

THE

# Libertarian Forum

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## We Make The Media

The dynamic, cascading, coruscating upsurge of the revolutionary libertarian movement has finally broken into the nation's mass media--a sure sign, in those unsympathetic quarters, that we are becoming a force to be reckoned with. In the last few weeks, our movement has garnered important publicity in the nation's press.

Item: The New York *Times*, for Sunday, September 28, has a long, objective article on Karl Hess, entitled "Goldwater Aide Now a Radical; Adopts Anarchism Philosophy", along with a fine picture of Karl. After reporting on the influence of the war in Vietnam and the suppression of the student revolt in turning Karl into a pure libertarian, the *Times* quotes him on Vietnam: "We should not have intervened in Vietnam," he said. "If we had to intervene, we should have been on the other side." In comparison to Ngo Dinh Diem, the N. L. F. sounds like a bunch of constitution-alists." On his shift from anti-Communism to anarchism: "I concluded that my enemy is not a particular state--not Cuba or North Vietnam, for example--but the state itself."

Item: *Newsweek*, September 29, has another article on Karl, "Ideologues: You Know He's Right". In contrast to the objective tone of the *Times*, the *Newsweek* article is snide and supercilious. Typically, in the course of sneering at Karl's "zigzag" career, *Newsweek* conveniently forgets to mention that Karl Hess was once one of its own editors. But, in the annals of public relations, "every knock is a boost", so long as the name gets spelled right, and not only is Karl mentioned, but so too is our own little, no-budget *Libertarian Forum* --our first breakthrough into the mass media!

Item: the sober, well-edited journal of corporate liberalism, *Business Week*, has a lengthy article in its September 27 issue, "Economics: Radicals try to rewrite the book". This is an objective portrayal of new trends in New Left economics, particularly as embodied in the Union for Radical Political Economics (URPE). In addition to the inevitable socialist and Marxist trends in the New Left, *Business Week* notes, in some surprise, a new element: "free-market anarchism". The feature in this section is our friend Mike Zweig, a leader of URPE and assistant professor of economics at SUNY at Stony Brook. There is a very good picture of Zweig, with the caption, "calls himself a free-market anarchist", and then Zweig's views are discussed as follows:

"There is, in fact, a decided strain of anarchism among the New Left that persists even when the radicalism takes more systematic form. Zweig argues for a society that begins with a revolution to redistribute property ('the existing distribution of property is the result of theft') and ends with freedom from any governmental interference.

According to his analysis, modern capitalism has failed because so many of the 'real costs' of economic activity are borne by the public at large. Air pollution is an obvious example. A free market that forced everyone to pay the real social costs of production would probably maximize welfare with a minimum of constraints, he contends."

To *Business Week*, all this is a "powerful challenge" but "to economists over thirty, such utopian thinking is a sign of intellectual confusion." But far from being confusion, what Mike is clearly advocating is the extension of private property rights so as to prevent such invasion of private property as has been permitted to occur in the case of air pollution--a pollutant invasion of the person and property of much of the population. What Mike, in short, is advocating is the very "free market" which so many Establishment economists are *supposed* to be advocating but, alas, in rhetoric only.

And so we're on the march. Onward and upward.

## Class Analysis

Many right-wing libertarians appear to be uneasy in the face of class analysis when it is used to interpret and explicate the nature of political reality. Indeed, one gentleman at the first Libertarian Forum took the position that there is no such thing as a class. Now obviously the word "exists" is used equivocally; no collective entities exist apart from the individuals which constitute these entities. Yet to say, for instance, that "society" does not exist as some strange entity over and above the individuals who live together in certain relationships and constitute society is not to say that these individuals do not in fact relate to each other in a certain way. Likewise people who share common interests and/or characteristics are said to belong to a class, or sub-division of the society which they help to constitute. Thus, all redheaded females belong to a class, as do all Roman Catholics, and so forth. All who have an interest in a particular piece of legislation also belong to a class. And, all those who share a common commitment to a wide variety of measures, the net result of which is to protect, secure and enhance their power and wealth--to preserve the *status quo*--belong to an *economic* class (to characterize the class relevantly). The class above described would in fact be a *ruling* class, assuming of course that their ends are actually effected. The key distinction here is

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# The Czech Crisis

Conclusion

## The Prague Spring . . . And After

By Leonard P. Liggio

The New Economic Model prepared in 1963 by the Czech economic institute commission headed by Ota Sik contained more advanced concepts than other East European proposals. This was due to the fact that the Czechs had begun their free inquiry later and thus were able to begin at the point where the economists of the other countries had ended. Also, there were a few Czech economists who were willing to espouse entirely radical positions which gave their colleagues the opportunity to present far-reaching changes as a moderate program. Eugen Loebel, director of the Bank of Slovakia, courageously led the criticism of orthodox Marxist economic theory. Although he had just been rehabilitated after years as a political prisoner, Loebel declared that the country needed a mixed economy with 200,000 (30%) of small privately-owned enterprises. (According to Stanford Research Institute-International, entrepreneurs in Czechoslovakia are "already quite free to start small industries" under the 1968 reforms.) Prof. Radoslav Selucky was dismissed from his professorship for the radical market program that he proposed.

Sik's New Economic Model required that enterprises earn their own way, that investments be financed by the enterprises from their own resources or by borrowing at interest, that prices be determined in the competitive free market based upon the law of supply and demand, and that profits be the criterion of economic efficiency. After strong attacks on it by orthodox theorists, the party adopted it in 1965 and it was scheduled for implementation in January 1967 with the withdrawal of subsidies and central planning and the freeing of enterprises to decide what to produce and at what price to sell it.

Not only was the New Economic Model diluted from the beginning, but ultimately it was made ineffective by the party leadership. Nevertheless, the cumulative effect of the partial implementation as well as earlier removal of controls in selected sectors was reflected in major reductions in material costs of production (the first decline in fifteen years). About 40 percent of the 9 percent rise in the gross income of industrial enterprises during 1967 resulted from savings on material costs. There was a 7 percent growth in industry and 8 percent in national income. The opposition of the right-wing, dogmatic party leadership headed by President Novotny was increasingly resented by the younger party leaders. This was given expression by Alexander Dubcek in his October 1967 criticism of the regime for its hostility to radical economics and its suppression of freedom. This attack on authoritarianism projected Dubcek to prominence and led to his election as first party secretary in January.

The immediate issue in the Communist party's October plenary meeting was the assault by clubs and tear gas by the Prague police against the thousands of Czech students marching in protest against conditions at the university. Orthodox communist establishments are as fearful of the anti-authoritarian spirit of youth as are the liberal bureaucratic establishments in the West. The students demanded (and eventually were granted) the dismissal of the police officials responsible for the assault on the student protesters. Thereafter, during the 'Prague Spring' Czech students were at the center of the radicalization process in their country. "There was an incredible spirit of Liberation. Especially among students--young people generally--there was a spirit of defying anything laid down by authority--the Government, the Party, schools, parents. The atmosphere of questioning was everywhere." ("Spirit of defiance", *New Left Notes*, Sept. 16, 1968).

The student struggle was initiated by an ideologically developed cadre of university dissenters called the Prague Radicals; many of them had been expelled or drafted into the army for their organized protests in the universities. But after January 1968 the Prague Radicals were free to organize openly; bypassing the established Czech student association, they formed new youth organizations. The final removal of Novotny by his resignation as president in March was the result of Prague student demonstrations welcoming a national student cavalcade to protest U. S. genocide in Vietnam.

The Soviet invasion forced radical political activism upon the vast majority of Czech students. On November 17 Prague Radicals announced a student strike and occupied the university buildings. They were inspired by the example of the Columbia SDS; SDS activists had been in contact with the Czech students. On the following day all the universities in Czechoslovakia were closed by student strikes and two-thirds of Prague university students joined the occupation of the buildings where SDS-style teach-ins were held. In the succeeding months Prague Radicals demonstrated against censorship and limitations on freedoms until the regime ordered the dissolution of the new student organizations in June 1969.

The sabotage of the New Economic Model by the party right-wing during 1967 had led to the critical central committee plenary session on December 19 which was characterized by violent debates between conservative supporters of central planning and the liberals favoring market economics. Sik led the attack, insisting that to achieve economic reforms and combat bureaucracy the party and government structure would have to be blasted apart by popular action. The centrists were won over to reform and Dubcek was elected party first secretary on Jan. 5, 1968.

Although Ota Sik was appointed deputy premier in charge of the committee of economic advisers, a much more conservative deputy premier was entrusted with actual control over economic departments. Czech radicals proposed market determination of prices, competition among enterprises, incentives for worker productivity, and the end of bureaucratic planning and controls. Centrists preferred cautious change ideologically, politically and economically, and denounced "excessive" freedom. They placed emphasis upon half-way measures such as managerial efficiency, and on maintaining economic planning by technicians and computers with some price freedom but limitations upon the independence of enterprises. Centrists resisted complete decentralization of industrial management, worker self-management of firms, and competition among enterprises for credits and markets. Centrist attitudes parallel those formulated in the Soviet Union under the inspiration of the pioneering but limited contributions of Prof. Liberman of Kharkov University. But Ota Sik has criticized Libermanism as inadequate and simplistic despite its great impact on Soviet economics. Such reforms merely substitute improved goals or indicators, or are "an endeavor merely to limit the number of directive tasks and indicators set by the central planning and managing body." (Ota Sik, *Plan and Market under Socialism*, White Plains, 1968).

Thus, the centrists desired a convergence with the humane, manipulative bureaucracy of Western Europe and America behind whose facade of political democracy the bureaucracy's control expands. Czech radicals continued to publicize their demand for dismantling the bureaucracy, restoration of self-ownership to individual firms and implementation of the free market. Dubcek condemned the "ingrained evil of excessive levelling of incomes and egalitarianism which has rewarded unskilled work more highly than skilled work." Sik emphasized protection of the consumer: from high prices due to inefficient workers or enterprises and from inferior products caused by "the monopoly position" of state enterprises. "All the lagging enterprises," Sik noted, "are

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## THE CZECH CRISIS — (Continued from page 2)

being protected to the detriment of good enterprises which show initiative and also to the detriment of the consumer."

To achieve these objectives the Czech radicals sought the reorganization of the Communist Party in order to create a popular movement for reform: the 14th Communist Party Congress was announced for early September 1968. Preparations had been made during preceding months through district elections of Congress delegates; these were almost completely younger members dedicated to reform. The obvious result of the Congress would be the election of a party central committee devoid of conservatives and overwhelmingly radical in commitment. To forestall the party Congress which would have been a qualitative transformation in the nature of a Communist party, the Soviet invasion was launched on August 21. The day before the Soviet invasion Pravda blasted Czech radicals as subverters of socialism for refusing to follow orthodox Marxist economic planning and centralization.

Within days of the invasion an extraordinary party Congress was held secretly in a Prague industrial plant protected by a volunteer workers' guard. While the Soviet army 'controlled' Prague a new party leadership was appointed by the Congress. The support of the reformers by the students is understandable given the revolutionary spirit of modern youth against authoritarianism. What is the explanation of the widespread, ideologically developed support of the general public and of the workers in particular? For about a year economists had conducted "evening schools of economic policy" for workers in the major industrial centers in order to provide a clear understanding of the New Economic Model and its benefits to the workers as producers and consumers. Thus, during the 'Prague Spring' new elections were held for local and general trade union leaders, and younger activists committed to the reforms were elected. After the invasion the trade unions assumed important roles in resisting restrictions on freedoms and organizing mass support for the economic and political reforms which had been introduced. Trade union newspapers and educational departments have become the sanctuaries for reform writers and economists removed after the invasion.

The strong support of the general public for the reform program is the result of the heavy involvement of intellectuals and writers in the reform movement. The year previous, in June 1967 during the Congress of the Writers' Union, several leading writers and editors were expelled from the party for attacks on the conservative cultural functionaries. The Writers' Union journal was suspended. The writers and intellectuals realized that their freedom was at the sufferance of the bureaucracy so long as the government controlled the budget for books and periodicals as well as all jobs and salaries. The need of writers to control the media through which they express themselves caused them to join the advocates of free market economics. Economic independence from the government for quality intellectual production was recognized as analogous to economic independence for quality material production. Similarly, it was clear that intellectuals had suffered from pay equalization standards as much as managers, and that the introduction of salary differentiation in the New Economic Model would mean equivalent increases for managers and intellectuals.

The strong intellectual commitment of the Czech public to political and economic reforms will have positive effects in the long-run despite the immediate obstacles. Similarly, the material conditions which impelled consciousness of the need for reforms will not be solved by half-way measures. The Soviet Union has slowed but it has not terminated the reduction of its advantageous trading position in East Europe. West European business has sought East European markets to escape U. S. financial domination; the six East European countries are "the fastest growing regional

market in the world" and West European business earned about \$3 billion in exports there during 1967. East Europe offers the advantages of large reservoirs of engineers and technicians educated at the tax expense of East Europeans and a low wage labor force disciplined by twenty years of Communist trade unionism. The U. S. share of that trade is minimal since U. S. products tend to be non-competitive with West Europe to whom the East Europeans have turned to escape Soviet economic hegemony. The U. S. would prefer to establish semi-political bilateral trade agreements with the Soviet Union, thus avoiding the embarrassment of the non-competitiveness of U. S. products. Thus, the coolness if not hostility of the U. S. toward the "Prague Spring", since economic liberalization would not benefit the U. S.; and the refusal of the U. S. to aid Czechoslovakia by returning the gold deposited in here during World War II. The U. S. by its official statements virtually invited the Soviet invasion, and despite a few muted protests, insisted that there would be no interruption in bilateral U. S.-Soviet negotiations.

In comparison, it was several years after the 1956 Hungarian crisis before U. S. disappointment at the failure of its Hungarian supporters wore off sufficiently for bilateral negotiations. Hungarian events were extremely complex with positive as well as negative aspects, and the heartfelt speeches by Czech delegates (since purged) at the U. N. protesting the Soviet invasion clearly differentiated between the two in the face of the U. S. delegate's self-interested joining of the two events. There was no assumption as in Hungary of army commands by officers previously retired because of their connections with the CIA and NATO (instead a leading conservative general fled to the U. S. when Dubcek was elected). There was no withdrawal of Czechoslovakia from the Warsaw Pact. There was no Czech appeal for intervention of U. S. forces. On the other hand, radical reforms based upon free market economics were not an issue in Hungary. The Czech delegates noted the U. S. disinterest if not hostility to the Czech free market reforms, and denounced the U. S. as equally responsible for the Soviet invasion because the U. S. had initiated the Cold War which had created the atmosphere for internal repression in Czechoslovakia. The concepts of freedom in the "Prague Spring" did not find their inspiration in America; therefore the Czechs could not be disappointed in the lack of American interest in their liberation.

Compared to the situation in Hungary after November 1956 the current situation in Czechoslovakia is far worse. The replacement of Alexander Dubcek by Gustav Husak after more than fifteen months of the January reforms is a major step backwards, while the accessions of Janos Kadar in Hungary and Wladyslaw Gomulka in Poland in the fall of 1956 were forward steps compared to the Stalinist regimes they replaced. Hungary and Poland are agricultural countries (60%) compared to Czechoslovakia (30%), with the heaviest concentration in Slovakia. The Hungarian and Polish farmers benefited from the liberalization of the Kadar and Gomulka leaderships and have played an important role as stabilizing forces since 1956. Similarly, the Catholic Church plays a significant moderating role in rural Hungary and Poland, which is of great assistance to the Communist parties. Only in Slovakia does the Catholic Church have great influence, and that is the most moderate region, causing the least problems for the post-Dubcek leadership.

Having exhausted other means of resistance the Czechs have undertaken a passive resistance campaign in the arena of production. A producers' strike has been in progress in Czechoslovakia for many months, and the economy has become the central point of struggle. Inflation, shortages, poor quality goods have been the result of the passive resistance responding to central planning, abandonment of workers' councils, and rejection of free market principles. In Prague, for example, during the first half of 1969 only 276 apartments were completed; fifteen per cent of last

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year's rate. An official economic report declared that production continues to fall, imbalance grows, increased wages representing the largest part of income growth. The Soviet interruption of the Czech Radicals' development of freedom has resulted economically in a great leap backwards. The current general strike of the producers has created a grave economic crisis in Czechoslovakia, and the Novotny regime fell precisely because it could not solve the economic crisis.

**CLASS ANALYSIS** — (Continued from page 1)

not that the ruling class wishes to preserve the avenues by which people can competitively attain positions of wealth, but rather the ruling class is one which seeks to prevent the above, and to use *political* means (i.e., the coercive power of the state) to secure and expand further the class's economic gains.

A ruling class, or power elite if you will, can be semi-liquid in composition, admitting new members selectively. Also, other classes may be allowed to share in specific spoils so that people victimized by those in power can be occasionally placated, and made to feel that they also have a stake in the system. It is necessary to the maintenance of any ruling class that it convince other groups that what it is doing is in their interest as well--that is, what in fact is intended to benefit the few must be peddled as being in the "general interest". For instance, historian Gabriel Kolko has done a magnificent job of showing how federal regulation of business, long heralded as government control of business for the commonweal, is in fact business control of government, in order to limit competition and cartelize the various industries affected. Moreover, in each instance such regulation was conceived and supported by business to do just this. Yet, the masses have been sufficiently propagandized to believe the opposite of the reality of the situation (cf. *The Triumph of Conservatism and Railroads and Regulation*). Today, as a result, there exists a welter of enactments which have effectively cartellized the economy to a large extent (something not possible on a real free market as Kolko and others have demonstrated). In other words, there exists a system of monopoly capitalism in which the business elite have, by gaining effective control of the state apparatus, isolated themselves from the full effects of competition. Backing this system up is the whole defense complex which through massive contracts, and, in the last analysis, war, insures that the system keeps operating. Labor is but a junior partner in all this, with small business getting enough to keep this segment relatively

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content. The poor--those excluded from sharing in the power and wealth of the state capitalism system--are given sops of poverty programs.

The intellectual's role in all this is crucial. He must effectively propagandize the mass of people by extolling the virtues of the system, and by helping the ruling class come up with suitable reform measures to patch up the more glaring problems. And, in the final analysis, the intellectual, as has been seen at the Stanford Research Institute, stands ready to assist in subduing the natives if they become restless. The intellectual also has a share in the system.

The task of the libertarian is two-fold. He must work as a scholar to destroy the myths which serve to justify and perpetuate the *status quo*. It is a sad commentary on the right-wing that whereas they were once in the forefront of this endeavor, with men such as Albert Jay Nock and Frank Chodorov, they are now the backbone of the intellectual apologists for the state apparatus. Today the debunking task has fallen to the New Left.

Secondly, and crucially, the libertarian as activist must be ready to step in to help in an overt way to aid in the destruction of the system. No ruling class has ever voluntarily given up power. Education must never stop, but there comes a time when action is also called for (as the Marxists have perceived, there is also education-through-struggle). Those so-called libertarians who, while espousing high sounding principles in support of liberty, in the concrete support state power against any active resistance have clearly failed in both tasks. And those who seek to avoid the problem by trying to "escape" have not only failed as libertarians, but also failed as human beings. Whereas the former group have consigned themselves to the dustbin of history, the latter have a "class" all to themselves: human ostriches.

— Gerald O'Driscoll, Jr.

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