, Jacques Rueff in France, President Luigi Einaudi in Italy. Gradually, as Keynesianism took hold in the U. S. and lost credit abroad, the dollar became increasingly inflated, both absolutely and relatively to the continent of Europe. The dollar became increasingly overvalued, (a) in relation to such "hard" currencies as the West German mark, the French franc, the Swiss franc, and the Japanese yen, and (b) and equally important, overvalued in relation to gold at the frozen price of \$35 an ounce. The continuing dollar inflation brought about an increasing overvaluation and a perpetual deficit in the U. S. balance of payments, made up by the piling up of dollar balances abroad, *along with* a continuing outflow of gold, bringing down American gold holdings from \$22 billion to less than \$10 billion.

The Austrian economists continually warned against the coming collapse of the system, and urged the end of dollar inflation as a cure to the deficits, along with the return to an international gold standard as a permanent check on inflation. The Austrians differed on the best path to return to gold; the soundest plan was that of Rueff and Heilperin for a drastic increase in the price of gold as part of the return; such an increase would cure the overvaluation of *every* inflated currency with respect to gold, and, by putting more gold behind every currency, facilitate a general return to the gold standard. The Mises-Hazlitt proposal for an initial floating of currencies to find the "free-market price" of gold ignored the basic fact that, on a *truly* free-market, there would be no independent national currencies, and that every currency, being only a different weight of gold, would automatically find its "exchange rates" fixed in relation to one another. In the deepest sense, to talk about a "free market" of dollars and francs is as absurd as calling for a "free market" between ounces and pounds: both are eternally fixed at a weight ratio of 16:1.

The Establishment met the challenge by moving in the opposite direction. Anxious in the long-run to destroy gold altogether as a monetary commodity so as to allow unlimited inflation and dictation of the money supply by governments, the world central banks first abandoned the vain attempt to keep gold at its undervalued \$35 an ounce on the free market. Instead, the authorities, in the late 1960's, destroyed the single gold price, and established a "two tier" gold price system, attempting to insulate the central bank price at \$35 from the higher market price. Next, as gold flowed out and dollar balances piled up, even distinguished American economists - some of them "renegade" Austrians - devised the absurd theory of "benign neglect." Let the Europeans sizzle, the theory went, they can do nothing else than pile up dollars. Dollars are anyway more important than gold; gold is an obsolete relic, and dollars are backed by the most productive economy in the world. Therefore, why worry about deficits? To reinforce the trend away from gold and toward inflatable

paper, the world authorities then established an SDR system of paper units to supplement gold in American currency reserves.

But none of these expedients helped for long. By August, 1971, over \$40 billion of dollar claims to gold had piled up in European hands, and Europeans expressed their unwillingness to continue subsidizing American dollar inflation by holding off on their right to redeem in gold. President Nixon was faced with a crisis run on the dollar, and met it by plunging the world back into the monetary and economic chaos of the 1930's. "Benign neglect" was clearly no longer enough.

By cutting all ties with gold, furthermore, Nixon has gone over into totally fiat money; he has cut the last link with an independent, market, commodity check upon inflation. Austrian economists like Rueff realized that, while the dollar may have been overvalued in relation to foreign currencies, going over to a floating rate is a cure worse than the disease: for it abandons the last, balance-of-payments, check upon American inflation. Before August 15, the American authorities at least had to keep a wary eye on the balance of payments deficit and the gold outflow, and therefore were at least partially restrained in their inflation of the money supply. Now, only falling exchange rates remain as a check, and this is a flimsy reed, especially since American export interests are whooping it up for devalued dollars which would bring them competitive advantages abroad.

What else could President Nixon have done? He could have adopted the Rueff plan: of a drastic increase in the price of gold, and a concomitant move toward restoration of the full international gold standard. But this of course is the last thing the Administration - and the entire economic Establishment - wants. Note, for example, how stubbornly Secretary Connally has resisted even the most feeble West European efforts to induce us to raise the price of gold by only a negligible amount. The reason is that the Establishment knows full well that a rise in the price of gold would bring gold back more strongly into the international scene. It would hinder the long-run aim of the Establishment to abandon gold altogether. Hence, no libertarian can look upon the abandonment of Bretton Woods for a *far worse* system as anything but an economic disaster.

Libertarian perception of the international monetary scene has been grievously distorted by the pernicious role of the Friedmanites of the Chicago School. For the Friedmanites have long advocated their pet solution for world money: the total abandonment of gold, and freely-fluctuating exchange rates between the various national fiat paper moneys. Hence, the Friedmanites have helped divert libertarian and conservative opinion away from gold and toward the absolute control of the monetary system by the nation-State, a State which invariably leans toward inflation. Hence, the misguided cheers of many libertarians for at least the international side of the NEP package. But, apart from the evils of abandoning commodity money and relying on absolute state control of money, the Friedmanites are unrealistic Utopians whistling in the dark. *Even if* freely fluctuating exchange rates were desirable (which I would not concede for a moment) it is absurd of the Friedmanites *first* to grant absolute monetary power to the State and *then* to call upon the State to leave exchange rates free to fluctuate. No government, possessed of the monetary power granted to it by the Friedmanites, will consent to leave exchange rates alone. Hence, the naivete of the cry of many Friedmanites and quasi-Friedmanites since August 15: "Hey, the governments are not allowing floating rates; instead they are instituting a 'dirty float', with exchange controls, interferences in convertibility, etc." What did the Friedmanites expect? Will they ever stop putting their trust in Power?

Equally ludicrous was the expectation of the Friedmanites - and even some Austrians who should have known better - that now that the dollar has been severed from gold, the U. S. government will allow American citizens to own and sell gold. Again, the Friedmanites miss the point - that the Establishment is interested, not in maximizing economic freedom,

even in distorted Friedmanite terms – but in abolishing gold altogether to pave the way for unchallenged fiat paper. If the government should allow gold, which they have so long proclaimed to be a “worthless”, Neanderthal “relic”, to be owned by American citizens, then the ever-present threat will be there for Americans to turn from increasingly worthless paper dollars to their own use of gold as a stable and sound currency. This is what many Americans, especially in gold-plentiful California, did during the disastrous greenback inflation of the Civil War. The outlawry of gold is a vital step on the road to unchecked government control of money and toward unchecked paper inflation.

And so President Nixon, in the international part of his NEP package, has plunged the world into a system far worse than the unfortunate Bretton Woods system that is now dead as a doornail. Our Caesar has plunged us back into the destructive world of the 1930's, into a world of unchecked paper inflation, of exchange controls, economic warfare, accelerating protectionism, and breakup of the world market. He has plunged us, in short, into the precise *international* counterpart of the economic fascism at home. The package is, we must admit, consistent and of a piece: in both domestic and foreign economic policy, the aggrandizement of the nation-state, the crushing of the market economy, the perpetuation of inflation, the substitution of statism and conflict for the harmony and voluntarism of the free market. We are faced, in the economic sphere, with fascism in domestic policy and foreign, at home and abroad. And all this, mind you, in the name of “freedom”.

Meanwhile, on the domestic front, those libertarians still bemused by the “good old Dick Nixon” syndrome, and who foolishly predicted that all controls would disappear after the 90 days, have one hopes, learned an instructive lesson. Phase II is almost here, and we are promised the first permanent peacetime controls since the unlamented, and still unconstitutional, NRA. Of course, not “permanent”, only for two, three . . . how many? years. Pervading the whole show is the stream of private and even quasi-public utterances assuring us that the President doesn't “really” believe in the controls, and that he and his economic planners know that they won't work. Rather than reassuring, all this tells us is the certain knowledge that the Administration has transcended mere economic ignorance and error, and is actively and cynically guilty of moral turpitude. In the meanwhile, the President's rhetoric, as for example in his Phase II address of October 7, becomes increasingly Orwellian and collectivist.

Thus, the architect of international monetary chaos calls his program a “campaign to create a new monetary stability”; the creator of a new protectionism says that “this nation welcomes foreign competition.” The speech was studded with altruist-collectivist rhetoric, ominously reminiscent of the famous Nazi slogan: “*Gemeinnutz geht vor Eigennutz.*” (“The common good comes before the individual good” – the “common good”, of course, as interpreted by the rulers of the State apparatus.) Thus, the President spoke of his “call to put the public interest ahead of the special interest,” and to “put their country's interest above their interest in fighting this battle.” Even more blatantly collectivist was the President's egregious “What is best for all of us is best for each of us.” Whenever the government speaks of “sacrifices”, furthermore, it is time for the citizen to guard his pocket and to run for the hills; sure enough, the President called for willingness to “sacrifice for a long-term goal”. It is characteristic of such pleas, of course, that it is always “you and him sacrifice”; I have not seen any dramatic evidence lately of any great sacrifices incurred by President Nixon, Secretary Connally, or the rest of their coterie.

“Confident”, moreover, that the wage-price controls can be sustained “on a voluntary basis”, the President sternly warned that if any Americans should fail to cooperate with this system of “voluntary restraint”, the “Government must be and will be prepared to act against them”, and will “be backed by authority of law” to make its “decisions stick.”

Thus, the President has given us a new and creative definition of the “voluntary” – that is, the “voluntary” backed by a hefty measure of coercion. Challenged by libertarian questioners in a debate on the NEP with your editor in Washington on October 19, Dr. Herbert Stein, quasi-Friedmanite member of the Council of Economic Advisers and principal architect of Phase II, seriously replied – after a spell of being befuddled by the question – that the program is indeed voluntary, “just as voluntary as taxes.” A wave of sardonic libertarian laughter greeted Stein's remark, at which point I could not refrain from pointing out that for the first time that night I whole-heartedly agreed with a statement by Dr. Stein.

In fact, Stein's open cynicism is indicative of all too much of the Friedmanite response to the wage-price controls, for the criticism of Friedman himself and many of his disciples has been strangely muted. Thus, Stein, commenting on my charge that the controls won't work in checking inflation, really agreed, and added, in effect, “so why worry about them?” In short, since the controls won't work, they are simply icing on the cake, or “cosmetic” in Friedman's words, and will therefore eventually be repealed. There is no recognition here of the economic harm that will be wrought, the distortions, black markets, declines in quality, as well as the political harm in foisting a system of fascistic controls on the public – not to speak of the immorality of a demagogic appeal to the public in the razzle-dazzle showmanship of the NEP. Furthermore, the smug view that simply because a policy won't work means that it will shortly disappear ignores the political dynamics. The President, for example, is trying to carry water on both shoulders by imposing controls, and yet by keeping a minimal bureaucracy for enforcement and for making the almost infinite number of price and wage decisions that make up the economy from day to day. After the controls fail, then, the Democrats will inevitably call for a wider bureaucracy and for more stringent enforcement, and the economic disaster can be prolonged for many years.

All this is reminiscent of the time when he, and numerous other economists, ranging from the Austrians through the Chicagoites to the Democrats and New Dealers, participated in a conference on inflation and price controls during the last control period, in the Korean War. After Austrian Henry Hazlitt had attacked price controls for causing a meat famine, Friedman made a comment which frankly put him “in between” Hazlitt and the defenders of controls. Friedman said: “I think the real argument against price control is precisely that it produces this illusion of famine when there is none.” (A. Director, ed., *Defense, Controls, and Inflation*, University of Chicago Press, 1952, p. 243.) In short, while price controls do not work, they have no harmful effects either – an ironic twist to those who suffered from the meat famine of 1946 under the OPA.

Just as this issue was about to go to press, Milton Friedman has to some extent redeemed himself by writing a two-part critique of the controls in the New York Times *Op-Ed* page of October 28 and 29, “Morality and Controls.” Particularly in the latter article, Friedman at last took a strong stand on the *immorality* and on the dictatorial nature of the government's presuming to outlaw voluntary price and wage agreements between buyer and seller, employer and worker. It was a bit late in the day, but we are glad that Friedman finally saw the light.

There is a sense, of course, in which Phase II rests, even for short-term success, not on the “voluntary” consent, but on the support of the great majority of the public. For lacking a large bureaucracy, enforcement will have to be placed largely in the hands of the public. And that is why libertarians have a unique opportunity to help wreck the controls earlier than otherwise: for it is up to us to raise the banner of opposition, to educate the public on the unworkability and the evils of the New Economic Policy. We have an historic responsibility; we can strike a blow for freedom far beyond what seems likely from our small numbers. By merely pricking the bubble of the bemused national consensus, we can help restore sanity and liberty to the nation.

stage & screen



Honey Mead

Johnny Got His Gun. *A shockingly realistic portrait of a war victim who has lost his arms, legs, and face. Tough to sit through, but worth it in the end. From the novel by Dalton Trumbo, with Timothy Bottoms, Jason Robards, Donald Sutherland, and a fine cast.*

To dismiss **Johnny** as just another anti-war movie would do a disservice to this excellent film.

Honey Mead has been a guerilla fighter, war reporter, professional subverter, and spare-time nuclear physicist. She is currently finding satisfaction as a wife and mother in Lanham, Maryland.

Catch-22 and **M*A*S*H**, stunning as they are in their narrow realms, fade beside the fierce honesty of Dalton Trumbo's creation. The hero, a rather ordinary young man at best, enters the wartime army sporting a vague desire to serve his country. During a skirmish his foxhole is blown up by the enemy, and when he awakens in a hospital he cannot move, hear, or see. The horrible realization that he is now a "piece of meat", with only his trunk left intact, comes to him gradually — as he feels the stitches being snipped from his shoulders, as he senses the wet at the edges of what was once his face.

Official army policy is to keep him locked in an airless closet with no stimulation, separate from any contact except with those who are unwillingly required to meet his needs. Only when one sympathetic nurse, acting against orders, comprehends the depths of his hopelessness is he allowed sunlight and the privilege of communication. Reaching out, he learns to "speak" by beating his head against a pillow in Morse code. But the army, preferring to subjugate him like an animal, rejects his triumph by shutting him up again in a dark cell. He cannot even demand his own death, the one thing he ardently desires.

No doubt, **Johnny** is a sentimental film, as it depicts through fantasy and flashbacks the hero's close attachments to his family, his girl, and his beloved nurse. Yet we must feel sentimental if we are not to despair totally. There is hardly a moment when we are not bombarded by feelings of dread, pity, or anger, and we are skillfully induced to sympathize with all of his anguish. We are made to understand what it must be like to be alive and thinking — thinking constantly — though listed as officially dead; to be without a name because you cannot identify yourself; to be forever unrecognizable; to have family and friends far away who will never know that you still exist. We cannot help but share the soldier's joy at being able to speak and his misery at being separated from the only person who has cared for his mutilated body.

Timothy Bottoms gives a convincing performance as the young man, with Jason Robards scoring as his tough-tender father. You must also see Donald Sutherland as the self-doubting Christ who haunts the cripple's fantasies.

Johnny Got His Gun may well cause you a few sleepless nights, but it is a must for any anti-war libertarian. You will remember it for the rest of your life.

* * * * *

The Devils. *A horror movie that poses as a film of significance. A hunchbacked nun who would like to get her hands on a sexy priest sets off a chain of events leading to general hysteria. Directed by Ken Russell, with*

Oliver Reed, Vanessa Redgrave, and the entire East Wing of the Royal Institute for the Insane.

This one may also cause you some restless hours, but it has less justification. The film distantly resembles the John Whiting play on which it is supposedly based. The play is well-constructed, spectacular, and engrossing, and its producing history has been undeservedly spare. It fared well in the original Royal Shakespeare Company staging (in which Diana Rigg had a featured role).

Russell's film dredges up and dwells on all the less attractive aspects of Whiting's play. **The Devils** makes even **Marat/Sade** look light and playful. Common medieval tortures are graphically portrayed, and sex is presented as abhorrent and depraved. If you are at all squeamish this film is not for you. Perhaps with some effort you may be able to laugh at the unrelieved misery of the characters, but most likely it will turn your stomach.

This result is unfortunate for two reasons: first, Ken Russell has shown so much promise as a director in his earlier films (particularly **Women in Love**, one of the most literate films in recent years) that it is downright sickening to see him operating at such a level. Perhaps **The Music Lovers**, which I have not yet seen, represents a link between his earlier and current approaches to film. At any rate, because he relies on disgust rather than plot for his effect in **The Devils**, he seems to be rejecting his own filmic strengths in favour of his weaknesses.

The second reason is that, buried beneath the sludge so characteristic of this film, is an honest-to-goodness libertarian plot — one that never attains stature due to the director's pre-occupation with sub-plots. Father Grandier, portrayed with much physical assurance by Oliver Reed, wants to keep his own town of Loudon out of the grasp of the insane king, who gets his thrills from dressing Huguenots in bird feathers and gunning them down. Grandier walls in the town but cannot resist the onslaught of federal power, and the walls come down as he burns at the stake.

The performances are good, but who wants to sit through this whole movie to watch them? The movie's sense of life is apparent in that the weakest episodes are those representing sanity (i.e. Grandier's interludes with his wife). Surely no one need put himself through this kind of trauma for so meagre a reward.

Millhouse. By Emile de Antonio, who is also known for **Point of Order**, about the McCarthy hearings of the '50's. A very funny "documentary" on the career of Our Leader, and a real gem for anyone who still thinks Nixon's *The One*.

Don't miss **Millhouse** when it plays near you. Like all good films, it has an unflinching point of view, and in this case the point is directed squarely at Richard Nixon. The funniest events in his career are presented with much relish: De Antonio has found just the right newsreels, tapes, and stills to show Nixon at his most ridiculous. And the irony of the film is that those absurd and freaky moments which he has captured are also those in which Nixon is at his political best. The famous Checkers clip, with Pat staring admiringly at her hero throughout like a patient lapdog, is actually a classic example of psychological persuasion. Contrary to the claims of his political adversaries, Nixon is one of our most effective political plotters, as he has shown on occasion after occasion. The fact that so many of us could have followed him trustingly in '68, against all caution, attests to this.

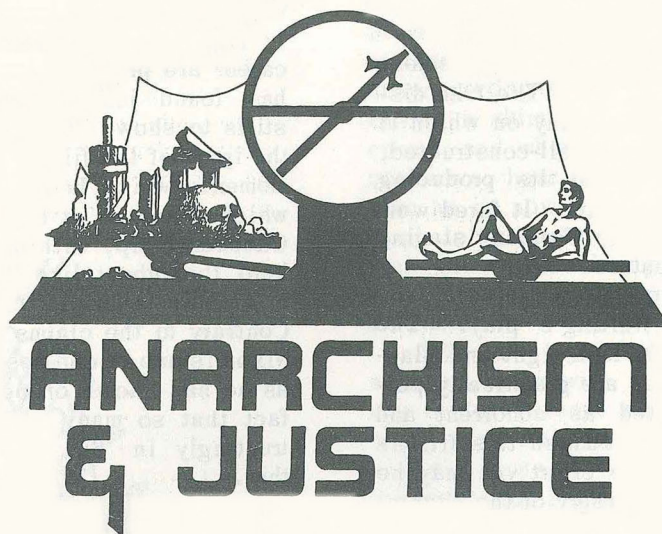
And so **Millhouse** will find a warm spot in many libertarian hearts. We can both laugh at it and be wary of what it shows at the same time, for De Antonio does not ignore the implications of Nixonism. As an art work it is less compelling than as a political tract. It lacks cohesiveness, the early sections about the Great Pumpkin Conspiracy and young Dick being more interesting than the later, more diffuse clips of the ripened Nixon. As a whole, though, it is worth the price of admission and even more.

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Drive, He Said. *This month's With-It, Right-On, Now Flick, directed by Jack Nicholson. With an unrememberable cast.*

I will swear that this movie has a plot, though it is buried under layers of suffocating Relevance. To sum up what goes on, a college basketball player decides he's in love with the wife of a boring but sincere friend. He pursues her. She isn't sure if she really cares for him; most probably she doesn't like anyone much. The athlete's long-haired, neurotic roommate goes progressively bananas, finally ripping off his clothes and invading the bio lab — not to blow up the university, but to let all the animals out of their cages (for some reason or another). He also attacks his roommate's girlfriend, convincing her to leave town.

Like too many other current films, **Drive** substitutes hysteria for a well-conceived dramatic ending. Furthermore, it is plagued by mediocre performances. The athlete goes through the entire film with his eyes unfocused, and no one else is sufficiently appealing to enlist the sympathy of the viewer. **Drive** does not have much connexion with reality, and it need not be taken too seriously either as social comment or as artistic endeavor.



PART IV

R. A. CHILDS, JR.

IX The Aristotelian-Thomistic Political Tradition

In the history of political philosophy, it often seems that there are as many different positions as there are individuals to hold them. There stands, however, one basic position in political philosophy which occurs again and again, and which has given rise to more variants than any other single doctrine: the Aristotelian-Thomistic position. From ancient Greece to the Middle Ages, from the American Revolution to modern-day America, this position reappears. It has given rise to Hegelianism, which emphasized one aspect of it against the others, and Lockean individualism, which was the fountainhead of the American Revolution, and which again emphasized one aspect over the others. Today it is still upheld by both conservatives who emphasize the role of order and by advocates of world government and egalitarianism, such as Mortimer J. Adler. Without a doubt, it has been the most widely adopted political philosophy, in different forms, in the history of philosophy, and only Marxism, perhaps, has had a greater impact. We

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shall consider this view *not* because many libertarians are likely to hold to it (though many conservative theoreticians do), but rather because it is this approach which will help us understand and make sense out of the approaches of two thinkers who follow after it: John Locke and Ayn Rand. It is my opinion that these two philosophers, especially Rand, operate within this basic framework. This discussion, then, shall, among other things, set the context for dealing with the theories of these two philosophers.

My approach shall be to concentrate on presenting a model of this position as it is presented by the Thomists, to identify and isolate its basic concepts, and to discuss their validity. I should like to state at the outset that I consider this tradition of thought to be the most coherent and best worked out of any in the history of philosophy. One cannot treat such a school in any one single essay or, I would venture to guess, in any one book. Therefore, I must necessarily attempt to condense a large body of literature into its briefest form. I shall not discuss all of the individual variants of this position any more than is absolutely necessary, but shall emphasize the elements that different variants have in common. I shall, from time to time, interject comparisons with the philosophy of Objectivism, to point out objective similarities

with the Thomistic tradition, which will then make consideration of the political philosophy of Objectivism somewhat more coherent. (31) I shall rely heavily on Mortimer J. Adler's defense of government against anarchism in *The Common Sense of Politics*, since that is one of the few treatments in this philosophical tradition to detail its objections to anarchism.

The core of the Aristotelian-Thomistic argument for the State is that the State is natural to man, and that it is necessary for his perfection as a rational being. Translating this into our own terminology, this position holds that the State is a necessary condition of man's proper survival and well being in a social context — a position which explicitly contradicts our own. Let us briefly consider the ethical context from within which this claim is made, and then the claim itself for a more detailed consideration. (32)

Both Aristotle and Thomas Aquinas hold that man, like all other substances in the universe, acts for an end, and that "the human agent acts for happiness, with a view to the acquisition of happiness." (p. 118) Thomas Aquinas holds, according to Copleston, that: "the only acts of man which fall properly within the moral sphere are free acts acts which proceed from man precisely as man, as a rational and free being." (p. 119) Both Thomas and Aristotle differ from Rand in holding that although man's proper end is happiness, or the life proper to man, that the choice of this end is not an option for man — man *naturally* (by his nature) desires the good — *he cannot help desiring it*. Rand, on the other hand, rejects this view and *any* view which holds that desires of any kind, including the desire to live, are innate. For Rand the choice to live or not to live is a man's basic act of choice. But while *this aspect* of Rand's meta-ethics differs from that of Aristotle and Thomas Aquinas, the general *thrust* of all three positions is the same, that the goal and purpose of ethics is to promote man's life, well being and happiness *as man*, i.e. as a rational being. (33) For Aristotle and Thomas, man must focus on the end explicitly largely to develop a code of principles and to avoid error. Although man aims naturally at the good, states Aristotle, "Will not the knowledge of it, then, have a great influence on life? Shall we not, like archers who have a mark to aim at, be more likely to hit upon what is right?"

Copleston writes of Thomas: "The will. . . desires happiness. . . as its end, and human acts are good or bad insofar as they are or are not means to the attainment of that end. Happiness must, of course, be understood in relation to man as such, to man as a rational being, not indeed as a disembodied intellect. . . the end is that which perfects man as such, and man as such is a rational being, not a mere animal. Every individual human act, that is to say, every deliberate act, is either

in accordance with the order of reason. . . or out of accordance with the order of reason. . . so that every human act is either good or bad." (p. 125) And: "The good for man is that which benefits his nature, that to which he has a natural inclination as a rational being. Thus man, in common with all other substances, has a natural inclination to the preservation of his being, and reason, reflecting on this inclination, orders that the means necessary for the preservation of life are to be taken." (p. 127)

It is this natural tendency or inclination toward happiness and life that is the foundation of ethics for Aristotle and Thomas Aquinas. What, then, is the nature and origin of *obligation*? "The rule and measure of human acts is the reason, for it belongs to the reason to direct a man's activity towards his end. It is reason, therefore, which gives orders, which imposes obligation." (p. 126) And: "Obligation, therefore is imposed by reason, but it is founded immediately on human nature itself. . . ." (p. 127) The final point which needs to be made here concerns the unalterability of moral principles. Thomas held that "the primary precepts of the natural law — e.g., life is to be preserved — are entirely unchangeable, since their fulfillment is absolutely necessary for the good of man. . . ." However though one had an obligation to eat, for example, one did *not* have an obligation to eat this or that, i.e. the concretes in Thomas's moral philosophy are largely left open, or they are regarded as *contextual*, as Rand has stated. The primary moral principles are unchangeable since they are an immediate deduction from the nature of man itself, and could conceivably change only if man's nature changed. This means that the moral *code* for Thomism is unalterable, but that any one particular action or strategy under the code is determined by thinking, by reason. The goal and purpose of morality is to promote human life or happiness. Man's fundamental moral obligation is to make a good life for himself. The question is: how does he do this? Thomas's fundamental answer is: by means of rationality. But there is no need to investigate in depth the substantive normative ethics of Thomism; this is flawed because Thomas attempted to integrate a naturalistic and theological approach to morality, or a natural and super-natural approach to ethics, or: the conclusions of a strictly rational process of thought with the preconceived dictates of the Christian religion, of "revelation". This, more than anything else, weakens Thomas's and his followers' defenses of a rational ethic. Indeed, the issue of God tends to throw off the tracks both a rigorous treatment of metaethics and a clean, hard-nosed, *rational* approach to specific moral rules.

It is with the transition to social and political theory that we shall concentrate on, since we are predominately concerned with the political theory

of the Aristotelians and Thomists. We have seen that man is obliged to act to attain his own happiness and well-being. What they maintain is that society, government, and the State are all necessary conditions of man's proper survival in a social context. This is what we call the *grounds* of political authority, to be contrasted with another, related, aspect of political authority, viz. that concerned with the specific *titles* of political authority. (This corresponds to the distinction we made in Section IV of this essay between the *justification of the institution* of property *per se* and the *legitimacy of any specific title*.) The *grounds* of political authority are those things on which authority of the State is based as a system or institution, the principle to which one appeals in justifying political authority as such. The *titles* of political authority are those things on which authority is based in particular instances or to which one makes appeal in order to prove that political authority is vested rightfully in one agency or institution rather than another. Putting it another way, the *grounds* of political authority is the answer to the question: Why is the State necessary at all? What justifies its existence as an institution? The *titles* of political authority is the answer to the question: What justifies the concrete authority of a specific group of men? We shall consider both of these in turn in the contexts of both the Aristotelian-Thomistic position, the Lockean position, and the Objectivist position.

Concerning the Thomistic assertion that *society* is proper and necessary to man, Copleston writes: "Man is not an isolated individual who can attain his end simply as an individual by using his own individual reason; he is by nature a social or political being, born to live in community with his fellows. Indeed, man needs society more than other animals do. For whereas nature has provided the animals with clothing, means of defense, etc., she has left man unprovided, in a condition where he has to provide for himself by the use of his reason, and this he can do only through cooperation with other men. Division of labor is necessary, by which one man should devote himself to medicine, another to agriculture, and so on. But the most evident sign of the social nature of man is his faculty of expressing his ideas to other men through the medium of language. . . . Society, therefore, is natural to man; but if society is natural, so is government. Just as the bodies of men and animals disintegrate when the controlling and unifying principle. . . has left them, so would human society tend to disintegrate owing to the number of human beings and their natural preoccupation with self, unless there was someone to take thought for the common good, and direct the activities of individuals with a view to the common good." (pp. 133-34)

Before taking this argument up, let us ask what is meant by the term "natural" here. Michael

Cronin, in his work *The Science of Ethics*, says that the State is "natural" in three senses: (a) "it is founded on the most natural of all social institutions, the family", (b) "it grew out of the family *naturally*, the State being nothing more than the natural expansion of the family", and (c) "the State is natural because its end is natural, and the State is necessary for that end." (Vol. II, p. 471) This is confusing and inadequate; only two real senses of "natural" are presented here; the first is that the State is historically "natural" or inevitable, "growing" out of the family. This accounts for the typically organic view of the State manifested in many Thomists. The second holds that the State is "natural" in the sense of being a rationally determined means to an end which is an objective necessity of man. Mortimer J. Adler makes this distinction between two senses of the term "necessary" in discussing the necessity of government, what I shall call *ontological* and *teleological* necessity (and which Adler calls "natural" and "practical" necessity, terms which I find confusing and unnecessary). Ontological necessity is a direct implication of causality *per se*, and applies to every kind of entity not possessing the power of choice; teleological necessity follows from choice of an end and final causality, and pertains *only* to organisms which pursue purposes in the face of alternatives. Adler's distinction is this: "something happens necessarily in the very nature of the case when, given the operation of a cause, its effect cannot not occur. . . . we speak of a thing's being necessary in the order of human action when it is indispensable to the end that we have in view, if it is impossible to achieve the end we are aiming at without." (p. 69 of *The Common Sense of Politics*)

Now let us take up the brief discussion by Copleston, before proceeding to the more rigorous and enlightening treatment of Adler. It has been said that society, and therefore the State (or government, which is not distinguished from the State here — a practice unlike most Thomistic treatments) is necessary for human happiness and well-being. What has in fact been shown? At best, that man does need society, or relationships with other men, something which I grant, and the case for which I think can be made with much more force than any Thomist has presented. But so what? That is the question, for the transition from society, or human relationships *per se*, to government or the State, has been established only by means of an assertion and a false analogy: that government is necessary for the existence of society, and thus, by derivation, is necessary for man's happiness and well-being. The analogy is, again, organic, and does not hold up — at least not as it stands. What the Thomists have in fact done is to provide the basic reason why man needs society at all — in order to to produce the things which he needs to survive

and prosper. But, as we have seen earlier, this sets the standard by which other institutions are to be evaluated, and so no institution contradicting this standard can ever be "necessary" for the enhancement of human life and happiness.

There are several other contradictions inherent in this view of the State: most Thomists, such as Cronin, argue that the State naturally developed out of the family, thus making it a sort of friendly conglomeration of peaceful folks all living, and producing, together. Nothing could be further from the truth. Historically, the Thomists are not on weak grounds here — they are on no grounds at all. Cronin implicitly recognizes this, even though he explicitly claims that this theory of the origin of the State is historically accurate, for he later attempts to defend as justified *military conquest* as a legitimate title to political authority, which there would never be any need to do had their account of the origin of the State been founded on fact. But, as historians, economists, and sociologists alike have shown, the State as an institution and in most particular instances, is founded on conquest, not on any peaceful outgrowth of the family. (34) It is founded on the coercive control of one social group by others, always the result of violence. So this aspect of the Thomistic theory should be discarded at once.

Furthermore, as is evident from a consideration of their case, the State, or government, is primarily made necessary by the existence of society, which is made necessary by the requirement of man's nature that he support his life by reason and productive work. But the State is the only organization in society that acquires *its* revenue by means of systematic coercion and threats, rather than by selling its "productive services" in the market. While society and the free market can be justified in the way that the Thomists attempt, therefore, it is an altogether different matter to justify an institution which lives parasitically off the productive efforts of members of society; what justifies and gives rise to society is enough to undermine the alleged justification for the State itself, since men cannot simultaneously have a need to engage in productive work *and* a need for an institution which regulates, controls and confiscates the products of such productive work. Now if one wishes to argue for a different kind of government here, such as Locke and Rand wish to do, then an entirely different argument must be constructed, without any reference to supposedly historical processes of the State arising as some kind of a "voluntary" association. Thus the Thomists must *demonstrate* that the government they are talking about does not contradict, by its very structure, nature and origin, the principles which define why society is necessary and good for man.

This is in fact a problem which is inherent in a great many political philosophies: they con-

struct a theory of what government or the State ought to be on the one hand, and then go on to treat existing governments or States as though they had somehow really been formed by the methods regarded as appropriate by the political theory. Even Locke, the most radical of traditional political philosophers, attempts, after constructing a brilliantly radical theory of government, to pretend that the British government had in fact been originated in the social contract manner which he described. But, again, this is simply not the case, and political philosophers have a very special obligation to avoid doing this, since otherwise they may end up ratifying the very institutions and organizations which, by their theory, they should denounce as vicious tyrannies.

One further point remains to be considered here. Copleston states of Thomas that unless there were a government, ". . . human society would tend to disintegrate owing to the number of human beings and their natural preoccupation with self...." Two aspects of this should be considered, for both are false. One is the age-old fallacy that merely having a greater number of individuals in a "society" somehow makes everything more complex. But in fact very little has changed, for society is not an entity like a herd of cattle within a corral of limited dimensions. The Thomists talk in this manner as if we faced a problem of fitting more and more people into one single bathtub, which is not the case. In fact, society is not an entity at all, but an aggregate of individuals interrelating. The growth of "society" then means nothing more than the fact that either (a) there are more people involved in relationships, or (b) the same people are increasing the number of relationships that they have with each other. But it is difficult to see how this creates any "problems" which cannot be solved by non-State means. In fact and in history, this type of "problem" has been *augmented* by State action, and not solved by it, for the State has everywhere and always prevented natural free-market mechanisms from operating. Thus the problems of ecology, unemployment, overpopulation, poverty and so forth. It is difficult to see why any problems are created if Joe decided not only to associate with Ronn and Dave, but with Charles and Jim as well. For it is important to note here that each and every "growth" of society will be composed of individualistic "units" like this. If problems are created which the individuals *perceive* as problems, then in a free society they always face the option of disassociating. (For a critique of the argument from "collective goods" and "external benefits", see Murray N. Rothbard's *Man, Economy and State*, Chapter 12, Pt. 12.) In short, if human associations in a purely free-market society create problems, then since the burden of proof rests on the proponent of any position, these "problems" must be detailed, shown to result from the opera-

tions of a market, and it must *also* be shown that the State can or must be invoked to "solve" these problems, and in addition that the State does not violate the earlier social principles which we have set down.

One final point: it is asserted that due to human beings' "natural preoccupation with self", that a State is necessary to promote the "common good". We shall take up this last concept shortly, but in the meantime, let us ask simply: if, given the Thomistic concept of "natural", preoccupation with self is "natural", then *how is it possible* for the State, which is composed of individual men, to avoid this "preoccupation with self", which, it is hinted, is evil or "narrow"? In fact, according to Thomistic arguments all motivation and action must be capable of being traced back to the extremely selfish one of preservation of one's own life and attainment of happiness and well-being. So if this preoccupation with self is natural to man, then it is natural to the government too, and in any case it has not been detailed why this is anything to worry about. Although Copleston's treatment is admittedly very brief, I am not familiar with *any* Aristotelian or Thomistic text which discusses this at any length. In text after text this crucial transition from the necessity of society to the necessity of government is glossed over in the most simplistic terms imaginable, i.e. all the difficult questions are avoided. In fact, in most Thomistic texts there is a gross and irrational *confusion* of society with the State, or with government – that is, they are treated as identical. This indeed is a very good reason for *all* political philosophers to explicitly and carefully consider the doctrine of anarchism, for in carefully making out a case against anarchism, the political philosopher who is an advocate of government will not only become aware of many difficulties and issues which he might have otherwise been tempted to avoid, but also he will concentrate on the fundamental issue of political philosophy, which is: does man need a State, or government, and if so, why? The answer to this question will do much toward making the base of a theory explicit, and will establish the framework from within which the details of how a government should be structured and how it should be structured and how it should function, what powers it should have, etc., can be more systematically considered.

Such an approach is made in one modern work, the only work in the Aristotelian-Thomistic tradition which I have seen that gives the issues raised by anarchism a central role in constructing a positive political philosophy, the only one which attempts to refute anarchism and argue in detail for the necessity of government: Mortimer J. Adler's *The Common Sense of Politics* (35). It is Adler's treatment of anarchism and government that we shall now take up in depth.

In *The Common Sense of Politics*, Adler devotes three chapters to examining the doctrine of anarchism under the general title of "The New Confrontation: Political Wisdom and Anti-Political Folly": "The Necessity of Government", "Concerning the Goodness of the State", and "The Anti-Political Philosophers". We shall here summarize his argument and then take up the task of estimating its validity. Adler's thesis contains many aspects which shall be taken up systematically, but the thrust of his argument is that "the existence of any community depends upon the institution of government." Adler first discusses the two senses of the term "necessary", as we have already done. "Government is a human institution; it is not a natural phenomenon, but a product of human action. Hence the question of its necessity is a question about its indispensability as a means to a certain end. To answer the question we must, therefore, look to the end that government is supposed to serve and attempt to define, as precisely as possible, the way in which government functions as a means." (p. 70)

To define government, Adler considers the difference between being governed and being exempt from government: "An individual who is subject to government in any respect whatsoever is one who, in that respect, obeys a rule of action or carries out a decision that is not entirely or wholly of his own making." (p. 70) He then goes on to make a distinction between "self-government" and "autonomy": self-government means "a certain type of government in which the decision that I act on or the rule that I obey is *neither entirely of my own making nor wholly made by others*;" autonomy means "those cases in which the individual acts on decisions or obeys rules *entirely of his own making*."

Let us take this distinction and these definitions up. In fact, in the history of political theory, or anything else for that matter, no one has ever proposed anything remotely approaching Adler's concept of "autonomy" – not, that is, anyone who has considered its implications. For we earlier established that all actions must by their very nature involve entities, and that any theory of proper human behaviour in a social context must take account of this, and of the concepts of property and ownership which are directly implicated. To advocate autonomy in Adler's sense of the term, then, would be to advocate that anyone be free to take any actions whatever, based on decisions or rules "entirely of his own making". This is to say, since actions and decisions are over things, that anyone should be free to use any entity without consulting anyone else, for that would be a form of "self-government" in which the rules and decisions are "neither entirely of my own making nor wholly made by others". This would make "autonomy" self-contradictory as a social philosophy, for one cannot simultaneously support both

A's and B's right to "act on decisions or rules entirely of his own making" with respect to the same entity in the same time and same respect – at least not if they disagree on the use to which the entity is to be put. Therefore, according to Adler's definitions, *any* recognition of property rights whatsoever would involve a loss of autonomy, for in recognizing property rights one is respecting a certain sphere within which others are justified in making decisions and imposing rules (within limits). But since any theory of social behaviour must take the question of property and ownership into account, autonomy precludes practically *any* social theory whatever. According to Adler's definitions, two parties to an exchange are "governed" in some sense because the decision that affects each with respect to the exchange is not "entirely" of either one's or the other's making, i.e. the decision to exchange must be *mutual*. So would almost *any* social relationship, even the simple act of carrying on a conversation, for a conversation, unlike a monologue, must involve *two* decisions at a minimum; hence the conversation *qua* conversation is an act in which the participants are in some sense subject to "government". If one abstains from using your property against your will, then *he* is being "governed" because his action is *not* based entirely on his own decision.

Thus "autonomy" would rule out *any* social relationships whatever. Adler introduces the concept "self-government" in contradistinction to this, which we have examined. Let us introduce a third concept, that of "slavery", which we will use to refer to "a certain type of government in which the decision that I act on or the rule that I obey is *wholly made by others*." This, together with the distinctions made by Adler, exhausts the alternatives. Now is slavery a possible state of affairs *in this sense*? Not at all – *if* we take the phrase "that I act on" literally, for unless one is bound, gagged, and carried about by others (in which case no action of an agent is involved anyway), one always has the ability to decide to quit, die, refuse orders, and so on. This means that Adler has very cleverly *begged the entire question*, because neither autonomy nor slavery is possible in a social context. Complete autonomy of any one person in a social context would *ipso facto* involve the literal slavery of the others – for otherwise they would be making decisions, etc. Thus by making both autonomy and slavery impossible or meaningless, Adler slides the concept of government by us under our noses, and then proceeds to make out his case for *civil* government by sliding along a supposed continuum. But if a distinction is meaningless or absurd, a concept flowing out of it cannot be far behind.

I have attempted to show how his approach begs the questions he should rather face up to; he has virtually established in the reader's mind the

premise that *some* kind of government is necessary and that it is only a question of *what kind* of government. Given Adler's definition, this is in a sense true – but *that* is precisely what is at issue. What justifies Adler's definitions? There is no answer to this question, and since his definitions are crucial and fundamental to his making out a case, one suspects that his forces already find themselves in retreat.

Adler's definitions rest on non-essential considerations, focusing on the socially derivative question of *whose decision* is involved in any action. We have shown that the more basic question is: *decision over what*? This of course leads us into the questions of property and ownership, and of justice and rights. From this one derives concepts such as consent (in social relations), exchange, mutuality, and so on. Adler's error is to begin in the middle of a problem, instead of at the beginning.

Let us now consider the remaining structure of his argument *for* government, critically evaluate it, and then consider Adler's arguments *against* anarchism. We shall then consider a few side issues, and wrap things up.

Adler takes step two of his case for government by constructing an extremely simple model of social life which will, he claims, help us to take a first step towards understanding the functions of government. Three scientists are about to start on an expedition. They will leave civilisation behind them, and must face the question of how rules or decisions will be made for the action of the group as a group. "Though the scientists associate as equals, each needs the cooperation of the other two in order to succeed in their common enterprise. They must agree, therefore, upon some method of regulating their own conduct and of reaching decisions in a manner that will preserve their own concerted efforts to achieve a common goal." (p. 72) Adler says that there are only three alternatives: unanimous consent, dictatorship, or majority vote. Only the first, he claims, leaves the individuals autonomous, "the second and third institute a mode of government" – a claim based on Adler's earlier false reasoning. Adler does *not* claim that the first is impossible – only that it is impractical, for along their trip, these scientists are likely to encounter problems whose solutions are reasonable men can disagree about. If only one such problem occurs, and if a decision cannot be reached, then the expedition is rendered a failure – thus the impracticality of autonomy.

"We have now discovered one reason for the necessity of government," Adler writes. "It is necessary as an indispensable means of getting rules adopted and decisions made about matters concerning which equals engaged in a common enterprise can disagree." (my emphasis) It is therefore in their interests to adopt one of the

other two methods of resolving disputes: "While unanimity will not work as a way of getting a number of equals engaged in a common enterprise to work harmoniously together for a common goal, it is the only way in which equals can institute an authority that they acknowledge or a government to which they willingly submit." (p. 74) Thus the initial establishment of a "proper government" requires unanimous consent: "government itself cannot be instituted by majority vote or by the decision of a leader, since the authority of a leader or of a majority is the very thing being instituted. Hence the institution of government itself, together with the delegation of authority to an elected leader or to a majority, must be accomplished by the *unanimous consent* of the parties involved – in this case, the three scientists as equals." (p. 75) Once this consent is gotten, each particular rule made under the sway of government does not have to have such unanimous consent; indeed, such a policy would be self-defeating. "... The individual remains self-governing when the rule adopted or the decision made is contrary to the one that he himself would have chosen were he autonomous. The fact that he is obliged to obey a rule or to act on a decision that is not of his own choosing must be combined with the fact that his consent was involved in setting up the authority to which he owes obedience and, in the case of maximal self-government, with the additional fact that he participated in the voting that eventuated in a decision other than his own. For him to refuse obedience in those cases in which he disagrees with an authorized rule or or decision is tantamount to his insisting upon his autonomy instead of acknowledging the authority of government." (p. 75-76)

Adler says then that three things have been learned from this model: (1) submitting to authority is the only alternative to complete autonomy in making rules and decisions "concerning the actions to be taken by a group of men associated for a for a common purpose." (2) The retention of complete autonomy is impractical, and therefore authority of some sort is necessary. Disagreement about matters of importance being likely, "individuals associated for a common purpose must surrender their complete autonomy and substitute for it an authority that they themselves set up and acknowledge." And: (3) "Government is necessary only as a means – a means of achieving concerted action for the good commonly aimed at by a group of associated men. The necessity of government answers to the need for a commonly acknowledged authority to make rules or decisions concerning actions that affect the achievement of a common purpose." (p. 76) This is particularly important. But that is not the sole reason why Adler believes government to be necessary, or the only guide to its proper functions. Government is also necessary for maintaining peace – and it is *here* that Adler

makes his transition from government in the sense of who enforces the rules of bridge or old maids to a *civil* or *political* government. Adler maintains that in regular human society, even more than with the scientists, "the common good for which men associate in the large community cannot be achieved if each of them insists upon retaining his complete autonomy. Some portion of it must be surrendered to establish an authority for making rules and reaching decisions. . . ." (Note the continual reference to "common purposes" and the "common good" – we shall have reason to refer to them shortly.)

Why do we need government to maintain the peace? Adler's argument is this: in any populous community, disagreements will arise. And conflicts will develop. "Confronted with the probability of such conflicts or disputes, what alternatives are available for settling them? Only two: one is whatever power is at the disposal of the parties in conflict; the other is the authority of government to adjudicate disputes and to enforce its judgments." (p. 77) This, of course, is a false dichotomy, and rests on a non-exhaustive classification. No argument flowing from this assertion can possibly establish Adler's case.

Adler's argument then moves to consider each of these alternatives: "In the absence of government, each of the parties to a dispute, being autonomous, must operate as judge in his own case and, in defense of his *ex parte* judgement, must try to persuade his opponent or, failing in that, exercise such *de facto* force as he can bring to bear. . . . (If men who live together and interact in all affairs of their daily lives (?) retain their complete autonomy, there is no way of excluding recourse to violence as a way of settling the disputes that are likely to arise. It follows, therefore, that government with the authority to adjudicate disputes and with authorized force to implement the judgement of its tribunals is indispensable to the peace of a civil society, in which men are associated for their common good. . . . In the absence of government, each individual would have to defend himself against aggression by others with whatever power is at his disposal." (p. 78) Adler has several other interesting distinctions and arguments, but the thrust of his case for government has been stated. Summing up, he says that "government, with the authority to make laws, to adjudicate disputes, and to issue administrative decisions, and with a monopoly of authorized force to coerce where it fails to persuade, is an indispensable means, *proximately*, to the peace of communal life, and *ultimately*, to the happiness of its individual members, to whatever extent a good human life for each of them depends on their being able to live together, work cooperatively for their common good, and interact peacefully with one another." (p. 80) And: "But why is government necessary? Because,

as we have seen, complete autonomy on the part of individuals is incompatible with their effective co-operation for a common purpose and with their peaceful interaction in communal life. Hence if the effectiveness and peace of communal life is itself something — good as a means to the good life of human beings — then complete autonomy, not government, is to be judged intrinsically evil. In short, the goodness of government as well as its necessity rests on the fact that human beings, in order to engage effectively in the pursuit of happiness, must associate and cooperate with their fellowmen to obtain the goods of communal life, among which peace is a principal component, and they cannot do so unless the authority and authorized force of government replace autonomy with regard to all matters affecting communal and common goods.” (p. 81) This, in substance, is Adler’s argument.

This doctrine rests on a definition of government in terms of non-essentials and proceeds to slide along a supposed continuum without showing why there is a continuum and without showing that there is a necessity for a civil government over a whole society. Furthermore, in all of his arguments Adler employs the cryptic phrase of people associating in order to engage in a “common enterprise” or “common purpose”. Now in one sense certainly this term is meaningful, e.g. in Adler’s case of the three specific scientists who go on a specific expedition for a particular purpose. But in what sense can *everyone* in the world (for Adler actually advocates a world government) be said to be “associating”, let alone associating for a “common purpose”? I cannot understand this. What is *meant* by a common purpose or enterprise? Does Adler mean to refer, as he does in the case of the concept of “common good”, to that which every individual purpose has in common, or with the purposes which man must have, universally, by his nature, in order to survive and prosper? What are the necessary and sufficient conditions of something’s being a common purpose? Without a clear understanding of these concepts, no sense can be made of Adler’s “justification” for government, and no understanding of the reasons why government is supposedly necessary for man’s happiness and well-being. So far, then, we have an understanding of neither the “what” nor the “why” of Adler’s theory. In any literal sense, of course, all people are *not* “associating” for any common purpose. Since Adler’s model problem of society pertained to human action, we can narrow down the concept of “purpose” here to refer to those of concrete alternatives in reality among which a man chooses. In this sense, *all* purposes are concrete. In this sense, as Murray Rothbard writes in *Man, Economy and State*, “acting man does not evaluate the goods open to him by abstract classes, but in terms of the specific units available.” To show that this

is the sense in which Adler must mean “purposes” in the phrase “common purposes” or “engaged in a common enterprise”, let us consider the alternative: that he means any abstract class of ends, such as “man’s well-being” or the like. In *this* sense, there could easily be imagined two people, one in Tibet and the other in New York City, who are each engaged in this pursuit, and who never come in contact with each other. Although each is engaged in pursuing his own well-being, what meaning does it have to say that they are engaged in a “common purpose”? But let it stand. In this sense, government is not necessary in Adler’s view, for as long as their actions never bring them together, there can be no need to “keep the peace” and it does not seem immediately obvious that there even *are* any rules or decisions which they must make, each involving the other. Since the onus of proof is on Adler, we cannot assume that it is our responsibility to make sense out of this. Let us approach this whole issue from another perspective. ALL THAT ADLER HAS SHOWN IS THAT IF THERE ARE ANY COMMON ENTERPRISES WHICH MUST INVOLVE ABSOLUTELY ALL HUMAN BEINGS, AND, AS A SECONDARY FEATURE, REQUIRE ABSOLUTELY THE PARTICIPATION OF EVERYONE (i.e. the achievement of the common purpose would be impossible without everyone’s cooperation) AND IF THERE WERE ANY PROBLEMS WHOSE RESOLUTIONS REQUIRED THAT EVERYONE CONFORM TO A CERTAIN RULE OR DECISION, WITHOUT EXCEPTION, THEN THERE WOULD BE A NEED FOR *SOME* MEANS OF MAKING THE DECISION. But Adler has not *shown* that there are any common purposes which require the cooperation of everyone without exception, whose achievement requires that there be a means of enforcing a single set of decisions upon people. IN OTHER WORDS, ADLER HAS NOT SHOWN THAT THERE IS IN FACT ANY PROBLEM TO WHICH A GOVERNMENT *MUST* ARISE AS A SOLUTION. Furthermore, in his statements about keeping the peace, Adler presupposes that there are two and only two alternatives to solving disputes: individual violence and civil government. This has not been shown, and his sloppy concept of a “government” would not in the least preclude the multiplicity of competing agencies which the anarchist advocates. We shall consider this latter in more depth when we treat Rand, since this belief is also common to her; but in addition to setting up the problem, Rand also attempts to argue against the theory of “competing governments”. So we shall concentrate on the first and crucial area of Adler’s arguments here.

I should like to introduce something new at this point, a method of considering political issues which has not, to my knowledge, been used before in defending a political position (particularly libertarianism), at least not *explicitly*. This method is simply a variant of the *onus of proof* argument:

Occam's Razor. (There are many variants of this, such as the principle of parsimony, Morgan's methodological principle, and Rand's Razor, which I shall not distinguish here.) I should like to try to use this principle as a scientific criterion to refute Adler's theory and establish, in this context, the validity of libertarianism, which has a simpler solution to the problems posed. Since this approach is not common, I must spend a few paragraphs clarifying it.

Any position in philosophy is, in the final analysis, an attempted solution to a problem or set of problems, and thus should be tested for its validity in the same basic manner as any other scientific formula. To explain how the principle of parsimony works as a criterion of validity, I shall borrow Adler's own excellent analysis of it in his book *The Difference of Man and the Difference It Makes*, and then, focusing on the problem which Adler has set up, try to show a simpler solution for the problems he has constructed — and then to reduce the so-called problems to simpler problems, and show these solutions to be implicit in libertarianism. Without solving immediately the dispute between limited-government and anarchist libertarians, this will sustain libertarianism's soundness as a doctrine in the light of scientific principles. Adler states the principle of parsimony as follows:

The ultimate criterion of theoretical correctness... is the principle of parsimony. The principle works two ways: on the one hand it works **NEGATIVELY** by imposing the stricture that no theoretical constructs should be resorted to that can be dispensed with in explaining the phenomena; on the other hand, it works **POSITIVELY** by relaxing the stricture in the direction of justifying the employment of whatever theoretical constructs may be needed to explain the phenomena.

It is this double aspect of the principle of parsimony that I had in mind. . . when I said that Occam's razor is a two-edged instrument — one that works in opposite directions. It eliminates theoretical constructs that cannot be **SHOWN** to be necessary for explanatory purposes; but it also justifies the retention of theoretical constructs the need for which can be **SHOWN**. Here, again, the italicized word is critical. It is not enough for a theorist just to assert that such and such a theoretical construct is needed to explain certain phenomena; he must **DEMONSTRATE** it, so far as he is able. (*The Difference of Man and the Difference It Makes*, p. 143.)

A theory in science is an attempt to solve a certain type of problem; the same is true of a theory in ethics or political theory. The difference is only that they are attempts to solve different sorts of problems. It is a pity that Adler did not see the relevance of the above to political theory, and that he did not attempt to *show* both that the problems were real and conceptually meaningfully, and that his concept of government provides a solution which is the simplest possible. If it can be shown

to be *unnecessary*, then the construct, and the institution, can be done away with in a strictly scientific manner.

We have already considered the possibility that, indeed, Adler has not made out that there is a world-wide social problem which requires a government at all. Not being a problem, there seems to be no necessity for a "solution". But surely there is a problem in the earlier model of the three scientists, isn't there? In most senses yes, and it is here that we shall try to provide a solution.

First, what is the problem? Simply stated, that if a means of making decisions binding upon all three is not found, short of unanimity, the "common purpose" will not be attained. Now the proper approach is not to simply take this model for granted — for is the "common purpose" a primary, unalterable purpose absolutely necessary for the survival and well-being of those engaged in it? Or is it, like the expedition, something less important, but still a "common purpose"? In other words, are we to take the achievement of this "common purpose" as an ultimate good, to which everything else is to be sacrificed, or is it a lesser good which can possibly be reconsidered? Except in the case of the most axiomatic and fundamental needs of man, such as the ethical primacy of the happy, successful, life, and in particularly difficult contexts, it would appear that no purpose, common or otherwise, need be treated as a self-evident primary, without regard to context or other, more fundamental purposes, without regard to the cost of attaining the end and the other alternatives open to one in reality. To hold to a specific goal out of the context of the lives, alternatives and other factors in those who initially held it, would seem to be irrational. So our first question when the "problem" of the three scientists is posed is: is the achievement of the purpose to be regarded as unchangeable axiomatic, or not? If not, then what becomes of higher values, and who is to decide? Adler's own answer to this must, given his position in *The Time of Our Lives* and *The Common Sense of Politics*, be based on his Aristotelian premise that the only fundamental obligation of men is to make a good life for themselves. Out-of-context, this has little meaning. But surely situations can arise in an expedition or any other type of association that can give rise to changing values and purposes. Surely in the face of a threat to one's life, one cannot rationally hold, or be expected to hold, the expedition itself, the "success of the common enterprise" as one's highest value. Now suppose that such disagreements or problems as postulated in the problem situation *do* come up. How and why have they done so? They *may* be purely procedural, but then again they may not be. We shall deal with libertarianism's solution to the purely procedural problems shortly. But what about the contexts where the disagreements are *not* of this type, but are rather more fundamental, including, possibly,

the question of whether to continue the expedition at all? How should *these* decisions be made.

Adler does not discuss any of these difficult questions. Yet given his approach to ethics, he must, for he holds that all obligations in ethics to other people must ultimately be traced back to the obligation to make a good life for oneself. Once Adler sacrifices the "good life" of one member of the team to that of the others *as a matter of principle*, by means of taking all ultimate decision-making power out of the hands of those who initially founded the common enterprise, he has undercut the justification for institutions *per se*: that they are a means toward the good life. This is a fundamental problem in political theory, and Adler does not confront it, except to say that *if* someone someone *initially* consents to an authority such as a government, then he can subsequently be compelled all over the place, because he has had a hand, however remote in the past, in shaping the institutions which guide his actions. But why should someone rationally place such power in the hands of any institution in an open-ended and eternal manner? Should he not allow for the chance that he has made a mistake, or has changed his mind, or has found a better means for attaining his ends (and government is, remember, necessary only as a means)? Furthermore, there is a particularly interesting question to ask in this context, namely, why is his *past* consent to be regarded as having primacy over his *present* will and possibly active *dissent*? Is it to be regarded as sacred merely because it is first? Why? Since man is ceaselessly growing and changing, acquiring new information and knowledge, isn't a non-contextual assent to a government something which contradicts the requirements of human growth and life, and isn't a political theory based on this something which contradicts the requirements of man's nature?

My purpose in bringing up these problems is to show the massive number of issues which Adler skirts – the fundamental issues of political authority and the grounds of consent. For before we reach the government, we must ask, as ethicists, *why* should men consent to a government in an open-ended fashion? Why is that in their interests; or: how does that contribute to the good life for man? In fact, with his model and his later community-wide context, Adler has not really specified the *problems* that his government is invented to solve. For before he can ask *how* he can get everyone to act according to common rules, he must ask *if* that is desirable.

In any case, obviously there will be conflicts of the sort Adler mentions in society. How would a free society and libertarianism handle them differently? I submit that the basic approach would be different, that it would be reducible to categories in the free market and that the free market provides all the necessary means of setting up a decision-

making process, and that solutions to the problem of the disagreements are somewhat simpler with libertarianism than with Adler's system.

First, a point: since there could be conceivably be coercion of one of the parties of one kind or another with either our version of libertarianism or Adler's government, what is the difference? Once again, the answer is supplied by Occam's Razor: if the concept is not needed in an explanatory manner, and if the institution itself is not needed to solve any problems, then we have gotten rid of both of them, so to speak – rid of them in the sense that they are no longer *justified*. If libertarianism can provide a conceptually simpler explanation than Adler, then its acceptance is demanded by recognized scientific procedure. Since many complicated concepts will be involved in a detailed treatment of either case, how does one decide which of two explanations is *simpler*? In this case, simply by observing that the limited government of Adler, the solution to the problem, must involve all the concepts as that of libertarianism, with one additional concept, which we shall not need to bring into our own solution: the concept of government. In other words, the concept is superfluous as a problem-solving technique or institution. Also, more importantly, this approach would prevent us from being dragged into and along Adler's continuum to civil government, and would thus place the burden of proof more solidly on Adler to make out his case, for, as he has said, the necessity of a theoretical construct must be *shown*, and not merely asserted.

Our answer to his problem is actually quite simple, and close to Adler's. Adler's model presupposes several concepts that are unanalyzed, such as the *property* of the men in the common enterprise, the likelihood that they obtained it through *exchange*, the validity of *contracts* and so forth. Before people can set out on such an expedition, or pursue any purpose, this is the conceptual baggage, a vital part of the context, which must be checked out, and without which an analysis of the activity would not be complete. What I shall show now is that the method of decision-making for the enterprise can be decided in a variety of ways, each involving certain categories of the free market.

As Rothbard has shown in *Man, Economy and State*, any action of a human being can be analyzed in terms of exchanges of one sort or another. In human society, Rothbard treats of six types of exchanges: "(a) a commodity for a commodity; such as horses for fish; (b) a commodity for a personal service; such as medical advice for butter. . .; (c) a personal service for a personal service; such as mutual log-rolling by two settlers. . .; (d) a commodity for a claim (a claim to a present good, a future commodity, stock, promissory notes), (e) a claim for a service, and (f) a claim for a claim."

Now assuming that the property titles in all cases of the scientists are legitimate, we will want to analyze the expedition in terms of exchanges involving personal service (including compliance with rules) as one of the terms. This leaves (b), (c) and (e). In any of these ways, by a *contract*, the terms of the expedition can be explicitly specified and agreed upon. Assuming that some kind of contract is drawn up and agreed upon by all members (or else there is no "common enterprise" to worry about), some member or method of deciding the procedures of the expedition will have been established. Anyone who later refuses to go along with the contract will thus be guilty of fraud or some other offense, if he has accepted anything in exchange for his promise to follow certain procedures. He can then be sought after for restitution and so on, with coercion, if necessary, being used — which is legitimate since fraud is a form of implicit theft. He may even leave the expedition, under penalty of having to pay damages.

Now in what sense is this solution to the "problem" any simpler than Adler's? It is certainly *longer*. It is simpler in that it *has integrated the problem and solution into the context of the free market*, has made the terms of the "common purpose" *explicit* and clearly defined, and has brought property titles and contracts into the issue — all without invoking the theoretical construct (concept and institution of *government*) which would go beyond the concepts here in this analysis. Since the problem can both be adequately described and solved without reference to the construct, Occam's Razor imposes the negative stricture that it should be eliminated, since it can be dispensed with in explaining the phenomena and solving the problem.

Insofar as there is a problem (how to attain the end of the expedition in the context of difficulties with unanimity as a decision-making procedure), the construct of government is not needed. Outside of that realm, there is no problem, which also necessitates no government. In truth, the free market provides the means for achieving virtually *any* of the productive ends that men have, without requiring them to drop the context of their own hierarchy of needs and purposes. In fact, the free market is *based on* a contextual theory of values. It allows for the formation of virtually any completely voluntary association for the achievement of really common purposes, without requiring the subordination of *any* to a dictator, or to a majority vote. And at last we can see a sense in which autonomy *can* not only be meaningful in society, but is the heart of the libertarian creed: autonomy can be meaningful if we accept and understand the necessity for a system of property titles defining the sphere of decision-making and actions proper for men. Once this is accepted, under libertarianism *every* man is the ultimate decision-maker, the *owner*, of his own life and property. Barring force and fraud, autonomy

need *never* be abridged in society, if autonomy is understood in the sense of individual sovereignty. It is in this sense, as well, that autonomy in a rational sense is the key to the solution to Adler's problems, i.e. the key to the establishment of the free market.

As for the "problems" for society as a whole (other than keeping the peace, which we shall return to with our treatment of Objectivism), I fail to see what they are, or how any of them necessitate a government. The fallacy lies in part in looking at the concept of "common purposes" without specifying the kinds of referents one is talking about. Suppose that everyone did have the common purpose to live; would that necessitate that we had unanimous consent on means, procedures, and so forth? Would it necessitate the establishment of a world-wide authority to set up rules? If so, *it has not been established*. Furthermore, even if everyone does have the same basic ends, isn't it obvious that they are attained in the most widely diverse manners? And if you and I both have the common purpose to eat, my eating peaches while you eat steak need not *necessitate either* conflicts or unanimity between us, except on a single principle: that of non-aggression. Again, it might be said that Adler and a great many other Aristotelians and Thomists have never quite realized what the free market is all about, and have stuck with a sort of PTA view of associations and decision-making as the core of their social philosophy. But the diverse ways in which abstract "common purposes" can be concretized and pursued in fact leads us to nothing else than *the* great problem-solving device: the free market. But, for a further analysis of the structure of production and distribution in a free market (and indeed of the whole structure of the free market) as well as an analysis of the effects of state control or interference, Adler and the Thomists might do well to read the works of Mises and Rothbard, particularly *Man, Economy and State* and *Power and Market*.

The Thomists might in fact do well to re-examine the entire nature of their arguments from "common purposes", and the nature of the "common good" itself. (36) Since in many ways this concept of the "common good" is *the* key concept of the Aristotelian-Thomistic political theory, in that the "common good" is ultimately what the State is organized to promote, we shall now consider this concept, and again see if a government or State is necessary, given Occam's Razor, to attain it — or even if it is *possible*.

For the Thomists and Aristotelians, "a good is anything which completes or perfects us, for example, food." (37) "The term 'common' applies in general to a unity in which many participate. As applied to good it has two meanings: *essential* and *existential*. A good is essentially common when it is shared in the same way a nature is shared. Al-

though a nature actually exists only as an individual nature, yet it is essentially the same as many other natures, all of which, therefore, can be said to be essentially common. But a good may have another type of commonness which a nature cannot have, and this is existential commonness. A nature cannot have this kind of commonness because John's nature is numerically the nature of John only, not of any other person. . . . Although these are specifically similar in all men, they are actually and existentially possessions of not only this *one* man. A good, however, is not so limited in its scope of actual existence: it may have a common as well as 'individual actuality'." (38)

Mortimer Adler puts it thus:

The term 'common good' has played a critical role in the preceding discussion. It has a number of meanings that we must distinguish and keep clear.

One of its meanings derives from that sense of "common" that refers to what is the same in a number of individuals. Thus, all real goods, which satisfy the natural needs of man, are common goods. Human nature being the same in all individual members of the human species, natural needs are the same in all individuals. Real goods being the goods that satisfy natural needs, they, too, are the same for all individuals. Consisting in the possession of all real goods, a really good life or happiness is the same for all men. Happiness or the good life is, therefore, a common good in this sense of the word "common".

But there is another sense in which something can be common to a number of individuals, not through their participation or sharing in that one thing. Thus, for example, a tract of land is called a "common" when it is not exclusively owned by anyone and is shared by a number of individuals. In this sense, the good of an organized community is a common good in which some (few, many or all) of its members share. When we speak of the good society, the good we are referring to is the goodness of the organized community as such, and this goodness is a common good, one that is shared by or participated in by its members. . . .

It should now be clear that the common good enters into the considerations of politics in both senses of the term." (p. 21-22)

Everything from epistemology to metaphysics, from value-theory to property theory, is relevant here in answering this approach to the justification for and proper functions of a government. We shall not cover any more than is absolutely necessary here, recognizing, once again, that this is a highly complex theory which would require volumes to cover in full. On the surface, this type of argument, which moves from the commonness of basic human needs to the need for a common means of fulfilling them, is plausible and interesting. Underneath, it is neither. Let us adopt Cox's distinction between the existential and essential meanings of the term "common good", taking each in turn.

First, essential commonness. This obviously rests on a basic view of metaphysics and of con-

cept formation, i.e. of epistemology. This view of the "common good" rests on an Aristotelian-Thomistic metaphysics and epistemology; my response rests on Rand's treatment of metaphysics and epistemology. In the Aristotelian philosophy, all that exists are particulars, but the essence or *nature* of a thing exists *as a nature* in the thing itself, i.e. it is *metaphysical*. Concepts or universals are literally the abstraction of the exact same nature from two or more particulars. In the Objectivist philosophy, all that exists are particulars, and the nature or essence of something exists as one particular attribute(s) which distinguish one set of units from all others within a particular context of knowledge, i.e. it is *epistemological*. In Aristotelianism, one grasps a universal by abstracting the exact same nature from a number of particulars. In Objectivism, one grasps a concept (or universal) by observing the fact that a number of units possess the same characteristics, in different *measure* or *degree*, and by integrating all such instances into a single mental entity (a concept) which specifically omits the particular measurements of the units. Thus, to Rand, "a concept is a mental integration of two or more units possessing the same distinguishing characteristic(s), with their particular measurements omitted." (*Introduction*, p. 17)

This may seem relatively unimportant, but notice what a difference it makes in our approach to essentially common goods. A Thomistic-oriented philosopher such as Mortimer Adler will say that human nature, natural needs, and real goods are "the same for all men", whereupon he derives his concept of "common goods". But for the Objectivist, such as myself, it is a different story. For we must hold that what is precisely "common" is the same basic characteristic, which must exist in *some* measure or degree, but may, within limits, exist in *any* measure or degree. THE SPECIFIC MEASUREMENT OF THE ESSENTIAL CHARACTERISTIC MAY DIFFER MARKEDLY FROM UNIT TO UNIT.

In his course on *Objectivism's Theory of Knowledge*, Dr. Leonard Peikoff discusses the relevance of such measurements at length, and it is this which we are building on here. For although we can justifiably say that X is good for a certain kind of living entity (man), that does *not* mean that it is good in the same measure or degree for each and every individual member of that species. The differences can be very broad measurement differences. To say that all human beings possess the same nature is *not* to say that they possess the same characteristics in the identical measure or degree, but only that they possess the same basic characteristics in *some* measure or degree. But once this is recognized, the whole argument for the "common good" as being political relevant falls to the ground. For it means that every man may have certain needs as determined by

his nature, but that these needs in their *specific measurements* may differ greatly. This means that even fundamental needs are contextual when we are considering the means appropriate to attaining them, that they are necessary in different measure or degrees in different contexts, etc. This means that from an assertion that X is good for a species it does not follow that it is either possible or desirable to have one specific institution charged with fulfilling such needs of man, common or not. Food is a "common good" in the sense that it fulfills a natural need of each member of the species, but that does not mean that the same specific food is good for everyone, that the needs are of identical measurement, or that one institution should be charged with providing food for all members of society. Thus the argument for the State from the common good thesis in this respect is inadequate.

The Thomists contrast their "positive" view of the role of State action (in the sense of promoting the common good in addition to negatively preserving peace) with the Lockean "negative" view, which would only have the State prevent some men from harming others. But since any action of the State to actually promote the "common good" must be concrete (such as the welfare State, which most Thomists support in some measure), and since there has been *no* proof that the State *can* promote the common good in this sense, there is no proof here that the State is necessary at all. In fact, *any* attempt by the State to promote the material or other well-being of the people is by its very nature doomed to failure, for the State is not a productive agent, and only has to distribute what it first confiscates from the rest of society. If it does not confiscate outright, then it redirects production away from market-established channels into other areas, which again in effect merely creates some beneficiaries and some victims.

Furthermore, even if this concept of the "common good", i.e. the essentialistic view, were valid, it does not follow that the State can promote it. This must be *established*, and not merely asserted. Rothbard has shown in *Man, Economy and State*, in the section on collective goods and external benefits, that there is *no need* for the government to concern itself with either of these. And that, of course, is merely Occam's Razor putting this argument for State action to rest.

What of the other view, in the sense which a tract of land is held in "common", i.e. the *existential* sense of commonness? We can divide this up into material and non-material goods: we have already seen in our section on property that the entire structure of the free market must begin with the acts of exchange of specific individuals. In fact, this approach of methodological individualism to the problem of collective property (or "goods") is the only possible means of analyzing the problem, since any community or collective is composed

of individual units. This means that any collective or common property (material goods) can *only* arise by derivation, so to speak, from individual property titles. This, indeed, was the entire fallacy of Locke, Spencer, and the Georgist theories of land ownership: they begin with the supposition that *no individual* owns the land and miraculously leap to the conclusion that therefore *society* must own it, i.e. *everyone* must own it. But this is invalid; first, it eliminates the other option, namely that the land is initially *unowned*, and second because it attributes to a class a property not found in its members. So if all collective property or "common goods" in the material sense must arise derivatively from individual ownership, we can easily solve the Thomistic problem. For the problem here was precisely that there were such common goods or property, and that *therefore* the State was necessary for the protection and maintenance of it. But: (a) the Thomists have not shown why common goods in this sense *must* exist, and (b) they have not shown why the institution to take care of those that do *must* be a State.

But very well. How can we libertarians solve the problem? It is so simple that I hesitate to state it: since all collective property in this material sense is logically derived from individual property, all that has to be done is that the individuals concerned can specify the means of controlling the property henceforth, which means: they merely have to form some kind of a *corporation* agreement. *This* will provide the most sought-after means of caring for the "common" property. For all groups in this sense are specific, with identifiable members who can easily establish an agreement before merging their property with that of others into "common goods". But what about the "commons" in the sense of the land in England? Has not *that* in fact preceded individuals, and isn't *that* common property? Actually, cases such as this are instances where the State or other coercive institutions have withheld certain land from individual appropriation, or have actually seized individual land from its rightful owners. In the first case, the solution is to lay it open for such individual appropriation (which individuals then assume control *and* responsibility); in the second, the solution is to return it to the victim or his heirs.

Again, there are no problems here which libertarianism cannot settle without resorting to the *necessity* of the State.

There is one final sense in which the term "common good" is used as a justification for the State or State action: the "immaterial goods" such as "the organized community" and innumerable other things. However, a great many immaterial goods and services are constantly managed and handled by the processes of a free market, so it is difficult to see what the problem is. In the case of things like an "organized community" we must ask:

just what is meant by "organized"? "Organized" in what sense? Since all human action is purposeful or functional in some sense, it is difficult to see what is meant by "disorganized" community. But what this argument boils down to is either the old "collective goods" argument for State action, or the argument from "external benefits". This is discussed at length at Rothbard's *Man, Economy and State*, and I shall not repeat his argument here. The question is "what are the problems?" And "why is government necessary to solve them?"

The main thrust of the Aristotelian-Thomistic argument for the State has thus been answered. Let us clear up a side issue, and wrap things up. The side issue is something that has been neglected, though raised: the issue of the *titles* to political legitimacy (as opposed to the *grounds* of State authority, which we have been considering). We have so far only raised one question: why should a rational person give what is in effect a blank check, an open-ended consent, to a government? But other key issues remain, especially surrounding Adler's concept of the necessity for initial *unanimous consent*. Remember his own statements: "government itself cannot be instituted by a majority vote or by the decision of a leader, since the the authority of a leader of a majority is the very thing being instituted. Hence the institution of government itself, together with the delegation of authority to an elected leader or to a majority, must be accomplished by the *unanimous consent* of the parties involved. . . ." Adler correctly notes in a footnote that "the only alternative to the institution of authority is the imposition by force of an agency for decision-making." Why cannot governments legitimately come to power initially by means of force? Many Thomistic writers, including Michael Cronin, do in fact claim that conquest secures a legitimate title to authority. Why is he wrong? I suggest two reasons: (a) if the basic reason why man needs a government (the grounds of the authority of the State) flows out of "common purposes", then to securely establish government as a means to that end, which is all that it is, the institution itself must flow out of human choices and purposes. Or: the means must be suitable to the end. Besides, there is no other means of establishing the *individual's* obligation to obey the political authority (though I do not think that even *this* has been shown to flow from initial consent); and (b) conquest and force have earlier in this essay been shown to be detrimental to man's happiness and well-being. Thus if they led to legitimate titles of authority, then an end that was pro-human well-being could be attained by a means which has been *shown* to be fundamentally destructive of precisely that end. Thus our only option is to go with Adler.

Now this puts Adler in a very strange position, one which I, for one, am happy to see him in: name-

ly, the position of denying the present legitimacy of *all* governments, since the titles to authority of not a one of them was gained by unanimous consent (or even majority vote, incidentally).

But Adler spots this implication, and attempts to plug up the hole in the dyke before the waters of anarchism burst its walls. Making a distinction between *de facto* government (a government in fact) and *de jure* government (government by right, by right by legitimate title), Adler says that "the anarchist has described, with some degree of pardonable exaggeration, *de facto* government, which is imposed by force and maintained by force, government without duly constituted authority, without consenting constituents and participating citizens." He says that even if the anarchist grants the distinction between the two, he is likely to dismiss the latter (*de jure*) as a myth, as "practically meaningless because inapplicable to existing institutions, past, present or future." But then, after asserting the legitimacy of the distinction *per se*, Adler writes: "Passing from the conceptual place to the world of existing institutions, the existence of constitutional governments and of states that are republics would appear to be an undeniable historic fact." Now this has not been shown, especially when the issue is *unanimous consent* as the only valid title of political authority *per se*. Adler admits this in a sense — without backing out of his assertion that the distinction applies to historical reality — in saying that the anarchist "could say, and rightly, in my judgement, that in all the republics of the past and present, consent of the governed was actually only obtained from a portion of the population: only some men were consenting constituents and participating citizens, and they comprised the ruling class. The residue, subject to their rule, suffered under government that, for them, was purely *de facto*." This is substantially correct.

But Adler then, through several chapters and pages of arguments, attempts to smuggle something in on the reader: HE IMPLICITLY MAINTAINS THAT VOTING FROM WITHIN AN ESTABLISHED POLITICAL SYSTEM IN SOME WAY INDICATES FUNDAMENTAL CONSENT TO THE POLITICAL SYSTEM *PER SE*. This is crucial, for instead of calling for the levelling of all existing governments to the ground, upon which base new governments, obtaining unanimous consent, could be built, Adler implies that it is *logically possible* to retain existing governments and, by a process of voting, conclude that unanimous consent, or even majority consent, of the political authority itself has somehow been established.

Nothing could be further from the truth. Since Adler has not undertaken to prove his assumption, we shall once again bring in Occam's Razor. The concept of "consent" in a political context is a

theoretical construct of sorts. We shall try to show that the facts to which Adler points as indications of consent can be explained by other, simpler, means, and that this therefore means we should eliminate the concept of consent *not* as a standard of political legitimacy (fundamental legitimacy), but as a specific attempt to explain the facts of voting and suffrage. I emphasize Adler's statement in his treatment of Occam's Razor that such assertions must be *shown* to be necessary to explain certain phenomena. We shall not be making the argument here against Adler ourselves; instead, we shall rely on the great radical individualist natural-rights anarchist Lysander Spooner (*No Treason*, Nos. 1 and 2):

The question, then, returns, What is implied in a government's resting on consent?

Manifestly this one thing (to say nothing of others) is necessarily implied in the idea of a government's resting on consent, viz. THE SEPARATE, INDIVIDUAL CONSENT OF EVERY MAN WHO IS REQUIRED TO CONTRIBUTE, EITHER BY TAXATION OR PERSONAL SERVICE, TO THE SUPPORT OF THE GOVERNMENT. (Or, in Adler's terms, the individual consent of every member of the "common enterprise".) All this, or nothing, is necessarily implied, because one man's consent is just as necessary as any other man's. If, for example, A claims that his consent is necessary to the establishment or maintenance of government, he thereby necessarily admits that B's and every other man's are equally necessary; because B's and every other man's rights are just as good as his own. On the other hand, if he denies that B's or any other particular man's consent is necessary, he thereby necessarily admits that neither his own, nor any other man's is necessary; and that government need not be founded on consent at all.

There is, therefore, no alternative but to say, either that the separate, individual consent of every man, WHO IS REQUIRED TO AID, IN ANY WAY, IN SUPPORTING THE GOVERNMENT, is necessary, or that the consent of no one is necessary. (NO TREASON, No. 1)

So much for Spooner's analysis of what is implied in the concept of "consent of the governed." Now his statement on why voting does not prove consent:

In truth, in the case of individuals, their actual voting is not to be taken as proof of consent, EVEN FOR THE TIME BEING (let alone as consent for political authority AS SUCH -RAC). On the contrary, it is to be considered that, without his consent ever having been asked, a man finds himself environed by a government that he cannot resist; a government that forces him to pay money, render service, and forgo the exercise of many of his natural rights, under peril of weighty punishments. He sees, too, that other men practice this tyranny over him by use of the ballot. He sees further that, if he will but use the ballot himself, he has some chance of relieving himself from this tyranny of others, by subjecting them to his own. In short, he finds himself, without his consent, so situated that, if he use the ballot, he may become a master; if he

does not use it, he must become a slave. And he has no other alternative than these two. In self-defense, he attempts the former. His case is analogous to that of a man who has been forced into battle, where he must either kill others or be killed himself. BECAUSE TO SAVE HIS OWN LIFE IN BATTLE, A MAN ATTEMPTS TO TAKE THE LIVES OF HIS OPPONENTS, IT IS NOT TO BE INFERRED THAT THE BATTLE IS ONE OF HIS OWN CHOOSING. Neither in contests with the ballot - which is a mere substitute for a bullet - because, as his only chance of self-preservation, a man uses a ballot, is it to be inferred that the contest is one into which he voluntarily entered; that he voluntarily sets up all his own natural rights, as a stake against those of others, to be lost or won by the mere power of numbers. On the contrary, it is to be considered that, in an exigency, into which he had been forced by others, and in which no other means of self-defense offered, he, as a matter of necessity, used the only one that was left to him.

Doubtless the most miserable of men, under the most oppressive government in the world, if allowed the ballot, would use it, if they could see any chance of thereby ameliorating their condition. But it would not therefore be a legitimate inference that the government itself, that crushed them, was one which they voluntarily set up, or ever consented to. (NO TREASON, No. 2, my emphases)

What Spooner has shown is that it is not necessary to resort to the concept of consent to explain why people avail themselves of an opportunity to cast a ballot. Thus, by the principle of parsimony, Adler's new version of the "implied consent" doctrine is laid to rest. What we have everywhere at all times is *de facto* governments which are never *de jure*. Is such a *de jure* government possible? Let us even grant Adler's concept of government: I think that it is not possible, for needing unanimous consent to get started, in my view, places an insurmountable obstacle in the path. Any statement about *possibility*, in this context and on this issue, amounts to little more than a *prediction* concerning what people will or will not choose to do in the future. From our present context of knowledge, we can safely say that unanimous consent is a practical impossibility.

And thus government is, in Adler's terms, either practical and immoral, or impractical and moral. Such a dilemma, I suggest, is itself enough to cause us to rethink our political premises.

With this our discussion of the Aristotelian-Thomistic position comes to an end. What we have seen is that there is no justification for government here which holds up under rational scrutiny, and simultaneously that all the problems which allegedly gave rise to the necessity of government can be more easily solved and conceived of in other terms (with the exception of keeping the peace, which we shall treat later). Since Thomists are today a very large force behind the welfare state, against libertarianism, and in favour of a world government, we should hope that the length of this treatment has been justified. The State has not been.

Now available from SIL SERVICES (400 Bonifant Road,
Silver Spring, MD 20904):

Mortimer J. Adler: *The Time of Our Lives*, \$6.95
The Common Sense of Politics, \$6.45
The Difference of Man and the Difference It Makes, \$6.95

Murray N. Rothbard: *Man, Economy and State*, cloth:
\$22.95 paper: \$7.95
Power and Market, cloth: \$6.00
paper: \$3.00

FOOTNOTES

31. For a variety of treatises on politics in the Aristotelian-Thomistic tradition, and for discussions of this approach, see: Aristotle, *Politics*; Thomas Aquinas, "Treatise on Law", in *Summa Theologica*; Francisco Suarez, *De Legibus* (partially translated); Frederick Copleston, *A History of Philosophy*, Vol. 1-3; Michael Cronin, *The Science of Ethics*, 2 vol.; A Fagotthy, *Right and Reason*; Mortimer J. Adler, *The Time of Our Lives* and *The Common Sense of Politics*; John Plamanetz, *Consent, Freedom and Political Obligation*; Reijo Wilenius, *The Social and Political Philosophy of Francisco Suarez*, in "Acta Philosophica Fennica", XV, (Helsinki, 1963); Bluntschilli, *Theory of the State*; Yves Simon, *Freedom and Community, A General Theory of Authority*, and *Philosophy of Democratic Government*; Jacques Maritain, *Rights of Man and Natural Law and Man and the State*; Ernest Barker, *The Political Thought of Plato and Aristotle*; John F. Cox, *A Thomistic Analysis of the Social Order* (Ph.D. Diss., Catholic U. of America, 1943). Two particularly good treatments are those of Cronin and Adler. Also, in considering Ayn Rand a part of this tradition, it will not be considered here whether or not she is original, insofar as this is irrelevant to the argument. To be in a tradition means to have certain objective characteristics in common.

32. For the sake of brevity, we will draw only on one source here for this discussion of Thomistic ethics - Frederick Copleston's *A History of Philosophy*, Vol. 2, Pt. II, paper. All page numbers refer to this book.

33. In my opinion, the real originality of Rand in ethics consists of her establishment of the principle that man's life is man's standard of value, by means of identifying the context, root, and nature of purposes, *per se*, and of her

working out of a detailed normative ethic which reduces virtues to relationships between consciousness and existence. *Neither*, however, has been worked out systematically and in detail.

34. See: *The State*, by Franz Oppenheimer; *Our Enemy, the State*, by Albert Jay Nock; "Anarchists Progress", by Nock; *On Power*, by Bertrand de Jouvenel; "Anatomy of the State", by Murray N. Rothbard; *Our Oriental Heritage*, by Will Durant, etc.

35. *The Common Sense of Politics*, by Mortimer J. Adler (New York: Holt, Rinehart & Winston, 1971). I do not want to commend Adler too highly here, for although he has devoted a full quarter of this book to discussing anarchism and the necessity of government, he has misrepresented the doctrines of anarchism again and again. Furthermore, he is not careful in his classification or categories of anarchism, something quite uncharacteristic of Adler. Also, although he shows a wide familiarity with anarchist texts, he shows almost no familiarity with the whole individualist anarchist line in American political thought; no mention of Warren, Andrews, Labadie, Walter, or, disgustingly, Tucker or Spooner, even though he shows familiarity with works in which selections by Tucker and Spooner are prominent. In particular, Tucker's arguments concerning "the State as Aggression" and Spooner's on the idea of the social contract and suffrage are both critically relevant to Adler's case. Spooner, in fact, is perhaps the first anarchist to be in the Aristotelian-Thomistic Lockean tradition. Furthermore, Adler shows no familiarity with the key work of Eltzbacher, Martin, Silverman, and a host of other historians and anthologizers of anarchist doctrines. Adler has, then, set up a straw man to assassinate, because he has concentrated almost entirely on the European collectivist anarchist line of thought, which shares nothing in common with the Aristotelian-Thomistic political tradition and which is easy for other anarchists to refute.

36. For a critique of some aspects of this, see Tibor Machan, "Some Considerations of the Common Good", in *Journal of Human Relations*, Fall 1970; Murray N. Rothbard, "The Fallacy of the Public Sector", in *New Individualist Review*, Vol. 1, No. 2, Summer 1961; and Ayn Rand, "What is Capitalism?" in *Capitalism: the Unknown Ideal*.

37. John F. Cox, *A Thomistic Analysis of the Social Order* (Ph.D. Diss., Catholic University of America, 1943).

38. *Ibid.*, p. 54.



libertarian bulletin

Lee Scott

Lee Scott is a member of RLA and a former member of the California Libertarian Alliance.

The libertarian movement is alive and well in the summer of '71, showing that many libertarians are beginning to move away from the campus-orientation which has too often confined libertarian activity to the months that colleges are in session.

Libertarian Conference in New Orleans

On May 5th and 6th, the New Orleans Libertarian Alliance (NOLA) sponsored a conference on education which featured speakers from the New Schools Exchange and NOLA. The conference was well-attended and was primarily concerned with developing an alternative to State-run and authoritarian educational systems.

Perhaps in the future NOLA can create the basis for libertarian educational institutions throughout the New Orleans area. John Clark of NOLA has been teaching courses on Anarchism at the experimental college of Tuland University, as well as regular courses in political and social philosophy at Loyola University.

The New Orleans Libertarian Alliance can be reached c/o John Clark, 933 Arabella, New Orleans, Louisiana 70115.

Student Libertarian Action Movement Splits

In July, the Student Libertarian Action Movement (SLAM), centered in Tucson, Arizona, split into two groups. A Tucson group, led by Conrad Goehringer, has been joined by members of SLAM locals around the country to form the North American Libertarian Alliance (NALA). NALA publishes a monthly tabloid newspaper, *Sunburst*, which is very interesting and well edited. The two issues I have seen included articles on cybernetics, the detente between America and China, grand juries, third parties, and the Padilla affair in Cuba. Subscriptions are \$3 a year, and bulk copies are avail-

able for 4¢ a copy to cover printing costs. Write to: NALA, PO Box 3684, Tucson AZ 85720.

Fred Woodworth and others who remained with SLAM continue to publish *the Match!* on a monthly basis. *The Match!* is available by subscription for \$3 a year, or in bulk for 4¢ a copy. SLAM also operates a literature service which sells books and pamphlets by mail order. And SLAM sells four brochures entitled *Selective Servitude*, *Taxation is Theft*, *Don't Vote*, and *The State*, all of which are available at 25¢ for \$1.

SLAM and NALA both continue to operate in Tucson, as well as in other communities around America, and both continue to militantly struggle against the State. The two groups are united by the fact that members of both groups face trials for their activities during the time of the Brown Rice Riot in Tucson earlier this year; the arrests took place before the split, and the new situation caused by the escalation of political repression and differences of opinion concerning what to do about it are part of the cause of the split.

The libertarian attitude toward splits in libertarian groups should recognize that splits are healthy developments that make the creation of new affinity-groups possible when the old affinity-groups are no longer meaningful or viable. Both *Sunburst* and *the Match!* are good libertarian-anarchist journals, and both SLAM and NALA are an important part of the growing libertarian action movement in America.

Libertarian Conference in Houston

The week of August 1 to August 6 saw a small group of libertarians meet in Houston to discuss critical problems for the libertarian movement. Conferees were primarily from the South, with a few

people from New Jersey RLA and Philadelphia SIL. Issues discussed included the feasibility of local action by libertarians rather than a reliance on plans for "national actions" by libertarians which assume that thousands of other libertarians have nothing better to do than jump on your bandwagon; the split in SLAM, and the reasons for it; and the importance of reaching out to the broad masses of American people who retain a commitment to liberalism but are beginning to see it as leading to an American police state.

The conclusions of the conference seem to be two distinct proposals: First, that there should be greater emphasis on community action. An example was the report of libertarians from Tyler, Texas, who are working with liberal and Black groups to fight political repression. The second conclusion is that libertarians should begin to work with the liberal-controlled Dump Nixon movement, and use it as a platform for influencing life-liberals in a libertarian direction. It was also suggested that a liberal President would give libertarians breathing space in foreign policy and domestic repression.

I think it is obvious that before libertarianism has any effect on American society, libertarians must turn toward community action. For social decentralization offers the opportunity in the foreseeable future for libertarian social reforms and social experimentation. And it might also be agreed that a liberal President *might* actually, rather than rhetorically, get us out of Indochina, decrease the military budget, end the draft, and protect some civil liberties. But it should also be remembered that it was three liberal Presidents, Eisenhower, Kennedy, and Johnson, who put American forces in Vietnam; it was these same liberal Presidents, plus Harry Truman who maintained the peacetime draft, and it was the Cold-War liberals who invented McCarthyism before McCarthy came on the scene. So it might be preferable to have a left-liberal President like McCarthy or McGovern on the chance that a few things might improve in the short run. But the place for libertarians is not in the voting booth, or the local political club, because the overwhelming majority of the American people have had it with politics, and would be open to an anti-political approach, if we gave them one. An anti-political approach might include some voting, such as voting down bond issues, and putting initiatives on the ballot to repeal various laws *by the people themselves* or even electing mayors and city councilmen who run on platforms calling for secession from the State and Federal governments. But an anti-political program would have much more room for activities like a tax rebellion, draft resistance, moratoria, resistance to wage and price controls, and resistance to various other government activities. All of these programs of resistance are already taking place, and many more people would join the resistance if they knew that it is happen-

ing. Reform — Resistance — or Liberation. You pays your money, you takes your choice.

Revisionist Economics Association Called For

Mike Holmes of the Houston Center for Libertarian Studies has called for the formation of a Revisionist Economics Association which would promote the study of the economics of freedom. Such an association would be concerned not only with theories of human action, but with the application of libertarian theories to specific issues, such as urban renewal, agoric economics, community services without government, consumers' and producers' cooperatives, ecology, population, and the green revolution.

The association would also be open to any economist who affirms some type of voluntarist economics as well as accepting certain other libertarian philosophical and political positions, such as opposition to war, imperialism, and the draft. An association open to all forms of voluntarist economics could include radical capitalists, free-market Anarchists, market socialists, syndicalists, community socialists, and cooperative Anarchists.

The purpose of the association would be to study voluntarist economics and to analyze current social, economic and political issues from the viewpoint of voluntary economics. Another purpose would be to disseminate information about the counter-economy and encourage the development of alternative economic institutions.

Anyone interested in aiding the formation of a revisionist economics association should write to Mike Holmes, c/o the Center for Libertarian Studies, Box 66321, Houston, Texas 77005.

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Anyone who wants to take part in the free-school movement and the creation of alternatives to the State-run education should get in touch with the New Schools Exchange (NSE). NSE publishes a newsletter three times a month which carries the latest news of the free-school movement. Subscribers to the newsletter can also place free ads in the newsletter if they are teachers or students looking for a free school to become part of, or if they operate free schools and are looking for teachers or students.

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The New Schools Exchange is located at 301 E. Canon Perdido Road, Santa Barbara, California 93103.



H L MENCKEN

Inspiration for Individualists

SHEL RICHMAN

The libertarian properly rejects the tradition-for-tradition's-sake doctrine. This does not mean, however, that libertarians have no tradition or heritage. They actually have a very rich one. A careful look through American history will reveal men who have earned the admiration of rational defenders of freedom. Many of these men were newspapermen. Among them are Albert Jay Nock, Garet Garrett, Frank Chodorov and Henry Louis Mencken. Mencken is the subject of this article.

Shel Richman is a reporter for the *Coatesville Record*. He is an Objectivist and an admirer of Ayn Rand.

Mencken, born in 1880, was a writer in the broadest sense of the concept. He wrote on virtually everything. Early in his career he was a newspaper reporter. But before his life ended in 1956, Mencken was a columnist, a literary critic, a translator and interpreter of Nietzsche, a social commentator, and an historian of the "American Language". He also helped to found and edit two magazines: *The Smart Set*, a literary journal, and *The American Mercury*.

Mencken's politics were explicitly libertarian. His position, however, was sometimes contradictory. On the one hand, he endorsed "states"

ghts" in the case of Tennessee's "monkey law", although he thought it was silly. But on the other and, he advocated freedom of association among consenting individuals when he opposed a Baltimore law that prohibited blacks and whites playing together on public courts. "A free citizen in a free state," he said, "has an inalienable right to lay with whomever he will, so long as he doesn't disturb the general peace. If another citizen, offended by the spectacle, makes a bother, then that other citizen, and not the man exercising his inalienable right, should be put down by the police." (1)

In 1948, this was not a popular stand to take. But Mencken was not interested in saying what was popular, just what was true. The one characteristic of Mencken that is recognized by both his admirers and enemies is his absolute candor.

Throughout Mencken's work it is evident that he admired the self-reliant, hardworking, individualist. His objection to statist programs, such as the New Deal, was that it rewarded the man who did not care to be responsible for his own life and it punished the man who does. "If (a man) can't afford (something) he should avoid it, as self-respecting people always avoid what they cannot afford. The doctrine that the taxpayer should foot the bill which make a bogus prince of pelf of him is New Dealism at its worst," he once wrote.

By this reasoning, Mencken was an opponent of government activity in almost all spheres. He even once said that the government should not have charge of the sidewalks because it allowed moochers who live off society to keep out of the mud.

Not only did Mencken not say popular things, he openly attacked the most popular ideas. In 1920, he satirically analysed the advocates of Puritanism and democracy: "Puritanism is represented as a lofty sort of obedience to God's law. Democracy is depicted as brotherhood. All such notions are in error. There is only one honest impulse at the bottom of Puritanism, and that is the impulse to punish the man with a superior capacity for happiness — to bring him down to the miserable level of 'good' men, i.e., of stupid, cowardly, unhappy men. And there is only one sound argument for democracy, and that is the argument that it is a crime for any man to hold himself out as better than other men, and above all, a most heinous offense for him to prove it." (3)

Mencken's analysis of the souls of the democrat and Puritan are remarkably similar to that of Ayn Rand. His objection to any form of political authority was based on the fact that such authority interfered with man's pursuit of his well-being. He was keenly aware that a man who has not made himself fit for happiness (i.e., has not lived rationally) will hate those who are fit for it. This hatred

often gets translated into a code of ethics (altruism) and a political theory (unlimited majority rule, totalitarianism). Mencken had no qualms about telling this to people, even in the midst of the New Deal.

Mencken did not just reserve his pen for political writings. He was a student of philosophy and expressed admiration for Aristotle. Mencken was fascinated by Nietzsche, in the way Rand was when she was young. Nietzsche's disdain for the Christian ethics of humility was shared by Mencken. Mencken, however, explicitly rejected Nietzsche's mysticism. His respect for reason was made clear in passages such as, "To argue that the gaps in knowledge which still confront the seeker must be filled, not by patient inquiry, but by intuition or revelation, is simply to give ignorance a gratuitous and preposterous dignity. When a man so indulges himself it is only to confess that, to that extent at least, he is not a scientist, but a theologian, for he attempts to reconcile science and religion by the sorry advice of admitting that the latter is superior to the former, and is thus entitled to all territories that remain unoccupied." (4)

Reason presupposes free will, and Mencken knew it. In his *Treatise on Right and Wrong*, Mencken took up the subject of free will with an impressive degree of sophistication and in a manner familiar to readers of Rand and Branden.

That the mind is substantially free, at least in its normal state, must be assumed as a kind of metaphysical necessity, for if we argue that it is not free then we argue that our opinion to that effect is not a reasoned opinion at all, but simply an inevitable product of forces over which we have no control, and which we can scarcely comprehend. (5)

This is essentially the argument used by Nathaniel Branden in his refutation of psychological determinism. It is interesting to note that Mencken was suspicious of any theory that was labeled "metaphysical". One really can't blame him when one recalls that what went under the name of metaphysics was usually mysticism, explicit or implicit. Yet, Mencken did not mind referring to free will as a "metaphysical necessity". This leads one to think that he would have approved of metaphysics as Objectivism conceives of it.

As said above, Mencken was a rational critic of mysticism and all religion. His *Treatise on the Gods* was his classic blast against Christianity, and it was his favourite work. He begins the book by saying, "Religion was invented by man and there is absolutely nothing in it to justify the belief that its inventors had the aid of higher powers, whether on this earth or elsewhere." (6)

The treatise is a comprehensive study of the evolution of religion and its state as of 1936. His

approach is serious, but he couldn't resist calling the beliefs of the faithful Christian "shocking nonsense", and then setting to prove it.

In a section dealing with the notion of a teleological scheme to the universe, Mencken made his sense-of-life apparent.

The truly civilized man, it seems to me, has already got away from the old puerile demand for a "meaning to life". It needs no esoteric significance to be interesting to him.

His satisfactions come, not out of a childish confidence that some vague and gaseous god, hidden away in some impossible sky, made him for some lofty purpose and will preserve him to fulfill it, but out of a delight in the operations of the universe about him and his own mind. It delights him to exercise that mind, regardless of the way it takes him. . . . (7)

Obviously Mencken saw it as an insult to a man of self-esteem to hold that he is merely a puppet in some ghost's puppet-theatre. Reminding one of a certain rational philosopher-novelist, Mencken saw man as a potential giant, and was indignant at any suggestion that all man can ever be a dwarf.

Consistent with this view, Mencken believed that government was a foe of man the giant. "The most dangerous man, to any government, is the man who is able to think things out for himself, without regard to the prevailing superstitions and taboos. . . . (because) one of (government's) primary functions is to regiment men by force, to make them as much alike as possible and as dependent upon one another as possible, to search out and combat originality among them." (8) I don't know if Mencken ever read *Anthem*.

In 1919 Mencken summed up his views on the State. "The ideal government of all reflective men, from Aristotle onward, is one which lets the individual along." (9)

Mencken translated his political theory into economic theory. He was an advocate of laissez-faire, essentially. And he was a relentless critic of the planned economy. As an associate of Henry Hazlitt, he once called Hazlitt "one of the few economists in human history who could really write." And to the glorifiers of the Middle Ages who denied the wonder of the Industrial Revolution, he said that the reason for the great material progress of the Industrial Revolution was "the accumulation of capital . . . (which) permitted labour to be organized economically on a large scale, and thus greatly enhanced productiveness. It provided the machinery that gradually diminished human drudgery, and liberated the spirit of the worker, who had formerly been almost indistinguishable from a mule."

It must be stressed that there is some material that is objectionable in Mencken's work. As men-

tioned above, there are occasional inconsistencies in his political writings. And once in a while he would speak of the market being good "despite its defects." His occasional strains of philosophical skepticism, his suspicion of the value of metaphysics, and his confusion over terms such as "altruism" and "benevolence" necessitate critical reading of his work.

However, in all his writings it is obvious that Mencken did get great delight from the operation of his mind, not only in the way he handled the subject, but also in the way he handled the "American Language". Whenever he wrote, he had two concerns: the truth and the best way to say it. His enthusiasm glows in his work.

To my knowledge, Mencken never constructed a detailed code of ethics. But he had contempt for the humble because he thought they had reason to be humble, and he despised the meek. He had no time for the envious man who is always worrying about others, but never about himself.

Mencken, the rationalist and individualist, said, "Of all human qualities, the one I admire most is competence." In this, Mencken and his work stand as a great source of inspiration to all rational individualists.

FOOTNOTES

- (1) *The Vintage Mencken*, gathered by Alistar Cook, Vintage Books, p. 28.
- (2) *Ibid.* p. 230.
- (3) *Ibid.* p. 76.
- (4) *Treatise on the Gods* by H. L. Mencken; Alfred A. Knopf, N. Y., 1959; p. 261.
- (5) *Treatise on Right and Wrong* by H. L. Mencken; Alfred A. Knopf, N. Y., 1959; p. 82.
- (6) *Treatise on the Gods*, p. vi.
- (7) *Ibid.*, p. 291.
- (8) *A Mencken Crestomathy**, edited by H. L. Mencken; Alfred Knopf, N. Y., 1955; p. 145.
- (9) *Ibid.*, p. 146.
- (10) *Minority Report* by H. L. Mencken; Alfred A. Knopf, N. Y., 1956; p. 174.

*A new edition of this book is available from SIL Services, 400 Bonifant Road, Silver Spring, MD 20904, for \$8.00. *The Vintage Mencken* will soon be available from SIL.



Letters

Proposed Solution to the Anarchist/Limited Government Controversy

To the Editor:

Allow me to modestly submit what I think might be the solution to the limited government/anarchist conflict.

Today, an organization such as Pinkerton is obliged by the State to justify its arrests of individuals. And the

obligation of justification is a valid one. For if Pinkerton arrested someone and refused to justify the action, the State could *rightfully assume* that there was *no* justification and that as a consequence the arrested person's rights had been abridged. Now, the State, as long as it itself was not an outlaw institution, could rightfully intervene in Pinkerton's arrest of the individual without abridging anyone's rights. In fact it would be upholding one of the most important rights of all — *the right of any defense agency* ("constitutionally" sanctioned or "privately" organized) *to know* that a *citizen's rights* are in fact being defended in his dealings with *another* defense agency! (Such a citizen represents a potential customer. And also if a defense agency is to maintain its credibility, a "charitable" — to the extent possible — concern with defense *per se* is required. That is, a defense agency ought to be concerned with the defense of *all* citizens, since to allow one injustice is to encourage more and makes the task of *overall* defense more difficult *for all*.)

Once it is established that our defense agency or government has a *right to know* another's justification for an arrest, the conflict between limited government and competing government is no conflict at all.

Two scenarios can be projected:

(1) Limited constitutional government existing hand in hand with various private agencies, each obliged to justify its arrest and incarcerations to the other. As long as the limited government *solely uses force to secure justification* from recalcitrant or whimsical defense agencies, such agencies' rights are not abridged, since they derive only from their being in fact defense agencies that can *justify* that defense.

(Those who didn't subscribe to private agencies would fall under the domain of the constitutional government.)

(2) If the constitutional government fell from favour there would be just competing agencies as postulated by the "pure" anarchists.

(In either case mooching must be allowed if the course of justice as such is to be preserved. Perhaps a penniless man subjected to false arrest would agree to turn his compensation over to the defense agency that came to his aid.)

So: once the right to justification of arrest, trial, etc., among any competing agencies (constitutional or otherwise) is established, the question is not what we *ought* to have, but what we *will* have as history moves on.

I hope this exposition is helpful. If the prose is murky and the organization shabby, please bear with me. Urgency compels me to submit this now. This limited government/anarchy argument is ripping up a movement in desperate need of unity if only because of its small numbers compared to others.

The initial concept of an agency's being obliged to justify its actions to the constitutional government was taken from Nathaniel Branden's *Seminar #8*. The *justification* of the "obligation to justify" is strictly my own.

Bill Bragg
Randallstown, Md.

There are several problems with Mr. Bragg's solution to the anarchist/limited government controversy. First, a central reason that anarcho-capitalists reject Randian "limited government" is because, we maintain, government can logically have no rights, no authority, no special powers which individual men and women and their voluntary associations (e.g., private defense agencies) do not have. Therefore, if in fact a "constitutional government" has the moral right to require private defense agencies to justify their arrests, incarcerations, etc., then so do those defense agencies have the right to require the "constitutional government" to justify its arrest, incarcerations, etc.

Actually what justifies the arrests, incarcerations, etc. of either a constitutional government or a private defense agency is not its willingness to justify itself. Rather what justifies the use of force in any case whatsoever, by any individual or group whatsoever, is the fact that it was retaliatory force; i.e., that metaphysically, in reality, defense rather than aggression occurred. If a man acts justly, the nature of his action justifies him whether or not anyone else knows the truth about what he did or agrees with his morality. Morality, after all, is objective. It may indeed be to a man's interest to have others agree with the morality of his action, but there is no primary moral obligation to justify moral actions to anyone. Moral actions are their own moral justification.

Mr. Bragg's solution has in fact evaded the precise question at issue in the limited government/anarchist controversy: Does government have any special authority of action, such as a "right to arrest", not possessed by individual men in isolation, or does it not have such a special authority. If it does have such a special authority, a right of action not residing in individual men and their voluntary associations, where then does it come from? If it does not have such a special authority, then clearly it cannot place itself in a superior socio-political position to defense agencies.

It is obvious that Mr. Bragg believes that a constitutional government does have some special authority of action not possessed by private defense agencies. This is evident from such statements as: "Those who don't subscribe to private agencies would fall under the domain of the constitutional government." An anarchist believes in no such thing as political "domain". The only domains that an anarchist recognizes as morally valid are those which men create by their voluntary associations. Thus one can no more presume to place a person who does not subscribe to a private defense agency under the domain of a constitutional government than one could morally place a person who did not have life insurance under the "domain" of the Perpetual Life Insurance Company. In both cases, men are free to contract with the agency of their choice or not to contract with anyone whomsoever if they so choose.

The reason that Mr. Bragg's proposal is invalid is that it violates the basic principle of the libertarian social ethic: force is only to be used against those who have initiated its use. When Mr. Bragg sanctions the use of force by a constitutional government against a defense agency which refuses to justify its actions to the govern-

ment, he is sanctioning the initiation of force. Thus his proposal is morally unacceptable.

If the rights of all men are equal and the same, then there is no way to a priori establish one instrumentality of justice (e.g., a constitutional government) ethically above another. Since government rests on precisely this distinction it remains morally unjustified. It is indeed possible that private defense agencies of a future anarchist society may from time to time query each other about the rationale behind this or that arrest. But such queries would be simply that — requests which a defense agency would have the right to turn down.

I share Mr. Bragg's concern about the negative effects the anarchist/limited government debate may sometimes have on the coherence of the libertarian movement. However I am afraid that he has simply rephrased the issue rather than provided a solution acceptable to all parties. Fortunately it is not necessary that libertarians agree about everything in order to work together. The greatest unwillingness to cooperate, to engage in activism of any sort whatsoever seems to be among limited governmentists, particularly those who remain willfully ignorant of the growing body of anarcho-capitalist literature. Thus the barrier to cooperation in the final analysis seems to be ignorance and intolerance, and it is to these psychological problems which more open-minded libertarians must direct themselves if they are to forge an alliance between the dissenting factions.

Jarret B. Wollstein
Editor

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it is about time someone said 'NO.'



ON AUGUST 15, 1971 President Nixon announced a new tyranny. And everybody cheered. Conservatives and liberals alike applauded our "strong" President as he swept aside the little that remained of our economic freedom.

The wage-price controls announced by the President amount to nothing less than tyranny. Either every person is free to make his own decisions about wages and prices and rents—or he is not free at all. There is no such thing as true freedom in a land where government dictates each and every economic detail to the people. When that happens, the success or failure of every citizen, every business, every worker is determined by the corrupt hand of the politician. That is the way of totalitarianism. And that is the system which President Nixon has fastened upon our country.

The free play of prices is the key to the success of a market economy. Prices and wages must be free to change, to fluctuate, to reflect the continually and endlessly changing conditions of supply and demand. Without the freedom of prices to move, the enterprise system is a mockery.

And so we have the system of wage-price dictation which is as old as tyranny itself. Many civilizations have tried it. And it has never worked.

Price ceilings were a factor in food shortages which starved out half of the urban population of the Roman Empire.

Wage-price "controls" in effect throughout medieval times held living conditions to a level of static squalor. Only when controls became unenforceable—after the Black Death swept Europe—did the slow progress toward a better life begin.

The "reign of terror" during the French Revolution was, in part, an unsuccessful attempt to enforce price laws. Shopkeepers and laborers were taken to the guillotine and beheaded.

In the 1930's Mussolini employed price controls as an important part of his "corporate state."

And so it has been. Wage-price controls have always been the tool of tyranny—tyranny which is just as evil and blundering whether its masters wear togas or beautifully tailored business suits. Collectivism does not have to be run by Marxists or Proletarians. It can be run by any group in power, even by Republicans.

And where in America is the outcry? Where are the Congressmen who have been prating about free enterprise and attacking totalitarianism for so long? Where are the economists who have told us for decades that price controls are a mockery, that they cannot work, that they can only destroy and cripple the economy without halting inflation. Since August 15, they have been as zombies, lined up in support of the "new" Economic Policy.

The irony is that the wage-price freeze will not work, and we will sell our freedoms for a mess of inedible pottage. The frightening inflation is caused not by businessmen—not by labor unions—but by one thing: government itself. Only government can cause inflation and it is time government started accepting the blame instead of pretending it is the fault of the people.

Year after year, the Federal Reserve Banks, which are a monopoly of the government, have been creating money to help finance the deficits of the last 25 years. While the President presumes to freeze everything else, the money supply—the major culprit of inflation—remains unfrozen, increasing 10-12% per year.

The wage-price freeze does not affect the true problem of inflation. It will only lead to distortions, inequities, strikes, black markets, and increasing shortages of products and services. Our only hope is not to stand cheering the President—but to vigorously and determinedly resist the wage-price tyranny.

For Mr. Nixon's wage-price controls are not "temporary." They will be temporary only if we make them so.

At this moment, Nixon and his aides are rushing to complete plans for a permanent bureaucracy to dictate terms of wages and prices and rents to all Americans. We must say "no," loudly and clearly. Everyone of us must do his part to see to it that wage-price controls are made unenforceable.

To do so, we the undersigned urge you to support our fight, to send whatever contribution you can to the Committee to Restore Freedom. We need your signature, and your funds, to place ads like this all over the country, to carry the fight to television and to the halls of Congress. If you agree with us that now is the time to restore our economic freedom then don't just agree with us, do something. Help us now, and help yourself. Join the fight before it is too late.

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