

THE Freeman

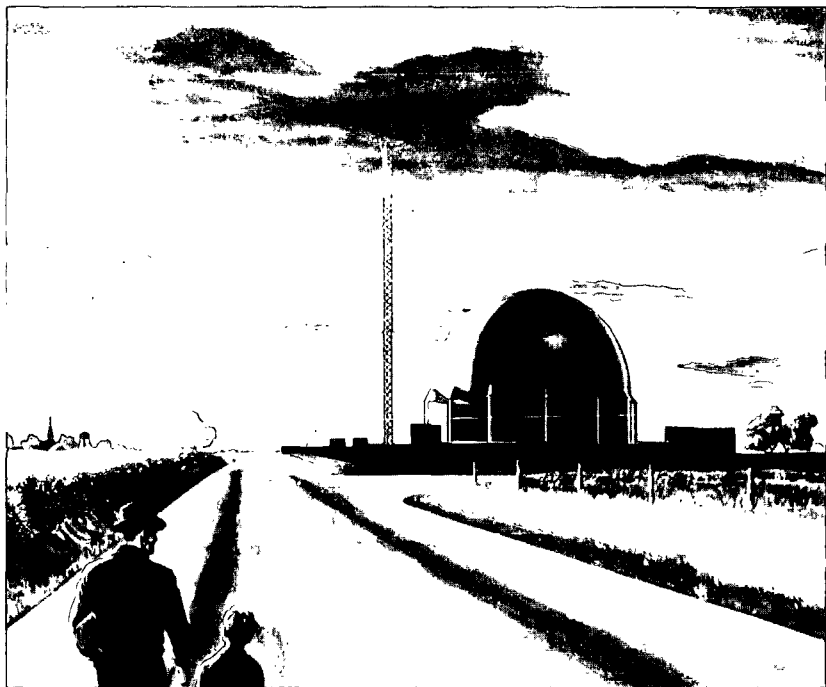
IDEAS ON LIBERTY

DECEMBER 1956

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



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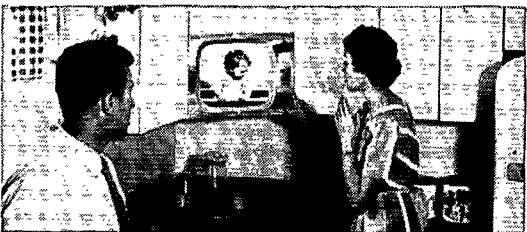
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Electronic "baby-sitter" keeps an eye on Baby . . . lets the household run smoothly . . . parents can see him happy and healthy on closed-circuit TV screen located rooms away.



A message from

a distinguished soldier: GENERAL JAMES A. VAN FLEET

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"The railroads of the United States are a great basic military asset. They are as much a part of the military strength of the nation as our Army, Navy, Air Force, and Marines, because none of these great armed services could long operate without the logistical support which railroads provide."

So says General James A. Van Fleet, U.S. Army (Ret.), former Commander of the 8th Army in Korea.

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capacity and trained manpower upon which the Armed Forces can draw for their own combat and strategic requirements. *To maintain such a rail plant in readiness, it must be used in peacetime.*"

That's one vital reason why it is important to you — and to the nation — that our public policies should give to railroads equal treatment and opportunity with other forms of transportation. Then each form can do for you the things which it does best, and America's modern railroads will be able to serve you with increasing efficiency and economy.

ASSOCIATION OF AMERICAN RAILROADS WASHINGTON, D. C.

THE



Miracle

OF THE CHRISTMAS SPIRIT

EDMUND A. OPITZ

CHARLES DICKENS wrote his most famous story to demonstrate what happens to a wretched, miserly old man when once the Christmas spirit gets to work on him and takes over. Something happens at this time of year to make people easier to get along with. There is something about this season that releases the friendliness and good will between one man and another which most people keep under rigid control during the rest of the year. Those feelings, carefully preserved in sort of a cold storage most of the time, come forth naturally and spontaneously on certain occasions.

Christmas is chief among those occasions; but there are others. Let two men take refuge under an awning from a sudden downpour of rain and their predicament leads to a camaraderie that is no less

real for being brief. Accounts of severe snowstorms contain stories which illustrate the same point; for instance, people in a stranded railroad car suddenly decide that they like each other and a real spirit of friendliness is kindled simply because they are marooned in a blizzard.

There is no law which says that people must feel friendly at Christmas; nobody is forced to display comradeship because he is trapped by a storm. It is simply that under these circumstances an ordinary quality in human beings is transformed into something higher and finer; "a good man out of the treasure of his heart bringeth forth good things." The Christmas spirit works upon the heart and mind of man, and by some strange alchemy it transmutes the base metal it finds there into a rare and

The Reverend Mr. Opitz is a member of the staff of the Foundation for Economic Education. This article is based on one of his sermons.

precious thing. If that spirit endured for even a year, the consequences would be immense.

We speak of our own times as an age of revolution because things outside of us are changing so rapidly that we can hardly keep pace with them; but the only lasting revolution is that transformation which takes place in the hearts and minds of men.

Institutions and Men

Society might be said to have its flesh and bones. The bones are its mechanical arrangements — its institutions, its laws, charters, constitutions, manifestoes, and the like; the flesh is comparable to the kind of people who run these institutions and use these laws. It is common today to write and speak as if the kind of people we are does not matter very much, if only we can be very clever about altering our institutions, writing more elaborate laws, and filling our

charters with high sounding phrases.

And so we emphasize the mechanical arrangements by which we live and put our trust in men who claim that all we need do is to make these more perfect until society, like a machine, will run by rote and be exempt from the human frailties from which it now suffers. There is just one thing that these planners leave out of account — the human factor. The best laid plans of men will go astray unless they are made to work by the right kind of human material.

It is told that a composer wrote a brilliant composition for the cornet. The music was technically perfect and it was good music. The trouble was that no one could play it because the composer had neglected to put in any rests where the cornetist could take breath. It seems to be in the order of nature that no man can push wind into



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a cornet continuously for more than a few seconds. As a brass man myself, I can attest that this is one of the shortcomings of the instrument — or of the performer — and nothing can be done about it. The composer cannot ignore these facts.

It strikes me that many of the schemes for social betterment exhibit just such a blind spot; allegedly they are written for the benefit of human beings, but in the writing the principal thing is omitted — the human factor.

Responsible Individuals

That is not the Christian way. The Christian way is to fix responsibility on individuals, to insist that individuals be transformed. It is through transformed individuals that society will be made over. By transformed individuals one does not necessarily mean ordinary men made over into saints; there are saints just as there are geniuses; but there are never very many of them, and any scheme which looks toward making over society into a community of saints is pure moonshine. But ordinary men are not helpless pawns in a game where someone else makes the moves. We are ordinary human material, but it is quite within our power to prefer justice to injustice, to incline toward sanity rather than toward neurosis, to

abjure the get-something-for-nothing philosophy, to be possessed by ideas which are both great and true. These things are within our grasp; dealing with them may be unspectacular, slow, and difficult — but these are the things that work.

As an example of how they work, take the single instance of human slavery. Until recent years when the institution again became part of a widespread social system, human slavery was considered to be a great moral wrong. No ethical principle could be found to justify it.

This was not so in the Graeco-Roman world. There, slavery was the foundation of society. Slaves outnumbered free men by at least two to one. The great philosopher, Aristotle, whose work on ethics we still read, thought slavery a necessary thing. An historian, writing of the centuries immediately preceding the Christian era, says: "The harder work of the world was done . . . under direct compulsion of physical pain and death for the slave who did not accomplish his task."

The first great Christian missionary, Paul, saw no great wrong in slavery and urged slaves to obey their masters. The Church of the first centuries never denied the right to own slaves, although under the first Christian Emperors the laws regulating the relations

between slave and master grew continually more humane.

But there was something in the spirit of Christianity which was incompatible with the idea of slavery; this was the idea of human brotherhood which was a corollary of the idea of the fatherhood of God. Straightforward people cannot for long hold two such contradictory ideas as are contained in the situation where the man you are holding as a slave is just as much a man as you are because you are both sons of the Most High.

Ideas Set Men Free

What happened is history. The slaves who formed the overwhelming bulk of the ancient world, as the centuries went by, either became freed men or they became serfs. Those who remained serfs were bound to their lands and they owed certain obligations to their masters, but in turn their masters owed a measure of responsibility to their serfs. More centuries passed. The serfs attached to the soil gradually found that the land was attached to them, that they were its owners. By the thirteenth or fourteenth century the erstwhile serfs had become free yeomen over most of western Europe.

A change of tremendous consequence had taken place with the inevitability of gradualness. The

minds of men seized upon a great idea; and in the atmosphere furnished by that idea, the ideas which had justified human slavery withered and vanished. There was no slave revolt, no agitation to pass laws against slavery, just the slow, steady erosion of the ideas which had made slavery tolerable. When these ideas were eroded away, the institution of slavery disappeared.

Slaves of the State

But now, in our time, we are suffering an eclipse of the idea that man is a person in his own right. It is being replaced by the notion that the individual is a creature of the State, deriving his rights from the State and holding such rights as he may have at the pleasure of the State. This doctrine provides a climate tolerable to slavery, and with the majestic inevitability of cause following effect we see the return of the institution that we had thought forever dead.

When there is a deep transformation in the hearts and minds of men — meaning a new outlook, a new set of ideals, and new ideas — these things inevitably bring about some change in our social arrangements, either for good or for evil. If the outlook is sound, if the ideas are tempered by reality, then our laws and institu-

tions will pretty well take care of themselves. On the other hand, if our outlook is half-baked, if our ideas correspond to no known reality, if we have our eyes on privilege — then we can have the best constitution and laws in the world and we will still get into trouble. One would give a great deal to know Madison's opinion of our Constitution after we have tortured it almost beyond recognition. And what is one to make of the citizens of one of the West Coast states who recently voted into law a bill to provide old age pensions, only to find that its cost exceeds all the other items in the state's budget combined?

Laws aren't foolproof; any law can be twisted out of its original intent. Laws are creatures of men, and men will use them according to their lights. If strong inclinations run counter to a law, the inclinations will find satisfaction in extra-legal ways; the Prohibition Amendment bred the speakeasy and the bootlegger; the OPA laws brought in the black market.

The thing that has us excited now is the atomic bomb, and elaborate laws have been drawn up for its control. The bomb is not dangerous; what is dangerous is man. If the bomb is left alone, it won't do anything; it will just stay put. And if someone really wants to drop it, he won't be thwarted

by the existence of a rule forbidding its use. What is needed is not a control of the bomb but a self-control of man. If men with a mind to build and use atomic bombs are among us, there is no protection in laws.

Peaceful Change

The way of religion is the transformation of men, not solely into saints, but mostly into real human beings. This mode of dealing with the human situation is not calculated to lend itself to parades, mass meetings, newspaper headlines, or afternoon teas. It has only one thing to recommend it — it is the right way; and being right, it is the way to which men will eventually turn, although perhaps not in the immediate future.

"Men still call for special revolutions," wrote Ibsen, "for revolutions in politics, in externals. But all that sort of thing is trumpery. It is the soul of man that must revolt." This revolution in the soul takes place without shouting or fanfare, without the breaking of heads or the destruction of property; when it occurs, it takes place quietly but with persistent resolution.

Augustine is supposed to have prayed, "Lord, make me good, but not yet." That is precisely the attitude of the average person; he puts off the determination to do

something with himself until after some external event has occurred. He waits for the crowd to line up, or for the Cooperative Commonwealth to dawn, or for the Revolution, or for some other event which will give him the signal to start living the way he should. You remember the old story; it was planned at a certain moment on a given day that every person was to utter a great shout. But the moment passed and there was a great silence. Everybody had kept

quiet, waiting to see how it would sound when all others shouted.

This Christmas season does something to us inside. It sets us on our feet and gives us a cue as to the way we should go. Our part is to carry on from there, to carry this spirit which comes to us at this season into the rest of the year. Then it may be said of us, as Dickens remarked of one of his characters, "It was always said of him, that he knew how to keep Christmas very well." • • •

IDEAS ON LIBERTY

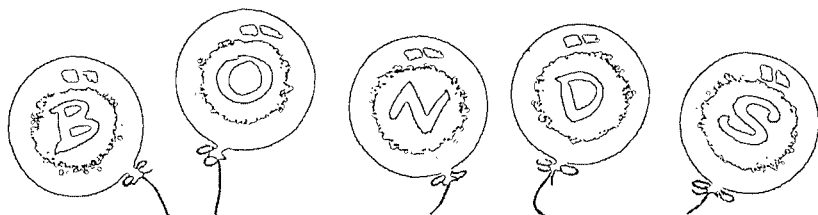
Who Will Refuse?

WE NEED NEW recognition of the power which lies within us. We need to know that the life of God is within us in far greater measure than we now believe. We turn despairingly to the state, which is the vainest of hopes, because we do not believe enough in either God or man. Let us lift up our hearts. For which one of us is it that will refuse his help in a case of real human need? You? I? Or is the finger to be pointed again at that nebulous scapegoat "someone else"?

I write as a minister, and I want to attest that through an experience of thirty years I have never seen a church member fail to respond to an authentic case of human need. And from those who could and did help when I have described such a case, I have invariably received expressions of gratitude that the opportunity was presented.

It is that faith which we need restored today.

RUSSELL J. CLINCHY, *Charity: Biblical and Political*



A SEEMING PARADOX ABOUT INFLATION

F. A. HARPER

"You say that it is inflationary for the government to sell its bonds in order to finance a deficit in its budget. But I have also heard it said that it is inflationary when the government buys bonds. How can that be? How can both buying them and selling them be inflationary?"

THIS seeming paradox must be resolved if one is to understand how our present money system works and how inflation continues to erode the worth of our money and other savings.

In order to grasp the full picture, it might be well to start back a few notches in the history of money.

Many things have been used for money, including wampum, cattle (*pecus*, cattle; *pecuniary*, pertaining to money), and gold. But let's skip directly to gold.

In the beginning, gold metal itself was used for money. Whether as dust, nuggets, or minted into

coin, it was traded for things in the market.

Then, later, the local goldsmith became the safekeeper for the gold, giving receipts redeemable in gold in return for the gold deposits made with him. These receipts, rather than the gold itself, then began to circulate as the money of trade.

Noting that not all depositors redeemed their receipts in gold at one time, the goldsmith began to write "extra receipts" as loans to persons who had no gold to deposit. For this he charged a fee. These persons could use these receipts for money—just like gold. How could it ever become known that no gold was there to redeem these extra receipts? If one or two persons should test the validity of their own receipts, the goldsmith would be able to meet their demands from the gold stock lying there unused, for which valid receipts had been issued.

This game of providing "extra

receipts" had its limits, however. The goldsmith must be ready to meet whatever demands might be made for gold at any time. He must have this much actual gold in reserve, in relation to all outstanding claims. Thus arose the original "fractional reserve" plan, whereby the goldsmith set his own limit on "extra receipts" as a protection against peaks of claims for redemption in gold. If, for instance, he should assume that half the receipt holders might someday descend on him and ask for their gold, he would then need a 50 per cent reserve. But if he should assume that only one-fourth of them would do so, a 25 per cent reserve would suffice.

These "goldsmiths" eventually became "bankers," and more or less the same process continued. The "extra receipts," or "loans," gave the borrower a deposit claim on lawful money. Lawful money of an earlier day meant that it was redeemable in gold at a specified rate — for a long time at the rate of one ounce of gold for \$20.67 of these paper claims on gold.

The "goldsmith's panics" of old then became the "bank panics" of later days. In both instances these terms described a situation where the demands for gold exceeded the reserves available to meet them. There were "runs on banks," as people tried to get the gold they

normally did not really want, but which suddenly gained appeal when they found that perhaps it couldn't be obtained on demand.

In 1913, the Federal Reserve System was established by law in the United States. Under this arrangement the twelve regional Federal Reserve Banks became the central depository for reserves of all commercial banks that became members of the System—representing, at the present time, about three-fourths of all bank deposits. Under this System, Congress sets broad limits of reserve requirements, and the Board of Governors of the Federal Reserve sets the specific requirements. At the present time the average reserve requirement is about one-eighth of total deposits in member banks.¹

With this background, we are now ready to unravel the seeming paradox about government bonds and inflation.

Deficits and Inflation

Let us say that in a given year the federal government has a deficit of \$100. This is the amount of excess of its spending over its income from all forms of tax revenue. Being unable to pay out money it doesn't have, the addi-

¹The different reserve requirements for banks of different classes, and for demand deposits as against time deposits, are not separately identified in this overall illustration.

tional \$100 must be obtained somewhere. The government must borrow what it has been unable to obtain in any other way, before it can pay all its bills.

So the government writes an IOU for \$100, for which it must find a buyer.

Perhaps you, as a private individual, buy the bond and pay for it from cash in your pocket or from your bank account. The government then has the \$100 to pay its unpaid \$100 bill. And you, as a consequence, have \$100 less to spend. There has been no inflation here, since the total of money has remained the same as before. The \$100 has changed hands—from you to the person who received it from the government in payment.

Suppose no individual or business outside the banks wants to buy that bond. The government may then turn it over to a commercial bank, which accepts the bond as evidence of a loan and enters a deposit of \$100 in the name of the government. The government can now draw a check against this deposit and pay its unpaid \$100 bill. When this course is followed, there has been created at once an additional \$100 of money which was not in existence before. There has been an inflation of \$100 at this point. It is like an expansion of credit-money through any other kind of bank loan, except

that in this case the borrower happens to be the government rather than a corporation or individual.

Pyramiding Inflation

Up to this point there has been an inflation of \$100, due to the government's borrowing the \$100 of newly-created credit from a bank.

Now let us assume that prior to this transaction commercial banks had already loaned up to the limit allowed by their reserves. In other words, their deposits—including all unpaid prior loans—were already eight times their reserves at the Federal Reserve Banks. No further expansion of deposits through further loans would have been permissible until more gold or other legal reserves had been sent to the Federal Reserve Banks. Buying the \$100 government bond and adding \$100 to its deposits would at once make the bank \$12.50 short of reserves.

But the shortage of reserves can easily be met, since the law provides that this very same government bond is as good as gold in meeting reserve requirements. So to square their reserve requirements, the bank would merely have to send a \$12.50 fractional bond to the Federal Reserve Bank, thus meeting the reserve requirement of one-eighth of the new deposit of \$100.

If there are no private borrowers wanting to borrow more funds on safe terms, the local bank would probably send only the \$12.50 and keep the remaining \$87.50 as an interest-bearing investment of its own. But if good potential borrowers are waiting to be served, the bank will probably send the entire \$100 government bond to the FRB and increase its reserves by the full amount. Then it will be able to loan an additional \$700, and keep within the reserve requirements. In doing that, the increase of reserves of \$100 will meet the one-eighth reserve requirement for \$700, in addition to the \$100 loaned to the government in the beginning.

After this has taken place, we can see how the issuance of the single government bond to meet a federal deficit of \$100, creating an initial inflation of only \$100, subsequently grows into a total inflation of \$800. This process is sometimes called *monetizing the debt* because the increase in government debt has been turned into new money that can be carried around in our pockets. Or the process might be called *inflationary pyramiding of the federal deficit* because the effect is one of building an inflation pyramid upon a government deficit.

One phase of our seeming dilemma about government bonds

and inflation has now been explained. And the conclusion is that selling government bonds to banks in order to finance a government deficit is, in fact, inflationary. It may even be violently inflationary, if the pyramiding effect which has been described is carried out in full.

How Buying Bonds Is Inflationary

Now comes the other side of the seeming paradox. Is it true that under present monetary management "it is inflationary when the government *buys* bonds"? For have we not just concluded that it is inflationary for the government to sell its bonds to banks in meeting a deficit?

Were the government itself—the United States Treasury—to buy back its own bonds, the process would be the reverse of what has just been described. If it were to rebuy bonds from individuals, it would cause neither inflation nor deflation because there would be only a shift of money from one individual to another; the government would have to collect \$100 from some taxpayer in order to get the \$100 with which to buy the bond from some other individual. But if the bonds were to be rebought from banks, it would be deflationary because there would have to be liquidation of outstanding credit in the process, reversing

the inflationary credit expansion just described.

But it is not the buying of bonds by the government that is referred to under present monetary management. What is being referred to in this connection is not the re-buying of its own bonds by the government — by the United States Treasury. What is meant is the purchase of government bonds by the Federal Reserve Banks instead of by the government. These two, as buyers, are quite separate and distinct from one another, and the effects of the two are quite the opposite of one another so far as the effect on inflation is concerned.

When the Federal Reserve Banks buy a bond, it is similar to our earlier illustration where the local bank deposited a new \$100 government bond with the Federal Reserve Banks in order to replenish its reserve requirements. Then, as will be recalled, the sale of \$100 in bonds to the FRB paved the way for a large increase in new money — pyramiding inflation. And it is the same when the Federal Reserve buys bonds in its open market operations. The only difference between the two is the matter of where the initiative lies in the transaction. In the first instance, the local bank took the initiative and sent the bond to the Federal Reserve as a sale in order to replenish and expand its reserves. In the lat-

ter instance, the Federal Reserve took the initiative and went into the open market to buy the bond. Let us say it was bought from this same bank. The effect on reserves is the same in both cases, no matter which way the transaction was initiated. In both instances, the reserve balance—the credit base—has been expanded by as much as eight times the amount of the bond deposited with the FRB.

The mere buying of the bond by the Federal Reserve in the open market was not, in a technical sense, inflation. For the act itself created no more active money. Rather, it should be called potential inflation. The reserve base is thereby increased so that there can be a subsequent increase of credit, and new money, by as much as eight times the amount of bond deposited.

For this broader credit to become inflation in fact, there must be persons who want to borrow and banks willing to lend them the expanded credit which has now become possible. Only then will there be loans—new money, inflation. The reason why the buying of government bonds in the open market by the Federal Reserve Bank is said to be inflationary is the assumption that credit will be expanded as a consequence. And normally that is a safe assumption.

Thus, as to the seeming paradox,

it is true that selling government bonds and buying government bonds are both inflationary. The distinction which resolves the seeming paradox is the matter of *who* does the buying and *who* does the selling.

In summary, we might unravel the seeming paradox this way: When the government *sells* a bond to the banking system, it is inflationary. It may even be highly inflationary if that bond comes to

rest in the Federal Reserve Banks to serve as reserves for additional credit expansion. And that is why we say that it is inflationary when the Federal Reserve Banks *buy* bonds in the open market. It is similarly inflationary whether the commercial banks take the initiative and send bonds to the Federal Reserve Banks to increase their reserves, or whether the FRB takes the initiative and enters the open market to buy the bonds. Both are highly inflationary. . . .

THE

Tight Money DELUSION

ANTHONY M. REINACH

THE subway economists are currently full of conversation about tight money. We are being told that tight money is hurting the building business, hurting the stock market, hurting business in general, and that tight money is the offspring of government policy. Let's see what this thing called "tight money" really is.

Ninety per cent of the monetary supply in the United States is comprised of credit. Cash is mostly around for convenience. Credit, then, is the important component of money. So, what is credit?

The principal things that a man can do with the product of his labor are: (1) he can consume it, (2) he can give it away, (3) he can save it, (4) he can lend it. Should he choose to lend a portion of the product of his labor, he may do so to another individual, to a corporation or municipality by buying their bonds, or to a savings and loan association or bank simply by making a deposit. Real credit (as distinguished from artificial credit created by the banking system or the government) is, therefore, simply a portion of the product of a

man's labor that he is willing to lend to his fellow man at prevailing prices (interest rates).

In a sense, credit can be considered a commodity. When it is scarce and the demand for it is high, interest rates would be expected to rise. Conversely, if there is a lot of credit looking for borrowers, interest rates would be expected to fall. Conditions of tightness and ease thus disappear quickly, if private transactions of borrowers and lenders are allowed to influence interest rates and keep economic balance between the supply of and demand for credit.

Why is it that conditions of easy bank credit persist for such a long time? The answer is that the banks—the largest merchants of credit—are not allowed to operate under completely free market conditions. Over long stretches of time, interest rates are kept artificially low so that the biggest borrower of all, the government, can finance its deficits at low cost. With interest rates at artificially low prices, marginal producers are encouraged to borrow, and the country is threatened with a runaway business boom. When this leads to fear of a bust and its political consequences, interest rates are allowed to seek their own level, which they are now doing. Then bank credit is said to be "tight."

Actually, bank credit would be considered "tight" by two types of potential users. First, there are those who could borrow at free market interest rates, but whose collateral or credit rating is not sufficient to acquire credit at artificially low interest rates. So, in this sense, there is really no such thing as "tight money"—only "tight money" at artificially low interest rates.

Secondly, there are those who feel they cannot afford to borrow at current interest rates, but who would be willing borrowers if interest rates were lower. They might speak of money as being tight. But those of us who don't own yachts would be equally justified in talking about a "tight yacht market," simply because yachts are priced beyond our means.

As we have seen, "tightness" is suffered either by those who can't afford credit at current interest rates, or by those who are willing to borrow at free market interest rates but are eliminated as marginal risks at artificially low interest rates. The only cure for unreasonable tightness, then, is a permanently free market for all credit. This would encourage more people to lend their savings to others, thus alleviating the artificial scarcity of funds to be loaned. • • •

Mr. Reinach is a financial consultant.



The Great GUESSING GAME

A. Z. NELSON

"Take a look at the record," is a suggestion for those who are concerned about a depletion of timber resources in the United States.

THERE is a phase of the science of metaphysics called precognition. Precognition may be defined as the ability to know things in advance. We ordinary people are rarely endowed with this attribute—but in the Nation's capital there are persons who are not ordinary. When problems of the future are passed through the prisms of their more highly endowed minds, they become clear and lucid.

These clairvoyant people say the agriculture problem is to be solved by greater federal subsidies—subsidies under the soil bank for not producing; payments to maintain price parities; subsidies to foreign lands with which to buy our surpluses. They say the problem of peace is to be solved by continuing huge federal expenditures for defense, by the occupants of that

sterile monolith on Manhattan where fly side by side the flags of the United States and the Soviet Union, and even by outright bribes, such as locomotives for India and arms for Yugoslavia. The problems of the business cycle, full employment, and security will also be solved by continued defense expenditures, plus a huge highway program, aids for small business, aids to distressed areas, larger and broader social security payments, higher minimum wages, more controls over money and credit, and a variety of other measures. The problems of providing better housing, educating our youth, medical care, conservation of resources, "cheap" public power, and recreation for everyone are to be solved, at least in part, by greater federal subsidies. The Nation's two political

Mr. Nelson is Forest Economist, National Lumber Manufacturers Association. This article is from an address at the annual meeting of the Western Pine Association, Portland, Oregon, September 14, 1956.

party platforms, recently invoiced to the taxpayer, differ little with regard to many of these measures.

Though many of us must wear glasses to see our everyday problems, these extraordinary people in our Nation's capital are blessed with 20-20 vision as they view the problems of the present and those of the future. There was a period in the past — some persons of advanced age can still remember it—when our destinies were charted by such natural economic laws as supply and demand, cost and profit. Those days, apparently, are gone forever.

20,000 Navigators

Jim Stevens, venerated by all who know him, is the author of many of the Paul Bunyan tales. Jim once related a conversation he had with an old boom tender on Puget Sound concerning the large number of Washington bureaucrats that were guiding our destiny. A log had floated free and Jim asked: "Why don't you do something about it?" The old boom tender replied: "I don't need to. On top of that log there's about 20,000 ants and every one of them thinks he's the navigator."

One of the government's self-appointed navigators and disciples of precognition is that branch of our government which holds itself

responsible for the future welfare of the Nation's forest resources. That branch of government in October 1955 issued what is called the *Timber Resource Review*. The importance of the TRR to your own future provides me with the excuse for now belaboring this subject. It's a prime example of Washington's "Great Guessing Game."

The TRR's presentation of statistics as to the location and supply of timber and its growth and utilization was a valuable contribution. The TRR showed that the United States in 1952 had 489 million acres of commercial forest land, against 461 million acres in 1945; 2,094 billion board feet of saw timber, against 1,601 billion feet in 1945; cubic volume growth of all timber 32 per cent greater than the cut, against an approximate balance of cut and growth in 1945; saw timber growth and cut about in balance, against a growth deficit of 50 per cent in 1945. These facts in the TRR demonstrate that nation-wide an abundance of wood material is now available and will be in the future.

But I must hasten to add that this conclusion is only that of an ordinary person who has not been exposed to the benefits of metaphysical science. It is not the conclusion of the government naviga-

tors. Instead they say:

"The Nation's timber requirements are expected to be so high by the end of the century that timber growth will need to be from 70 to 120 per cent greater than it now is. Improved forest management at recent rates of progress appears unequal to providing a balance between cut and growth at the year 2000..."

Is this prediction of a probable timber famine an occult dream or is it an actual condition that will confront us? Lumbermen should know best the answer to this question. Before answering, we might heed the advice of Abraham Lincoln who once said: "If we could first know where we are and whither we are tending, we could better judge what to do and how to do it." It may be interesting first to examine some of the predictions that have been made in the past and to explore this gift of precognition.

False Prophets

Chief Forester Gifford Pinchot in 1908 said: "We have in store timber enough for only 20 or 30 years. A timber famine is one of the inevitable events of our near future. We have all but reached the end of our forests." This prediction was in error.

In 1919 Chief Forester Henry

S. Graves asserted that if World War I had come 15 years later, "we would have had very great embarrassment in obtaining even the lumber needed for general construction." This prediction was in error as World War II proved.

Gifford Pinchot in 1922 said: "Our own forest resources are being depleted.... Lumbermen of this and other countries are thinking seriously of getting timber from the great but little known forests of Asiatic Russia." This prediction was in error.

In 1924 the Department of Agriculture said: "Ninety-seven per cent of the sawmills operating in the South will have used their reserve supply of timber within ten years." This prediction was in error.

In 1946 Chief Forester Lyle F. Watts said: "The current shortage of lumber is greatly retarding progress of the government's program to expedite housing construction.... the facts.... clearly indicate that the present shortage of timber products is not a temporary one.... the trend in the forests is definitely toward scarcity." Mr. Watts' statement was in error.

In 1951 Edward C. Crafts, Assistant Chief of the Forest Service, said that "despite present trends as shown by recent and prospec-

tive progress, there is still a very large job ahead to bring growth up to prospective requirements." This statement was in error. Just one year later, according to the TRR, growth and cut were in balance!

The President's Materials Policy Commission in 1952 said: "Unless vigorous action is taken the Nation will either encounter a serious shortage of wood products in the next few years or be forced to mine its standing timber to an extent that will create an even more critical shortage later on." It added, "The task of bringing about a balance between demand and annual supply is tremendous." This was in error since the TRR said that demand and supply were in balance in the very year (1952) of this profound prediction of imbalance.

These predictions of a timber famine made over a period of almost fifty years are, as the saying goes, "as thin as the homeopathic soup that was made by boiling the shadow of a pigeon that had starved to death." Can it be said that the TRR predictions are in the same category?

Reformers

A reformer may be defined as one who insists on his conscience being your guide. There is an

almost universal desire by the bureaucratic conscience to reform all of us poor sinners and to save us from our own ignorance. We must be helped, whether we want to be or not. And so whether we like it or not we are stuck with the TRR's prediction of a timber famine unless (ah! and here's the homeopathic remedy) we reform, grow a lot more timber, and better protect and use what we have. The very favorable progress in forestry which has culminated today in timber growing one-third faster than it is being cut is, apparently, a development of little consequence. Our bureaucratic navigators tell us through the TRR that in the years ahead the needs of our population will be so much greater than they are now that our present rate of forestry progress cannot possibly keep up with demand.

See the Record

Applying ordinary common sense to the TRR we find the following facts to be self-evident:

(1) The TRR has page after page of statistics giving encouragement to those who believe our timber resource situation is basically sound and its future bright. The gloomy interpretive voice of the Forest Service, however, can harm permanently the market for forest products by raising doubts

in the consumer's mind concerning future timber shortages and reduced quality of products.

(2) The Forest Service somehow has developed an invulnerable prestige among many members of Congress and with other national leaders. It is not unusual, therefore, for such people to quote the Forest Service regarding the condition of our national timber budget. When the Forest Service issues gloomy statements on our future timber situation, we find them echoed by these leaders. This, in turn, sets the stage for action on legislation or on forestry programs which may be unwarranted or undesirable.

(3) The small owner of forest land is at the crux of the forestry problem as reported by the TRR. The average small tract of woodland is producing at considerably less than its potential capacity of high or medium quality trees. Economics will correct this in time. When we consider federal forest lands, we find that they also are producing good quality trees at a growth rate considerably less than the potential of such lands. Nation-wide, our farm woodlands may be doing as well or better.

(4) The TRR states that our forest land resources base may no longer be ample to meet foreseeable needs. This line of thought

can lead to the subsidized retirement of millions of acres of crop land to forest cover under a so-called "Soil Bank" program and to other uneconomic federal programs. Under intensive forest practice I believe that our total present domestic production could be obtained from 50 per cent of the present commercial forest area.

(5) The TRR states that about 50 million acres of forest land need planting if they are to become productive within a reasonable time. To the extent it does not pay to plant this huge acreage, the planting is not needed. Economics obviously has not influenced this estimate of plantable area.

(6) The authors of the TRR have stated that their estimates of future increases are but a projection of the past 50 years. They have ignored the artificial stimulation experienced by our economy as a result of vast federal expenditures, easy credit, dollar inflation, and a phenomenal population growth generated by two world wars. Can we assume that these abnormal sources of stimulation will continue in the future? No one can say that our economy is immune from business recessions. Should one occur, could we not expect a substantial lesser timber

demand, a reduction in cut and an increase in growth? '

(7) The gloomy Forest Service interpretation of the TRR may create an impression among the free nations that the United States cannot provide for normal exports. It may encourage world trade in timber products with the communists and discourage trade with the United States.

(8) Predictions of timber scarcity may create an attitude among some forest industry people that expansion to meet a potential excess of demand over supply is good business. This is good business if such predictions are sound. If they are not, it means financial losses, liquidations, and unemployment in the expanded industries.

New Developments

And now what about recent developments that will affect the future timber supply? On the 29th of August, this year, the *New York Times* carried a story referring to a new chemical substance called Gibberellin which may profoundly affect the growth of plants. When applied in minute doses, it will often double the growth of plants, including certain tree species. Chemists around the world are seeking to learn the chemical structure of this material. Other fertilizers are being

tried with considerable success.

Here's more progress:

The forest geneticists already have produced 70 different hybrid combinations of pine which are improvements over their predecessors. They have discovered insect and disease resistant tree strains; they have produced trees that grow faster and with better form, some of them taking only one-third the time to attain maturity.

Foresters and their associates have streamlined tree seedling production in nurseries and speeded up planting with machines; they have developed economical methods for eliminating undesirable trees and brush using chemical poisons and tree girdling techniques; they have found new and better ways of managing the forest to provide for more successful natural reproduction, for increasing tree growth rates, reducing natural mortality, affording better protection from fire, insects, and disease and otherwise promoting maximum yields per acre.

Wood technologists are finding new wood products and new methods of making wood into useful products almost daily. These developments are increasingly providing a market for that large volume of surplus wood cellulose in the forest and mill which in the

past has gone begging. The use of these surpluses will expand our timber supply greatly. As a result, we are fast entering an era when lumber manufacturers will become wood products manufacturers.

It is predicted that by the end of 1956 there will be over 9,000 tree farms in 44 states with more than 41 million acres. This tree farm acreage is increasing at the rate of about 5 million acres a year. Today we have over 17,000 trained foresters with about 1,000 additional foresters graduating each year. Also, today we have more than 200 private consulting forestry firms and individuals, and their number is growing.

All this spells more wood in our future.

Someone once said, "If you don't think the lumber industry affects the well-being of every person, try picking your teeth with a ten-penny nail." There is no one more interested in an adequate timber supply to assure permanency of operation than is the typical lumberman. He is fast develop-

ing a more intensive type of timber economy based on the use of total cubic volume of both hardwoods and softwoods. He encourages revolutionary developments in tree production, protection, and harvesting. He knows that these things spell timber abundance for himself and his industry. It is the thinking, planning, and spending of thousands upon thousands of individual lumbermen and others who are tree-minded that assure enough toothpicks and bridge timbers. The growth of private forestry enterprise is the sum total of the growth of these individual enterprises. It has not been, and we know it never can be, a consequence of government dictatorship. The timber famine philosophy built up in the TRR by the Forest Service could lead to such dictatorship.

These are some of the reasons why I believe the TRR predictions of future scarcities are the super-normal manifestation of metaphysical precognition. In other words, *they just don't make sense!*

IDEAS ON LIBERTY

True Conservation

WE CONSERVE natural resources by using them in the most efficient and economic manner. "Uneconomic conservation" is a contradiction in terms—it is waste. But if politics dominates a conservation program, what we get is "uneconomic conservation."

BEN MORELL, *Our Nation's Water Resources—Policies and Politics*

Understanding the fallacy of the labor theory of value is a first step toward respect for privately owned and controlled property, without which there can be neither voluntary exchange nor freedom.

Unearned RICHES

LEONARD E. READ

MANY PEOPLE sincerely believe that the value of anything is determined by the labor used in producing it; that its price ought to reflect quite objectively the amount of labor put into it. The belief in this labor theory of value, however, is founded in myth, not fact. Day-to-day experiences reveal its error. For a farfetched example, the same labor could be used to make mud pies as to make mince pies, yet the value in the market place would differ. A service or a product of little value at one time or in one place may be highly valued at another time and place. For instance, an artist may produce hundreds of paintings considered freakish by others and be

rewarded with starvation for his labors. But, let his style become the fad, and for less labor than before, he can revel in luxury.

Lost and adrift on a raft for days, a man might offer his fortune in exchange for a hamburger. Yet, the same person, following a lusty meal, might not offer a penny in exchange, though the hamburger had changed not at all.

Individuals have varying value judgments. Value in the market sense, therefore, is a subjective rather than an objective determination. In a way, it is like beauty. What is beauty? It is what you or I or other individuals think is beautiful. It depends on subjective or personal value judgments, judgments characterized by constant variation. Value, as beauty, cannot be objectively determined. That all persons may think of a certain sunset as beautiful, a given monster as hideous, gold as desirable, or mud pies as useless does not alter the fact that these are subjective judgments. Such unanimity merely asserts that some subjective judgments are similar.

It is not at all surprising that

many persons in the United States and throughout the world do not subscribe to the subjective nature of value. As far as can be determined, no one understood it well enough to try an explanation until the latter part of the nineteenth century. Prior to that, such a notable as John Stuart Mill and the very best of economists, including Adam Smith and Ricardo, were stymied in their development of economic theory because they accepted the cost-of-production or labor theory of value. They simply could not explain what they otherwise knew to be the great advantages of the free market process of voluntary exchange. They knew full well that both parties must gain when each traded what he wanted less for what he wanted more, yet they could not show that such gain had been "earned," for they were unable to explain it in terms of labor costs. In short, they were unable to see how the free market price might be competitively or subjectively determined by individuals who had no accurate knowledge of the labor or other costs involved in producing a particular item.

How Adam Smith, holding to this labor theory of value, could have seen the great advantages of trade—the untold blessings of others, or society, to the individual—and could have come out in favor

of private enterprise instead of socialism, is a miracle more to be attributed to sound instinct than to economic reasoning.

Marx, as distinguished from Adam Smith, followed the labor theory of value to its logical conclusion: socialism. Marx looked upon all things useful as one great "wages fund" and believed that the entire fund ought to be distributed directly to laborers. To allow any part of this fund as a return on capital would amount to unearned increment and, he argued, would be exploitation. How any advocate of the cost-of-labor theory could believe in anything but socialism is difficult to understand. Smith, Ricardo, Mill, and many others instinctively, not logically, concluded otherwise.

Value Is Subjective

Only if one understands the marginal utility or subjective theory of value based upon the judgments of countless individuals acting freely and voluntarily in the market, may he proceed logically to a belief in private ownership and control of property. With this kind of an understanding, he can see why any person may have a perfect right to consume more than he could ever hope to produce by his own labor. He can, it is plain, properly own anything others will freely offer in exchange for what

he has to offer them. This means gains for all participants in the exchange process, gains which must always appear to be unearned in terms of labor expended. Nonetheless, it reflects the approval of all who are properly concerned in any transaction. The marginal utility or subjective theory of value needs no other justification. Because it is based on willing exchange, it works without coercing anyone. The labor theory of value—the labor theory of price determination — on the other hand, founded on unwilling exchange, cannot function without coercion.

Inheritance

Now, let us proceed to the person whose father invested \$500 in an early auto industry and who now wonders to whom he should give the resulting millions. That son is no more the recipient of unearned increment than is the person who today works for a wage in the same company. Both exist on what they themselves do not and could not produce. And if the wage earner were to succeed in cutting off what he might think are the unearned riches of his "lucky" brothers, he would at the same time destroy his own source of livelihood.

Let us contemplate this wage earner. He lives in a house he could

not build. Perhaps, given enough materials and tools properly fabricated and the plans some architect has drawn, he could put together something resembling a house. But he wouldn't know how to make a lowly nail, mine the ore, alloy the metals, construct the furnaces, build the extrusion and other machinery, and so on. Could he make a hammer? A saw? Bring the lumber to its finished state? Even make the string on which his plumb hangs? Grow and gin and spin and comb and weave the cotton from which it is made?

Could he build the machinery that mines the coal he uses to heat his house? He could not make the lamp the miners wear if every ingredient depended solely on his own resources.

What about the automobiles he helps to put together, one of which he owns? Neither he nor any other person on this earth could produce it alone. What about the food he eats? The clothes he wears? The books and magazines he reads? The telephone he uses? The counsel on health that is his? The opportunities that are constantly presented to him? All are done by a vast work and exchange process, millions of individuals with as many varied skills, laboring co-operatively and competitively, a world of complex and flowing energy, the organization of which

is more complicated than any one person can understand, let alone control. Others—society past and present—place within his reach goods and services and knowledge in such an array and abundance that he could not himself produce in thousands of years that portion of it which he consumes in a single day. And he obtains all of this in exchange for his own meager efforts.

The astounding thing is that it is possible for him to gain without any change in his efforts, his skills, his knowledge. Let others become more inventive and more productive, and he may receive more in exchange for what he has to offer. Parenthetically, it is also possible for him to lose out entirely, as might happen if he persisted in offering nothing in exchange but buggy whips.

There is a fact still more astounding. Our wage earner may think of his plight as hapless when compared to the one who inherited his millions. True, the millionaire has gained much from the doings of others. *But the wage earner himself owes his life to the doings of others.* It is not that possessing millions and having life are alternative propositions. That is not the point. The point is that both flow from the same exchange process and that whatever each has—be it autos, houses, food, clothing, heat,

millions, knowledge, or life itself—comes to him unearned in the sense that he alone did not produce all of it. We trade because we can all get more satisfaction from our labor by that means. Vast stores are available to those who have anything to trade that others value. In the free market, each earns all that he receives in willing exchange. This is fantastically more than one could produce by himself.

Blessings of Trade

In order fully to grasp the process by which one can consume in a day that which he could not produce in thousands of years—the process by which he can earn in a day that which he could not earn by himself in thousands of years—it is only necessary for one to see that one's earning power is capable of unlimited expansion by the productivity and exchange and value judgments of others. This world of creative energy, this productivity exterior to self, then, becomes of singular importance to each one of us. Not only does our prosperity—material, intellectual, and spiritual—depend upon it, but life itself comes under its government. In short, each of us is the beneficiary of this productivity through division of labor and capital accumulation and investments by others.

Let us sample this world of productivity through division of labor

from the standpoint of oneself as a potential beneficiary of its largess. The mathematics of nuclear fission is known to some scholars. I, however, do not know that much mathematics. Such knowledge conceivably can be mine. But I can possess it only by increasing my own perceptive powers. It may very well be that the required increase in perception is beyond my competency or that I may choose to increase my perception along other lines to the exclusion of perceptive powers along this line. But, assuming that I do gain this knowledge, do I earn it? Yes, as much as though I gained the knowledge by direct revelation. Direct, or indirect through study of the knowledge of others, does not alter the matter.

Division of Labor

The same principle applies to a product as to an item of knowledge. Luxurious yachts are available. Their making is as foreign and as unrelated to me as presently is the mathematics of nuclear fission. I do not have one. Such a possession conceivably could be mine. I could become the beneficiary of its existence by increasing my own exchange powers or, should all others become sufficiently productive, I could have one in exchange for efforts no greater than I now exercise. But assume that I do obtain one in exchange

for my present meager efforts. Do I earn it? Yes, even though it is in the sense I earn a deer by choosing the path I will walk and by pulling the trigger on a gun. All else is supplied. The deer, a miracle about which man had nothing to do, crossed my path. The gun, the powder, the shot represented creative ingenuity flowing through space and time about which I have but the dimmest of notions. As with the deer, so with the yacht. I earn it as though I had done it all myself. Others in their productivity, knowledge, skills *willingly* exchanged what I offered them.

Someone may argue that I could have exchange power to obtain a yacht had I been born the son of a father who "hit it lucky." By the same token, I might have the perceptive powers to understand the mathematics of nuclear fission had my parentage been different.

Seeing oneself in true perspective as related to all others is utterly impossible. We but dimly comprehend ourselves; the comprehension of others is much dimmer. However, it is not necessary that this perspective be perfect. It is only necessary that we grasp the idea of being a beneficiary of this benefactor, this division of labor, and that we understand and appreciate our dependence on and our relationship to it.

No better example of the benefi-

cent effects of the division of labor together with capital accumulation is to be found than in the area of our own 48 states. Here, less than 400 years ago, there were perhaps 200,000 Indians. Why was the population limited to this number? Certainly it was not for any lack of natural resources, friendly climates, or fertile soils. Nor was it because of the Indians' inability to breed. The population was limited and the standard of life was relatively impoverished because of a low form of cooperant society. They lived in a foraging economy, all of them in a near sameness. There was little in the way of division of labor, of variable skills, knowledge. Their society was indeed so uncooperative that as a result only 200,000 could live in it, and they not very well.

Today, in this same area, 168,000,000 persons, 840 times as many, live in relative luxury, be luxury measured in terms of goods and services, leisure, opportunities, knowledge, or insight into the nature of things. It is fair to say that 167,800,000 of us have life, and a rather full one at that, due to a higher form of cooperant society, to the freeing of creative energy, to large capital investments per head of population, to an advanced state of division of labor. It is fair to say that nearly all of us exist and have the pos-

sessions we enjoy because of a greater division of labor in a market economy. These millions of people with their varied skills and specializations, taken together, constitute a benefactor without which most of us could have no life at all. Each one of us is a beneficiary of this phenomenon.

Self-Improvement

Looked at in this light—oneself as a beneficiary and division of labor as a benefactor—it becomes pertinent to re-examine one's own behaviors, attitudes, actions. If we would best serve our individual self-interest, we would do well to live in harmony with the facts of life, not in disharmony with them.

Looked at in this light, one should do everything possible to increase his own perceptive and exchange powers. It is only by self-improvement that one can best serve self. And, clearly, it is only by self-improvement that one can better serve others—that is, add to someone else's well-being.

Who composes this benefactor of ours, this storehouse of energy? It is composed of individuals who, like ourselves, are different from all others and who, like ourselves, depend on others. And what ought to be our attitude toward these millions of others if looked at from the standpoint of self-interest?

1. Self-reliance, a great virtue,

should be emphasized. The way to be self-reliant is to keep off the backs of others and to engage in willing — never unwilling — exchange. This is the *free market*.

2. It is a primary fact of observation that these others, like oneself, will work at their best if permitted the ownership and control of the fruits of their own labor—and of their own participation in the exchange process. It is in one's interest to preserve his incentive. This is the institution of *private property*.

3. As with oneself, these others will act at their best creatively if left free to do so. One should, therefore, look with great disfavor on any interference with creative activity and on any inhibitions to free exchange and communication of creative action. One's own interest is impaired if there are marauders or robbers or authoritarians among these others; if there are men among them practicing violence, fraud, misrepresentation, or predation. One's own interest suffers if voters use the political apparatus to gain their own ends at the expense of the vast majority of the public. The form of government that protects the smooth operation of the free market economy and its voluntary division of labor is *limited government*.

For each individual to save his own skin and soul he must give at

least as much concern to the rights of others as he does to his own. He would be as eager to protect the creative energies and the free exchange and communication of others as he would his own. For each of us can truly say, "I am the beneficiary of their existence."

Ideals of Freedom

If we as individuals would save our own skins and our own souls, we would use all the moral suasion at our command to see that all men are free:

- to pursue their ambition to the full extent of their abilities;
- to associate with whom they please for any reason they please;
- to worship God in their own way;
- to choose their own trade;
- to go into business for themselves, be their own bosses, and set their own hours of work;
- to use their honestly acquired property or savings in their own way;
- to offer their services or products for sale on their own terms;
- to buy or not to buy any service or product offered for sale;
- to agree or to disagree with any other person;
- to study and learn whatever strikes their fancy;

—to do as they please in general, as long as they do not infringe the equal right and opportunity of every other person to do as he pleases.

According to these observations, here is a way of life harmonious with the interests of others. The envy of others for accomplishments or rewards can be made naturally and easily to give way to appreciation and pleasure. Inequality, being but the teammate of variation without which survival is impossible, would, therefore, be favored rather than disparaged.

Are the riches received in a free

society unearned? Only in the sense that all producers reap fantastically more than they could earn in isolation. The benefits flowing from our division of labor are available to all of us in willing exchange if freedom prevails. Such are the thoughts of one who believes himself a beneficiary and who believes that all others who act creatively are his benefactors. I owe my life to them; hence if I would live and prosper, I shall work as diligently for their freedom as for my own. • • •

From *On Freedom and Free Enterprise*, a collection of essays edited by Mary Sennholz and published by D. Van Nostrand Company, 1956.

IDEAS ON LIBERTY

The Right To Own Property

IT IS A MISTAKE to belittle the importance of property rights. Respect for these rights is basic to organized society, and the instinct of individuals to acquire property is at the root of all economic progress.

The right to own property means the right to use it, to save it, to invest it for gain, and to transmit it to others. It means freedom from unreasonable search and seizure and from deprivation without due process of law or without just compensation. It might also be fairly taken to imply a limitation upon taxation because "the power to tax involves the power

to destroy." For a like reason, it should imply assurance against governmental dilution of the money whereby the government takes property which otherwise could be claimed by wage and salary checks and other credit instruments. Further, it should insure against other measures so burdensome or restrictive as to prevent the employment of savings in legitimate productive enterprise with a reasonable prospect of gain. Violation of any of these rights can nullify, in whole or in part, the right to property.

PAUL L. POIROT,
Property Rights and Human Rights

Even the most stout-hearted libertarian occasionally despairs of saving freedom. At such times, this essay may afford encouragement.

Albert Jay Nock (1870-1945) was Editor of THE FREEMAN (1920-1924) and author of many books and articles on the philosophy of government and human freedom. "Isaiah's Job" is extracted from his book, Free Speech and Plain Language, now out of print, published by William Morrow & Company, New York, 1937.

ISAIAH'S JOB

ALBERT JAY NOCK

ONE EVENING last autumn, I sat long hours with a European acquaintance while he expounded a politico-economic doctrine which seemed sound as a nut and in which I could find no defect. At the end, he said with great earnestness: "I have a mission to the masses. I feel that I am called to get the ear of the people. I shall devote the rest of my life to spreading my doctrine far and wide among the populace. What do you think?"

An embarrassing question in any case, and doubly so under the circumstances, because my acquaintance is a very learned man, one of the three or four really first-class minds that Europe produced in his generation; and naturally I, as one of the unlearned, was inclined to regard his lightest word with reverence amounting to awe....

I referred him to the story of

the prophet Isaiah. . . . I shall paraphrase the story in our common speech since it has to be pieced out from various sources. . . .

740 B.C.

The prophet's career began at the end of King Uzziah's reign, say about 740 B.C. This reign was uncommonly long, almost half a century, and apparently prosperous. It was one of those prosperous reigns, however—like the reign of Marcus Aurelius at Rome, or the administration of Eubulus at Athens, or of Mr. Coolidge at Washington—where at the end the prosperity suddenly peters out and things go by the board with a resounding crash.

In the year of Uzziah's death, the Lord commissioned the prophet to go out and warn the people of the wrath to come. "Tell them

what a worthless lot they are," He said. "Tell them what is wrong, and why, and what is going to happen unless they have a change of heart and straighten up. Don't mince matters. Make it clear that they are positively down to their last chance. Give it to them good and strong and keep on giving it to them. I suppose perhaps I ought to tell you," He added, "that it won't do any good. The official class and their intelligentsia will turn up their noses at you, and the masses will not even listen. They will all keep on in their own ways until they carry everything down to destruction, and you will probably be lucky if you get out with your life."

Isaiah had been very willing to take on the job — in fact, he had asked for it — but the prospect put a new face on the situation. It raised the obvious question: Why, if all that were so — if the enterprise were to be a failure from the start — was there any sense in starting it?

"Ah," the Lord said, "you do not get the point. There is a Remnant there that you know nothing about. They are obscure, unorganized, inarticulate, each one rubbing along as best he can. They need to be encouraged and braced up because when everything has gone completely to the dogs, they are the ones who will come back and build

up a new society; and meanwhile, your preaching will reassure them and keep them hanging on. Your job is to take care of the Remnant, so be off now and set about it." . . .

Two Definitions

What do we mean by the masses, and what by the Remnant?

As the word *masses* is commonly used, it suggests agglomerations of poor and underprivileged people, laboring people, proletarians. But it means nothing like that; it means simply the majority. The mass-man is one who has neither the force of intellect to apprehend the principles issuing in what we know as the humane life, nor the force of character to adhere to those principles steadily and strictly as laws of conduct; and because such people make up the great, the overwhelming majority of mankind, they are called collectively *the masses*. The line of differentiation between the masses and the Remnant is set invariably by quality, not by circumstance. The Remnant are those who by force of intellect are able to apprehend these principles, and by force of character are able, at least measurably, to cleave to them. The masses are those who are unable to do either.

The picture which Isaiah presents of the Judean masses is most unfavorable. In his view, the mass-

man—be he high or be he lowly, rich or poor, prince or pauper—gets off very badly. He appears as not only weak-minded and weak-willed, but as by consequence knavish, arrogant, grasping, dissipated, unprincipled, unscrupulous. . . .

A Job for Sale

As things now stand, Isaiah's job seems rather to go begging. Everyone with a message nowadays is, like my venerable European friend, eager to take it to the masses. His first, last, and only thought is of mass-acceptance and mass-approval. His great care is to put his doctrine in such shape as will capture the masses' attention and interest. . . .

The main trouble with this [mass-man approach] is its reaction upon the mission itself. It necessitates an opportunist sophistication of one's doctrine, which profoundly alters its character and reduces it to a mere placebo. If, say, you are a preacher, you wish to attract as large a congregation as you can, which means an appeal to the masses; and this, in turn, means adapting the terms of your message to the order of intellect and character that the masses exhibit. If you are an educator, say with a college on your hands, you wish to get as many students as possible, and you whittle down your requirements accordingly. If

a writer, you aim at getting many readers; if a publisher, many purchasers; if a philosopher, many disciples; if a reformer, many converts; if a musician, many auditors; and so on. But as we see on all sides, in the realization of these several desires the prophetic message is so heavily adulterated with trivialities, in every instance, that its effect on the masses is merely to harden them in their sins. Meanwhile, the Remnant, aware of this adulteration and of the desires that prompt it, turn their backs on the prophet and will have nothing to do with him or his message.

Isaiah, on the other hand, worked under no such disabilities. He preached to the masses only in the sense that he preached publicly. Anyone who liked might listen; anyone who liked might pass by. He knew that the Remnant would listen. . . .

The Best You Have

The Remnant want only the best you have, whatever that may be. Give them that, and they are satisfied; you have nothing more to worry about. . . .

In a sense, nevertheless, as I have said, it is not a rewarding job. . . . A prophet of the Remnant will not grow purse-proud on the financial returns from his work, nor is it likely that he will get any great renown out of it. Isaiah's

case was exceptional to this second rule, and there are others—but not many.

It may be thought, then, that while taking care of the Remnant is no doubt a good job, it is not an especially interesting job because it is as a rule so poorly paid. I have my doubts about this. There are other compensations to be got out of a job besides money and notoriety, and some of them seem substantial enough to be attractive. Many jobs which do not pay well are yet profoundly interesting, as, for instance, the job of the research student in the sciences is said to be; and the job of looking after the Remnant seems to me, as I have surveyed it for many years from my seat in the grandstand, to be as interesting as any that can be found in the world.

What chiefly makes it so, I think, is that in any given society the Remnant are always so largely an unknown quantity. You do not know, and will never know, more than two things about them. You can be sure of those—dead sure, as our phrase is—but you will never be able to make even a respectable guess at anything else. You do not know, and will never know, who the Remnant are, nor where they are, nor how many of them there are, nor what they are doing or will do. Two things you know, and no more: first, that they exist; second,

that they will find you. Except for these two certainties, working for the Remnant means working in impenetrable darkness; and this, I should say, is just the condition calculated most effectively to pique the interest of any prophet who is properly gifted with the imagination, insight, and intellectual curiosity necessary to a successful pursuit of his trade.

Right-Thinking Must Exist

The fascination—as well as the despair—of the historian, as he looks back upon Isaiah's Jewry, upon Plato's Athens, or upon Rome of the Antonines, is the hope of discovering and laying bare the "substratum of right-thinking and well-doing" which he knows must have existed somewhere in those societies because no kind of collective life can possibly go on without it. He finds tantalizing intimations of it here and there in many places, as in the Greek Anthology, in the scrapbook of Aulus Gellius, in the poems of Ausonius, and in the brief and touching tribute, *Bene merenti*, bestowed upon the unknown occupants of Roman tombs. But these are vague and fragmentary; they lead him nowhere in his search for some kind of measure of this substratum, but merely testify to what he already knew *a priori*—that the substratum did somewhere exist. Where it was,

how substantial it was, what its power of self-assertion and resistance was — of all this they tell him nothing.

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

The Remnant Counted

Concerning all this, too, the prophet of the present knows precisely as much and as little as the historian of the future; and that, I repeat, is what makes his job seem to be so profoundly interesting. One of the most suggestive episodes recounted in the Bible is that of a prophet's attempt — the only attempt of the kind on record, I believe — to count up the Remnant.

Elijah had fled from persecution into the desert, where the Lord presently overhauled him and asked what he was doing so far away from his job. He said that he was running away, not because he was a coward, but because all the Remnant had been killed off except himself. He had got away only by the skin of his teeth, and, he being now all the Remnant there was, if he were killed the True Faith would go flat. The Lord replied that he need not worry about that, for even without him the True Faith could probably manage to squeeze along somehow if it had to; "and as for your figures on the Remnant," He said, "I don't mind telling you that there are seven thousand of them back there in Israel whom it seems you have not heard of, but you may take My word for it that there they are."

At that time, probably the population of Israel could not have run to much more than a million or so; and a Remnant of seven thousand out of a million is a highly encouraging percentage for any prophet. With seven thousand of the boys on his side, there was no great reason for Elijah to feel lonesome; and incidentally, that would be something for the modern prophet of the Remnant to think of when he has a touch of the blues. But the main point is that if Elijah the Prophet could not make a closer

guess on the number of the Remnant than he made when he missed it by seven thousand, anyone else who tackled the problem would only waste his time.

The Approach

The other certainty which the prophet of the Remnant may always have is that the Remnant will find him. He may rely on that with absolute assurance. They will find him without his doing anything about it; in fact, if he tries to do anything about it, he is pretty sure to put them off. He does not need to advertise for them nor resort to any schemes of publicity to get their attention. If he is a preacher or a public speaker, for example, he may be quite indifferent to going on show at receptions, getting his picture printed in the newspapers, or furnishing autobiographical material for publication on the side of "human interest." If a writer, he need not make a point of attending any pink teas, autographing books at wholesale, nor entering into any specious freemasonry with reviewers.

All this and much more of the same order lies in the regular and necessary routine laid down for the prophet of the masses. It is, and must be, part of the great general technique of getting the mass-man's ear — or as our vigorous and excellent publicist, Mr. H. L.

Mencken, puts it, the technique of boob-bumping. The prophet of the Remnant is not bound to this technique. He may be quite sure that the Remnant will make their own way to him without any adventitious aids; and not only so, but if they find him employing such aids, as I said, it is ten to one that they will smell a rat in them and will sheer off.

The certainty that the Remnant will find him, however, leaves the prophet as much in the dark as ever, as helpless as ever in the matter of putting any estimate of any kind upon the Remnant; for, as appears in the case of Elijah, he remains ignorant of who they are that have found him or where they are or how many. They do not write in and tell him about it, after the manner of those who admire the vedettes of Hollywood, nor yet do they seek him out and attach themselves to his person. They are not that kind. They take his message much as drivers take the directions on a roadside signboard — that is, with very little thought about the signboard, beyond being gratefully glad that it happened to be there, but with very serious thought about the directions.

Rewards

This impersonal attitude of the Remnant wonderfully enhances the interest of the imaginative

prophet's job. Once in a while, just about often enough to keep his intellectual curiosity in good working order, he will quite accidentally come upon some distinct reflection of his own message in an unsuspected quarter. This enables him to entertain himself in his leisure moments with agreeable speculations about the course his message may have taken in reaching that particular quarter, and about what came of it after it got there. Most interesting of all are those instances, if one could only run them down (but one may always speculate about them), where the recipient himself no longer knows where nor when nor from whom he got the message—or even where, as sometimes happens, he has forgotten that he got it anywhere and imagines that it is all a self-sprung idea of his own.

Such instances as these are probably not infrequent, for, without presuming to enroll ourselves among the Remnant, we can all no doubt remember having found ourselves suddenly under the influence of an idea, the source of which we cannot possibly identify.

"It came to us afterward," as we say; that is, we are aware of it only after it has shot up full-grown in our minds, leaving us quite ignorant of how and when and by what agency it was planted there and left to germinate. It seems highly probable that the prophet's message often takes some such course with the Remnant.

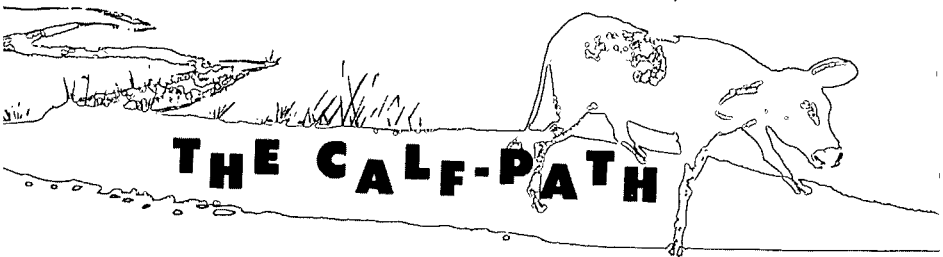
If, for example, you are a writer or a speaker or a preacher, you put forth an idea which lodges in the *Unbewusstsein* of a casual member of the Remnant and sticks fast there. For some time it is inert; then it begins to fret and fester until presently it invades the man's conscious mind and, as one might say, corrupts it. Meanwhile, he has quite forgotten how he came by the idea in the first instance, and even perhaps thinks he has invented it; and in those circumstances, the most interesting thing of all is that you never know what the pressure of that idea will make him do. . . .

Copies of this essay are available in 3¼" x 7" format, 10 for \$1.00.

They Are Slaves

They are slaves who fear to speak
For the fallen and the weak . . .
They are slaves who dare not be
In the right with two or three.

JAMES RUSSELL LOWELL



THE CALF-PATH

● *Russian science is flourishing, reported a group of American physicists who visited the U.S.S.R. in the spring of 1956. In well-equipped and well-staffed laboratories work of such fundamental importance is being done, according to the report, that Moscow might well become the headquarters of the world so far as physics is concerned.*

Against such reports of scientific progress in Russia may be plotted concurrent complaints of a shortage of scientists and engineers in the United States. What all this signifies to many a layman is that the United States is being outstripped in an armament race against the Soviet Union.

For untold centuries, nations of men have participated in such follow-the-leader games of destruction. This ancient yet current enigma calls to mind the poetic speculation about "The Calf-Path" by Sam Walter Foss.

ONE DAY through the primeval wood
A calf walked home as good calves should;
But made a trail all bent askew,
A crooked trail as all calves do.
Since then three hundred years have fled,
And I infer the calf is dead.

But still he left behind his trail,
And thereby hangs my moral tale.
The trail was taken up next day
By a lone dog that passed that way;
And then a wise bell-wether sheep
Pursued the trail o'er vale and steep,
And drew the flock behind him, too,
As good bell-wethers always do.
And from that day, o'er hill and glade,
Through those old woods a path was made.

And many men wound in and out,
And dodged and turned and bent about,
And uttered words of righteous wrath
Because 'twas such a crooked path;
But still they followed—do not laugh—
The first migrations of that calf,
And through this winding wood-way stalked
Because he wobbled when he walked.

This forest path became a lane
That bent and turned and turned again;
This crooked lane became a road,
Where many a poor horse with his load
Toiled on beneath the burning sun,
And traveled some three miles in one.
And thus a century and a half
They trod the footsteps of that calf.

The years passed on in swiftness fleet,
The road became a village street;
And this, before men were aware,
A city's crowded thoroughfare.
And soon the central street was this
Of a renowned metropolis;
And men two centuries and a half
Trod in the footsteps of that calf.

Each day a hundred thousand rout
Followed this zigzag calf about
And o'er his crooked journey went
The traffic of a continent.
A hundred thousand men were led
By one calf near three centuries dead.
They followed still his crooked way,
And lost one hundred years a day;
For thus such reverence is lent
To well-established precedent.

A moral lesson this might teach
Were I ordained and called to preach;
For men are prone to go it blind
Along the calf-path of the mind,
And work away from sun to sun
To do what other men have done.
They follow in the beaten track,
And out and in, and forth and back,
And still their devious course pursue,
To keep the path that others do.
They keep the path a sacred groove,
Along which all their lives they move;
But how the wise old wood-gods laugh,
Who saw the first primeval calf.
Ah, many things this tale might teach—
But I am not ordained to preach.

• • •

Mr. Foss (1858-1911) was a New England editor, librarian, author, and poet. "The Calf-Path" appeared in his collection, Whiffs from Wild Meadows, published in 1895.

WHY WAGES RISE:

10. LEISURE AND THE BETTER LIFE

F. A. HARPER

In the previous article two types of so-called fringe benefits were discussed—taking some of one's pay to buy things he may not want, and paying him when he does not work.

One type is not a benefit at all for most wage earners; it is a detriment instead. Part of one's pay is taken to buy something he does not want at the price. Under a centrally controlled plan, which follows the communist-socialist ideal of "to each according to his need," all employees of one corporation or perhaps all members of one union are forced, by a deduction from their wages, to purchase a certain item whether they want it or not. Their "need" is deter-

mined by someone else, not by the wage earner himself. And when the purchase is not his own preference, the worth of his wage is thus reduced.

The other type of so-called fringe benefit does not affect, in this sense, how much one receives in total pay. It affects the time when he receives the pay due him. He may receive it either more or less frequently. He may receive a part of it during periods of idleness, rather than all of it when he is actually working. In the sense of his total wages, this is not a monetary benefit to him; it is at best a convenience.

This article will deal with leisure and its relation to wage rates.

WE ALL seem to yearn for idleness—all we can get of it. But do we, really?

Surely we do not want unlimited inactivity. Even in sleep one is uncomfortable if he cannot move and turn about now and then. If a thoroughly well person is hospitalized and forced to be inactive for a day or two, it is said that he would feel about as ill as one who has had an operation. He quickly absorbs his fill of idleness, and wants to make a break for freedom.

So it is not really inactivity we want, in our yearning for more leisure. It is, instead, our desire to be active at something other than our regular activity. We want to be free of what we are currently obligated to do, in order to do something else for a change.

The truck driver wants leisure to get off the road; perhaps he wants to spend a few quiet days at home. But a telephone operator or a watch repairman yearns for leisure so he can take a spin in his car.

The farmer wants leisure to go to the city. The city dweller wants it to go to the country.

The coal miner wants leisure for a plane trip. The plane pilot wants leisure to avoid one.

A hired ballplayer wants leisure away from the game so as to be able to get back home on his farm. The farmer wants leisure to play ball at the picnic.

What most persons do with their leisure costs them money. Yet they probably are paying for the privilege of doing something that someone else gets paid for doing regularly for his living. Two persons might even pay a vacation expense direct to one another for reversing their regular activities.

Welfare and Leisure

As recently as a hundred years ago in this country, as elsewhere in the world over most of its history, a person had to work hard during most of his waking hours in order to provide himself with the food and protection required to keep alive. A hundred years ago in the United States, for instance, the "work year" was a little over 3,500 hours on the job, out of the total of 8,766 hours in a year. Practically all of great-grandfather's leisure hours were needed for eating and sleeping.

With our present advanced pro-

ductivity, one could probably maintain himself at the level of bare subsistence with the income from as few as 200 hours of work per year.¹ This would provide an extremely humble existence, to be sure, without many things we have come to think of—falsely—as absolute necessities.

We now work 2,000 hours, or a little less, per year rather than these minimal 200 hours. We do this in order to have many more economic things to enjoy, beyond the level of strict necessity.

This increased capacity to produce above the starvation level of existence allows people to choose over a wide area between more things and more leisure. This increased productivity gives us the choice of either working more hours and having a multitude of luxuries, or having almost complete leisure at the starvation level, or some mixture of luxury and leisure.

After you have worked 200 hours a year to barely protect yourself against starving, you can afford to wonder what you will do with the next hour—the 201st hour. Probably you will want to continue

¹See "Why Wages Rise: 4. Tools To Harness Energy." *The Freeman*, June 1956. pp. 34-38.

Also, see "The Conditions of Economic Progress," by Colin Clark. (London: The Macmillan Company, 1951.)

to work for better food and other economic things you want to enjoy. This is because you have more desire for these things than for the leisure, at this point.

In the 202nd hour probably you will work for still more things, because leisure still has less appeal to you than more things. This would leave 8,564 other hours in the year that could be devoted to leisure.

Moving on up the scale of working hours, a point is finally reached where more work and more things become less appealing than more leisure. So you begin to take a little more leisure. Eventually a point will be reached when almost all the next hour will go for leisure, because it finally comes to have more appeal than greater material welfare beyond the abundance you already have.

Persons differ widely in their choices in this respect, of course. The "lazy" person likes leisure so much that only dire necessity or some sort of threat will cause him to bestir himself for much work, because of his high susceptibility to the lures of leisure. Some persons, on the other hand, have strong fortitude and rigidly discipline themselves to purposeful work. They will keep at their work far beyond the starvation level. A few rare persons may even work as many hours as their ancestors did,

though their total economic reward would keep 20 or 50 or 100 persons alive.

These are the pleasant choices we have as a result of our present high productive capacity. They are choices between more total income and more leisure which each person may test on his scale of values.

Our incomes per year could have risen even further than they have up to now. But leisure has been chosen in preference to some of the luxurious living that would have been possible with more hours of work. To observe this is not to criticize the choice, since leisure is—in a sense—a form of wage and should be thought of in this manner. We might call this "the wage of leisure."

How Much Leisure Chosen?

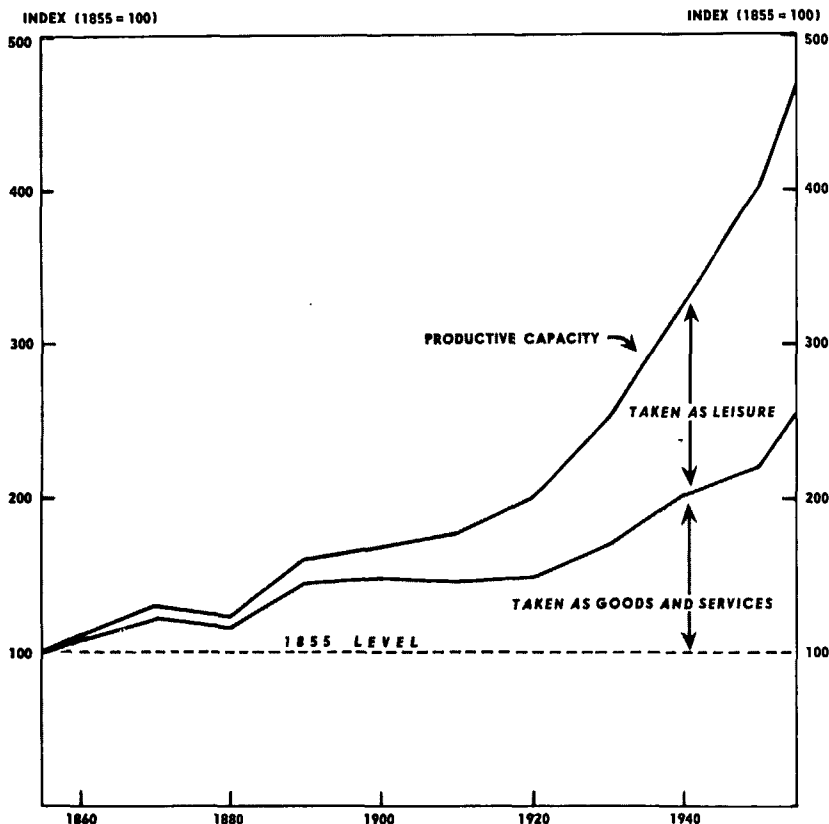
There has been a considerable increase in productivity from each hour of work since 1855 (see chart). At that time the average work week was about 70 hours.

If we were still working 70 hours a week with present productivity, the total weekly income would have increased the same as the great increase in hourly productivity. But instead, the work week has declined to about 40 hours.

This means that as compared with a century ago, three-fifths of the benefits from increased produc-

LEISURE AND BETTER LIVING

The Fruits of Greater Productivity — United States



SOURCE: Derived from data on productivity, *The Freeman*, "Why Wages Rise: 1. Labor Unions?", March 1956, page 43; *America's Needs and Resources*, by J. Frederic Dewhurst, The Twentieth Century Fund, page 695.

tivity have been taken in the form of leisure and only two-fifths in more sumptuous living. This presumably reflects, in a rough way

at least, something about people's preferences for leisure versus the luxury of more goods and services.

In the middle of the period

around the turn of the century, when productivity was increasing slowly, most of the increase was taken in the form of leisure.

The change is what one might expect. The higher your material living, the more you will probably listen to the appealing call of leisure, taking more and more of your rising wage as the "wage of leisure." Or if you don't take more leisure, having become fixed in your habits of work, your children probably will adjust the family tree to the times.

Unions and Leisure

Most labor union officials claim to have attained the shorter work week for workers in the United States. This is a questionable claim indeed.

Union membership now includes little more than one-fourth of all gainful workers.² This one-fourth has little if any direct control over the hours of the other three-fourths. And the 40-hour week is widely accepted outside the unions, as well as inside the unions.

The strength of unions and changes in their membership do not justify these claims of having obtained the short work week (see chart). The greatest movement toward taking more of the in-

creased productive capacity in the form of leisure was in the third of a century prior to 1920. Unions were then unimportant, whether measured by membership or by their power over nonmembers.

Up to the late thirties—except for a couple of years right after World War I—union membership was never more than about 10 per cent of all gainful workers. And before the turn of the century their membership was negligible.

The shorter work week of recent decades, when unions have been most conspicuous, is merely a continuation of the previous trend. All the evidence indicates that a shorter and shorter work week would have happened in the absence of unions, simply because persons have always evidenced a choice of more leisure when they can afford it out of a higher productive capacity. So the shorter work week would have come anyhow, with or without unions.

Unionized Unemployment

One cannot know for sure, of course, what the length of the work week would now be in the absence of unions. But let us assume that in the absence of unions we would now be working more hours—that unions have, in other words, reduced the work week beyond the free choice of individual workers. If that were the case, the attain-

²See "Why Wages Rise: 1. Labor Unions?" *The Freeman*, March 1956. pp. 42-45.

ment would amount to a disservice to the wage earners. For we would then have to conclude that the workers, under union pressure, have been forced to accept leisure—fewer work hours—instead of their preference for somewhat more hours and increased buying power.

Unemployment prevails where a person who wants to work for the wage an employer is willing to pay is prohibited from doing so by some outside power. So, fewer work hours than wage earners would prefer of their own free choice amount to the same thing as forced unemployment.

Thus, the unions' claim of credit for attaining the short work week is either false or foolish. At best, it is hardly something in which to take pride, so far as its effect on the victims is concerned, because it amounts to having caused partial unemployment every week—*unionized unemployment*, we might call it.

On Vacations with Pay

Among various patterns for leisure, vacations with pay are popular as a supposed benefit to the employee. They are sometimes the object of bargaining by employees, granted reluctantly by the employer. And sometimes they are offered initially by the employer as an act of beneficence.

For the purposes of our concern here, we shall leave aside the question of whether or not a person really needs a vacation—and how long a vacation—from the standpoint of maximum productivity and happiness. We shall assume sufficient leisure for that purpose has already been reached, and that the question now under consideration is an extended vacation beyond this point. Perhaps the employer thought it up as a "fringe benefit" to be given to his employees out of the goodness of his heart, so to speak. So he decides to grant an additional week's vacation at Christmas time, this year and in future years.

Imagine an employer's probable amazement upon receiving from a sharp-thinking employee a note like the following:

Dear Employer:

I have just noticed on the bulletin board that you are granting us an extra week of vacation at Christmas time, with pay. Thank you for your good intentions. But I sincerely request that you rescind your action. And I'll tell you why.

You and I know that you can't pay us for not working during that week, except by taking from our pay for the other weeks of the year. It has to come out of what we earned in the other weeks of this year. And in coming years it will have to come out of what you could pay us in the other

weeks of the year in lieu of this week of vacation.

So when you say it is to be a vacation with pay, you are being misleading. What you must really mean is that it is to be a vacation without pay, but that we will be given some pay in that week for work done earlier in the year and already due us—held back at that earlier time, so as to be available to pay us during this week of vacation.

Or look at it this way: If we were to work that week instead of vacationing, we could produce about 2 per cent more in the year than if we didn't work that week. And if we worked, you could pay us about 2 per cent more for the year than if we didn't work.

So, really, this is a *vacation without pay* rather than a vacation with pay, so far as the year's total pay is concerned.

I for one am sorry you are doing that to us. You no doubt have been overcome by this so-called "spirit of Christmas." But my family needs the extra \$75.00 of income more than I need the extra week of leisure. As it is, we have hardly enough to buy Christmas presents for the children anyhow, after paying our taxes and meeting all our other bills. We need the extra \$75.00 for Christmas, not a week of unemployment.

Please reconsider this fringe detriment — this partial unemployment — you have imposed upon us.

Sincerely yours,
Employee

This type of analysis of vacation benefits will apply equally well to many forms of partial unemployment "with pay." It is clear that there can't be idleness with pay unless there is at some other time an equal amount of work without pay. "Vacations with pay" are an accounting device only. They are really vacations without pay, no matter when and how the pay checks are arranged during the year.

Looking to the Future

If the uptrend in our productive capacity continues as in the past, we shall be able to continue to choose between more leisure and more economic things. How far leisure may eventually go, we have no way of knowing. Automation and atomic power hold untold possibilities of this sort, unless a loss of liberty should terminate progress.

One can see in the future, however, a great and increasing problem of what is to be done during increasing leisure, as we can afford more and more of it. Looking toward a better life and a more peaceful society, we can surely see how leisure may tend to erode both virtue and wisdom. We can surely see the danger of a serious leisure-disease developing among mankind, a disease which work formerly restrained. For work ap-

parently has some sort of therapeutic quality so far as virtue is concerned. And its substitute under leisure seems not yet to have been found.

For instance, in my files is evidence from capable authorities pointing out that the shorter work week is an important cause of crime; how leisure puts many of its victims into penitentiaries where they must be cared for and serviced at a cost to be borne by people who have done no wrong in this instance.

Evidence in my files also indicates how certain authorities assert that compulsory unemployment devices, such as child labor laws coupled with required presence in school buildings during teen-age years is an important cause of juvenile delinquency.

Mental problems of all sorts, too, may in some important degree be the product of increasing leisure.

The paradox of all this is that it may be the problems which leisure brings that will, in the future, offer unlimited opportunities for work in solving them.

So in conclusion, increased productivity has gone more and more into leisure in preference to a more sumptuous life. As a result, yearly wages are not nearly as high as they could be if we had not prized the leisure more, if we had not chosen it instead. But once having made the choice this way, leisure itself creates serious problems which are suggested without being resolved. . . .

IDEAS ON LIBERTY

We Cannot Escape Ourselves

RESOURCES OF THE SPIRIT are like savings: They must be accumulated before they are needed. When they are needed, there is no substitute for them. Sooner or later, the individual faces the world alone, and that moment may overwhelm him if he has no resources within himself.

Distraction helps but little and betrays us when we least expect it. We can escape our physical environment and our neighbors, but we cannot escape ourselves. Everyone with any maturity of experience and self-knowledge knows that the loneliest moments are sometimes experienced in the midst of the greatest crowds and the most elaborate entertainments.

MARTEN TEN HOOER, *Education for Privacy*

THE ECONOMIC FOUNDATION OF

Freedom

HOWARD BUFFETT

It is no accident that the basic premise of communism is the abolition of private property. For private property is the standing ground of the individual. Without it he has neither means nor power with which to practice freedom.

A CLEAR understanding of the economic foundation of freedom and its ramifications is required by the person who strives to be an effective disciple of human liberty.

In a material sense, the economic achievements of American freedom in the last 150 years present the greatest phenomena of all history. In this relatively short period, our freedom has released and channeled human energy of such potential that an entirely new and hitherto undreamed-of world has been created.

What explains all this?

Some people have asserted that Americans are a superior race, smarter than any previous people. Not so. I have never seen or heard any evidence to indicate that Americans are an intellectual aristocracy. Perhaps it was our for-

tune to descend from superior pioneer stock. I don't know. In any event such a superiority, if it existed, cannot begin to explain the fantastic material achievements of this nation in the last 150 years.

Some would have you believe that the natural resources of America were the decisive factor. Not so. Other lands are as rich or richer in natural resources. South America and Mexico are examples.

Nor has the human situation changed during this period. People are the same, and the earth is the same size and constitution as it was when Socrates was holding forth in Athens.

Here, for the first time in human history, human energy was freed from arbitrary authority. Here for the first time man was able to make and carry out business ventures individually, or in relation-

Mr. Buffett, former Congressman from Nebraska, is a member of the firm of Buffett-Falk & Company in Omaha. This article is condensed from a lecture at Midland College, Fremont, Nebraska, February 20, 1956.

ships with others, unrestrained by unjust man-created obstacles. In America, men like Edison, Ford, Alexander Bell, and others, were free to invent and produce new products without being blocked by political authority.

Here in America man was on his own, to make the most of whatever intellect, tools, and resources he could assemble by his own personal efforts.

Human energy works efficiently to supply human needs and satisfy human desires only when and where and precisely to the extent men know they are free.

For the first time in history, that freedom was affirmed and spelled out in the Constitution of the United States. Americans were henceforth to be unrestrained by political considerations.

Government as a Servant

But this elimination of political restraint was but a part of the change from the previous economic climate. Equally important was that, for the first time in history, men had a government organized on the principle that a basic purpose of government was to enable the individual to receive and enjoy the full fruits of his own labor.

Heretofore, from the Pharaohs on down to King George III, government in greater or lesser degree operated on the theory that

people were subjects, that their person, their current production, and their property belonged to the rulers. The Constitution rejected that theory in toto.

This revolutionary concept can best be understood by an examination of the alternative ideas concerning production and its distribution.

The right of a person to the product of his own labor is the foundation of economic liberty, declares Dr. F. A. Harper, in his scholarly essay, *Liberty: A Path to Its Recovery*. He points out that "the question at issue is how to distinguish between what is mine and what is thine."

There are three ways to handle this problem:

1. Each person may have whatever he can grab.
2. Some person other than he who produces the goods and services decides who shall have the right of possession or use.
3. Each person may be allowed to keep whatever he produces.

These three methods cover all the possibilities; there are no others.

When the economic situation is reduced to these three clear-cut alternatives, the problem of achieving justice does not seem too difficult.

The first method of operation, under which each person can have

whatever he can grab, is obviously unjust and impossible. It would return us to the jungle law that "might makes right." Moreover, it would soon reduce individual economic effort to the absolute minimum required for existence. Certainly there is no reason in trying to produce wealth beyond immediate needs if one could expect to be deprived of it at any moment.

So the first method can be rejected outright.

The second method of handling economic production would provide that someone other than the person who produces goods and services shall decide who shall have their possession or use. This method of determining the rights of possession is practiced in every authoritarian society. It allows those who hold the coercive power of government to confiscate the fruits of any producer's labor.

To accept this theory, you must hold two strange concepts: (1) that a nonproducer is better qualified to judge the correct use of what you have produced than you are; (2) that a nonproducer has a right to seize the fruits of your labor.

The late Justice Oliver Wendell Holmes once declared that someone must exercise command of the disposition of goods and services that have been produced, and that he knew of no better way of finding

the fit man than the competition of the market place.

So it would seem that the second alternative, that someone other than the producer shall decide who shall enjoy the fruits of the producer's labor, is similar to the first method. One is a private seizure outside any law; the second is a public and legalized seizure, but without justice.

Private Property

Thus we come to the third method, whereby the producer has the right to the products of his own labor. It is the only economic pattern consistent with economic liberty.

Obviously if a person has exclusive rights to that which he has produced, that right is ownership. If all persons are to have the right to the product of their own labor, they are foreclosed from a claim to the product of another's labor.

If I have a right to the corn grown on my own land, certainly I have no claim on the cotton produced on another person's land. Otherwise his rights will be violated and no property is safe.

So far the right of a person to the product of his own labor would seem to be obvious. How then, have we arrived at our present situation?

Today's situation is the result of an alarming and devious gov-

ernmental intervention in the economic affairs of the nation for objectives not contemplated by the men who wrote the Constitution.

Historically, in America the producer was protected by government in the enjoyment of the fruits of his labors. That protection of his property explains the glorious material progress already recounted.

Taxation without Representation

The last 40 years have seen a gigantic expansion of political power over economic affairs by the federal government. This change is linked by many scholars to the passage of the income tax law in 1913. This law revolutionized the taxing system in two ways:

1. It gave the government new powers over the economic status of the individual. This change has curtailed the ability of the individual to achieve economic independence.

2. The part of his production taken from the producer cumulatively increases the power of the federal government proportionately with the increase in its income. This power is not created; it is simply taken away from the people by those in government.

In the 1930's a further sharp step-up in the centralization of power took place. Its scope can best be understood by quoting

from the annual message to Congress by the President on January 3, 1936:

In thirty-four months we have built up new instruments of public power. In the hands of a people's government this power is wholesome and proper. But in the hands of political puppets of an economic autocracy such power would provide shackles for the liberties of the people . . .

That presidential statement touched a critical issue. As he pointed out, public power "in the hands of political puppets of an economic autocracy" could "provide shackles for the liberties of the people . . ."

But the reverse is also true. Economic power in the hands of those holding political power can also provide shackles for the liberty of the people.

The Power to Control

It would be salutary if the American people could objectively and effectively ascertain how far this increase of economic power by the government has gone. Then we would know exactly where we are in the trend away from the freedom of our ancestors. But for us at this moment it is essential to learn why the separation of economic power from political power is so important.

Students of liberty offer this explanation. Power is the instrumen-

talities of control by men and groups of men over other men.

George Sokolsky, noted columnist, says it this way: "When human beings become dependent upon the political power of the state for their livelihood, the independence of person must disappear. It is the identification of economic power with police power that destroys the right of the individual to liberty."

The transfer of economic power into political hands takes many forms. In 1932 about 2½ million people received a check from the government every month. Today about 20 million receive a government check every month. What is the effect on the freedom of this great segment of our people being more or less dependent on the political authorities for their daily bread? The question is not easy to answer.

Something of its import may be gained from the old rhyme that goes about like this:

So runs the law and so the law will
run
'til the race of men be still,
That he who eats another's bread
Must do the other's will.

Desire for Security

Any discussion of the status of the economic foundation of freedom is incomplete without some attention to a historic human urge

—the desire for security. This intense human desire is reflected in the so-called social legislation politicians have placed on our statute books.

Will this legislation fulfill its promises? If you think so, consider this rarely mentioned fine print clause. *If the government is to guarantee you* what the consequences of your actions will be in this case, security, then the government must take control of your activities. For with responsibility—even self-arrogated responsibility—must go authority.

This means that if politicians are to supply your security, they must control your work, your spending, and your saving. Witness crop controls. In that event you have traded the reality of liberty for the promise of security.

A Poor Trade

History elsewhere indicates that government-provided security is a mighty poor mess of pottage in exchange for man's birthright of freedom. There is, I suggest, no valid reason to conclude that modern man or modern conditions have changed any of the eternal verities concerning power and liberty.

In his book, *The Promises Men Live By*, Harry Scherman, organizer and long-time president of the Book-of-the-Month Club, has set

out a course of action that deserves the attention of Americans concerned about the future of their country. Here is his suggestion:

If, as an individual, you really have some concern about the best way to change our present world to a better one, not a bad principle is to identify the enemy.

It should not be true, but unfortunately it is, that your immediate enemies remain, as they always have been, your rulers—your government. At all times, it is a wise thing to suspect both their intellectual honesty and their intelligence in economic matters.

Nothing can be lost, everything can be gained, by doing so. Make them prove themselves in these respects, and be utterly ruthless in your judgment.

When they seem most plausible, in your particular interests, it is not a bad course to suspect their economic intelligence the most. They are, in

these days, the managers of a highly complex world.

You have placed them in this management, and you acquiesce in it. But, unfortunately, they give not the slightest indication of being any more capable in handling the affairs of masses of men than rulers have been all through history. . . .

Scherman's challenge closes with a plea that citizens make a vigorous and untiring effort to understand the economics of the world we live in. Without that understanding the citizen has no competence to judge the actions of his rulers, which also means he is unable to vote competently.

Without intellectual competence the citizen is controlled by his emotions. People controlled by their emotions in political matters have always been, and are today, easy prey for tyrants. • • •

Reprints available: 10 for \$1.00; 100 for \$6.00.

IDEAS ON LIBERTY

The Greatest Danger

THE PRESCRIPTIONS in favor of liberty ought to be leveled against that quarter where the greatest danger lies, namely, that which possesses the highest prerogative of power. But this is not found in either the Executive or Legislative Department of the Government, but in the body of the people, operating by the majority against the minority. But I confess that I do conceive that in a Government modified like this of the United States, the great danger lies rather in the abuse of the community, than in the legislative body.

JAMES MADISON (discussing the Bill of Rights before the First Congress)



A REVIEWER'S NOTEBOOK

John Chamberlain

ADMIRAL BEN MOREELL is one of the most fearsomely efficient men alive today. He organized the Seabees during World War II. Since his retirement from the Navy in 1946, he has presided over the rising fortunes of the Jones and Laughlin Steel Corporation. In addition to his skills as industrial planner and administrator, Ben Moreell is an intellectual in the non-pejorative, non-egghead sense of the word. He thinks clearly, and his thoughts flow easily into lucid, direct English. Beyond all this, fusing it all into an effective entity, Ben Moreell has a firm grip on the moral values that underlie both the American Constitution and the system of voluntary economic association and free exchange.

Given his special characteristics, it was a foregone conclusion that Admiral Moreell's chairmanship of the Second Hoover Commission Task Force on Water Resources and Power would result in a report that would go way beyond the journeyman necessities of the as-

signment. The Task Force not only gathered the facts, which were all there in thousands of reports anyway. More important, it approached the job with the genius for conceptual thinking. Patriotic beyond the call of duty, it took a completely serious view of the mandate handed it by Congress to provide philosophic criticism of our sprawling, hit-or-miss and frequently wantonly socialistic federal water policies.

Naturally, since Admiral Moreell and his mates are partisans of the libertarian philosophy (Madison and Jefferson were, too), the framing of the report has had the public power associations up in arms. Admiral Moreell realizes that his "six principles" of freedom as applied to the control and uses of water are "poorly designed to attract the support of those who believe in special privilege for political pressure groups." Nevertheless, he hews to his line and, to mix the metaphors, damns the torpedoes.

Just how merrily the chips

fly and the torpedoes explode is apparent in his new book, *Our Nation's Water Resources - Policies and Politics* (published by the Law School, the University of Chicago, \$3.50). Originally designed as a series of lectures, the book contains much sober history of the evolution of our federal water policies. There is also a clear exposition of the way the federal government is organized to handle water resources development. The conclusions that are to be drawn from Admiral Moreell's sober juxtaposition of incontrovertible facts are, however, not exactly conducive to a sober state of mind. In fact, the implications of the conclusions are frequently hair-raising.

Upper Colorado Project

Take, for one example, Admiral Moreell's treatment of the recently authorized Upper Colorado River Storage Project. On the face of it nobody could object to conserving Rocky Mountain water for use in the more arid reaches of the Colorado-Utah uplands. The full Upper Colorado project would consist of ten storage dams for impounding water for "river regulation" and development of power, and thirty-three participating irrigation projects. Four of the dams and eleven of the irrigation projects are ticketed for early con-

struction and development, at an initial expense of \$760 million. Although estimated at \$3 billion, the full Upper Colorado project will probably chew up the better part of \$6 billion, given the inflationary bias of the American political economy.

What earthly objection is there to going ahead with the Upper Colorado dams? Well, in the first place, the proposed reservoirs will not be needed for river regulation for at least twenty-five years. (This is a statement made by the Department of the Interior, not something dreamed up by Admiral Moreell.) The sole function of the dams for many years to come will be to provide revenue from the sale of power to subsidize the irrigation projects which are to be operated independently of the dams.

So what, you may ask, is wrong about bringing life-giving water to dry Colorado acres? There would be nothing wrong about it if it were economically justified. The truth is, however, that the capital costs for direct irrigation investments in the Upper Colorado region would range from \$200 to \$800 an acre. This is so far in excess of the present \$150-an-acre selling price of comparable land that is already irrigated that it would be a true give-away to large and small realty interests.

It would be much more practicable and intelligent to hand the money to Georgia or Pennsylvania farmers to improve soil that is far closer to big urban markets. There is a further irony to the whole Upper Colorado irrigation project: the land that is to be fructified at a cost of \$200 to \$800 an acre would produce grains, sugar beets, and sheep, all of which are in sufficient superabundance to be under the price support program.

Water for Industry

Though he thinks it a silly waste of money, the prospect of putting water on soil that would only add to unwanted agricultural surpluses is not what really causes Ben Moreell's blood pressure to rise. His scorn derives its full force from his positive conviction that Colorado will someday need all the water it can get to develop and utilize its oil, oil shale, coal, uranium, titanium, and manganese deposits. With such a plentiful supply of the raw materials of industry, Colorado could support a far greater industrial development than she has at present. Where one thousand gallons of water will grow ten cents worth of crops in Colorado, the same thousand gallons would permit the production of \$5.00 worth of industrial products. Once precious water is committed to sugar beets

or grain, however, it would be politically impossible to take it for any other purpose.

Admiral Moreell's flair for devastating statistical analysis gets free play in his treatment of the TVA. According to the Army Engineers, once in 500 years a flood occurs in the Tennessee Valley which would cover some 666,000 acres of land if there were no dams to impound the water. It would seem, then, that the TVA can be credited with offering protection to a lot of soil. But the TVA's value as a soil protector becomes a trifle elusive when one considers that to save 666,000 acres from a once-every-half-millennium flood it has been necessary to submerge 463,000 acres of land below the normal level of the reservoirs. In addition, 128,000 more acres of river lands must be reserved by the TVA for flood discharge. Thus the TVA has effectively drowned 591,000 acres of the 666,000 it was created to protect. If this makes sense, then Count Screwloose of Toulouse ought to be sitting in the White House!

Admiral Moreell is not suggesting that it would be wise to tear down Norris and Bonneville and Grand Coulee dams. What he is suggesting is that Congress should count the true costs of the water control programs which it initiates. He is willing to admit the

federal government has some responsibility in the fields of flood damage abatement and reclamation. But the ultimate objective of the federal government should be to "assess against beneficiaries" the full cost of providing benefits. There is no reason why Georgia or Pennsylvania farmers should be assessed to aid competitors on desert acres in Utah.

Regulatory Confusion

According to the findings of Admiral Moreell's Task Force, there are so many overlapping agencies and authorities in the public water and power fields that it is impossible to find any consistent pattern or purpose in the way things are being done. Lacking coordination, government agencies compete with each other for the right to build dams and irrigation ditches. Things are always being put over under wrong names; power is subsidized in the name of navigation, reclamation is instituted in the name of flood control, etcetera, etcetera. The federal government often uses water resources and power development projects not for economic purposes but to accomplish indirect social and political ends. Programs are undertaken without sufficient analysis of data, the federal government is hit-or-miss in its requirement of adequate contribu-

tions for the use of its money for capital outlay, and the states are seldom given enough consideration in planning for the use of water and water power.

Admiral Moreell is particularly critical of the "yardstick" theory of federal power. There can be no "yardstick" when tax exemption and cheap government money make impossible a sound comparison of costs between investor-financed utilities and government projects. Federal power, the Admiral says, "is always subsidized and the rates do not include all of the real costs." When power is disposed under preference clauses to cooperatives and municipally-owned systems, the favored groups get two unfair advantages, price and priority, over other citizens. But the non-preference customers contribute to the cost of the subsidies. If the "privileges and immunities" of the citizens are supposed to be equal, then the "preference clause" must be an illegal thing.

Even the old saw that water power projects are usually "too big" to be handled by the states or by private groups fails to survive Admiral Moreell's withering treatment. Says Moreell: the Wisconsin Valley Improvement Company "furnishes an excellent example of an integrated and complete river development undertaken without government subsidy.

Here is a privately owned, tax-paying organization which has constructed a series of twenty-one reservoirs on the Wisconsin River." The improvement is "subject to regulation, pays full local, state and federal taxes, and provides for a six percent return on investments." As for irrigation, "over three-quarters of the irrigation in the West and all of the irrigation in the East has been provided by private enterprise."

Thus the clichés fall like trees in a hurricane in Admiral Moreell's pages. The biggest cliché to bite

the dust is the one about the unconscionable private power lobby which is supposed to be mulcting the citizens of hard-earned cash. Ben Moreell brings out the statistic that the cost of power to the average U.S. householder is about 1 per cent of his family budget as against 29 per cent for food and 2 per cent for tobacco. A reduction of 3 per cent in the citizen's tax bill would pay for all of his power!

• • •

Reprints of this review available: 10 copies for \$1.00

The Vision and the Constant Star

By *A. H. Hobbs*. New York: The Long House, Inc. 192 pp. \$3.50

In all times, and no matter what the dominant pattern of thought may be, there are some who find fault with things as are, who cannot conform. They are for change. Their objection to the prevailing rigidity may be well thought out, thoroughly rationalistic, following logically from basic premises; but the fact is that the premises themselves are lodged in temperament. They reason as they do because they cannot reason otherwise. Thus, a half-century ago, the socialists presented a fool-proof case — if one accepted their prem-

ises — against the individualistic pattern of thought that was then in the ascendancy, and in favor of their collectivistic doctrine.

Now that socialism is the going rigidity, there is a growing number of objectors, those who insist on pointing out the inadequacies of this pattern of thought and want something else. They cannot conform. Though there are differences among them as to details of the pattern of thought they prefer, the trend of their thinking is toward values which once prevailed and which to these objectors seem more salutary than the collectivistic doctrines and practices of the times. They call themselves, or are called, conservatives.

Prominent among these noncon-

formists—prominent both for his erudition and his lucidity of expression—is Professor A. H. Hobbs, whose forthrightness has brought upon him the retribution always meted out to nonconformists. Yet he speaks on. In his new book, *The Vision and the Constant Star*, his intrepidity is matched by an irresistible cogency—irresistible if you are inclined to his premise, namely, that the individual is a moral being, not a mechanical product of his environment. He presents his case beautifully.

The vision that impelled the Founding Fathers to reject the British Crown and to institute an untried form of government, the vision that is before us all our days, the vision that even the collectivists entertain is the happy and fruitful life. But, is it attainable through the substitution of mechanical and materialistic devices for individual responsibility? Can life be bettered by political compulsions or by the compulsions of personal integrity? And, historically, did not man come closer to his goal when he accepted the prescription of moral absolutes—the constant star? These are questions that Dr. Hobbs touches upon, bringing into focus the failure of economic determinism, “progressive” education, sociological dicta based on biased polls, and other

facets of the modern collectivistic thought-pattern, to improve human existence.

It is an informative as well as a provocative book. To those who find the climate of our times uncomfortable, the reading of it will at least improve their understanding of the causes of this climate.

FRANK CHODOROV

 **Our Philosophical Traditions:
A Brief History of Philosophy
in Western Civilization**

By Sterling Lamprecht. New York:
Appleton - Century - Crofts, Inc.
523 pp. \$5.50.

This is a careful survey of the ideas of the famous philosophers from the sixth century B.C. to John Dewey.

No doubt Professor Lamprecht has built up his book over many years of study in connection with his Amherst College course on the history of philosophy. The book is in some respects the best available textbook for such a course. It is equally good for anyone who would like to have on hand an account of the conclusions of those who have thought most deeply on our intellectual problems.

Lamprecht's book is, in effect, a succession of intellectual biographies. A varying number of pages is devoted to expounding the thought of every renowned thinker, and the less renowned are given

their paragraphs. Where a group of philosophers belonging to the same era held important ideas in common, they are arranged in "schools."

A gratifying feature of this account of our philosophical tradition is its lucidity. Throughout, there is a painstaking effort to tell the reader in clear language what the great philosophers have taught, based upon his firsthand acquaintance with their writings and supported by well-chosen quotations.

Criticisms of a work of this sort may take the form of noting omissions, of detecting errors, or of questioning the distribution of attention. In dealing with the Roman Stoics, for instance, there is no mention of their doctrine that the enactments of legislative assemblies must express the universal natural law—a doctrine which became in America the theoretical basis for a new birth of freedom.

Then in dealing with Hobbes (1588-1678), this thinker is said

to have taught that men by being members of civil society implicitly relinquish *all* their natural rights, whereas my own recollection is that Hobbes, arch-materialist and totalitarian that he was, believed that no subject could ever surrender his natural right to self-preservation.

Finally, Karl Marx (1818-1883), whose influence has been enormous, is given merely two and a quarter pages at the end of the section on Hegel under the heading, "Marx's Rejoinder to Hegel." Perhaps some day some philosopher may merit a page in an objective history of philosophy for making a rejoinder to Marx!

ROWLAND GRAY-SMITH

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**A short review of the
*Communist Manifesto***

What is a communist?
One who has yearnings
For equal division
Of unequal earnings.

ANONYMOUS



EXCERPTS FROM CORRESPONDENCE OF INTEREST TO LIBERTARIANS

Nationalized Coal

QUESTION: Recently, I had a discussion with a young Englishman about free enterprise versus socialism. In the course of the discussion, we disagreed as to the effect of nationalization of the British coal mines upon output per man-shift. I have subsequently obtained the following figures published by the British Ministry of Fuel and Power:

<i>Year</i>	<i>Average Output Per Man-shift</i>
1935	1.17 tons
1936	1.18
1937	1.17
1938	1.14
1951	1.21
1952	1.19
1953	1.21
1954	1.23
1955	1.23

These figures indicate that I was misinformed, and I am wondering whether you can give me any explanation of the increase after nationalization.

It is of course true that since the nationalization of coal, there has

been an increase in productivity as measured by output per man-shift. But these statistics overestimate the true improvement for two reasons. First, the percentage of absenteeism is now nearly double that of 1938 with the result that although output per man-shift has risen by 8 per cent since the war, output per man-year has only grown by 3 per cent. Second, the proportion of coal mined which is fit for sale is lower now than before the war. Every English housewife will tell you how much slate, stone, and other extraneous matter is delivered with her coal and how impossible it is to get satisfaction from the coal merchant who is himself at the mercy of the Coal Board which, in turn, is at the mercy of its workers. But all this incombustible material counts as coal in the figures and is paid for as coal.

Much more important, it would be astonishing if there had not been an increase in productivity. For there has been an enormous capital investment in the industry since nationalization. The real

question which the champions of nationalization have to answer is why the increase in productivity has been so small. The following table shows what we have poured into the industry in capital investment in recent years.

CAPITAL EXPENDITURES, 1947-1955	
	<i>Million Pounds Sterling</i>
Collieries	323
Erection of pithead baths, canteens, medical centers, etc.	25
Coke oven and by-product plants, workshops, labs, etc.	74
	422

Between 1947 and 1955 we not only poured an immense capital into the industry but the rate of investment also increased, and this at a rate faster than the growth of total United Kingdom gross fixed capital formation, which it-

self doubled over the period. The following table shows this trend.

<i>Gross Capital Formation in Coal as percentage of Total Gross Capital Formation</i>	
<i>Year</i>	
1948	1.6
1949	1.9
1950	1.6
1951	1.5
1952	1.9
1953	2.4
1954	3.0
1955	2.9

The truth of the whole matter is that nationalization has produced great inefficiency, the effects of which have been masked to some extent by the stimulation of capital investment. The real test is what the British people have got out of the investment, and that has been precious little.

A. A. SHENFIELD
British Economist

IDEAS ON LIBERTY

When the State Mines Coal

IF ALL LIFE is to be planned, how are the planners to be chosen? And who will guarantee their integrity? And who will compensate for their errors? And what is to become of those delicate realities which do not fit conveniently into utilitarian plans—religion, the higher learning, the sense of beauty, the life of family and traditional community, the sense of historic continuity that distinguishes a nation from a mere mob of individuals? . . .

When the state mines coal, it assumes the power to alter the lives not only of miners, but also the lives of people who want nothing to do with mining; and when the state builds towns, it assumes the functions which church and family and voluntary associations formerly exercised.

RUSSELL KIRK, *Beyond the Dreams of Avarice*
Chicago, Henry Regnery Co.

TIME to READ

THERE IS an old story of the man who read Gibbon's *Decline and Fall of the Roman Empire* in the intervals of waiting for his wife to dress for dinner.

From *Management Briefs*, published by Rogers, Slade & Hill, Management Consultants of New York City, come these ten ways to use those otherwise-wasted quarter-hours.

1. Talk less (and watch less the TV programs unworthy of your maturity. Watch more, if you please, the good ones; fewer of the poor ones).
2. Carry a book in your bag (your brief case, your topcoat pocket).
3. Put a book under your pillow at night; if you can't sleep, read.
4. Wake up 15 minutes earlier every morning, and read.
5. Keep a book handy to pick up (at home, when waiting for the dinner; at the office for waits between engagements, or for long-distance 'phone calls to come through).
6. Have a book ready when meeting unpunctual people (or waiting for meetings to get under way).
7. Take along your own book when going to the dentist or doctor (or an appointment with the man who may keep you waiting 15 to 45 minutes in his anteroom). Why read their old magazines?
8. Keep an unread book in your car in case of traffic jams or a wait for repairs (or a wait for your wife to do her shopping).
9. Never go on a journey in a public conveyance without a book.
10. Remember that a book in the hand is worth two in the bookcase (and a good current magazine in hand is worth three in the wastebasket).

Publications . . .

THE FOUNDATION FOR ECONOMIC EDUCATION

Established in 1946, FEE is a nonprofit institution, a major purpose of which is to publish books and articles concerning such libertarian ideals as the ownership of private property, voluntary exchange, open competition, and limited government.

Though THE FREEMAN is now the principal outlet for Foundation releases, numerous earlier publications are available. These include not only the writings of staff members and other contemporary authors, but also many classics recently reprinted or translated. Also listed are a number of books by other publishers which may be purchased through the Foundation.

BOOKS and BOOKLETS

★ Essays on Liberty

(Two volumes; each, \$1.50 paper, \$2.50 cloth; quantity prices on request)

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STUDY GUIDE prepared by
Thomas J. Shelly

A former teacher has adapted the material for classroom or discussion group use. (70 pp.; \$1.00)

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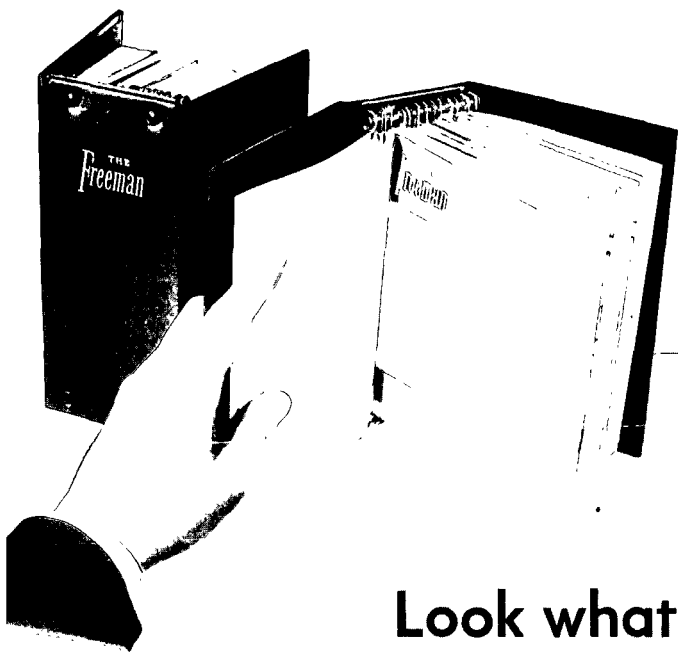
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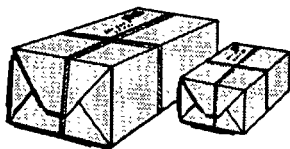
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