WORLD-WIDE INFLATION

It is no secret that virtually the entire world is now suffering from a severe “double-digit” inflation, and that we have all moved to a scary new plateau of inflationary acceleration. It is no comfort to us “Austrian” economists that we have predicted the current mess; it is still less comfort that very few people have taken the Austrian lessons to heart. It is true that the free gold market has finally begun to price gold realistically in relation to the depreciating currencies of the world; but the monetary authorities show no real disposition to do anything to halt the looming takeoff to worldwide currency destruction. Do the monetary authorities, the politicians, and the Establishment economists understand that the cause of the mess is a continuing expansion of the money supply in the various nations? Yes and no; many of them don’t know, while those who do understand, mumble about the “political realities” and go along with the accelerating destruction. The much-vaunted “tight money” policy of the Federal Reserve System is simply a grisly joke; money is not “tight” when the Fed still continues to increase the money supply at a rate of approximately 10% per annum. Really tight money doesn’t mean high and rising interest rates, which are inevitable in the later stages of an inflationary boom and reflect “inflation premiums” on the price of credit. Tight money means ceasing to inflate the money supply, period; or even decreasing it. That such truly tight money is scarcely in the offing was seen by the response of the Fed in pouring in $1 billion of new money to save the Franklin National Bank from the consequences of its own misdeeds.

The public is solidly opposed to inflation, as it increasingly hits their savings and their cost of living, and as they increasingly find that rising interest rates make stocks an extraordinarily bad hedge against inflation. Unfortunately, the public cannot be expected to understand the arcane processes by which the Fed and other central banks keep increasing the money supply and thereby bring about continuing and accelerating inflation. One thing the public knows — at least for the time being, while its memory is fresh — is that price and wage controls don’t work, in fact only aggravate the inflationary problem, and cause distortions, severe lags in real income, and shortages throughout the economy. One heartening sign of this public knowledge was the recent Canadian election, which was fought largely on the question of price and wage control for the severe Canadian inflation: the Progressive Conservatives called for price and wage control, while Trudeau and the Liberals countered by pointing to the severe “double-digit” inflation. The result was a sweeping victory for the Liberals.

Unfortunately, the public is still ignorant of the cause of inflation: the expansion of the money supply by the Fed and the other central banks. Even some of the nation’s “gold bugs”, who oppose printing press paper money and call for a restoration of gold as money, are so ignorant of the processes of monetary expansion that they hold that the Fed cannot expand the money supply any further; hence, they are predicting a deflation — a fall in prices and the cost of living — at the very time when the inflation is accelerating dangerously. Unfortunately, now that the last vestiges of the gold standard are gone, the Fed has the power to create more money indefinitely; and so long as we continue to allow them to retain such power, they will continue to use it, with disastrous results.

The important point to realize is that the banking system, and particularly the Federal Reserve Banks, create money out of thin air. They are, in short, legalized counterfeiters. The Fed does this in two ways: one is simply printing cash, or Federal Reserve Notes, which are legal tender money. But more insidious, and more significant a way in the modern world, is the Fed’s creation out of thin air of “checkbook money”, or “demand deposits”, which are redeemable at any time in cash, and which serve as “high powered money”, as reserves for a six-fold pyramiding of “checkbook money” by the tightly controlled commercial banking system. The Fed creates this “high-powered money” by buying any asset on the “open market”, i.e. by buying an asset from some member of the public. In practice, these assets are always U. S. government securities, but they don’t have to be; buying them is simply a greater convenience for the Fed and for government as a whole. It is these “open market purchases” that the Fed is still, at this very moment, indulging in, week after week, to pump inflationary new money into the economy.

Thus, suppose that the Fed purchases a U. S. government bond now held by John Jones for $1000. It gets the bond and adds it to the asset column on its books. Where does the Fed “get” the $1000 with which to buy the bond? It gets it by creating a new $1000, in the form of a check on itself. John Jones can only use the check by depositing it in whatever bank he has an account. This adds to his money supply to the tune of $1000. But the important point is that his bank takes that check and deposits it with the Fed, with which each commercial bank has a checking account. This adds $1000 to the reserves of the banking system at the Fed, and the banks then can and do create new checkbook money of their own at a multiple of 6:1, so that $6000 of new checkbook money, or “demand deposits”, are quickly added to the economy. And so when the Fed buys $1 billion of government bonds from the public, it quickly causes the creation of $6 billion of new money.
Destutt de Tracy: Early French Classical Liberal

By Leonard P. Liggio
Department of History, City College, CUNY

July 20 is the 220th anniversary of the birth of Destutt de Tracy (1754-1836), a founder of the Ideologue school and a leading laissez-faire economist. He was raised by his mother and his grandmother, who was the grand-niece of the leader of Jansenism, Arnauld. He was a disciple of Auteuil who escaped execution. He returned to Mme. Helvetius' home and worked with the physician Cabanis who married Charlotte de Grouchy, the sister of Mme. Sophie de Condorcet, widow of the philosopher, and translator of Adam Smith's Theory of Moral Sentiments. Mme. de Condorcet married the Irish general, O'Connor, and with Cabanis and Dominique Joseph Garat published the complete works of Condorcet, which became an intellectual support for the opposition to Napoleon. Along with the historians, Constantin Volney and Pierre Claude Daunou, and the editor, J.-B. Say, the Ideologues exercised a major intellectual influence during the period of the Directory (1795-99) and the Consulate (1799-1804). But when Napoleon crowned himself emperor, he denounced the Ideologues as his most dangerous opponents.

Destutt de Tracy's major work, Elements of Ideology, included in its section on will its analysis of political economy. The major influences on his psychological thought were Locke and Condillac. Destutt de Tracy and Dupont de Nemours were the two Frenchmen who had the longest association and influence on Thomas Jefferson. Jefferson translated and published (in 1811) Destutt de Tracy's Commentary on Montesquieu's Spirit of the Laws (written in 1806 but not published in France until 1817). One of the few works on his thought is Jean Cruet, La Philosophie Morale & Sociale de Destutt de Tracy (1969), from whom the following quotations are taken:

"The social philosophy of Destutt de Tracy included a political part and an economic part. Such are the much in effect the two essential elements of the revolutionary ideal. The Revolution had been at the same time a political crisis and an economic crisis; it had been the protestation of the public conscience against the despotic regime; but it did on the other hand profoundly modify the economic regime of France. We find in the works of Destutt de Tracy the expression of this double tendency."

"One has often said that the great merit of the Revolution was to have founded its political ideal on a perfect knowledge of human nature. It had taken men as they are and not as they ought to be. It allowed a free field to human egoism. In giving as a foundation to his social philosophy a psychological study of men, Destutt de Tracy rested in the revolutionary tradition." (pp. 40-41)

"Finally the political philosophy of Destutt de Tracy is an individualist philosophy. For the French Revolution had been one cannot doubt it an unreservedly individualist. Destutt de Tracy had defended individual property, condemned the intervention of the State in the affairs of individuals, and declared on several occasions that communism was a "utopia" or an "aberration." The economic system of competition, of freedom of labor, of wages, and of heredity, appeared to him the strong support of the political ideal of the Revolution... The socialists and the Republicans (liberals) have, to our conception, the same political ideal founded on different economic principles. Is that not the secret of their conflicts, and also of their union against the parties of the Old Regime (conservatives)?" (pp. 105-66).

"The economic theories of Destutt de Tracy are today still those of the republican liberal party. Destutt de Tracy rejected, as equally contrary to the intimate nature of man, the Christian concept and the Communist concept of society. Destutt de Tracy is a utilitarian and an individualist: with that double title he is the type of republican without epithet. After having read the Elements of Ideology, one understands better the "Declaration of the Rights of Man and of the Citizen" (1789), at once in its political part and in its economic part." (p. 100)

"From the faculty of feeling and the faculty of willing is born the idea of personality; from the idea of personality is born in its turn the idea of property. Property has its origin in a natural and necessary fact. Property was a fact, it does not depend on us to make it that or not to make it that... There is a fundamental property, anterior and superior to all institutions. In other terms, for Destutt de Tracy, the foundation of property is the psychological order. Man is born property-owner." (pp. 52-53)

Destutt de Tracy considered government to be sterile at best, but generally a source of exploitation. He organized the deposition of Napoleon in 1814 (as he had sought to do for ten years) and was a source of support for public and secret opposition to the succeeding governments.

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World-Wide Inflation —

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An important part of the process of transforming the American right into an imitation of old-line European conservatism (a transformation which Murray Rothbard in particular has described very well in a number of places) has been the seeping into American rightist thinking of the philosophy of history that sees the germs of modern "decadence" and "chaos" in the various critical movements of the past few centuries, especially the Enlightenment, but going back even to the Reformation and, beyond that, to certain medieval "heresies." All modern ideologies are seen as anti-theologies, and God forbid that any significant historical change should be interpreted as the result of earthly, economic interests. The incorporation of elements of this Weltanschauung has given current American conservatism an air of profundity, old-world wisdom and downright "class" which is the main product retailed, for instance, by the "Intercollegiate Studies Institute" and by Modern Age, as well as by National Review in its more "philosophical" moments. When carried through by a genuine scholar like Eric Voegelin, this approach has a certain interest. The present work is an example of the approach at its worst. So, with an eye to the possible impact of Leftism in reinforcing a fundamentally reactionary and anti-intellectual interpretation of the course of modern history among American rightists, I beg the reader's indulgence to venture a lengthy and what could be termed spirited attempt at nipping that impact in the bud.

A comment is in order concerning Kuehnelt-Leddihn's scholarliness: there is no doubt in my mind that the greater part of his reknown within the American right is due to the circumstance that (as he says of himself in the Preface) he reads twenty languages and speaks eight. This, and the fact that he travels to interesting places, rather than his mediocre and grade-school stuff like this, just whom does K-L think he is writing for? Moreover, there are little gaps in his reading which tend to disqualify him from writing on the subjects he does: note fifty-two on page 482 shows that he probably has not even heard of the Clapham-Ashoton-Hartwell view on the effects of the Industrial Revolution on the British working-class or at least certainly has no idea of its significance.

K-L's languages and life of reading allow him to make disdainful comments (justifiable, I suppose) about all kinds of ignorant, man-in-the-street Americans (it's part of his indictment of democracy, you see); but, judged by the standards of the better sort of academic thinking prevalent here, he doesn't begin to qualify as a serious intellectual.

In coming to grips with Leftism, we can leave aside the completely superficial discussions of key concepts in social thought, such as "liberty," "equality," "democracy," etc., contained in the first few sections; the book is clearly not treatise on political philosophy. We ought to note, however, K-L's petty sniping at such "leftist" concepts as equality before the law — as well as his sneaky rationalizations, sprinkled through the book, of such oppressive institutions as European serfdom and even Negro slavery ("In many cases the blacks could have been grateful to have ended as house slaves in Virginia rather than as human sacrifices in bloodcurdling ceremonies such as the Zanynana, the 'Evil Night' in Dahomey"). And in his continuing attack on democracy, childish touches are not lacking: rape is referred to as "sexual democracy" and cannibalism as "nutritional democracy" (why not "aristocracy"?). On this level of analysis of concepts, however, his definitions of "right" and "left" deserve some examination, since they help determine the structure of the book. It is here that the mishmash begins in earnest.

How, the reader might wonder, does Hitler wind up on the left? The answer is simple: everything evil is identified with the left in K-L's mind, just as everything good is identified with the right. Get these as unbiased definitions, meant to help us organize modern political ideas and developments: "The right stands for liberty, a free, unprejudiced form of thinking, a readiness to preserve traditional values (provided they are true values), a balanced view of the nature of man... but the left is the advocate of the opposite principles." So that Hitler — even if he hadn't been a believer in democracy (K-L's interpretation) was necessarily a leftist. All methods of political repression are leftist, according to our author — for instance, censorship (hasn't K-L ever heard of the Index of Prohibited Books? — or was this a "leftist" element in the Church of the Counter-Reformation?). For this reason, he claims that even
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Metternich’s system was partially leftist: “it assumed authoritarian features and aspects which must be called leftist, as for instance the elaborate police system based on espionage, informers, censorship and controls in every direction.” My own scholarship is, alas, quite modest; but I have come across the fact that, among the penalties imposed on the Arians at the Council of Nicaea (325 A.D.) was that all copies of Arian’s books had to be surrendered under pain of death; so that the history of the thin hand of the Church guiding the strong arm of the State in smashing heretics and intellectual deviants goes back at least as far as that. Informers were used by the various Inquisitions, of course, and part of the instrument of recantation which Galileo was forced to sign under threat of torture compelled him to inform on other Copernicans. (Naturally, the ecclesiastical powers have not been able to do much along these lines in more recent centuries, but then it has been a long while since the world belonged to them.) Guess for yourself the value and integrity of a work that starts with this fundamental distinction: “If we identify, in a rough way, the right with freedom, personality, and variety, and the left with slavery, collectivism, and uniformity, we are employing semantics that make sense.” Thus, the implication is that a sensible terminology would classify the Romainovs as leftists; and Jefferson and Paine, who are termed “mild leftists,” would have to be moderate supporters of collectivism.

The heart (and bulk) of this much too long book is constituted of a history — a history of “leftist” ideas in the modern period and of their working out in political developments. K-L’s presentation of key episodes in this continuing story is completely tendentious and largely worthless. To take one example in connection with early modern history: he cites the Anabaptist excesses at Muenster, but not the preceding attempts by both Lutherans and Catholics to annihilate, by the most brutal methods imaginable, peaceful Anabaptists who asked only for the right to ignore the State. His chapter on the French Revolution is a joke. He finds himself able to discuss the taking of the Bastille (and to conclude that the Marquis de Sade inspired the whole incident, as well as the brutality that accompanied it), without any reference to the fact that the activity in Paris was a response to a military coup put afoot by the Court. He describes in absurd detail the horrors committed during the Reign of Terror, but does not even mention the war going on at the time against most of Europe, nor does he inform the reader that the French perhaps had cause for panic in the circumstance that the King and Queen had betrayed them to an enemy who had publicly threatened to give the city of Paris and all its inhabitants into the hands of the enemy. K-L scrupulously ignores the rather well-known thesis of Tocqueville, that the Revolution (and Napoleon) basically simply continued the statist and centralizing tendencies of the monarchy: this is an interpretation he, with his uncritical adulation of European monarchism and his hatred of the great Revolution of 1789 (a hatred which is nothing but Taine shorn of Paris over to military execution. Very significant is that K-L does not belong to the Manchester School) and Mises! Then, to make a name for himself as a poet (surely, every young man who had ideas of that kind must be mentally unbalanced!), and states that: “The non-fulfillment of his (artistic) dreams made him a revolutionary, and here we have a strong analogy with Hitler.” (Really, instead of irrelevantly footnoting articles in Hungarian in Munich reviews on the non-existence of serfdom in medieval Hungary, such an assertion as this one might be thought to require some substantiation — but none is furnished.) We have petty shots: “There is no doubt that Marx, initially at least, loved his wife and daughters dearly . . .” (emphasis added), as well as large-scale silliness: “the dominant characteristic of Marx: self-hatred” (actually, his dominant characteristic was rebellion). K-L’s plain lack of intelligence comes out in his comment on Engels in his relationship to Marx: “This wealthy manufacturer from the Ruhr Valley also had sufficient funds to support the penurious cofounder of international socialism and communism. Lenin’s "useful idiots" thus existed long before Lenin.” Just what is supposed to mean? The words say that Engels was a dupe, a kind of 1940s Hollywood-type, maybe like Edward G. Robinson or John Garfield — but such an interpretation of Friedrich Engels’ rôle in the history of socialism would be . . . incorrect.

What to say about K-L’s section on classical liberalism? Well, first of all, there are incomprehensible stupidities: he thinks that the Manchester School was contemporaneous with Adam Smith, and he lists Bismarck (and Mazzini) as an “Old Liberal” along with Gladstone, Cobden (who evidently did not belong to the Manchester School) and Mises! Then, to smear German liberalism, he takes the National Liberals to be representative of it, never mentioning the truly liberal Freisinnige Partei and its great leader, Eugen Richter: the difference is that, where the former supported the laws against the socialist movement and protectionism, imperialism and militarism, the latter opposed these. Whatever K-L’s forte is, it is not analytical thought, so that it would not be worth our while to enter into an examination of his ideas as to the evolution of liberalism through various phases. As an anti-totalitarian Christian conservative, what he is trying to prove, of course (so what else is new?), is that classical liberalism somehow set the stage for totalitarianism and statism, in Germany and elsewhere. But, to prove

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anything, one must deal with coherent propositions. Now, K-L says that: “it is not surprising that old liberalism became illiberal. If one is solemnly convinced that all strong stands, all firm affirmations, all solemn utterances are the only paths to great issues and great solutions, then one is hopelessly bourgeois” (pp. 121-22). He means that as one becomes more conservative, the view of the world becomes more absolute, which can lead to illiberal conclusions.

In the minds of many of those who keep up with Buckley's magazine and with the American conservative movement, there is, I think, the sense that writers like Russell Kirk and Kuehnelt-Leddihn are being blame for massive diabolical mistreatment of human beings at the door of “leftism,” aposticism and liberalism. Although they do nothing to redress the balance, there are a few good points to be noted in Leftism: K-L has an attractive curiosity about and love of certain kinds of facts — facts about persons, places, tribes and nations and their traditions, and so on. Many of his judgments and values are commendable: he is a strong revisionist on the Paris Settlement of 1919; dislikes Wilson, Roosevelt and Churchill heartily; hates Eleanor (although he overestimates her importance); has contempt for American left-liberals and fellow-travellers; realizes that the war criminals of World War II included those who caused the ovens to be lit not only at Auschwitz and Dachau, but also in downtown Hamburg and Tokyo, in Dresden and Hiroshima. The author passes some friendly comments on anarchists and admits that he would not be reluctant to call himself a “Christian Conservative Anarchist” but what could this amount to if he is, for example, a lover of the Franco regime? Probably not much more than a relish in “variety”). Occasionally, the quality of his thinking moves me to wonder whether he isn't a closet radical.

This is in 1938. Naturally, the complexity of this cluster of problems is something that K-L could have expected to do justice to. More generally, as a brief response to this line of conservative interpretation, we would have to say: the maintenance of Christian faith cannot be the key to solving the problem of how to have a humane world, since Christian faith has historically been compatible with every manner of swinishness perpetrated on human beings, especially before humanism came to temper religious fanaticism and liberalism to limit its possibilities for doing harm. In any case, it is not for a member of that Church to lay the blame for massive diabolical mistreatment of human beings at the door of “leftism,” aposticism and liberalism.
The Prophetic Vision Of Hilaire Belloc

by John P. McCarthy—Department of History, Fordham University

Late 18th, 19th, and early 20th century European thinkers are generally categorized as rightist or leftist, conservative or liberal. The left stressed human reason which formulated universal principles applicable to all men. The foremost of these was the value and priority of the individual. Social organizations, whether states, businesses, guilds, or fraternal groups, existed to serve the individual. The right, on the other hand, in reaction to the revolutions that grew from the application of leftist principles, deemphasized human rights and placed society in its place, they stressed custom and tradition, which naturally varied greatly from place to place; hence, an abandonment of universality. The exaltation of localism prompted a subordination of the individual to the group, which was both the source and the product of custom. The individual was seen as being able to attain his full humanity only as part of the group. The extremes to which leftist and rightist thought could run were obviously anarchism on one side and nationalist totalitarianism on the other.

However, in the greater part of the 20th century, the prevailing pattern of politics in the West has not fitted either category. Instead, the left has accepted rightist social organicism as a rationale for social welfare programs and a controlled economy, while the established right has accepted leftist socio-economic reforms in return for the maintenance of power. Two successful 20th century political figures who personified this right-left amalgam were David Lloyd George, a one-time radical, Welsh nationalist, and anti-imperialist, who helped introduce the social welfare state to Britain and then went on to preside over a predominately Tory-Imperialist cabinet during World War One; and the American patrician, Franklin Delano Roosevelt, who also fostered the social welfare state and commanded the nation in a global war. These modern Caesars came from opposite sides of the tracks socially, yet their programs-social welfare, controlled economy, and mass total war — completed the congealing of the modern state without revolution or the usurpation of an incumbent establishment.

Similarly, both men transformed their own political parties away from their old liberal or individualist heritage (that is Gladstonian Liberalism in Britain and Jeffersonian Democracy in the United States).

A perceptive and prophetic observer of the pattern of Western political development in the 20th century was the English Catholic publicist, Hilaire Belloc (1870-1953). Today, unfortunately, he is either forgotten, appreciated only as a poet, or inaccurately dismissed as a rightist, neo-medievalist romantic. This has been a consequence either of antipathy to some of his attitudes, such as his anti-Semitism and his Catholic apologetics, or a failure to understand, or more likely, to read his political and social writings. Actually, going by the right-left categories we mentioned, Belloc, because of his rationalism, his commitment to universal principles, and his individualism, would very definitely belong with the left.

His ancestry, especially on his mother's side, would almost by itself give him radical credentials. A great, great grandfather was Joseph Priestly, the philosopher-scientist-who-whose-library-was-burned-by-a-Tory-mob-in-Birmingham-because-of-his-support-for-the-French-Revolution. His grandfather was Joseph Parke, the radical political and associate of James Mill and Francis Place who in 1832 sought to further the chances for the Reform Bill by threatening to format a revolution if it would not be passed. His mother, Bessie Rayner Parke, was a feminist and a Unitarian-turned-Catholic. His French father's family were republicans, and a great grandfather was an Irish Protestant who had served as a colonel in the Napoleonic armies.

Politically Belloc was a radical-liberal of the Bright-Cohden variety who regarded the key villain in British politics to be the landed establishment — the beneficiary of state protection, perpetuation, and privilege. That class had ruled England since its triumph over the monarchy in the 17th century Civil War and the Glorious Revolution. The standard "Whig History of England" saw this gentry and their climb to power as the key to British liberty because it meant parliamentarianism and the rule of law. But a radical like Belloc saw instead a privileged oligarchy ruling at the expense of the masses. Belloc's Catholic historiography reinforced his radical hostility to the landed establishment when it is recalled that the landed class got its great leap forward by purchasing at bargain rates the monastic lands seized by Henry VIII in the 16th century as part of the break with the Church of Rome.

Belloc sought to specify the central principles of his radicalism in one of his first published works, a contribution to a collection entitled Essays in Liberalism. He claimed that the central aim in the liberal tradition had and ought to be "the representation of individuals rather than corporate bodies, ranks, or interests." Therefore, radical liberalism sought to tear down privilege and to create an open society. Victories in this cause had been the abolition of rotten boroughs, religious disestablishment, free trade, expansion of the franchise, a meritorious rather than elitist public service, and freedom of press and political association.

In the 1890's, however, when Belloc was a student at Balliol College, Oxford, a "New Liberalism" was becoming fashionable. The new liberalism, which Belloc opposed, derided the "negativism" of the older liberalism — especially its preoccupation with government retrenchment and free trade. The new attitude drew inspiration from the neo-Hegelianism of the Oxford philosopher, T. H. Green, which radically departed from the empirical and individualist spirit of English philosophy by idealizing the state as man's educator and guardian, as well as being the agency for human fulfillment. As a result many liberal political

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And as to whether Keathley, Timko, etc. should be in PFP in the first place — I expect it's the one political party they can feel comfortable in, as long as they can feel they're at all effective (and Timko has gotten coverage for libertarianism in media that the LP could never penetrate), since the other parties (including the LP) are made up of people with pretty conventional life-styles. I realize you see this as an indictment against Keathley et. al. — but I don’t see where the moral superiority of alcohol over pot, stockings and heels vs. blue jeans, bras vs. no-bra, selling hardcore vs. selling incense, etc. has been established. To me it's simply a matter of personal preference and goals, and I don't think I'm alone — freak vs. straight just doesn't seem to be an issue among SoCal libertarians.

The Editor Replies:

I, too, am all in favor of diversity. If there are, for example, any libertarians involved in the flourishing "backgammon movement"; let them by all means agitate among their backgammon colleagues, perhaps also showing (if true) that taxes and tariffs raise the price of backgammon boards. My quarrel with the Keathley forces is not so much their counter-cultural-life-style, but, as Ms. Kinsky seems to concede, the fact that they make their political choices on the basis of which cultural political party "they can feel comfortable in". It seems to me that choosing lifestyles over ideology is a damaging indictment of the CLA forces.

It is true that, since Ms. Kinsky wrote her letter, the Keathley ticket swept to victory in the June PFP primary, and is therefore on the ballot in November. On the national scene, however, the PFP remains at a hopeless dead end, and therefore this applies to the state level as well.

Revisionist Seminar

A seminar in World War II and Cold War Revisionism will be conducted by Dr. James J. Martin, August 30 through September 2 at Claremont Men's College, Claremont, California. Tuition is $35. Some dorm space is available on first come, first served basis. Registration begins at 8:30 P.M., August 30, at Claremont Men's College. For pre-registration and dorm space write:Revisionist Seminar, P. O. Box 2001, Ventura, Cal. 93001.
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figures, like the Earl of Rosebery, H. H. Asquith, and Edward Grey called for the party to champion bold new state programs designed to improve the quality of life and civilization. Significantly, the same figures were calling for Liberals to take up the imperialist banner being so successfully exploited by the Conservatives and to drop the anti-imperialism of Little Englandism which had been a central radical attitude.

At the same time the Conservatives, in keeping with their traditional paternalistic rhetoric, could easily endorse a more active state that could be pictured as a domestic version of the civilizing mission undertaken in the overseas empire. To many Fabians, like G. B. Shaw, endorsed the Boer War because the expansion of the more advanced British Empire over the primitively conservative Boers was seen as a civilizing step similar to the promotion of universal education. Consequently, there was developing a consensus for strong imperialist policies abroad and extensive state control and regulation at home. Some called the consensus “National Efficiency,” others labeled it “Social Imperialism.” Many in both parties endorsed it as a means of putting aside the “dated” struggles over franchise extension, free trade, removal of privileges, and religious disestablishment. A fictional blueprint for the consensus was the political novel of the sometime Fabian and perennial utopian, H. G. Wells, entitled The New Machiavelli. Significantly, the science of politics seemed to be prevailing over political principle.

Belloc has to be understood as an opponent of this spirit. After finishing at Oxford, he soon made a name for himself as a satirical poet and novelist (in addition to writing laudatory biographies of Robespierre and Danton). Examples of his literary efforts include Lambkin’s Remains, a satirical assault on the academic neo-Hegelians that is a tribute to an imaginary don whose philosophical theories were considered valid because they were “admitted by all European philosophers in Germany”! “The Modern Traveller,” a mock Kiplingesque pastoral account of imperialist exploits by a journalist from “The Daily Menace,” accompanied by “Commander Henry Sin,” “a mercenary adventurer,” and “William Blood,” a swindler; and Emmanuel Burden, a novel in which the hero is an honest radical entrepreneur who made his fortune by production, not speculation nor state subsidization, and who combats a fraudulent imperialist commercial venture undertaken by bankrupt aristocrats, Jewish speculators, bankers, and journalist glorifiers of Empire.

Belloc was especially annoyed at the Germanophobia that was strong in certain quarters in late Victorian England. The Germans were pictured as the pace setters for that type of modern efficient administrative state that ought to be emulated by inefficient and laissez-faire English society. It was argued that unless England did so and abandoned her “doctrinaire” anti-socialism, she would fall behind in the international race (for what?). Are there not certain parallels in the fashionable attitudes in post-Sputnik America vis a vis the Soviet Union?

In 1906 Bellloc was elected to parliament in a freakish overwhelming Liberal victory that was partly caused by a split in Conservative ranks following Joseph Chamberlain’s protectionist proposals. Entering parliament with a radical democratic naivete, he expected such an electoral mandate to be followed by the implementation of radical liberal programs. However, it was asking a little too much to expect a radical, anti-imperialist, government-retrenchment program from a ministry which included such Liberal Imperialists as Asquith, Grey, and Haldane, not to mention the political wizard (if not moralist) Lloyd George and the temporarily former Tory, Winston Churchill.

Belloc became so disillusioned that he left parliament in 1910. He had become convinced that the party struggle in parliament was really a sham battle between the two front benches who were the two teams into whom “the governing group is divided arbitrarily . . . each of which is, by mutual understanding, entitled to its turn of office and emolument.” They raise periodically “a number of unreal issues, defined neither by the people nor by the Parliament, . . . to give a semblance of reality to their empty competition.” In reality, the front benches were identical in outlook and interest, and were beholden to pretty much the same financial backers. The rank and file MP’s, supposedly the spokesman of the electorate, were in reality only pawns in the game.1

Perhaps the thesis presented by Belloc and Cecil Chesterton in their book, The Party System, as well as in the weekly journal they edited, The Eye-Witness, was a bit overdrawn. Yet there is no doubt that Britain and the rest of the Western World was moving into the age of highly disciplined political parties and dominance of the executive over legislatures. The expanded activities of the state also weakened legislatures. For one thing the enabling legislation for the new programs gave the executive arbitrary power to the executives. Furthermore, that legislation was usually drafted by administrative experts and, because there was so much of it, there was little time for the calm and deliberate discussion of its value (or for supervision of its administration) by legislatures. Paradoxically, the independent MP of the type Belloc idealized, who would be responsible only to his constituents, seemed to have disappeared with the commencement of democracy. Democratic electorates tend to think primarily in terms of parties or leaders rather than local representatives. Hence, the latter are subordinated to the former, especially in matters of financing national campaigns and determining political platforms.

In 1911, a year after he left parliament, Belloc hit on an issue which seemed a classic example of party collusion (or what the establishment: would call consensus). It was Britain’s original social insurance legislation which appealed to both the paternalism of the Tories and the active statism of the New Liberals. To Belloc, it was a fraud benefitting only the more highly skilled workers well able to provide their own insurance, but was offensive because it was compulsory. It was a cornerstone in a development that he would prophetically label the Servile State.

The Servile State was that society where individualism and the right of contract disappeared and were replaced by a situation in which the mass of men shall be constrained by law to labor to the profit of a minority, but as a price of such constraint, shall enjoy a security which the old Capitalism did not give them.2 The various reforms then being proposed, such as minimum wage laws, compulsory arbitration, compulsory social insurance, and nationalization or municipalization of industry, would really work to protect the wealthy from the consequences of the market and competition. The masses, on the other hand, under the cover of comfortable amenities, would become bound to a servile status.

Belloc emphasized that the projected society would not be socialism, that is the public ownership of the means of production (which he equally deplored), because the capitalist class would still reap the benefits their wealth. However, it would satisfy many idealistic socialists because the laboring classes would be spared “the special evils of insecurity and insufficiency,” although at the price of “the destruction of freedom.” Also satisfied would be that type of socialist reformer like the Fabian for whom “the occupation most congenial . . . is the ‘running’ of men: as a machine is run.”3 The working class would not oppose compulsory amenities which provide security and comfort, such as social insurance, minimum wage laws, and compulsory arbitration, even though they would ultimately lead to the elimination of their freedom of contract. The workers’ acceptance of this inevitability is because their bargaining position was not great to begin with, but also because they had “lost the tradition of property and freedom,” and were “most powerfully inclined” to accept the loss of freedom because of the positive benefits of security.4 The resultant situation would be that

Society is recognized as no longer consisting of free men bargaining freely for their labour or any other commodity in their possession, but of two contrasting status, owners and nonowners.5

The ownership class would be delighted with the prospective developments also, for “Capitalism has seen to it that it shall be a winner not a loser by this form of sham socialism,”6 as it also would be guaranteed a security non-existent in the free market. The explanation is that nationalization or municipalization would not be simple acts of confiscation nor would they be financed by loans made from the same original ownership class that would now be guaranteed both compensatory annuities usually exceeding the rate of profit when the enterprise had been in private

(Continued On Page 8)
New Rothbard Book

This year’s new Rothbard book is out! It is an inexpensive, handsomely bound paperback, published by the new Libertarian Review Press, a spinoff of Books for Libertarians, with a picture of the famous Deanne Hollinger poster of Rothbard on the front cover. The price is only $2.50! Where can you get a book for that price nowadays?

The new book, Egalitarianism As A Revolt Against Nature, and Other Essays, is a collection of some of the best Rothbard essays, all of which have been either unpublished, or only published in obscure and now defunct journals. Now they are for the first time, not only in print but easily accessible. Rothbard has a spirited new introduction to the collection, which begins with the sentence: “Probably the most common question that has been hurled at me — in some exasperation — over the years is: ‘Why don’t you stick to economics?’” The remainder of the introduction answers that question and summarizes the contribution of each essay. A Foreword by R. A. Childs, Jr. asserts that Rothbard is the Karl Marx of the libertarian movement.

The following are the essays included in the new book:

- “Egalitarianism as a Revolt against Nature” (From Modern Age). Individual diversity vs. egalitarianism.
- “Left and Right: the Prospects for Liberty” (From the famous first issue of Left and Right). A libertarian manifesto and world-view.
- “The Anatomy of the State” (From Rampart Journal). The State as the enemy: how it arises and perpetuates itself.
- “Justice and Property Rights” (unpublished; from Symposium on Origin and Development of Property Rights, University of San Francisco). A sociological explanation for his neglect in the current age.
- “War, Peace, and the State” (From The Standard). A libertarian theory of foreign policy.
- “The Fallacy of the Public Sector” (From New Individualist Review). The fallacy of economists’ arguments for the legitimacy of the public sector.
- “Kid Lib” (From Outlook). The theory of self-ownership and property rights as applied to children.
- “The Great Women’s Lib Issue: Setting it Straight” (From the Individualist). Rothbard’s first writing on this currently explosive issue.
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“Ludwig von Mises and the Paradigm for Our Age” (from Modern Age). A tribute to von Mises’ contribution, and a philosophico-sociological explanation for his neglect in the current age.

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Hilaire Belloc —

(Continued From Page 7)
directorate would be rehired by the public companies, but now at enlarged and guaranteed salaries. Furthermore, massive public works, ostensibly of a socially benevolent nature, whether schools, hospitals, or slum clearances, would tend to be financed not by taxation but by loans and would provide to the wealthy classes further forms of guaranteed income.

In short, the capitalists would welcome and indeed promote most of the massive programs for state intervention and control of the economy. These reformist projects would serve to guarantee and enlarge their wealth and power and minimize their having to face the market.

Are not Belloc’s prophecies validated by the recent experiences in our country, where national price and wage controls have been implemented by a "pro-business,” Republican administration, and in our state (New York) where “pro-business,” Republican legislators proclaim the necessity for the state to guarantee with public monies (no doubt to be raised by bonds) the dividends of the monopoly utility, Con Edison? Furthermore, don’t the Watergate revelations, with all the trimmings of business-political collaboration to guarantee prices and profits, cause one to give greater credence to Belloc’s insistence on the extensiveness of corruption in the politics of his time?

11., Ibid., pp. 159-162, 179-182.

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