

# Liberty

*"Proclaim Liberty throughout the land, and to all the inhabitants thereof." – Leviticus XXV*

## The Crash of '87 *Eight Perspectives*

The Majority *vs.* the Majoritarian  
Robert Bork on Trial  
*by Sheldon Richman*

Free Speech and the Future of Medicine  
*by Sandy Shaw and Durk Pearson*

Libertarians and Conservatives:  
Allies or Enemies?  
*by John Dentinger and Murray Rothbard*

Also: Articles and Reviews by *Ross Overbeek,*  
*Ethan Waters, Timothy Henderson, Mike Holmes,*  
*R. W. Bradford, William Cate* and others

# How Your Child Could Be a Millionaire by Age 21

—Karl Hess



**C**apitalism for Kids by Karl Hess is unlike any book you have ever read. For the very first time, free market economics is presented simply and clearly. And, it teaches the most practical skill of all—how to make money.

The book is aimed at teaching business to kids in the 9 to 19 age group. Any young person you know who has entrepreneurial ambitions should read this book. It presents why and how you can earn a profit in business while still maintaining the highest possible standards of honesty and integrity.

**Capitalism for Kids** is fun to read and the ideas it presents are truly unique. It is written in a lively style with lots of useful examples.

## Here are a few highlights revealed:

- A self test to help determine how enterprising the young reader really is.
- A special section for parents to show how you can help your child become financially successful.
- What young people need to know about working for themselves.
- How to make any product or service really stand out.
- How managing money and time is crucial.
- All about taking risks.
- How to get the most from an education.
- Setting up a family company.
- What type of college education is the most useful.
- Improving the education received at home.
- Using computers as handy business and financial aids.
- Where high school entrepreneur clubs are located.
- Why doing volunteer work can often be one of the best ways to start a business career.
- A practical review of laws, licenses and liabilities.
- Three common types of liability in business.
- Which fields hold the greatest money making potential for young people.
- Special advice to the reader from famous entrepreneurs contacted during the preparation of the book including David Packard, Chairman, Hewlett Packard, Inc.; Lillian Katz, Founder Lillian Vernon Inc.; and William Deardon, Former Chairman, Hershey Foods Corporation.

## Attention Readers 19 or Under

To any reader of this message who is age 19 or under, you are eligible to participate in a contest that will help us capture the youth market. Your task is to create a full page ad, aimed at your age group, on why you like the book **Capitalism for Kids**. The grand prize is an opportunity to star in an upcoming commercial about the book. **Deadline for contest entry is June 1, 1988.**

## What Readers Say:

"I don't want to just half heartedly recommend this book among the thousands of others out there that are worth reading. I

want to urge you, as strongly and sincerely as possible, to buy it and read it first for yourself. Only then give it to a kid you like.

Karl's book crystallizes thoughts that most people have had, but haven't thought out fully. It washes away the foundations upon which fears and guilt are constructed over a lifetime; it replaces them with ideas you always believed in intuitively but weren't quite sure how to defend.

This book is really great. Make sure it is available to your kids and yourself."

**Douglas Casey**  
Author of *Investing in Crisis*

"Karl is one of the best writers I have ever come across. He worked for me in my Presidential Campaign, has written any number of papers and articles for me, and I can find no fault with him.

I think *Capitalism For Kids* will make very interesting reading, not just for young people, but for people of all ages. I say that, because Karl understands capitalism, he understands socialism, and he's quick to tell you which is the better of the two."

**Barry Goldwater**  
Former U.S. Senator

"Author Karl Hess does a brilliant job presenting capitalism in a style that is both clear and entertaining to young people. But adults will be fascinated by it as well. I certainly learned much, particularly about the practical aspects of starting a small business.

*Capitalism For Kids* is bound to become a classic as well as inspire and encourage many new entrepreneurs young and old. And because it shows you how to become independent, make money, and even become rich, it's the most valuable gift book I've ever seen for any young person."

**Roy A. Childs, Jr.**  
*Laissez Faire Books, Inc.*

"Karl Hess, one of the most interesting free thinkers I know, has written a marvelous book. It explains what making money is all about, in simple readable fashion that anyone nine or older can understand.

I found it delightful reading, especially the chapter on government intervention in business.

*Capitalism For Kids* can really get your child or grandchild excited about the free enterprise system."

**Mark Skousen, Editor**  
*Forecasts & Strategies*

## Kids Success Stories

Heather Brackeen and Stacey Smit, both 11, of Albuquerque, New Mexico opened their own shop called the Weaving Loom. They specialized in hand woven items such as scarves, placemats, purses, and pot holders.

Javier Corral Jurado, of Ciudad Juarez, Mexico, at the age of 13 was the founder, reporter, photographer, editor, ad salesman and publisher of *El Chisme*, "The Gossip". His newspaper is published every 2 weeks for 1500 readers.

At 15, Robert Lewis Dean borrowed \$1,500 from his parents, bought a 1972 Cadillac and fixed it up then sold it at a profit. That was the beginning of his

career that has included starting a business at age 16, selling it for \$100,000 and starting other businesses dealing with limousines.

## Special Note From The Publisher

"It is with special pleasure that I am offering **Capitalism For Kids** to you and your family.

From my personal experience at a young age, I remember how much I always wanted to be in business for myself. Yet, in school, virtually all I was taught was how to become someone else's employee. When I asked my teachers where I could get information about being my own boss, they couldn't recommend any books on the practical aspects of running a successful small business.

That's why this book is so unique. The "how to" ideas it presents are rarely taught in any schools.

I feel sure that this book will undoubtedly make a big difference in the future development and financial success of anyone who reads it, and I am proud to be its publisher."

**Paul Nicholas**  
Publisher

## About The Author

Karl Hess is an entrepreneur, former editor at *Newsweek* and author of six books. He writes with conviction about how and why applying the principles of free enterprise leads to independence and success.

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# Liberty

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*Liberty* (ISSN 0894-1408) is a bi-monthly review of libertarian and classical liberal thought, culture and politics, published by Liberty Publishing, PO Box 1167, Port Townsend, WA 98368. Subscriptions are \$18.00 for one year, \$32.00 for two years; single issues are \$4.00 each, plus \$1.00 for postage.

An application to Mail at Second-Class Postage Rates is Pending at the Post Office in Port Townsend, WA 98368. POSTMASTER: Send address changes to Liberty Publishing, PO Box 1167, Port Townsend, WA 98368.

Manuscripts are welcome, but will be returned only if accompanied by an SASE. Queries are encouraged. A Writer's Introduction is available: enclose a SASE and send to the address given above.

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# Letters

## Brownian Movement

I enjoyed reading your initial issue—especially the interesting articles about Tom Marshall. However, I was a little surprised to read:

"Tom arrived in the ideologically seminal atmosphere of Los Angeles in the early 1960s. Harry Browne was at the Henry George School..."

I'm afraid I've never been to the Henry George School, nor would I even know where it is. I mention this only so that no one will get the idea that I'm a Georgist. I have always been, and will continue to be, a card carrying, dyed in the wool, unrepentant, unreconstructed Brownist.

I mean Browneist.

Harry Browne  
Austin, Tex.

## Reflections on the Apostasies of Wollstein and Waters

*Liberty* is everything you advertised and well worth its price. Why it is, then, that I have chosen to write a complaint instead of praise I don't know. But the silly little piece by Nathan Wollstein ("The Dilemma of the Gladiators," *Liberty*, Oct. 1987) was just more than I could stand. I mean, I knew that academic libertarians still pondered over normative ethics from the leisure of scholarship stipends and tenure, but I had no idea that the agony had reached this intensity. And were it not for the quickly following antidote of Ethan Waters ("Reflections on the Apostasy of Robert Nozick") in the same issue, I think I would have swooned.

When I first began reading and thinking about libertarian sorts of things about five years ago, I was struck by the conspicuous neglect of the ideas of Ayn Rand in both popular and orthodox academic philosophy. Her notions of atheistic morality and her writing style both seemed the perfect contribution for what I considered to be the long-standing search for an appropriate alternative to conventional religious morality. Well, I've since worked my way past the initial seduction of her prose and on through what I consider some of her faulted ideas. And so now I think I understand why Ayn Rand has not carried

the day.

I suppose, then, that I should now be careful how I apply similar questions about the same lack of influence of Max Stirner. I've been thinking on *The Ego and Its Own* for quite a while now, and have nearly come to view Stirner's ideas as the logical conclusion of careful reflection in normative morality. And as a result, I just cannot understand the overall neglect of old Max's ideas in libertarian literature. Oh, I can understand the strategic or political difficulties that would face the Libertarian Party when accused of amorality, but I don't understand how the subject just never seems to come up at all. Even Ethan Waters doesn't quite cut the cord with normative ethics in his comments on Robert Nozick, though he comes very close.

And so I ask, what's so hard to accept in faulting Robert Nozick, his neighbors, or anyone else, for that matter, for perhaps being short-sighted in evaluating personal interests? Why not recognize and admit to mistakes in personal judgment without getting all twisted up in the convoluting details of normative ethics? (Let's see, now was that a logically false morality or the misapplication of what we think is a logically true morality? And have you *really* stayed awake during most comments in *Critical Review*?)

As I said, I know that I should have learned prudence in knee-jerk accusations that whole groups of people are ignoring a particular idea that seems compelling to me, and I'm trying to keep my balance. But my goodness; dilemma of the gladiators! Please Mr Wollstein, share your reflections on Max Stirner.

Jim Smith  
Shrewsbury, Mass.

Note: Additional letters on Ethan Waters' "Reflections on the Apostasy of Robert Nozick" appear on page 14 of this issue.—Editor

## Correction

I read with great enjoyment your "Conventional Notes" (Dec. 1987). The Membership Committee of the Libertarian National Committee is involved in membership drives at different levels at this time, trying to double or triple

membership by the time of the National Convention in 1989.

During my campaign I did promise to try to double or triple membership within a two year span. It would require a miracle to triple membership by 1988 (as you quoted me) since we are in it.

Matt Monroe  
Houston, Tex.

## A Matter of Style

Bruce Earnheart (*Letters, Liberty*, Oct. 1987) is correct in noting how reformist or charismatic politicians are capable of bringing marginal groups into politics. The strongest claim of the Means campaign was that Means would bring into our fold many nonvoters, especially minorities. His experience in the civil-rights left was cited. For reasons too complex to go into here, I was not convinced, and am glad that the nod in Seattle went to Paul. However, it is (or rather was) a debatable point; and I can quite understand those who were convinced.

But the *lüftmenschen* that Dr. Rothbard refers to are not significant blocs of potential voters. They are rather "those dirty, unshaven, and profane New Leftists" and their ilk. To say that liberal attitudes toward the family are a result of their efforts is ridiculous. Traditional morality was changed by the automobile, penicillin, and the Pill. Similarly, opposition to the quagmire in Vietnam was inevitable, given the nature of the conflict.

As the latter movement was political, its history is relevant to Libertarians. And I think it can be safely said that the prominence in the anti-war movement of *lüftmenschen* like Abbie Hoffman and Tom Hayden was disastrous. There was no inherent reason why Middle America should have been opposed to an anti-war movement, given America's traditional isolationism. One of the things that kept them away, perhaps the main thing, was the prominence of radical crazies to whom Nixon and Agnew could always point to as Horrible Examples. Late in his life, Norman Thomas urged the New Left to clean the flag, not burn it. That his advice was not heeded cost America twenty thousand lives.

But, Mr. Earnheart points out, the generation of the sixties has grown up. True, and they aren't the type of people who would reject a Russell Means for his nonconformity. But neither will they reject Ron Paul because of his conformity.

## More Letters

These were, after all, the people who backed Gene McCarthy in '68, and he wasn't exactly what you call a hippie. In any case, the image that appeals most to these people is that of a JFK clone; and on that test, both a Means and a Paul flunk. On the other hand, there remains a significant bloc of conservative voters who are turned off by someone like Means. That's bigotry, and I don't like it, but it exists. The *lüftmenschen*, as I understand Rothbard's use of the term, are minuscule in number.

My conclusion is that while substance must remain radical until enough people agree with us to make it the status quo, there is no reason why we should not make the style as palatable as possible.

Jeff Schneier  
Chestertown, Md.

### Unholier Than Thou

I thoroughly enjoyed the statistical analysis of Libertarians ("The Sociology of Libertarians" by John C. Green and James L. Guth, *Liberty*, Oct. 1987), particularly the section on religious affiliation. The article corroborates research which I have done with atheists. Libertarians, as a general rule, are methodological individualists, taking their own reasoning power as the primary means of analysis, rather than accepting the dogma of some religious authority. While *atheists* are, as a general statistical rule, left of center, this leaves me with an interesting question.

On the *political* left-right spectrum, non-libertarian atheists and libertarians are normally placed in opposite corners. On the *religious* left-right spectrum, however, they reside, as they always have, on the far left. Historically, libertarians were associated with the political left (indeed, the extreme left), and it has only been since the political upheavals associated with the rise of Franklins (FDR) of the 30's that libertarians (i.e., the non-Marxist, anti-Stalinist leftists—who did not fit well in the simplistic notion of leftist/commie/bomb-thrower) were merged with the disgraced reactionaries of the traditionalist right wing in American politics. This is where American libertarians have been pigeon-holed ever since.

Might this article on libertarian val-

ues lead us to conclude that we, as libertarians, have a natural place on the left, rather than on the right? Certainly libertarian concerns with Church-state separation and civil liberties are concerns more common to the left than the right. Certainly atheism and the basic grounds (pro-reason, pro-science) behind atheism are common to both libertarians and the left in general, however good or ill those reasoning powers are applied by either libertarians or leftists. It is something to consider.

Kenneth R. Gregg, Jr.  
editor, *Atheists*  
*United Newsletter*  
Sherman Oaks, Cal.

### The Dynamics of the Inappropriate

I question the essay "The Dynamics of Voluntary Tyranny" (*Liberty*, Dec. 1987) not for its contents, but for its appropriateness. To what good end is the inclusion of an essay so critical of a religious group? Particularly one that is so well organized and centered on a very well read publication that can quickly alert its members to your attack on their beliefs. It seems to me no matter how valid the author's essay may be, it is certain to alienate a group of several million people within our society who might otherwise be disposed towards Libertarianism. As the Jehovah's Witnesses are both anti-government and pro freedom

of religion, I would think they provide fertile ground for the growth of Libertarianism, and a prime source of votes in elections. So, why attack them?

On page 23 of the same issue, Murray Rothbard says he is getting tired of "the offhanded smearing of religion..." I fully agree. Let's spend our time attacking government and making our beliefs as attractive as possible. If we don't think harder about the consequences of what we are doing and saying, there will be no votes, no elected libertarians, and no progress toward true freedom.

Richard Geyer  
New York, N. Y.

### What Correlatives Imply

The point I sought to develop in my book, *The Man and Woman Relationship* ("Booknotes," Dec. 1987) had to do with the fundamental nature of relationship, that without relationship meaning cannot be given to something. Without the intrinsic nature of relationship we could not singularize one part of anything in its relation to something else.

This idea of relationship is not anything new. What I did was relate it to our sexuality. Without both male and female, neither sex would hold any meaning. Sexuality only has meaning in terms of male as to female. That is fundamental. My comment that homosexuality is not a sexuality follows by definition; there is no sexuality without the fundamentalness of the opposite sex included

### Publisher's Notes:

Launching a new periodical, especially an explicitly ideological one, is always a difficult venture. During *Liberty's* first six months, we have made significant progress.

*Liberty* continues to grow and prosper. The paid circulation for our December issue was more than 2,100—which gives *Liberty* the second highest paid circulation of any libertarian periodical based on the most accurate figures we can assemble. Our circulation remains well behind *Reason* (paid circulation is about 28,000) but significantly ahead of *The Pragmatist* (paid circulation about 1100), the only other libertarian periodical we know of whose paid circulation exceeds 1,000.

We have conducted two surveys of our readership. The results were very encouraging: on average, each article published in the *Liberty* is read by an astonishing 86% of respondents, and 95% of respondents indicated they would renew if their subscriptions expired at this time.

The cover date on this issue is March. This does not reflect our falling behind schedule, an all too frequent problem of libertarian publications. Our newsstand distributors have asked us to push back the date to give our magazine a longer shelf life.

You will note our December issue was expanded to 56 pages, and this issue to 64 pages. Increasing the length of these issues has meant additional work and expense, but we think it has been worth it. We realize that we are still getting glitches out of our publication, and appreciate any comments or suggestions.

## More Letters

in the relationship. I also develop the idea that it is the interaction of opposites that makes for the creative.

What, one may ask, does this have to do with liberty? Simply, that if one is holding himself as part of a relationship that is not balanced, where one side is held to be intrinsically superior or inferior to the other metaphysically, that a master/slave situation will result. Master/slave equals relationship out of balance.

Christopher A. Anderson  
Santa Rosa, Cal.

### Kneecap Rights...

Although Murray Rothbard's remarks about abortion ("Life or Death in Seattle," *Liberty*, Aug. 1987) are tangential to his evaluation of Ron Paul's candidacy, I feel obliged to comment on a common error that he perpetuates, namely confusing the issue of whether a human fetus is a human being with the non-issue of whether it is human.

Human earlobes, human kneecaps, and human pancreases are human but are not human beings. A human fetus is unquestionably human, indeed, every bit as human as a human earlobe, kneecap, or pancreas, but that says nothing about whether it is a human *being*, which is a question not about its biological species but about its status as an individual in its own right, rather than as a part of another individual. The two best-known sides in the dispute agree that there is a sharp distinction between a human being and a human non-being, but differ with regard to which of the two landmark events in the developmental history of a human being provides the distinction: conception or birth. Each side is correct in dismissing as ridiculous the other side's way of drawing the distinction: there is in fact no event that marks a distinction between a separate individual and a mere part of the mother's body—there is rather a continuous development that begins with a single cell that is joined to and biologically totally dependent on the mother's body and ends with an organism capable of survival separate from the body of a (real or surrogate) mother.

I am delighted that the *Roe vs. Wade* decision avoided the regrettable

legal tradition of arbitrarily imposing sharp boundaries on concepts that are inherently imprecise. *Roe vs. Wade* rather provided rough distinctions among one class of cases where a fetus is enough of a human being to be granted limited status as a person, a second where a fetus is clearly not enough of a human being to be granted even that limited status as a person, and a third class of cases in which the grounds for granting or withholding any status as a person are so weak that the Court is not competent to make any general decision for that class of cases. My only disappointment with the *Roe vs. Wade* decision is that it has not led to any re-evaluation of laws and legal precedents in which arbitrary precision has been imposed on imprecise concepts such as that of "adult." I would have liked to see courts and legal theorists taking the "fuzzy areas" at the borders of such concepts as a fact of life that must be lived with rather than as an inconvenience that must be legislated or adjudicated out of existence. I am especially sorry that libertarians have not explored a particularly libertarian way of living with imprecision in those concepts: that of allowing persons to decide how the concepts apply to them in the "fuzzy" cases, e.g., of allowing a woman to classify her 5-month fetus as a non-person if she wants to abort it and to classify it as a person if she seeks legal redress for injuries that have resulted in the fetus's death.

James D. McCawley  
Chicago, Ill.

### Something Fishy

Murray Rothbard offers some very simple advice ("Libertarians in a State-Run World," *Liberty*, Dec. 1987) on the subject of government employment: government jobs whose functions are otherwise legitimate are morally permissible, while jobs whose functions are intrinsically rights-violating are not.

Unfortunately, the real world is not that simple. Many government jobs that are largely legitimate have illegitimate aspects. For example, a judge or policeman will, in the course of his duties, have to enforce laws that are unjust from a libertarian standpoint. Does this mean that no libertarian should become a judge or a policeman? If so, libertarians should not become legislators either (so much for the Libertarian Party!), for—let's face it—any effective Libertar-

ian legislator is going to have to make *some* deals and compromises, support *some* mildly unjust bills, in order to get any support from his non-Libertarian colleagues for the bills he favors. Rothbard's demand that libertarians refrain from participating in coercive state activity "in any circumstances" would effectively bar libertarians from government entirely.

There may still be a case for libertarians taking jobs whose functions are completely illicit. A libertarian, arguably, may justifiably work for the Fed, the FCC, or some agency of that ilk, *provided that* his post is a policy-making one, enabling him to influence and restrict the agency's operation. Rothbardian prohibitions would lock libertarians out of the very positions where they're most needed. Libertarians are not going to take the government by storm; we will have to settle for a gradual infiltration, and that means working within the system.

Nothing I've said endorses Nozick's or anyone else's working to *increase* the sum-total of coercion in our society. Nor would I deny that there are *some* cases in which a libertarian is obligated to refrain from participating in coercive activities, even when such participation would lead to a net reduction in coercion. For example, if a kidnapper threatened to kill his 12 hostages unless a bystander killed an innocent person, it would be wrong for the bystander to accede to the request. We must, as Rothbard himself notes, walk the fine line between the two extremes of dogmatic martyrdom and utilitarian expediency. But I'm not sure he realizes just how close his own principles takes him to the martyrdom pole.

A final question: I'm curious how Rothbard would (and why he didn't) respond to the central argument of Ethan Waters' article ("Reflections on the Apostasy of Robert Nozick," *Liberty*, Oct. 1987). Even granting Rothbard's distinction between legitimate and illegitimate government activities, Waters claims that the Cambridge Rent Control Board passes the legitimacy test because a non-government analogue of it *could* have arisen non-coercively (putting it in the same category as the Post Office or the Fire Department). There's certainly something fishy about Waters' argument, but I haven't quite got my finger on it yet.

Roderick T. Long  
Ithaca, N.Y.

## Advice

# Freedom for the Adventurous

by William Cate

*Liberty's correspondent from "somewhere in Latin America" offers some practical advice to those considering opportunities in the "Third World."*

A few years ago I was having coffee in the Upper Amazon Basin, when two Germans joined me. They wanted me to collect insects for shipment to Europe. This was during the late 1970's; inflation had made hard asset investing look good and anything that had kept pace with the inflation rate could be sold as an investment. These men realized that the value of specimen insects had more than doubled annually for the past couple of years and felt they could create a European market for "Investment Insects."

The result was an agreement that put me in the jungle with a few Indians collecting insects, preserving them and shipping them to Europe. I made good money for a few months until the local government decided that my operation was harming the environment. They were unmoved by my objection that their annual spraying of tons of DDT killed a thousand more insects in an hour than I could collect in a year. Put out of the business, I noted that the locals could not make it work, primarily because they did not understand the concept of a perfect insect. In due course, the inflation rate reportedly leveled out, investment insects became passé and I went on to other things.

An aversion to regular employment, a desire for travel and adventure, and a need for money can enable anyone to pursue profitable adventure, ranging from buying gem rough from miners to exporting "investment" insects.

It is possible to maximize your own economic freedom by following the time-honored formula: maintaining citizenship in one country, while earning a living in a second, banking in a third and living in a fourth. You can't build that sort of international diversification and invulnerability without venturing abroad.

In fact, profitable adventure can be found by anyone willing to desert his

---

television and the security of his hotel. A few days in a library and a visit to a couple of local Third World museums can provide the seeds of an entrepreneurial adventure.

### Where to Start

What do you look for in your library? Read the footnotes in national histories. Bone up on the development of Colonial Empires during the past five centuries. Study population migrations. Learn about minerals and gemstones, or plants and animals.

If you read the footnotes in a history of Mexico, you may come across the curious fact that there was a Ukrainian enclave in Baja California during the 19th Century. The question you ask yourself is what are the chances that Ukrainian artifacts, such as icons, can be found in the area? If you think the odds are good and you want to visit Baja you have the basic plan for an economic expedition.

The only remaining question is whether or not the present Mexican government prohibits the export of 19th Century Ukrainian artifacts. Since no one has exported Ukrainian artifacts from Mexico the odds are there is no law against it. Plus the odds are that even if someone passed such a law, no one working with the Mexican government would recognize an antique icon. (Footnote: If you were to go to the Russia and find an authentic icon, it would be impossible to export. The Soviets have laws against it and their employees at airports recognize icons and other Russian antiques.)

This type of approach can be multi-

plied hundreds of times for almost any Third World country. The British, French, Germans, Spanish, and Portuguese have all held sway over much of the world in the recent past. In each case they sent out nationals to rule the country and develop trade and commerce. These nationals brought artifacts from their home countries. Rich nationals brought valuable artifacts; in places where the percentage of rich nationals was high, such as India under the British, the potential for English artifacts is high.

The ideal situation is where there was a significant number of rich foreign nationals in an emerging country which totally rejects the Colonial power. That situation exists in many areas of Africa today. There are valuable antiques whose values are not known by locals in all of these places. Knowing what artifacts of a European power might have been imported a hundred or more years ago can give you good leads on what to seek out during your travels.

During the Ming Dynasty, the Chinese Empire was expanding. A significant number of Chinese migrated to the Philippines. In due course, they died and were buried with their pottery. For a couple of years in the last decade, Manila was a major source of authentic Ming porcelain. (In this fashion, the German migration to Argentina in this century has made that Spanish-speaking country a major source of German antiques.) As Manila became better known as a source of Ming pottery, fakes became more common. Today, the odds of buying an

authentic Ming vase in Manila are no better than finding an authentic Inca necklace in Lima.

The government of Colombia owns the emerald mines at Muzo. In their hundred year ownership, the government has yet to have a single profitable year. The emerald rough moves through independent business channels to markets in North America and Europe. To buy the rough at the source is dangerous, but there are other, smaller Latin American sources for emerald rough. An adventurous entrepreneur need not sit in Muzo bartering with a miner's patron to get a good price.

Other mineral specimens have good markets in North America and even more so in Europe. Exploring 16th and 17th Century Spanish mines for vugs of perfect mineral specimens is not dull work. And the profits can be very satisfying: profits of fifty to one hundred times cost are not unknown.

Or consider other government intervention resulting economic dislocations. New Zealand, for example, has long imposed high tariffs on automobiles. The cost of cars has been so high that Kiwis have been very careful about maintaining them. As a consequence, in recent years New Zealand has been a major source of antique cars for American collectors.

## Guidelines for Successful Adventure

Ignore the common wisdom. You cannot make your fortune by exporting something closely associated with the country. Pre-Columbian art from Latin America is impossible to acquire and sell. Even experts have difficulty distinguishing the real from the fake. Some experts estimate that twenty five percent of the Pre-Columbian art in U.S. museums is "fake." What's worse, Congress has passed laws outlawing importation of pre-Columbian arts, so even if you manage find genuine specimens and smuggle them into the country, you cannot advertise your wares. The FBI shows more interest in stopping the sale of Mayan art than in breaking up a drug ring—perhaps because the latter is somewhat more dangerous.

Don't get involved with products that can have a mass market in North

America or Europe. Back in the 1960s, a number of adventure travellers began to export hand made Indian wools to the U.S. It was a profitable business until the handwoven goods became popular in the U.S. Then buyers for Wards, Penneys, and Sears arrived in the Indian villages. The market was ruined in less than two years.

*I know it's hard to pass the opportunity when you see a parrot in a jungle village that you can buy for two dollars and know you can sell it in the U.S. for a thousand dollars. But don't buy it. The problem is the Government.*

Don't export live animals. I know it's hard to pass the opportunity when you see a parrot in a jungle village that you can buy for two dollars and know you can sell in the U.S. for a thousand dollars. But don't buy it. The problem is the Government, which requires a 30 day quarantine period (at the cost of \$998) on live parrots. I exported reptiles for awhile, until new regulations by the Department of Fish and Game made it necessary to smuggle the specimens. I never lost a live reptile in legal shipment, but smuggled reptiles typically have a fifty percent death rate.

Don't expect to make a living as an adventure writer: the market is too small and the competition too great. When I began my wanderings there were many adventure magazines like *True* and *Argosy* that accepted manuscripts from adventure travellers. They have disappeared, along with the majority of their writers, many of whom limited their adventures to the New York city library or a bar in Belém. I've never seen an adventurer's newsletter. Jack Wheeler in "The Adventurer's Guide" may have started in that direction, but the tide of history was against success.

Don't get involved in the drug business. The U.S. government spends hundreds of millions—perhaps billions—of dollars to stamp out the drug trade. Political and economic pressure is exerted against all Third World governments to insure their cooperation with the "War on Drugs." Despite this massive effort, drug prices have dropped in the States as the supply has

steadily increased. Obviously, the millions or billions spent have had little affect on the major traffic.

But there is always constant pressure to catch someone smuggling drugs. The ideal someone is a U.S. citizen doing it for the first time. You get caught, the DEA shows it's doing its job, and the drug trade continues. Meanwhile you rot in a rat-infested jail.

Almost everyone stuck in an office or on an assembly line thinks life would be great, if only it were more interesting. But actually becoming an entrepreneurial adventurer is not for everyone. The fact of the matter is very few people find long term happiness in unusual

lifestyles.

The reason is that if you can make it as an adventurer, you probably have the ability to make a lot of money in any environment. Most of the people I explored with a quarter century ago are now part of the economic and political power elite.

And it takes hard work and ability to make anything work. The further you are from the mainstream of life the more work and ability it takes to maintain a comfortable living.

If you are interested in exploring the opportunities for adventure entrepreneurship, I suggest you begin by visiting your library. You might want to start with these three books:

Mary & Gillmar S. Green, *"How to be an Importer and Pay for Your World Travel,"* Celestial Arts Publishing, Millbrae, Cal, 1979.

Sylvia Dorn, *"The Insider's Guide to Antiques, Art, and Collectibles,"* Cornerstone Library, NY, 1977. (Originally published by Doubleday in '74)

Daniel & K. Leab, *"The Auction Companion,"* Harper & Row, NY, 1981.

You should start out from your current base by taking a long vacation. In the long run, it is uneconomic to work from a U.S. base. It is not just the taxes: the cost of living in the States or maintaining a U.S. base far exceeds the cost of living and maintaining a base in the Third World. I recently moved back to Latin America for just this reason. I am comfortable living there, and I know I will find opportunities.

If your library time proves fruitful, maybe someday I'll meet you over coffee in the Upper Amazon Basin. □

## Essay

# The Majority vs. the Majoritarian Robert Bork on Trial

by Sheldon Richman

The failure of Robert Bork to be confirmed for the U.S. Supreme Court is by far the best political event of the Reagan years. When, for instance, did you last hear the Ninth Amendment discussed on television, even if it was being defended by the buffoon Joe Biden? When did you last witness a debate about what right of privacy may be possessed by the people—even if no one got it quite right? And when did you last watch government officials talk about the purpose of the Constitution?

The point isn't that the pompous usurpers in the committee room knew what they were talking about. But at least they were blathering about something interesting for a change. And because of this, most of the press was clearly out of its league.

Robert Bork, let it be said, is a fascinating figure. Articulate and bright, he represents a view that is so widely held, usually implicitly, that it is important for libertarians to understand and answer it. Bork is all the more interesting because he was a libertarian of sorts in the 1960s—not a natural-rights libertarian, but a Chicagoite, utilitarian with a commitment to private property and the free market. In this, Bork stands as the latest illustration of what weak reed utilitarianism is for libertarianism. Without a commitment to rights and the justice of individual liberty, one should not expect a long-term commitment to a free society. And so it was with Bork, who migrated from libertarianism to a variant of Burkeanism, with touches of Rousseauianism, under the influence of the late Yale legal scholar Alexander Bickel. More on this later.

Before proceeding to an analysis of the Bork phenomenon, I should explain that the following is what we can call an "intraconstitutional" discussion; that is to say, for the purposes of discussion I will take the authority of the U.S. Constitution for granted and

focus only on how we should regard that document. The issue in the context of the Bork nomination was not whether the Constitution was binding on anyone (I said the discussion was interesting, but not *that* interesting). The issue rather was what does the Constitution mean. There is nothing wrong with an individualist anarchist who denies the authority of the Constitution to nonetheless argue for an interpretation as consistent with natural law and justice as can be made out.

My authority on this is none other than Lysander Spooner. Spooner, of course, was the author of *The Constitution of No Authority*, in which he argued incontrovertibly that the Constitution was morally binding on no one. Yet Spooner also wrote *The Unconstitutionality of Slavery*, in which he challenged his fellow abolitionists who readily conceded that the Constitution sanctioned slavery. (This book will be discussed in due course.) Spooner's seeming acceptance of the Constitution in this book is usually taken as evidence that he had not yet arrived at his "no authority" position. But this is not the case. According to his friend and fellow anarchist Benjamin Tucker, Spooner was willing to argue that slavery was unconstitutional even though he also believed that the Constitution was not binding. He did so because he saw that the text did not sanction slavery and because he thought he could deny the proslavery forces the high legal ground by making his case.

As Tucker wrote in his Spooner

obituary, "Our Nestor Taken From Us," "It should be borne in mind that the question [at issue between Spooner and abolitionists such as William Lloyd Garrison] was one of interpretation simply; the authority of the Constitution as such was not under discussion; if it had been, Spooner's opposition to it would have been far more radical than Garrison's."<sup>1</sup>

It is interesting that for all of the opposition to Bork, no mainstream figure disagreed with Reagan's judgment that Bork is a great constitutional scholar. Every opponent, however virulent in his opposition, felt obliged to say that Bork is a prodigious thinker and jurisprudential theorist. Maybe this is protocol, but it is by no means self-evident. One could make a persuasive case that Bork, however clever (as opposed to wise), is a mere dilettante who flits from subject to subject, shooting from the hip, turning a phrase here and there, but no intellectual heavyweight.

### The Anti-American Spirit

Heavyweight or not, Bork's ideas about government are easily assailed and just as easily shown to be contrary to the spirit of the American revolution and its Lockean backdrop.

First, let's look at some of Bork's fundamental ideas about politics. As Stephen Macedo pointed out so well in his recent book on the jurisprudence of the New Right,<sup>2</sup> Bork is a moral skeptic who, for lack of a better guide to political decision-making, defers to

the majority of the body politic. (Macedo notes that majoritarianism is itself a moral principle, however dubious, and thus that Bork's moral skepticism is self-contradictory.) For Bork, "the people," which means 50 percent plus one, is authorized under the Constitution to establish a "public morality" in all areas except where it is specifically prohibited by the Constitution.

In a 1984 lecture at the American Enterprise Institute, Bork quoted G. K. Chesterton approvingly, "What is the good of telling a community that it has every liberty except the liberty to make laws? The liberty to make laws is what constitutes a free people."

To this Bork added, "The makers of our Constitution thought so too, for they provided wide powers to representative assemblies and ruled only a few subjects off limits by the Constitution."

Now this is interesting. Here is a conservative defending nearly pure democracy. All of a sudden, populist majoritarianism is the central faith of American conservatism. I can recall conservatives in the 1960s telling liberals, "The United States is not a democracy; it is a constitutional republic." I can also recall when a "strict constructionist" was someone who strictly construed the enumerated powers of government and expansively construed liberty. Today conservatism stands for the opposite; a strict constructionist narrowly construes liberty and defers to the powers of the state—all in the name of the people.

Ironically, the New Right, of which Bork must be counted a cardinal member and favorite son, says it despises Rousseau. But the Chesterton quotation has a heavily Rosseauian and even Hegelian flavor. Freedom is seen not as liberty for the individual to pursue his own ends unmolested by his fellows. Rather it is the holistic freedom of the collective, the enactment of the "general will." Thus, if the courts stop the majority, acting through the legislature, from prohibiting the use of contraceptives, the freedom of the collective "to make laws" has been infringed. It counts for nothing that the freedom of concrete individuals is upheld. This is not the original notion of liberty. Bork and his intellectual mates, such as Chief Justice William Rehn-

quist and Justice Antonin Scalia, and his mentor Bickel, see the judiciary as an institution out of place in a democracy. "Judicial review is a deviant institution in the American democracy," wrote Bickel.

The exact constitutional status of judicial review is a complex topic that would take us far afield. Suffice it to say that Bork distrusts it because it can too easily become an infringement on the "freedom" of the majority to make law.

### Sham Neutrality

Bork presents his jurisprudence of judicial restraint and deference to the legislature as a "neutral" principle. In other words, as he told the Senate Judiciary Committee so many times, his philosophy is neither liberal nor conservative; he as a judge does not take substantive positions on the issues at

*If the courts stop the majority from prohibiting the use of contraceptives, the freedom of the collective "to make laws" has been infringed. It counts for nothing that the freedom of concrete individuals is upheld...*

hand. He merely defers to the people's legislature, unless the matter is concretely addressed in the Constitution. But this supposed neutrality is a sham. We know from work of Public Choice theorists and their precursors that the government has a tendency to grow because, among other reasons, legislatures serve concentrated interests at the expense of diffused taxpayers. Thus, deference to the legislature facilitates the growth of the state. Strictly limited government cannot be the result of the Borkian philosophy.

The strange thing is that Bork claims to be a disciple of James Madison, the chief author of the Constitution. Bork invokes Madison repeatedly. Yet it was Madison who feared the tyranny of the majority that he felt would grow in the legislature unless checked. As he wrote in Federalist 10, "Measures are too often decided not according to the rules of justice and the right of the minor party, but by the superior force of an interested and overbearing majority." Bork has no such fear.

For Bork all authority comes from

an interpretation of the Constitution as informed by the original intent of the framers and ratifiers. As he said in his AEI lecture, "The Framers' intentions with respect to freedoms [note that he doesn't speak of powers here—SR] are the sole legitimate premise from which constitutional analysis may proceed." Macedo has dealt this view a devastating blow. Whose intentions? Why the framers and not the ratifiers? Which intentions? Those stated in public speeches or in private letters and diaries? And how do you reconcile intentions with compromises made by the many people who framed and ratified the final document? In fact, original intent is no guide at all.

Moreover, original intent is a self-subverting philosophy, since it requires "judicial activism" to invoke it. Nowhere in the Constitution does it say that future generations should be guided by the intentions of anyone. Alexander Hamilton, in an essay he wrote in 1791, specifically denied that the authors' subjective intent was to be a guide:

Whatever may have been the intention of the framers of a constitution, or of a law,

that intention is to be sought for in the instrument itself, according to the usual and established rules of construction. Nothing is more common than for laws to express and effect, more or less than was intended.

All Hamilton was saying is that if you want to know what the law says, you read it. You don't delve into the minds of the authors. If the 14th Amendment says "No state shall deny any person the equal protection of the laws" you do not investigate to see if by "any person" the authors meant only black people or former slaves. The authors were perfectly capable of writing "black people" or "former slaves" if that's what they wanted us to read.

Spooner discussed constitutional interpretation at length in *The Unconstitutionality of Slavery*. He was concerned with answering the argument that the Constitution was intended to sanction slavery, despite the fact that the word slave appears nowhere in the document. He went after this argument with his characteristically sharp

mind:

Why, then, do not men say distinctly, that the constitution did sanction slavery, instead of saying that it intended to sanction it? We are not accustomed to use the word "intention," when speaking of other grants and sanctions of the constitution. We do not say, for example, that the constitution intended to authorize congress "to coin money," but that it did authorize them to coin it. Why, then, in the case of slavery, do men say merely that the constitution intended to sanction it? The reason is obvious. If they were to say unequivocally that it did sanction it, they would lay themselves under the necessity of pointing to the words that sanction it; and they are aware that the words alone of the constitution do not come up to that point.<sup>3</sup>

For Spooner, then, you have to find the meaning in the words. You must not invest the words with meaning drawn only from elsewhere, such as the subjective intention of the authors.

The constitution itself contains no designation, description, or necessary admission of the existence of such a thing as slavery, servitude, or the right of property in man. We are obliged to go out of the instrument, and grope among the records of oppression, lawlessness and crime—records unmentioned, and of course unsanctioned by the constitution—to find the thing, to which it is said that the words of the constitution apply.<sup>4</sup>

Spooner emphasized that when interpreting legal language, one must not ascribe meaning contrary to fundamental natural law unless no other reading was possible. Echoing generally accepted canons of construction, he wrote,

Where words are susceptible of two meanings, one consistent, and the other inconsistent, with justice and natural right, that meaning, and only that meaning,

which is consistent with right, shall be attributed to them— unless other parts of the instrument overrule that interpretation. Another rule is, that no extraneous or historical evidence shall be admitted to fix upon a statute an unjust or immoral meaning, when the words themselves of the act are susceptible of an innocent one.

*I'm sure we could come up with an argument showing that pornography in fact does contribute to the democratic process. But this would miss the point. The perniciousness of Bork's view is that to be protected speech has to have such a connection.*

Without a doubt one of the reasons for these stringent and inflexible rules is that judges have always known that, in point of fact, natural justice was itself law, and that nothing inconsistent with it could be made law, even by the most explicit and peremptory language that legislatures could employ.<sup>5</sup>

Bork's approach is precisely opposite of Spooner's because he believes one must derive meaning not from a common-sense reading of the language, but from knowledge of the framers' or ratifiers' subjective intentions. This method is far closer to that used by Chief Justice Roger B. Taney in the infamous Dred Scott decision of 1857. Taney ruled that the Constitution forbade blacks from being citizens and the Congress from outlawing slavery in the territories. Yet he could not find such language in the document. His opinion at one point says we must not read into the Constitution meaning not intended by the authors. Yet it is he who refuses to simply grasp the language. Whatever may have been in the minds of the framers, they wrote only of "persons" and never referred to any other living being. Even where they were supposed to have referred to slaves, they used the term "other persons."<sup>6</sup> *Dred Scott* was the work of an Original Intentionalist.

Observe the perverse results of Bork's approach. Let's start with the First Amendment. "Congress shall

make no law abridging the freedom of speech, or of the press." That is about as straightforward as English can be, wouldn't you say? So why, we may ask, does Bork hold the position that "political speech" is what was in the minds of the framers or ratifiers? In the 1970s Bork in fact argued that only political speech was constitutionally protected. He later broadened his view to include scientific and moral speech; he broadened it still more during the hearings.

But do not be misled by his broadening. A particular form of speech gains protection only if it somehow contributes, however, indirectly, to the democratic process. Speech that can be shown to have no relationship to that process is not protected in Bork's view. He now puts only one form of expression in that category—pornography.

Now I'm sure we could come up with an argument showing that pornography in fact does contribute to the democratic process. But this would miss the point. The perniciousness of Bork's view is that to be protected speech has to have such a connection. Where does it say that in the Constitution? During the hearings Bork said that "everyone" agrees that political speech is the core of the amendment and that other protected forms must ripple out from the core.<sup>7</sup> Lots of people may believe that, but that does not make it so. The fact is that the text of the amendment does not qualify the word speech with the word political. Even if you could show that political speech is what every framer and ratifier had in mind, that would not warrant such an interpretation. They wrote speech—period. There is no need to refer to anyone's subjective intent. The language is crystal clear.

We find this sort of thing over and over in Bork. He has become famous for his criticism of the opinion in *Griswold v. Connecticut*, in which the Supreme Court struck down a law that forbade the use of contraceptives. The majority opinion, written by Justice William O. Douglas, held that, based on several provisions of the Bill of Rights, we can properly infer a right to privacy that protects people in their use of contraceptives. Bork accused the court of inventing a free-floating

right of privacy that could have pernicious effects.

The issue is not clear-cut, in this sense: There is in natural law no free-floating right of privacy. Privacy is not a fundamental right, but rather a right derived from self-ownership and the right to property. If you are a self-owner and if you therefore have a right to justly acquired property, you have a right to be left alone, which means a right to keep people off your property.

But since the right to privacy is rooted in self-ownership, it cannot protect all activities. It cannot protect activities that themselves violate rights. For example, a parent cannot rationally invoke the right to privacy when he beats his child. On the other hand, Bork can show the left-liberals that they don't really believe in a full right of privacy by asking if this right protects competing businessmen when they discuss prices. (This is obviously not a problem for libertarians. But it is not primarily the right to privacy that protects the businessmen; it is the right to property.)

Bork is wrong, however, in arguing that *Griswold* "invented" a right with respect to the use of contraceptives. The Fourth Amendment protects "The right of the people to be secure in their persons [and] houses"; the Fifth Amendment says "No person shall be...deprived of life, liberty, or property, without due process of law"; the Ninth Amendment says, "The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people"; and the Fourteenth Amendment says, "No State shall make or enforce any law which shall abridge the privileges and immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law."

It should be noted that Bork never said that the freedom to use contraceptives could not be found in the Constitution; he merely said the method used by the court was unfounded. When asked at the hearings how such a freedom might be validated, he said he never thought about the issue. I recite this only to show that Bork's interest in individual liberty is, shall we say, hard to locate.

Let's turn to the Ninth Amendment. Again, it says, "The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people." Why is it in the Constitution? During the Constitutional Convention, the delegates declined to include a bill of rights, over the objections of the Antifederalists. During the ratification debates in the 13 states, this became a big issue. Some states ratified the

*Bork compared the Ninth Amendment to an inkblot covering up a phrase, his point being that since we can make no sense of the amendment we should not imagine what it might mean.*

Constitution only on the condition that the first Congress include a bill of rights.

The Federalists (more precisely, nationalists) rebutted the Antifederalists by arguing that a bill of rights was both unnecessary and dangerous. It was unnecessary because the national government could do only what was specifically allowed in the Constitution. It was dangerous because to list a limited number of rights would imply that those were the only rights the people had. Anything not listed would be construed as not being among the people's rights. (Whether the Federalists, such as Hamilton, really meant this is not the point here. They said it and it made sense.)

The Federalist James Madison, the chief framer of the Constitution, was persuaded of the need for a bill of rights by Thomas Jefferson. But he saw the danger in a limited enumeration. So he decided to have the best of both sides: a bill of rights with a caveat that the bill was not exhaustive. Hence, the Ninth Amendment.

Unfortunately, the Ninth Amendment has never played a central role in any Supreme Court opinion. It was mentioned, however, in the *Griswold* case, both by Douglas and by Justice Goldberg in a concurring opinion.

For Bork and his allies in the New Right, the Ninth Amendment is an irrelevant, inconvenient nuisance. Bork

compared it to an inkblot covering up a phrase, his point being that since we can make no sense of the amendment we should not imagine what it might mean. He said he is sure that it does not refer to a body of natural rights because the framers would have said so.

Now it is bizarre indeed that a devotee of original intent and "historical materials" would be so woefully ignorant of the history of the Ninth Amendment. When he was asked at the hearings

if he had read the book *The Forgotten Ninth Amendment* by Bennett B. Patterson, Bork said he had not because the Ninth Amendment hadn't been a central concern of his. You would think that someone writing the kinds of things Bork was writing would be interested in this amendment in particular. What does that tell us about his intellectual integrity or courage?

### Might vs. Right

Let us turn to another issue now, that of "substantive due process." This doctrine was used widely, though not consistently, before 1937 to protect freedom in the economic realm. The most famous case was *Lochner v. New York* in 1905, in which the Supreme Court struck down a New York State law that prohibited bakery employees from working shifts longer than 10 hours. As any libertarian might suspect, and as Richard Epstein of the University of Chicago Law School has pointed out, this law was blatant special-interest legislation. At the large, union bakeries employees worked nine-hour shifts. At smaller, nonunion bakeries, they worked 14 hours. Actually, what they did was report to work late in the afternoon, put the bread in the ovens, and then sleep until morning, when they removed the bread. The law was clearly a way for the union bakeries to drive the smaller bakeries out of business.

The Supreme Court, in a split decision, struck down the law as violative of freedom of contract and substantive due process as embodied in the 14th Amendment. It was in this case that Justice Oliver Wendell Holmes, a dissenter, wrote that the "14th Amendment did not enact Mr. Herbert Spencer's *Social Statics*."

Isn't substantive due process a strange idea, even a contradiction in terms? Not at all. Consider: Let us say that the Congress, following regular legislative procedure, passes a law compelling everyone to shave his head and that the bill is signed by the president. There is no question that the regular procedures were followed in enacting this law. But such a law would nonetheless be out of spirit with the Constitution and its philosophical underpinnings of natural rights and natural law. Because of these underpinnings, mere compliance with formal procedures is not enough to make a law legitimate. The substance must be taken into account when judging the validity of any law. This is implicit, but clear, in the Constitution. Thus, a law that interferes with freedom of contract was held to be unconstitutional despite the fact that it was enacted by the specified procedures.

Bork and nearly every mainstream legal thinker believe that substantive due process is illegitimate, at least when applied to economic matters. *Lochner* for most is a dirty word. Bork disparaged it during his confirmation hearings.

But, then, Bork has disparaged the idea of individual liberty on many occasions. Here is his quintessential statement: "Every clash between a minority claiming freedom and a majority claiming power to regulate involves a choice between the gratifications of two groups." In the same article he wrote, "Where constitutional materials do not clearly specify the value to be preferred, there is no principled way to prefer any claimed human value to any other."<sup>8</sup>

This takes us back to Bork's moral skepticism. When a thief wishes to steal your silverware and you wish to keep it, there is nothing but a clash of competing gratifications. When a killer wants to take your life and you want to keep it, it is the same clash. Since for Bork there is no principled way to mediate between gratifications, he would leave the decision to the majority. But, as noted above and as others have pointed out, Bork is using a principle even if he wishes to evade it. The principle is: Might makes Right.

That Bork once advocated individual liberty (though from a utilitarian justification) is now an embarrassment for him. In 1963 he wrote in the *New Republic* that the principle underlying

the Civil Rights Act's "public accommodations" provision—the principle of compulsory association—was one of "unsurpassed ugliness." During the hearings he several times conceded that his opposition to forced association was a mistake, attributable to what he derisively called his "libertarianism." He explained that early in his career he thought that political questions could be judged on the libertarian principle and that libertarianism could be read into the Constitution. He said that under the influence of Alexander Bickel he came to realize that he was wrong. Political questions, he said, could not be neatly decided on the basis of whether or not they were consistent with individual liberty. One should ask, as Edmund Burke did, whether a law does more good than harm and if so it is a good law, Bork said. The state's dictating to property owners whom they must associate with "worked" and thus was good, he added.

And so Judge Bork bashed libertarianism whenever his opposition to the Civil Rights Act came up. He sat before the likes of Ted Kennedy, Howard Metzenbaum, Orrin Hatch, and Strom Thurmond—scoundrels through and through—and said individual liberty is not a principle for judging laws. You could almost hear them thinking, "So what else is new?" This is conservatism laid bare.

The Bork nomination has posed anew the question, *What is the Constitution?* Bork says it is simply the docu-

ment setting up the machinery of democracy. Oddly, this is not what the framers said it was. They said it was a barrier between the people and the government. In particular, the courts, according to Madison, were to be "an impenetrable bulwark against every assumption of power in the legislative and executive" branches. Government powers were limited and enumerated; individual rights were expansive. Government could do only what it was specifically allowed to do.

Bork has turned this topsy-turvy. As Macedo vividly writes, Bork treats "rights as islands surrounded by a sea of government powers, precisely revers[ing] the view of the Founders as enshrined in the Constitution, wherein government powers are limited and specified and rendered as islands surrounded by a sea of individual rights."

There have been many dark moments in the Reagan years that libertarians can point to. There are few bright ones. I believe that the brightest moment of all is the resounding defeat of Robert Bork. It was inspiring most of all because much of the public opposition to Bork seemed to stem from his callous and crabbed view of individual rights, especially that of privacy in one's own home. How ironic that the conservatives, who rail at the judiciary's supposed insulation from majority opinion, were so livid at the Senate's apparent responsiveness to public opinion when it cast a big thumbs down on Robert Bork. □

## Endnotes

- 1 The obituary was reprinted in Lysander Spooner, *Vices Are Not Crimes: A Vindication of Moral Liberty* [Cupertino, California: TANSTAAFL, 1977].
- 2 Stephen Macedo, *The New Right v. The Constitution* (Washington: Cato Institute, 1987).
- 3 Lysander Spooner, *The Unconstitutionality of Slavery*, in Charles Shively, ed., *The Collected Works of Lysander Spooner*, Vol. 4, "Anti-Slavery Writings," (Weston: Mass., M&S Press, 1971), p. 57.
- 4 *Ibid.*, p. 59.
- 5 *Ibid.*, p. 62. Spooner proceeds to show that the three allegedly slavery-sanctioning provisions of the Constitution cannot be reasonably construed as such.
- 6 In this connection, see the excellent article "Why Blacks, Women & Jews Are Not Mentioned in the Constitution" by Robert A. Goldwin, *Commentary*, May 1987, pp. 28-33.
- 7 I apologize for not having direct quotations from the hearings. The transcript had not been published at the time of this writing.
- 8 These remarkable statements were in Bork's article "Neutral Principles and Some First Amendment Problems," *Indiana Law Journal* 47 (1971):6.

The author wishes to express his thanks to David N. Mayer of the Institute for Humane Studies for his helpful comments.

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# Libertarians, Moralism, and Absurdity

by *Ethan O. Waters*

My essay "Reflections on the Apostasy of Robert Nozick" (*Liberty*, October 1987) has touched off considerable controversy: it has provoked a record number of letters-to-the-editor and has drawn the attention of such leading libertarian moral philosophers as Murray Rothbard and Tibor Machan.

Nearly all of the responses, as I make them out, missed the point of the essay: namely, that moralistic libertarianism position implies two silly and untenable propositions. By "moralistic libertarianism," I mean the notion that the proper basis of social theory is the "nonaggression axiom," the proposition that "no man has the right to initiate the use of physical force against another." First, the nonaggression axiom implies that any action, no matter how contrary to liberty, must be sanctioned if it is the consequence of a voluntary contract. Secondly, the same sort of logic based on the absolutism of the nonaggression axiom that condemns an individual like Nozick who uses the power of the state to gain at the expense of others, also condemns the individual who uses other state services. For these reasons (among others) I believe libertarians must either reformulate or abandon the moral theory implied by the nonaggression axiom.

My essay was, admittedly, journalistic rather than scholarly. My starting point for this discussion of moral theory was Robert Nozick's use of local rent control laws to extort a substantial sum of money from his landlord. I argued that for the moralistic libertarian, the case is not so simple as it first seems. My argument was mistaken by many as a defense of Nozick's action rather than a criticism of moralistic libertarianism.

My criticism of moralistic libertarianism is one that I think should be addressed by all libertarians. Therefore, in this brief essay, I shall restate my argument, with a greater eye toward clarity

and less concern for journalistic conventions.

## A Problem with the Nonaggression Axiom

The moralistic libertarian attack on Robert Nozick's legal harassment of his landlord is based in part on the proposition that the origin of the laws employed by Nozick lies in coercion.\* If individuals living in an area ever agreed to such idiotic rules of conduct as rent or land control laws, even if that agreement laid in the distant past, then the moralistic libertarian would have to defend Nozick's actions (and any others sanctioned by the statist status quo).

All who have read Spooner are certainly aware that the Constitution of the United States is not a contract among free people. It was imposed by coercion upon many individuals who never agreed to it. From the perspective of the moralistic libertarian, the Constitution is certainly not a valid contract.

But what if a valid contract had been made? Suppose that some two hundred years ago, every single person in the geographical area that is now the United States agreed to vest control of all their own real property to the corporation created by their voluntary contract, in exchange for the right to lease the same land back in exchange for annual fees. Suppose also that they agree that the administration of the land and rules over the conduct of those who inhabit the land can be changed by certain methods prescribed by the contract. Suppose further that they called this contract the U.S. Constitution, and the corporation it created the United States of America.

Suppose that since the Constitution had been agreed to the course of history had followed exactly the same path as it in fact did follow: that the system had developed in every other way identical

\* In this essay, I am using the term coercion as a synonym for *initiated force*.

to our current political system, arriving at the same situation that we have today—the only difference being that the system had its origin in contract rather than coercion.

The individuals who live under the jurisdiction of the Constitution live there by choice, and agree to subject themselves to the rules and regulations of this government made pursuant to the contract, just as those who live in an apartment complex live there by choice, and agree to subject themselves to the rules and regulations of the landlord made pursuant to their lease.

When this government takes a man who has failed to obey one of its rules or regulations and punishes him it is not initiating force. Just as a church has the right to prohibit a visitor from standing up during the administration of a sacrament and screaming anti-religious obscenities, and a cinema has the right to prohibit a visitor from standing up and screaming "Fire!," so the government has the right to prohibit violation of its rules, and to subject the violator to the agreed upon consequences of his violating their rules, contractually agreed to. The person punished by the government is simply getting his just deserts.

What does the moralistic libertarian who is born into such a situation do? He knows (from his reading of Mises, Hayek, Rothbard, and Rand) that the system destroys human initiative, fails to satisfy human needs, encourages strife among its constituents, destroys wealth, and ultimately works toward the destruction of human life itself. On the other hand, his criterion for evaluating human behavior is whether it initiates the use of force, and this institution certainly does not.

Indeed, by the logic of the moralistic libertarian position, every good man should actively defend the government he lives under, no matter how perfidious its nature, provided its origin lays in contract.

Consider another hypothetical society, identical to the government of the Soviet Union in every way but one: in 1917, all those who owned land in the part of the world previously known as the Russian Empire vested ownership of their land into a single corporation, which they called the Soviet Union. They granted this corporation the right to make whatever rules governing them and their relationships with one another by whatever rules those initially appoint-

ed prefer, etc...

This corporation proceeds to centralize ownership of all property; it denies the inhabitants of the land it owns what most libertarians see as fundamental rights: to own property, to speak freely, to refuse service in the armed forces, as well as other commonly accepted rights like the right to vote for one's rulers. The corporation creates a system that not only insures its subjects lives are tightly monitored and controlled, but that they will be relatively poor materially as well; it murders millions of people who disagree with it and millions more for no discernible reason at all. In short it acts in precisely the same manner as the actual, historic Soviet government, with one exception: it allows those born later who wish to leave its jurisdiction to go, provided they can find the means of leaving while still obeying all its rules and regulations.

Like our hypothetical U.S. government, this hypothetical Soviet government is not initiating force when it takes its horrible actions, since those who signed a contract granting those powers to the government did so voluntarily. And just as the moralistic libertarian must defend the relatively benign U.S. government from charges against it, so must he defend the monstrous Soviet government.

### Another Problem...

The moralistic libertarian must condemn the individual who uses a service like arbitration of rental disputes if the arbitration has its origin in coercion, but praises the individual if the arbitration has its origin in contract. What of the individual who uses other government services whose origin is in coercion?

What about the person who uses the governmental postal monopoly? government roads? government schools? Who buys food whose production is subsidized by tax money? What of the person who does virtually anything in our statist world? Aren't all these individuals (i.e., practically every person in the world) just as guilty as the person who uses an arbitration service whose origin is coercive?

It can be argued that the use of rent control regulations is inherently coercive, but that the act of walking on a governmental sidewalk is not. After all, when one turns to the bureaucracy of his local rent control board, he is requesting the state to unleash its police power against his landlord. Certainly walking on a sidewalk is only accidentally in-

involved with government: if the sidewalk were privately owned, then government would not be involved at all.

The problem with this argument is that *no act is inherently coercive*. An act becomes coercive only in a particular context. Shooting a man is coercive if it is unprovoked; shooting a man who is attempting to murder you is *not* coercive. And using an arbitration service to settle a rental dispute is not coercive, unless one party is subjected to the process against his will. If both parties agreed to accept the decision of the arbiter, or inherited their rights as landlord or tenant from individuals who agreed to binding arbitration, then *no coercion is involved*.

Using an arbitration service can be coercive in some circumstances; in others it is not. Using a government sidewalk can be coercive in some circumstances; in others it is not.

But because the moralistic libertarian holds the nonaggression axiom absolutely, if he wishes to condemn the individual (like Nozick) who uses a government arbitration service to resolve his rental dispute, by the same logic he must condemn the individual who uses other government services.

### Implications for Libertarians

I posed my hypothetical contract, not out of any desire to defend Nozick's action or to argue that anyone who walks on a public road is evil, but to argue that a social philosophy based on the absolutism of the nonaggression axiom has serious problems.

Condemning Nozick's on grounds that it violates the "no-man-has-the-right-to-initiate-force" principle is foolishly puerile. The libertarian who accepts the absolutism of the nonaggression axiom as a standard for judging the actions of others is logically required to defend political institutions and laws that he knows are destructive to human prosperity and liberty provided that such institutions and laws had their origin in contract. Further, he is logically compelled to condemn anyone who uses any government service. Worst of all, he must make his acquiescence or opposition to any invasive law or institution contingent on the origin of that law, rather than on the content of the law or the nature of the institution themselves.

To me, it is ridiculous to base one's view of any government on its origin. I think the actual actions taken by a government are far more relevant in evaluating it. I favor a society in which individ-

uals respect each other's person and property, whether that society's government (if any) had its origin in coercion or in contract; I oppose a society in which certain people systematically rob, enslave, torture or murder other people, even if the robbery, slavery, torture or murder is the result of a voluntary contract.

While I am not completely convinced that anyone has discovered a perfectly satisfactory alternative to the nonaggression axiom as a standard of value, I am convinced that it is inadequate. I suspect the more appropriate standard of value can be found in another variety of libertarianism: the consequentialism of classical liberals like Mises and Hazlitt, who value the way of life of free men in a free society over the way of life of slaves in a slave society.

### About Rothbard's Response

Murray Rothbard ("Libertarians in a State-Run World," *Liberty*, December 1987) suggests that I would "throw away moral principles altogether." While it may be true that I wish to throw away Rothbard's moral principles altogether, I am certainly not seeking to dispense with morality. To the contrary, I seek to delineate moral principles that make sense and to avoid uncritical acceptance of moral principles that lead to ridiculous positions.

Prof Rothbard does not address my central argument that the nonaggression axiom is unsatisfactory as a basis for libertarian theory. Instead, he argues that libertarians should "(1) work and agitate as best we can, in behalf of liberty; (2) while working in the matrix of our given world, to refuse to *add* to its statism; and (3) to refuse absolutely to participate in State activities that are immoral and criminal *per se*."

The first two of these principles seem to me to be much more coherent with the sort of commonsensical moral thinking I advocate. But I cannot see how Rothbard derives these from the nonaggression axiom. He gives no indication, and frankly I cannot see how they can be derived.

Of course, I can see how the third principle he proposes follows from the nonaggression axiom. It also follows from just about any moral theory... Can you imagine a moral theory that advocates taking actions "that are immoral and criminal *per se*"? If you can, then you have a better imagination than I do. □

## Controversy

# Readers on Waters....

Ethan O. Waters' essay "Reflections on the Apostasy of Robert Nozick" (*Liberty*, October, 1987) touched off a maelstrom of criticism from our readers. Below we print a sampling of that criticism, along with Waters' response.

### Fervor and Complicity

Ethan O. Waters finds it silly for libertarians to accept the state's booty and is "not convinced that it is psychologically possible for an individual to oppose statism while living off its benefits." I don't know Mr Waters's conception of silliness but I don't find what he finds silly at all if one never supports the taking of the booty and opposes it whenever possible. And I don't know how Mr. Waters might achieve conviction in some area of concern, but I can testify to and report on others' fervent anti-statism "while living off its benefits," e.g., as we teach in state universities, make use of the post-office, drive on state roads, etc.

To help understand this stance, imagine a community ruled by a group of thieves and robbers who now and then conduct a raffle at which victims gain a rare chance to have some of their takings returned. In the absence of any other way of rectifying the group's criminal conduct, the victims take advantage of the raffle and use much of their recovered property to mount a resistance to the group. I fail to see anything silly in the behavior of these victims. Am I alone? Will this be dismissed as the ravings of someone with a vested interest in statism? Or is there an argument against this—and how will it be mailed to me (perhaps by hiring a private party to bring it to me via private aircraft)?

Tibor Machan  
Auburn, Ala.

### The Oldest Scam in the Book

Mr Waters argues "a hypothetical contract" using the oldest scam in the philosophical book. Like proving the existence of God using some indirect, but underlying, assumption that God exists, Mr Waters has engaged in circular reasoning.

His assertion is that it is not relevant that the hypothetical contract probably wouldn't exist; only that it could exist. Assuming he would stay true to the philosophical law of cause and effect, then to discuss this hypothesis, he is assuming certain causes to exist. Under any imaginable scenario, in order for so many individuals to become a party to this "hypothetical contract," the acceptability of initiated force *must*, not just could have, but *must* have existed.

To prove that immorality is acceptable using an argument built on a premise that immorality is acceptable is to prove nothing whatsoever.

Then, he attacks Ms Rand's acceptable argument with the intellectual retort: "It seems a bit silly to me."

As Mr Waters quotes Rand: "Check your premises."

Randy Paulsen  
Phoenix, Ariz.

### The Contract is Not Valid: I

The issues involved in Robert Nozick's rent dispute, raised by Ethan O. Waters, were anticipated by the 19th century libertarian lawyer Lysander Spooner.

Waters argues that Nozick's dispute with his landlord, conducted through the Cambridge Rent Control Board, was possibly legitimate, by libertarian standards, given the U.S. Con-

## Waters

Tibor Machan begins by claiming that I "find it silly for libertarians to accept the state's booty." Such a view is so far from my thinking that I had to reread my essay closely to find what he was talking about. What I had written was "The spectacle of opponents of statism competing for its booty seems a bit silly." Certainly the distinction between "accepting" the state's booty and "competing for" the state's booty should be plain even to professors of philosophy.

He criticizes me further for failing to appreciate how "it is psychologically possible for an individual to oppose statism while living off its benefits" and goes on to regale me with tales of "fervent" anti-statists teaching in state universities, using the post office and roads, etc.

I suppose that I may have overstated my case a bit here: I certainly do not believe that it is literally *impossible* for an individual to oppose statism while living off its benefits. As I said in my essay, I have observed that many individuals who become state employees gradually lose their anti-statist fervor. I am delighted that Dr Machan's fervor

stitution. Waters argues that the Constitution would be a form of contract if all property owners had agreed to it.

As Spooner explained, regardless of whether a constitution is agreed to by all, it is different from a contract. Contracts do not allow individuals to give away their inalienable rights. Unlike constitutions, contracts do not give open-ended, blank check authority to any person or group over another. Each person always remains the moral authority over his or her life.

For example, five people cannot sign a blank check contract which could allow a majority to vote to appropriate the house of one of the five without consent. For a constitution to be a contract, it must specify the limits upon obligations of citizens and governments to each other.

Waters is wrong for apologizing for Nozick. There *are* grey areas for libertarians living in a non-libertarian world. But the issues raised by Waters aren't among them!

Clifford F. Thies  
Baltimore, Md.

## Waters Supports Rape!

What Mr Waters has done, ultimately is provide a libertarian justification for rape. The distinction between rape and making love is coercion versus contract—which Waters acknowledges “makes all the difference in the world.” But we can hypothesize that the victim might have consented, and afterwards falsely made the accusation—and, unlike Waters’ hypotheticals, that *has* actually happened, however rarely. If we follow his argument that we need not “demonstrate that such a contract does exist, only that it can exist in a way consistent with libertarian moralistic principles,” the fact of coercion is rendered irrelevant—as Waters would render it with the Nozick affair. Our victim is really screwed.

If a libertarian rapes a woman, and then convinces a jury to acquit him on the grounds that she “asked for it,” then clearly he’s “simply a free man acting in his own self-interest” to the same extent as Nozick: he manipulat-

ed the state’s rules and got away with it. To the “utilitarian” libertarian reproach proposed by Waters, that our rapist had contravened his “own avowed principles,” our rapist could respond, “Hey, I got what I was after.” As could Robert Nozick, real or hypothetical.

Victor Milan  
Albuquerque, N. M.

## False Analogy

Nozick’s simple use of government roads is not wrong because, as Rand might have put it, he would not be “initiating, advocating or expanding” Welfare Statism. Nozick is forced to participate in a “market for road services” that is hopelessly distorted (obliterated) by the state. His walking or driving on them has absolutely no influence on whether the state will maintain or expand the road system (both financed by increased robbery of citizens).

Now, say Nozick owns an out-of-

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# Responds

(and the fervor of the “others” he cites) is intact. I am inclined to think that Dr Machan’s skill as a philosopher and teacher is such that his employment by the state is a purely accidental result of the state’s oligopoly of education, and thus does not constitute “living off state benefits.”

On the other hand, how he can equate mailing letters or driving one’s car with “living off the state’s benefits” I do not know. Most people who use the state postal monopoly and road monopoly use them because they are the only sensible and available means of communication and travel.

Of course, I did argue that the moralistic libertarian who consistently follows the logic of his position must condemn all individuals who accept state benefits. But I hope that it is abundantly clear that I am not a moralistic libertarian.

Randy Paulsen argues that the hypothetical contract could exist only in an environment in which “the acceptability of initiated force” must exist.

I haven’t the vaguest idea where he comes up with this notion. The contract in my hypothesis was entered

into freely by individual land owners, in which for valuable consideration, they transfer title to their land to a corporation, and agree to joint control of the land.

The fact that as a consequence of this contract, an individual loses the nominal title to his land for failure to pay various fees (called “taxes”) or for failing to follow conditions about how he uses the land, provided for in the contract, does not constitute a case of initiation of force. His loss is analogous to the loss of use of an apartment for failing to pay the rent or for violating restrictions on the use of the apartment that are specified in the lease.

Mr Paulsen’s claim that I “attack Ms Rand” is just plain silly. I respectfully note that she is virtually the only libertarian moralist to address the issue, summarize her views and then explain why I disagree with them. Why Mr Paulsen would see this as an “attack” is a mystery to me.

Clifford Thies argues that the hypothetical contract is not a contract at all, because it confers “open-ended, blank check authority” to the corporation.

I am not convinced that any agreement that gives “blank check” authority is *ipso facto* not a valid contract, whatever Spooner may have said on

the issue. But that issue is not relevant to the hypothesis.

The hypothetical contract does not give any such authority to the corporation, any more than any other corporate contract does. The hypothetical contract gives the corporation control over the land given to it by the landowners and provides for a way to administer that land and its use and to adjudicate disputes among its users, plus a provision to amend the contract in the future if the need is felt. The individuals who live on the land that is controlled by the corporation in the hypothesis remain their own moral authority. The only actions the contract covers are those that relate directly to its land and to the behavior of those who lease land from the corporation.

Victor Milan suggests that I have inadvertently made a case for rape. He overlooks a very important distinction.

Making love without coercion is not rape, but rent control without coercion (as in my hypothesis) is still rent control. The logic of the moralistic libertarian position leads to support for government interference with all aspects of people’s lives, provided that interference is the result of contract, no matter how distant.

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## Readers on Waters

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the-way plot of land with no access to a main road, but he now wants a paved road to his property. He has two choices, either...

1) pay for the road himself or build it in partnership with other property owners between his plot of land and the main road, by whatever voluntary bargain he can work out (Good!)...or;

2) lobby the government to "provide" him with "decent" access—meaning rob more money from the populace to finance the new road, and, if the other land owners are uncooperative, then rob enough land from them to make way for it (Bad!).

This example, not simply "walking or driving on government roads," is a proper analogy to the real Nozick and the Rent Board.

Like the example, Real Nozick was forced to participate in a rental market that was very distorted by the state, and like the example, it was still possible for Nozick to participate in a voluntary manner, without the expansion of state intervention. He demonstrated this by his first negotiations and lease, corresponding to choice 1. Nozick's lobbying the Rent Board after the second lease is precisely analogous to choice 2. That is, Nozick's actions directly resulted in another increment of force being added to the situation. This action is of a completely different character than Nozick walking or driving on government roads.

The outrage really was justified.

Sam Deasy

Ephrata, Wash.

### The Contract is Not Valid: II

I see one major problem in Waters' hypothetical contract: neither hypothetical Nozick nor his hypothetical landlord ever signed the hypothetical contract. Indeed, neither was even alive when it was signed. Therefore they cannot be bound by it.

Russell Wingate  
Chicago, Illinois

### Waste of Space

Come on. Did four pages of *Liberty* really have to be devoted to an analysis of whether it is reasonable to respond with anger to somebody using rent control laws to rip off his land-

lord? Contrary to the author's insinuations, it is not just a "disagreement" when somebody sticks a gun in your face. If the story about Nozick is true (and I have not read about it anywhere else), he is a thief.

Is being opposed to people sticking guns in your face and stealing your property a religion? I think it has more to do with wanting to keep what one has invested time and effort in creating. Perhaps people were especially angry because Nozick represented himself as a libertarian.

Here's the good news. The Supreme Court, in a decision in the 10 June 1987 *Los Angeles Times*, determined that property owners must be paid compensation if zoning boards or other agencies impose rules that prevent or drastically restrict them from developing their land. This applies to rent controls. So, I would like to suggest that Nozick's landlord sue the rent control board for compensation. And I hope the rent control board, to recover their payment, will sue the pants off the son-of-a-bitch Nozick!

Sandy Shaw

Los Angeles, Calif.

### Rand's Name Invoked Falsely

There are two aspects to Nozick's crime: 1) he "screwed" the landlord, and 2) he used the state to do it.

Waters emphasizes the second aspect, concluding in a slippery-slope argument "that it is no more wrong to use the state to 'screw your landlord' (or otherwise coerce your fellow man) than it is to walk on public sidewalks."

He even invokes Ayn Rand to support his conclusion. If she were alive today (hypothetical Rand?) would anyone want to be in the same room with her when she heard how she was being used?

I should think that most libertarians are outraged more by the first aspect of Nozick's lack of integrity. I am. Not only as a libertarian, but also as a person who reveres the commitment to truth and integrity displayed by most philosophers, I am disappointed by the philosopher who "screwed his landlord."

Jim Metheny

Springdale, Ark.

### Nozick Betrayed Me, but I'm No Moralist!

I am amused that Ethan Waters

appears to lump me in the "moralistic" libertarian camp on the basis of my critique of Robert Nozick's actions.

Readers are welcome to check for themselves my *Individual Liberty* critique of Nozick. I make not a single moralistic statement in the whole thing! Like Waters, I point out that Nozick acted against his own avowed principles, and analyze how this activity harms the movement for liberty: "How can we keep our credibility if our spokesmen themselves contradict their own vaunted 'principles'?" Because we have accepted the description of Nozick as a "libertarian," actions like Nozick's make it harder for other libertarians to successfully advocate freedom"

My article didn't condemn Nozick anywhere. I deliberately avoided condemnatory language. But the article does express my deep disappointment at the spectacle of a famous fellow libertarian opening himself up to the sort of ridicule William Tucker provided. As a particle-theory physi-

## Waters Responds...

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Making love without coercion is fine. Governmental control over all aspects of our lives is not. And the inability of moralistic libertarianism to oppose that system of governmental control is one of the reasons I have serious doubts about moralistic libertarianism.

Sam Deasy ignores the argument I make. Instead, he cites Ayn Rand's ethical dicta, points out that both the real Nozick and a hypothetical Nozick of his own invention had the opportunity to act in accordance with Rand's rules, and that the real Nozick, by failing to obey Rand's rules, was wrong. I can't really disagree with any of this, but I fail to see its relevance to the argument that I made.

He also asserts that his hypothesis is more appropriate than my example of "walking or driving on government roads." He is comparing apples to oranges: my reference to roads is not made in the context of any hypothesis, but as an element in the conclusion of a much more complicated argument.

The situation I hypothesized was identical in all respects to the actual case except one: the state by which Mr Nozick sought to exploit his landlord

cist, wouldn't you feel at all puzzled—yes, even betrayed—if you suddenly discovered one of your longtime co-researchers lecturing on “Waves as the Future of Physics”? It's not a peculiarly “religious” sentiment, it's a human reaction.

Jorge Amador  
Forest Grove, Penn.

### Nozick Made His Point?

Nozick actually had to initiate an action (going to the Rent Control Board) with the intention, and the result, of paying less than he had already agreed to pay. The action of going to an outside arbitor in order to break one's own agreement, for the purpose of financial gain, is, it seems to me, in and of itself morally wrong. (I don't mean to sound self-righteous here; there are lots of degrees of “wrongness,” and this one is a mild “sin” indeed.) The distinction I'm trying to make might be clearer in an analogy: it would not be morally wrong to move into a house after the state

has forcibly evicted its owners. It would, however, be wrong to inform on the owners in order to get them evicted. (I'm assuming that one is “informing” in a matter which is merely illegal, not morally wrong.)

This brings us to Waters' point that we can fancifully construct a libertarian society in which a theoretical Nozick could use arbitration to force a theoretical Segal to change their agreement. Interesting. But, to me, this just points out that some unethical actions would be legal in a libertarian society. Yes, that's very true. Some immoral actions, too. Just because a society is libertarian is no guarantee that that society is necessarily just, rational, or compassionate, or even moral. I think that many libertarians falsely believe that “libertarian” equals “good,” and that's where the religious quality to their outrage comes from. The world is a lot more complex than that. I would make the more modest claim that a libertarian society would be *as good, wise, moral, etc.* as the individuals who make it up,

while statist societies can be, and tend to be, worse.

So, yes, some libertarians seem to think that morality begins and ends with libertarianism. Not so. But admitting this does not imply that the utilitarian approach is the right one. It does mean that libertarianism is just one aspect of morality. The fact that utilitarian arguments for libertarianism seem so compelling is simply an instance of the general truth that the moral thing to do and the enlightened self-interested thing to do are so often one and the same. But it is both easier and more inspiring to concentrate on morality first.

Is it possible that Nozick was forcefully making a political point, that of the absurdity of rent control, to his liberal colleague? A kind of “You asked for it you got it” tit for tat? I wouldn't put it past him. And I must admit, I would look on it much differently if that were the case. I wonder what that says about my morality?

James McEwan  
Lakeville, Conn.

had its origin in contract rather than coercion. Since that distinction was precisely the difference I addressed, the hypothesis was precisely appropriate.

Russell Wingate's argument that the hypothetical contract cannot be binding on Nozick and his landlord because they did not sign it also misses the mark.

In both practice and common sense, contracts frequently bind non-signers. Consider what happens when the owner of a leased building dies. Does his heir have the right to cancel the leases with all tenants on grounds that “he did not sign” the rental contract? If the leaseholder dies, does his heir have the right to get out of the lease?

Occasionally a lease will have a specific provision allowing a right to cancel in the event of the death of the lessor or leaseholder. But in the absence of such a provision, the heirs must honor the terms of the contract.

Even heirs that didn't sign the contract. Sandy Shaw, on the other hand, completely missed the point of my essay. She is content to denounce me for characterizing opposition to “people sticking guns in your face” as a religious view and to argue that *Liberty* ought not publish writing like mine.

I suppose that any belief that is

held with great enthusiasm on faith as part of a more or less coherent world view might be characterized as “religious” rather than “scientific,” and that the belief in the nonaggression “axiom” which characterizes most of the attacks on Nozick thus qualifies as a “religious” belief.

On the other hand, I think equating Nozick's action with “sticking guns in your face” is an oversimplification of the issue, all too frequently typical of those who hold the nonaggression axiom as a panaceatic absolute.

Jim Metheny quotes me as writing that “it is no more wrong to use the state to ‘screw your landlord’ (or otherwise coerce your fellow man) than it is to walk on public sidewalks.” This is about as blatant an example of context dropping as I can imagine. The sentence in question actually states: “If it can be ineluctably proven that ‘no man has the right to initiate the use of physical force against others’ and that coercion is universally opprobrious, then “it is no more wrong to use the state to ‘screw your landlord’ (or otherwise coerce your fellow man) than it is to walk on public sidewalks.”

He also accuses me of taking the name of Ayn Rand in vain, wondering how she would react to my “using”

her. I am not sure how Rand would react to my quoting her; she may in fact be quite angry. But my quotation and summary of her views was accurate, and I continue to admire the way she (alone among libertarians, to my knowledge) addressed the problem.

I am grateful to Jorge Amador for correcting any misimpression I may have left by quoting verbatim his reaction to Nozick's “crime,” which I thought had the flavor of an ingenuous bride spurned at the altar. My apologies.

The distinction James McEwan makes between passive and active participation in state activities seems sensible to me, although I cannot see how this distinction can be inferred from the nonaggression axiom.) Likewise, I appreciate Mr McEwan's thoughts on the limits of libertarian morality.

I suspect Mr McEwan shares some of my concerns with the implications of the nonaggression axiom.

Mr McEwan's fanciful suggestion that perhaps Nozick was just kidding, that he was only trying to “screw his landlord” to make a point, is charming. Hope springs eternal in the libertarian breast.

# Essay

## Free Speech and The Future of Medicine

by Sandy Shaw & Durk Pearson

The purpose of the First Amendment was not simply to protect the rights of citizens to discuss the weather; no protection from government action was needed for that. It *was* needed to protect the rights of Americans to talk about "unpopular" subjects or subjects where there were strongly felt differences of opinion.

That includes not only politics, but the effects of drugs, food, and the component nutrients of foods upon health. The freedom to make truthful statements about legal biomedical products has been severely curtailed during this century, despite the existence of the First Amendment.

Today, much health information and scientific research is funded and, hence directed, controlled, and made public by the government. Political factors, rather than matters of scientific fact, often determine what work shall be done, when results are announced, and in what context they are placed.

The free speech rights of commercial speech is on a par with political speech. Why? Because, in the marketplace, in a real sense, you vote every time you purchase company A's product rather than company B's or Z's. There are ideologies in commercial speech just as in overtly political speech. Free expression of these ideologies, values, or economic and scientific worldviews has a great deal to do with whether the marketplace is to be a place of informed freedom of choice or of government imposed censorship of truthful statements about products.

As biomedical research scientists familiar with legal restrictions on advertising copy for pharmaceuticals, heavily regulated products such as tobacco, and in quasi-medical areas such as foods and nutrient supplements, we realize how fully this nation has departed from the freedom of speech supposedly "guaranteed" in the Constitution.

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The label of a vitamin C supplement is so heavily regulated, you can hardly say more than that it prevents scurvy. If you mention, for example, that it stimulates healing (recognized since at least the early 1940's), you may be accused of selling a drug, which requires FDA approval taking 8-10 years and an average of \$125 million dollars.

You cannot say on a bottle of a health food store niacin supplement "Ask your doctor about niacin" even though niacin is being prescribed by doctors to reduce serum lipids,<sup>1</sup> for which purpose it was declared a drug of choice by the Expert Committee on Coronary Drugs of the American Heart Association, and has been approved for this purpose by the FDA as a prescription drug. Once again, providing information turns a nutrient into a drug. And then the FDA prohibits your saying anything about it except what they consider to be appropriate. What happened to freedom of speech here?

Early in this century, people became so concerned about phony claims for poorly formulated, even dangerous, pharmaceuticals that Congress took from drug manufacturers much of their freedom of speech. Not only was the freedom of speech of fraudulent drug manufacturers taken away, but so was the freedom of speech of the majority of drug manufacturers who were making scientifically justified claims. It was a case of a cure much worse than the disease.

Today there are very strict legal

limitations to the information you can provide about drugs, nutrient supplements, and even foods (which are increasingly being recognized as important to the maintenance of health) because the FDA has been given the unconstitutional power by Congress to forbid manufacturers and sellers of vitamins and other nutrients from saying anything, no matter how truthful, that the FDA has not approved about these products. Scientific research is running years ahead of the FDA's censorship.

For example, low dose phenylalanine (100 to 500 mg. per day) has been found to be effective in relieving depression in many depressed individuals in clinical trials.<sup>2</sup> Yet, an American could not include a citation to the scientific publication containing this information about the use of phenylalanine for the widespread problem of depression on the label of a phenylalanine supplement or advertisement or company statement about such a product. Why? Because the FDA says that would make the essential nutrient amino acid phenylalanine an illegal unapproved drug. To obtain its approval to market phenylalanine as a drug would require the spending of \$125 million dollars and take 8-10 years, if approval were forthcoming at all. Even then, no patent could be obtained for phenylalanine, so that there would be no way to recover these huge approval costs by having a market monopoly for the period of time granted in a patent.

The FDA's regulations on new

drugs are also a severe barrier to the widespread use of new medical technologies. These restrictions, based upon the idea of reducing the risks to drug consumers, are so stringent that many valuable drugs have been used by millions of people in Europe for ten years or more before they are permitted for use by sick people in the U.S. For example, the FDA's infamous beta blocker approval delay resulted in the otherwise avoidable deaths of literally *hundreds of thousands* of hypertensive Americans. While waiting for the approval that may never come, many people die. The costs of unnecessary illness and death during these long delays are not included in the FDA's analysis.<sup>3</sup> Pharmaceutical companies are forbidden to supply information on the proposed new drug to physicians, including bibliographic data. In most cases, even terminally ill patients are denied access to experimental drugs.

An FDA spokesman admitted in a recent interview that they did not want widespread distribution of experimental drugs to AIDS victims because, then, how could they do a placebo controlled study, since nobody would take a placebo!<sup>4</sup> Please re-read that last sentence, so that you fully realize the extent to which a well intended government agency can end up looking like a Nazi concentration camp "medical experimentation" unit! However, it should be remembered that the FDA has not *chosen* the laws it enforces; that responsibility lies with a Congress comprised almost entirely of lawyers having negligible knowledge of science!

Of the 72 new drugs approved by the FDA during the period of 1984-1986, 55 (76%) were already approved or available in one or more major foreign markets and more than half of those 55 drugs were available in at least four countries at the time of FDA approval. The average lag between first foreign marketing and FDA approval for the 55 products was 6.2 years.<sup>5</sup>

A current example of the FDA's high costs to Americans with serious disease is the unavailability of the Parkinson's disease drug, deprenyl. A patient with Parkinson's disease typically becomes refractory to L-Dopa therapy

after two years or so. Deprenyl is widely used in Europe (and was first used in humans as early as 1967) to restore the responsiveness of Parkinson's disease patients to L-Dopa. In fact, patients receiving standard therapy (L-Dopa and a decarboxylase inhibitor) plus deprenyl lived 25% longer than patients receiving only the standard therapy available in the U.S.<sup>6</sup> As people age, the dopaminergic activity in the brain

*Freedom of speech is a necessary prerequisite for a free market, since no one can buy or sell your product if they don't know it is there or what it does.*

declines sharply. In one critical area of the brain, dopaminergic activity declines by about 13% for every decade past 45 years of age.<sup>7</sup> Researchers now suggest that deprenyl be taken as a prophylactic against this natural loss of dopaminergic activity which can eventually result in Parkinson's disease.<sup>8</sup> Yet, Parkinson's disease patients in this country are doomed to a shorter average lifespan and greater disability from their disease because the FDA will not permit marketing here of a relatively safe drug used by Europeans for close to 20 years! A drug company attempting to offer the drug would have to go through the FDA's usual approval process and, while spending huge sums of money, they would be forbidden to tell the public about the drug. Unfortunately for American Parkinson patients and their friends and families (to say nothing of the overburdened taxpayers), the small British pharmaceutical company that developed deprenyl could never have afforded the astronomical approval costs, and the patents have now expired.

### Lethal Regulation

Freedom of speech is a necessary prerequisite for a free market, since no one can buy or sell your product if they don't know it is there or what it does. There are always going to be controversial products which some people wish to use and others don't. Birth control pills were extremely controversial

when they were introduced and many people tried to get them banned.<sup>9</sup> Some people still disapprove of them. There are certain health risks associated with birth control pills, too, though research has recently produced versions that are much safer than pregnancy.<sup>10</sup>

Another lethal example of government regulatory ineptitude is its handling of a product in common use for thousands of years—tobacco—which has been associated with some severe health risks (e.g., lung cancer, cardiovascular disease). New research is discovering how to markedly reduce those risks. For example, increased dietary beta carotene reduced the risk of lung cancer to smokers to the same level as non-

smokers who get below average amounts of beta carotene in a 19 year study of 2000 men.<sup>11</sup> In Japan recently, patents were granted for treatments for tobacco products that remove the harmful carbon monoxide and benzalophapylene (tars) from cigarette smoke.

But in America, politicized bureaucratic government agencies, not scientists, control creation of safer tobacco products. Tobacco companies are not permitted to make health claims for safer tobacco (such as smokeless varieties). It is no surprise therefore that tobacco companies do not invest a great deal to develop such products.

But the FDA cannot eliminate all risks. No product is perfectly safe. People persist in cutting themselves with knives, drowning in swimming pools, choking to death on chicken pie, crashing in automobiles, falling down roller skating, crashing in airplanes, slipping in bathtubs, poisoning themselves by taking too much of common household drugs... But the FDA costs the American public billions of dollars and hundreds of thousands of lives in its futile attempt to eliminate risk.

Recent reports that the FDA is attempting to streamline its procedures are, so far, little more than talk. Powerful politicians (such as Rep. Henry Waxman) oppose attempts to make experimental drugs available to people with terminal or serious illnesses. There is practically no discussion of re-

storing free speech to the health market.

The government now controls provision of much health advice and directs much scientific research. Modern politics has a much broader scope than it did back in the days of the Founding Fathers. The government has grown, and vigilance is needed now more than ever. However, most people do not notice government actions that they think only affect other people. Freedom of commercial speech is felt to be of concern to relatively few people and it's problems of little interest to the general public, which does not know what it is not allowed to hear. The future of medicine must not be limited to research; it must also include commercial availability of both information and products based on that information.

Informed freedom of choice makes sense to us.<sup>12</sup> The Constitution didn't give the government the power to dictate to Americans what health regimen they must follow. The clear disclosure of risk on labels of drugs can enable people to make informed choices. The disclosure of risk should reduce the legal liability of drug manufacturers. Such a policy is entirely consistent with freedom of speech. And it serves people's health needs better, save millions of lives, and billions of tax dollars. (Today, ironically, the disclosure of risk often *increases* a manufacturer's legal liability [by alerting people to potential problems], thus discouraging companies from supplying the information.)

We suggest that the FDA should become an advisory agency, pending its abolition, and that the labels of drugs, approved or unapproved, be divided in half. Allow the FDA one half of the label to say whatever it wants. But the manufacturer gets the other half and can say what it wants. And may the best science win!

Government agencies, especially the FDA, have an entrenched deliberate policy of reducing the flow of information to potential users of drugs, foods, and nutrients, as well as severely curtailing the availability of new drugs. In the future, it will be as important to put a stop to this censorship as it will be to produce new biomedical technology because new therapies will do no good until they are applied to real people with real health problems.

As J. D. Ratcliff said in *Yellow Mag-*

*ic: The Story of Penicillin*, "So long as a medical discovery remains in the laboratory stage it is of little value to anyone. It cures no disease, saves no lives. It is a scientific curio. It is only when a manufacturing company starts producing the material in large quantity that the product can find its way into the stock rooms of hospitals and the handbags of physicians. ...In giving our

research men the great credit due them, we often forget to pay tribute to the manufacturers who make the fruits of this discovery available to all of us."<sup>13</sup>

Regulations can never cure anybody of disease. The FDA's approval delays have killed more Americans than have all wars since the Civil War. □

## Endnotes

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# Game Versus Game

“Philosophy is like a game, sir. You are right.”

Tanned and hard, the young man's face reminded the professor more of soldiering than philosophy.

“And, yes, in some important ways it resembles the game of chess. But, in another way—in a way you've spent half your life refusing to face—philosophy is more like Russian roulette.”

Like the face of a bronze statue now, it waited—passive in the fact of its cold strength.

A beautiful face, the professor thought, beautiful in the same austere way that mathematics is. So certain. And so certainly wrong.

Silence continued for some minutes before the professor remembered it was his turn to speak. No, he thought, I am not, for a change, being accorded a respectful silence. Not in the sense of the meek before the wise. More, this silence is like—is like the kind of respect one is accorded after being challenged to a duel.

Very well, he thought—with an inward twinkle, as he parted his dry lips to speak—a duel. I will choose my weapon. “Having some knowledge of your political convictions, young man, I assume you are not proposing that the Russians invented philosophy.”

“No, sir.” White teeth set behind dark face made the grin vivid. “But I'm afraid the Russians do understand the practical importance of philosophy—even though they are damned sure wrong in their premises.”

“Nothing is for sure—damned or not.”

“Are you sure of that, sir?”

“Young man, you are the first person to ever ask me that question.”

“And the answer is?”

“A question no one ever asks doesn't merit an answer.”

“Well, I shan't waste any more of your time, sir. Thank you for granting me the interview.” Grabbing his brief case, he stood and extended his hand.

“But you said you wanted to discuss something about politics. A movement of some kind. A political demonstration. Isn't that what you said?”

“I'm afraid, sir, you would not want to get mixed up in this. It is an unpopular idea.”

“But I've spent my life advocating unpopular ideas. World peace. Free love. Why, many books you see in this study are banned.”

“Yes, and the other half of your life you've spent ignoring unpopular questions. Philosophical questions.”

“One can afford to ignore those, because—”

“I know. I know, sir. 'Because philosophy is just a game of chess.' And, if you remember, that is where I came in. All right,” the young man sighed, putting down his brief case. “For the sake of argument we'll forget philosophy. May I speak sir, to the political half of your personality?”

A  
story  
by  
Raul  
Santana

Chuckling at the impatience of the young, the professor nodded. "The half of me that would rather be Red than dead is now ready to talk politics with the man who would rather be dead than have a Red in the same hemisphere with him. You may proceed."

"You misunderstand my position, sir. I don't think those are the alternatives."

"From what I gather of your philosophy, though—in which you maintain politics has a place—everything must be *either* one thing *or* another."

"Yes. In this case, *not* surrender or death. *Either* defeat—*or* victory."

"No, son. Victory is impossible in an atomic age."

"Impossible for the West, but possible for the Reds. I see, sir. We are talking in circles again."

"Perhaps we can avoid all this if we come to the point. What was this unpopular political action for which you came to solicit my support? *Nothing as violent as your previous endeavor I trust.*" The professor frowned as he emphasized each word of his last sentence.

"No, sir. In fact, this is entirely a matter of passive resistance, which is why I came to you. Your experience in the technique would be of great value."

Opening his brief case, the young man put a pamphlet on the professor's desk. "I want you to organize a passive rebellion against income taxes in this country. Next year, I want to persuade every citizen opposed to compulsory taxation—to refuse to pay!"

The pamphlet was entitled: *Shah Mat!*

"What is *Shah Mat?*" As if the small, white booklet were a hot iron—the professor drew back.

"The name of my movement, sir."

Again came the silence of respect accorded upon a challenge.

No—thought the professor. Not this time.

"Why," the professor said, softly, with a strange kind of anger turned more against himself than against the level, brown eyes meeting his gaze, "you are morally irresponsible!"

"Not according to the morality that is mine, and should be yours, sir." A long, narrow hand fell on the pamphlet and lifted it off the desk into the brief case. A hand that reminded the professor more of art than politics. "Tell me, sir, is it morally irresponsible to insist upon the abolition of force between nations?"

"Of course not."

"Then please tell me why you think—if 'think' is the right word—that to insist upon the abolition of force by a nation against its own unarmed citizens is morally irresponsible. Is it not the same issue? Are not the same principles involved? Is it not a contradiction to uphold one view and damn the

other?"

"Oh my." A resigned sigh issued from the professor; he spoke in a voice that seemed tired and old. "Contradiction is not a political word. It is a philosophical word. And the capitol of a nation is not an ivory tower."

"Is that your answer, sir?"

"That, I feel, is the only answer I can give you."

Picking up his brief case again, he turned and walked to the door, opened it, stepped out—and closed the door quietly behind him.

That, thought the professor, was the quality of his face. The quality of a closed door. A door locked against compromise.

One thing still puzzled the professor. Something he saw. And did not understand. Or had forgotten many years ago. The meaning of those two words: *Shah Mat!* An Arabic phrase. Ah! Now he remembered. *Checkmate!* The root of that was *Shah Mat!* Meaning: *The King is Dead!*

Well, the professor thought, I certainly am having a difficult time keeping from admiring that young man. So certain of himself! And so certainly wrong. Nobody will join his crusade. Nobody feels the way he does about politics.

Relaxing in his comfortable chair, he thought: Nobody would have expected a young man like that—a man with the face of a soldier, the mind of a philosopher, and the hand of an artist—nobody in the world would have expected him, of all people, to smuggle himself into a Latin-American country, past the dictator's own guards and—

A loud knock broke into his thoughts.

Opening the door, the professor saw a uniformed policeman. And a search warrant.

"Sorry to disturb you, professor. We just got a report that you are keeping obscene reading material in your study, and I've been assigned to check it out."

"Some of the world's greatest literature is currently considered obscene, officer. And, to save us both embarrassment, I'll tell you now that I pride myself on having a good deal of great literature in this room that happens to fall in that category. I do not, however, see how the contents of my library can be rightfully subjected to police regulations. Good day, officer."

"I'm sorry, professor. You are under arrest."

"I refuse to be placed under arrest!" Returning to his chair the professor sat down and folded his arms. "It is not the concern of this—or any other—community that I choose to read whatever I wish to read!"

"Your attitude, professor, is morally irresponsible."

The professor stared. Before him stood a man with the fine, impractical face of a philosopher, the mind of a minister, and the hand... the hand rested on a gun. □

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## Perspectives

# The Crash of '87

*Liberty interviews six leading libertarian-oriented market analysts: Douglas Casey, Adrian Day, Harry Browne, Mark Skousen, R. W. Bradford and Ron Paul, plus two of Liberty's Editors: economist Murray Rothbard and social philosopher Karl Hess. What they say may surprise you.*

On October 19, 1987, the Dow Jones Industrial Average fell 508 points. It was the largest single day decline in history—amounting to some 22.6%. In an effort to put the dramatic events of that day in perspective, *Liberty* surveyed the thinking of eight leading economists and market analysts in early December, after the dust had settled.

**Douglas Casey** is author of *Crisis Investing*, the best-selling investment advisory book of all time, as well as several other books. He is founder of the Eris Society, and editor of *Investing in Crisis*,\* a monthly investment advisory letter. Mr Casey is also an editor of *Liberty*.

**Liberty:** What caused the crash?

**Casey:** The fact that stocks were bid much too high, they were bid up beyond all sight of reality. They were selling at historically high prices, relative to earnings, relative to book value, relative to dividends. They were selling at 1929 levels.

**Liberty:** Do you think there were any external causes? The causes you list are basically internal causes...

**Casey:** I discredit the theories that it was caused by computers, for example. If you believe it was computerized selling that crashed the market, then you have to believe it was computerized buying that drove it up.

What drove the market up was a huge expansion of the money supply over the last five years, especially as a reaction to the last recession.

**Liberty:** What do you think of the idea that the crisis was touched off by restrictive monetary policies by the Fed during the early part of this year?

**Casey:** I think there is something to that. Stocks were driven up to unreasonable levels and at that point it was just a question what would touch off a decline. Of course, money makes the mare go: they restricted the money supply, that tended to put prices in reverse, then one thing led to another.

**Liberty:** What do you recommend to investors today?

**Casey:** I suggest they invest one third in gold coins, one third in gold stocks, and one third in cash. I suggest those assets be held partly in this country and partly abroad.

**Liberty:** What foreign countries would you recommend?

**Casey:** I would suggest holding some in the Orient and

some in Europe. In the Orient, I think Hong Kong is the best place to be. In Europe I think Switzerland is best.

**Liberty:** You mentioned cash. What specifically do you mean? Money market funds... T-bills... or greenbacks...

**Casey:** T-bills or money market funds that invest exclusively in T-bills. And I would certainly have some greenback cash. Although I am more confident than ever that the long run fate of the dollar is to vanish, to turn into toilet paper, in the short run we could have a 1929 style deflation.

**Liberty:** Where is the stock market headed?

**Casey:** A lot of that will depend on what the government does next. My suspicion is that the Japanese market is going to crash next, and when it crashes it's going to make what happened on Oct 19 seem trivial by comparison. Then you will see real estate markets all over the world crash and the stock market fall much further.

By the time it bottoms, the stock market will be far beneath its fair value. If I was going to take a guess—and it's strictly a guess—I would say the Dow will fall to 500 or 600 by the time it ultimately bottoms. That's 500 or 600 in terms of today's dollars.

The U.S. dollar could collapse next, like in the 1982 movie *Rollover*. That would be the perfect whipsaw: people have been panicking out of stocks to get into cash... maybe next they will panic out of cash and the dollar will be wiped out.

**Liberty:** Where do you think interest rates are headed?

**Casey:** I think in the short run the Fed will be able to drive interest rates down. But in the long run if inflation is increasing, interest rates are going to have to follow. I think we will see massive corporate bankruptcies, especially among the corporations that have done leveraged buyouts.

We will see defaults on debt, so rather than predict the direction of interest rates, I am much more comfortable predicting that there will be a huge spread in quality among interest rates. As people panic out of junk paper like Euro-

\* 1101 King St, Suite 400, Alexandria, VA 22314. \$195/year (12 issues).

dollars and into T-bills, the difference in their interest rates may increase to 5% or more. The same is true of Treasury bonds versus junk bonds.

**Liberty:** Where do you think gold is going?

**Casey:** I think it's going to go through the roof, but not necessarily because of inflation. It will go through the roof because in a panic situation it is the only financial asset that is not simultaneously somebody else's liability.

I think that if you buy gold and gold stocks you can make back whatever money you may have lost in the last few months, and more.

**Liberty:** Why do you think that gold coin and bullion has outperformed gold stocks by such a wide margin since the crash?

**Casey:** Gold stocks got caught up in the stock market mania on the way up, and got caught in the downdraft on the way down. A lot of gold stocks were sold just because there was a market for them, and people had to sell to generate cash to meet margin calls. But gold stocks are going to come back soon, I think—I am not sure industrial stocks will for many years.

**Liberty:** What about taxes in the United States?

**Casey:** I think the U.S. government is dumb enough to raise taxes at this point.

**Liberty:** Do you have any feel about when we will see higher taxes?

**Casey:** No, I don't have any feeling on the timing, but I am very confident that they will raise taxes. If they don't raise the income tax directly, they will get it through a value added tax or something else. I don't have to tell you how counterproductive and destructive that is.

**Liberty:** What do you think will happen to the budget deficit?

**Casey:** I think it will widen tremendously.

**Liberty:** Do you have a number that you think we will see within the next 2 or 3 years?

**Casey:** It's pure conjecture right now, but I wouldn't be surprised to see it at \$300 to \$500 billion dollars within the next 2 or 3 years. Tax receipts will go down, despite any forthcoming tax increases, because as the economy craters income will fall much worse.

**Liberty:** Then I guess you foresee a recession?

**Casey:** Oh! I see something much worse than a recession. A recession is where the business cycle starts to climax, but the government stimulates the thing to keep the ball rolling. A depression is something where it gets entirely out of hand, where the chewing gum and bailing wire can't keep the rotten structure propped up any longer.

**Liberty:** What do you see over the next couple years for the CPI rate?

**Casey:** That's hard to figure. It's still unclear whether we will get a devastating inflation due to a default of bonds, the closure of banks, the further drop in the stock market, and the

collapse of real estate. All these things could make the dollar worth more and the CPI could actually decline.

But that's a short run phenomenon. In the long run I think the cost of living will go through

*"The Depression will be worse than even I thought it would be. A lot of yuppies will be grubbing for roots and berries in a few years."*

the roof, because the government will respond to these crises by printing money.

**Liberty:** What do you think would happen to gold in this short term deflationary scenario that you consider to be a possibility?

**Casey:** I think gold will go up even during a deflation. The reason for that is that people will want an asset that cannot be defaulted upon, that is completely liquid and negotiable, and that is private. Gold is not just an inflation hedge—gold is a chaos hedge, a crisis hedge. And we will have plenty of crises and chaos, so I think gold will go up.

**Liberty:** Do you see the crash as an isolated phenomenon that won't seem important in a few years, or do you see it as part of a much broader crisis of the Western economies or the American economy?

**Casey:** I think it's going to change the way people perceive things. It will change the social and political structure. In a way it's a good thing that the crash happened, it will serve as a warning to people to take this last opportunity to put their houses in order.

**Liberty:** How do you think you will describe the crash of '87 when you look back at it ten years from now?

**Casey:** That's a good question... I don't know... I suspect it will mean the end of an era. I think a lot of yuppies will be grubbing for roots and berries in a few years. I think survivalism will come back in vogue. The going is really going to get tough. Society is much more urban than during the 1930s; people are much less self-sufficient. It has a lot further to fall.

The government safety nets that everyone thinks will prevent a depression are part of the cause of the depression and discouraging people from taking action to protect themselves.

I think the depression will traumatize a whole generation. I think this thing will be terrifying. It will be worse than even I thought it was going to be.

**Liberty:** Is there any good news here?

**Casey:** Yes. The good news is that all the real wealth of the world is still going to be here. It's just going to change ownership. And if you can keep your assets together over the next several years you will have the opportunity to pick up assets at prices that are the equivalent to prices in the 1930s.

**Liberty:** What do you think of the notion that the crash marks



"Of course it will — it ends every Monday."

the end of a period of American economic dominance of the world and that Americans are going to have to accustom themselves to a long period of economic decline of the sort that citizens of Britain experienced during the past 70 years?

**Casey:** I think a lot depends on what the government does, whether they really stomp on the country and institute a lot of welfare programs like Britain did.

I doubt they will abolish these welfare programs—which were largely responsible for Britain's collapse—voluntarily. But they may have to let them die because there is no wealth to fund them.

**Adrian Day** left his studies at the London School of Economics in 1974 to offer his assistance to the libertarian revolutionaries in Abaco in the Bahamas. The revolution ultimately failed, and Mr Day moved to the U.S 18 months later. He is editor of *Investment Analyst*\* and author of several books on personal investing.

**Liberty:** What caused the crash?

**Day:** Fundamentally, the crash was caused by the fact that stocks were grossly overvalued. Of course, that doesn't explain why it happened exactly when it did. Nor does it explain the severity of the crash. But it certainly explains why stocks came down. They were simply grossly overvalued.

The restrictive money policy of the Fed earlier this year accounts for the timing. Over the past several years, the Fed was very loose with the money supply. About April they started tightening, or at least leveling off, the money supply. They continued this somewhat restrictive policy through October. As a result of this tightening, interest rates moved up, which touched off the crash. Fundamentally, on a value basis, this collapse could have come in March or April, May, June or July or, indeed, stocks could have continued to rise for another six months.

**Liberty:** What does the crash mean to investors? What are the consequences for investors?

**Day:** The Dow today is about where it was in January. So the only losers are those who invested this year. This has been a very salutary warning for investors. It demonstrated to investors—especially new investors who have never really seen prices fall significantly—that prices can go down as well as up. The crash has awakened them to the fact that a sharp decline can happen.

**Liberty:** Do you think investors should be out of the stock market right now?

**Day:** Yes. I am a value oriented investor. In the long run, I think things return to their true value. Things that are undervalued have less risk and more potential than things that are overvalued. That is a pretty simplistic statement, but worth bearing in mind. Right now, most U.S. stocks are clearly overvalued, not so much as three months ago, perhaps, but still

overvalued in terms of price/earnings ratio, or price to book value or the yield rate. Those that hold stocks should look for an opportunity to get out.

**Liberty:** Where should they be?

**Day:** I recommend investors go to three main areas.

The first is gold and other precious metals. I would buy gold on price dips, followed by palladium, then platinum, and silver. Silver I think is more a short-term trading vehicle right now. It offers greater potential for the short term investor. For the long term, I think gold is far and away the primary metal to buy.

Secondly, I would be a very aggressive buyer of good quality, producing North American gold companies. I would also buy some of the top quality, long life South Africans and Australians. I would avoid the short-life South Africans and the non-producing Australians.

And thirdly, I would begin to nibble a little bit at some of the bargains available in good quality, undervalued, cash rich, blue chip companies in undervalued markets. I am looking not just for undervalued stocks, but also undervalued markets.

**Liberty:** What is an example of such a stock?

**Day:** Hongkong & Shanghai Banking Corporation. It is selling at less than ten times earnings, about 15% over book value, and yields about 6% cash and 12% stock dividends per year. All those are indications of fundamental value. And Hongkong & Shanghai is very aggressive but still a very substantial and conservative institution.

**Liberty:** You recommend some South African gold stocks. Are you concerned about the morality of investing in firms involved in South Africa's racial system?

**Day:** Yes I am. I am a morality investor. There are certain companies that I will not invest in, whose business revolves around doing things that I morally object to. So I think it is a legitimate issue.

*"I am a morality investor: there are companies that I will not invest in, whose business revolves around doing things I morally object to. But I think investment in South Africa is good for the population, in that it helps raise its standard of living. And many gold companies are among the most liberal elements in South Africa."*

But I take a contrary view to most people about South Africa. I think investment in South Africa is good for the population, in that it helps raise its standard of living. Not investing in South Africa doesn't do the people any good at all. It only hurts them. In addition, many of the gold companies are among the most liberal ele-

ments in South Africa. In fact, Anglo-American, the largest mining house, has just issued about 15% of their total stock to the black workers.

**Liberty:** Where are interest rates headed?

**Day:** Compared with historical levels, real interest rates in this country are very high right now. (Real interest rates are the difference between nominal rates and the rate of inflation.) Even so, on a risk/reward basis, investing in bonds doesn't look like a good bet to me.

As the dollar continues to lose value, I doubt foreign investors will continue to pour money into our debt—particularly our government debt—simply to prop up a bankrupt government. If they're losing 20% or 30% or 40% a year on their money

\*Box 3217, Silver Spring, MD 20901, \$49 per year (12 issues, plus special reports).

because of the decline of the dollar, it seems to me they are not going to want to do that forever. So interest rates will have to rise to attract bond investors and stem the decline of the dollar. (I say continue to rise because it seems to me that they bottomed in March or April, and we are now in a long term upward trend. This last month or two is only a temporary aberration in that trend.)

**Liberty:** What is your outlook for taxes? Will they go up?

**Day:** I get very depressed about taxes. I haven't seen lower taxes during the last five years, personally, and I don't know who has. Social security taxes continue to rise, other taxes keep on going up. Already to decrease the deficit, they're raising taxes by \$9 billion. I think Reagan should listen to Winston Churchill, who said, "There's no such thing as a good tax." All this talk about some taxes are good and some are bad is just nonsense.

**Liberty:** Do you think they will get the budget deficit under some kind of control?

**Day:** No. Not at all. The deficit has shrunk considerably during the past few years, although it remains enormous compared to what it was before 1980. But that hasn't been the result of any government action; it's simply because the economy has been growing at a moderately healthy rate, driving up tax receipts.

What the politicians do to reduce the deficit is mostly a game with mirrors: postponing expenditures for a couple of weeks to move them into the next fiscal year and then telling us they have closed the budget by that amount. I don't know who they think they're fooling. They're not fooling us.

**Liberty:** What sort of cost of living rate do you think we'll see during the coming year?

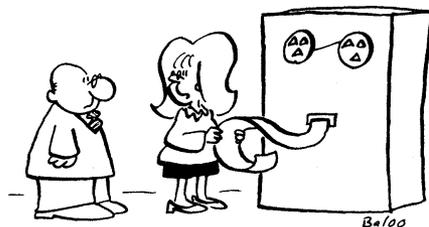
**Day:** During the next 6-12 months, we will likely have a rate of increase in the Consumer Price Index that is fairly subdued, probably in the 4%-5% range, as a result of lower consumer demand because of recessionary fears.

But after that, I think we will have significantly higher increase rate—somewhere in the 8%-10% range. Whether the onset of the faster growth in the cost of living will be in 3 months or 9 months I find very difficult to gauge. But we're sowing the seeds for double digit inflation now; I'm not exactly sure when we will reap the harvest.

**Liberty:** How do you think the Crash of '87 will look from the perspective of 1997?

**Day:** I don't think the Crash is an aberration. The crash is by no means finished yet; we're going to see a lot more decline.

**Liberty:** Will we have another depression?



"You're right — the economy *does* pick up whenever Johnny Carson gets married."

**Day:** To a large degree what will happen will be the result of the government action. At the time of the crash, the Fed moved to lower interest rates and pump money into the system. But in the last couple weeks, the money supply started coming down again. All I can say with certainty is that we have huge fundamental misallocations in the economy that in the longer term are building up tremendous problems that cannot be staved off.

**Harry Browne** is the author of several best-selling books of investment advice, beginning with *How You Can Profit from the Coming Devaluation* in 1971. His most recent book of investment advice is *How the Best Laid Investment Plans Usually Go Wrong*. He also publishes a monthly investment advisory letter *Harry Browne's Special Reports*.<sup>\*</sup> His book *How I Found Freedom in an Unfree World* is a classic (and controversial) interpretation of libertarian ethics.

**Liberty:** What caused the crash?

**Browne:** The most likely explanation was the sharp slowdown in the money supply after a year of very strong monetary growth. But that's just my number one choice.

I think there is an unlimited demand for explanations of things, so the supply will always be there to meet it. But I don't think even in retrospect that many of these things are capable of absolute explanations.

**Liberty:** What would you recommend to investors today?

**Browne:** My "forever" position is that an investor should separate his capital between that which he can afford to lose and that which he cannot afford to lose, to set up two different portfolios, though he may decide not to have the portfolio of the money he can afford to lose, even if he does actually have some he can afford to lose.

I call the money he can't afford to lose the "permanent portfolio." I believe he should set up a portfolio once and for all that he keeps forever and only adjusts to restore the original percentages.

The percentages that I've arrived at evolved over a period of time: they are 25% in stocks, 25% in bonds, 25% in gold and 25% in either T-bills or in a mutual fund invested entirely in T-bills. There are details as to what kind of stocks best fill the stock list, but it is not a question of picking those that will beat the market or do best next year or anything of that sort, and what kind of long term treasury bonds are best, and so on. That's all in my book.

The only question between one investor and the next is how much to have in the "Permanent Portfolio" and how much one is to have in the other portfolio, which I call the "Variable Portfolio." Though questions such as whether one is retired or young or has a big income would dictate the split between the two portfolios, they do not change my view of what the Permanent Portfolio should consist of.

Obviously I don't argue with anyone who says "I'd rather have 30% in gold" or wants to have 5% in Swiss Francs or something of this sort. More diversification is not a sin in my eyes, although it can be overdone. I have found that simplicity is almost essential because otherwise an investor with the best of intentions will never carry out the program when it is more diversified and complicated.

I believe that my simplified portfolio provides about 90% of the protection I had when I possessed a more complicated version.

<sup>\*</sup> PO Box 5586, Austin, TX 78763.

**Liberty:** What would you do with your variable portion today?

**Browne:** Right now it's 50% in gold and 50% in cash. I went 40% in stocks in August of 1984 and we stayed there until we were stopped out in the dip in the fall of 1986. We got back in 50% into stocks in January 1987, but were stopped out at the time of the crash. The signal was given Thursday before the crash. I got my managed accounts out the next day. For purposes of the newsletter's "model portfolio" we sold on the day of the crash. But we're still a little bit ahead on the year.

We got into gold when it dropped to \$300 at the end of 1984 and were stopped out at the end of '86 and got back in around January of 1987. So we've been in gold and stocks almost continually for the last two years. The gains have not been exciting, but they've been all right. For 1986, I think the gains were about 16% or 18%. For 1987, figuring we sold our stocks the day of the crash, we are up about 3%.

**Liberty:** When you say right now you are 50% in gold, do you mean gold stocks or physical gold?

**Browne:** Definitely physical gold. Whether bullion or coin is up to the individual. But not gold stocks.

**Liberty:** Where do you think the stock market is headed?

**Browne:** I have no idea. I really don't.

**Liberty:** Interest rates?

**Browne:** I have no idea. I really don't.

**Liberty:** Gold?

**Browne:** I have no idea. I really don't.

**Liberty:** Should I put that down for everything?

**Browne:** Sure...

**Liberty:** Taxes?

**Browne:** The only time it is worth talking about a personal expectation is when you believe you are noticing something that other people are not noticing. That doesn't mean that you know what will happen, but maybe you are noticing some factor bearing on the future that other people do not, and it might help them. For one thing, it might keep them from going too far in the other direction.

With regard to taxes, I think my opinion is a little different from others. I really don't know what is going to happen to anything, but I feel a little more confident with regard to taxes than I do with the outlook for gold or stocks. For all I know gold may have hit its top this week, and we may be in a long downward trend now. I don't know... the stop loss we have is at \$430, but I may change it before the weekend is over.

I think that people are too cavalier when they say that now that deductions are gone that tax rates will be raised.

I think we are sure to have all of 1988 without an increase over the 28% rate. Reagan would veto any such increase and the veto would be sustained. If Reagan died, I think George Bush *undoubtedly* would veto any raise. If he got elected President, he might be persuaded to do otherwise, but he certainly won't do it in 1988. So I think the chances are overwhelming that we will have one complete year at the 28% maximum rate.

1989 will bring a new president and a new Congress and the question becomes much more iffy. But I think few people appreciate just how much the terms of debate have changed

during the Reagan era. I don't think Reagan is responsible for this change, though he does deserve part of the credit.

If there is a tax increase in 1989, what we will get is a 32% rate or something like that. They're not going to just raise it back to 50%. It would take many years to get it back up to 50%, and I really doubt that that will happen.

I think it is more likely that it will be lowered to 25% or even 20% in 1989. I'm not predicting that, but I think that it is at least as likely and probably more likely than an increase.

**Liberty:** What about the budget deficit?

**Browne:** I think it will slowly but surely go down, especially if the line is held on taxes. It isn't novel to realize that raising taxes is a sure way to increase spending, probably by more than the taxes are increased, and to increase the deficit. I don't know whether the deficit will fall to zero in the next five years, but I think the trend is downward.

**Liberty:** Do you have a feel for what the changes in the cost of living will be

in the next few years?

**Browne:** No. But I think that the chances are greater that it will be up next year than down. I doubt it will be over 10% by 1988, however. So that really dampens my enthusiasm for gold, but we've done all right being in gold with our variable portfolio. Because I don't believe in fortune telling, I would never say this is the top and sell. I would just raise the stop loss until it was finally triggered.

**Liberty:** What do you think the Crash of '87 will look like from the perspective of 1997?

**Browne:** That depends on what follows. If there is nothing similar to it, even if there's a long decline, it will always stand out because it was a record breaker. But if there are one or two more, people will look back at the whole picture rather than just the crash of '87. As far as I know tomorrow morning there could be another 500 point crash. I am not saying that it will happen, but it is foolish for anyone to say it cannot.

I think investors had a wonderful opportunity to learn from this crash. Before October somebody might have said something like, "there are two things that could never happen in this country: the Fed will never let a large bank fail, and there could never be a 500 point crash in one day in the stock market."

I hope that people will learn from this that anything can happen and that there is nothing that absolutely *has* to happen. To rely on such a fixed belief is a mistake. I hope the crash will teach people some humility about what they know about the future.

**Liberty:** What do you think are the prospects for deflation during the next 3 or 4 years?

**Browne:** I think it is very possible. And I'm talking about real deflation, not mere disinflation like we had in the early '80s. I think deflation is possible, but that the crash makes deflation less likely than it was, because the Fed will for at least a while be very much afraid of erring on the side of deflation. But that doesn't mean they will have that same viewpoint a year from now.

Mark Skousen is adjunct professor of economics at

Rollins College, author of ten books on investment and economic topics, and editor of a monthly advisory newsletter, *Forecasts & Strategies*. \*

**Liberty:** What caused the crash?

**Skousen:** The crash was primarily caused by the Federal Reserve's switching policies from fighting recession to fighting inflation...The Federal Reserve System under Paul Volcker—and then under Alan Greenspan—sharply reduced the expansion of the money supply in the beginning of 1987. The money supply (M1) growth rate declined from 16% to less than 6% in less than a year... M2 fell from 8% to about 2%—its lowest rate in about 25 years. The result was a rise in interest rates while inflation as measured by rising commodity and consumer prices continued to move back up. So basically the stock market which had gone through a 5 year massive bull market simply ran out of steam as the liquidity was taken out of the system. Expectations for fantastic earnings and profits by major corporations turned out to be illusory.

**Liberty:** What would you recommend to investors today?

**Skousen:** My advice depends on government response to the crash. Our economy and financial instruments are heavily determined by government policy these days. So far it appears that the Fed is not responding to this crisis by flooding the markets with money; to the contrary, it appears they are continuing a relatively tight money policy. If this trend continues, investors would be wise to head for the hills, build a strong cash position, get out of debt, and unload any assets that they are relying on to preserve their capital. We could be entering a deflationary phase.

On the other hand, if the Fed panics, as they have in the past, we could see a massive influx of new money in the system which would be highly favorable to a recovery of the stock market, at least temporarily. But so far I see no indications of this happening.

**Liberty:** You have seen no indication that the Fed is flooding the market with money, other than the immediate reaction after the crash?

**Skousen:** That wasn't as spectacular as I expected. It's very similar to the Continental Illinois bailout, which I thought would cause a massive increase in inflation. It did eventually, but initially there was no indication that they had reversed policy.

**Liberty:** As of this moment, how do you feel about stocks?

**Skousen:** I am entirely out of stocks, and I have been since early September. I expect stocks to head lower.

**Liberty:** How about gold?

**Skousen:** I have only a survival position of 10% of my portfolio in precious metals, primarily in the form of coins, although it could include some gold stocks.

**Liberty:** What about bonds?

**Skousen:** I recommend a small position—no more than 20%—in high grade bonds, not junk bonds, as a deflationary

hedge.

**Liberty:** I take it you recommend holding the balance of your portfolio in cash and cash substitutes?

**Skousen:** Yes. I recommend keeping 60% to 70% of holdings in money market funds.

**Liberty:** What about interest rates?

**Skousen:** Right now my outlook is for interest rates to decline a bit over the next year.

**Liberty:** Why? From credit expansion by the Fed?

**Skousen:** Initially, I think it will come from the fact that the Fed's policies are causing a recession. It is hard to say what would happen if they flood the market again. It might be an initial decline, then a rise, depending on what happens with economic activity.

*"There will be a strong effort to raise tax rates, especially when the deficit expands rapidly as the recession sets in. The deficit will balloon to perhaps \$300 billion. I think we will see a tax increase in 1989. 1988 will be the lowest tax year for a long time."*

**Liberty:** What about taxes? the deficit?

**Skousen:** There will be a very strong effort to raise tax rates, especially when the deficit expands rapidly as the recession sets in. The deficit will balloon, to perhaps \$300 billion. I think we will see a tax increase in 1989, so for individuals, 1988 will be the lowest tax year for a long time.

**Liberty:** Where do you think consumer prices are headed?

**Skousen:** I think they will level out with this recession. I don't think price inflation will be as serious a problem as the fact that people will be thrown out of work and businesses will be hurting.

**Liberty:** Did you prepare your clients for the crash?

**Skousen:** In my September 8 special alert, I advised selling all stocks when the Dow was at 2600. In my Oct 1 issue, I advised that the credit crunch by the Fed could devastate the stock market, and that if the Dow fell 500 points in short order it would be a full scale bear market, not a correction. I told subscribers that gold shares were a high risk and that I had personally sold most of my gold stocks in September. But I did not give an all out sell to my subscribers, unfortunately, though I continued to recommend gold bullion coins.

**R. W. Bradford** publishes *Analysis & Outlook*,\* a monthly newsletter oriented toward gold and silver investment. He founded Liberty Coin Service, a pioneer gold and silver brokerage firm, in 1971, and retired from active management in 1981. He is also publisher of *Liberty*.

**Liberty:** What caused the crash?

**Bradford:** Investors finally noticed that stocks were ridiculously overvalued.

**Liberty:** What would you recommend to investors today?

**Bradford:** It all depends on the nature of the investor, his net worth, his age, his goals and his outlook on life. My own inclination is to see investing more as a way of maintaining wealth than gaining wealth, so the advice I give tends to be rather conservative.

I recommend holding 30% to 50% of one's investments in the form of gold, for two reasons: as a hedge against inflation and as a hedge against social chaos.

\* PO Box 1167, Port Townsend, WA 98368, \$36 per year (12 issues, plus special reports.)

\* 7811 Montrose Rd, Potomac, MD 20854, \$95 per year (12 issues).

In my judgment, a significant increase in inflation during the next 2-4 years is overwhelmingly likely. I expect gold will rise significantly faster than the inflation rate, so gold bugs will profit substantially.

But gold is also the best hedge against social chaos. If the market collapse touches off a depression (which I think is a strong possibility), I think most people will react by demanding more benefits from the state, and there is a good chance that such demands will not be able to be met from government's current resources. The result could be a violent reaction, either from those demanding more benefits from government, or from those demanding government tax them less. Social violence is not likely, but there is a real potential for it, and I want to be prepared for that possibility. And gold has long been the best hedge against revolution and social chaos: its purchasing power has survived the rise and fall of governments, nations and even entire civilizations.

Because I think there is also a small but significant possibility of deflation, I recommend holding 10% or so of one's holdings in top quality bonds with maturities of about 5 years, which should provide protection if deflation comes.

I would keep the balance of my holdings in cash: preferably T-Bills or a money market fund invested in T-Bills. Cash is something of a hedge against deflation. And cash allows maximum flexibility, since I want to let markets sort themselves out a bit.

**Liberty:** You mention both inflation and deflation as possibilities. It seems to me that with the Fed inflating constantly trying to avoid a depression, inflation is as near to a sure thing as you can get.

**Bradford:** Whether we have inflation or deflation is a matter of individual people's perception of reality, of how each person evaluates the situation. More than anything else it is a matter of expectations. The Fed can control the money supply; it can increase it or decrease it at will. But human perceptions are in the control of individual human beings.

I think inflation is much more likely than deflation because I think the incentives are there for the Fed to increase the supply of money, in part to try to stave off a depression, in part to finance the gigantic budget deficits I foresee as people demand more of their governments.

I suspect most people will react to this growth of the money supply by figuring that money is not a good commodity to hold. But it is always possible that this increase in the money supply will come at a time when people are increasing their demand for cash for some other reason.

**Liberty:** Like what?

**Bradford:** Well, people might panic out of everything and go into cash which they perceive as a safe haven. That is essentially what happened to the metals' markets in the few days after the crash when gold and silver prices fell badly. Since then, of course, people have changed their perceptions, and gold and silver have risen considerably.

As I said before, it ultimately comes down to how people

perceive things.

**Liberty:** How do you feel about stocks?

**Bradford:** The stock market is really beyond my area of expertise, but I believe that most stocks are still overpriced in terms of fundamentals. Stocks are already overpriced in terms of corporate earnings, and I don't think the outlook for corporate earnings is very good. So I believe the stock market still has a long way to fall. I would not be surprised to see the Dow fall to 600 or 700 before any significant new bull market starts.

**Liberty:** How about gold?

**Bradford:** Right now I think the outlook for gold is outstanding. At the most fundamental level, gold is money; not because governments make it money, but because individuals acting in the marketplace make it money. In times of extreme uncertainty, like the present, people will increase their demand for gold.

In the most likely scenario—inflation—gold should do tremendously well. But even if we have deflation, I expect gold to do fairly well.

**Liberty:** What form of gold do you recommend?

**Bradford:** I favor gold coin or bullion, rather than certificates or gold stocks. The rationale for buying gold is that it is the most fundamentally liquid investment available, the commodity that retains its value through all the vicissitudes of human history. Gold certificates or stocks have some of the advantages of gold. But they also have some of the disadvantages of paper investments...

**Liberty:** Like what?

**Bradford:** Their value ultimately depends on the financial integrity of their issuer. They aren't as liquid. And they are much easier for the authorities to tax.

Incidentally, I should warn you that as a substantial owner of a gold coin brokerage firm, my answer may

not be entirely disinterested... Although it might be more accurate to say that I got interested in gold coin brokerage twenty years ago because I believed physical gold investments had a great future.

**Liberty:** What do you think of bonds?

**Bradford:** I see them mainly as a hedging device against deflation. If interest rates fall, the value of bonds will rise. Of course, if interest rates rise, the value of bonds will decline.

**Liberty:** What about interest rates? Do you expect them to rise?

**Bradford:** They will most likely fall in the short term as the Fed tries to stave off depression. In the long term, they are difficult to predict, since they depend so much on the decisions of the government.

**Liberty:** You say that you expect interest rates will probably fall in the short term, and you recommend bonds as a way to take advantage of rising interest rates. This seems contradictory...

**Bradford:** I recommend bonds as a medium term hedge against the possibility that people will react to events differently than I expect.

*"Gold certificates or stocks have some of the advantages of gold. But they also have some of the disadvantages of paper investments: Their value ultimately depends on the financial integrity of their issuer. They aren't as liquid. And they are much easier for the authorities to tax."*

**Liberty:** What about taxes? the deficit?

**Bradford:** I think the deficit will continue to grow as citizens demand more from their governments. I expect taxes to be raised significantly, though probably not until after the 1988 elections.

**Ron Paul** was a member of the U.S. Congress from 1976 to 1984, during which time he earned a reputation as a leading advocate of the gold

standard and reducing the size of government. He is publisher of the *Ron Paul Investment Letter*. \*

**Liberty:** What do you think caused the market crash?

**Paul:** The crash is the consequence of the monetary inflation created by the Federal

Reserve System over the past four or five years. It was the natural, expected, predictable consequence of the central bank pursuit of a policy of sustained monetary inflation.

**Liberty:** How does inflation cause stock prices to fall?

**Paul:** When the Federal Reserve creates money out of thin air, those funds distort markets by lowering interest rates, causing people to take actions that they would not have otherwise done. Sometimes it goes into running up prices of commodities, sometimes it goes into running up prices in the financial markets. In the past five years, the excess credit has been used to run up the financial markets. All the markets needed was an excuse to make the correction that was necessary.

**Liberty:** Do you think the crash was the result of specific actions by the Fed in mid-1987?

**Paul:** Well, it happened that way, so people can argue that way. But the basic cause was monetary inflation. The precipitating event can be anything. In this case it was probably the Fed's slight tightening of the money supply, which the market interpreted as a lot of tightening. It was just an excuse for the market to do what it had to do.

**Liberty:** What are the implications of the crash for investors? What should the investor do now?

**Paul:** Stay out of the stock market. Stay out of the bond market. Hedge your bets by holding gold and silver.

\*1120 NASA Rd, #1, Houston, TX 77058, \$99 per year (12 issues).

*"The crash is worse than the crash of 1929. Unless we as libertarians are successful, there will be another quantum leap in government control of our lives and in our loss of privacy. I hope than in 20 or 30 years we don't look back and see this is the case."*

**Liberty:** Then you don't think there is much chance of deflation?

**Paul:** No. There's not much chance of deflation. But there's a big, big chance of a continued, sustained, accelerated inflation. This means we can still have a recession or depression along with inflation.

**Liberty:** You advise avoiding stocks. Does this mean you think the stock market has some distance to fall?

**Paul:** Yes. I believe it will go down a lot further.

**Liberty:** Would you care to estimate how much further it will fall?

**Paul:** One important insight of Austrian economics is that it is impossible to make accurate predictions of the future. We know di-

rections but we don't know precise numbers or the exact date in which a market will turn. But my guess is the Dow will fall during the next two years as low as 1000.

**Liberty:** You recommend investors buy gold and silver. Am I safe in inferring that you think the price of gold and silver will rise?

**Paul:** I don't see it as a matter of the price of gold rising. But investors always measure everything in terms of dollars. I interpret things in terms of gold. The value of the dollar will decline; so the price of gold will rise. Silver will also rise in the long term. Eventually people will rush out of dollars, and the price of gold and silver will skyrocket.

**Liberty:** How much gold or silver should investors buy?

**Paul:** I think investors should put half their holdings in gold and silver.

**Liberty:** Do you mean physical gold, in coin or bullion form?

**Paul:** Physical gold, fully paid for, no leveraging. But I would include gold shares in that.

**Liberty:** What is your outlook for taxes?

**Paul:** They're going up. Ronald Reagan has fooled the people for a long time, but he is one of the biggest tax increasers we've ever had. He has raised taxes four times for a total of over a half trillion dollars already, and he has conceded that he will raise them once again. I will not be surprised if they cancel next years tax break which is already in place.

**Liberty:** Will the crash affect the budget deficit? Will it be brought under control?

**Paul:** Just the opposite. The stock market crash was telling us that there is a recession ahead. When a recession hits, expenditures explode and revenues go down. Every attempt in Congress to cut spending in normal times is full of loopholes. In a recession, no one even makes the attempt to cut spending or balance the budget. So there is no way the deficit will be reduced. I predict a record deficit for the 1988 budget.

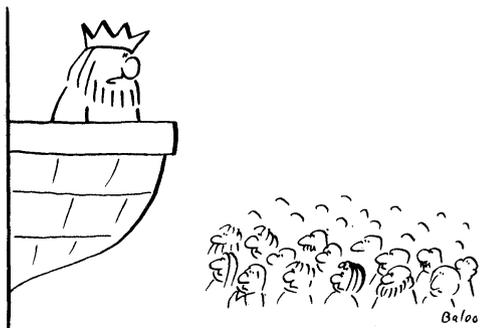
**Liberty:** Do you expect another depression?

**Paul:** Yes.

**Liberty:** When?

**Paul:** Two or three years.

**Liberty:** What is the outlook for the CPI rate?



"You have to realize that a little famine is good for the economy."

**Paul:** It will accelerate. In 1988 it will be up to to the 7-9% level. Eventually double digit inflation will return.

**Liberty:** When do you think we will see double digit inflation again?

**Paul:** Probably by 1989.

**Liberty:** What do you think is the long term significance of the crash? How will the crash look when we look back at it from the year 2000?

**Paul:** The thing I fear most is that it will prompt this country to take another giant leap toward totalitarianism. After the last great crash, in 1929, the defense of capitalism and the gold standard was easily rejected and the nation embraced the New Deal. We have since learned to live with a lot more government.

This crash is worse than the crash of 1929. Unless we as libertarians are successful, there will be another quantum leap in government control of our lives and in our loss of privacy. I hope that in 20 or 30 years we don't look back and see this is the case.

But everything depends on what we do from this point on. The fact that we've had a stock market crash means that the economic correction is inevitable. How we react to that correction is up to us.

The big question is: how much freedom are we going to sacrifice before it's over?

**Liberty:** Will the fact that the crash occurred under a Republican Administration that is generally perceived as an advocate of free markets result in the idea that free markets cause depressions?

**Paul:** Yes, that's one of the worst aspects to this. One of the reasons I left the Republican Party a year ago was to make sure I wasn't identified with this. The Ronald Reagan rhetoric will be blamed, instead of the Ronald Reagan policies of big government.

**Murray N. Rothbard** is an economist and historian, and author of *America's Great Depression* and *The Panic of 1819*. He is S. J. Hall Distinguished Professor of Economics at the University of Nevada at Las Vegas, and vice president for academic affairs of the Ludwig von Mises Institute. He is also an editor of *Liberty*.

**Liberty:** Why did the market crash?

**Rothbard:** The market crashed because it was run up artificially after several years of Federal Reserve expansion of money and credit, and for various reasons consumer prices hadn't responded to the expansion for quite a while. By the end of 1986, prices started to go up. Prices rose about 1% in 1986 but 5% this year. That's a 400% increase in the rate of inflation. So even though 5% doesn't seem like much, it was a big increase from before.

This increase re-activated people's sensitivity to inflation and interest rates started going up. At the same time, stock prices were very high. But dividends weren't growing. When you have high interest rates, and low dividend-to-price ratios,

the crash is inevitable.

As a matter of fact, some guy on Wall Street has compiled the average dividend ratios of the Standard and Poor Index, and he says that during the past sixty years, whenever the rate has fallen below 3% a crash is imminent. By mid-August the ratio had fallen to 2.5%. The combination of interest rates going up while earnings to price ratios were going down made the crash inevitable. Another significant factor was the recent behavior of the Fed. After expanding the money supply for several years, the Fed stopped the expansion in late April. The flat money supply almost insured a recession, which the stock market was anticipating.

**Liberty:** Why do you think the crash happened in mid-October rather than, say August or September?

**Rothbard:** What triggers a crash on any given day no one can know. But those two underlying factors made the crash inevitable.

**Liberty:** What are the implications for investors?

**Rothbard:** It forecasts a recession. It also means accelerated inflation. The Fed poured in something like \$8 billion that week.

There is also an international aspect: the dollar has been falling since early 1986. Treasury Secretary Baker decided in February 1987 that the dollar had fallen enough. Somehow he decided in all his wisdom that the dollar was at its ideal rate in terms of other countries, and he managed to bludgeon the other industrial countries to stabilize the dollar at those rates. This meant our allies central banks had to buy about \$70 to \$90 billion dollars from February to October to prop up the dollar. They can't keep doing this forever. So the dollar is bound to collapse. At some point foreign support will end because the real rate of interest will go down. To attract capital the nominal interest rates will have to rise. The Fed is caught in a bind: if they allow the interest rates to rise, the recession will be deeper and the stock market will fall further; on the other hand, if they push rates down, the dollar will collapse even further.

So the Fed is really screwed. They are in a total bind. It's a beautiful thing to see. Whatever happens they are in a total mess.

**Liberty:** What will happen next?

**Rothbard:** What I forecast for 1988 is what Maxwell Newton, the financial editor of the *New York Post*, calls the "nightmare scenario": a stiff recession, accelerated inflation, a falling dollar, and rising interest rates.

**Liberty:** Isn't this what was called "stagflation" in the mid-1970s?

**Rothbard:** Yes, it's very much like stagflation, except that this time we have a falling dollar as a

sort of added treat, a special bonus. It's a lovely thing shaping up. It will come just about in time for the election, and will mean a smashing defeat of the Republicans.

**Liberty:** What can investors do to protect themselves from this?

*"I forecast for 1988 a stiff recession, accelerated inflation, a falling dollar and rising interest rates. The average person will get the worst of all worlds. He gets a recession, which means bankruptcies and unemployment. And he gets an increase in the cost of living. It won't be like the last depression, in which the cost of living fell."*

**Rothbard:** Unless you have a really special situation in some particular, the stock market is no place to be. The bond market will be crushed. The best investments will be gold or collectibles.

**Liberty:** When you say gold are you talking gold stocks or physical gold?

**Rothbard:** When you buy gold stocks you have to be an expert in the individual stocks, what's going on in the individual stocks, in South Africa. The best investment is actual gold bullion or, better yet, coins.

**Liberty:** You mentioned very traditional hard money investments, gold and collectibles. What do you think about so-called hard currencies, like the Deutsche Mark, the Swiss Franc or the Yen?

**Rothbard:** I am not sure how much the market has discounted the stronger fundamentals of these other currencies.

**Liberty:** Another traditional hard money investment is silver. What do you think of silver?

**Rothbard:** I don't think silver is a monetary metal anymore. I think it's nostalgia from the past. It's been a long time since it has been used as money. I think silver is a mistake on the part of many hard money people. All this nonsense about the gold/silver ratio seems foolish to me. There has never been any reason to expect the ratio to remain constant.

**Liberty:** You think bonds will be crushed. I take it you don't think there's much chance of deflation?

**Rothbard:** There is not going to be any deflation, that I am sure of. *There ain't going to be no deflation.* By deflation I mean the substantial decline in the cost of living. I do not mean a decline in the prices of commodities: they have fallen in every recession. But consumer prices have not fallen in any recession since World War II.

The consumer—the average person—will get the worst of all worlds. He gets a recession, which means bankruptcies and unemployment. And he gets an increase in the cost of living. It won't be like the last depression, in which the cost of living fell, so those people who were employed were much better off.

**Liberty:** And the bonus you mentioned earlier—the falling dollar—will come into play...

**Rothbard:** Exactly. As the dollar declines, the cost of imported goods will increase, which will raise the cost of living even more. We are just beginning to see the effects of this. For the first year or so of the falling dollar, foreign firms were trying to keep their market share, so they cut their prices in order to maintain their market share. But this price cutting can only go on so long: further dollar declines will be reflected almost immediately in import prices.

**Karl Hess** is a welder from Kearneysville, West Virginia. His ideological odyssey has taken him through the labyrinths of left and right in his search for liberty. He has been an editor of Newsweek, and is now editor of *Libertarian Party News*, and has written many books. He is also the only editor of *Liberty* who is quoted in "Bartlett's Familiar Quotations."

**Liberty:** What caused the crash?

**Hess:** I have absolutely no idea.

**Liberty:** What does the crash signify to investors?

**Hess:** I think it will remind people to consider financing specifically as the backing of productive enterprises instead of gambling on the stock market. I hope the raising of capital will more sensibly return to individual enterprises rather than the stock market. I think people should invest directly in enterprises, in usable tools, landscapes, skills, things like that.

I have never believed that the stock market was crucial in funding new enterprises anyway. But some people want to simply gamble their money. Maybe the best advice for them is to go to Las Vegas. Gambling is gambling.

**Liberty:** Do you mean that what one should invest is not money, but perhaps energy and effort?

**Hess:** No, I think investing money is important. But I think it should be invested directly in a productive enterprise with which you are familiar and with which you have some involvement. In the long term, I think this is the most productive way to deploy your money.

I think having your own business or developing your entrepreneurial skills is a very good investment. But gambling in the stock market as the basis of your wealth strikes me as being too iffy to be dependable. I do not know why anybody would put all their eggs in that basket. I can't sympathize with people who turn their money over to stockbrokers or investment advisors and expect some sort of magic to be worked on their behalf.

**Liberty:** What long term implications do you think the crash has for life in the rest of this century?

**Hess:** I don't think it was a crash. The Dow today stands higher than it did a couple years ago. I think Sam Walton was as sensible as anybody. When somebody asked him how it felt to lose—I forget what the exact figure was... I think it was \$3 billion—and he said it didn't bother him. It was just paper. That's a healthy attitude.

I hope that the implications for the future are that capital markets will become more personalized, that people who invest in things will take a closer interest in them, and the stock market... people have tried to explain the stock market to me but they have never convinced me that it is a good way to produce new capital for new enterprises. It's a roulette game.

Liberty: What do you think is the outlook for bonds?

Hess: I don't know. I don't have enough money to worry about it, so I think in other terms. But

if I had a lot of money, I don't think I'd put it to work that way. I'd put it to work buying more tools, to produce real wealth which you can convert to money if you need money. But wealth is composed of so many other things, such as vegetables and knowledge and...

**Liberty:** Are you suggesting that money is not wealth?

**Hess:** Money is only part of wealth. Money as a way of keeping accounts and deferring purchase is greatly useful. But once it goes beyond those roles, money can get to be a sort of magic. People believe in it as having some sort of intrinsic value. It

*"I hope the raising of capital will more sensibly return to individual enterprises rather than the stock market. I think people should invest directly in enterprises, in usable tools, landscapes, skills, and things like that."*

has value only as a statement of account. These accounts always have to be cleared. Just piling up IOUs from something called the Federal Reserve is useful only so long as everyone else is practicing the same magic. But if they ever stop.... then I would like to have my turnip patch and a 45 ACP.

**Liberty:** What's a 45 ACP?

**Hess:** Automatic Colt Pistol.

**Liberty:** Now there is a hard core, survival investment! What do you think of the notion that the stock market crash was caused by the trade deficit or the budget deficit?

**Hess:** If either of those explained the crash, then why did it happen on a single day instead of

a slow slide? Something happened, and people just started selling stuff. I don't know why. I remember Johnny Carson once made a joke on television about toilet paper shortages. Within a week there wasn't any toilet paper at any store in the area. Who knows? Some chance remark. Magic is a fragile thing. People believed these things were worth so much. Then somebody started believing they weren't worth so much... then *poof!* the bottom dropped out. Or, at least, prices fell suddenly. But prices of things fall constantly, and we don't consider it a great disaster.

**Liberty:** Do you think as a consequence of the crash we will see some significant changes in public policy?

**Hess:** Oh, yes! And all for the worse. It occurred to me that the crash was caused by people making sensible decisions about what their stocks were worth. If you try to interfere with these decisions, you destroy the ability of the market to function, to be productive.

It would be like saying once you buy an automobile the price has to remain constant. Automobile prices crash constantly, as anybody who owns a five year old car knows. We don't take that as a sign of instability. I know there is a difference between the automobile and the stock market... I tell you, I have to fall back on this: I do not understand the stock market as anything more than a place to gamble. If I thought it was important to the production of wealth, I would be disturbed. But I see wealth production going on rather merrily.

**Liberty:** What do you think about investments in commodities, in tangible assets, assets that are "non-producing," heavily ballyhooed commodities like gold and silver?

**Hess:** I think gold and silver *are* productive. Gold is very productive if you are building certain electric circuits. Silver is vital to various industrial processes. The fact that people attach a certain magical value to gold is interesting, but I think its artistic value and its chemical value would assure it a high place in a productive economy anyway.

**Liberty:** How do you think the Crash of '87 will look from the perspective of 1997? Will the crash be viewed as part of some significant historical change, in the way that the 1929 crash is seen as the start of the Great Depression? Or will it be forgotten?

**Hess:** One thing that was lacking in 1929 was the proliferation

of inventions that there are today. It was a period of doldrums. But today, I don't see how anything can collapse because too many people are thinking of too many new things to make and sell and there are the tools available to make them.

I have a long range feeling that we're switching away from the mass economy. I think we're heading toward a more individualistic type of production.

**Liberty:** How so?

**Hess:** The tools are so much more flexible than before. There is no reason to invest millions of dollars in some huge die that will punch out the roofs of General Motors automobiles for the next seven years when there are plastics and molding processes available that enable you to change

designs according to a customer's desires or whims. A federation of cybernated machine tool companies could build automobiles, but they could build them exactly the way each customer wants them. The U.S. government and Ralph Nader stand in the way, of course, but I don't think they will prevail forever. The urge for people to have things of tangible and particular value is so great that they will overthrow any system that stands in the way of their having those things, as those idiots in the Soviet Union are beginning to find out. They may not have thought that blue jeans and CD players are important, but that's simply because they *are* idiots. Blue jeans and CD players are *incredibly* important to people and people want things and by golly they *will* have them.

And the system that denies them things will collapse and the system that encourages them will flourish. The system that encourages it is the free market. The new tools are conducive to this: these new small highly flexible tools mean that people in the next generation or two will be able to design all the artifacts of their lives to fit their personal lives. People are designing their personal lives already. For the first time, people are designing their families, their relationships with other people in idiosyncratic and highly individualistic ways. That's one reason why the big corporate and state bureaucracies will have to go. It's not ideological. It's just that people want too much. And the big institutions can't provide it. The only people that can provide it are entrepreneurs.

**Liberty:** How did these corporate bureaucracies—say the GM bureaucracy—come about? Are they products of the market? Or of anti-market forces?

**Hess:** I think these bureaucracies came about because of the mechanics involved. It used to be that to produce a lot of automobiles, you had to make them all the same. That is what's changed.

The development of the information revolution and the cybernetic revolution has changed manufacturing forever. All General Motors has going for it now is the U.S. government. If you strike down regulations, people in Fairfield, Connecticut, would be making their own automobiles.

Look to the tools. I don't know how anybody can look at a Macintosh and not realize that the world has changed. □

*"The urge for people to have things of tangible and particular value is so great that they will overthrow any system that stands in the way of their having those things, as those idiots in the Soviet Union are beginning to find out. They may not have thought that blue jeans and CD players are important, but that's simply because they are idiots."*

AIRLINE SUBSIDIES

IT COSTS A LOT OF MONEY TO BRING AIRLINE SERVICE TO SMALL COMMUNITIES, THEY NEED HELP FROM TAXPAYERS.

WHY NOT JUST ADD IT TO THE PRICE OF THEIR AIRLINE TICKETS?

THAT WOULD MAKE THE TICKETS MUCH TOO EXPENSIVE FOR THEIR AIRLINE PASSENGERS.

FEDERAL AVIATION ADMINISTRATION

ISN'T THAT PART OF THE COST OF LIVING IN A SMALL COMMUNITY?

NOT IF THEY DON'T PAY IT.

FAA SMALL COMMUNITY SERVICE DIVISION

I'VE GOT TO GO TO COURT THIS MORNING TO ANSWER A LAWSUIT BROUGHT BY AN ANTI-GOVERNMENTALIST UNDER THE ORGANIZED CRIME STATUTE!

GOOD LUCK.

BUT THERE'S NO SUCH THING AS A FREE LUNCH.

FAA SMALL COMMUNITY SERVICE DIVISION

I CAN'T BELIEVE I ACTUALLY SAID THAT.

WELL YOU DID, IT'LL HAVE TO GO INTO YOUR PERSONNEL FILE.

"WE HELP YOU AFFORD SMALL TOWN LIVING"

WE NEED A SYSTEM TO PREVENT PANIC SELLING FROM DEVASTATING THE STOCK MARKET AGAIN.

I'VE GOT IT! WHEN PANIC SELLING STARTS, WE CAN LIMIT SELLING TO THE MORNING HOURS, ONLY. BUYING CAN BE DONE IN THE AFTERNOON.

THAT WOULDN'T WORK, BONG...

SECURITIES AND EXCHANGE COMMISSION

LATER...

WE WON! THE JUDGE DISMISSED THE SUIT.

THEN WHY DON'T YOU LOOK HAPPY?

THE GROUNDS THE JUDGE GAVE FOR DISMISSAL WERE LESS THAN SATISFYING.

"DOCTRINE OF SOVEREIGN IMMUNITY"? "FRIVOLOUS"?

STOCK MARKET CRASH

WE NEED A SYSTEM TO PREVENT PANIC SELLING FROM DEVASTATING THE STOCK MARKET AGAIN.

I'VE GOT IT! WHEN PANIC SELLING STARTS, WE CAN LIMIT SELLING TO THE MORNING HOURS, ONLY. BUYING CAN BE DONE IN THE AFTERNOON.

THAT WOULDN'T WORK, BONG...

SECURITIES AND EXCHANGE COMMISSION

I'VE GOT IT! WHEN PANIC SELLING STARTS, WE CAN LIMIT SELLING TO THE MORNING HOURS, ONLY. BUYING CAN BE DONE IN THE AFTERNOON.

THAT WOULDN'T WORK, BONG...

SECURITIES AND EXCHANGE COMMISSION

... PANIC SELLERS ARE OPERATING ON EMOTIONS, NOT LOGIC.

SORRY, BOSS.

S.E.C. "WHAT GOES UP MUST COME DOWN"

NOT AT ALL, BONG. IT'S A GOOD SOLUTION, BUT NOT FOR THIS PROBLEM. WRITE IT UP AND WE'LL KEEP IT FOR THE FUTURE.

I'LL GET RIGHT ON IT.

"WE GUARANTEE AN ORDERLY MARKET" (DOWN, BUT ORDERLY)

**BURONIC EPISODES**

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BOB ORTIN

NO. HE RULED WE LACK A LEGALLY-SUFFICIENT DEGREE OF ORGANIZATION TO QUALIFY AS A DEFENDANT.

UH, ARE YOU SURE THAT QUALIFIES AS A WIN?

**YOUR INTEREST IS OUR INTEREST**

WE'VE GOT A PROBLEM. CREDIT CARD INTEREST RATES ARE MUCH HIGHER THAN WE WANT THEM TO BE.

YOU MEAN THE USE OF CREDIT CARDS IS FALLING OFF?

NO, THAT'S THE PROBLEM. THEY'RE USING THEM MORE THAN EVER.

WHY DON'T THEY JUST STOP USING THEM? THAT WOULD BRING THE CREDIT CARD INTEREST DOWN.

ABC...XYZ CONSUMER LOBBY

THE USERS CAN'T STOP, EVEN WHEN IT'S COSTING THEM SO MUCH. IN FACT, THEY DON'T WANT TO.

AHA! A SURE SIGN OF ADDICTION. THEY NEED OUR HELP.

"WE ACT IN EVERYBODY'S SPECIAL INTEREST"

WE'VE GOT TO GET THEM TO KICK THE CREDIT CARD INTEREST HABIT.

LET'S START A WAR ON INTEREST—WHO'LL BE THE ENEMY?

"WE'LL MAKE IT UNAVAILABLE" (AT A LOWER PRICE!)

# Strange Bedfellows

## The Libertarian/Conservative Misalliance

by John Dentinger

We libertarians are agreed that our philosophy differs greatly from both liberalism and conservatism. We hold up a Nolan Chart to prove we are ninety degrees away from each. But the media and the public, to the extent they perceive us at all, perceive us as conservatives.

Recently the syndicated columnist Richard Reeves, in discussing Robert Bork, wrote, "The libertarian Cato Institute, which might be expected to stand on the right with Bork, has, in fact, attacked his fundamental majoritarianism...." The accompanying box "Perceptions of Libertarianism" presents dozens of other recent examples of major media seeing libertarianism as an ally or a species of conservatism. These are comments from people with more than the average amount of interest in and knowledge of politics—viz., people who are paid to write about it. We may reasonably infer that the general public is no better informed.

Why?

In the first place, information is costly even to those who get it "free." It takes time and mental effort to absorb information, so its recipients must estimate its probable value to them, based on proxy information. For example, the maxim that a person is known by the company he keeps is a good first approximation to the truth; and often it is the last approximation.

Politics is a little more forgiving; the "strange bedfellows" maxim is well-known, so a person or movement may be forgiven an occasional liaison with an unsavory political crowd. But when a clear pattern of association develops, such as libertarians socializing and sympathizing almost exclusively with conservatives, the civil libertarians reasonably dismiss without further expenditure of valuable time the idea that we are good on civil liberties issues—all because we have raised the cost of that

information for civil libertarians. Liberals then do not come into our movement to provide the needed fresh and hot blood on civil liberties issues, making the movement more socially comfortable for conservative semi-converts, thus further justifying our conservative image and completing the vicious circle.

### **Libertarian party and movement insensitivity on civil liberties**

Our appearance of insensitivity on civil liberties issues cannot just be chalked up to media bias: the appearance simply reflects an all too common reality.

In 1978 one well-meaning LP activist in California decided to rate the libertarianism of the state legislators, based on a selection of their votes. But the votes he selected happened to be weighted toward economic matters, and the few civil liberties issues were conservative ones like gun control. His widely distributed conclusion: that the most libertarian state legislator was John Briggs.

Briggs was an Orange County fever-swamp right-winger, one of the loudest hatemongers against drugs, prostitution, gays, etc. He was running for governor and was known statewide at the time for only two things: a death penalty initiative, and what became the Briggs Initiative. The latter would have barred from teaching in public schools not only all gay people, but also anyone who ever spoke out publicly for the rights of gay people, in the

classroom or out—a proposal so vicious and bigoted that even Ronald Reagan opposed it. Gay libertarian activists picketed the state convention (and some later quit the party in disgust), which generated additional publicity for the hapless activist's conclusion that this demagogic thug was "libertarian." A typical media coup for us.

The 1982 California state LP convention provided another litmus test of which issues were significant and which could be slighted. The convention featured Ron Paul as its banquet speaker right after Paul had voted to reinstate the Washington, D.C. sodomy law (which had been repealed by the D.C. city council). Very little upset was evident at the banquet, and there was even less scrutiny of his stated reason for so voting; but you can bet he would have been treated very frostily had he merely voted to repeal a tax cut.

In 1984, there was substantial heated opposition to the candidacy for California Lieutenant Governor of Norma Jean Almodovar, a former call girl. Self-styled radicals expressed horror that someone so disreputable as a prostitute would represent us, although they (rightly) welcomed tax resister Jim Lewis as a vice-presidential candidate, and had (rightly) made a hero of IRS foe, convicted felon, and federal prisoner Karl Bray. There is a Karl Bray Award, but there will not likely soon be a Norma Jean Almodovar Award.

**Reason's outreach  
to civil libertarians:  
Reach out and slap someone...**

The outreach of the Reason Foundation is becoming increasingly conservative. Members of the committee for its November, 1987 fundraising banquet included Bible-thumping, smut-stomping L. A. County Supervisor Michael Antonovich, and right-wing commentator Bruce Herschenson, both of whom had run for U.S. Senate in 1986 on far right anti-civil liberties platforms.

The Reason Foundation customarily hands out copies of *Reason* magazine at this banquet, and the cover story of this, the December, 1987 issue, tells us "How the Government Is Quietly Stealing Religious Liberty." (How? By refusing to give churches exemptions from all instead of just some of the economic regulations which strangle the rest of us. Just the sort of heart-rending injustice bound to appeal to right-wing donors.)

Civil libertarians find it a great deal more unjust that the state is still breaking into people's bedrooms and arresting people for unapproved sex. Even conservative newspapers denounced the Supreme Court's 1986 *Bowers v. Hardwick* decision, which upheld the sodomy laws which exist in 24 states (and in Washington, D.C.) The only article on the subject published in *Reason*, America's premiere libertarian magazine, concludes that "the Court reached the right decision—albeit for the wrong reason."

Other specimens of *Reason's* sensitivity on civil liberties issues include editorials in February, 1986 and July, 1986. Both use the old libertarian device of criticizing both liberals and conservatives—but in these two cases, liberals deserve next to no criticism. In the first, liberals are attacked for wishing "to force dial-a-porn on one business (the phone company)... in the name of freedom of expression." In the second, liberals are criticized for "frothing at the mouth" over the decision of a number of chain stores, such as 7-Eleven, to drop *Playboy* and *Penthouse*.

In each case, however, there was state action: local phone monopolies are instruments of the state, and as such, subject to the First Amendment. 7-Eleven's action was influenced by the Meese Commission's threatening let-

ter—which even a federal judge called state action—and by threats from state legislators. Here was an opportunity to reach out to civil libertarians by explaining that it was the state, not the marketplace, that yanked *Playboy* from 7-Eleven; to give a passing, token thank-you to *Playboy* magazine and the Playboy Foundation for their valuable civil liberties work over the years. Reason reached out, all right—and slapped them. Even the pre-deregulation AT&T was never so gratuitously rude.

In fairness, *Reason* has printed some good articles on civil liberties: criticizing the Meese Commission and the Drug Enforcement Administration, for example. But the context makes these articles appear as a meal provided by a dutiful wife to an unwanted stepchild.

**How some libertarians helped put Paul Jacob and Norma Jean Almodovar in Prison**

All this "fusionism" is not just harmless playing in the mud. Libertarian collaboration with the right has helped do observable damage.

In California in 1986 a lot of libertarians moved with the conservative

herd to trample at the ballot box the arch-demon Rose Bird, then chief justice of the state Supreme Court, and her liberal colleagues. What most of these libertarians did not recognize was that Bird was sometimes better on property rights cases than conservative Justice Malcolm Lucas.

Moreover, the real alternative to the liberals on the court was several appointments by Governor George Deukmejian, a right-winger who had such open contempt for civil liberties that while running for California Attorney General—speaking to a group of libertarian lawyers—he said he regretted the repeal of the state's sodomy law, and that he even philosophically favored the prohibition of alcohol.

Granted that Rose Bird was a mixed bag, libertarians still should have been leery of giving a blank check to this governor. Yet a number of them worked actively—even going on speaking engagements—to get rid of the liberals on the court. Curiously, other than myself, no libertarian urged people to vote against the two existing conservatives on the court. Some LP candidates for public office even made anti-Bird literature part of their official

*Here are some recent and representative samples of the way "libertarian" and its derivative terms are used in the press.*

**Birds flocking together**

"The participants at the July gathering work for *conservatives* throughout the city—in the Reagan Administration, on Capitol Hill and in policy study groups including the Eagle Forum, the Cato Institute and Accuracy in Media. Some are strict Christian fundamentalists. *Some are anti-Communist neo-conservatives.* Still others are free-wheeling *libertarians.*" \*

—N.Y. Times, 8/11/87

"... several fringe conservative-libertarian research groups ... have gained prominence in recent years: IHS, the Cato Institute (a Washington, D.C., libertarian think tank ... ) and the Federalist Society (a conservative-libertarian group for law students)...."

—National Law Journal, 12/29/86

"[T]he Cato Institute ... an organization with conservative credentials...."

—N.Y. Times, 5/19/87

"The [Federalist Society] is a broad grouping of conservatives, ranging from libertarians to religious fundamentalists...."

—Washington Post, 2/1/87

"Mr. Epstein, Mr. Siegan and other 'free-market libertarians,' ... are far less known and less numerous than the *traditional conservative* advocates of judicial restraint, such as Justice Scalia.... *Libertarian conservative ... Edward H. Crane*, president of the Cato Institute ... wrote recently that the brand of 'judicial restraint' or 'majoritarianism' deferring to elected officials departs from 'the individualist, free market tradition that is the best of *conservative* thought.'" \*

—N.Y. Times, 2/8/87

"There is scant ideological coherence to the new legal conservatism. Some

\* An asterisk after the selection means "emphasis added."

Libertarian campaign materials.

And they got what they wanted. The seven-member court now has five Deukmejian appointees. Some of its decisions have been better than the Bird court's would have been. But others have been worse.

Libertarian Norma Jean Almodovar had been convicted of a (possibly trumped up) charge of pandering. This felony consists of "encouraging a person to commit an act of prostitution." The judge sentenced her to probation, but the Los Angeles District Attorney, infuriated by Norma Jean's public appearances promoting a book she had written exposing corruption in the Los Angeles Police Department, appealed the judge's sentence under the "mandatory minimum" sentence provision of the law (which is in fact seldom applied). Of the three-judge appeals panel, the two right-wingers (including Malcolm Lucas's brother) voted to imprison Norma Jean. The State Supreme Court, now packed with right-wingers, refused to hear the appeal.

Rose Bird and the other liberals had consistently ruled that judges have discretion under so-called mandatory sentencing laws. There is no

question but that they would have overturned the decision of the appeals panel—they would have turned Norma Jean free. Instead, she is right now serving a three-year prison sentence for this victimless crime—and some libertarians helped put her there.

A number of libertarians are also proud to tell us that they voted for Ronald Reagan in 1980, because Ed Clark wasn't sufficiently hawkish on defense. Let's look at one accomplishment of the candidate of these libertarians. Ronald Reagan said he would put an end to Jimmy Carter's draft registration. He did not. He put Paul Jacob, libertarian draft registration resister, in federal prison.

I'm certain libertarians intended no complicity in this; perhaps they believed Ronald Reagan's promises, despite his string of broken promises as governor. But are these libertarians proud to tell Paul Jacob they voted for Ronald Reagan? That they handed Reagan some of the rope to hang Paul with? Probably not. Yet these libertarians, who would have felt a visceral revulsion at voting for any Democrat, felt comfortable voting for Ronald Reagan.

## "Neutral principles"

Conservatives and liberals both like to pretend to "neutral principles," but it is only the conservative ones libertarians are apt to fall for, such as that "judicial selection should be non-political." Translation: out with liberal Rose Bird, in with majoritarian-statist Robert Bork.

Other favorites are "federalism" and "judicial restraint." The first sounds fine until you realize "federalism" means the Ed Meese ideal of the Bill of Rights not applying to the states. It means states (absent a provision in their state constitutions) can outlaw private schools, force Christian prayers on Jews and atheists in public schools, and ban abortion, interracial marriage, birth control, cohabitation, sodomy—the whole conservative package deal. And "judicial restraint" means that judges will restrain themselves from performing their duty of interfering while duly elected thugs carry out this (or any other) agenda, short-circuiting the separation of powers.

Conservatives such as Rehnquist,\* Bork, and Scalia (the finest legal minds

\* See "Mr. Justice Rehnquist: A Preliminary View" by David L. Shapiro, 90 *Harvard Law Review* 293-357, Dec 1976; "Justice Rehnquist and Constitutional Interpretation" by John Denver, 34 *Hastings Law Journal* 1011-1053, May-July 1983.

of its fans are *economic libertarians*, who would like to undo the New Deal. Some are *social libertarians*, who believe that what they put into or take out of their body is their business, not the state's. Others are more *authoritarian conservatives*...."\*

—*The Economist*, 2/7/87

"... there was considerable disagreement even among the conservatives, who included Reagan supporters, Tory traditionalists, libertarians...."

—*N.Y. Times*, 2/1/87

"[T]he typical mold ... generally views libertarians as Republicans and populists as Democrats."

—*National Journal*, 3/21/87

Political science researchers found Republican contributors "to be split into 'hard right,' traditional conservative, moderate and libertarian factions, but among these competing groups 'there is significant overlapping' in ideology and political style...."\*

—*Washington Post*, 9/5/87

Bork was "A conservative law professor who stated his beliefs—first as a libertarian believer in judicial activism...."\*

—*L.A. Times*, 9/13/87

"Many conservatives are closet libertarians. For example, ... most Reagan judges (including Bork) take a dim view of libel actions ... by public figures...."\*

—*Washington Post*, 8/9/87

For Robert Bork, "Libertarianism eventually gave way to a more conventional conservatism tracing its roots to the writings of Edmund Burke."\*

—David Broder, *Washington Post*, 9/20/87

"Bork is widely regarded as more *conventionally* conservative, while [Bernard] Siegan is distinguished by his strongly libertarian views on economic and property rights."\*

—*L.A. Times*, 7/10/87

"Liberals need all the help they can get these days—but they don't need, don't want, and don't have any alliance with the libertarians. ... the libertarians support the liberal [jurisprudential] agenda because they 'are willing to tolerate the activism of the left if they can have their own activism of the right.'"\*

—Commentary by the Rev. Robert Drinan, a former Democratic congressman from Massachusetts;  
*Legal Times*, 5/11/87

## We ought to be in Scriptures

"The American and Libertarian parties [of Wyoming] attempted to forge an alliance last year.... [An American Party spokesman] said the American Party creed is 'based on constitutional principles tied to traditional Americanism and scriptural truth.'"

—*UPI*, 6/29/87

## Ideas flocking together

From a review of *The Solution*: "Louw... and Kendall, editor of a conservative newsletter, offer a libertarian plan...."

—*Time*, 3/23/87

"Mr. Hoiles [of Freedom Newspapers, whose flagship paper is the Orange County Register] ... wants to control his own newspapers to spread the conservative political philosophy

→ continued on next page

of the 13th century), hold to these "neutral principles" mainly when it's convenient, i.e., when it supports the results they want. Libertarians should not help the Right to pretend that its principles are neutral or are applied neutrally. Instead, we should be (like the Right) clear-minded enough to know, and (unlike the Right) honest enough to say, that we too subordinate means to ends, procedure to substance. And the end—the substance—is liberty.

Judges are supposed to protect our liberty; and states don't have rights—individuals do. Rather than being morally disarmed by a mendacious right, we should say that (within the very broad limits of constitutional interpretation) judicial restraint and state autonomy should be respected when they enhance liberty, and not when they don't.

### Ron Paul

If some libertarians are suckers for right-wing personalities and rhetoric, Ron Paul put it all together for them. They felt comfortable selecting Paul, actually a conservative in both style

and substance, to be the leading Libertarian spokesman for the coming year.

At the Seattle convention, Libertarians had a chance to distinguish themselves from conservatives by nominating Russell Means as our presidential candidate. Whatever Means's flaws, at least his nomination would have posed a puzzle that people would trouble to read a newspaper article to solve. People would have had to try to get an overview of the elephant—instead of just getting another look at the elephant's trunk and inferring that they're dealing with a snake.

Even during his campaign for the nomination, when Ron Paul was as libertarian as he was ever going to be, he slighted civil liberties. His campaign video, shown in Seattle, featured two lingering, admiring shots of a little girl praying at a school desk (something he voted for in Congress). Other than the draft, the video mentioned civil liberties only once, with almost subliminal brevity—a mere fig leaf of libertarianism.

The press has already noticed Paul's connection with the John Birch Society (see accompanying box). Then there's

Paul's penchant for right-wing conspiracy theories (the government is conspiring to hide from us how serious AIDS is; the Trilateral Commission and the Council on Foreign Relations are out to get us; etc.). And there's his egregious congressional voting record on abortion, church/state separation, freedom of the press, victimless crimes, and other civil liberties issues.

This wouldn't harm us if Paul would simply offer apologies for these things. Instead, he offers dishonest rationalizations. He claims he voted to overturn Washington, D.C.'s repeal of its anti-sodomy/adultery/fornication law because the same D.C. reform had lowered the penalty for rape. So it had: but prosecutors and women's organizations had requested the decrease because penalties were so stiff they were getting no convictions. It seems Paul really felt that if extra rapists went free, it was a small price to pay to make adulterers, fornicators, and faggots felons.

This fits in with Paul's current continuing use of the right-wing code word "family values," and with his pride in announcing in a November, 1987 campaign mailer that "Congressman Bob Dornan, admiring Ron's hard-money position, insisted on wearing Ron's campaign button...."—Dornan being one of the most virulent anti-civil libertarians in the country.

Yet many libertarians are sanguine about being associated with the Right in this manner. Let us speculate why.

### Why libertarians often identify with conservatives

When the question arises as to whether the left or the right is the greater enemy of liberty and libertarianism, the answer is very simple: whichever is in power. But when one party has been in power for a long time, it is easy to forget this.

Murray Rothbard, in his 1965 essay, "Left and Right: the Prospects for Liberty," gives us an example of the problem: "It is always the tendency, in ideological and political life, to center one's attentions on the main enemy of the day, and the main enemy of [Albert J. Nock's] day was the conservative statism of the Coolidge-Hoover Administration; it was natural, therefore, for Nock, his friend and fellow-libertarian Mencken and other radicals to form a united front against FDR with the old-

he inherited from his late father.... The philosophy is a form of libertarianism...."  
—*New York Times*, 2/19/87

### Who is John Birch?

"The more extreme anti-government advocates range from the anarchists, who have been floundering around for many decades on the political left, to the *John Birch Society and the Libertarian Party on the right.*" \*

—*LA Times*, 8/20/86

### Who is Ron Paul?

"[Ron] Paul, when questioned by a convention delegate about the appearance of his name under the masthead on a publication of the right-wing [John Birch Society] as a contributing editor, drew applause when he said he didn't believe in 'guilt by association.'"  
—*UPI*, 9/4/87

"Of Idaho's Libertarian Party ... delegates ... two ... support former Texas Congressman Ron Paul, a fiscal conservative."  
—*UPI*, 6/28/87

"[Ron] Paul, a conservative who quit the Republican Party earlier this year and is now a Libertarian...."  
—*AP*, 6/6/87

"Also seeking the Libertarian nomination is Ron Paul, a conservative Republican from Texas...."  
—*N.Y. Times*, 5/31/87

"... Rep. Ron Paul, a Republican whose conservatism is so extreme that he is the darling of the libertarians...."  
—*Christian Science Monitor*, 2/9/84

"Newly-nominated Libertarian Party presidential candidate Ron Paul, a former Texas congressman who left the Republican Party because he disagreed with its economic policies...." \*  
—*UPI*, 9/6/87

### So that's what we've been working for!

"If elected to lead the Libertarians, Paul said he would be different from Reagan by bringing to the presidency a 'restoration of trust in government.'"  
—*UPI*, 9/3/87

er Hoover and Al Smith conservatives.... But the problem was that Nock and his fellow radicals, at first scornful of their new-found allies, soon began to accept them and even don cheerfully the formerly despised label of 'Conservative.'"

Likewise, most of us came to political consciousness when the greatest enemies of freedom were on the left—because they were in power. Internationally, the great enemy was Communism; domestically, it was the New Deal, the New Frontier, the Great Society. Even during the Eisenhower years, the liberals held power on the courts. Here, they have sacrificed unpopular economic rights in the name of spurious civil rights.

Many of us often found ourselves allied with conservatives, and began to have a reflexive identification with them. Conservatives seemed to have much of our ideological coloration. Sincerely or otherwise, they used libertarian rhetoric against the depredations of the left.

Friedrich Hayek notes that the principled defenders of liberty have always and everywhere been a distinct minority, able to influence events only by perilous alliances with those of other, often disreputable, motives. A post-script contained in his 1959 book *The Constitution of Liberty* is his excellent essay, "Why I Am Not A Conservative." There he says, "In a country like the United States, which on the whole still has free institutions and where, therefore, the defense of the existing is often a defense of freedom, it might not make ... much difference if the defenders of freedom call themselves conservatives, although even here the association with the conservatives by disposition will often be embarrassing. Even where men approve of the same arrangements, it must be asked whether they approve of them because they exist or because they are desirable in themselves." Hayek wrote that 28 years ago, and the occasional coincidences of interests have become fewer and fewer—yet they were there during our formative years.

Also, our intellectual and moral leaders consorted with conservatives. Even when they heaped contempt on them, like Ayn Rand did, they urged us

to hold our nose and vote for them. In 1972, on the recommendation of Ayn Rand, I voted for Richard Nixon. I didn't know there was a libertarian alternative. I didn't even know the word "libertarian." Rand knew, but she wasn't telling.

For years the people who were saying libertarian things, and quoting li-

*When the question arises as to whether the left or the right is the greater enemy of liberty and libertarianism, the answer is very simple: whichever is in power.*

bertarian culture heroes like Hayek and von Mises, and claiming them as their own, were people like William F. Buckley, Jr., founder of YAF, Young Americans for Freedom. Freedom—that was a noble-sounding word. But in 1969 was the great schism over which libertarians were expelled from YAF. What was the schism over? The draft. The traditionalists, or trads, favored the draft. That was their idea of freedom. They called "laissez-faire" advocates "lazy fairies," and drummed them out.

We expected great things of the class of '69, the first libertarians expelled from the troglodytic YAF. And where are they now?

One of them works in the White House as a speechwriter for Ronald Reagan—helping, in effect, to identify the language and ideas of libertarianism with the repressive social agenda of the religious right. Another is a high-level bureaucrat in the U.S. Department of Education, which Ronald Reagan promised to abolish. Still another is a closet homosexual and a hard-working campaigner and fundraiser for right-wing politicians who are notorious homophobic bigots.

Even though they were kicked out of YAF, they still maintained their basic identification with the right—to the extent that when the right got in power, they were able to devote their energies to promoting, not liberty, but the agenda of the right.

As if all this hasn't made the dubiousness of our continuing affection for the right clear enough, Ronald Reagan

has been taking our rhetoric in vain for six and a half years, and has been appointing mainly statist and religious Neanderthals to the federal bench. The liberals may still not be our friends. But it is certain that the conservatives are the enemy to be confronted now.

To the tiny extent that a few conservatives are sincere about adopting our ideas, and draw to themselves votes and support we might otherwise get, we must continue to differentiate our ideological product from their watered-down version, by being radical—not by succumbing to the tiny buy-off of the "respectability" of being associated with those in power—at this stage of all our hard work. More, we must divorce ourselves in the public mind from the meddling, hate-filled religious right, or the incipiently libertarian subset of liberals will never see us as a serious rival to liberalism.

### **The invasion of the word snatchers**

We must be wary of the invasion of the conservative concept-s snatchers. They are even now stealing our word, our people, our accomplishments, merely by persuasive definition—that is to say, merely by lying.

People like William Buckley sloppily apply the adjective "libertarian" to Robert Bork, a description Bork specifically denies. (Buckley and Reagan have applied the term to themselves, as well—a description I specifically deny.) Conversely, writers of the right like Buckley and John Chamberlain refer to libertarian Nobel Prize-winning economists Friedrich Hayek, Milton Friedman, and James Buchanan as "conservative," though all three explicitly repudiate this description. Conservatives are, in a word, appropriating the most prestigious libertarians as "theirs," and denominating the most soiled conservatives as libertarians, as a magpie might return a lump of lead for a stolen coin of gold.

Hayek elucidates the differences and their evolution. The partisans of liberty, two hundred years ago, were called Whigs. Later they were called "old Whigs," since the later Whigs betrayed the principles which the move-

ment stood for. Partisans of liberty began to call themselves "liberals," a term which they have had to abandon in its turn as it became largely appropriated by their ideological opposites, the socialists. Now, those who favor free markets and free minds are calling themselves "libertarians." Those who favor "tradition"—however counterproductive or idiotic—are properly called conservatives. Buckley once put it something like this: his proud goal was "to stand athwart history yelling, 'Stop!'"

Since America (compared to Europe) has fairly libertarian traditions, "traditionalists" have some common goals with libertarians. Their motives are entirely different, however, hence they diverge on a host of important issues. Libertarians loathe victimless crime laws, whereas conservatives simply have multiple orgasms over them. We face the danger of another linguistic hijacking of the sort which stole the noble word "liberal" from the partisans of liberty.

## Conclusion

I have endeavored here to stand athwart linguistic history yelling, "Stop, thief!"

The same must be done for intellectual history. To the extent that conservatism is a philosophy, it is an essentially parasitical one. So far as the status quo contains institutions worth defending and preserving, it is because of centuries of arduous labor by defenders of liberty, against the unrelenting opposition of conservatives.

These little magpies sit atop the shoulders of giants, and claim them as their own—even while shitting on them.

Conservatives claim to admire the beneficial effects of the evolution of social institutions, but they always wish the evolution to stop now, if not yesterday. The conservatives claim that the product of social evolution is

*Conservatives are even now stealing our word, our people, and our accomplishments, merely by "persuasive definition"—that is to say, merely by lying.*

the fittest culture for us. This begs a number of questions, such as why there is more than one culture at the moment, or how we happened to be the lucky ones to be at the exact moment of history when it reached perfection.

Hayek notes, "As has often been acknowledged by conservative writers, one of the fundamental traits of the conservative attitude is a fear of change, a timid distrust of the new as such.... This fear of trusting uncontrolled social forces is closely related to two other characteristics of conservatism: its fondness for authority and its lack of understanding of economic forces. Since it distrusts both abstract theories and general principles, it neither understands those spontaneous forces on which a policy of freedom relies nor possesses a basis for formulating principles of policy. Order appears to the conservatives as the result of the continuous attention of authority, which, for this purpose, must be al-

lowed to do what is required by the particular circumstances and not be tied to rigid rule."

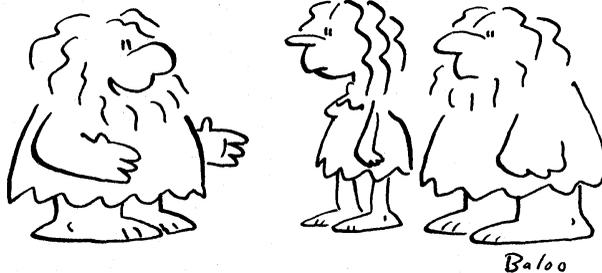
"Judicial restraint," by the way, is an example of this unprincipled nature of conservatism. What it really means is: doing as little as possible to tie the representatives of the mob to the "rigid rule" of the Constitution.

Hayek goes on, "A commitment to principles presupposes an understanding of the general forces by which the efforts of society are co-ordinated, but it is such a theory of society and espe-

cially of the economic mechanism that conservatism conspicuously lacks. So unproductive has conservatism been in producing a general conception of how a social order is maintained that its modern votaries, in trying to construct a theoretical foundation, invariably find themselves appealing almost exclusively to authors who regarded themselves as liberal. Macauley, Tocqueville, Lord Acton, and Lecky certainly considered themselves liberals, and with justice; and even Edmund Burke remained an Old Whig to the end and would have shuddered at the thought of being regarded as a Tory."

These, then, are the conservatives: the liars and frauds and parasites with whom so many libertarians have fellow-feeling, because of historical accident and wishful thinking. These are the power-lusters, by association with whom some libertarians hope to achieve respectability. But conservatives are not respected, exactly. They are in power, to be sure. But the feeling this engenders is not respect: it's the Patty Hearst Syndrome, or the Stockholm Syndrome, or the love that Winston Smith came to feel for Big Brother at the end of 1984. But it isn't respect, and what rubs off in one's association with them is not respectability.

A few years ago, the staffers of the libertarian magazine *Inquiry* were accused of "being in bed with the left." Jeff Rigggenbach responded by saying, "That's because the left is better in bed." That's something for us to consider when we're tempted to get into bed with the right. It's a lousy lay ... and when you lie down with conservatives, you get up with sleaze. □



"It's a new idea called 'government' — if it doesn't work, we can always drop it and try something else."

## Counterpoint

# Freedom is for Everyone (Including the despised "Rightists")

by Murray N. Rothbard

John Dentinger's essay on libertarianism and the right suffers from two major problems. It frequently distorts matters of fact, which is bad enough. But worse yet, it suffers from a wrongheaded perspective.

One would never know from Dentinger's account that the Brigg's Initiative of 1978 was opposed by the Libertarian Party of California, was vociferously denounced by the LP, and that in my recollection not a single Libertarian supported it. One would never know from Dentinger's raking over the old bones of the Ron Paul DC sodomy law vote in 1982 that this issue has been discussed *ad nauseum*, and that the issue was a complex one, with Paul reluctant to accept a package deal that would have substantially lowered the penalty for rape. (Or perhaps Dentinger considers rape a "victimless crime"...) And Dentinger's reference to "substantial heated opposition" to Norma Jean Almodovar's candidacy for Lieutenant Governor willfully ignores the fact that Norma Jean had no opposition in the LP primary. Indeed, almost every issue since then of such leading libertarian periodicals as *LP News* and the *American Libertarian* have included warm messages of support for Norma Jean in her battle against the state, with not a single voice to the contrary.

I have yet to figure out why it was a Rightist sin for Libertarians to oppose the reelection of Rose Bird. Or is Dentinger maintaining that it is a libertarian duty to rush to the support of all beleaguered leftists?

In his discussion of *Reason* magazine, Dentinger is on slightly firmer ground. *Reason* unfortunately does have Reaganite tendencies; its views may well be characterized as "Reagan-

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ism-in-favor-of-atheism-and-abortion." (I have elsewhere referred to them as the "left wing" of the Reagan movement.) But Henry Mark Holzer's defense of the *Bowers v Hardwick* decision, which upheld Georgia's barbaric anti-sodomy law, must have been as surprising to *Reason's* editors as it was to me: several *Reason*-connected writers protested Holzer's desertion of the libertarian position.

Even worse than Dentinger's egregious errors of fact is his appalling intellectual perspective.

First of all, he fails to recognize that the words "conservative" and "Rightist" cover a multitude of diverse positions. In particular, the right wing we all know and detest—the Reagan-Buckley-Kirkpatrick-CIA-*National Review-Human Events* Right Wing is very different from the Old Right that predominated conservative ranks from the mid-1930s to the mid-1950s. The current Right is indeed power-hungry, war-mongering, dictatorial, and theocratic. But it is very different from the Old Right.

The Old Right is very libertarian. Yes, it is populist, Christian, and anti-Establishment. The Old Right of Albert Jay Nock, John T. Flynn, Frank Chodorov, Felix Morley, Colonel McCormick, and Robert Taft was strongly opposed to war and militarism. It fought conscription and strongly supported civil liberties. It defended free enterprise, the free market and the gold standard.

It was profoundly hostile to the Establishment and to State power.

It is true that the Old Right was not anarchist. But neither was it a part of the Right that Dentinger denounces. Should Nock, Flynn, Chodorov, Morley and Mencken be eliminated from the libertarian movement because they are not anarchists? If so, it would seem to follow that all minarchists, no matter how hard core, must also be purged. Is this what Dentinger wants us to do?

Dentinger, moreover, writes of a "number of libertarians" who supported Reagan over Ed Clark for President in 1980, in a way that almost makes libertarians as a class responsible for the eight years of Ronald Reagan. It is clear that Dentinger and I, fortunately, do not travel in the same libertarian circles. I don't know of any libertarians who voted for Reagan, and I don't know how you could call them "libertarians" if they did. Ed Clark got 920,000 votes for President in 1980, and I gather that this legion included virtually all the libertarians who voted that year. As for myself, I have attacked Ronald Reagan, consistently and bitterly, day in and day out, from the beginning of his reign until the end. Somehow, I missed seeing John Dentinger in the libertarian anti-Reagan ranks until this essay for *Liberty*.

Dentinger mentions a few benighted libertarian ex-YAFers from the 1969 split who later backslid into the conservative ranks. But the majority of those

who didn't drop out altogether, have remained libertarian. Karl Hess, Jr., Sam Konkin, Ralph Fucetola, Dave Walter, and Don Ernsberger, for example, have remained firmly libertarian.

Yes, indeed, Ayn Rand usually backed conservative Republican politicians. But, even though her philosophy influenced many libertarians, it is ludicrous to refer to her as a "libertarian" when she herself, passionately and caustically, kept denouncing libertarians as the quintessence of evil—a line continued by her dimwit and robotic followers to this day. Surely, then, libertarians can in no way be held responsible for Rand's aberrant political views.

On Bork and "judicial restraint," once again, there are surely no more than one or two misguided libertarians who support the Frankfurter-Bork doctrine that the duty of the courts is to place the stamp of constitutional approval on any and all exercises of power by the Congress and the Executive

Branch. At the Seattle convention, the Libertarian Party overwhelmingly registered its opposition to Judge Bork and everything he stands for.

Dentinger's sneering reference to "conspiracy analysis" as "right-wing" is even less excusable. Anti-Trilateralist "conspiracy" analysis—or what I prefer to call "power elite" or "interest group" analysis—is neither right-wing nor left-wing. As a matter of fact, the best scholars who are Anti-Trilateralist are leftists: Holly Sklar, Carl Oglesby, and Lawrence Shoup. What anti-Trilateralism is is anti-*Establishment*. Dentinger is not alone among libertarians in viewing the Paul campaign's anti-Trilateralism as not being "respectable." But this misses the point: it is damn sure *not* respectable, but it is correct. The importance of "conspiracy analysis" is that, to the discussion of which policies are right or wrong, it adds an important dimension: that statism is *not just* intellectual error on the part of statist; it is a bunch of special privilege groups ripping us off and in the name of the general welfare.

I do not want to dwell on the Ron Paul campaign here. The importance

of this campaign is that Paul is an Old Right libertarian in the best sense, and that his 1988 campaign has the wonderful potential of reactivating a large number of instinctively libertarian and anti-Establishment Americans, men and women who, for thirty years have been deprived of articulate libertarian leadership. The Paul campaign can rouse these numerous Americans from their frustration and torpor and bring them into the libertarian movement, at the same time enlarging the ranks of libertarianism to make it a powerful force in American life. To fail to see the profound difference between, say, Ron Paul and Jack Kemp, is to throw away one of the great opportunities for libertarians to have a signifi-

*The bell has tolled for the old comfortable days when libertarians were only a small group of marginal people cut off from American life. Freedom is for Everyone, including mainstream Americans...*

cant impact on American politics. It is an opportunity that might not come again.

But I wonder if John Dentinger *wants* such an opportunity. He appears to be a spiritual comrade of the Meansians who have organized FIFE ("Freedom is for Everyone"). But for Dentinger and the Fifeniks, it seems that Freedom is not *really* for Everyone, but only for hippies, *lüftmenschen*, and special-interest minority groups. For Dentinger and the Fifeniks, is Freedom *also* for Anti-Establishment rightists? Is Freedom for the average middle-class American? Is Freedom for people who wear suits, ties, or dresses?

And, in particular, is Freedom for Christians? The libertarian movement, and the Libertarian Party, will get nowhere in America—or throughout the world—so long as it is perceived, as it generally is, as a movement dedicated to atheism. Nock, Morley, Chodorov, Flynn et. al. were not atheists, but for various accidental reasons of history, the libertarian movement after the 1950's consisted almost exclusively of atheists. There is nothing inherently

wrong with this, except that many libertarians have habitually and wrongly acted as if religious people in general and Christians in particular are pariahs and equivalent to statist. This pernicious attitude, combined with aggressive *lüftmenschship*, has managed to turn off a huge number of middle-class Americans. I remember one time when my magazine, the *Libertarian Forum*, included an article about Protestants and liberty. One libertarian asked my publisher, in bewilderment, "why does Murray have an article about Protestants?" "For one thing," my publisher replied, "there are a lot more Protestants in the United States than there are libertarians." Indeed.

In all the talk about "outreach" among libertarians, I never hear a word about outreach to Christians. In keeping with this hostility, the *only* reference John Dentinger has to Christians in his article is to the "hate-filled religious right." *Of course*, we have to strongly oppose the theocracy of the Moral Majoritarians. But the

religious right is not the sum and substance of Christianity in America. And I have yet to see Dentinger or the Fifeniks roll out the welcome mat to libertarian-minded Christians. I think that the hostility to Ron Paul by Meansians such as Dentinger reflects their dim perception that the bell has tolled for the old comfortable days when libertarians were only a small group of marginal people cut off from American life. Yes, Freedom is indeed for Everyone, including the large number of Americans scorned by Dentinger and company, and this is precisely what they are complaining about.

Finally, he concludes his astonishing defense of guilt by association, with the tacky charge that "when you lie down with conservatives, you get up with sleaze." John Dentinger carefully omits one crucial fact. In the course of pillorying *Reason* magazine as one of the worst of these conservatives, Dentinger somehow forgets to point out that he himself is a regular columnist for that self-same *Reason* magazine.

How about it: Why don't you speak for *yourself*, John? □

## Essay

# Can Computers Save the World?

by Ross Overbeek

Last year, at the annual meeting of the Eris Society, one of the more-or-less libertarian conclaves I occasionally attend, a gentleman claiming to be a financial expert explained that the concerted effort to raise the cost of Japanese chips would have little impact, since computers already had enough memory and power. I recently heard a friend express the view that the main effect of the computer revolution was to introduce word processing and spreadsheets.

These short-sighted statements on the potential role computers will play in our society caused me to reflect. I realized that there is an explicit "vision" shared by many computer scientists that is not commonly understood. While many people do experience a somewhat diffused "rush" at the idea of millions of computations per second, few except for computer scientists really appreciate just how much the quality of life will be altered by computers during the next few decades.

As I see it, the continued growth in the power of computer technology will result in more significant changes in the way we live than even the Industrial Revolution did. It will fundamentally change the way we earn our livings, the way we get along with one another, the way we deal with reality.

I have asked myself repeatedly why, as a scientist, I am willing to display unadulterated optimism. Obviously there is a possibility that the technological paradise I project may never actually exist. But there is a genuine possibility that such a quantum advance will happen, and people should come to appreciate its beauty. This realization can induce an elevated euphoria resembling a religious experience. Upon reflection you may well wish to temper your optimism, but you should for at least some brief period experience its pure pleasure. It's like seeing the Grand Canyon for the first time: the experience cannot really be

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expressed in words, it may not save you from mistakes, but it can change you in subtle ways.

In this essay I will attempt to share with you this vision of the future.

I will first discuss certain commonly known technical facts relating to projected improvements in computing hardware. Although these facts form only the background for the sources of real excitement, they are so breathtaking in themselves that they require a few comments.

Then I will turn my attention to the real cause of the excitement: the use of the computer as an "intelligence amplifier." It is this role of the computer that is so revolutionary and fascinating.

Finally, I will discuss the late-night dreams that haunt an increasing number of researchers.

### The Background

It is widely known that computers have substantially increased in power over the last two decades, but most people lack a sense of just how much they have improved or how rapidly the technology is now progressing. To reach a basic estimate, it is useful to understand that performance is often measured in "millions of instructions per second," or "mips" in the parlance of computer scientists. (This leads to the peculiar linguistic construct of a 1 mip machine [try saying a "1 mips machine"]). A machine manufactured by DEC called a VAX 11/780 delivers about 1 mip. The VAX is powerful—powerful enough that during the early

1980s, many schools and research institutions used a single VAX as their sole computing resource.

In an article in the *Wall Street Journal* in 1984, a DEC engineer commented that the set of chips required to construct a VAX was valued at about \$30,000. However, he added that DEC would probably be able to produce the set for about \$1 by 1990.

Think about that for a minute. Think what one could do with a \$1 Vax. If you are manufacturing a \$20 clock radio, and if for a marginal cost of \$5 you could add the computational capabilities of a Vax to it, could you really afford not to? It would transform an isolated appliance into a component in a network. You could communicate with your clock radio, viewing it as an integral component of a machine that included your car, your TV, and a central computational resource. You could ask your clock radio to give you stock quotations, and it would answer within a second or two. On a cold day, you could ask it to start warming up your car and schedule a meeting at 9:45 at your office. Would such gadgets really benefit you significantly? Maybe not, but even so, wouldn't you be tempted to put up the extra \$5?

One of the new supercomputers that will be released in 1988 or 1989, the Cray 3, will have about 100 times the computational capacity of the Cray 1, the machine that dominated the supercomputing market in the early 1980s. It will have 8 gigabytes of main memory. That means that it can store about 8 billion characters in its high-

speed main memory. The essential heart of the machine (including its processors and memory) will occupy a space roughly the size of a loaf of bread. One Cray 3 will have more main memory than the sum of all the machines that existed in the world in 1972, just fifteen years ago.

The Cray 3 is the work of Seymour Cray, a legendary figure in high-performance computing. His machines have consistently delivered the highest available performance. At a talk in 1986, the president of Cray Research mentioned that Dr. Cray had been able to build a new system every 10 years, and that every new system had offered roughly 5 times the performance of the previous generation. Now Dr. Cray believes that he will be able to design a new generation every 3 years, and each new generation will offer roughly 10 times the performance of the previous generation.

This shortening of the time between generations has some rather dramatic implications. It means that we can expect improvements in speed of about 1000 per decade. Of course, it may not be possible to continue this rate of improvement indefinitely. But even if it is sustained through the 1990s, we will see machines offering 10,000 times the performance of current systems by the year 2000.

Computing is now going through a fundamental transformation, which in many ways is analogous to the transition from small shops to factories. Until recently most computers contained a single processor, and formulating instructions for the machine was similar to planning the schedule for a single human worker. Now, we are entering an era in which single machines will have thousands of processors. These machines will offer staggering performances, but successful use of such capabilities will require a framework in which the distinct processors productively cooperate. This task is similar to the problem of setting up a large company in which many humans must cooperate to achieve a single goal. It is not a trivial task, but it can be done; and, when it has been done, the impact will be most impressive.

Machines will become much cheaper and faster. What is really important is the magnitude of the im-

provements. Let me illustrate. To cross the USA by foot, travelling about 20 miles per day, takes about 150 days. To cross by car, averaging 600 miles per day, takes about 5 days. To fly from coast to coast takes about 6 hours. The difference in walking and flying, according to these figures, is about 600. Consider the implications of faster transportation. The reduction in time from 150 days to 6 hours occurred over

*Computing is now going through a fundamental transformation, which in many ways is analogous to the transition from small shops to factories.*

a period of about 90 years. The reduction of transportation delays and costs made a major impact on the world. In regard to computing, we are talking about a change in magnitude that is roughly 16 times as great (600 versus 10,000) occurring over a much shorter time span (13 years versus 90 years).

It can be argued that transportation is far more fundamental to the way we live (and will live) than computing, but this argument is wrongheaded, as I will argue in the next section.

## Intelligence Amplification

Introducing the term "artificial intelligence" in a conversation is to invite a negative reaction. For the computer scientist, "artificial intelligence" is jargon for using computers to emulate the thought processes of a learning and thinking being. But for most people, "intelligence" is inherently an ability of cognitive beings, not machines. "Intelligence amplification" better expresses the concept involved; it does not presuppose that machines will develop any real degree of intelligence.

In *Waldo & Magic, Inc.*, Robert Heinlein introduced the notion of "Waldos," sophisticated machines that amplified the physical capabilities of a human operator. A Waldo is a device that uses "mechanical gloves" to monitor its operator's motions and sends this encoded information to a robot arm or hand, which does the physical "work." The mechanical arms may be huge and capable of performing incredible acts requiring great strength, or they may be tiny, capable of subtle manipulations at the microscopic level. What the Waldo provides that the

normal interface of a human pushing buttons or grasping levers does not, is a sensitive interface allowing an especially accurate amplification of the human's desires.

The problem of amplifying intelligence is analogous in some respects to the problem of amplifying dexterity. The overall goal of intelligence amplification is to encode some aspect of human intelligence in a way that will allow a machine to reproduce an expert's behavior.

It is widely accepted that we can do this for some types of intelligence. For example, a human programmer can encode exactly how a payroll should be computed, and the resulting program can be used to reproduce the behavior of thousands of humans busily writing payroll checks. This type of encoding corresponds to a human's pushing buttons or moving levers to alter the motion of mechanical equipment; it works well for some tasks, but for most types of activity a much more "sensitive" or "complete" mechanism is required.

But the ambitions of computer scientists working on intelligence amplification go far beyond the computation of payroll deductions. Already, computer scientists have developed programs (called "expert systems") that substantially duplicate the diagnostic abilities of certain specialized medical doctors and petroleum geologists.

Chess is one area where expert systems have shown remarkable success. Although chess is not an activity of much economic significance, in complexity it is similar to many other areas of human endeavor. I remember vividly that as a graduate student in computer science fifteen years ago, I believed that no machine would ever be able to beat me. It seemed perfectly obvious that the type of mental activity required to play serious chess was well beyond any computing technology that I would live to see. Now I can buy games for \$29.95 that consistently out-play me.

Consider the advantages of expert systems over human experts:

1. They don't die. Unlike human experts that go through an extended training period, a relatively brief period of peak performance, and then gradual decay of abilities, these pro-

grams consistently reproduce their peak performance indefinitely.

2. Their expertise is "cumulative." If one program can play exceptionally good openings, while another excels at endgames, it is relatively straightforward to merge the approaches into a single product.

3. They can be reproduced for pennies. This is a staggering fact: once some level of expertise is successfully encoded, the costs for reproducing it can be almost arbitrarily lowered.

The last point sheds light on the economic incentives of producing such systems. I used to think that time spent developing chess programs was a total waste. However, the hours spent during the last year by humans attempting to reach levels of play that are well below the better computer programs far exceeds the total time spent creating these systems. What would it be worth to be able to deliver a program that consistently made reasonably accurate medical diagnoses, marketing decisions, or trading recommendations?

Considering what has already occurred in chess programs and in a variety of commercially interesting areas, it seems probable that the potential for revolutionizing techniques of production is quite real. The central problem facing the new technology is to determine means of more easily encoding, enhancing, and maintaining expertise. The approach that has been used extensively since the early days of the computer revolution is based on the use of a "computer programmer" skilled in communicating algorithms by means of fairly arcane languages. This will have to go. We need to create a far more intelligible means of communicating expertise to machines.

The potential for successfully encoding human expertise has led to the creation of "knowledge engineering," a whole new discipline. One objective of this field is to create a medium of human-machine communication that will allow knowledge to be encoded by human experts directly. Early work has made it clear that, while symbolic logic is not (at least in its current form) the perfect medium, the final medium will be directly based on symbolic logic. The ultimate effect will be to elevate

the study of logic and its applications from a discipline hidden in philosophy and mathematics departments to a field of central importance in almost all areas of human expertise. Some form of symbolic logic will likely turn out to be the "Waldo" of intelligence amplification.

A genuinely workable medium for effectively communicating expertise to a machine does not yet exist (it is also arguable that the means of communicating expertise among humans still work quite poorly, too). However, there will almost certainly be gradual, constant advances. These will result in an expanding sphere of applications. Many people feel that most forms of human expertise simply cannot be codified. But what type of expertise definitely cannot be encoded? Pessimists almost inevitably suggest the areas of art, literature, and sex. It seems to me that conceding these areas to humans still leaves a lot of territory for the machines.

## Logic

The evidence that logic, in some form, will be the key to how we eventually represent knowledge is rapidly accumulating. It is therefore peculiar that most colleges do not even offer it

*This transition has already begun, and the impact of automation is altering the industrial landscape in every developed country. What is interesting and, perhaps, terrifying is the magnitude and speed of the transition.*

in their mathematics curriculum. In some cases, this simply reflects the inability of educational institutions to react to change. In others, it reflects a strange turf struggle: since some form of logic is frequently taught within a philosophy department, it is considered inappropriate that a mathematics department duplicate the effort. What is shocking in these cases is that the aspects of symbolic logic being used within the computer revolution have almost nothing to do with the topics taught in logic courses within most philosophy departments.

The quarrel about "What is logic and how should it be taught?" has even penetrated the libertarian move-

ment. It is always painful to hear people you respect make silly comments. It is even more troubling when they are technical enough to mislead intelligent listeners. Consider remarks of the following kind, which are typical of what many libertarian theoreticians think about logic:

Aristotle laid the foundation for logic, as he did for so many other areas of science. In the case of logic, current researchers have perverted this work by introducing excessive formalism to disguise an attack upon rational thought. In extreme cases this has even taken the form of rejecting the law of the excluded middle ("A or not A"). To combat this tendency I urge you to study some obscure, pedantic book written by a scholastic in the Aristotelian tradition. It will teach you how to think better.

If the only effect of such an argument were to enhance sales of a few mediocre texts in logic, no real damage would be done. But that is not the only effect. Such arguments direct people away from studying an area that will be the source of one of the most exciting advances in scientific history.

The fact is that to understand modern logic at the level required to discuss issues relating to specific axioms like the law of the excluded middle requires substantial effort. Before plunging into waters that deep, a person should build a background in the fundamentals of

symbolic logic. For a person with some background or interest in computer science, I recommend *The Logical Basis for Computer Programming* by Zohar Manna and Richard Waldinger; it is a demanding text, but it does relate symbolic logic directly to topics that are central to computer science. After reading a few chapters, a person can begin to determine whether the original goals of Aristotle are really being subverted by such work.

## Why Is This Stuff Important?

If these musings have any basis in reality, the computer revolution will reshape society over the next fifty years.

The forces created by this event will cause massive reallocation of economic resources. This transition has already begun, and the impact of automation is altering the industrial landscape in every developed country. What is interesting and, perhaps, terrifying is the magnitude and speed of the transition. While the computer revolution offers means for providing consumer goods at ever dropping prices, it also will inevitably affect people and companies in ways that are far from pleasant.

As the economic value of specific skills drops, many workers (blue collar, white collar, and professional) will be displaced. As their number increases, the rather natural view that "the market has failed" will spread. There will be at least three distinct types of attacks launched against the market:

1. A very limited number of citizens will advocate the Luddite position of limiting the extent of automation. It is commonly understood that such a position is counterproductive, and no serious movement based on it is likely to arise.

2. Protectionism and subsidies to support industries affected by the transition will increasingly be proposed. Again, the danger of such measures is widely recognized and discussed in the popular press. While it is impossible for me to predict the degree to which our government will extend existing subsidies, it seems likely that the wide recognition that such efforts are almost always the result of powermongering will tend to restrain our public servants.

3. A third, far more intellectually appealing tendency is already beginning to appear. The essence of this argument is that: almost any economically significant activity that a human can do computers will be able to do better; while Ricardo's law of comparative advantage may indicate that there will still be room in the labor market for humans, it is likely that the value of human labor will be almost arbitrarily depressed; a development capable of producing unlimited wealth should not produce widespread misery, so we must begin considering "suggestions for dissociating income from employment."

One of the more cogent versions of this argument was recently advanced by Nils Nilsson, a widely respected member of the Artificial Intelligence community. Since he is head of the Stanford computer science department and a former head of the American Association of Artificial Intelligence, his views will certainly be taken seriously.

The argument may well form the kernel of a powerful attack on liberty.

*Where will it all end?  
Will machines ever produce anything  
resembling the adaptive intelligence  
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small can machines become?*

To give it the appropriate visceral appeal, Nilsson quotes Wassily Leontief, the 1973 Nobel laureate in Economics:

We are beginning a gradual process whereby over the next 30-40 years many people will be displaced, creating massive problems of unemployment and dislocation... In the last century, there was an analogous problem with horses. They became unnecessary with the advent of tractors, automobiles, and trucks... So what happened to horses will happen to people, unless the government can redistribute the fruits of the new technology.

I suppose that one could point out that most horses now have a more leisurely existence than those of the last century, but somehow I doubt that such an observation would end the debate.

### Late Night Projections

Where will it all end? The increasing power of computers, coupled with advances in our ability actually to encode the way human experts arrive at decisions, is leading to a rapidly expanding set of applications. Will machines ever produce anything resembling the adaptive intelligence exhibited by humans? How fast and how small can machines become?

While there are certainly limits to the speed of future machines and to how far we will be able to shrink their size, we may be far from reaching them. I have only discussed events

that will take place during the next 5-15 years. The speculations about advances beyond that point make my comments above seem tame.

K. Eric Drexler's proposals for "nanotechnology" in *Engines of Creation* are hard to distinguish from good science fiction. ("Nanotechnology" is the use of incredibly tiny machines; "nano-" is the prefix for one billionth.) Drexler speculates about machines built by molecular engineering that operate billions of times faster than machines of today and are many billions of times smaller. And Drexler is not alone. Scientists of the caliber of Richard Feynman (the winner of the Nobel prize for physics in 1965) have also talked

openly about the possibilities of machine built nanomachines.

Most of the major advances that will occur during the next 15 years have very little to do with anything that resembles human intelligence. But when I think about what might happen over longer periods of time, I reflect on the evolution of *natural* intelligence, which took place over an incredibly long period, progressing at an extremely slow rate. As scientists and engineers build more and more advanced machines, what will prevent their developing genuinely human-like intelligence?

The real issues involve the prospects of engineering intelligence, as opposed to evolving intelligence. Evolution produced an adaptable organism capable of many forms of behavior that advanced its chances of survival. Is it possible that human engineers, reflecting on the characteristics of the solution produced by evolution, can gradually borrow aspects that have utility to craft an intelligence that far surpasses that of humans?

When I think of the subject in these terms and allow the engineers working on these problems an extended period of time (say, several centuries), it seems clear to me that engineered intelligence will eventually surpass evolved intelligence. The breakthroughs in chemistry, biology, and physics required to understand how humans function may seem fortuitous when viewed from the perspective of 10 or 20 years, but when viewed from a somewhat longer perspective they seem almost inevitable. □

# Reviews

*Blood in the Streets: Investment Profits in a World Gone Mad*,  
by James Dale Davidson and Sir William Rees-Mogg.  
Summit Books, 386 pp., \$19.95.

## "Blood in the Streets"

R. W. Bradford

*Blood in the Streets* is offered to the world as an investment book, and that may be too bad. It's better than most, but investment books are an ephemeral lot. If they sell well, thanks to the cleverness of their marketing plan and the panache of their authors on the talk show circuit, they can become best sellers. But they rarely are remembered a year after their publication. And they are practically never taken seriously, except by investors who lose their savings by following the advice. Those investment books that fail to reach that magic "best-seller" status are forgotten even sooner.

*Blood in the Streets* deserves more attention than that. Its authors, James Dale Davidson and William Rees-Mogg, offer their readers far more than advice on how to get rich or richer. Davidson and Rees-Mogg offer a re-interpretation of recent history in the guise of an investment book. Their investment advice is ephemeral, but their re-interpretation is powerful. And unless the investor can understand how the world's economy got the way it is, he cannot understand how it really functions, much less have any hope to speculate intelligently about the future.

The book has three parts: a discussion of the authors' approach to historical analysis, a re-interpretation of recent history, and a discussion of the implications of this analysis for investors. (Its title comes from the famous maxim of Nathan Rothschild, "The time to buy is when blood is running in the streets.")

Davidson and Rees-Mogg argue that recent history is best understood in terms of what they call "megapolitics," a neologism they credit to themselves. Megapolitics is "politics in the largest sense... an attempt to analyze the most basic factors that govern the uses of power in the world." Megapolitical analysis focuses on factors that change the ability of people to impose their will on others and the ability of others to resist that imposition.

The most important of these factors, they argue, is technological change. For example, the development of automatic weapons made it possible for European powers to build world-wide empires in the late 19th century by lowering the cost of political domination of less developed countries, foreordaining the loss of political independence and destruction of the social systems of much of the world. Similarly, the development of the tank changed forever the value of infantry. Or so it seemed, until the development of cheap anti-tank missiles light enough to be carried by a single infantryman. Curiously, after specifying technology as the most important factor, Davidson and Rees-Mogg never specify any others.

The most intriguing element of the book is the interpretation of recent international political and economic history, which I will try to summarize briefly.

World prosperity depends on freedom to produce and trade, they argue, and such economic freedom appears only when a single political entity has the means to prevent other states from effectively limiting that freedom. During

the 19th century, Britain had the power needed to convince other countries to accept free trade.

After defeating Napoleon at the Battle of Waterloo in 1814, Britain was militarily and economically the most powerful nation on earth. It used that power to impose on the world an international order based on freedom of the seas and free trade, while accumulating for itself a huge overseas empire. As time wore on, the technological advantage enjoyed by Britain eroded and it gradually became less capable of imposing its will on others. As the 19th century came to its close, Britain was growing weaker and weaker in comparison to its competitors for world power. Britain lost its economic advantages over the United States and Germany, and at the same time found the cost of maintaining military supremacy by means of sea power to be increasingly beyond its means.

The European wars of 1914 and 1939 marked the collapse of Britain as a world power; although Britain was on the winning side, the trends that began in the late 19th century continued: Britain's economic and military power continued to erode. The defeat of Germany left the field open for the strongest competitor, the United States, to move onto center stage. Because Americans share a common language with Britain and profess similar policy goals, Britain's collapse was not immediately apparent.

In the meantime, the other potential competitor for world dominance, Russia, shot itself in the foot. With its vast land area, huge population base, and immense supply of natural resources, Russia had the ability to become a tremendously productive economic power. But the Russians adopted a authoritarian economic system which stifled its economic development, reducing Russia to merely a military competitor.

As the period of American dominance continued, the U.S. was subjected to the same sorts of problems that began shifting Britain into the shadows a century earlier. The cost of defensive

military competition declined (remember the cheap anti-missile tanks) and the cost of maintaining a powerful offensive military establishment for the U.S. increased. As the 20th century nears its end, the U.S. is on the verge of falling from supremacy. What the future holds is uncertain: perhaps Japan will take center stage (it has the economic means but eschews military activity); perhaps we will enter a period of international anarchy with no great power imposing its order on the world.

Neither this interpretation of recent history nor their approach is entirely novel, of course. This interpretation of the past 200 years is quite well known in classical liberal circles; a very similar view is popularized by the *Economist*, for example. The identification of technology as a major determinant of historic change

is a theme Karl Hess (among others) has promulgated for years. And their interpretation of how political decisions are made in response to the incentives faced by the decision makers has a great deal in common with the "public choice" approach developed by James Buchanan and Gordon Tullock.

But for the first time in a popular book, the historic interpretation is presented in a fairly comprehensive manner, richly illustrated with historic fact and anecdote.

## Madness or Method

There are, of course, problems with this "megapolitical" method. It can lead to a facile historical determinism. The danger that Davidson's and Rees-Mogg's "megapolitics" will degenerate into a variant of material determinism is increased by their failure to identify any "major variables" except technological change in determining megapolitical trends. They show a proclivity to reduce very complicated issues to rather simplistic terms and narrow dimensions. For example, they tell us that Britain pursued a policy of free trade simply as a matter of national interest: free trade enabled Britain to prosper and to maintain its economic domination of the world.

They dismiss without consideration the argument that free trade is a policy that enables all participants to prosper. If free trade is in the interest of an ascending world power, then why haven't

other ascending world powers adopted such a policy? It was this argument, after all, that ostensibly convinced Britain to adopt free trade.

Did Britain advance free trade to gain an economic advantage over others, or did Britain gain an economic advantage over others because it followed a policy of free trade? The two events—Britain's pursuit of free trade and Britain's relative prosperity—were simultaneous; simple observation and historical analysis cannot determine which phe-

*The United States is on the verge of falling from supremacy. What the future holds is uncertain: perhaps Japan will take center stage, or perhaps we will enter a period of international anarchy.*

nomenon caused the other (or indeed, whether the two events were related causally.)

It is this problem of sorting out cause and effect in human history that makes the social sciences so confusing. In the physical sciences, experiments can be constructed and repeated to isolate different factors for the purpose of determining cause-and-effect relationships. But in studying human action, we are never in a position to repeat an experiment changing one element only. So human history must be interpreted in terms of antecedent theory, though the historian often does so unconsciously.

Theory is necessary to the understanding of human action, but it cannot be developed from observation and experimentation. That is why Mises developed the praxeological method of understanding human action. Underlying all the data of human history is one undeniable fact: man acts. Mises develops his entire theory from this single proposition. He calls his theory "praxeology," which he defines as "the formal implications of the fact that men use means to attain various chosen ends." Theory, as such, is a tool of human cognition; the development of such theory enables us to comprehend the otherwise bewildering complexity of human history.

Amusingly, Davidson's and Rees-Mogg's treatment of imperialism and their obsession with technology bear considerable similarity to Marxian eco-

nomics analysis. The way in which technology is integrated into "the capitalist means of production" in Marxian thought is analogous to the way in which Davidson and Rees-Mogg portray technology as a tool of political "structures," though these are not "super-structures" in the Marxian sense. Of course, Davidson and Rees-Mogg are not advocates of a Marxist "sociology of knowledge" and do not labor under illusions as silly as the labor theory of value.

*Blood in the Streets* is intended for a broad market, and it is certainly not difficult reading. But its readability is lessened by some stylistic peculiarities. The flow of the book is broken up by an incredible number of interruptions. The 22 page Introduction, for example, is interrupted by twenty-five different subheads set in three different typestyles

plus three lists and three inset quotations. The first chapter begins with the words, "Let us tell you a story," followed by a two and a half pages of discussion of the story and its significance, including two lists of conclusions we should draw from the story—all before telling the story itself.

All caveats aside, I am convinced that Davidson's and Rees-Mogg's "megapolitics" offers a valuable technique for understanding the world we live in. The fact that it is not a perfectly comprehensive tool does not mean that it is not a useful one.

I am reminded of an Aristotelian college professor with whom I studied. He explained the value of reading Wilhelm Windelband's *A History of Philosophy*, even though Windelband advocated Hegelianism, which is anathema to Aristotelian rationalism. The Hegelian model of change as a mechanism of thesis, antithesis, and synthesis is nonsense, he told me; that is not the way change occurs. But it is very similar to the way in which philosophical thought develops, and thus a study of the history of philosophy by means of the Hegelian model can be quite edifying.

Like the Hegelian model of change as seen by my Aristotelian professor, the "megapolitical" method of interpreting history may ultimately be wrongheaded, at least if it is reduced to materialistic determinism. But it still offers valuable tools for understanding human history. □

## Stranger in a Strange Land

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Mike Holmes

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Being a stranger in a strange land has never been easy. It is even harder when the stranger was once a member of the *nomenklatura*, the intelligentsia of a country with an ideologically opposite view of the world from the country in which he now finds himself living. But as exiled Russian writer Vassily Aksyonov aptly demonstrates in this slim but insightful book, being a member of the Russian literary elite may uniquely qualify one as an especially appreciative observer of American life.

*In Search of Melancholy Baby* hasn't hit the best seller lists, but has been favorably reviewed in places like the *Wall Street Journal* and the *American Spectator*. And rightly it should, for in the tradition of de Tocqueville and numerous others in the past two hundred years, Aksyonov the foreigner captures the unique elements that make the American experiment special.

The 58-year-old Aksyonov was trained as a medical doctor, but became famous and honored as an author of novels, short stories, plays and films. He flourished in the post-Stalin "thaw" as an intellectual rebel against the stultifying dogma of the party line. As a member of the closely knit world of celebrated Soviet writers, Aksyonov led a privileged though sometimes precarious life. He was no backwoods "Soviet realist" hack. He travelled many times outside of Russia and even published an account of his first visit to America. His father was a Communist official; his mother became a well known historian of the *gulag*. She wrote memoirs of a Siberian exile that Aksyonov shared for a time in remote Magadan, "farther from Moscow than California," as he put it. His novelistic re-creation of this experience (*The Burn*) became the proverbial straw on the camel's back when it was

published in Italy in 1980 without official approval. The Russian authorities stripped him and his wife of Soviet citizenship while he was on a U.S. speaking tour. Aksyonov replied (admittedly from the safety of pleasant California surroundings): "To hell with them!"

Aksyonov's book describes the shock of actually living in the society he had admired from afar, a society that treats intellectuals both better and worse than Russia does.

In Russia, and Europe in general, the intelligentsia is a distinct class that is often honored and privileged above similar groups in more unstructured dog-eat-dog America. In the States, *Herr Doktor* is grudgingly given a small measure of extra respect only if he is believed to be a member of the medical profession. If a mere physicist, philosopher, sociologist or—lowest of the low—a "professor of literature," goes around calling himself "Dr. So-and-so," the act is considered a sign of ego inflation by most commonsense citizens.

In Europe state-certified intellectuals are often invited to join one or more prestigious "academies" sponsored by the government. They are given pensions and stipends and even such perks as free train passes and special legal treatment. In the West pampered intellectuals of all stripes have long proved sympathetic to statist ideologies.

What is surprising about Russia is the extent to which contempt, disgust, indifference or outright hostility to prevailing political orthodoxy is tolerated among the *intelligentsia*, and even allow to flourish, in the name of artistic license. Certain hot-house intellectuals are recognized as such by the state apparatus. And the intellectuals value themselves at least as much as the State does. To the educated Russian, Stalin is not disliked because he murdered millions of peasants, but because he mur-

dered or exiled hundreds of Russian artists and intellectuals, people of near mythic significance in a society where virtually the sole opening for a creative mind lies in the arts—music, literature, poetry.

In Russia, a true term of contempt is to call someone *nekultura*, uncultured or unlettered. In many places in the States, to be ignorant and disdainful of anything resembling "high culture" is a mark of honor, not insult. So, what does a Russian literary light do when the All-Union Academy of Special Privilege tells him to never darken the dacha door again and he finds himself stranded in the land of Dr. Pepper and *Wheel of Fortune*?

Well, it helps if you had been a member of the *stilyagi*, a name given to the disaffected, Western-looking Soviet youth of the 1950's. In fact, Aksyonov's crowd thought that term didn't go far enough. "We're not *stilyagi*; we're *Stateniks*!" *Stateniks* were sort of Russian beatniks who believed that everything American was better than anything Russian. It is astonishing to read to what degree these (usually) elite Russian youth bought the utopian *Leave It To Beaver* image and worshipped the be-bop jazz music that a mere decade later American youth would reject.

*In Search of Melancholy Baby* is full of odd vignettes of this youthful America-worship by hep Red youngsters: a daring boogie-woogie dance in the 50's led by the flying skirts of the daughter of a KGB officer, the widespread clandestine taping of a popular Voice of America jazz show on X-ray plates (apparently a decent substitute for vinyl if you know how to do it), the melancholy poetry of a Soviet air force general, whose huge collection of American jazz (all purchased on the black market) was the main joy in his life. The title of Aksyonov's book alludes to the mythic land behind the jazz records worshipped by the youthful *stateniks*.

The sense of American cultural dominance is both a pervasive subtext in the book and, perhaps, its most important insight for libertarians. It emphasizes the virtue of encouraging greater cultural contact with the USSR. Like their small-town US counterparts longing for the good times and bright lights depicted on *American Bandstand* and *Hullabaloo* ("we wouldn't be bored if we lived in California..."), culturally backward but struggling-to-be-hip *Stateniks* hanging around Gorky Park listen to their smug-

gled-in American jazz (or these days, heavy metal) favorites and long to be zipping along the Venice Beach boardwalk, grooving with the brothers and sporting purple mohawks to attract blonde American goddesses. As a libertarian friend of mine once observed, "the US is the world's Disneyland, where the lights are brighter and everything imaginable seems possible."

Aksyonov relates a story about the late Ernesto "Che" Guevara, long lionized by anti-American leftists here and abroad. According to the story, Che was once an Argentinian version of a *State-nik*, "wild about Hollywood westerns and the latest jazz." One day he stowed away on a plane shipping horses to Georgia. Unfortunately, when arriving at the land of peanuts and rednecks he was beaten black and blue and baked and starved for three days in an empty airplane before being sent home. "I'll never forgive them that airplane," Che supposedly told a poet friend of Aksyonov's. "I hate all gringos, their easygoing voices, insolent struts, confident leers, obscene smiles..." Well, how would *you* feel if Mickey and Minnie beat the stuffing out of you for sneaking into Disneyland...?

But this odd worship of things American by people brainwashed to think otherwise crops up in many places in *Melancholy Baby*, as when a Soviet officer along the Chinese border in 1969 drunkenly weeps about what will happen to his imported Czech motorcycle if war breaks out with the Chinese:

"What about the Americans, Lieutenant? Are you scared of them?" Whereupon he sobered up for a moment and said in a firm voice, "Americans respect private property."

## Critical Overkill

In fact, this odd way of thinking about America can turn strangely indiscriminate, or "critical":

Soviet propaganda has piled up so many lies in its lifetime that it now gives reverse results: a certain brand of "critically thinking" Soviet citizen—and most of the new emigrés fall into the pattern—no longer believes a word of it; the critically thinking Soviet rejects both the lies of Soviet propaganda and the scraps of truth the propaganda ma-

chine needs to make the lies appear true. ...When the Soviet press runs stories about the American crime rate or the American drug scene, the CST (critically thinking Soviet) brushes them aside.

"The crap *they* dish up to us. Anything to discredit America." And making fun of television coverage of America has become a cliché. "All we see is fires, explosions, and plane accidents. If we're lucky, we get a natural disaster." What they don't realize is that American television shows much the same thing and that there is little or no attempt to put any "positive" news on the screen.

In any case, as a direct result of anti-American propaganda the CTS forms a picture of America as an ideal society, prosperous and romantic. America is the country of "Stardust" and "Serenade in Blue." Thousands of Soviet emigrés were cruelly disappointed with what they found instead.

*Aksyonov's long and exasperating encounters with the Immigration and Naturalization Service can only make those of us native born breathe a sigh of relief at not having to deal with possibly the single worst bureaucracy in government.*

Aksyonov's experiences in becoming American (and eventually a citizen) after being excommunicated by Mother Russia are entertaining.

On his first trip across the country by car, he hands over his Russian driver's license to an Arizona Highway Patrolman and bluffs his way out of a ticket (he claims there is no speed limit in Russia), observing that Arizona cops are a lot like those in Kiev. His long and exasperating encounters with the Immigration and Naturalization Service can only make those of us native born breathe a sigh of relief at not having to deal with possibly the single worst bureaucracy in government. His experience in paying taxes was new, since one of the few apparent advantages of working in a totally socialist country is that they don't bother you with income taxes: "I was even so naive as to inquire why the paychecks sent to me by the university amounted

to only half the sum the university had agreed to pay me." The first tax audit was instructive, though perhaps Aksyonov learned only part of his lesson:

I received many threatening letters from Sacramento. Clearly the computer had me where it wanted me. Pay up or lockup. I could feel the bars striping my face. Wouldn't the KGB rejoice!

I went to see my accountant. "You've got to save me, Charles!" I told him.

Charles Adams cast a practiced eye over the documents, smiled, and said, "I'll do my best."

A week later the manhunt came to a most unexpected end: the State of California sent me a check for \$680. Not only did I not owe a penny; I had a refund coming to me. And you know, it never occurred to me to threaten *the state* with the cooler.

Also instructive is his visit to the Revolutionary Bookstore in Washington, D.C. Reminded (by a recent Russian story) of the alleged American repression of "progressive ideas," Aksyonov asks for a book about Trotsky:

"Well..." said one, hesitantly.

"Actually..." said the other, playing for time.

"You see, Trotsky's view of the revolution was rather one-sided," said

the first.

"But we do have an excellent study by a professor at Havana University," said the second, perking up. "Here it is. *The Vicious Essence of Trotskyism*."

"Not today, thank you," I said, "but perhaps you can help me with something else." I pointed to the portraits of men like Stalin, Mao Tse-tung, and Ho Chi Minh.

"Which do you think is most attractive?"

"In what way?" they asked, confused.

"Well, in terms of male beauty."

They exchanged a look, frowned, and said disapprovingly, "An irrelevant issue..."

But along with these cut clips of Americana viewed through fresh eyes a

la *Moscow on the Hudson* (a movie that, surprisingly, Aksyonov thinks stinks), there are more trenchant observations. Like the fact that, as most well travelled Americans learn once away from home, the US is a remarkably provincial place, just as New York City, that glittering queen of the night, is far more self-absorbed than any rural Hicksville would ever dream of being.

But my greatest surprise was

American provinciality... We had the feeling that the TV weather report would give the temperature of the water at Nice, and the depth of the snow cover on Kilimanjaro, that the news would report on King Carlos's new shoes, the latest intrigues in the central

committee of the Chinese Communist Party, and the penetration of Marxism into the depths of New Guinea. What we find is that if important international events do make it on the evening news, they are relegated to the end of the program and are glossed over as quickly as possible. The feature of the day is more likely to be a prim young miss telling the world that she was sexually molested twelve years before by the principal of her elementary school, a middle-aged cauliflower-eared dolt, who categorically denies the accusation.

Later the situation is summed up nicely:

Is it this *a priori* feeling of superiority that so isolates America from Europe, or is it America's isolation that keeps the feeling alive? In any case, it grates on America's well-wishers, even us new Americans. In the Soviet Union we pictured Americans as "citizens of the world," cosmopolitans; here we find them to be detached, withdrawn, sequestered in their American planet.

But Aksyonov also has insights on Soviet provincialism, especially on a cultural movement known as the National Bolsheviks (Natsbols, for short), a term which he describes as a self-contradiction. "The Natsbols combine Russian chauvinism with hard-line totalitarian tactics. Following the time-honored Russian tradition, they use

works of literature as springboards for philosophizing." He describes the Natsbols as sort of a Russian version of Nazis, complete with a misguided view of the importance of military strength and a pervasive view of modern moral decay. Aksyonov notes that American Neo-Cons, who otherwise fit the Natsbols' version of "true American nationalists," and thus are the "good guys," end up being part of the "bad guys" because

*To the educated Russian, Stalin is not disliked because he murdered millions of peasants, but because he murdered or exiled hundreds of Russian artists and intellectuals.*

many of them are Jewish. Anti-Semitism, long a Russian nationalist proclivity, is an overriding theme of this movement. A concocted theory of "stages" of decay is constructed to fit the NeoCons into the same boat as reviled "postmodernists" like Allen Ginsberg, Norman Mailer, Karl Shapiro, John Updike and J. D. Salinger. Even the unorthodox Soviet *intelligentsia* plays games with itself, lumping apples and oranges together for the greater glory of their misguided "theory" of national greatness. It is sad but hardly surprising to libertarians that one of the first new tendencies to emerge from the smothering embrace of totalitarian Marxism in Russia is a form of National Socialism.

### The Romance of Inequality

What is heartening in all of this is Aksyonov's response to the political and cultural landscape he surveys.

He recognizes the importance of diversity and inequality, the latter a decidedly unfashionable quality:

...American society is based on the principle of "benevolent inequality." Yes, I've turned so "reactionary" that I now sing the praises of inequality! If you think about it, though, you'll see that all moves in the direction of socialism here have come to naught: they run contrary to the basic American idea of romantic inequality. True, inequality must be benevolent: it must ensure all members of society the means to maintain their humanity. But once it has done so, inequality

is passionate, creative, dynamic.

Equality is static; it squelches all hope for a new and different life. In the Soviet Union you are doomed to the life of a state employee, and unless you turn thief, nothing in your life will change. After all, everyone is equal (except, of course, for those who are more equal). In America, the land of inequality, your chance—the chance for you to

change your life—is waiting for you somewhere in the chaos of economic freedom. You may never find it, but the fact that it is there gives your life an entirely different perspective.

One wonders why it takes a Russian novelist to give us this kind of message.

Aksyonov says later on that:

If there was such a thing as an American Millionaires' Club, it would represent the heart and soul of the country. Social demagoguery has no place in a society where everyone wants to be a millionaire, where inequality encourages people to pull themselves up by their own bootstraps and earn more, spend more. The consumer society offers a new kind of equality, an equality based on the marketplace rather than on Marxism or other social theories.

Our stranger in this very strange land has reached some valid and refreshing conclusions. Given the melancholic despair of our own home-grown *intelligentsia*, so seemingly anxious to trade the inequality of the marketplace for a guaranteed place at the government-sponsored trough, perhaps libertarians should advocate mandatory (just this once) cultural exchanges with the Soviets: we'll send them all the NeoCons we can find (and throw in everyone published in the last decade in the *New York Review of Books*) for a five year stint at the All Union Institute for Overfed Intellectuals, in exchange for every one of their *Stateniks* and they can throw in the Natsbols to boot. Both countries would undoubtedly benefit from the experience, and we might find some new-found respect for dog-eat-dog capitalism in the process.

At one point, Aksyonov notes that "it is hard for us to understand that as pa-

triotic as the great majority of Americans are, they do not identify their country with its government." If that sentiment is so readily obvious, why does the "democratic socialist" wing of the Democratic party (or its spiritual counterpart on the right, the Bismarckian imperialist wing of the Republican party) lay claim to nearly all the intellectual and cultural leaders in the US? Aside from a few heretical economists, nearly every political utterance by our home-grown *intelligentsia* ultimately defaults to the notion that "government is the people" and thus required to intrude more and more into the people's lives.

The theme of the recent Libertarian Party national convention hit on an important subject, the Culture of Freedom. But having no recognized cultural representatives in attendance in Seattle supporting libertarian ideas in politics, the convention theme ironically demonstrated just how bankrupt the US culture is of pro-freedom sentiment. If libertarians hope to rely upon the stray Russian emigré novelist (a lá Rand or Aksyonov) to pass along libertarian values during the process of artistic creation, any hope of establishing a permanent bulwark against the cancer of statism (in its myriad forms and disguises) is going to be very slow going.

But, for a cheerier note, let Aksyonov have the final word:

What the Soviets cannot fathom is that America's "fragmentation" (in other words, its diversity) is the source of its magnetic strength. If America was unified along Soviet or Iranian lines, it would no longer be America. It must therefore instill in its population a passionate desire to defend its multiplicity, its ferment, its intellectual and aesthetic waverings, its hedonism, its morality, its ecumenism, its ethnic variety, its Anglo-Saxon foundations, its generosity, its technology, its elemental counterrevolutionary spirit, its hope for a new liberal era, and all its capitalists, tramps, super-stars, farmers, union members, journalists, politicians, feminists, priests, ministers, homosexuals, lesbians, sectarians, fortune-tellers, postmodernists, wrestlers, street musicians, gamblers, refugees, punks, models, film-makers, stock-brokers, go-go girls, tax inspectors, yes, even its real estate agents...

Let me call a spade a spade: the

anti-Americans of this world— [Nobel Prize winner] Gabriel Garcia Marquez included—are enemies of freedom and friends of a global concentration camp. The

paradox of it all is that to remain what it is, America must defend even its own anti-Americans.

Amen to that, Brother Aksyonov, amen. And welcome home, stranger. □

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*The Rise of Urbanization and the Decline of Citizenship*, by Murray Bookchin. Sierra Club Books, 1987, \$22.95

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## Left-Anarchism at Wit's End

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Terry Inman

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"The Rise of Urbanization and the Decline of Citizenship," a new book by Russell Kirk? George Will? Or, perhaps Allan Bloom? No, Murray Bookchin, the leading "left-anarchist" intellectual of our time. Yet there is little here that is either "left" or "anarchist." This is a reactionary book by a well-intentioned elderly man, whose heart and mind are hopelessly stuck in the middle ages.

Socialists once managed to present themselves as the "left" by advocating a socialism that would transcend capitalism, either through revolution or evolution. Bookchin, however, expressly calls for a return to pre-capitalist societies and values. And rather than calling for genuine anarchism here, Bookchin calls for a form of limited government—governments limited to the rule of cities.

Bookchin makes some interesting distinctions. We are reminded that "citizen" did not originally mean person of the nation, but person of the city. This is a person *loyal* to his city, mind you. Loyalty is as important a virtue to Bookchin as it is to other social conservatives. We are also told that a true city is more than an urbanized piece of land. True cities, virtuous cities, are seen as "distinctive cultural and physical entities." The true purpose of cities is to serve as "ethical arenas with a uniquely civilized form of consociation, free of all blood ties and family loyalties."

We are also told that "traditional conservatives and anarchists" are misguided in calling for the "outright abolition of 'political power.'" Just as the state is to be distinguished from society, so politics is to be distinguished from the

state. "Politics" refers to the body-politic's decision-making process and the policies which are developed. "The state" simply refers to the organization that administers these policies. This is a proper distinction. But Bookchin does not address the question why anarchists would want to continue a political process without a state to carry out its decisions.

The central problem with Bookchin's work, however, is its misrepresentation of capitalism. Bookchin usually attacks capitalism for isolating individuals in the social sphere, but early on he attacks it for bringing people together economically, quoting Claude Mosse: "To build one's own house, one's own ship, or to spin and weave the material which is used to clothe the members of one's own household is in no way shameful... But to work for another man, in return for a wage of any kind, is degrading... there is really no difference between the artisan who sells his own products and the workman who hires out his services. Both work to satisfy the needs of others, not their own. They depend on others for their livelihood. For that reason they are no longer free."

Bookchin says that it is merely an "entrenched bourgeois myth that the free man is an atomized buyer and seller whose choices are constrained by his own psychological and physical infirmities." The Athenian citizen "would have seen beyond the arrogance of this self-deception into the pathos of the bourgeois citizen's clientage to the powerful, his aimless pursuit of wealth, his reduction of life to the acquisition of things." We are deceiving ourselves! Bookchin says so! Apparently, jibes like this are

what he expects to convince intelligent people.

He tells us that in pre-capitalist times, man was "communized," but capitalism "leads to privatization of the self and its disintegration into mere egoism. The city, in turn, is no longer united by any sort of ethical bond. It becomes a marketplace, a destructured and formless economic unit, a realm in which the Hobbesian war of 'all against all' becomes a virtual reality."

Things get still more exciting as the book comes to a close. We learn that capitalism is engulfing the world like a cancer and that urbanization is invading neighborhoods, villages and small towns; it is thrusting itself into the recesses of domestic and familial relationships and is subverting the "social bond" itself. The Roaring Twenties with their "socially devitalizing selfishness" let "morality go to the devil." "Mercifully," we are told, "the Great Depression of the 1930s froze this development for a decade." The Roaring Twenties, "with [their] naive imagery of personal greed and vice," were bad enough, but the Fifties brought "corporate greed and commercialized vice, the marketing of managerialism and suburban self-indulgence (material as well as sexual) as a new way of life and a new set of values...Social justice, idealism, and agrarian values of community gave way to privatization, self-indulgence, and suburban cookouts."

Despite the hysterical tone, much of this analysis is accurate—and very encouraging. Bookchin's attitude toward it reflects an uncritical adoption of Judeo-Christian-altruistic ethics. It never occurs to Bookchin that anyone might question these values or imagine other forms of "idealism." He writes his books to show that capitalism is in conflict with them. Okay, it is. But in failing to present any defense of what he takes for granted as virtuous, he misses the whole point. He has no answer to the decadent among us who view egoism as a virtue and altruism as a vice.

In Bookchin's suggestion for an agenda for the future, he lets collectivism and statism roam unhindered. According to Bookchin, to have a community context and overcome "the vacuity and triviality of life today," we must municipalize our entire economy. All businesses are to be owned by the body politic and administered by the city-state. We are told that "the individual, left to his or her own destiny in the name of au-

tonomy and independence, becomes a seemingly asocial being whose very freedom is denuded of vital traits that provide the necessary flesh and blood for genuine individuality... the 'autonomous individual,' lacking any community context, support systems, and organic intercourse, is disengaged from the character-building process..."

We may take Bookchin's word for it that he feels he lacks a community context. The reader is left to wonder, though, why the people we work with, the people we play with and the people we love, do not count as a community

context.

Bookchin's tongue is loaded with *ex cathedra* pronouncements. He often speaks of "morality" as opposed to egoism, and a "moral" economy as opposed to a market economy. Yet, we are presented with no philosophical system of ethics, or even a definition of "morality." Bookchin is talking to himself. Despite all his spiteful jibes at the bourgeoisie and bourgeois society, he never makes any attempts to refute bourgeois ethics or defend his own. His left-anarchism and socialism are apparently at wit's end. □

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### *Who Wrote the Bible?*

by Richard Elliott Friedman. Simon and Schuster-Summit, 1987.

### *The New Testament and Early Christianity,*

by Joseph B. Tyson. Macmillan, 1984.

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## *Going Beyond the Gideons*

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Stephen Cox

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This is an age in which vociferous supporters of paternalistic government often deduce their political and moral views from what they are pleased to think is a literal reading of the Bible—and friends of liberty are often unprepared to reply except with an invocation of the First Amendment and a joke or two cribbed from *Inherit the Wind*. Some objective examination of Scripture might be helpful, and I have two books to recommend on the subject.

But to whom shall I make this recommendation? I imagine a group of people locked in a hotel room with a Gideon Bible. One person is a fundamentalist. He believes that the Bible contains within itself everything that is necessary to explain its doctrine and history. He will not be interested in reading either of the books I want to mention—although, curiously enough, he has in his pockets a quantity of his own commentaries, pamphlets, and printed sermons, all of them written to explain the document that supposedly explains itself. A second person is a New Age aspirant to spirituality. He has never read Second Corinthians but is convinced that anything said by so stodgy a figure as St. Paul could not possibly merit ex-

planation. A third person is a modern mainstream Christian who is trying to escape from the room so that he can attend a demonstration against aid to the Contras. Certain that the social gospel is the only gospel that was ever preached, or ever mattered, he remembers only one line from St. Paul: "The letter killeth, but the spirit giveth life." Nothing in the Biblical text or its history concerns him further. And finally there is the atheist, who claims to be totally uninterested in reading about the *falsehoods* of Scripture, but is full of his own explanatory theories about those falsehoods.

These four people fight like cats over and around the Bible, but none is curious to learn anything new about it—to explore the historical contexts in which its major books were written (or even to find out their approximate dates), to analyze the political and social pressures under which its writers and editors struggled, or to understand the processes by which a wide variety of documents came to be accepted as canonical and incorporated into something called the Bible.

Yet there is a fascinating and dramatic story in every aspect of this subject, and one of the most fascinating stories is that of the effort to put together the thousands of textual clues that the

Biblical books offer about their own composition and produce an explanation of what happened. This detective story, as Richard Elliott Friedman says in his new book, *Who Wrote the Bible?*, has been in progress since people first "noticed that the Five Books of Moses included things that Moses could not have known or was not likely to have said." The work of detection has occupied some of the most ingenious minds of the past few centuries, and no final explanation has emerged. Friedman, however, makes a major contribution to the history of the Old Testament's composition, announcing important discoveries and at the same time supplying a highly accessible introduction to what has been done in the past. Friedman is especially concerned with the OT's central historical narrative. He reveals the ways in which its writers responded both to the events of their times and to the earlier writings with which they were acquainted. He shows how the political trials of the kingdoms of Israel and Judah influenced Biblical writers, and he explores in careful detail the manner in which the Scriptures were complicated and enriched by attempts to combine different accounts of history that were available in different documents. Friedman writes with a truly admirable clarity

and zest. Still better, at every point he explains the reasoning that leads him to advance his interpretations.

A companion book to Friedman's Old Testament study might well be Joseph B. Tyson's *The New Testament and Early Christianity*. Not so innovative or so lively as Friedman, Tyson nevertheless ranks high in clarity, objectivity, and the ability to take the reader through his process of reasoning. Like Friedman, he supplies a good account of the various attempts to understand the history of Biblical authorship, and his annotated bibliographies are an excellent guide to alternative ways of putting the puzzle together. He is sensitive, also, to the ideological implications of various ways of understanding Christian literature. Our conception of the way in which this literature was produced—the degree to which it was influenced, for example, by the oral tradition of certain communities, or by the requirements of evangelism, or by doctrinal or political controversy—can make a very big difference to our interpretation of what Christianity was (and is) about. A reading of Tyson's book, and Friedman's, would go a long way toward correcting the facile dogmatism that appears on all sides whenever the Judeo-Christian literary tradition is discussed. □

## The Conquest of America

Tzvetan Todorov

Richard Howard, trans.

Harper & Row, 1984, 274 pp. \$17.95

The title is perhaps a little misleading: this book is not about the European conquest of *all* of the American continent, nor even about the conquest of the peoples of the landmass now known as North America, and certainly not of the area popularly known as "America," e.g., the "United States of America." It is, instead, primarily about the Spanish conquest of the Aztec nation, and secondarily about the conquest of those neighboring peoples who were not a part of the Aztec hegemony but did become a part of the Spanish Empire. And it is about the dead, who did not survive the change of rulership.

But what makes this book special is not that it is a history, a narrative of facts, but that it is an analysis—an interpretation—of one of the most momentous of one particular series of historical events. Todorov, a respected European literary critic and semiotic theorist, has chosen to look at the Spanish discovery and conquest of the New World with a special eye to the clash of cultures, ideologies, and "*Weltanschauungen*." He states his theme as the "discovery *self* makes of the *other*," and it is this very moral concern which informs the whole work.

Like any historian he retells many tales; like any good historian he has pored over all sorts of primary sources; and he is familiar with most of the secondary literature on the subject. But the virtue of the work is his moral (and interpretive) purpose, which is, I think, an exemplary success.

I recommend this work to libertarians concerned with the "Indian question" (or, better yet, *questions*—which have recently been brought out of neglect and into mind); to *anyone* who wants a fascinating and never boring account of what Todorov rightly calls the events that "mark the beginning of the modern era"; and to every self-described "egoist" who still believes that "rational self-interest" is the most important sort of interest to come to terms with in order to deal with social, political and moral issues. Concerning this last point, I think this study of human values directs attention to where it is most deserved: interpersonal understanding and valuation. —DS

→ continued on page 59

# Booknotes

## Religion, Economics, and Social Thought Proceedings of an International Symposium

Walter Block & Irving Hexham, eds.  
The Fraser Institute, 1986.

This is a perfect book for those libertarians (who must number in the dozens, at least) who are very concerned with the place of religion in society, and in the various cases made both for and against liberty on religious grounds. The essays are scholarly but generally well written, and several of them can only be described as fascinating. I found A.M.C. Waterman's essay "Christian Political Economy: Malthus to Margaret Thatcher" and Imad Ahmad's explanation of "Islamic Social Thought" especially in-

teresting. Though all of the essays are basically attempts at historical interpretation, this does not prevent the authors—or the many commentators and discussants—from advocating and arguing for particular political and philosophical positions. Indeed, it is amusing to witness the same sort of philosophical controversies among religious thinkers as are found among libertarian thinkers (mostly agnostic) in such tomes as Machan's *Libertarian Reader*.

Lastly, I should confess: I did not read every word of this book. But there is absolutism: one advantage of books such as these is that you need not feel guilty if you do not read every single contribution; the utility of the volume can be gained by picking and choosing. Thank God. —David Sheldon

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## Film

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# Natural Lawman

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Timothy W. Henderson

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Imagine you are Morgan Hickman, bounty hunter, protagonist of *The Tin Star*. You're "not the law," but you "work inside it, for money." Yesterday, you brought in the carcass of Luke Jamerson, murderer, to collect your reward. Mayor Kane made it clear to you that men of your profession are disdained by his "decent folk." Refused a room at the hotel, you spent last night outside of town at the home of two other outcasts: a half-breed boy you befriended, and his widowed mother, whose proud Indian husband had been killed by racists. Now, with the autopsy completed, confirming your report that Jamerson had been killed by only one frontal shot in a fair fight, you enter the office of young Sheriff Owens to sign the claim that he must also endorse and send to the freight company that posted the reward. You make your mark, then hand the pen to Owens, but before he can sign, Bogardus, the town's tough guy and Owens' chief competitor for the sheriff job, shoots an Indian in the back, gunning him down in the street. Owens, still a tin-horn "law mule," tentatively approaches Bogardus to arrest him. Bogardus lulls Owens with his talk, while slyly taking hat in hand and lowering it to his side. Just as Bogardus, his gun concealed by his hat, moves to draw on Owens, you fire a single shot from across the street and blast the gun from Bogardus hand. You explain your actions to the surprised sheriff by saying which of the following?

Choose one:

a.) "Too bad I stole your glory, Sheriff, but it's my policy to shoot anybody who draws a gun, whether they're aimin' at me or not. A man's got a reputation to maintain." Or,

b.) "Please pardon my intrusion,

Sheriff. I didn't mean to interfere. I was only trying to draw his fire toward me, so you wouldn't be hurt." Or,

c.) "Scuse me, Sheriff, but you forgot to sign my claim."

Days pass, and your five hundred dollars of reward money arrive. In the time you've spent boarding with Norma Mayfield and her son, Kip, you've grown affectionate toward her and the boy. Kip is an energetic, enterprising youngster who's been raising pigeons to earn the money to buy a horse and "maybe a dog." But despite Kip's determination, the Mayfields are of such modest means that it's apparent his dream of ownership is only that. So, you spend a couple of bucks on an old paint named Dinky and give it to Kip. Kip's eyes light up like the Fourth of July when you hand him the reins, and he leaps into the saddle, shouting for joy as he gallops off. By way of apology, Norma says, "He didn't even thank you!" "He sure did," you reply. "Didn't you see his face?" Mock-reprimanding you, Norma says, "You're too generous." Which of the following is your reply?

Choose one:

a.) "Hah! From now on that kid'll worship the ground I walk on. If I ever decide he's getting too uppity, I'll just remind him how beholden he is to me, and that oughta slap him down good." Or,

b.) "Oh, no, quite the contrary. It is I who should be grateful that he would accept a gift from one whose soul is as tainted as mine." Or,

c.) "Don't fool yourself. A man lives alone like me, he gets kinda selfish. If he gives you anything, you can be sure he's gettin' his money's worth."

Before you move on, Doc McCord, the town's most beloved citizen, is shot and killed by the McGaffey brothers. The mayor promptly flip-flops on the

bounty hunter issue and, at Bogardus' urging, offers a huge reward for the capture, dead or alive, of the killers. Bogardus and a riled-up "posse" gallop past the Mayfield house and Kip, playing sheriff, chases after them. At the McGaffey place, the mob gets involved in burning down the house and forgets about pursuing the brothers. The fire leaves the McGaffey's dog homeless, so it decides to run after its masters, who are hiding in the hills. Kip chases after the dog, and you, concerned about Kip's welfare, chase after him. Sheriff Owens, who has learned from you that it's better to "hunt alone, not with the pack," also arrives at the McGaffey's hiding place, a mountain cave. Using fire for a somewhat more useful purpose than Bogardus did, you cleverly smoke the boys out and deftly take them alive. Which of the following do you then do?

Choose one:

a.) You render the McGaffey's helpless by tying them up, then blow their brains out. When Sheriff Owens protests, you quell his objections by explaining that they'll be easier to handle dead. When Kip recoils from your violent act, you blow the dog's brains out too, then laughingly explain that "life's like that" and that he'd "better get used to it." Or,

b.) You tie up Sheriff Owens and give his horse, along with your own, to the McGaffey's. You explain that the boys aren't responsible for their actions, but that society is; therefore, the guilty party is not they, but mankind. In a coup de grace of social justice, you give Kip's horse to the dog, so it can comfortably accompany the McGaffey's on their getaway. Or,

c.) You take the McGaffey's, alive, back to town to be jailed until they can stand a fair trial. When Bogardus and his mob come to hang the brothers, you advise Sheriff Owens on how to prevent the lynching. Kip, having been the first to locate the McGaffey's gets to keep not only the reward money, which he gives to his mom, but the dog as well.

If you chose the "c" answers to the foregoing questions, then you and the "reel" Morgan Hickman see eye-to-eye. This (admittedly rather contrived) introduction is intended to acquaint you with *The Tin Star* by employing the method by which we apprehend a work of the story-telling arts, i.e., through identification with the tale's characters. Our understanding of ourselves gives rise to what we choose to seek in them, but in turn, the act of discovering those charac-

ters, of knowing them by being them, affords us opportunities to reaffirm and, through the revelation of hitherto unacknowledged intra-personal dimensions, to redefine ourselves.

In the case of *The Tin Star*, this approach is particularly apt because the film is, in essence, the portrait of a man, Morgan Hickman. Its form accords with its function. All the cinematic elements that constitute the film—narrative content, dramatic direction, pictorial composition, musical score (which is delightful), editing and so forth—are supportive of this end. Critics who have rediscovered director Anthony Mann's *oeuvre* have noted that *The Tin Star* stands apart from those films for which Mann is most highly regarded, five westerns starring James Stewart. Because *The Tin Star* is different, they brand it a failure, but it is not. Actually, the dissimilarities deemed flaws by critical consensus are those elements of *The Tin Star* which, rather than diminishing the film's effectiveness, most cogently elucidate Hickman's personality. Often, Hickman himself, as realized by Mann and actor Henry Fonda, is considered one of the film's chief liabilities. In fact, his character is the film's primary virtue.

The Stewart films tend to be sprawling and turbulent because the protagonist, though generally worthy and admirable, is conceived as a man in conflict with nature; his struggles with the wilderness and other men are both outward manifestations and symbolic representations of his inner grapplings with desire and obsession. *The Tin Star*, by distinction, is self-contained and coolly composed because Hickman is a man who has achieved, to a significantly greater degree, mastery of self and of the skills requisite to frontier living. From his core radiates a serenity that pervades his involvements, including occasions of heightened action or emotion.

As the protagonists differ, so do the films. All of the Stewart films, except the earliest, *Winchester '73*, were shot in color, a sensible choice considering their vintage ('fifties), setting (outdoors), and emotional tones (vivid). But *The Tin Star*, though it was made just a year or two after these very successful pictures, was shot in black-and-white, for which it is ideally appropriate. It complements both Dudley Nichols' screenplay of fun-

damental forces and Mann's clear, sure, nuance-sensitive visual plan. Black-and-white (even when deeply, finely edged by cinematographer Loyal Griggs) downplays the eye-catching scenery, rendering it less of an "adversary" and returning it to the background, which in turn "enlarges" character in relation to it. Further, since *The Tin Star* incorporates a greater number of interiors than

*Gunplay is no game, no way to glory,  
no mere opportunity for showing off  
fancy moves.*

the Stewart films, black-and-white, being the medium of contrast, serves best to implement expressive chiaroscuro effects in low-light conditions. A good example of this is the subtle, touching, scenes in which Norma Mayfield (played with wholesome vibrancy by Betsy Palmer) hands Hickman a lighted candle. Better still is a somewhat Manichaean scene-ending, hearteningly antithetical to Mann's powerful early *film noir* efforts, in which the camera, situated in a hotel lobby, gazes straightforwardly at Hickman as he is turned away by the desk clerk and walks, with easy, self-possessed gait, out of the shadowy room, 'through its open door, into a sun-filled street, pausing for a perfect moment, backlit, centered, in the luminous rectangle of the door-frame.

The feeling conveyed in this fragment is of an inner calm, an unshakable sense of balance that Hickman possesses, which keeps him unaffected by the gawking and scorn of the townspeople. The inescapable comparison here is to Ethan Edwards, the John Wayne character in John Ford's monument to the door-as-cinematic-metaphorical-device, *The Searchers*. In that film, Edwards is separated from the fellowship beyond the portal, and therefore socially alienated, perhaps at times even existentially isolated. Similarly, Hickman is set apart from the community, and yet (as played by Fonda with understated sublimity) he is content, if not fully happy, with his aloneness. Furthermore, unlike Edwards, Hickman is able to relate to the townspeople, but is rejected by them.

But Hickman is not transcendent; he realizes that the mundane and the spir-

itual are one. Mann deftly depicts this with a few, spare, rudimentary strokes in a scene exhibiting the essence of motion picture expression. The first shot is medium close on Hickman's knee-to-shoulder area, as he demonstrates how to draw and cock a gun in one fluid motion; in the background, a river's currents sweep along in the same direction as Hickman's smooth action, echoing the energy and grace of Hickman's movement, and suggesting the harmonious relationship with nature. Next, in a similar composition, when Owens (Anthony Perkins) draws his gun with some awkwardness, the camera is angled to capture his action going "against the grain" of the river's flow, thereby conveying impressions contrary to those of Hickman in the previous shot.

As this scene continues, Hickman responds with a brief, elementary discourse on the Inner Game of Gunfighting. "Be fast when you go into action," he says. "Be fast with your muscles, but..." He pauses, pointing to his head, "deliberate here." Hickman's spirituality is not muddle-headedly mystical. He indicates that being in congruence with life necessitates an awareness of the immutability of death. (The idea of the unity of life and death is underscored later by the Doc McCord plot-thread: McCord is unexpectedly killed on his ninetieth birthday, but just after delivering a baby boy christened with his name.) Hickman admonishes Owens, "No decent man wants to kill. But if you shoot, shoot to kill." And yet earlier, with Owens as prime witness, he acted contrary to this advice when he shot and disarmed the established villain rather than killing him. Hickman simply wants Owens to understand that gunplay is no game, no way to glory, no mere opportunity for showing off fancy moves. Death is an ultimate fact of life; it is real and it is final. Don't flirt with it.

Though morally exemplary, Hickman is no quasi-religious figure, by western or eastern standards. If he turns from a confrontation, it is to avoid the folly of unnecessary violence, not to turn the other cheek. And if he respects and lives in agreement with nature, it is because doing so has the utility of furthering his life. He does not attempt to lose his identity by merging with some elusive ineffableness.

And Hickman, being human, has his

dark side. He is caustic in response to hostility and foolhardiness, though his rejoinders often function as veiled invitations to discourse. And sometimes he is bitter, especially when longing for his wife and son, who years ago had taken sick and died while he was away tracking an outlaw for bounty money, having been unable to procure a loan from his fair-weather friends. Many of Mann's protagonists, in the Stewart films and others, have experienced some similar trauma, but for them, pain still affects their actions. For Hickman, it is receding toward memory's horizon as his life's course moves him further from it. He even recounts it in the third person, as though it had happened to someone else.

Hickman has evolved sufficiently to let go of the middle third of his life and enter, clear-eyed and resolute, into the last, a concluding age symbolized by Doc McCord. Included in the legacy he will leave is the wisdom he imparts through word and deed to Owens, who is just passing into adulthood, and to Kip (Michel Ray), who is still a youngster, barely embarked on the first third of his life's journey. They, it is intimated, will pass on this knowledge to people like the new born infant.

Sadly, the type of character of which Hickman was such a splendid example, the honest, intelligent, compassionate, independent, capable, self-assured man, is almost absent from contemporary cinema—as is the western itself. Fortunately, one of the benefits of the enduring arts (and film must be considered among them) is that works incorporating ageless values can be turned to again and again. As we have increased our desire for proper nourishment and exercise of our bodies, the market has responded by supplying products to meet our demand. Undoubtedly, if we promote the awareness that minds also require more than junkfood, the market will again respond. □

### **The Tin Star**

Studio: *Paramount*, 1957  
 Producers: *Perlberg-Seaton*  
 Director: *Anthony Mann*  
 Cinematographer: *Loyal Griggs*  
 Story: *Barney Slater & Joel Kane*  
 Screenplay: *Dudley Nichols*  
 Music: *Elmer Bernstein*  
 Cast: *Henry Fonda, Anthony Perkins, Betsy Palmer, Lee Van Cleef, Neville Brand, John McIntire, and Michel Ray.*

## **Booknotes**

→ continued from page 56

### **The Methods of Ethics**

Henry Sidgwick  
 Seventh Edition (1907)  
 Hackett Publishing Company,  
 528 pp., \$12.50

As John ("*A Theory of Justice*") Rawls states in his introduction to this edition of Sidgwick's classic work, *The Methods of Ethics* "is the first truly academic work in moral philosophy which undertakes to provide a systematic comparative study of moral conceptions, starting with those which historically and by present assessment are the most significant." It is also the best exposition of the classic form of utilitarianism, presented "warts and all," in a prose style that not only meets "academic" standards, but surpasses most similar efforts (including Rawls').

Sidgwick had a brilliant analytical mind, and this work is unduly neglected by contemporary students of ethical theory. Because Sidgwick discussed not only the classic form of utilitarianism, but also the several forms of egoism and intuitionism, this work is especially helpful for those libertarians who reject—or are considering rejecting—the various "natural law" approaches to moral philosophy. Though far from perfect, it is one of those books (such as Brand Blan-

shard's *Reason and Goodness*) that is on my list of "required reading." —TWV

### **The Politics of Procrustes Contradictions of Enforced Equality** Antony Flew, Prometheus Books, 1981

Antony Flew has one of the more peculiar literary styles among contemporary libertarians: like Nozick, there is an element of quirkiness in his approach to the problems of philosophy and in his manner of presenting his ideas. In this book, however, his stylistic oddity is likely to cause the American reader few problems, though his British orientation and examples may.

The title and subtitle delineate his subject very well: the author has mounted a sustained attack on those who find it admirable and moral to put humanity on the "rack of equality" in order to make a better society. With wit and learning he explains, argues, demonstrates, and cajoles the reader into rejecting the egalitarian "ideal."

Flew is not content to demolish egalitarianism, but goes after socialism as well, and with great success. His chapter on "unintended consequences" is better than most such examples of "invisible hand" arguments (which are becoming ubiquitous, and are often presented with little real explanation).

This is not light reading, but is, nevertheless, a good curative for those (few?) "unthinking" egalitarians still capable of thought. —TWV

## **Coming Next Issue**

**The Critics of Barbara Branden, by David Brown**

**I Go To Jail, by Franklin Sanders**

**Why Libertarians Should Support the Contras**  
 by Gary Alexander

**From Russia With Love, by Benjamin Best**

Plus: Writings by *David Ramsay Steele, William P. Moulton, Murray N. Rothbard* and others.

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# Me and the Eiger

by Murray N. Rothbard

There are ethnocultural gaps between people that go far beyond ideology. I was forcibly reminded of this truth when I recently attended a scholarly conference at a beautiful rural spot. The twenty or so conferees were all intelligent, amiable, and scholarly, but I soon realized that there was an unbridgeable gulf between them and me. I'm not talking about the content of the conference, which was...a conference. I'm talking about the conversation that permeated the place outside of the formal sessions, over meals and over drinks. I soon realized, to my chagrin, that none of their conversation held the slightest interest for me. Not a word, not a thought, did they devote to human culture—to ideas, books, movies, politics, gossip. Nothing. Instead, they only talked about *nature*. They talked about the contents of the local soil, about the winds, about why it is that the grass freezes overnight more quickly if the climate is dry (or is it when humid?), about the ozone layer, and the eco-system. Yecch!

At one point, I perked up. Two of my colleagues were talking about the "Eiger Sanction." At last! I piped up: "Yes, that was a great Clint Eastwood movie." They looked at me as if I were crazy, and I realized, with mounting horror, that they were talking about the *real* Eiger, and how they had each lost several friends and relatives in their attempt to climb the dread south face (or is it the north face?) of the Eiger.

Let's face it: the difference is ethnic. I am willing to assert that there is not a single Jew who has ever climbed the Eiger, of whatever face, or had the slightest inclination to do so. Any Jew worth his salt regards any yen to climb the Eiger as *mashuggah* (crazy) and the famous answer of Sir Edmond Hillary to why he climbed mountains, "because they are there," as scarcely compelling.

So why not swallow a big dose of cyanide because "it is there"? Climbing the Eiger is a striking example of what a friend of mine calls *goyim-nachas* (gentile-happiness). Note what I am not saying: I am not saying that every single WASP talks about nothing but winds and the soil and the ozone layer, and is about to set out to challenge the Eiger. But I *am* saying that in a gathering of Jewish scholars, everyone would

be conversing about ideas, books, movies, politics and gossip. And not a single one would have any friends or relatives who died on the Eiger.

If one were needed, empirical confirmation of this great truth was provided at this conference by the one other urban Jew in this gathering of WASPs. While in other contexts we might have been at swords' point, here we were comrades-in-arms. During breaks between sessions, the WASPs, all thin and hardy, climbed neighboring mountains. I happily reclined in my plush hotel room, watching the baseball playoffs (there is nothing more soul-satisfying than watching *other* people engage in strenuous sport), while my fellow Jewish-ethnic, fat and wheezing at forty, ate double meals and fell into a snooze. God bless him, he's the sort of person who made America great.

For those who have lived on another planet and have never been introduced to this form of ethno-cultural analysis, read Philip Roth and watch Woody Allen movies. *That's* what they are all about. □

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### Books

**Imagine Freedom** from Governments and Churches; a libertarian introduction. stormy MON, editor. 188 pages, illustrated. Controversial. \$4. Libertarian Library, Box 24269, Denver, CO 80224.

**"Alongside Night"** —J. Neil Schulman's exciting account of a libertarian revolution in 1999. Hardback copies. \$5 each, postage paid! Liberty Bookshelf, PO Box 1167, Port Townsend, WA 98368.

**"The Dream Never Dies: A Convention Diary"** by Brian Wright. An account of the 1987 National Libertarian Party Presidential Nominating Convention. \$6. Wayword, Inc., 6689 Orchard Lake Rd., #249, W. Bloomfield, MI 48322.

**How to Open A Swiss Bank Account** in the Bahamas —Mark Skousen's revised

edition. \$20. Send cash or check to "Mark Skousen," Bahamas Banking, Box 2488, Winter Park, FL 32790.

**"Heiland"** —Franklin Sander's novel of a future dystopia...and an emerging utopia. \$7 postpaid. *Moneychanger*, Box 341753, Memphis, TN 38184.

### Periodicals

"I am the first to admit I am no stock market expert. But I know an overbought market when I see one. In my judgment, there is no doubt that a broad and steep decline will hit the market."—from *Analysis & Outlook*, Oct 8, 1987, mailed to subscribers by first class mail Oct 9, ten days before the stock market crash. For subscription, send \$36 for one year, or \$10 for 3 month trial to *Analysis & Outlook*, Dept L, PO Box 1167, Port Townsend, WA 98368. Pro rata refund upon request guaranteed.

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# Notes on Contributors

"Baloo" is the *nom de plume* of Rex F. May, whose cartoons appear in numerous magazines, including the *Wall Street Journal* and *National Review*. Mr May is the editor of *The Trout in the Milk*.

R. W. Bradford is publisher of *Liberty*.

William Cate is an adventurer and entrepreneur who lives "somewhere in South America."

Stephen Cox, an associate editor of *Liberty*, is Associate Professor of Literature, University of California, San Diego.

John Dentinger is a writer living in Los Angeles, California, whose writings have appeared in *Playboy*, *Chicago Tribune*, and *Reason*. He won the 1987 Free Press Association H. L. Mencken Award.

Timothy W. Henderson is a musician living in Los Angeles, California, with numerous studio, stage and screen credits. He is currently composing material for a libertarian-themed musical project.

Mike Holmes is also the Editor of the *American Libertarian* newspaper, and contributing editor for *Liberty*.

Terry Inman is World Spokesperson for the Libertarian Student Network, and edits *Show Me Freedom* and *Youth Connection*.

Bob Ortin has a degree in applied math and physics from the University of Wisconsin. He lives in southern Oregon where his "Burons" political

cartoons are regularly featured in a local newspaper.

Ross Overbeek, an associate editor of *Liberty*, is a research scientist at the Argonne National Laboratory.

Sheldon Richman is director of public affairs at the Institute for Humane Studies at George Mason University.

Murray N. Rothbard is an associate editor of *Liberty* and editor of *The Review of Austrian Economics*. He is Vice President for Academic Affairs at the Ludwig von Mises Institute and S.J. Hall Distinguished Professor of Economics at the University of Nevada, Las Vegas.

Sandy Shaw and Durk Pearson are research scientists who have written three best-selling books on nutrition, aging processes, and health. They publish *The Durk Pearson & Sandy Shaw Life Extension Newsletter*.

Raul Santana is reportedly the pseudonym of a well known libertarian writer.

David Sheldon, late of Portland, Oregon, describes himself as a "down-to-earth *luftmensch*."

Timothy Virkkala is assistant editor of *Liberty*.

Ethan O. Waters is a writer who lives in Southern California.

## Terra Incognita

### Los Angeles, Calif.

The dangers that police face in protecting the public, from the testimony of Officer Kurt G. Karz in Los Angeles Superior Court, accused of "wrongful death" in the death of a suspect:

"I was in absolute fear that he was going to take my gun away from me and use it against me. I fired my weapon to protect myself." The record showed the Officer fired six bullets at his victim, who was nude at the time of his arrest.

### Washington, D.C.

Evidence of the personal sacrifices public officials make in pursuing high office, as reported in the University of Michigan *Res Gestae*:

While job hunting at a reception for losing Democratic candidates for the U.S. Senate, Walter Mondale confided that his next job "would have to pay at least \$500,000 and involve little work."

### Los Angeles, Calif.

How the Department of Agriculture protects consumers from fraud, as reported in *The Wall St Journal*:

Wolfgang Puck, owner and chef at Spago, the famous Los

Angeles restaurant, was prohibited from fraudulently offering the public pizza by the Department of Agriculture. "What he didn't realize is that these regulations have the force of law," said Judith Quick of the Department. Chef Puck had offered the public pizza made entirely from fresh ingredients. Regulations specify that pizza be topped with "tomato sauce," and the fresh tomatoes Chef Puck tried to substitute did not qualify.

### The Malagasy Republic

How the government sponsored vanilla cartel prevents capitalist exploitation of the farmers of this island nation, as reported in the *London Economist*:

Vanilla growers are paid less than \$1 per pound for raw vanilla pods. Taxes raise the export price to \$72 per pound, and bring in over \$60 million per year to the Malagasy government's treasury.

### Houston, Texas

Evidence of the contemplative life of the man "a heart-beat away" from leadership of the free world, as reported in *The Wall St Journal*:

George Bush's residence in Houston, Texas, has 101 different volumes of Reader's Digest Condensed Books.

# Terra Incognita

## Washington, D.C.

Another victory in the War Against Tax Fraud, conducted by the public servants of the Internal Revenue Service, as reported in *Accounting Today*:

A businessman was fined \$10,000 for using a typewriter that prints 12 characters per inch when filing his 1986 tax return. The businessman had failed to notice in the 16 pages of instructions on filling in form 1099 that "All forms 1096, 1098, 1099 and 5498 must be prepared in accordance with the following instructions... Type or machine print data using a carbon-based black ribbon. Print must be in 10-pitch black type. Any other print is not acceptable."

## New Delhi, India

Proof that publicly owned telephone companies are responsive to consumer needs while protecting the public from the abuses of private enterprise, as reported in *The Wall St Journal*:

A former cabinet minister brandished a pistol at the state-owned Mahanagar Telephone Company demanding that they complete a long-delayed telephone call to Bombay.

## Washington, D.C.

Three good reasons to support Sen Robert Dole for President, as reported in *The Seattle Times*:

Lynda Carter, Joan Collins and actor-Mayor Clint Eastwood have endorsed Robert Dole's bid for the Presidency.

## Irvine, Calif.

The sacrifices law enforcement officers endure in the pursuit of crime, as reported in the *Orange Coast Daily Pilot*:

Pamela Weston was found guilty of prostitution, after agreeing to perform a topless dance for \$300 at a party organized by police officers at the Marriott Hotel. By doing so, the woman had implied a willingness to have sex with the party goers.

The party was organized by undercover police officers from three cities. A total of 19 officers participated in the arrest of Weston and another woman at the hotel. The officers did not explain why so many officers were needed for the arrest, or why the officers needed a "bathtub full of beer" at the party, or why the officers photographed the naked hand-cuffed women, or why the undercover officer who convinced another woman to perform oral sex on him forgot to call the other officers so she could be arrested.

Chief of Police Arb Campbell commented on the conviction of the dancer, "Justice prevailed."

## Turin, Italy

Food for thought for Americans considering leaving the country in search of opportunities in other nations, as reported in *USA Today*:

"I miss McDonald's," said former National Basketball Association star Dan Roundfield. "We have food shipped in from the U.S. It takes two months for the boxes to arrive, but we have things like canned corn, tuna fish, canned peaches, peanut butter and junk food."

## Gansu, People's Republic of China

Evidence of the prosperity that scientific socialism brings, as reported in the London *Economist*:

The official poverty line in China is 200 yuan (about U.S. \$38) per year. About 100 million Chinese live below it.

## Cleburne, Texas

The repute in which the youngest aspirant to the Nation's highest office holds the Bill of Rights, as reported by Molly Ivins in the *Houston Post* :

"A young man who approached Sen. Albert Gore of Tennessee and asked him to sign a Dead Kennedys record album (if unfamiliar with the Dead Kennedys, ask the nearest teenager) was promptly arrested and hustled off to the hoosegow.

"Gore mistakenly thought the Dead Kennedys were one of the rock groups his wife Tipper has been trying to have warning labeled for dirty lyrics and that the episode was a plot to embarrass him. The kid just wanted an autograph."

## Gyangste, Tibet

Further evidence of the liberalization in the People's Republic of China, as reported in the *Los Angeles Times*:

Kris Tait, a 25-year-old English tourist was stopped by a Chinese soldier, who attempted to pull off her T-shirt, which featured a picture of Phil Silvers, who starred as "Sgt Bilko" on a U.S. television show in the 1950s. The soldier believed the picture was a likeness of Tibet's exiled religious leader, the Dalai Lama. Ms Tait crossed her arms over her chest in resistance and eventually managed to escape, after a crowd of Tibetans gathered in her defense.

## Washington, D.C.

Proof that spending millions on intelligence has been a good investment for the citizens of the United States, offered in this dispatch from *The Wall St Journal*:

"U.S. officials were shocked to learn that more than 90% of the CIA's agents in Cuba had been taken over and controlled for years by the Cuban Intelligence Service, the DGI. The Cubans, intelligence sources say, 'doubled' most of the CIA's agents and put them to work against their CIA controllers. They also fed bogus information to almost all the agents who weren't actually working for them.

"Although what happened in Cuba was an embarrassing setback to U.S. intelligence operations, it wasn't as damaging as other failures. 'We have had a decade of counterintelligence failures,' says an intelligence official. 'There is nothing the Soviets don't know about our most basic methods.'"

## Ohio

Further reports of the battle against canine alcoholism, from the Buckeye State, as reported in *The Wall St Journal*:

Posters and cardboard boxes featuring pictures of Spuds MacKenzie, the "party animal" wearing a Santa Claus suit have been banned in Ohio.

## Kelso, Washington

Evidence of judicial progress in the wilderness of Washington State, as reported in *The Seattle Times*:

A recall petition based on charges that city councilwoman Diana Johnson, 29, bared her breasts in a bar was thrown out of court by a Cowlitz County judge on grounds that the charge concerned Councilwoman Johnson's private life, and could not be the

(Readers are invited to forward newsclippings and other documents for publication in *Terra Incognita*.)



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— Murray Rothbard, 1988

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