

~~~~~ **DOUBLE ISSUE** ~~~~~

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**THE**

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## Hatfield For President?

Senator Mark Hatfield (R., Oregon) has become famous in recent years for his courageous independence from the Nixon Administration, and for his intrepid battle against the draft and the Vietnam War. Year after year Senator Hatfield has introduced bills for the abolition of conscription, and he is now co-author of the McGovern-Hatfield amendment designed to cut off all funds for the war in Southeast Asia by 1971. At the end of June, Senator Hatfield amazed Washington by breaking party protocol and sharply suggesting that Richard Nixon and Spiro Agnew might not be nominated in 1972, especially if the war and the economy continue in the mess that they're in now. Columnist Mary McGrory reports that "some of Hatfield's like-minded colleagues in the Senate whispered 'Right On' to him the morning after". (New York Post, June 30.)

A friendly Senate colleague of Hatfield's explained to Miss McGrory, concerning Hatfield's statement that the party might turn to Ronald Reagan in 1972, that "Mark did not want to seem to be pushing himself forward as a candidate." And the knowledgeable Miss McGrory adds: "The disillusioned Senator's name might turn up in the New Hampshire primary ballot in 1972. He might even be running as an independent with John V. Lindsay. . ."

There has been rising interest within the peace movement in a third political party, a party that would mobilize all the forces against conscription and war in a broad coalition that would, once and for all, smash the old frozen party structures, especially the Democratic Party, run by the bosses and hacks, and bring vital issues and choices concerning them back into American politics. As the extreme Right said six years ago (but not lately): we need a choice not an echo, and we have been getting only echoes for far too long. The Republican Party was born in the 1850's, when the Whig party structure refused to take a clear-cut stand on the extension of slavery, and so they were shunted aside for a new party designed to focus upon that neglected issue. The Democratic Party has refused to take a clear-cut stand against the war and against conscription, it has been virtually

indistinguishable from the Republicans in the great blob of the Center, and it deserves therefore to disappear in the wake of a new party which will mobilize the public on these vital issues.

When most people think of a possible new party, they think of a candidate something like John Lindsay, and, indeed, most people think of Senator Hatfield as being ideologically similar to the liberal New York mayor. But this is not the case, and libertarians especially should be alerted to the crucial differences. Mark Hatfield thinks of himself, not as a modern-day liberal but as a "classical liberal", a nineteenth-century liberal devoted to the creed of a strictly limited government: limited at home and abroad. Hatfield thinks of himself as a disciple of Senator Robert Taft, and his courageously anti-war policy is of a piece with Taft's "isolationism", the foreign-policy of the Old Right before the "World Anti-Communist Crusade"-mentality infected and took over the conservative movement in this country. In domestic affairs, too, Mark Hatfield believes in reducing the power of government to its classical liberal dimension of defending the free-market economy.

Above all, Mark Hatfield has had the acute perceptiveness to be virtually the only one of the small band of classical liberals in Congress to see that the old rhetoric, the old political labels, have lost their usefulness. He has been the only one to see that the classical liberal is more happy with many aspects of the New Left than he is with his old-time allies in the conservative movement. In short, Mark Hatfield is the only classical-liberal politician I know of who understands and agrees with the Left/Right concept--with the idea that the libertarian has more in common with the New Left than with the contemporary Right. More important, Mark Hatfield sees that the only hope for liberty on the political front is to forge a new coalition, a coalition combining the libertarian ideas of both Left and Right, and consisting of the constituencies to whom these ideas would appeal: students, anti-war people, blacks, and middle-class whites opposed to statism and war. A Hatfield-forged coalition would base itself squarely on slashing the powers of government at home and abroad: in getting out of Southeast Asia and re-establishing a pro-peace, "isolationist", foreign policy; in repeal of the draft; and, domestically, in reducing the powers of Big Government in favor of a free, decentralized society.

Senator Hatfield is intelligent enough to see that, in contrast to a generation ago, a libertarian program of today, in today's political climate, cannot be couched in rhetoric

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### DOUBLE ISSUE

NOTICE: During July and August, we will publish special Double Issues: one covering July 1-July 15, and another August 1-August 15. We will return to our regular publishing schedule in September.

## Black Flag For A New Decade

*Radical Libertarianism: A Right Wing Alternative.* By Jerome Tuccille. Indianapolis: Bobbs-Merrill, 1970. 109 pp. \$5.00.

Here is a book which goes on the must read list for radicals interested in sorting out the politics of the sixties with an eye to identifying some blind alleys and finding some new directions. Tuccille speaks for the rapidly growing numbers of radical libertarians, people who know where they are going, and speaks to the broadest possible spectrum of people who want to get to the same place but just haven't gotten things quite straight in their heads yet. He has written, quite simply, the best, most up-to-date, statement of radical libertarian principles there is around, and, since a major publisher has had the good business sense to see its enormous sales potential, everybody can get a copy without writing to some obscure P. O. Box in New York.

Unless you are a very recent subscriber to this magazine, and have thus missed articles here by radical libertarians Murray Rothbard (June 15, 1969) and Karl Hess (October, 1969) you don't have to ask what *is* radical libertarianism. But in case you do want an answer to that question, Tuccille's book is where to find it. That's what he wrote it for. When you read it, you will find that radical libertarianism (or anarcho-libertarianism, a label some prefer) is a movement right-wing in origin and ecumenical in appeal. Taking one thing at a time, let's look at the right-wing origin first.

You don't have to get very far into the book before you find out that radical libertarianism is *not* a "new right" being set up to complement the new left. The *new right* are the finks—William Buckley deserves and gets more abuse than anyone else—who sold out on the last shreds of the American Revolution along about the time of the Korean War. They are the ones who, in Rothbard's words, dedicated themselves to "the preservation of tradition, order, Christianity and good manners against the modern sins of reason, license, atheism and boorishness". The new right are the Greek Colonels and John Mitchells.

The old right used to have a pretty strong libertarian element in it, although anyone who can't remember back that far himself will probably not have heard of three-quarters of the names Tuccille cites. If you go way back, you get to Benjamin Tucker and Lysander Spooner—Lysander who?? These were men who didn't like American imperialism and militarism, state monopoly capitalism, high taxes, and parasitic bureaucrats, cops climbing your fire escape to peek and see if you are violating the laws which regulate sexual conduct among consenting adults, or customs agents who snoop to see what sort of imports you are bringing back from Acapulco. They *did* like isolationism and volunteer armies (if any), community control, doing your own thing, and, if anyone had thought it up yet, they would have liked Black Power (as Tuccille does).

Well, it is nice to know that radical libertarians are for all those good things, you may be saying to yourself, and maybe all the quotes from Thomas Jefferson will be useful for winning over a few YAFers (in fact, Tuccille has a very interesting appendix on the subject of the libertarian breakaway faction of the YAF), but of what interest is all this *right-wing* stuff to me, a card-carrying member of the Woodstock generation? Answer is simple: radical libertarians know how to bridge the phony "gap" between left and right. That means that you can get enough people on your side to make things happen *now*, in the seventies, before 1984 catches your fraction of a faction with its pants down.

The simple libertarian lesson is that left and right are only irreconcilable opposites so long as they are fighting it out for who gets to run the state. As long as it is class against class, state capitalism vs. state socialism, then politics of revolution is just a matter of *kto-kovo* (trans-

lation: who screws whom) as Lenin would have put it. The irreconcilability of the *statist* left and the *statist* right derives from two simple axioms. (1) There can only be one state in a given country at a given time, and (2) all states are alike regardless of who runs them. That last is important. If there were any *substantive* difference between state capitalism and state socialism, the historical process might someday bring about a resolution of the conflict. But as it is, it's just scorpions in a bottle.

So, now we are all convinced that statism is a hopelessly bad trip, but does that help? Won't we just have another round of *kto-kovo* with the anarcho-socialists fighting it out with anarcho-capitalists? Tuccille makes a big point of raising this question and answers a decisive *no*. It is worth quoting him at some length on this.

This is the beauty of anarcho-libertarianism: utter and complete toleration for any and all styles of life so long as they are voluntary and nonaggressive in nature. Only under such a system can the capitalist and socialist mentalities coexist peacefully, without infringing on the rights of other individuals and communities.

The capitalist and socialist schools of anarchy . . . are united on the most crucial question of all: the absolute necessity for people to take control over their own lives, and the dismantling and final elimination of state authority over the life of man. Their major disagreement is one of personal attitudes concerning the makeup of human nature itself. Will man, left to his own devices, elect to live privately, trade his wits and talents on the open market, accept the fruits of his own labor and provide for his own happiness, and agree to relieve the misfortunes of those less talented than himself by voluntary means—or would he prefer to organize himself in voluntary communes, share the tools of production and the fruits of labor without angling for a larger proportionate share than his fellows, and live in a condition of spontaneous social communism?

Tuccille thinks the former. Tom Hayden thinks the latter. The two could cheerfully coexist in separate enclaves in an anarchist society. But far more important than the *possibility* that they could cheerfully coexist is the *fact* that even if their contrasting life styles generated the utmost antipathy and personal hatred, as long as the *state* had been dismantled and finally eliminated, and as long as both recognized and acted on the fundamental libertarian principle that "every individual has the right to defend himself against any person or organization . . . that initiates the use of force against him", then the prejudice of the one could never mean the enslavement of the other.

— Edwin G. Dolan

### PROTOS

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## The State: ENEMY OF LATIN AMERICA

Unfortunately it seems that all too often libertarians, when debunking the great "U. S. Government is the international good guy" myth by pointing to the revisionist histories which are so unmarred by jingoism and great power chauvinism, concentrate on the topics which Leviathan's apologists choose to emphasize--namely the world wars, the Cold War, and Vietnam--and ignore the other manifestations of U. S. imperialist aggression which the press of the U. S. ruling class fails to mention. Why always be on the defensive and explode only the lies Amerika chooses to discuss, why not attack every oppression the world's greatest oppressor executes? The broad revisionist must be broad indeed.

The subject of U. S. imperialism in Latin America is undoubtedly one of such ignored topics. Moreover, the study of Latin America is doubly the responsibility of the libertarian, for the domestic situation there, besides being inseparable from U. S. imperialism, is highly significant on its own account as a problem which demands consistent explanation from the viewpoint of free market economics. Can any school ignore Third World development and still hope to win adherents in this day and age?

Many on both Left and Right have attempted to explain the political and economic problems of Latin America--the poverty and misery, the lack of freedom, and so forth--and have contributed highly significant but questionable analyses. These pitfalls are recognizable in two well-known representatives of the Left and Right, men who are highly libertarian in many areas--namely, Che Guevara and Ludwig Von Mises.

Che presented the Left analysis clearly in his speech "On Sacrifice and Dedication" delivered on June 18, 1960. The U. S. imperialists had been kicked out because "the first thing we want is to be masters of our own destiny, to be an independent country, a country free from foreign interference, a country that seeks out its own system of development without interference and that can trade freely anywhere in the world." In a word, the libertarian imperative of national self-determination was finally a reality. But what next? "Basically, there are two ways. . . One of them is called the free enterprise way. It used to be expressed by a French phrase, which in Spanish means 'let be.' All economic forces, supposedly on an equal footing, would freely compete with each other and bring about the country's development." So far, so good. "That is what we had in Cuba, and what did it get us?" Wait a minute, Che, did not the U. S. and Cuban States consistently sabotage the free market in Cuba before the Revolution? Indeed, every example of "free enterprise" Che enumerates may be traced to dislocations caused by, in his own words, the tendency of Cuba's businessmen "to make deals with the soldiers of the moment, with the politicians in power, and to gain more advantages." In such a system "wealth is concentrated in the hands of a fortunate few, the friends of the government, the best wheeler-dealers." Naturally Che also pointed out how the U. S. Government prevented Cuban development. Hence, if anything, his critique of the old system should have led him to advocate its opposite--the free market--instead of rejecting economic freedom just because the old ruling class misleadingly called their system free enterprise. Yet, on the contrary, after tracing all evils to the State, Che exclaimed that "we, the government, should carry the weight and the direction of industrialization, so that there will not be any anarchy." But the Cuban people abhorred this (no doubt Batista had used the same excuse!): "And today, in the process of industrialization which gives such great importance to the state, the workers consider the state as just one more boss, and they treat it as a boss." The workers acted so for good reason: in spite of the laudable--but fruitless--fight of certain elements within the Cuban government against bureaucracy and

commandism through the 60s, the inherent nature of the all glorious Plan, the antithesis of the free market, reveals itself today in the increasing authoritarianism and bureaucratism of the new Cuban State. According to the latest reports--e.g., Adam Hochschild in *Liberation*, Dec. 1969 and Maurice Zeitlin in *Ramparts*, March 1970--all decisions are made by the top elite and shoved down the throats of the masses below.

Enough of the Left analysis at this point; it has a good critique but very bad proposals. The Right analysis does not even offer a decent critique. Take Mises; to be sure, in the purest economic theory he is the age's greatest economist, but his views on world affairs, particularly his naive beliefs on U. S. history, are totally unrealistic. According to Mises, the wealth of the West, especially Amerika, and the poverty of the East and the Third World stem from the fact that the former have been peaceful "free" enterprisers while the latter, due to several factors such as statism, suffer from a shortage of capital. (cf. *Human Action*, 3rd ed., pp. 496-8). Mises' solution for Latin America would no doubt be more capital investments from their kindly Northern Neighbor.

Paul Baran knew much more about Latin America and the rest of the Third World than does Mises. He states categorically that "the principle obstacle to their development is not shortage of capital." Baran, a Marxist, could just as well have been a free market economist on this question: he clearly traced the present gross *misallocation* (not *scarcity*) of most Third World capital to State intervention in the market (cf. Baran, *Political Economy of Growth*, Ch. 7). Andre Gunder Frank, James Petras, and other Marxists have written a wealth of literature documenting--sometimes consciously, sometimes unconsciously--the essential role played by the State in keeping the masses of Latin America in poverty. Actually, any competent writer on Latin America, including everyone from UN (and hence U. S. imperialist) propagandists like Raul Prebisch to neo-fascists such as Helio Jaguaribe, cannot fail to mention that which is inseparable from Latin American under-development and poverty: the Imperial Northamerican State and the various Latin American semi-feudal States. To be sure, virtually everyone, like Che, discounts the inherent oppressiveness of the State when it comes time to propose a solution; yet if they offered a solution consonant with their critiques, they could propose nothing other than revolutionary free market anarchism.

One of the best comprehensive documentaries on the subject, which would serve as an excellent introduction to interested libertarians, is *Latin American Radicalism*, ed. by Horowitz, Castro, and Gerassi (Vintage, \$2.45). There is obviously no space here to discuss all the many State interventions which have sabotaged the economies of the various Latin American countries; a short summary of the general position of the articles in this volume indicates the astounding role of the State in insuring utter poverty for the masses.

O. M. Carpeaux traces U. S. imperialism in Latin America from the time of the Monroe Doctrine, promulgated to give the U. S. privileges in world commerce and as a cover for Western expansion, and from the aggressions against Mexico, Cuba, Puerto Rico, etc., TR's Big Stick imperialism, the

(Continued on page 4)

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## ENEMY OF LATIN AMERICA — (Continued from page 3)

various Marine invasions in this and the last century, and so forth *ad nauseam*. Ample evidence is given to prove how the U. S. over and over has invaded Latin American countries and killed its people, monopolized its resources and seized its means of production in order to insure American hegemony primarily so that big business could secure--through privileges denied competitors--high yielding investments, rich deposits of raw materials, and restricted markets. The U. S. has never been content to abide by the rules of fair play in the market place of the world; no, American business has always demanded State-enforced privileges to suppress competition in "her" markets, to monopolize the sources of raw materials, and to insure a higher return on investments than the market would have set.

The story of U. S. intervention in the Dominican Republic in 1965 is told by Goff and Locker, who document the sugar interests of LBJ's advisors. This of course is part of a more general study concerning the alliance between the U. S. imperialists and the feudal Latin American oligarchies by which both use each other to oppress the masses but ultimately the latter play marionette to the former or face a coup sponsored by the CIA. John Saxe-Fernandez documents the military aid by which the U. S. keeps the Central American dictators in power. What is to be done? is answered by Debray, Che, Torres and other revolutionaries in the last section. The volume clearly demonstrates the truth of the prediction by the great liberator Bolívar in 1829: "The United States appear to be destined by Providence to plague America with misery in the name of liberty."

And Mises says the road to development is paved with more Western capital! Naturally, the libertarian would never want to see free trade restricted; but the U. S. Government has forever insisted on sabotaging the free market and bringing the rest of the world to its knees by bribes in the form of "grants" from the Alliance for "Progress" and other such organs, or force in the form of CIA assassinations or Marine Massacres. Truly, liberation from U. S. domination would do much to unshackle the chains on the Latin American economies.

An added effect of the death of U. S. imperialism would be that the various dictators could be overthrown and the means of production seized by the masses, who would have owned them in the first place had a free market existed all along rather than feudalism/state capitalism. Few if any of the Latin American oligarchies could stay in power a week if there were no U. S. imperialism to back them up.

One has only to study the economic history of almost any country in Latin America to understand how governments, kept in power by foreign governments (first Spain and other European colonialists, later the U. S.) have never allowed a free market so as to hold the masses in serfdom and guarantee the small ruling elite all the wealth. Every government intervention in the economy has as its purpose to grab more wealth for the ruling class; it is no accident that wherever a State exists wealth coincides with--not the ability to serve consumers in the market--but ruling power, i.e., the ability to plunder the poorer members of society.

Aldo Ferrer, by no means a radical, shows how the process works in his important book *The Argentine Economy*. While he does not say so in those words, Ferrer traces stagnation to the State and offers economic analyses and empirical data to substantiate how the Argentine State intervenes in the economy to increase the wealth of the rich, the ruling class. Virtually every single upset in the economy or reason for under-development in Argentine history was directly caused by the State; the inference which Ferrer fails to draw, the other side of the same coin, is that none of this could have occurred without a State. It takes a State to plunder the masses, it takes a State to make the poor poorer so the rich can get richer, it takes a State to make the free market an

## HATFIELD FOR PRESIDENT? — (Continued from page 1)

pleasing only to an extreme right-wing that is now hopelessly anti-libertarian. His rhetoric will be modern, in keeping with the perceptions of today, and in keeping with his knowledge of how a broad libertarian coalition could be forged. And make no mistake: the Senator does refer to himself, consciously, as a libertarian, and this in itself is almost unheard of in American politics.

I know, I know; I know all about the cries of protest that will now be welling up in scores of libertarian hearts, those hearts which, like mine, are steeped in innate and instinctive distrust for any and every politician. The remarkable thing is that Mark Hatfield himself understands such distrust just as well, and probably shares it. A while ago he told a group of us, spontaneously bringing up the point himself: "I have not, like Faust, sold my soul to politics." I believe him. And if the time should ever come when Mark Hatfield runs for the Presidency, I shall enlist without hesitation behind his banner.

impossibility. The present State was exported from the State of Spain. Its purpose was an imperialist one, namely, to extract wealth from the colony so that, through mercantilist manipulation of the economy, the ruling class would become richer. Together with the new requirement of plunder by a new ruling class--the one residing in the colony, this necessitated the extermination of the Indians (Argentina rapidly learned "free enterprise" à la North America!) and monopolization of the land. All of this presupposed a State. Unused land reserved for monopolists by the State, Ferrer points out, had as its purpose exploitation of the poor by their rich oppressors by perpetuating a monopoly of the valuable land resource in the hands of a small elite. Wages were forced down well below their marginal productivity, since the masses were not allowed to homestead and so had to work for wages in order to survive, and since the big landowners could get by with gross inefficiency and hence high agricultural prices since they owned all the natural resources.

The masses were (and are) also exploited by the wealthy elite through the State's policy of never-ending inflation. As Ferrer clearly shows, inflation is based on a governmental desire to spend money it has "created" on those holding the puppet strings, but even more on the fact that prices rise faster than wages, i.e., real wages decrease while profits zoom upwards. This profit inflation is all the better for the rich in control of the State to make plundering returns and capital accumulation through theft; furthermore, import costs rise which means a bounty on exports, all of which amounts to price increases for the masses and State privileges for domestic producers on the home and foreign markets. Finally, as if the above were not enough to fulfill the parasitic urges of the criminal class controlling the State to concentrate all the wealth in their hands, all sorts of blatantly regressive taxes--especially tariffs and excise taxes--are imposed upon the masses. Tariffs, which are high as heaven in Argentina, of course allow domestic business to be grossly inefficient and charge exorbitant prices to the poor. Insult is added to injury when the plunder extracted by regressive taxation is spent progressively--that is, all the subsidies and spending of the State are for the benefit of the ruling oligarchy.

Ferrer hesitates to employ such strong language, but his data certainly back it up. They back up the class nature of the Argentine State, the principle that the purpose of the State is to make the rich richer by making the poor poorer, and the inference that the State must be abolished, the expropriators expropriated, and a completely free market substituted for the present system of monopoly State feudalism/capitalism if real economic development is ever to occur.

—Stephen P. Halbrook

# Bits And Pieces

By Jerome Tuccille

The Black Declaration of Independence printed in the New York Times, July 3, 1970, is one of the most refreshing documents to emerge from the Black Power movement since the speeches of Malcolm X. With incisive clarity the authors of this statement have brilliantly paraphrased the language of the original Declaration of Independence and catalogued a long list of grievances with a notable absence of emotionalism and simplistic rhetoric. The document was prepared by the National Committee of Black Churchmen, 110 East 125th St., New York City, and signed by forty black clergymen of various faiths.

Starting with the opening words of the Declaration of Independence—"When in the course of Human Events, it becomes necessary for a people . . ."—the Black Declaration goes on to enumerate a multitude of abuses inflicted on the black community by government. These include: the "desecration" of "Dwelling Places, under the Pretense of Urban Renewal"; swarms of "Social Workers, Officers and Investigators" sent into the black communities to "harass our People"; the stationing of "Armies of Police, State Troopers and National Guardsmen" in ghetto neighborhoods "without the consent of our People"; "the dissolution of school districts controlled by Blacks" whenever they oppose outside domination; and racist attitudes in general which have isolated blacks in dilapidated areas and denied them adequate housing, schooling and employment as well as their ordinary Constitutional Rights.

The value of this Declaration rests in the fact that its creators have confined themselves to a careful historical analysis of calculated injustice, and they have stayed clear of generalized polemics about "fascism", "capitalist exploitation", and the usual sloganeering that has replaced reasonable discussion at a time it is needed most.

The document ends with the statement that blacks have continually petitioned government for an end to "Repressive Control" and that government has "been deaf to the voice of Justice and of Humanity." The final tone is ominous: "... unless we receive full Redress and Relief from these Inhumanities we shall move to renounce all Allegiance to this Nation, and will refuse, in every way, to cooperate with the Evil which is Perpetrated upon ourselves and our Communities."

This breath of fresh air is a welcome change at a time when the American nation is being inundated on all levels by torrents of fiery prose. Unless there is a sharp reversal of our government's foreign and domestic policies at once, the Second American Revolution may pre-date the two-hundredth anniversary of the first.

\* \* \* \* \*

From the New York Times, July 5, 1970, comes word that Governor William G. Milliken of Michigan will sign a bill allowing citizens the right to file suit against public agencies and private industries which pollute the environment. Michigan will become the first state to *specifically* insure citizens of this fundamental right to protect their own property against unwanted invasion by contaminating elements. Other states planning similar legislation are New York, Massachusetts, Pennsylvania, Tennessee, Colorado, California and Texas, and a federal bill is now before the U. S. Senate.

All the authorities are doing here is putting on the books a right which has always belonged by Natural Law to the people: the right of self-defense. The injection of harmful ingredients into our air supply is automatically a violation of property rights since they will eventually find their way into someone else's lungs. Likewise, water, sound and soil

# Nixon And The Economy

The editor has commented recently (June 15 issue) on "The Nixon Mess." In some respects Professor Rothbard has understated the case against Nixon. Consider what is euphemistically being referred to as "the liquidity crisis." What this crisis amounts to is a profit squeeze on firms in the capital goods industries--Professor Hayek's "higher orders of production." Rothbard has explained in the June 15 article that liquidation in the capital goods industries is a necessary condition for the end of a boom, and a return to economic "normalcy." Much investment specialized to these industries must become worthless in the process; it would have been better, of course, if the investments had never been made. However, bygones are bygones, and no policy could be more wistful and ill-conceived than one which would attempt to "save" investments which have been demonstrated (on the market) to have been unwisely pursued. As much capital as is possible must be salvaged, and re-invested in the production of consumers' goods, so that resources can be applied to the production of goods that are most highly desired. It is this latter process which eventually slows the price-inflation in the consumers' goods industries (by increasing the supply of consumers' goods), and eventually results in the proper ratio of investment in capital goods relative to consumers' goods--the correct "structure of production."

In effect, the Nixon Administration has announced that it will not permit this process to be carried out. Arthur Burns

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pollution invariably results in physical harm to other persons.

So we can thank the politicians for stating a principle which should have been obvious to everyone years ago. One beneficial aspect of this legislation is that, for a rare change, legality coincides with Natural Law. The Law 'n' Order Neanderthals don't have to worry anymore about breaking a law when they sue the Atomic Energy Commission for poisoning their children.

\* \* \* \* \*

Lately, a few libertarians have grown fond of supporting the Mafia as a legitimate black market organization operating outside the entrepreneurial restraints of government. They reason that many Mafia activities such as gambling, melting silver coins, loansharking, prostitution, even peddling narcotics are volutaristic in nature and ought not to be considered illegal.

Much of this is true. But what is overlooked is the fact that the Mafia no more welcomes competition in its various enterprises than does the federal government, and has gone to even greater lengths to suppress it. The racketeers have supplied their competitors with cement boots before taking them swimming, firebombed their places of business, and run competing ice cream and garbage trucks from the highways. They have utilized torture, mutilation and murder to keep their "free market" businesses from enduring the hardships of competitive enterprise.

In addition, Mafia-controlled unions are responsible for the grand-scale pilfering that has gone on for years on the docks and at our airports. The Cosa Nostra families are no strangers to the less-than-subtle art of extortion--shaking down neighborhood storekeepers for the right to stay in business. So, while there is a hilarious side to the spectacle of exotic characters with names like Tony "Big Walnuts" Perrotta or Mario "Apricots" Terrazzo eluding the clutches of Big Government, it is dangerous to romanticize their peculiar brand of Black Market Monopoly. The Mafia is every bit as Law 'n' Order-happy as Spiro Agnew. It is its own law and its own order. And Mafiosi have never been too strong on due process.

## NIXON AND THE ECONOMY — (Continued from page 5)

recently stated (*The Wall Street Journal*, July 3, 1970) that the Federal Reserve System "is fully aware of its responsibility to prevent . . . a scramble for liquidity" (i.e., disinvestment)." An unnamed official of the Fed (*WSJ*, 7/3/70) has stated that that organization finds even Friedman's suggestion for steady growth in the money supply too extreme (calling Friedman's idea "sheer fanaticism").

Consider also the implications of the Penn Central fiasco. The Nixon Administration, by its actions, is all but saying that it will not permit any large corporation to go under. The railroads are a clear case of an industry which needs disinvestment. Conservative estimates see 35 percent of the nation's trackage as not being economically justifiable. Probably at least that much of Penn Central's trackage should be pared. Yet the government wants to step in, to lend the corporation money, in order to try to prevent the inevitable. For years the railroad has been covertly disinvesting in the only way it could--given the tight regulation of the industry--by allowing the quality of its service to deteriorate. This is no longer enough. Unfortunately, the Nixon Administration will undoubtedly duplicate the policies of the Eisenhower Administration as regards the railroads: grant loans to the weakest lines in order to tide them over a recession. Professor George Hilton, in his *The Transportation Act of 1958*, has amply demonstrated the folly of the previous loan guarantees given the railroads. Railroads are even more susceptible to economic fluctuations (especially the Eastern lines) than a capital goods industry like steel. A given percentage downturn in steel or auto production often results in a greater percentage downturn in rail profits. If the railroads had been permitted to disinvest earlier, they would not be in the trouble they are in now. If not permitted to disinvest now, they will be in even worse shape when the next recession hits.

Nixon, however, is not satisfied to emulate past follies. He is apparently determined to extend government aid to any major firm in any industry that wants it. A lot of ignorant people have written a lot of arrant nonsense about inflation's being caused by a "wage-price spiral." But the kernel of truth hidden in all this talk must not be overlooked. Ever since the Hoover New Deal, the policy of the federal government has been moving toward one of assuring the profitability of American big business (thus guaranteeing for itself an important source of support for its policies--foreign and domestic). With the government more and more willing to underwrite losses, there is less and less incentive for corporate heads to heed the warnings of the market, and curtail

operations where indicated. If he should continue to invest when he should be disinvesting, the businessman can now go to the federal government should crisis strike. All of this, we are told (*WSJ*, 7/3/70), has led some of Nixon's top aides to an "anti-business feeling"; these aides point out that business executives preach free enterprise, but "come running to us" when they get into trouble. One can be sure that these aides will soon "shape up," or be "shipped out!"

The point here is that the business executive now need not cut prices in the face of falling demand; or resist wage demands of unions. Union leaders need worry less about whether they are asking for more than a market wage. The federal government has announced its willingness to supply cash--virtually to print money up if necessary--to major corporations that find themselves in a "liquidity crisis" (i.e., find themselves over-extended). Keynesian Walter Heller has spoken of an "inflationary bias" in our economy. In doing so, he is perhaps being more prescient than Milton Friedman (for some reason inexplicable to this author, Professor Friedman considers Nixon to be a brilliant man bent on bringing libertarianism to America). Up with free enterprise!

What is happening now is what Ludwig von Mises predicted nearly sixty years ago would happen to those countries which adopted the economics of inflationism. Inflation up until very recently in this country has been largely unanticipated; it has in effect been a tax on money holdings. The public is now beginning to expect further inflation, and, as with any tax, are finding ways to avoid the tax. In economic terms, they are decreasing their demand for money. Rather than go through the painful process of contradicting these inflationary expectations, the government has apparently chosen to meet them. To do this, the government must continue to inflate at something like the present 9 to 10 percent rate. But this will lead to expectations of inflation, and a further decrease in the demand for money; and to a "need" for further inflation . . . Mises has been largely dismissed by modern economists. His analysis is not supposed to be "applicable" to a modern economy (wasn't Germany a modern economy in the 1920's?). Yet seldom has an analysis been so applicable as is Mises' now. Unless the present course is reversed, we are on the long, slow (but inevitable) road to the destruction of our monetary system. And, as Mises has so often and so ably pointed out, if there is any one institution whose evolution is necessary for modern civilization as we know it, it is that of money. If this administration does not blow us up, it may have the dubious distinction of having brought us to the economic ruin that so many others have failed in accomplishing.

—Gerald O'Driscoll, Jr.

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