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The Party in Portland

by Patrick Quealy, Mark Rand, and David Beito

The Biggest Game on Earth

by Andrew Ferguson

Sanity on Trial

by Andrew Scull

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Letters

Hate Magic

Jon Harrison ("George Bush: Darling of the Liberals," July) is doubtless right that the true source of Dems' hatred of the free-spending Bush is that he took their turf. Tax dollars no longer flow solely through their hands. However, they can't admit this, even to themselves, and so magical thought is required to facilitate anti-Bush sentiment. They blamed Bush following Katrina, much as 17th-century colonists blamed witches after storms.

There's no hatred like magically derived hatred (consider racism, for example). This will make for fireworks should Dems retake the House in '06.

Russell B. Garrard
Bellevue, Wash.

Lindell AWOL?

While I applaud R. Kenneth Lindell's efforts on behalf of liberty in Maine ("My Life As a Legislator," July), I take issue with his dismissal of the LP. Specifically with his portrayal of the Libertarian National Convention.

Lindell and I were the candidates for regional representative to the LNC from the Northeast region (all of New England, New York, and New Jersey) at the Anaheim LP Convention in July 2000. Lindell received more votes than I did, so he became the regional representative and I was the alternate. At the conclusion of the convention, the new LNC met. Lindell was not in attendance, though I was there and sat in on the meeting. At the next full (weekend) meeting of the LNC, later that year, in the D.C. area, Ken was again absent, though I attended the entire meeting. In fact, during the entirety of his term as regional representative, Lindell never attended a single minute of any LNC meeting, even though he insisted during his contest with me at the regional caucus that his status as a pilot virtually assured that he would be able to attend all the LNC meetings. That assurance might have swayed some votes; the final tally was quite close.

So how he can characterize the LNC as dominated by "infighting and jockeying for position" utterly escapes me. Yes, he served less than a year: by the end of 2000, realizing perhaps that his nonattendance didn't serve him or his region's constituents, Lindell had resigned. In fact, numerous attempts to contact him during the half-year that he nominally served proved quite fruitless. I argue that he never gave the LNC a chance, and certainly never learned enough first-hand to assert that "infighting and jockeying for position" so characterize the LNC that he was driven from the organization.

Dan Karlan
Waldwick, N.J.

Rep. Lindell responds: Mr. Karlan misses the point. I was not writing about my contributions during my brief stint on the LNC. My point was that the LNC has proved so ineffective at electing libertarians to office that I sought other avenues for my political activity. Indeed I am hard pressed to name one LP candidate elected to a state legislature without also running on a major party ticket. New Hampshire's legendary libertarian members all ran as Republicans. I would not have stood any chance being elected to the Maine House of Representatives on the Libertarian Party ticket — but, I was elected on my first run as a libertarian Republican. I am very proud of my 99% attendance record in the first session of Maine's 122nd legislature, and my 100% attendance record during the second session. I think my constituents are also pleased about how I have set my priorities.

Besides, I have also never been a

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Inside Liberty

September 2006
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Features

Reviews

pilot, nor claimed to be one. Perhaps Mr. Karlan has me confused with somebody else.

Question Time

While I'm not sure I fall into any of the categories Stephen Cox addresses, I am intrigued by his questions ("I'm sorry to interrupt you . . . ," Reflections, July), which I will condense to save myself a lot of typing.

Do you believe there are any limits to the number of immigrants that America should accept?

No. I cannot write an essay on economics here, so that answer will have to stand. I do favor trying to exclude actual enemies of the United States, but I do not expect great results from that effort, for a reason I discuss below.

Do you believe there are any limits to "immigrants' rights"? How do immigrants gain these rights?

Government-provided education, etc., are not rights at all, so they cannot be immigrants' rights. Of course the right to vote is another matter. Historically, five years residence, followed by naturalization, has been required for this. Before it was put under the control of the bureaucracy, naturalization was a straightforward process, yielding generally satisfactory results.

Are you making the same demands for open borders on Canada, etc., as on the United States?

Immigration into Canada is not my problem. It occurs to me, however, that if Canada's immigration policies make it relatively underpopulated, it may have trouble keeping its independence — which also is not my problem.

If the economy benefits from, say, 10 million unskilled laborers, would it benefit still more from 50 million, 100 million, or 500 million?

Of course; it escapes me how this is a hard question. But Cox adds, in the tone of a threat: "Because I'm sure you could find that many people who would be willing to come here." A question of my own: if that were true, who or what could stop them from coming?

If you believed that most immigrants from a country held ideas inimical to our rights, would you seek to limit immigration from that country?

Why bother? It would do us no particular good, because the majority of Americans hold just such ideas. If that were not so, none of the foregoing would be a problem.

If you could not dismantle the entire social-democratic political system before *dismantling controls on immigration, would you still favor doing the latter?*

Yes, emphatically. The point of demanding one thing before the other is to prevent any enfranchisement at all — a strategy of unite and conquer. I refuse to fall into that trap.

Let me also point out the obvious, which is that aliens did not establish

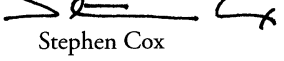
I don't say this enough — because nobody could say it enough — but the people who make this magazine possible are Kathleen Bradford, Mark Rand, Andrew Ferguson, and Patrick Quealy, the wonderful staff of Liberty. No editor ever had more intelligent and perceptive colleagues, or colleagues who were so much fun.

It gives me great pleasure to welcome Jo Ann Skousen to this group, as Liberty's Entertainment Editor. Jo Ann's articles and reviews have made her familiar to all our readers, and we thought it was time to exploit her even more cruelly than we have before. Jo Ann knows what she's doing. We're fortunate to have her with us.

In this issue we are running a special feature, long planned by R.W. Bradford, our founder: a symposium on ten great libertarian books of the 20th century. The life of books — unlike the life of political speeches, opinion polls, television "news analysis," and the vast majority of the courses that people take in school — is real life. To quote an old poem, it is books that "rouse and rule the world." It is books, thoughtful, serious, courageous, and always deeply individual books, that created the modern libertarian movement. It is books that will keep it alive.

I hope you'll enjoy what our ten writers say about those ten great books. And I hope you'll read the books.

For Liberty,



Stephen Cox
Editor

the social-democratic system, as Cox calls it. *We* did.

Michael Underwood
Arlington, Va.

Boom and Bust

Richard Timberlake makes a point ("The Notion that Caused the Great Depression," June), and a very important one. The true explanation of the Great Depression rests on the Fed's Real Bills Doctrine.

Granted, the monetary contraction of 1929–1931 was the spark that precipitated the crash. But as Richard Timberlake says, the Real Bills Doctrine was to blame. Actually, the true cause of the Great Depression was not the contraction but the preceding monetary expansion.

The Fed was established in 1913 in the hope of improving economic conditions by furnishing "an elastic currency." Its goal was not only to prevent the quantity of money from declining but also to make it relatively easier and cheaper for businesses to borrow. The Real Bills Doctrine was developed to make it possible to expand loans to business. The result was, in effect, a lowering of the rate of interest. As most businessmen, economists, and politicians do not realize that the interest rate is a real market phenomenon that cannot be manipulated without peril, they considered the reduction in interest rates an essential goal of economic policy. Therefore, few voices were raised in opposition to the development of easier money. Yet the monetary expansion (not to mention the distortions in the pattern of investment and production that ensued) continued to build throughout the 1920s until, finally, the boom was brought down by the crash.

If the United States had clung to the gold standard all along there would have been little or no monetary expansion in the 1920s. With little or no monetary expansion, there would have been no cause for monetary contraction. But it was the expansion of money and credit, not the contraction, that was the real cause of the Great Depression. The monetary contraction was merely the spark that lit the fuse.

Bettina Bien Greaves
Hickory, N.C.

Fractured Reserve

I agree completely with Richard Timberlake's defense of the free market system and a gold standard for banking from the charge that these were the cause of the Great Depression. But I think this point is much stronger made from the standpoint of fractional reserve banking rather than the Real Bills Doctrine. Timberlake mentions fractional reserve banking just once, on his first page, but even there, it is not the subject of his sentence; nor is it defined nor ever referred to again.

The Real Bills Doctrine originated as a defense (a poor one, as Timberlake brings out) against the charge that banks cause inflation. They do. The doctrine simply claimed that the inflation which banks do cause when they lend money under fractional reserve banking is wiped out when the loan is repaid, usually within a few months or a year. Originally, loans were to be made only on actual bills of exchange; i.e. contracts to buy something from someone at some future date, all spelled out in writing; hence the term "Real Bills." As such, bills of exchange are the best possible collateral for a loan.

However, over the years and with the rise of home mortgages and car loans and credit cards, the Real Bills Doctrine in this, its original form, is moot. The name, however, is used today to refer to the philosophy that the economy needs more money during good times than it does during times of recession and that this expansion of bank credit, inflation, will not get out of hand if the central bank sets the proper interest rate for borrowing money.

This has a certain unfortunate appeal to libertarians because of a (false) analogy with the law of supply and demand. The fallacy is that money is not produced in order to be consumed. Economists do not speak of a *supply* of money, but of a *stock* of money. Unfortunately, they sometimes use the other expression, *demand* for money. However, this has no meaningful parallel to a demand for consumer goods. On the contrary, it is the scarcity of money which gives it its value.

The Real Bills Doctrine actually works moderately well during prosperous times. Expansion of the money stock can be limited by the Fed raising the rediscount rate, the rate at which the central bank will rediscount the loans of its member banks and make new money available to them. But during hard times, when it is most important that banks not fail, low interest rates can only encourage borrowing; you can't *force* individuals to borrow. We have seen interest rates go almost to zero without stimulating much of a recovery.

Timberlake says, quite correctly, that the Real Bills Doctrine is disastrous as the policy of a central bank. But the Real Bills Doctrine never had the force of law behind it which fractional reserve banking does.

So today, Real Bills is simply the theory or philosophy behind letting the money stock be determined by the marketplace and interest rates; but fractional reserve bookkeeping is the mechanism by which the new money is created. It is the legal privilege which most central banks, including our Fed, have which permits them to lend out about 90% of the deposits to checking accounts. Note that this does not pertain to savings deposits, which are specifically intended to be lent by the bank and which are not spendable by the savings depositor.

Besides, the paper trail is more easily interpreted via the fractional reserve model than it is via the Real Bills Doctrine. Before the Crash, in 1929, the narrow money aggregate, M1, was $26.64 billion. This was composed of $3.9 billion in cash and currency outside of banks plus $22.74 billion in checkable deposits. By 1933 cash had grown to $5.09 billion; no one destroys dollar bills or coins. But checkable deposits had fallen to $14.82 billion, or 65% of its former value. And this was happening at a time when the country desperately needed more money. The Fed lowered its rediscount rate to 1.5%, but even this was not low enough nor was it done in time to bring forth borrowers who would have created money by borrowing from the banks.

Under fractional reserve banking, banks are required to keep only about 10% reserves behind their checking accounts. They can lend a checking deposit to nine other persons! This has been a reliable recipe for bank failures

since the Bank of England first allowed it in 1694 and went belly up in 1696. Since then central banks have gone broke about every 15 years until the Federal Reserve System was created in 1913 in order to finance World War I. The phenomenon came to be known as the business cycle.

Fractional reserve banking is dishonest, but that is not the worst of it. The worst of it is that having ten people spending the same money is unstable. Sooner or later, there will come a time when the bank cannot honor the checks of all accounts. You don't have to be a rocket scientist to see that giving ten people title to the same money is not going to get you a passing grade in Banking 101.

One of the uses of money, indeed, a definition of money, is to be a store of future value. Traditionally, there are two places to do this: mattresses and banks. Under 100% reserves, banks would be the preferred place to keep money for future use. But fractional reserve banking defeats this purpose, leaving mattresses as the better place, underneath, not on top.

Money is not just printed by the treasury and then spent by the government. It is created first as a loan from a bank, a checking account that doesn't have any deposit behind it; i.e., bank credit. Then, as checks are cashed against these accounts, the banks run low on cash and buy new bills and coins from the treasury, paying for them by check, as you can imagine. So the first owners of new money are mostly banks with a small amount benefiting those who take out loans at slightly lower rates than they would otherwise pay.

Note that if banks lent out only the money in savings accounts, none of this could happen. When a savings depositor gives a bank some of his money to loan, he relinquishes, temporarily, the ability to spend this money himself. The bank loans this money to someone else who will spend it. The total amount of money in circulation remains the same. Money in bank vaults is not considered "in circulation"; it is not counted in M1, M2, or M3. This is because the money in bank vaults will not be from savings deposits; that money has been lent out. Money in bank vaults should be from the deposits to checking accounts. This money is already counted in the money aggregates M1, M2, and M3. It would be counted twice if it were counted again as money in bank vaults.

Theoretically, the amount of money in circulation should be in proportion to the population using the money; the amount of money per capita should be constant. A difficulty with implementing this criterion is knowing the population that is using the money. Once you have created a good money, other people will wish to use it. Anyone who has traveled overseas knows that street vendors in foreign countries accept, and can make change in, U.S. dollars. It has been estimated that half or more of the money our treasury has printed and coined is out of the country. (See John Mueller, "Most of Our Money Is Missing, Again," Durell Journal of Money and Banking, Winter 1994–5; and also in the same issue, "America's Most Ignored Export," by Lawrence B. Lindsay.)

In place of a population standard, Milton Friedman has proposed a fixed rule-of-law expansion, about 3% per year. Another way is to look at the inflation rate of consumer prices. The European central banks try to do this.

Gold has many natural qualities to be used as money. And a strong gold standard — that is, a convertible one in which individuals and businesses are allowed to keep gold in any amount and in any form; i.e., coins or bullion or jewelry — would offer some limitation to the creation of bank credit and inflation. However, experience has shown that even a gold standard is not an effective limitation on the expansion of money under fractional reserve banking.

I applaud Liberty for publishing Timberlake's article. A free society must have sound money and honest banking, which are complicated issues requiring an astute and informed electorate.

Robert J. O'Donnell
San Rafael, Calif.

Timberlake responds: Greaves' response to my article in Liberty contradicts virtually my whole thesis. In a few paragraphs she (1) denies the actual data on money and prices that show a stable price level during the 1920s, (2) claims that the Fed promoted an inflation, (3) makes a completely incorrect assertion about the gold standard, and (4) attempts to reargue the origins of the Federal Reserve System. She is

continued on page 46

Reflections

The trouble with command economies — On June 26, Iran, the world's fourth largest producer of oil, announced that it will have to start rationing gas.

— Tim Slagle

Cosmically close call — I am looking at a news article entitled, "Killer Asteroid Headed Towards Earth." This is an opportunity to see what "science" reporting is like today.

The asteroid, "measuring a half-mile in diameter," has in fact never been measured. It may be as small as a quarter mile in diameter, or as large as a half mile. On July 3, this "massive asteroid" passed about as close to the earth as the distance between the earth and the moon.

OH MY GOD IN HEAVEN! WE ALMOST CRASHED.

Or, as the international news report — produced, apparently, by the oracle of Apollo at Delphi — described the forthcoming event, "Even though the chances of it hitting Earth are nil, by cosmic standards, the asteroid will pass alarmingly close to our beloved blue orb next week."

The implication is that earth standards would produce a much more frightening assessment than would be rendered by "cosmic standards." So let's put it in earth language. Suppose you were driving down the street, and you learned that two blocks away there was another object hurtling along, an object one-twelfth to one-sixth the size of one of the periods on this piece of paper. That, in earth proportions, is what happened on July 3.

OH MY GOD IN HEAVEN! WE ALMOST CRASHED.

— Stephen Cox

Submitted for your approval — The Mexico-U.S. border is 1,254 miles long. That's about 6.6 million feet. Working three eight-hour shifts per day, placing guards one and a half feet apart, we'd need about 12 million people to adequately police the border.

We have about 12 million illegal aliens in America, taking jobs from Americans.

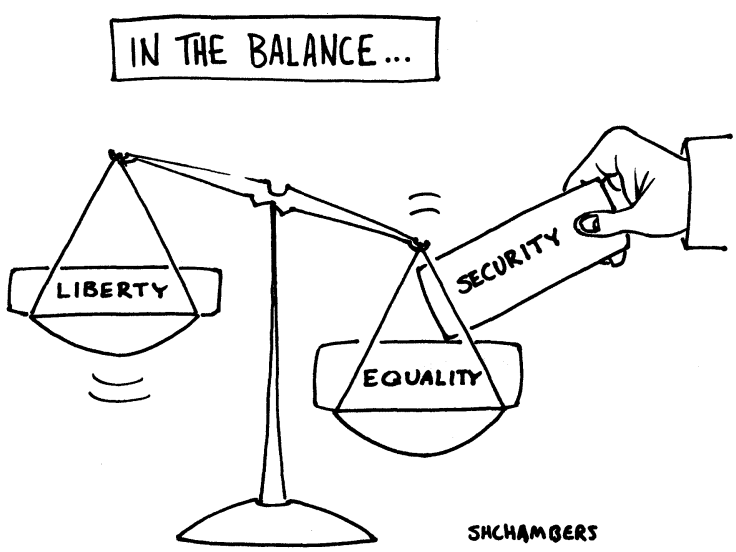
To stop the invasion of illegal aliens into our country we need a strong, committed work force that can anticipate the moves illegals use to enter our land.

We need to do something with the illegals already here so they get off welfare and start paying their fair share of taxes.

Isn't the answer obvious? — Ross Levatter

Steer crazy — An Oklahoma woman purchased a motor home from Winnebago and on her first trip put the cruise control at 70 mph, then went back to the kitchen to make herself a sandwich. After the RV left the freeway and overturned, she sued Winnebago for not advising customers in the instruction manual that cruise control meant they still had to stick around and steer. The jury awarded $1.75 million and a new motor home. That made her the winner — all right, the runaway winner — of this year's Stella Award, named for the woman who sued McDonald's after spilling hot coffee on herself.

— Alan W. Bock



Midnight soccer in Iraq — During the Clinton administration, nearly all conservatives and libertarians belittled a federal scheme to fund midnight basketball as just another paternalistic boondoggle and waste of taxpayers' money.

That was then. Over at the libertarian-conservative Volokh Conspiracy, a blog that generally skirts the Iraq issue, David Post puts forward a revised version of the same concept: "A hundred million dollars to build up Iraq's soccer team would do more for nation-building than any other damned thing we could possibly do — why nobody sees this is totally beyond me." — David Beito

It's no longer the economy, stupid — One idea that seems to have died is that the president of the United States runs the economy and is personally responsible for it.

The U.S. economy is doing well, but George W. Bush is not getting credit. The Bush folk have tried to say the tax cuts did it, but their argument falls flat.

Likewise, Bill Clinton didn't get much political mileage for his boom. Nor did Al Gore. In the 2000 campaign some academic had an historical model that predicted Gore would win handily because of the economy. Part of the reason he didn't was his own personality and ideas, but another part was that people no longer looked to the president as a kind of economic Rambo.

It used to be that when the economy fell into recession, the

Liberty founder Bill Bradford's death is an irreplaceable loss to the end. Shortly before he passed away, he suggested

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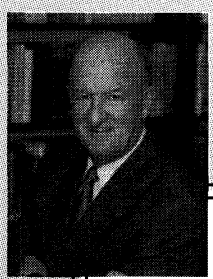
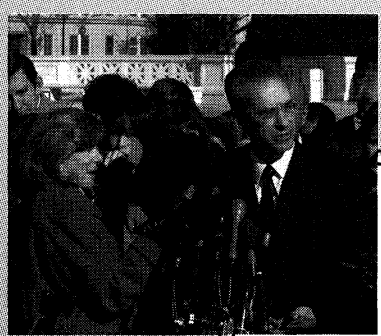


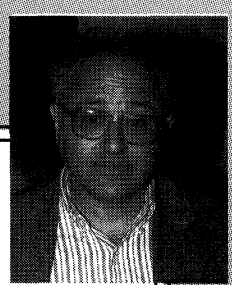
Mark Skousen

Professor, investment adviser, and author of *The Making of Modern Economics.*



Randy Barnett

Carmack Waterhouse Professor of Legal Theory at Georgetown University Law Center. He appeared before the U.S. Supreme Court to argue the medical cannabis case of *Gonzales* v. *Raich.*



David Friedman

Economist, professor at Santa Clara University School of Law, author of *The Machinery of Freedom,* and Bill's favorite anarchist scholar.

Tim Slagle

Renowned political satirist and libertarian comic.

Stephen Cox
Editor of Liberty, author of *The Woman and the Dynamo,* and professor of literature at the University of California San Diego

Charles Murray
W.H. Brady Scholar at the American Enterprise Institute and author of *In Our Hands, Losing Ground,* and *The Bell Curve*

John Pugsley
Acclaimed speaker, chairman of the Sovereign Society, author of *Common Sense Economics,* and founder of the Bio-Rational Institute

Terry Easton
Private investor, entrepreneur, and adjunct professor at San Jose State University

Rick Rule
President, Global Resource Investments

Jo Ann Skousen
Writer, critic, speaker, and instructor in English literature and writing at Mercy College, Dobbs Ferry, N.Y.

Bruce Ramsey
Journalist, senior editor of Liberty, and editor of *Insatiable Government and Other Old-Right Commentaries, 1923–1950*

Randal O'Toole
Senior economist with the Thoreau Institute, prominent critic of "smart growth," and author of *The Best Laid Plans: The Case Against Government Planning*

Neal Levine
Campaign manager for Committee to Regulate and Control Marijuana, the group behind the Nevada initiative to decriminalize marijuana. (Patrick Killen, communications director, may substitute.)

libertarian movement, but he maintained his usual good cheer to the as his epitaph: "Bradford dies. Liberty lives!"

Lives!

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Not all suggestions can be used, but all are deeply appreciated.

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president was expected to offer a "recovery package." Bush did push through his tax cuts, which had a quick pay-out provision, so this idea is not entirely dead. But the clamor for it was less intense in the last recession than it was a generation before. Basically, people knew the recession wouldn't be that bad and that the politicians couldn't do much about it.

A third of a century ago, inflation rose and President Nixon imposed wage and price controls. He did this not because he was convinced they would work, but because, politically, he had to do something. This imperative was the legacy of the New Deal and World War II.

I was in journalism school in the mid-1970s, and remember covering a speech by Rep. Henry Reuss, chairman of the House Banking Committee, in which the Wisconsin Democrat proposed comprehensive federal wage, price, and credit controls. No mainline Democrat would propose that today. Reuss' proposal fitted not only the ideology of the time but the personal history of Reuss: he had been counsel for Franklin Roosevelt's Office of Price Administration in 1941–42, and chief of price control in the military government of Germany in 1945. People forgot the same story about the influential modern-liberal economist John Kenneth Galbraith: he had been a price controller during World War II. It stained his view for life.

That institutional memory for the New Deal is almost completely gone. There are many things that the U.S. government tries to control, but there are actually some things that it used to control that it has let go of. Part of this change came under Reagan, but much of it was simply that the war generation retired. As it did, political assumptions shifted. — Bruce Ramsey

Propoganda up in smoke — The Centers for Disease Control has discovered that teen smoking is on the rise for the first time since 1997. From 2004 to 2005, teen smoking increased by 10%. Speculations as to the reason run the gamut of paternalistic talking points, from "cigarettes are not taxed enough" to "insufficient funding for education."

The real reason might never be known, but my speculation is that teenagers, a species known for its natural cynicism, have seen through the corny thetruth.com ads, and can recognize brainwashing when they see it. — Tim Slagle

Where credit's deserved — I hate to say anything good about politicians, but I do want to compliment the managers of the U.S. Senate for their good conduct in regard to the proposed flag-burning amendment to the Constitution.

There are few people in the world whom I detest more than people who desecrate the U.S. flag. But there are few greater political dangers, in my opinion, than the desire to amend the Constitution. Once you start amending it for reasons like this, who knows where you're going to end up? What's next — a Howard Stern Anti-Porn Amendment? An amendment to ensure that Social Security benefits increase by at least 5% a year?

For once, I believe that the Senate agreed with my view about something. Its defeat of the flag-burning amendment by one vote means one thing to me: the Democrat and Republican management decided to let the crazed fanatics vote as they pleased, on one side or the other; they extended the same privilege to the few people who might conceivably lose left-wing or right-wing money, and conceivably lose an election, if they voted "wrong," on one side or the other; but they made sure that there would always

News You May Have Missed

Coulter to Wed Kim Jong Il

PYONGYANG, North Korea — In another blow to her sweet, innocent public image, coming soon after the coarse vituperation she directed at 9/11 widows and the evidence that she has committed plagiarism, syndicated columnist and self-described "old-fashioned girl" Ann Coulter will marry North Korean dictator Kim Jong Il next June or just before he blows up the world, whichever comes first, the official North Korean press agency has announced. Coulter, who has in the past called for the bombing and strafing of anyone or anything insufficiently enthusiastic about American world supremacy, including Belgium, Fiji, the Upper West Side of Manhattan, the Upper East Side of Michael Moore's stomach, Harvard Law School, the editorial board of the New York Times, and all 16 of Jupiter's moons, was not expected to fall in love with a man who has repeatedly described Americans as "gangsters," as "imperialist hyenas," and as "shameless consumers of mediocre breakfast foods," but she said that "Illie," as she calls him, was "just the kind of traditional manly man a womanly woman like me is looking for. And besides, I love the haircut."

The primly dressed Coulter, known for her unparalleled collections of early Victorian tea cozies and antimacassars, said over a cup of Darjeeling during a break in an afternoon meeting of the Georgetown Cameo Brooch Society that as a shy, genteel, delicate flower of a woman devoted to decorous traditional values, she wanted a man who isn't afraid to show his strength, a man willing to tell her what to wear and where to go and what she can do to herself, and, above all, a man willing to live in the same house with her. "I finally found someone who's the perfect match for me, someone who will protect me and pamper me, someone who will let me melt in his arms, including his nuclear arms," the blushing bride-to-be said, admitting she had previously been turned down by rap star 50 Cent, Hulk Hogan, Lyndon LaRouche, Louis Farrakhan, Hugo Chavez, Mike Tyson, Robert Blake, O.J. Simpson, Florida shock jock Bubba the Love Sponge, and the entire Fresno chapter of Hell's Angels.

Some foreign policy experts believe that the only reason Kim is willing to marry Coulter is that he can then threaten to launch her in a trajectory that would take her directly over Japan, forcing the international community to make drastic concessions to him, such as a new iPod, while others contend that he merely wants to establish beyond a shadow of a doubt that he's really crazy and capable of doing anything, even if it means his own utter destruction.

— Eric Kenning

be that one lone vote to keep the thing from happening.

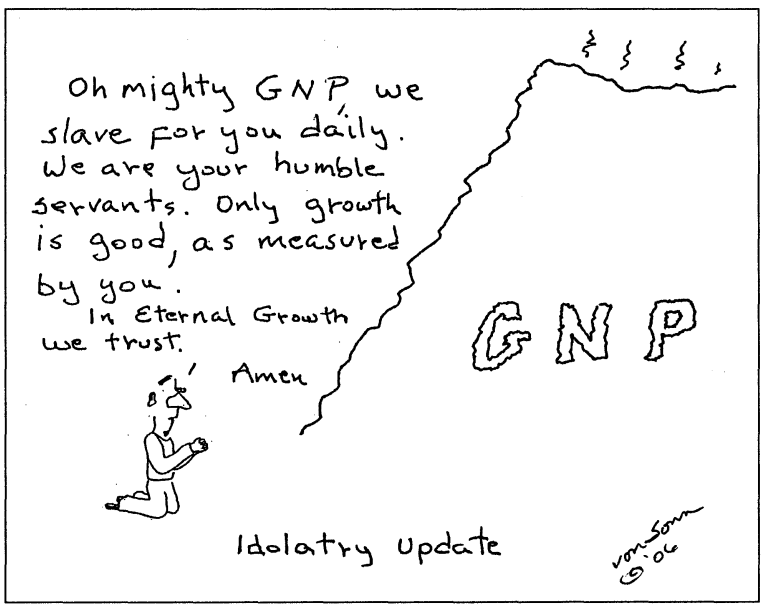
Ladies and gentlemen, managers of the Senate: I salute you.

— Stephen Cox

What war is good for — Both the Senate and the House votes on the war on Iraq, perhaps the most important issue of the day, were instigated as a way to gain partisan advantage and dominated by shallow partisan talking points rather than anything remotely resembling substantive debate. Really restores your faith in the ability of these august deliberative bodies to make wise policy, doesn't it?

— Alan W. Bock

Boomers, Latinos, and Islamofascists — The current debate over illegal immigration has become very emotional and heated, I suspect in part because nobody has coherently addressed the issue. In my view, there are three main strands to the opposition, three arguments against allowing the free flow of immigrants into our country: the national security argument, the cultural argument, and the economic argument.



The security argument seems to me to have merit. We are a target for Islamofascist terrorism. Allowing *any* illegal immigration in the face of that aggression is foolish, so to the degree that more border agents and even a wall can mitigate the problem, well and good. That seems to me a bare minimum to protect ourselves, and no threat to our liberties. But this argument can extend only to stopping illegal immigration, not copious legal immigration, while allowing those who are here illegally now to apply for green cards.

The cultural argument, driven by the fact that the current wave of immigration is predominantly Latino (and to a lesser degree, Asian), seems to me without merit. It is quite frankly neo-nativism. Now, I will confess my bias here: I am the son and grandson of Central European immigrants, and the same arguments were used in the 1920s to end immigration by people like my forebears. The nativists halted immigration by Central and Southern Europeans and Jews, arguing that they were not of the right religion, didn't speak English, formed gangs, etc. Well, all those immigrants assimilated just fine, and contributed to this country enormously. I think the Latinos and Asians are assimilating as well.

The trickiest argument is the economic one. The classical liberal position is that there should be free flow of people, as there should be of capital and trade. But the wrinkle is that immigrants have access to our welfare state programs, so with them the country incurs costs it didn't with earlier immigrants. This is a tricky issue, with economists coming down on both sides, and with protectionism always lurking in the shadows. But let me point out a wrinkle not much noticed: the coming Boomer demographic disaster.

Our current population is about 300 million, of which 79 million or so are baby boomers. Boomers, something like 27% of our population, will be retiring *en masse* over the next decade, and croaking *en masse* not long after. Boomers bore fewer children than earlier generations. This raises a number of questions: Who will be replacing that huge drop in the workforce? Who will take care of all those geezers who didn't have children? And — given that geriatrics make crummy soldiers — who will serve in the armed forces?

Those who feel that we don't really need a large, continuing flow of immigrants ought to think through those questions.

— Gary Jason

Nasty as she wants to be — Ann Coulter is all over TV promoting her book about "godless liberals." The other night she was on "Scarborough Country" bragging that her book has ended the political participation of the 9/11 widows whom she calls the "Jersey Girls," and who she says have enriched themselves over their husbands' corpses. These "broads," as she terms them, are enjoying their husbands' deaths. Then, godly woman that she purports to be, Coulter asks rhetorically, "How do we know their husbands weren't planning to divorce these harpies?"

Asked by a Pittsburgh newspaper editor which of her book quotes she'd prefer to have spotlighted now that everyone's heard her attacks on the 9/11 widows, Coulter replied that she'd like people to see the following: "Our book is Genesis and [the liberals'] book is Rachel Carson's 'Silent Spring,' the original environmental hoax. Carson brainwashed an entire generation into imagining a world without birds, killed by DDT. Nazi concentration camp victims were bathed in DDT when they were rescued to save their lives."

What's her point? When we're finished pondering the images of Jews being bathed in DDT, are we supposed to clamor for its return?

No one ever said, as Coulter claims, that the 9/11 widows or Gold Star Mothers were above the political fray, but war widows and Gold Star moms have always been honored as a matter of personal conscience. I remember the special honor and respect given to Gold Star Mothers by both sides during the Vietnam War. No one in the pro- or anti-war movement would have savaged them the way Coulter does.

Coulter serves as a green light for GOP political operatives who want no standards of civil behavior or restraints on their own viciousness in the upcoming political season. Crashing through the lines of civil discourse, Coulter has once more coarsened the culture and made a run for the bottom. She is not attacking the "Jersey Girls'" ideas or arguments, but their

Word Watch

by Stephen Cox

It started several years ago. Strange messages came to me. They came at night, in my inbox. Somewhere, out in the darkness, there were beings who wanted to communicate with me. They knew what I wanted. What I needed. Silently, invisibly, they were letting me know.

First it was penis extension. Then it was hot dates with local singles. Then it was . . . other things. Things still more private and intimate. Diet supplements. Degrees from top-rated universities. Aluminum siding — cheap! Really comfortable shoes. A time-share in Bakersfield. All the things I'd been ashamed to admit I desired.

The beings were friendly. They were trying to help. Every morning Sharon wrote to say, "Thinking of you!" I wondered, Was that the Sharon Applesmith I knew in fifth grade? If so, how kind of her to think of me, after all these years. And Marcie, dear Marcie Greenlow! Always thanking me for my messages, even the messages I hadn't sent. "Got your message — wow!"

True, I needed to work on my relationship with Stacie Kinch. Stacie kept reminding me, "Hmmm . . . haven't heard from you in a long time." She was right! Compared to her, I was a terrible correspondent. But I was happy that she still wanted to work on our relationship. And Robert Rivers — who could forget Bob Rivers? He's the one who was thoughtful enough to tell me, "We found company ready to EXPLODE!!!" Whoa, dude! Git outta the way! But I was glad to receive his confidential advice. If only I'd had any cash to invest . . .

Even total strangers like Tracy Gupta — but wait, was that the woman I met at that Liberty Fund conference, back in '91? — were anxious to advise me. Beneath my confident discussions of the principle of marginal utility and the Randian theory of concept-formation, Tracy had found a more sensitive, more vulnerable me. She'd zoned in on my darker side. She cared enough to write and say, "Depression can be serious, beware!" Well, it wasn't totally clear which kind of depression she had in mind, the psychological or the financial type; but it was a really sweet thought, anyway!

Other people sent me thoughtful messages. The Laptop Alert Division was considerate enough to advise me to "Burn Rubber on the Information Superhighway!" That was true: my laptop never burned any rubber at all. But I've got to give credit where credit is due; nobody cared for me more than the business community of West Africa. Nobody appreciated my good qualities like those fine gentlemen who chose me, out of all the people in the world, to deal with the 37 million pounds left in trust by the late Mr. Joseph Omdaleya, Minister of State and Executive in Charge of the Progress Petroleum Bank of Labos (just an excited misspelling of "Lagos," I assume). They were kind enough to say that the money could be converted to dollars only with the aid of my "superior fiscal oversight and fiduciary acumen" — besides, of course, my checking account, my date of birth, and my mother's maiden name. I was a bit confused by the fact that they kept addressing me as "Very Dear Sir or Madam," but their fervent wishes for God's blessings upon my every undertaking truly warmed my heart.

Then something happened. Something turned sour. Something went south. The messages were no longer so friendly. Some of them developed an edge of satire, a snort of laughter at my expense. Sheena Suggs and Aline Sapp came up with the same sarcastic question (I was about to say the same pregnant question): "Pretty baby and no erection?" It wasn't the sort of question I was used to being asked. And in some of the messages, there was an undertone of violence. Wilhelmina Giralda (that strange woman I met in Chula Vista?) wrote me message after message: "Hi, hit me!" Why should I want to hit you, Wilhelmina? (Though you do have a strange and repellent name.)

A lot of my mail turned positively threatening. Companies I'd never heard of warned me it was time to "cooperate" if I wanted to "retain all services." Banks announced that they were closing my accounts — closing them before I'd even had a chance to open them. And why? Simply because they'd somehow misplaced my Social Security number. Is that a reason? At least they could have let me know how much money I had in those accounts.

I *had* heard of eBay, and consequently I'd heard of Paypal, too; so it was even more upsetting to be informed, ten or twenty times a day, that "Ebay Account Management" or the "Paypal Compliance Team" had "identified some unusual activity" and was fixing to "suspend" my "account." One time eBay actually did suspend my account, apparently because Tracy or Stacie or Sharon or Mr. Joseph Omdaleya or that sexy Pius Barber who kept emailing me the word "Nighttime" was using my address to sell things on my behalf. That's what happens when you have too many friends. But the "unusual activity" creeped me out.

The messages were getting spooky. The subject lines were full of words like "Fraud" and "Crime" and "Violation," but when I read the messages, they *looked* like nothing more than ads for "investment opportunities" and "pleasure aids." The owls were not what they seemed. I couldn't figure out why anyone would want to send me a message about "enlisting in the ongoing corporate structure" and title it "Boor!" Was he talking about *me?* And exactly what "structure" did he have in mind? And what did Rodney Edmonds mean by "Your cash, mole drain"? Have you ever seen a mole? Ugh!

Some of the messages were more on the spiritual side, but there were weird things going on with them, too. Thomas Kelly sent me a lot of mail about "Gemini porch." What did that mean? I pictured the stars in Gemini. Then I pictured a porch. I pictured a constellation with a porch. The image hovered on the margin of consciousness, shimmering with intention . . . just out of range. It was trying to tell me . . . what? I remembered that little poem in Cocteau's "Orphée": "The bird sings with its fingers, / Three times." It's the message that guides the hero to the underworld. Would "Gemini porch" do the same for me? I hoped not. But maybe it wasn't about death at all. Maybe "Gemini porch" was somewhere close to the "Daylight shrubbery" that Theobald Hanna wrote me about. At least I could picture "daylight shrubbery" — though it still didn't seem to *mean* anything. That was its spiritual quality.

But now the messages were coming in too quickly for me even to try decoding. Morgan Fuentes commanded me (or perhaps he was just stating a fact): "Platonic vilify." Sure, I thought, I'll vilify, if you believe I'm Platonic enough for the job. An idle boast — no sooner had I resolved my issues with Morgan than Esther Werner started writing about "Misery bowling," and I knew there was nothing I could do to keep up with that. I had failed, and the ether immediately communicated my failure to Maggie Puckett, who responded with those eight hopeless, dismissive letters: "Bitterly." Ah, what a tale they told, to those who could understand it.

You know how it is when you're challenged beyond the limits of your intelligence. Maybe you pick up an article about postcolonialist reinterrogations of postmodernism. Maybe you're surfing through the channels and you land on an interview with a football coach. Or maybe you're just watching a speech by the president. Suddenly, you just don't know what to think. You don't know how to interpret it. That's the way I felt when those subject lines ganged up on me. "Parity surrender," said Virginia Riggs. "Pantheism tiresome," replied Aubrey Gallegos. "Hi, oatlike bent grass," whispered Bruce Maurer.

So it was a relief to discover that there were still some messages that made sense to me, that there were still some emails that could cheer my heart, even if I didn't have access to a decoding machine. How happy I was, this morning, to get the latest message from the Cooking Career Center: "Learn your way around the kitchen as a cook." That's simple. That makes sense. That can be applied. I know that it's a hell of a lot better learning your way around the kitchen as a cook than learning your way around the kitchen as a ferret.

Still more consoling was the latest message from Becky Anderson (Becky? Becky? Becky? I am *sure* I once knew a girl named Becky), who has decided to tell me that I'm a "Lamb." That's all she put in her subject line, but I'm sure she meant it to refer to me. And I've just received my daily message from Deborah Horn. Her subject line announces, very simply, "Genius." Deborah represents "a holding company that specializes in consolidating revenue-generating enterprises," so obviously, she ought to know about things like that.

A Lamb and a Genius. That's me. Thank God, the messages keep coming.

widowhood, the state of their marriages, their right to activism based on their 9/11 experiences — things that decent people and most liberals, godless or not, wouldn't do.

"I don't particularly care if liberals believe in God," says Coulter. "In fact, I would be crestfallen to discover any liberals in heaven." Well, she may be in for a big surprise. Whether or not liberals are "godless," as the title of her book proclaims, they usually have higher moral and ethical standards than she does. She is living proof that professed godliness is no guarantee of goodness.

— Sarah McCarthy

Trickle-down charity — The Giving USA foundation just released a report showing that needs created by the tsunami, Katrina, and Pakistani earthquake disasters pushed charitable giving in 2005 up 6.1% over the previous year. The report shows that there would have been a year-to-year increase of gifts from individuals and corporations even without the disasters. It also notes that charitable giving has steadily tracked increases in national wealth as measured by GDP. So attacks on wealth turn out to be attacks on charitable giving? A bit ironic.

— Alan W. Bock

The Curious Incident of the Dog in the Baggage Line — Rush Limbaugh isn't the only one being sniffed out for carrying innocent (though embarrassing) substances while flying back to the United States. On my recent return from London I noticed a cute little dog jumping up on a passenger who was waiting at the baggage belt. This dog wasn't just wagging his tail to say hello — he was fingering the passenger for carrying contraband items into the country. The woman's offense? She had half a turkey and cheese sandwich left over from the plane's lunch box in her bag. The customs agent spoke sternly to the woman and confiscated the sandwich.

The next woman to be sniffed out was younger than the first and didn't get off so easily. The agent not only looked through the book bag Fido was happily pawing, but he insisted that the woman open her suitcase right there next to the baggage belt, exposing her dirty linen and who knows what else to the traveling public.

Here was my dilemma: I was carrying a bag full of Cadbury chocolates for my children. Packaged candy is perfectly legal to bring into the States, but the dog wouldn't know that. If the mutt sniffed out my bag and wagged his tail, I would be ordered to open my suitcase. I wasn't carrying anything illegal, but I would have to refuse, as a matter of principle. I would then be dragged off to a private examination room, adding an hour or two to my already too-long travel day. So I kept an eye on the progress of the dog and his master as they worked their way around the hall, and whenever they came close I strode purposefully to the other side of the belt, as though I had just seen my bag. My warning to Liberty readers: beware of friendly dogs in customs halls. And leave your half-eaten sandwich on the plane.

— Jo Ann Skousen

Taking one for the Teamsters — The American, Canadian, and Mexican governments are planning to revamp existing interstates and highways to create a ten-lane superhighway running from Mexico to Canada.

One of the primary motivations for this project is to circumvent the Teamsters union by routing containers originating overseas through Mexico. Just goes to show what a stranglehold the unions have on this country. It's easier to slap together 2,000 miles of ten-lane highway than it is to negotiate a fair labor contract with the Teamsters. It also indicates that the U.S. government believes the kickbacks that are normally paid to do business in Mexico are less than those normally paid to U.S. dock bosses. — Tim Slagle

Reefer madness, redux — Karl Marx, building on Hegel, noted that history repeats itself first as tragedy, and then as farce. Had he foreseen the War Against Pot, perhaps he would have added, "but often both at the same time."

The UN Office on Drugs and Crime has had manufactured a scientific study confirming that there is, in the measured language we've come to expect from such studies, a "cannabis pandemic" threatening the health and sanity of the world's population. As usual, this finding rests on the enormous number of citizens consigned to "treatment" for their supposed marijuana dependence. Which, given that most people caught holding a single joint are forced to choose between "treatment" and prison, really puts the *statist* in *statistic*.

But trust the UN not to leave it at mere tragedy: UN Drugs 'n Crime director Antonio Maria Costa had to toss in his own scientifically unfounded assertions about how today's cannibis is "considerably more potent" than the pot everyone at the UN was smoking a few decades ago, "no longer that different from other plant-based drugs such as cocaine or heroin."

This is asinine, even apart from the fact that there's never been a single documented "marijuana overdose" (it's not clear whether such would even be possible). Put simply, people smoke pot *in order to get high*. Once high, people either stop smoking, sit back, and relax; or they keep smoking, and fall asleep. With very few exceptions, pot smokers aren't going to wreck the house, beat the kids, or take the car out for a joyride. (They're not even going to accidentally set the bed aflame, because unlike tobacco, pot must be relit for each toke.) At worst, they'll down a couple bags of chips or a box of Twinkies (though the nascent War on Obesity may soon make that its own crime). If anything, the UN drug crew should be *lauding* potent pot, because it allows smokers to get high with fewer puffs, and thus endure fewer lungfuls of smoke.

Costa had but one sensible thing to say, though of course he didn't understand it as such: "Policy reversals leave young people confused as to just how dangerous cannabis is." His overestimation of that danger is farcical; his ability to craft UN policy based on that overestimation, tragic.

— Andrew Ferguson

It's a fair cop — It is always wise to be cautious in commenting on a trial that one has not attended from start to finish. But from everything I have heard and read, the federal jury in Alexandria acted appropriately when it decided that Zacarias Moussaoui, the so-called 20th hijacker, should spend his life in prison rather than be executed.

As he left the courthouse, Moussaoui shouted, "America, you lost . . . I won." Like most of his jejune mock-provocative comments through this trial, this was mere bravado, and inaccurate to boot.

Insofar as a significant aspect of what America is about is the rule of law, America won in this case. The prosecution, having secured a guilty plea, was aggressive in seeking the death sentence. The defense was aggressive in trying to prevent it. An episode in which a government lawyer apparently tried to coach scheduled witnesses in violation of the judge's orders was handled fairly. The jury returned a verdict that will disappoint some people but seems consistent with the known facts.

To justify the death penalty the government had to show that Moussaoui was responsible for people dying. Since he was arrested before the Sept. 11 attacks of which he said he was supposed to be a part, the contention was that by lying and not exposing the plot while being interrogated, he was responsible for its "success," which led to 3,000 Americans being killed.

The government may have been hampered by not being able to call witnesses who had been tainted. But the argument was always something of a stretch. And given what has been learned about how the FBI and other agencies stumbled in bureaucratic rigor mortis before 9/11, it is by no means certain they would have prevented the plot even if Moussaoui had told everything he knew.

Prof. John Eastman of Chapman University's law school was not pleased. "If a terrorist involved in the most heinous attack in U.S. history doesn't deserve the death penalty, who does?" he told me. But Eastman would have preferred to see Moussaoui tried under the laws of war in a military court. In a civilian court this verdict was justifiable.

One consolation: serving a life term in what is likely to be solitary confinement, Moussaoui will not be able to claim the status of a martyr for the holy cause of jihad against modernism. It would be appropriate for him to disappear from the news and appear years later as a minor footnote in our history. — Alan W. Bock

Warped freedom — In 1990, I wanted to go from India to America for postgraduate studies. A few days before my visit to the U.S. consulate in Mumbai for a student visa, India had refused refueling facilities to U.S. military aircraft participating in the Gulf War. In retribution, as I came to find out, the U.S. had reduced the number of visas granted to Indians. I was one of the casualties.

I never got around to understanding what *I* had done wrong. The two years of extremely hard work that I had put into preparing for my entrance examinations and writing tens of applications went wasted.

Years later, in 1998, when I was standing in a lineup for a U.S. visa at the consulate in New Delhi, a person a bit ahead of me had his incomplete application thrown to the floor by an abusive officer. I handed over my own application with sweaty palms.

In 2003, I went to the Dutch embassy in New Delhi for a Schengen visa (a document commonly used for visits to several West European countries). In sweltering heat, I had to line up outside the unshaded gate for hours. (Summer temperature in Delhi can reach as high as 118 degrees.) I was finally ushered into a claustrophobic room with five other people. Behind thick glass windows, bureaucrats sat comfortably.

In the post-9/11 environment, they wanted me to justify my visit by providing an invitation from a Dutch friend — an invitation that had to be notarized in Holland. I refused to carry out such a humiliating request, particularly because I had, by then, done my postgraduate studies in the U.K. and had

In the wake of the storm — "Greed is not the product of one particular economic system, but something that all economic, political, and social systems have to cope with one way or the other," writes economist Thomas Sowell, the Rose and Milton Friedman Senior Fellow on Public Policy at the Hoover Institution at Stanford University.

The private sector's "greed" in a capitalist system, it was once said, would inescapably deliver a lower level of overall well-being — economically, morally, and politically — than a collectivized "people's" system with nobler and more elevated goals than crass acquisitiveness, gross profit-making, and mere individualism.

Instead, as was demonstrated in the Soviet Union and elsewhere, we've seen that "greed" for political power can be substantially more harmful to a population's well-being — economically, morally, and politically — than the "greed" a worker might have for more income or the "greed" that an entrepreneur might have for a larger market share.

In fact, either system, capitalism or socialism, can be corrupted and degraded by an overall weakening of the ethics of its general population.

"The market is as moral or immoral as the people in it," Sowell observes. It's the same with the government. Neither sector, private nor public, has a monopoly on good or bad behavior, and neither sector is structurally inoculated against immorality and dishonesty if its members are immoral and dishonest.

As a case in point, recent disclosures about the level of corruption and fraud related to the Hurricane Katrina relief efforts show a wide-ranging pattern of dishonesty and "greed" among all sectors, business, government, and the general population. "Breathtaking" is the word that the New York Times used in a recent front page, headlining an account of the fraud and mismanagement that's been uncovered.

Among the Times' examples:

- An estimated 1,100 prison inmates collected in excess of $10 million in rental assistance and disaster-relief money. Crime pays! In addition, FEMA distributed millions of tax dollars in hurricane relief payments to people who used the names and Social Security numbers of state and federal prisoners.
- Government-ordered renovations of a shelter for Katrina victims at a former Army base in Alabama cost approximately $416,000 per evacuee. Free houses would have been cheaper.
- Government bureaucrats spent nearly $500 million in tax dollars for mobile homes that are still sitting empty. Almost a year after Hurricane Katrina hit the Gulf Coast, FEMA is paying $250,000 a month to store nearly half the unused mobile homes (about 10,000 units) at an airfield in Hope, Arkansas. As a footnote, mobile homes are at the bottom of the list of housing types recommended for a hurricane zone.
- A hotel owner in Sugar Land, Texas, has been charged with submitting $232,000 in invoices for evacuees who never stayed at his hotel. He allegedly billed FEMA for empty rooms or rooms occupied by paying guests or hotel employees. At least the rooms were someplace near a hurricane. But . . .
- Stretching the moral and geographical limits of Katrina's damage, an Illinois woman who was living in Illinois at the time of the storm sought relief by claiming that she had watched her two daughters drown in the flood waters of New Orleans. Fortunately, these children never existed.
- Neither did the hurricane debris that two men, one a representative of the Army Corps of Engineers, approved payments for removing; they have pleaded guilty to taking kickbacks. In a less mystical turn of events, a councilman in St. Tammany Parish, Louisiana, has been charged with attempting to extort $100,000 from a contractor who actually removed debris.
- The appropriately named Wayne Lawless, a Department of Labor employee in Louisiana, has been charged with handing out nearly 100 falsified disaster unemployment benefit cards in exchange for kickbacks of up to $300 per card.
- In New Orleans, two FEMA officials have pleaded guilty to pocketing $20,000 in bribes in exchange for inflating the number of meals a contractor served to relief workers.
- With the $2,000 debit cards distributed by FEMA for disaster relief, an estimated 5,000 people have double dipped, receiving both the $2,000 plastic card and a second $2,000 by check or electronic transmission. That's 10 million extra dollars.
- One creative scam artist collected 26 federal disaster relief checks totaling $139,000 by using 13 Social Security numbers and fake claims of damage at bogus addresses. Others collected and pocketed hurricane relief donations by posing as Red Cross workers.

All told, reports the Times, Katrina relief represents "one of the most extraordinary displays of scams, schemes and stupefying bureaucratic bungles in modern history, costing taxpayers up to $2 billion."

And that $2 billion estimate might well be just the proverbial tip of the iceberg. Commenting on the extent of fraud and waste in FEMA's response to Katrina, Gregory D. Kutz, a director of audits at the General Accounting Office, stated: "I still don't think they fully understand the depth of the problem."

By the time the Katrina accounting is over, it won't be surprising if the fraud and boondoggles are found to cost $5 billion. The question: How high does the price of ineptitude and corruption have to go before we begin to understand the nature of the problem?

— Ralph R. Reiland

visited Europe on business scores of times. After a few hours' wait, they asked me to return with a bank-issued demand draft to make the payment for my visa. I repeated the process of the lineup again.

With the exception of the British embassy, which provided humane facilities and interaction, my experiences of applying for visas at western embassies in New Delhi were not very different, and I have been to most of them. Be prepared to waste a lot of time and be humiliated and demeaned. But in a way, I am not really complaining. After all, the Indian state treats its own citizens as if they were insects and forcibly keeps hundreds of millions in perpetual hunger and misery.

The State is invariably coercive and therefore demeaning. I now live as an immigrant in Vancouver, B.C. One famous Canadian anti-statist once asked me why I had moved from one socialist country to another. Such an argument lacks the perspective that some states are patronizing, some thieves, some murderers, and some mass murderers — all coercive indeed, but in widely varying degrees.

Therefore, despite my lack of attachment to the state and its symbols, I am looking forward to the day in July 2006 when I can apply for my Canadian citizenship. I will be celebrating some kind of warped freedom. — Jayant Bhandari

Give us your upwardly mobile, your hard-working masses — Mayor Bloomberg of New York shocked many by saying that not only shouldn't we deport 11 million illegal immigrants but we need millions more of them. He said he has 500,000 illegals in New York City, and without them the city's economy, and the entire U.S. economy, would collapse.

The owner of a blueberry farm in Hammonton, N.J., was on TV the next night explaining that his farm would go out of business without his Mexican work force. American workers, he said, just don't show up to pick blueberries.

A growing percentage of the U.S. agricultural workforce is composed of illegals, as well as a large portion of the workforce in nursing homes. My doctor told me that Americans don't want to do the hard work of being doctors — all the schooling, the responsibility, the lawsuits, etc. — so the jobs are going to Indians, and others.

Ask around; don't believe me. Look up the numbers on the nursing shortage. Or try to get a construction guy at the shore! We've been waiting in Jersey for three years for someone to show up and give us a price on new decking. It's not about money. It's a labor shortage.

Last year, a new beach house next door to us was built entirely by Mexicans. For all we knew, these guys could have been illegals, or former blueberry pickers on their way up the economic ladder. I have no idea what they were being paid, but with one American overseeing them, by themselves, they built a $4 million house. They learned a skill. Maybe next year they'll start their own construction company.

The issue of illegal immigration has many sides, but for once I'd like to see our government try to solve a problem with incentives, with carrots and creativity, instead of with ugly sticks.

The thing I dislike about the U.S. is the punitiveness, the meanness that our legal system, our government, and Republicans too often bring to a problem. Too many are looking around for the next person to punish. Some want to punish the illegals, others want to jail the employers who hire them. These days, it's how too many Americans look at life.

Immigration is a problem that needs to be solved with respect for all concerned, and with a little more compassion. But forget the old leftist solutions of mandating a "living wage," health insurance, pensions and golden parachutes, plus lawsuits and fines, for the business sector, so that immigrants aren't "slaves." That will simply cause more American enterprises to end up like General Motors, with big union wages and pensions, unable to compete.

Despite the leftist cries about how immigrants are exploited by corporate greed, the illegals think they're doing well. They vote with their feet. And in the United States, we're benefiting from their hard work by way of lower prices and an improved economy. Those who complain are looking a gift horse in the mouth. — Sarah McCarthy

"I'm afraid you're in serious trouble, sir — Your luggage accidentally went to Iran, and they found dirty pictures in it."

Pay raise on autopilot — While hardly anybody was paying attention, Congress voted to give itself a pay raise. Or to be more specific, voted against voting on the subject and therefore got an automatic pay raise, up to $168,000.

You see, in 1989 Congress passed a bill providing for an automatic "cost of living" increase to its own pay every year unless there's a specific vote to cancel it. For the past six years Rep. Jim Matheson (D-Utah) has introduced an amendment to require a separate up-or-down vote on the annual raise. Each time he has been defeated. This year the margin was 249–167.

The general lack of outrage (notable exception: Citizens Against Government Waste) shows that the 1989 move to make raises automatic without a vote was shrewd. Somehow a vote not to vote doesn't get as much attention as an actual vote on raising one's own pay. — Alan W. Bock

New School, old tricks — Students went into protest mode at The New School in New York City when the university's president, Bob Kerrey, former governor of Nebraska and a former United States senator, invited Sen. John McCain to address the graduates at this year's commence-

ment ceremony.

Fuming that someone from a different political perspective would be speaking, students circulated a petition to get McCain's invitation revoked. "Senator McCain's crime appears to be that he is a conservative," reported Niall Stanage in the New York Observer. "The protesters' absurd rationale is that having the Senator at the ceremony is not compatible with the institution's commitment to freethinking."

Defined in undiluted Orwellian terms by those seeking to bar McCain from campus, "freethinking" means that everyone's free to think in the same way, free to become all the same, ideologically, adhering to a groupthink straightjacket that can't tolerate hearing from a semi-conservative politician for half an hour.

Finding it "extremely distasteful and hypocritical to allow McCain to speak," Brittany Charlton, the vice chairman of the University Student Senate, told the New York Times that McCain was "someone who does not value the ideals we have consistently been taught in our education."

One wonders how many students at The New School ever had a good classroom discussion about the declaration famously attributed to Voltaire: "I disapprove of what you say, but I will defend to the death your right to say it." Did these students ever talk about what Salman Rushdie meant when he said, "Free speech is life itself"? Do they know that a fatwa ordering Rushdie's execution and the killing of his publishers was proclaimed in 1989 on Radio Tehran by Ayatollah Khomeini, the leader of Iran at the time, as punishment for his writing a "blasphemous" novel?

McCain ran into the same problem at Columbia University, with students circulating petitions to keep him off campus because he'd given the graduation address at Jerry Falwell's Liberty University, thereby, according to the protesters, flashing a sign of approval to Falwell's brand of politics. With any consistency in thinking, these aggrieved Columbia students might well have concluded that McCain, by agreeing to speak at Columbia, was flashing a sign of approval to their school's particular brand of politics, except for the fact that Columbia and Liberty University are poles apart politically and McCain spoke at both.

The easy answer, one that the upset students at Columbia appear to have missed, is that McCain, who is likely to be making a run for the White House in the next presidential election, was simply looking for some free exposure during commencement season. Worrying that he has theocracy up his sleeve because he spoke at Liberty University makes about as much sense as worrying that he's got a secret plan in the works to outlaw meat if he ever shows up to give the keynote address at the American Vegan Society.

In any case, what's disquieting about these efforts to silence a speaker isn't the lack of rational argument among the students, or their inconsistencies in making their case.

What's worse is that they seem not to have learned, after spending years in higher education, that censorship is far more dangerous than free speech, that we're more likely to find the truth through freedom of expression and open-mindedness, through free inquiry and an uncensored exchange of ideas, than through the suppression of ideas and the repression of free speech.

The idea that people should be silenced so that they won't be able to say anything that might be "offensive" to someone else, the concept that the individual must submit to a groupthink orthodoxy, the idea that the individual must submit to what's best for everyone else, for the collective, represent direct strikes at the heart of American democracy and individual liberty.

"Without free speech no search for truth is possible," wrote 19th-century British social reformer Charles Bradlaugh. "Better a thousandfold abuse of free speech than denial of free speech. The abuse dies in a day, but the denial slays the life of the people."

— Ralph R. Reiland

The ignoble lie — Alexander Pope said that "priests of all religions are the same." This can also be said of politicians.

A stock in trade of American politicians is the cynical lie about history; as:

"This Watergate scandal is the worst political crisis since the Civil War."

"Reagan is the most ignorant man ever to enter the White House."

"Hurricane Katrina is the worst disaster ever to strike the American nation."

There is ample proof that foreign politicians are the same. The first thing that occurs to them is simply to lie in some grossly obvious way. A strange man named Andrés Manuel López Obrador, a leftist demagogue who almost won Mexico's presidential election, has explained his defeat by claiming that his opponents, the National Action Party (PAN), cheated him out of his victory by engaging in the most fraudulent election practices ever seen in Mexico.

First try to imagine what could be more fraudulent than a traditional Mexican election. Then remember that within the lifetime of every middle-aged citizen of Mexico, candidates and supporters of the PAN were not only cheated at the polls but also, wherever possible, *arrested* for campaigning against the ruling political party.

Obrador, like virtually all politicians, is banking on the idea that the voters have a lot of imagination, but no memory at all. And he's traveled a long way on that idea.

— Stephen Cox

If it hadn't been for that meddling West — Seventeen Canadians, most of them from immigrant families, have recently been arrested on charges of scheming to create a Canadian 9/11. They allegedly planned, among other things, to behead the Canadian prime minister, Stephen Harper.

What they wanted to do is the height of stupidity. They, or their parents, or both, had left their native countries to escape tyranny and poverty. But once in the prosperous West, they soon started romanticizing what had been left behind. They somehow fooled themselves into believing that they were unhappy because of the West. If they really did not like the West, why didn't they peacefully return to their holy lands instead?

The reality is that the imperatives of their totalitarian religion and culture made them impervious to ordinary human feelings. They were deeply unhappy and envious. Years of social conditioning made them want to blow themselves up. Violence was an admission that they could not break their mental slavery. Their acts expressed their resignation toward life.

But, really, it is not just the Islamic world that is this violent. Violence is the reality of everyday life in most countries outside the West. They all inflict heavy sufferings on their own

citizens, although *occasionally* the Islamic world, because of its beliefs about "infidels," manages to inflict pain outside its borders. These people live in dysfunctional and abusive societies. There are deep-rooted discords and hypocrisies in their cultures. No wonder they are mostly pathetically poor, despite tremendous opportunities to end poverty and desperation in today's technically advanced world.

Coming back to the Islamic terrorists, it is often rationalized that they attack American citizens because of America's worldwide meddling. But why would they attack Canada? By most standards, the Canadian state has been reasonably benign; it has been soft on Islamic activities, even to the chagrin of its mighty neighbor.

The reality is that Islamic attacks on the West have nothing to do with American meddling. The 9/11 kind of suicide-bombers have lived in such a mental and social chaos that they are impervious to the real meaning of "meddling" — not to mention "self-respect," "integrity," and "pride." Abuses are everywhere in their cultures, and are accepted as a natural part of life, as much as the existence of the sun and moon. When their minds start understanding what "meddling" truly means, they will resist or, better still, ignore diktats from their fundamentalist leaders and dismantle their corrupt cultures, which give the individual no personal space.

Rightly or wrongly, Western meddling, not democracy, has introduced some sanity into the conduct of the Eastern rulers. Just a few years back, a Hindu fanatic, the chief minister of the Indian province of Gujarat, Narendra Modi, started a pogrom against the minority Muslims. It was not Indians or Indians' so-called democracy that eventually stopped the killings, but Western meddling.

Bush and his gang, like other Western politicians and bureaucrats, are reprehensible characters, but let us be fair; you cannot blame them for everything. — Jayant Bhandari

Tread on us — On the Fourth of July, 2006, we celebrated the 230th anniversary of the signing of the Declaration of Independence, drafted in protest among other things against the taxation of the colonies without representation. The colonists fought a revolution and gained their independence, thus putting an end to that particular complaint. But it would seem that the time is now long overdue for drafting a new "declaration of independence" to protest our present government's practice of continuing to tax us, its citizens, without representation.

During the last two years, for instance, the U.S. government has taken from individuals in this country roughly the equivalent of $500 billion. (According to Federal Reserve M2 statistics, the money stock of $6,288.6 billion in June 2004 was increased to $6,796.6 billion by May 2006. That means the number of dollars had been expanded during those particular two years by $508 billion. This two-year increase in M2 is by no means exceptional. The number of dollars is circulation has been increased fairly steadily and continually over the last six or seven decades.) In doing so, it did not ask the approval of the people or even of their representatives in Congress. The process by which these dollars were extracted from the people was in effect "taxation without representation."

It is true that this $500 billion was not levied directly, as taxes. Individuals did not have to actually forward this $500 billion to Washington — but they might as well have had to, for they lost purchasing power in that amount. As the increased number of dollars made each dollar in existence relatively less valuable, every dollar lost purchasing power and everyone with dollars in their wallets, bank deposits, and savings became poorer.

Goodness knows how these billions were spent. We can know only that they were used to fund projects for which the people, the taxpayers and voters, had no say; projects which the representatives of the people in Congress were unwilling to finance directly through taxes; projects which the government could not otherwise have been able to afford. As far as the government spenders were concerned, they were "free" dollars, created by monetary manipulation through the "magic" of the Federal Reserve's system of credit expansion and/or monetization of U.S. government debt. But as far as the people were concerned, they constituted taxation without representation.

As long ago as 1913, the Federal Reserve System was set up to make the currency "flexible," that is expandable. Inflation and credit expansion now enjoy the almost unanimous support of everybody, not only of today's establishment economists, Keynesians and Chicago School Monetarists, but also of politicians who are under constant pressure to spend, and of run-of-the-mill businessmen who rely on being able to borrow "easy money." Monetary expansion is now firmly entrenched and rising prices are equated with prosperity. It seems more likely that hell will freeze over before a stop will be put to inflating and thus to extracting value from every dollar in circulation. "Taxation" without representation will undoubtedly continue into the foreseeable future. — Bettina Bien Greaves

The dangers of space pork — It was hidden deep inside a ten-page statement, but Senate testimony from NASA administrator Michael Griffin made it clear that earmarks — the practice (better known as "pork") of congresspersons' adding "special projects" that benefit their districts or donors — actually harm NASA's ability to do its job rather than bring in extra money: "The growth of these congressional directions is eroding NASA's ability to carry out its mission of space exploration."

To be sure, what is really eroding NASA's ability is probably its status as a government agency rather than a private enterprise. But most government agencies (one or two of which may have a legitimate purpose) probably feel the same way about the micromanaging "earmarks" from Congress. If they all said so and if the media reported on their complaints, perhaps the honorables in Congress would at least be a bit embarrassed — assuming they are capable of embarrassment.

— Alan W. Bock

Profiling courage — I have written more than once here about Glenn Singleton, a self-described diversity expert who typically gets six figures from school districts and colleges for "training" educators in his "Courageous Conversations on Race." The reality of what goes on in these thought reform sessions appears to have little, if anything, to do with either courage or genuine conversation.

The standard operating procedure is to have hapless educators and staff line up with individual signs, each showing numerical scores of their alleged unconscious racism.

I shudder to think that they might also have to listen to Singleton's theories on American literature. Haven't they suffered enough? He has the following to say, for example, about

Mark Twain: "I remember sitting back in middle school and saying to myself, 'I don't think Twain is a satirist, I think he's a racist. I don't think Huck and Jim are having this great relationship. I can't really understand why Jim keeps talking to Huck. I would think if I just got out of this period of slavery — with no freedom — I wouldn't want to spend all my time on a raft with a white boy answering questions.'"

I know that, given a choice, I'd rather have Huck than Singleton as my raft mate. Wouldn't nearly everyone? Luckily for Jim, he was able to choose his own company. Unfortunately, this is not always the case for participants in Singleton's "Courageous Conversations." — David Beito

Ethics for everyone — I was recently offered the opportunity to teach a course in business ethics by the department chair. I declined, being a logic and critical thinking kind of guy. But it led me to muse . . . business ethics has become a hugely successful area of philosophic inquiry — lots of papers and textbooks published, lots of courses offered. Having been in biz myself for many a year, I won't gainsay the idea that many business people need ethics. But, curiously, you don't see *any* "applied ethics" courses offered by academics in other areas, areas that seem even more in need of ethical edification.

How about, say, courses in consumer ethics — teaching consumers not to lie to salespeople, or not to welsh on their credit cards, or not to demand government services for which they refuse to pay with *their own* taxes. You know, that kind of stuff. And how about courses in government ethics, teaching those intending to work for government (soon to be almost everyone, I reckon) not to take bribes, not to trample people's rights, not to overtax, not to run Ponzi schemes (like Social Security), not to set up concentration camps?

Indeed, should the academic philosophers ever reach the pinnacle of self-realization — something I expect to see about the time businessmen reach the pinnacle of morality — they might start offering courses in academic ethics. Academic ethics would teach those who intend a career in academe not to take hefty salaries for teaching while refusing to teach, or not to publish bogus and jargon-ridden scholarship, or not to be a grant-whore, or not to foist your asinine freaking opinions upon hapless students . . .

Yeah, fat chance we'll see *that*. — Gary Jason

Oil and wine — Warren Buffett's enormous gift to the Gates Foundation recalled an unhappy memory for me.

Once, when I lived in Delhi, a heavily pregnant woman suddenly appeared and started to live in the corner of a market. I called up many charity institutions (including Mother Teresa's) to get them to take her to a place of safety. None was interested. Some completely ignored what I had called them for and asked me if I would be interested in contributing some money to them. I said I would give them money for this particular woman's upkeep, and some extra. But they still weren't interested. I was very willing to take the part of the Good Samaritan, but they weren't even willing to play the innkeeper whom the Good Samaritan pays to care for the injured man. What they cared about was their own institutions.

I could have picked up the woman myself and taken her to some organization, but it is very likely that if I had done that, the state would have swung into immediate action. I suspect that the police would have tried to arrest me either for raping her or for human trafficking, so they could fleece some money out of me. If I managed to avoid immediate arrest, the heartless institutions would probably have refused to accept her. Just in case they didn't ignore me, they would have interrogated me to death, and I might have spent many days in the ugly alleys of the Indian bureaucracy. Society would certainly have assumed that I was a culprit who managed to escape by paying bribes.

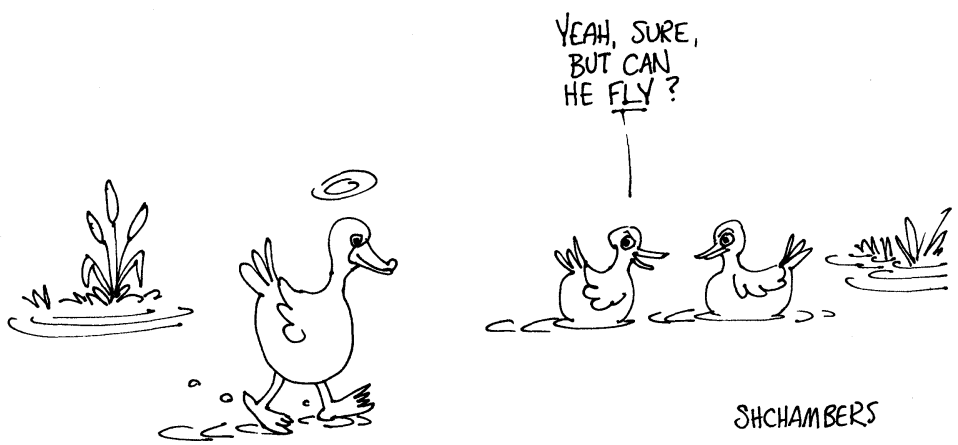
The woman gave birth in the market to a child with a crooked leg. A couple of years later, having given birth to another child, a product of entertainment, I am sure, that she was forced into providing to taxi drivers and the police, she disappeared as suddenly as she had appeared. All she needed was the oil and wine of the biblical story, which cost very little even by Indian standards, and a compassionate society — not billions of dollars in social programs.

There are some great people and great charity organizations in India, and elsewhere. But large amounts of money convert charity into an ugly business, as the money soon becomes disassociated from the intended "product" of charity. Somehow I have more respect for corrupt and evil people than for those who sugarcoat their evil or mere laziness in institutionalized "social causes." At least the former have some spine. They don't create a moral morass.

I wonder what Gates and Buffett are like. Are they just ignorant about what will happen with their money? Or is their true intention to look saintly even if it means harming society? — Jayant Bhandari

Absentee agency — A Government Accountability Office report finds that the Occupational Safety and Health Administration, which is notorious for harassing private employers for dubious reasons, hasn't been exactly diligent when it comes to federal agencies. Although it is supposedly required to review safety programs throughout the federal government every year, it hasn't conducted evaluations for federal agencies since 2000.

The report should also cast doubt on whether OSHA evalu-



ations would have made much difference. Although the federal workforce increased by 6% over the past decade, workers' compensation costs remained steady. Claims involving traumatic injuries decreased from 1995 through 2004, as did claims for non-traumatic injuries. So benign neglect from the Occupational Safety and Health Administration led to reduced workplace injuries? Maybe they should apply the same policy to the private sector. — Alan W. Bock

An industry in search of robber barons — The Commission on the Future of Higher Education, appointed by Secretary of Education Margaret Spellings, issued a draft report in June that comes down pretty hard on the state of college and university education today. Finding "equal parts meritocracy and mediocrity," the report says that higher education is "increasingly risk-averse, frequently self-satisfied, and unduly expensive." Many of its graduates "are not prepared to work, lacking the critical thinking, writing, and problem-solving skills needed in today's workplaces." And a lot of students don't even graduate.

In 1983, the Reagan administration issued a far more devastating report on the public school system, "A Nation at Risk," which evoked enormous controversy but did not improve our public school system. Its ultimate progeny, George Bush's "No Child Left Behind Act," managed to bring in even more federal intrusion.

Will this report do better — improve education and still allow freedom? It might. American higher education is far different from the government-run K-12 system.

True, accountability is poor; the majority of students go to government-run universities, and most of the other schools are nonprofits — there are no profit signals, and the price signals are distorted by federal aid, which fosters higher tuition and (like third-party payments in health care) blunts wise shopping. Colleges have an amazing ability to avoid scrutiny. The most powerful monitoring mechanism is the annual rankings of U.S. News and World Report, which are based on the caliber of students who attend (not on what they learn when they get there) and on schools' reputations in the opinion of competing administrators!

Even so, the system has a saving grace: It is competitive. And competition is growing, thanks to profit-making universities like the University of Phoenix, online courses, and company training and certification of skills. Although the Commission report falls far short of libertarian recommendations, it does have some good ideas. Its message is that higher education could find itself a dying industry akin to railroads and steel manufacturers. Smart administrators will take the advice to heart. — Jane S. Shaw

Context clues — One has to wonder about a press that only recently figured out — apparently because of a paper published in the journal Psychopharmacology — that some people like psychedelic mushrooms and use them to mediate mystical experiences.

One especially has to wonder about a press that reports these revelations on the same day it reports the death of Syd Barrett. — Patrick Quealy

Syd Barrett, R.I.P. — Now that it is complete, the life of Roger "Syd" Barrett can stand as rebuttal to the punk-rock cliché that "it's better to burn out than it is to rust."

As the creative leader behind The Pink Floyd, Barrett's combination of sing-song lyrical innocence and full-blown psychedelic experience (captured on the album "Piper at the Gates of Dawn") became the emblematic sound of the mid-'60s London Underground music scene. Unlike many of his contemporaries, Barrett was less interested in showing his chops or swaggering than in seeing how far he could stretch the idea of "lead guitar." His experiments in sound, including sliding a Zippo lighter along the fretboard, or rolling ball bearings down the strings, created the ethereal, alien sound that Pink Floyd would continue to be associated with decades later.

But Barrett was uncomfortable with the sudden fame, and the pressure that came with it. Increasingly, he escaped his surroundings through large doses of LSD, putting cracks in a psyche that was already dangerously fragile. As his behavior became more erratic — during some shows he would play one chord, over and over, for a stretch of ten minutes or longer — his band members were eventually forced to replace him with an old schoolmate, David Gilmour.

Pink Floyd (no "the") went on to become perhaps the biggest rock band in the world; after Barrett released a couple of emotionally-fraught solo albums, he disappeared from the music scene altogether. He moved in with his mother and took up painting abstracts; the last time he met with his former bandmates in the studio, in 1975, they did not recognize him. Strangely enough, they were then in the middle of recording "Shine on You Crazy Diamond," a track dedicated to Syd's memory.

Roger Barrett died July 7, 2006, from complications related to diabetes. — Andrew Ferguson

Earl Woods, R.I.P. — According to a 1997 biography, "Tiger" (written by John Strege, a sportswriter at my paper), Tiger Woods fell in love with golf at the ripe old age of six months. His father Earl, retired from the Army, had taken up golf at 42 and was working hard to improve his game. He built a makeshift driving range in his Cypress, Calif., garage, consisting of a piece of carpet and a net, and faithfully thwacked ball after ball.

Tiger was entranced. He would rather watch his father hit golf balls than eat. At nine months, he crawled out of his high chair, placed a ball on the carpet and, using a club his father had cut down for him, executed a carbon copy of Earl's swing, placing the ball squarely in the center of the net.

"I was flabbergasted," Earl said. "I almost fell off my chair. It was the most frightening thing I had ever seen."

He quickly overcame his fright to begin training the child who has become this generation's premier golfer, in the process shattering barriers of racial prejudice.

As a few select parents down through the generations could tell you, dealing with a child prodigy is a minefield. Beethoven's father trained his son but at the same time brutalized him. Mozart's father did remarkably well so long as Wolfgang was young, but couldn't handle it when the boy grew older and sought a modicum of independence.

Earl Woods probably made some mistakes along the way, but on the evidence to date he seems to have handled the difficult task as well as anybody. He helped his son focus on his talent, live a reasonably normal childhood, and mature into a

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Ten Great Books of Liberty

One of the last projects begun by R.W. Bradford, founding editor of Liberty, was a special feature on the great libertarian books of the 20th century. After extensive surveys of libertarian opinion, he identified ten books of special influence and esteem, and began to invite essays about them.

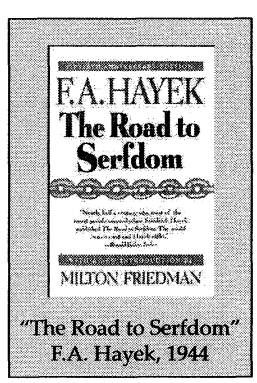
He didn't ask the writers to adopt any single approach or method. Nor did he demand that they avoid critical remarks. He wanted ten individual responses to ten individual achievements of libertarian writing.

The first writer to be invited, and the first to honor Liberty with his participation, was Dr. Milton Friedman, the recipient of the Nobel Prize in Economics, and himself one of the greatest writers in the tradition of libertarian thought.

Bill Bradford died in December 2005. In this issue of Liberty, we bring his project to completion.

— Stephen Cox

F.A. Hayek wrote this book during World War II. It was published in Britain in March 1944 and in the United States in September 1944, while the war was still raging. It was dedicated to "THE SOCIALISTS OF ALL PARTIES."



"The Road to Serfdom" F.A. Hayek, 1944

In both countries it created something of a sensation and was subject to a barrage of hostile reviews. It was a best seller though wartime paper shortages limited the number of copies that could be printed. The Reader's Digest published a condensation in April 1945, and more than 600,000 copies of the condensed version were subsequently distributed by the Book of the Month Club.

The 21st-century libertarian may well wonder what all the fuss was about. To him, Hayek's thesis will seem self-evident: that central economic planning is incompatible with human freedom and, if carried far, will lead to a totalitarian state — serfdom. But when it appeared, it was anything but self-evident. In both Britain and the United States, the intellectual community was dominantly socialist. The disillusionment with free enterprise produced by the Depression plus the wartime resort to extensive government planning had produced a general expectation that detailed central planning was the wave of the future; that Nazi Germany and Soviet Russia were the models to follow.

One indication of the prevailing sentiment is that three publishers turned the book down before it was accepted by the University of Chicago Press — one, because they considered it "unfit for publication by a reputable house."

On rereading this book before writing this note, I was again impressed by what a magnificent book it is — subtle and closely reasoned yet lucid and clear, philosophical and abstract yet also concrete and realistic, analytical and rational yet animated by high ideals and a vivid sense of mission.

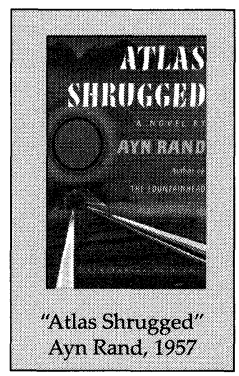
Socialism, in its traditional meaning of ownership and operation of the means of production, is no longer the danger that it was to Hayek. Experience with central planning and the collapse of the Soviet Union have seen to that. But the threat to individual freedom is greater today than it was then. Government has become larger and far more intrusive than it was in the immediate post-war period as it has shifted its emphasis from directing industry to distributing the product of industry and controlling the behavior of individuals. As a result, though we have more wealth, we have far less personal freedom today than we did in 1950.

Talk is one thing, practice something else. Today, in both Britain and the United States, it is only a mild exaggeration to say that we preach individualism and competitive capitalism and practice socialism. Hayek's message is needed as much today as when it first appeared. In his words, "a policy of freedom for the individual is the only truly progressive policy."

— Milton Friedman

Two words: numbers and passion.

First, the numbers. Has any libertarian book ever sold more copies than "Atlas Shrugged"? Maybe if you count Thomas Jefferson's Declaration of Independence, but that's not really a book. Almost 50 years after it was published, "Atlas" is still selling more than 100,000 copies a year. And how many other libertarian books do you actually see people reading — the guy taking tickets at the Williams College cafeteria, a young woman in a Washington coffee shop, airplane passengers? Ayn Rand has brought more people to libertarian ideas than any other person of our time.



"Atlas Shrugged"
Ayn Rand, 1957

Second, the passion. The people who read Ayn Rand and got the point didn't just become aware of costs and benefits, incentives and trade-offs. They became passionate advocates of liberty. They believed in reason and individualism and individual rights and justice. Their passion sometimes got the better of them; I suspect that the hostile attitudes toward libertarianism found in academia are partly because the typical libertarian encountered by a professor is a 19-year-old male who's just read "Atlas Shrugged." He thinks he's the only rational person on campus, and he wants you to know that. But most of them grow out of it and become stalwarts of the libertarian movement (not to mention the fact that they were a good part of the Goldwater-Reagan movement).

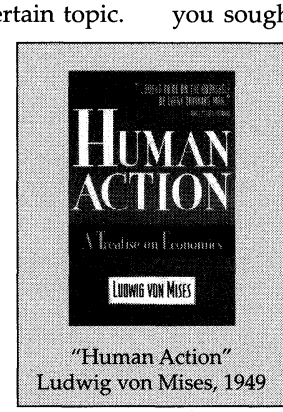
It's fashionable even among libertarians to disdain Rand, to prefer the subtlety of Hayek or the positivist rigor of Friedman. And it's even more fashionable among the literati to sneer at Rand, with her "massive books" and "purple prose." The highbrow reviewers would rather we read books about which no one would ever say, "I couldn't put it down." Well, I guess I'm the prototypical Philistine: I don't know much about literature, but I know what I like. I picked up "Atlas Shrugged" during spring break of my senior year in high school, and read its 1,168 pages in four days. (OK, I skimmed The Speech; so did Hayek.) It was the most fascinating thing I'd ever read. It had plot and characters and narrative force, along with powerful ideas.

Today, there are no ad campaigns for "Atlas Shrugged" and few summer reading lists recommending it. Forty-nine years after its publication, it's still selling big by word of mouth. Just today, searching in vain for libertarian books in a Barnes & Noble, I walked by the fiction section and saw an entire shelf of Rand novels just waiting for new generations of smart high-school and college students to buy them, read them, recommend them to their friends, and become passionate libertarians.

— David Boaz

Everyone interested in ideas has surely had the following experience. You become curious about a certain topic. You start with periodicals, read a bit more deeply, become engaged more broadly, and start to buy and check out book after book. Pretty soon you have a good-sized library developing. You speak the language. You know the players. You apply the ideas to understanding the world. But there are still gaps, and you dig and dig to fill them.

Then one day you run across something completely different: a book that not only incorporates all that you learned so far, but surpasses them all in breadth and depth. You marvel at how much time and energy you might have saved had you run across this earlier. The mind behind the book is so impressive that it makes all the other authors seem like bit players.



"Human Action"
Ludwig von Mises, 1949

What's more, the author makes available to you something you sought but could never find and didn't even know existed: a rigorously defended theoretical structure that turns scattered bits of knowledge into a bulletproof edifice of thought.

If the topic in question is economics, the book that puts it all together is "Human Action" by Ludwig von Mises. What is it like to encounter the book for the first time after years of reading in economics? Imagine yourself in a large mansion that is dark but for the nightlights along the wall. You stumble from switch to switch, feeling your way around. Then someone comes along and throws on a switch that illuminates the whole building, inside and out, including the grounds outside. This is what "Human Action" does.

It has all the features of the best treatises that came before,

such as J.B. Say's and Frank Fetter's — a thorough explanation that takes the reader step by step — but goes far beyond them all in providing a massive methodological structure that shows how to go about thinking of economics and its relationship to social and natural science. It offers a theory of theory, a theory itself, applications to the real world, and plenty of historical illustration along the way.

It's a wonder that the book exists at all, and you can only stand in awe of the mind that created it. But the marvel is even more poignant when you consider the historical context.

Mises had to leave his home. His seminar broke up. Indeed, the whole intellectual firmament that had created the first generation of Misesians was being destroyed.

Mises had been a famous economist in the early interwar period on the Continent. In 1912, he had written about money and changed the way economists understand the topic.

In 1922, he wrote a book that crushed socialism as a theoretical structure and started a debate that lasted for decades. He had put together a theory of the business cycle that anticipated the cause of the Great Depression and the solution to it.

There had been other books: one on economic reform after World War I, one on liberalism as a political ideology, and another on interventionism. There were methodological essays and there was a burgeoning seminar that met regularly.

The big theoretical book had not yet appeared, and not even Mises' closest associates knew that one was coming. But then tragedy came. Precisely as Mises anticipated, unresolved conflicts left over from the Great War, combined with bad economic policy and a change of ideology, led to the rise of two competing forms of totalitarianism. Mises was the sworn enemy of both.

Mises had to leave his home. His seminar broke up. Indeed, the whole intellectual firmament that had created the first generation of Misesians was being destroyed. Mises found a position, a sanctuary, in Geneva, Switzerland, a country that he knew was most likely to maintain neutrality in the coming war. He left Austria in 1934 and took up residence at the Graduate Institute of International Studies.

He used his time extraordinarily well. Despite all the horrors developing in Europe and around the world, his grand treatise appeared in 1940. It was called *Nationalökonomie*. It was in German. Think of what you know about history, and imagine how well a book on economic science, from a free-market perspective, written in German and published in Geneva, would do if published at the start of one of history's great calamities. Mises' book died on the date it was published.

Then Mises left Europe and came to the United States. He had no money. His papers in Austria were confiscated by the German armies; his apartment was ransacked. He was 60 years old and was starting over. His spoken English wasn't great. He had no academic position. But he refused to give in. He forged ahead, and his publishing schedule started anew in the U.S., thanks to a friendly editor at Yale University Press and some other disciples in influential positions.

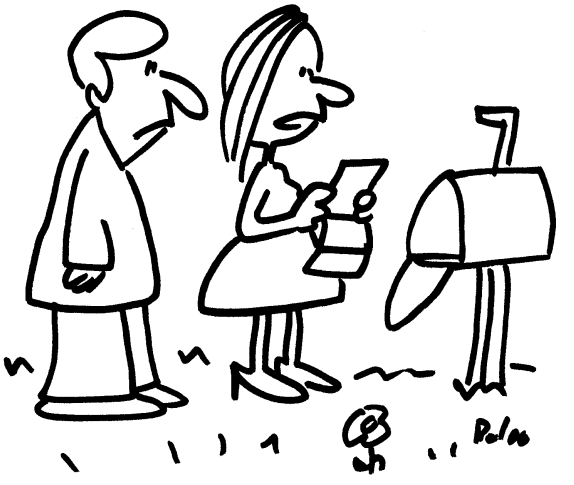
He was asked by Yale to work on a translation of his 1940 work. A daunting task! But he got to work. He not only translated it; he expanded it, strengthening the methodological sections and added inspiring material on the future of economics. Everyone who has read both "Human Action" and its German predecessor says that "Human Action" is even better.

The book was immense: 900 pages. Yale was reluctant to commit to it. Who could believe it would become a publishing sensation? But it did. To read the internal memos among the publisher's staff — they expressed shock and amazement at the sales — is amusing indeed.

"Human Action" became the essential thread that wove together the fabric of free-market economics in the postwar period in America. Everyone who made a difference later — Murray Rothbard, Ayn Rand, Henry Hazlitt, Hans Sennholz, and hundreds more — read it and was permanently influenced by it. So large does this book loom that we cannot even imagine how the structure of libertarian ideas would look today without it.

People write often about the postwar emergence of the "conservative movement" (a phrase that I've come to loathe). As important as F.A. Hayek, Richard Weaver, Russell Kirk, and all the rest were, it was Mises' book that saved free-market thought in the United States. But it didn't stop there. His book became one for the ages.

Even without knowing any of this history, a student can pick up the book today and experience precisely what generations of readers have experienced: that overwhelming sense of intellectual enlightenment, that sense of having found the missing piece that makes the puzzle of the world suddenly come together.



"The insurance company says they can't insure the car until you scrape the Ralph Nader stickers off."

The Ten Best

As anyone who knows the book well can report, it stands up to two, three, or even a dozen readings. Each time, you find more in it. Over the years at the Mises Institute, we've conducted many reading groups about "Human Action." We have taken as little as one week — students are completely exhausted at the end — and as long as a semester. But it is never enough time. The book is not only a complete economics education on its own; it is a supremely fertile ground for extensions, applications, and advancement in every direction.

As important as F.A. Hayek, Richard Weaver, Russell Kirk, and all the rest were, it was Mises' "Human Action" that saved free-market thought in the United States.

What is the main contribution of the book? It is the establishment of economics as a science of a special sort: one that investigates the logical implications of the fact of action to elucidate fixed laws of cause and effect. This is important because people tend to make two errors regarding economics. They believe it is either not a science because it deals with human beings, or it is a science requiring positivist methods that do not account for the irreducibly human ability to choose among economic alternatives. Neither is tenable, but the third option is not generally known: to see the task of economics as discovering, explaining, and applying the economic laws that dictate the limits of the intellectual and political imagination while making full allowance for the reality of individual choice.

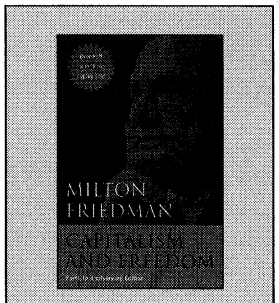
I'll not continue with my explanation here. But I would like to say something about the Scholar's Edition of "Human Action" published by the Mises Institute. The idea came to us when we first found some writings from the 1940s in which Mises strongly opposed conscription. The mystery is that "Human Action" famously defends conscription. Later investigation revealed that it was only the 1963 and 1966 editions in which Mises added his comments on this issue. We looked for other changes between the original edition and those that appeared years later. Much had been left out and much added.

The changes weren't entirely objectionable, and, in any case, they expressed Mises' attitudes at the time. But regardless of what you think of later editions, these changes were added in the heat of the political moment, whereas the great merit of the 1949 edition is precisely that he wrote a book for the ages in a time of great political upheaval. His book was light, not heat. Clearly, this original edition needed to be in print, just as anyone would be interested in the first edition of "The Wealth of Nations" or Say's "Principles." There is also the issue of citation: the first edition remains the most cited. So the Scholar's Edition took the first edition, added a marvelous index that had been published separately in 1954, plus a long introduction explaining the differences among all the editions. We used the best materials available, and spared no expense on the binding.

One final recommendation. If you are reading the book for the first time, and do not yet have the patience for detailed methodological argument, you can begin on page 200, while saving the material you skipped for the end. This is a profitable approach for many people.

Mises believed that ideas are our best weapon in the struggle for liberty. In this case, "Human Action" is our stockpile. It is a towering achievement, a nearly miraculous legacy that this great man left the world. It will continue to be read for many generations, and be widely seen as a great achievement of the 20th century. — Llewellyn H. Rockwell, Jr.

Summing up the backgrounds of libertarians, Jerome Tuccille wrote that "it usually begins with Ayn Rand." He was probably right, at least for people my age. The overwhelming majority of young libertarians I met in the 1970s came to their views by way of Rand's novels. But there were exceptions, even then. For me, it all began with Milton Friedman. The crisp and compelling prose of "Capitalism and Freedom" sparked my passion for the free market, and a love of liberty for its own sake.



"Capitalism and Freedom"
Milton Friedman, 1962

My background made me an unlikely convert. The world of libertarianism was foreign to my parents, though they certainly understood the values of hard work and thrift. They had struggled through the Depression in a predominantly Norwegian farming area in western Minnesota. They voted for the candidates of the populist-leftist Farmer Labor Party and revered Franklin Delano Roosevelt. They were proud of our fellow Minnesotan, Vice President Hubert H. Humphrey, who, in their eyes, could do no wrong. But first in my pantheon of heroes was the martyred John F. Kennedy. One of my most treasured possessions was an LP of his speeches, made scratchy through constant replaying of such lines as, "Ask not what your country can do for you — ask what you can do for your country." Of course, Humphrey was all right with me too. I still have a picture somewhere of myself posing with an "HHH for President" poster.

I was in disbelief when the political hack with the five o'clock shadow defeated the joyful champion of the common man. But I soon warmed to Nixon's policies, in particular his fight against the Communists in Vietnam and his implementation of wage and price controls. How wonderfully simple and bold! With the stroke of a pen, he had ended inflation and set the economy on a straight path. Or so I thought. As a budding Cold War Republican, I began to devour each issue of "National Review" and (my favorite) "Human Events." Somewhere in it I saw a reference to "Capitalism and Freedom." Fortunately, a

copy was in the library of the Armstrong Senior High School in Plymouth, Minn.

I was never the same after reading it. "Capitalism and Freedom" laid a battering ram to my cherished beliefs. The first paragraph toppled my childhood hero from his pedestal. Friedman effortlessly revealed the ugly underside of JFK's call to arms: "The paternalistic 'what your country can do for you' implies that government is the patron, and the citizen the ward"; "'what you can do for your country' implies that government is the master or the deity, the citizen, the servant or the votary."

Yet there was a Kennedyesque quality (in the very best sense) about "Capitalism and Freedom." Despite Friedman's acknowledged debt to Jeremy Bentham and utilitarianism, he was at his best when he emphasized liberty as an inspiring moral ideal, not just a more efficient way of organizing human affairs. It was Friedman who introduced me to the story of the flourishing of liberalism during the enlightenment. He explained how state power had pushed aside and corrupted this dream; and like Hayek, he urged us to recapture the term "liberal" in its original meaning. "Conservative" was a poor substitute. "The nineteenth-century liberal," he wrote, "was a radical, both in the etymological sense of going to the root of the matter, and in the political sense of favoring major changes in social institutions. So too must be his modern heir."

"Capitalism and Freedom" left in tatters all vestiges of my lingering support for regulations such as wage and price controls. Friedman brilliantly exposed government intervention in the market as an illiberal use of coercion that was counterproductive, even on its own terms. And all the while, as I was pleased to see, he resisted the economist's temptation to rest too much of his argument on demand curves and statistics.

"Capitalism and Freedom" was not a "safe" defense of the free market. It had a radical edge. To cite one instance, it included a chapter advocating the repeal of licensing laws, even for doctors. Friedman didn't hold back from attacking a profession that seemed to have allied itself with him in opposing "socialized medicine" and free choice for patients. He chronicled the ways in which organized medicine had suppressed competition, limited consumers' choices, and established a cozy monopoly.

My most lasting memory of "Capitalism and Freedom" is its focus on the link between civil and economic liberties. This was no small point in 1962. Few on the Right, not even Barry Goldwater, said much about the importance of civil liberty.

"Capitalism and Freedom" laid a battering ram to my cherished beliefs. The first paragraph toppled my childhood hero from his pedestal.

Many still had a soft spot for the recent domestic anti-Communist crusades. Not Friedman. He praised the final breakdown of the Hollywood "blacklist" in 1959 as a textbook example of how competition ultimately frustrates cartels, including those against civil liberty. He noted that it "didn't work precisely because the market made it costly for people to preserve the blacklist." Self-interest gave entrepreneurs an incentive to protect "the freedom of the individuals who were blacklisted by providing them with an alternative form of employment." In plain and logical language (which no one has equaled), he explained how even Communists needed the tools of the market to spread their views.

My reading of "Capitalism and Freedom" prompted me to sample other libertarian authors, such as Ayn Rand, Murray Rothbard, Garet Garrett, and Henry Hazlitt. In later years, I became more critical of Friedman's views on the Cold War, vouchers, the negative income tax, and other issues. These differences now seem trivial. Seen from the vantage of three decades, "Capitalism and Freedom" stands as a milestone in the development of the modern libertarian movement. It certainly was a milestone for me. — David Beito

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Hayek's "Constitution of Liberty" appeared in 1960, and it did not at first make quite the splash of his "Road to Serfdom" of 16 years earlier. "The Road to Serfdom" is one of the great pamphlets of all time, rivaling "Areopagitica," "The Crisis," or "The Communist Manifesto" in its timeliness and eloquence and outshining them in its penetration and cogency.

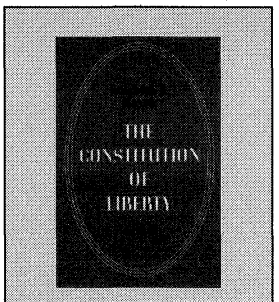
"The Constitution of Liberty" is longer, more elaborate, and more ambitious. It sets out to develop a new, politically realistic presentation of classical liberalism, then still tentatively emerging from its hundred-year eclipse. Hayek makes a case for limited government, the rule of law, freedom of contract, private property, and the necessity of substantially free markets, and he attempts to do so in a way which would seem relevant to influential opinion-formers, would be a practical guide to policy-making, and would remedy some of the weaknesses of earlier theories of liberalism.

In all this, he succeeds brilliantly. The book formulates many arguments classical liberals have always known, in a manner which has seemed more plausible and more contemporary to several succeeding generations, and it offers some new arguments which are a great improvement on John Stuart Mill or Herbert Spencer. Thousands of newcomers to these ideas have read it and continue to read it, and thereby become acquainted with the essentials of the liberal tradition, essentials which otherwise could have remained invisible under a thick coating of misrepresentation. Various subsequent landmark works, such as Nozick's "Anarchy, State, and Utopia" (1974) could hardly have been written if the ground had not been plowed and seeded by "The Constitution of Liberty."

Many recent readers of the book are surprised to notice its publication date. Because of his international contacts, especially his work with Milton Friedman, Frank Knight, Ludwig von Mises, and others in the libertarian Mont Pèlerin Society,

Hayek had gained a secure grasp on the actual movement of intellectual opinion throughout the world. As he says (p. 254 of the 1978 paperback edition), intellectual developments viewed from within each national culture might seem to be local and temporary aberrations, but someone aware of all of them can recognize that they are no such thing.

Hayek had spent some of his earlier years criticizing socialism, but "The Constitution of Liberty" is explicitly addressed to a post-socialist, and indeed, a post-Soviet world. Socialism is finished, and as far as decisive influence on intellectual life is concerned, the Soviet Union is already finished. "Marxism was killed in the Western world by the example of Russia" (254–55). Hayek completed the book three years after Khrushchev's Secret Speech and the crushing of the Hungarian uprising.



"The Constitution of Liberty," F.A. Hayek, 1960

It was, however, an earlier argument about socialism that supplied one of the main themes of the new work. Mises had claimed in 1920 that socialism, defined as a nonmarket society that continued to maintain an advanced industrial structure, was not practically feasible, because of the "intellectual division of labor" afforded by market prices, or in other words, the informational role of prices in enabling producers to adjust their efforts to the whole constellation of industrial data. Hayek's three articles on economic calculation, reproduced in his "Individualism and Economic Order" (1948), are more carefully thought through and more illuminating than Mises' pioneering contributions. Other articles in that collection ("The Use of Knowledge in Society" and "The Meaning of Competition") show Hayek extending the insights he had voiced in the economic calculation debate to a reconsideration of the way we should look at the economic theory of the market.

Hayek explains why it is impossible to centralize all the knowledge which we need to draw upon continually, and why it is impossible to design the future of civilization. The social order is incessantly modified by innumerable inputs of new knowledge, much of which is scattered in the minds of millions of people and affects the social whole only through their individual behaviors. Unfortunately, after 1960, Hayek began to advance an evolutionary scenario of culture in terms of group selection — a model of adaptation which was wrong in biology and even more inappropriate in the realm of human culture — and to employ rhetoric insinuating that we ought to refrain from rational criticism in the face of unconscious cultural forces. But in "The Constitution of Liberty," this cluster of errors had barely begun to show itself.

Hayek explains why it is impossible to centralize all the knowledge which we need to draw upon continually, and why it is impossible to design the future of civilization.

Libertarians in the 1960s and 1970s, their heads full of Rand and Rothbard, often thought poorly of "The Constitution of Liberty" because it does not define liberty in terms of a robust concept of individual rights. Hayek's approach, in which liberty is seen as absence or minimization of coercion, and coercion is viewed as manipulating people's options so that they choose to do what the coercer wants, is certainly full of holes. But his basic notions, that liberty has something to do with other people not imposing on us, and that "liberty" — and of course "coercion" — must be defined independently of any attribution of rights, are surely on the right track.

The work has also been justly criticized because it countenances many government encroachments on the free market, including a state welfare system, control of the money supply, enforcement of building codes, compulsory schooling, and tax-funded provision of parks and nature reservations. However, Hayek (perhaps emboldened by the surge of opinion in his direction late in his life) subsequently became far more outspokenly libertarian on some of these issues, notably in calling for "the denationalization of money" and competing currencies.

In the book's famous postscript, "Why I Am Not a Conservative," Hayek explains that, while he might dislike some of the interventionist policies and might vote against them, "I know of no general principles to which I could appeal to persuade those of a different view that those measures are not permissible in the general kind of society which we both desire" (402). This has often been taken to mean that Hayek cannot think of any principles rendering such policies impermissible. A better interpretation is that Hayek reckons those people he hopes to make into political allies will not find any such principles palatable. Hayek is convinced that the majority of people will probably never become intellectually converted to a truly liberal outlook, and this leads him to suppose that realistic prospects for liberty must depend on libertarians making common cause with other groups, especially those groups currently most frustrated by whatever government assaults on freedom happen to be in vogue.

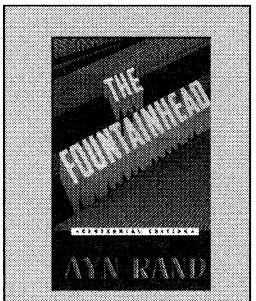
Hayek lived to acknowledge that his judgment of likely ideological developments had been unduly pessimistic. I think he would have readily admitted that the principles advocated in "The Constitution of Liberty" — especially adherence to abstract rules and freedom from the arbitrary whims of officials — rule out some obnoxious policies while letting in others no less obnoxious. He would not have regarded this as a weakness. He is not offering us the framework for his ideal social order, but a tentative framework which could protect us from some of the most horrible evils, at the same time commanding assent from a broad and quite ideologically diverse public. This deliberate modesty of aim is in harmony with his disdain for the hubris of presuming to design a future for humankind. His personal regret at some of his concessions to statism is quite palpable in the text.

Times change; the unthinkable becomes commonplace.

Hayek offered imperfect but fecund arguments against some types of government meddling. His approach does not prevent other libertarians from pursuing new tactics of resistance to other types of intervention. Or, as Hayek might have put it, real advances can be achieved only by improvisation within a spontaneous order.

— David Ramsay Steele

"The Fountainhead" was one of three books written by an American woman, and published in 1943, that had a major impact on the development of individualist and libertarian ideas in the 20th century. Unlike Rose Wilder Lane's "The Discovery of Freedom" and Isabel Paterson's "The God of the Machine," however, Rand's book presented individualist ideas in fiction. "The Fountainhead" is the story of a heroic architect named Howard Roark. A trader, entrepreneur, and visionary, Roark is a man of integrity who struggles mightily against the collectivist culture and statist politics of the age.



"The Fountainhead"
Ayn Rand, 1943

"The Fountainhead" was the first Rand novel I read, and it was deeply inspiring. But it was not the first Rand book I'd ever read. I was one of those very rare students of Rand's work who came to her ideas first through her nonfiction. In fact, I had read every nonfiction book Rand had written before picking up a single work of fiction. It was "Capitalism: The Unknown Ideal" that provided me with my very first Rand encounter. I was profoundly impressed with the blazing clarity of its ethical and political defense of the free society.

"The Fountainhead" offered subtler lessons. Granted, subtlety is not something with which Rand is often associated; indeed, in "The Fountainhead," the protagonist goes on trial for the very unsubtle act of blowing up a public housing project — uninhabited, of course. (How does that happen? If you've read the novel, you don't need to be told. If you haven't, I won't spoil the plot.) But what stands out more, for me, is Roark's quiet dignity in the face of those who despise and seek to destroy him.

Rand's novels are known for their portraits of apocalyptic battles between Good and Evil. But a fiery apocalypse is not on display when, about halfway through "The Fountainhead," Howard Roark confronts his archenemy, Ellsworth Toohey. Toohey, an intellectual with influence, has worked in the shadows to close the doors of opportunity to Roark. If Roark were from Brooklyn, he might have slugged Toohey in the face at this juncture. But it becomes clear that Toohey is trying to corrupt Roark's soul through the process of engaging him in discourse: "Mr. Roark, we're alone here. Why don't you tell me what you think of me? In any words you wish. No one will hear us." Roark resists the demonic temptation to denounce, repudiate, eviscerate, or slug his enemy. His answer is quite simple: "But I don't think of you."

In this single phrase, Rand demonstrates the radical dependence of evil upon good. Toohey's victories are numerous, and very public, but they are small and hollow. Roark wins by remaining uninfected by his opponent's toxicity. He refuses to grant him the significance he craves. There is something revolutionary in withdrawing that "sanction of the victim."

Rand portrays a principle of equal power in her understanding of the complex role of fear in our lives — how it nourishes and is nourished by anger, dependency, malevolence, and suffering. My favorite passage in the novel is the one in which Roark stands before a jury of his peers, prepared to defend himself. Rand writes:

> He stood by the steps of the witness stand. The audience looked at him. They felt he had no chance. They could drop the nameless resentment, the sense of insecurity which he aroused in most people. And so, for the first time, they could see him as he was: a man totally innocent of fear. The fear of which they thought was not the normal kind, not a response to a tangible danger, but the chronic, unconfessed fear in which they all lived. They remembered the misery of the moments when, in loneliness, a man thinks of the bright words he could have said, but had not found, and hates those who robbed him of his courage. The misery of knowing how strong and able one is in one's own mind, the radiant picture never to be made real. Dreams? Self-delusion? Or a murdered reality, unborn, killed by that corroding emotion without name — fear — need — dependence — hatred? Roark stood before them as each man stands in the innocence of his own mind.

Rand then specifies the principle of her own novel: individualism, once seen, can become contagious:

> Each asked himself: do I need anyone's approval? — does it matter? — am I tied? And for that instant, each man was free — free enough to feel benevolence for every other man in the room.

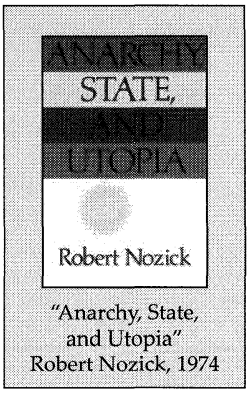
Rand's defense of the free society is not a purely ethical, cultural, or political one. It is a defense that appreciates the liberating role of the individual human mind, not only in its capacity for creativity, but also in its capacity to triumph over crippling fear. It is Rand's paean to individual authenticity that uplifts.

Free minds nurture free markets — and vice versa.

— Chris Matthew Sciabarra

"A raise? A *raise?* — And start the inflationary cycle all over again?"

"Anarchy, State, and Utopia" is in large part, although not entirely, a book written by an academic philosopher for academic philosophers; it is the book that put libertarian philosophy on the map, academically speaking. It is also a book substantial parts of which many readers, including many libertarians, will not find worth reading — because they consist of detailed analysis of multiple threads of multiple arguments of a sort that interests almost nobody save academic philosophers and Talmudic scholars.



"Anarchy, State, and Utopia"
Robert Nozick, 1974

Those who want a taste of Nozick are advised to begin, not at the beginning, but at Chapter 7. Starting with the observation that things come into the world morally attached to the people who made them, Nozick sketches out a moral theory in which the question is not "who deserves what" or "what is a just distribution" but instead "was this property legitimately acquired." He contrasts that with end state theories — "To each according to . . . " — pointing out that the latter imply drastic restrictions on individual freedom. Once the just distribution is achieved, any act that changes it — say a voluntary transfer from A to B — must be forbidden. It is entertaining as well as educational to watch a first-rate philosopher arguing for moral views congenial to most libertarians, intuitive to many people, and rejected by most modern political thinkers.

After reading Chapter 7, those willing to dare deeper water can go back to the beginning of the book and follow Nozick through his attempt to derive a minimal state via a morally proper series of moves. Starting with an anarchic society whose members attempt to act justly, he deduces a system of private protection agencies along anarcho-capitalist lines. He then argues that such a system will lead to monopoly either because a single agency will become dominant or because the arrangements between agencies necessary for peaceful resolution of disputes will link them into something functionally equivalent to a single organization.

The dominant agency, although it has no more rights than anyone else, does have the power to guarantee that its interpretation of disputed issues, in particular questions of how guilt and innocence are to be judged, is enforced on its competitors. It will therefore suppress — in Nozick's view justly — any procedures it considers unreasonably likely to violate the rights of its customers, making itself what Nozick defines as an ultraminimal state, one that enforces a de facto monopoly over authorizing the use of force.

Suppressing competing agencies whose procedures the dominant agency disapproves of disadvantages their customers in a way which Nozick argues, after a long discourse on when people may be forbidden from imposing risks on others, obliges the dominant agency to compensate those customers by offering them protection. He thus ends with a minimal state, one that not only claims final authority over the use of force but also offers protection, in some circumstances subsidized protection, to all who desire it.

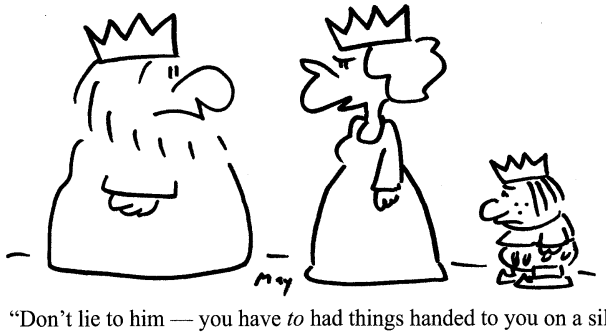
This is a brief sketch of a long argument much of which I disagree with. I do not think a system of private enforcement agencies will necessarily lead to single dominant agency,* nor do I think a group of firms linked by a network of contractual agreements is equivalent to a single firm — if it were, food provision in the U.S. would be a de facto monopoly.† I have other objections to other links in Nozick's logical chain. But anyone seriously interested in the argument, especially the moral argument, over anarchy vs. limited government ought to read these chapters, which provide an intelligent, detailed, and thoughtful attempt to rebut the anarchist case, and one that shows many of the issues to be a great deal more difficult than many libertarians assume.

A further reason to read Nozick is that he digresses in a lot of interesting ways. Consider, for instance, his discussion of the experience machine, a hypothetical device that attaches to your brain and lets you spend the rest of your life in a happy illusion, complete with virtual family, virtual accomplishments, virtual triumphs. If life is judged subjectively, by our experiences, how is that inferior to the real thing? It is a question raised for me anew every time I emerge from World of Warcraft, see what time it is, and consider what else I could have done with the past several hours.

It is entertaining as well as educational to watch a first-rate philosopher arguing for moral views congenial to most libertarians, intuitive to many people, and rejected by most modern political thinkers.

"Anarchy, State, and Utopia" is an interesting and important book, only parts of which I have had space to describe here. Although I cannot recommend all of it to everyone, I think the value of reading it will, for many, far exceed the cost.

— David Friedman



"Don't lie to him — you have *to* had things handed to you on a silver platter!"

*Some of my reasons are discussed in a piece webbed at http://tinyurl.com/hu4zk, under the subtitle "The Stability Problem."

†D. Friedman, "Law as a Private Good," Economics and Philosophy 10 (1994), 319–327, webbed at http://www.daviddfriedman.com/Academic/Law_as_a_private_good/Law_as_a_private_good.html.

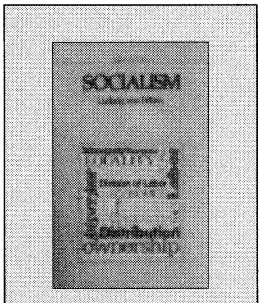
Two things may have delayed the influence of Mises' "Socialism." First, although it appeared in German in 1922, it was not translated into English until 1936.* Second, the book strikes this reader, anyway, as discursive. Its central message gets buried amidst digressions — insightful, to be sure — into sociology and history and the philosophy of history, general philosophy and ethics, utopian visions, the psychological appeal of socialism, misinterpretations of Darwinism, doctrines of racism and class struggle, and even such matters as socialist attitudes toward sex and the family.

An author is entitled to set the scope of his own book, and Mises evidently wanted to write a comprehensive assessment of socialism in its various versions and contexts. Still, this reader cannot help regretting that the crucial message, about the problem of economic calculation and the problem of knowledge, got rather diluted.

The Issue of Economic Calculation

Mises showed the vital role of economic calculation in the debate about socialism versus capitalism. He demonstrated why a collectivist economy can never fulfill its advocates' dreams of prosperity and efficiency.

An economic system requires interlocking decisions. In a free economy, resources go under the control of whoever will pay the most. In bidding for them, businesses estimate how much a resource can contribute, however indirectly, to producing goods and services that consumers will pay for. Its contribution depends not only on the physical facts of production but also on the selling price of each of the possible final products. These prices depend in turn on consumer demands and on opportunities to produce the product in other ways. Wheat grown on cheaper land elsewhere would cause losses for anyone growing wheat on city land. The economically efficient answer even to a relatively simple question of land use — or of how to provide a city's public transportation — depends on unimaginably wide ranges of information, much of it conveyed in prices.



"Socialism"
Ludwig von Mises, 1922

Ideally, under competition, the price of each product measures not only how much consumers value additional units of it but also the total of the prices of the additional resources necessary to produce an additional unit. These prices measure, in turn, what those resources contribute to values of additional outputs in their various uses and so measure the values of other outputs sacrificed by withholding resources from them. When prices bring these necessary choices to his attention, each consumer tries to get maximum satisfaction from the way he allocates his money among rival purchases.

In this sense consumers choose the patterns of production and resource use they prefer. Ideally, their bidding ensures that no unit of a resource goes to satisfy a less rather than a more intense market demand. Not only natural resources but also capital, labor, and entrepreneurial ability move into lines of production where they contribute most to satisfying consumer needs and wants as measured by what consumers can and will pay.

Influential segments of the academic world were unwilling to recognize that Mises had been right until the collapse of the Soviet Union finally vindicated him.

Correct economic calculation requires more than running farms and factories in a technically efficient way. It requires more than the meshing of activities as portrayed by a physically self-consistent table of inputs and outputs of interlocking industries, such as socialist economic planners might try to construct. Even this mere meshing is almost impossible to achieve without genuine markets and prices, as Soviet experience illustrates — tractors idle for lack of spare parts and food rotting for lack of transport. Besides taking innumerable production possibilities and consumer valuations into account, correct economic calculation even takes into account, through the terms on which people are willing to work, how agreeable they consider different kinds of jobs and working conditions. Ideally, economic calculation results in a state of affairs from which no further rearrangement of production and resources could achieve increased value from any particular good or activity at the cost of sacrificing only lesser value from some other. Resources do not go into particular uses when they could have been used more advantageously elsewhere.

These ideal conditions of a market economy are never fully satisfied, but entrepreneurs have incentives to correct gross deviations from them. They see profit opportunities in inconsistencies among various prices and in unmet demands of consumers and business firms. They adopt new and improved products and production methods and launch new methods of marketing and distribution. It is the free market, not socialist attempts at planning, that allows the essential calculations to be made, and acted upon.

So Mises argued. He concluded that socialist planners could never approach the accuracy of economic calculation in a market economy. In that sense he deemed socialism "impossible."

The Issue of Knowledge

One might wish that Mises had argued more clearly than he did; but as Hayek said in his foreword to the 1981 edition

*"Socialism: An Economic and Sociological Analysis," translated by J. Kahane from the second edition, 1932, of "Die Gemeinwirtschaft," 1922 (J. Cape,1936). Reprinted with a new foreword by F.A. Hayek: Liberty Classics, 1981. Even its predecessor article of 1920–21 did not appear until 1935: Ludwig von Mises, "Economic Calculation in the Socialist Commonwealth," trans. by S. Adler from "Die Wirtschaftsrechnung im sozialistischen Gemeinwesen," Archiv fur Sozialwissenschaften 47 (1920–21), in F.A. Hayek, ed., "Collectivist Economic Planning: Critical Studies on the Possibilities of Socialism" (Routledge, 1935) 87–130. Reprinted with new forward, introduction, and postscript: Ludwig von Mises Institute, 1990.

of "Socialism," Mises was breaking new ground in the debate over socialism and could hardly foresee all misunderstandings. By the problem of economic calculation he surely meant more than an inability of socialist planners to do complicated arithmetic. He meant their inability to know what they needed to know in order to construct their plans.

Try to imagine everything that a central planning board would need to know — the quantities and supply functions of all productive resources at all locations, all production functions in actual or potential use, and the still more complicated information about the needs and personal preferences of every consumer and producer. Mises never conceded that the planners might conceivably assemble all this unimaginably detailed information, including what Hayek would later (in a classic article of 1945) call "knowledge of the particular circumstances of time and place."

Mises wasn't just balking at the challenge of dumping all these facts and figures, somehow centrally gathered, into a computer and performing a vast exercise in programming. His argument didn't boil down to a contention about arithmetic. He knew that the planners could not even arrive at the threshold of such a massive exercise in arithmetic, let alone carry its results into practice.

Admittedly he does seem to say in one particular passage of "Human Action,"* a passage that some have taken out of context, that even with all relevant information assembled in huge piles on their desks and with numerous experts and specialists to consult, socialist planners still could not plan rationally. Here, however, he is referring to information of the kinds that *can* be piled up and centrally digested. Those piles could not include subjective, nonquantifiable information about consumers' vague and changeable tastes and their notions of complementarity and substitutability among different goods and services, as well as similar ineffable information about production processes and factor supplies. They could include only sketchy knowledge, at best, of temporary and local circumstances. The imaginary piles of information would necessarily lack meaningful numbers of the kinds that — in the capitalist system — *do* transmit such dispersed, ineffable information in the form of prices formed in the marketplace.

Mises' central message is an explanation of why a central planning authority could not accomplish its task and why the task must be accomplished, if at all, by decentralized yet coordinated decisions. Mises explains the indispensable role of genuine prices established on genuine markets where traders exchange privately owned goods and services, notably including privately owned capital goods and other productive resources. The capitalist market process mobilizes, articulates, and quantifies knowledge that socialism simply could not acquire or replace.

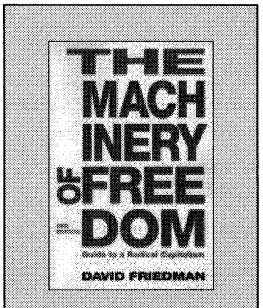
Influential segments of the academic world were unwilling to recognize that Mises had been right until the collapse of the Soviet Union finally vindicated him. But why didn't that collapse come sooner? Well, Mises had not denied that some people could remain alive under socialism, although they would (and did) suffer unnecessary deprivations. And Soviet socialism was never complete, for much unauthorized market activity took place. Furthermore, Soviet planners had the advantage, as Mises himself noted, of observing meaningful prices and up-to-date technology in the outside world.

Mises' critique of socialism was so trenchant that a socialist economist, Oskar Lange, proposed erecting a statue of Mises in the future great hall of the planning ministry in honor of his prodding the socialists into perfecting their system (into a congeries of imitation markets). The system, as Mises had shown, could not be perfected. But the importance of his book did not depend only on its critique of collectivism. Mises used the defects of socialism to provide a deeper understanding, by contrast, of how a genuine market economy works. That profound understanding is his book's great gift.

— Leland Yeager

*Ludwig von Mises, "Human Action," 3rd ed., 1966 (Fox & Wilkes, n.d.) 696.

"The Machinery of Freedom" is a collection of essays written in defense of the anarcho-capitalist school of libertarianism. Although most libertarians favor minimal government rather than anarchy, anarchist ideas have often been influential in the history of libertarian thought. I first read Friedman's book because I was curious about the subject and had been told that his was the best work in the field. It lived up to its reputation — often thought-provoking and funny, never dull, and above all both intellectually honest and remarkably lucid.



"The Machinery of Freedom" David Friedman, 1989

Having read it, I remained a believer in the necessity and desirability of limited government. Yet I found the book well worth my study, particularly for its discussion of (among many other things) the hard problems of foreign policy, national defense, and law and order in the absence of any government. From a review of the opinions of G.K. Chesterton to an extended defense of private property institutions, "The Machinery of Freedom" includes something for almost anyone with real intellectual curiosity.

Friedman does not consider himself a utilitarian, but he does discuss utilitarianism at some length and, in the course of the book, couches most of his arguments for anarcho-capitalist institutions in utilitarian terms, rather than arguing to similar ends but from principles of natural rights. His arguments, particularly those having to do with the economic analysis of law, are interesting and provocative.

While most libertarians will concur with him about certain areas in which government can be diminished or eliminated, they will typically draw the line at law enforcement and national defense. Just how would the private sphere handle these critical services? Friedman provides a number of original and practical ideas — and he is refreshingly candid about the difficulties involved in a private national

defense system. Rather than glossing them over, he acknowledges and tries to solve them. His efforts are creative, even where they are, as he candidly admits, imperfect. He is just optimistic enough to write that "these arguments suggest that it may be possible to defend against foreign nations by voluntary means. They do not prove that it will be; I am only balancing one imperfect system against another and trying to guess which will work better."

One illustration of the extent of Friedman's erudition, which is very large, and of the appeal of his book, is his brief study of medieval Iceland and its private institutions of law and order. His portrait of Icelandic society is charming as well as accurate. In its legal system, he says, medieval Iceland "comes closer than any other well-recorded historical society that I know of to being a real-world example of the sort of anarcho-capitalist system described." Iceland is a good example, but it is also one of those things that Friedman throws in that show he has a touch of humor and a becoming eccentricity.

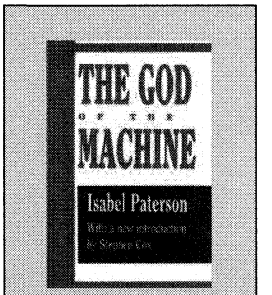
That he is even aware of this chapter in Iceland's curious history, in which the absence of any executive branch left law enforcement in private hands, is a testament both to his learning and to his ability as a writer. He knows how to identify a pungent historical problem, and he knows how to dramatize it. One may not always agree with him, but one cannot accuse him of being either dull or shallow.

As if all this were not enough to make "The Machinery of Freedom" an important contribution, Friedman includes a long appendix about his "competition" — other books that bear on his many topics, ranging from science fiction stories to sober works of history, economics, public policy, and libertarian theory. He also recommends a number of libertarian magazines (such as this one), and organizations and institutes with a libertarian bent. "Competition": yes, it's a valuable thing — and how many scholarly books include as well as honor it?

— Liam Vavasour

Friedman is refreshingly candid about the difficulties involved in a private national defense system. Rather than glossing them over, he acknowledges and tries to solve them.

"The God of the Machine" is undoubtedly one of the greatest libertarian books of the 20th century. I would not, however, give it to a left-liberal and say, "Here, this is what libertarians think." There are too many strange statements in it. Years ago, because of them, I even threw my copy out. But I came to miss it. When its fifth publisher, Transaction, offered an edition with a long introduction by Stephen Cox, I bought it back. It was partly to read the introduction, but only partly. I missed the book.



"The God of the Machine" Isabel Paterson, 1943

I had been a teenage fan of Ayn Rand, and originally bought "The God of the Machine" because Rand recommended it. Paterson, like Rand, thought in principles, and the result was a hard and appealing confidence. "A man can think and work effectively only for himself," she declares. This woman was not about to bow to the kitchen gods of conventional thought. Of Alfred Thayer Mahan's celebrated book, "The Influence of Sea Power Upon History," she says, "He might as well have called his book 'The Influence of History Upon Sea Power.'" I hadn't read Admiral Mahan's book, but I admired the way she torpedoed it. I liked her attitude. I wanted an attitude like that.

Paterson describes "The God of the Machine" as "a study of the flow of energy and the nature of government as mechanism." Probably this aspect of her analysis appeals to the same corner of the soul as Technocracy or Scientific Socialism: each is trying to do the same *kind* of thing, world-explaining and system-building. When libertarians do this, it is almost always with economics — society as a marketplace — and if not that, then biology, society as an organism. Paterson offers society as a *machine*, although a machine that cannot be run without its unpredictable, literally incalculable "god," the individual creative mind.

In the end the treatment of government as a problem in engineering does not work, and for a reason Paterson identifies and put into italics: "*Physics has no name for the exact function which is delegated to government.*" That's another way of saying that, because of the individuality of human beings, human government is too different from a machine to be treated as a problem in mechanics. I didn't catch the full import of that when I first read the book, as a junior in high school in 1968. I did see Rand's review, in which she said it was a brilliant book, but that the engineering part worked only as metaphor.

Sometimes it is fine metaphor, as when she says, "The voyage of Columbus was like the leap of an electric spark across an arc." But sometimes you don't know whether you're reading hard science fiction or fantasy. Early in the book, she says of Rome: "The structure of the republic was vertical and its source of energy internal. It collapsed from the horizontal drive of an overwhelming current of energy from without." It was passages like this that brought me to throw the book out. Yet other passages cut through the mechanical noise with a quiet note of perception. To wit:

> "Whatever elements in motion compose a stream of energy, enough must go through to complete the circuit and renew production . . . In the later Roman empire, the bureaucrats took such a large cut, at length scarcely anything went through the complete circuit." (This reminds me of what I read about the more corrupt places in Africa.)

Or, in another passage discussing Rome:

> "When unlimited supplies are voted automatically in unapportioned lump sums . . . the citizens as such, the people, *have no representatives at all.* Their presumed delegates actually represent the spenders . . . " This was done during the New Deal.

Or, in a third passage:

> "Trade and money . . . inevitably wash away the enclosing walls of a society of status. They seep below the foundations and penetrate every crevice."

I was thinking of today's China.

The whole book is like this. For libertarians, it must be one of the favorite underline books:

> "What is everybody's business is nobody's business."

> "Whenever and wherever it is made a crime to move about or to buy and sell, the type of society there has defined itself; it is a static society."

> "The Society of Status claimed to derive its moral sanction from the family, extended by analogy in political organization; but this hypothesis ignores the prime fact that everyone in due course becomes adult."

> Collective thought is "not thinking at all."

Much of the early part of the book is about imperial Rome, about a period the average American, and maybe even the average libertarian, knows mostly from sword-and-sandal movies. I knew "Spartacus" and "Ben-Hur." I would have given up on the book had it not been for the connections to the present. For example, when discussing the serf of the middle ages, she notes that when he died, the lord took a share of his property, called the heriot. Then she says, "The reintroduction of death duties, estate taxes, is a reversion to the medieval heriot."

In the middle of the book she jumps directly from Magna Carta to the United States. That was a relief. I was on familiar territory — or thought so. She characterizes the U.S. Constitution as "an architectural mechanical drawing," which is nothing I ever heard it called before. In discussing it, she focuses much attention on the treason clause, which no teacher had ever pointed out to me. It says, "The Congress shall have the Power to declare the Punishment of Treason, except that no Attainder of Treason shall work Corruption of Blood, or Forfeiture except during the Life of the Person attainted." In Paterson's hands this becomes the Founders' powerful statement that guilt is personal and property is individual.

That was clear to me, but other things were not. Paterson believed that land ownership should be widely dispersed, and that it should be part of the qualification for the vote because it offers a solid territorial basis for government. She said: "The ownership and residence of a slab shack with a potato patch is a *sound* qualification for the vote, while ownership of every share of stock in the Standard Oil Company is not." This was a riposte to the egalitarians, who would argue that a property qualification would restrict the franchise to the rich. But that is not the main issue, which is why *land* ownership should be required for a vote. This has something to do with the balancing power of local and state governments, as against the federal government; but she doesn't argue sufficiently for her dictum.

Toward the end of the book Paterson directly engages in the controversies of her day. The Left had made an argument to abolish inheritances. This, says Paterson, is simply a proposal for government to seize all the property a person has, upon his death. But why should the government get it? She also makes a clever argument for respect of profit-making enterprise (there is still much flaunting by the nonprofits of their superior moral status). Suppose you planted parts of one potato, and grew many potatoes, the new potatoes being your profit. Were they stolen from anyone? Would it be morally superior to bury one potato and dig it up the next day and eat it? That would truly be profitless farming. But the farmer who did that "must starve, *or someone else must feed him.*"

Production comes first. A person "cannot give away his subsistence without becoming dependent himself." That was a lesson I learned from one of my aunts, speaking of her altruistic sister. This sister, a hairdresser, was known as a soft touch. She would give away her last dollar to a poor gal, and loved to be praised for it. My aunt did not approve. In her eyes no respectable person had any business giving away his last dollar. And this, in turn, relates to another point made by Paterson, that "it cannot be supposed that the producer exists for the sake of the non-producer, the well for the sake of the ill, the competent for the sake of the incompetent."

That production comes first — first over distribution, first over war and national security, first over need — is a central message of "The God of the Machine." The application of the principle does not need to be as pure as Paterson makes it, but as a general statement it is correct — and, internalized, it will change how the reader thinks about a lot of things.

Toward the end of the book come some very controversial and radical chapters. A favorite of many libertarians is "The Humanitarian with the Guillotine," which argues that humanitarianism leads to tyranny. It is intriguing but overstated. Humanitarianism *can* do that, and when it does the result is particularly horrible. I remember that the book was published in 1943, the middle of World War II, and I excuse some of its

overstatements.

The chapter on war is itself an overstatement; it is simply not true that "only when personal freedom and private property are unimpaired can general production increase during wartime." War production peaked in Nazi Germany in 1944, the last full year of war. In the Soviet Union it increased all during the war, and it is demonstrably not true that in 1943 American economic output was the "only effective force" supplying Russia. A more moderate statement that war depends on production, and that capitalist states ordinarily outproduce socialist ones, is correct. She may have been early when she said that a capitalist economy makes conscription impracticable, but her general statement that conscription does not suit an advanced economy has turned out to be right. America has no military draft today only partly because the people would not want it. The military itself does not want it; American business does not want it.

Paterson's attack on the public schools remains impossibly radical: no public figure in my left-liberal city, which voted 80% for John Kerry, would dare advocate the privatization of schools, or even get close to it. Yet some 30% of the students in my city are in private schools.

As a whole, "The God of the Machine" is like a forbidden text, a book of pronouncements and predictions that dazzle and infuriate. This is a book by a literary person who was deeply read — she was a professional critic and novelist — and who thought in principles. Thinking this much in principles is exhilarating, and dangerous. Of all the serious books on my shelf, this one has more raw material for someone who would make it sound crazy. I have quoted a few of those things here, and there are others. But there are so very many good ones, too:

> "The modern cliché, 'This is a democracy, I am the government,' is nonsensical. Even as an agency, the government is a formal organization with an authorized personnel, of which the private citizen is not a member."
>
> A boundary is "a spatial restriction on political power . . . The rise of 'internationalism' always connotes a corresponding encroachment on personal liberty; but it really does so by leaving no sovereignty anywhere."
>
> "When politics are notably corrupt, it is an infallible indication that there is too much political power."
>
> Private property in land "goes back to the fact that the human body is a solid object," and "two bodies cannot occupy the same space at the same time." Public property works for a road because "the use of a road is to traverse it." But "where all property is 'public,' as under Communism . . . the public exists perpetually in the condition of passengers on a road, having no right to remain in any one spot or to use any object; all the activities of the members of the public must be by permission or compulsion."

"The God of the Machine" came out at a time when the philosophy of classical liberalism was at its lowest point in the 20th century. That was also the year of "The Discovery of Freedom" by Rose Wilder Lane and "The Fountainhead" by Ayn Rand. Much has been made of the three radical women who started the libertarian movement. A year later came "The Road to Serfdom" by F.A. Hayek.

"The God of the Machine" is a book to read, underline, argue with, reread, and occasionally toss aside in a spasm of pragmatism.

Hayek's book was a bestseller, as was Rand's. Each has been credited with reigniting classical liberalism in America. Hayek went on to found the Mont Pèlerin Society and, many years later, achieve both policy influence and a Nobel Prize. Paterson was not successful in this way. More than 40 years after her death there is, finally, a biography of her, Stephen Cox's "The Woman and the Dynamo." Also, more than 40 years after her death, her book is still in print. But still no book *like* that book has ever crossed my desk.

I am reminded of a final passage. Disputing the Marxist theory that people's lives and thought are determined by the machines they use, Paterson wrote, "It is difficult for an American to ride in a motor car as a mere passenger; mentally he drives it." Here Paterson is talking about herself. *She* is driving. She also reminds us of her (adopted) nationality. Though she was hardly in the mainstream of the American thought of her time, her views are distinctly and characteristically American.

There are a number of books in defense of individualism. Hers is an *individualistic book.* Each page is redolent of unhomogenized personality, the flavor of a soul who has not been squeezed through high school or university, private or public, and who has undertaken to educate herself, self-supervised and self-corrected. An autodidact. There were few like that in her day, and there are none in ours.

Though "The God of the Machine" is one of the most quotable libertarian books, I almost never see it quoted, maybe because the people who would quote many of its passages are uncomfortable with some of the others. It's a shame, really. This is a book to read, underline, argue with, reread, and occasionally toss aside in a spasm of pragmatism. I don't recommend discarding it. I did that once, and had to buy it all over again.

— Bruce Ramsey

Reflections, *from page 20*

young man who combines passion for nurturing and improving his talent with being both a fierce competitor and a thoroughly decent human being.

Nice job.

Earl went on to write three books and become a driving force behind the Tiger Woods Foundation, devoted to inspiring young people to dream big dreams in many fields of endeavor and take steps toward realizing them. He died recently in the family's Cypress home at 74, after a long bout with prostate cancer.

Tiger is not the only person who will miss him badly.

— Alan W. Bock

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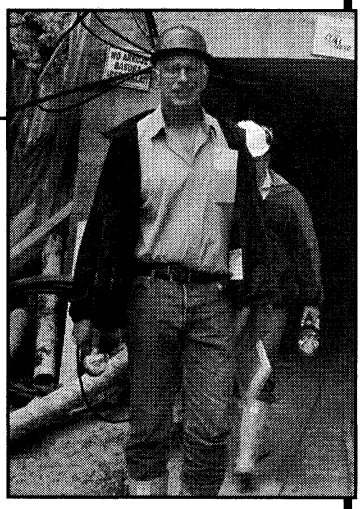

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Sport

Germany Invites The World

by Andrew Ferguson

Hooligans, globalism, civil war, and the future of Europe — there's more to the World Cup than just "twenty-two foreigners in funny shorts."

With an audience of three billion, the World Cup is the biggest spectacle on earth, a grand stage upon which 32 nations have a minimum of three games each to present themselves to the world.

Some teams are out to distract attention from the strife going on in their homelands; others try to call attention to it, as a cathartic form of activism; most are thrilled just to be involved, and devote themselves to enjoying every moment of the experience. In many small countries, the day following qualification for the World Cup is declared a national holiday. When the national team plays, the nation shuts down, as the population gathers around whatever TV is most convenient — the corner pub's plasma screen or the bush village's hand-cranked black-and-white. Presidential elections, civil wars, nuclear crises: anything can be put off when a game is on; yet any aspect of national character can be seen in the way a nation relates to the game.

In Jorge Luis Borges' story, the Aleph was a miraculous object into which one could look to see everything else in the world. The World Cup is like that: it is an event that contains all other events — or at the very least, it offers a point from which to view every other event. Many observers concentrated on Italy's victory in the final, or on French star Zinedine Zidane's dismissal for headbutting Italian defender Marco Materazzi; but many other facets of the world were on display at Deutschland '06.

Germany has worked for eight years solid on this World Cup: first, preparing the bribes necessary to host any event with a worldwide governing body; next, building new stadiums and repairing the old, in order to limit the number of crowd-crush asphyxiations; then, preparing the provisions, the police, and the prostitutes needed to accommodate tourists from every country on earth, while trying to remember which countries hate which others and why; finally and most importantly, figuring out how to brand and market the damn thing.

Of course, for an ad campaign of this scale, with so many taboos to work around, the highest praise possible is "inoffensive." By that standard, Germany's World Cup must go down as a success. Often, the branding was so aggressively inoffensive that it risked coming off as euphemism. The official World Cup logo bears the slogan "Friends invite the world" (*Die Welt zu Gast bei Freunden*), or much more loosely, "Time to make friends." These are words that could as easily be forced through the lips of Major Toht (the Nazi sadist from "Raiders of the Lost Ark") as roll off the tongue of a busty Oktoberfestive barmaid. The tenor of European history in the coming decades may depend on which image prevails.

Though Germany (as opposed to Prussia, Saxony, and so forth) has been a "nation" for only 130 years or so, it has col-

lected names for millennia. The name we Anglophones use came from the Celts: most sources trace it back to "shout" (*gar*) or "battle cry" (*gairm*), though some hold out for the less noisy "neighbor" (*gair*). The Finns use *Saksa*, from the same root as our "Saxon," or "swordsman." The Slavs have their own views on the matter, calling the German people various names based on *nemoy*, or "mute" — that is, a barbarian, someone who can't speak properly.

Germany refers to itself as *Deutschland*, the "land of the people." It's a name of ill omen given their past century's experiments with one Volk, one Reich — experiments that a small but growing group of Germans are eager to resume. It should be no surprise that these neo-Nazis, resurgent in German culture and politics, resplendent in Iron Crosses and imperial eagles — not to mention smuggled swastikas — are drawn to an event where flags are waved and the nation's pride is at stake. Because these neo-Nazis are resurgent, and because the nation's pride is at stake, the German government is desperate to live up to another of the country's names: *Alemania* (or *Allemagne, s'il vous plait)*, "all men": a confederation of many groups. Hosting the World Cup gave Germany a chance to show off its new identity, to demonstrate its shift from the militarized racial mythology of the Aryan thugs to the peaceful, global mythology of the marketplace.

Thus, the opening ceremony that must be endured before any large-scale sporting event can begin was organized around the theme of "Germany! But not *that* Germany!" The Germans dug their lederhosen out of mothballs, and danced around slapping their heels, even though there were no tubas to be heard. They dug even deeper into their shallow reservoir of inoffensive native stereotypes to explain the presence of the giant hive-shaped papier-mâché bells dangling from the arena roof: apparently, Germans once used bells to drive their flocks down the Alpine slopes to market.

Before the audience had time to linger long on thoughts of creatures being led to the slaughter, the Germans pulled attention back to their newfound sense of humor, and new-lost sense of order, by parading representatives of all 32 nations

The World Cup is an event that contains all other events — or at the very least, it offers a point from which to view every other event.

in whatever traditional garb each was willing to pretend its residents still wear. With that many costumes in one place, the field was only a drag queen and a dwarf away from a Mexican game show.

London Times columnist Simon Barnes, understandably confused by the proceedings, did his best to sum up the madness: "Let's assume that a small boy had a dream about football and then world peace broke out." Or, from the German perspective, let's assume that the world had a dream about war, and after a hundred years or so a game of football broke out.

Or was scheduled to, anyway. Ten minutes from the start of the first game, the field was still covered with hundreds of people, a three-tiered stage, and a stadium-size red carpet. It appeared that delay was inevitable — but leave it to the Germans to wipe from their soil all evidence that other cultures had ever been there: the game started precisely on time.

The one other nation allowed to remain on the field was Costa Rica, Germany's opposition — and opposed in more ways than just facing them on the soccer field. Well before Bismarck incorporated Germany with an eye toward controlling Europe, Costa Rica found it had broken off from the necrotic Spanish Empire; so remote from the center of power were Costa Ricans, it took them six weeks to be told they were independent. While Germans busied themselves with military prowess and regalia, Costa Ricans disbanded their army, becoming the first democratic republic to function without one. Thus the omens were good, the entrails in order: the only thing left was for the German team to show that they'd been transformed too. They did not disappoint.

Germany set out to demonstrate its shift from a militarized racial mythology to the peaceful mythology of the marketplace. Thus, the opening ceremony was organized around the theme of "Germany! But not that Germany!"

German soccer teams have always been known for strong defense, for discipline, for machine-like efficiency — which is to say, for having no soul. But how different they were in this game: free-flowing and spirited, attacking not like methodical Panzers but like exhilarated cavalrymen, slashing across the middle and charging up the flanks at every opportunity, even though it meant leaving themselves open to counterattacks. The excitement generated by this freewheeling 4–2 win was astounding: the German populace, who had until this evening been skeptical of their team's chances of success, began painting their faces, sticking flags on their cars, and generally flaunting the kind of goofy patriotism for which they routinely mock Americans. It was as if they'd realized all of a sudden that loving Germany didn't necessitate hating any other country or people — a critical rediscovery for a nation that, given France's precipitous decline (and the continued absence of a Habsburg monarch), is again Europe's natural leader.

Selection as one of a dozen host cities for World Cup games is only the second good thing to happen to Gelsenkirchen in six decades (the first was hosting World Cup games in 1974). It was once "the city of a thousand fires," the biggest coal-mining town in Europe. As such, it made a convenient target for Allied bombers, which flattened three-fourths of the city; though the collieries struggled on, by 2000 they had all been

forced to close. Which left Gelsenkirchen without a sense of itself as a city: imagine a Detroit without cars, or better, a Newcastle suddenly without productive mines, so that carrying coals there would be a sensible business proposition.

Cities in transition are well advised to stick with what they know. Since Gelsenkirchen knew energy, the obvious choice for industrial leadership was its oil refineries, which are now among the biggest and most advanced in the world. But the German Green streak runs deep: *oil* and *leadership* are only allowed to share a sentence when they're being used to unveil international conspiracies. Needing an energy industry that was both Green-friendly and potentially lucrative, Gelsenkirchen doled out heavy subsidies to solar power plants.

But as solar power has proved inadequate as a replacement for fossil fuels, so also has it failed to rejuvenate the city, which still has the highest unemployment rate in western Germany. And now hundreds of TV crews would be turning their attention to the droves of young unemployed men, ideally catching them in the act of burning cars or breaking open each other's skulls. Stir into this mixture of idleness and television a sizable Polish minority riled up by "professional" Polish hooligans entering Germany surreptitiously, and suddenly a game involving two countries with no history between them — Poland and Ecuador — had the potential to spark a riot.

The day of the game saw embattled protests by aggressive racists and equally aggressive antiracists — though more tomatoes were thrown than punches. In Gelsenkirchen these displays are commonplace, mere ritual; word was that the real violence, the spark that would again light the city's thousand fires, would strike after the game.

Yet it wasn't to be, not that night. The Polish team lacked fire, and one goal in each half for the Ecuadoreans stole the fire from the crowd as well. Such a dispirited performance wasn't a loss the spectators could even get properly angry about, just properly drunk, before going home to sleep and forget. Was it a near miss? Had it all been an exaggerated threat? There wouldn't be much of a wait to find out: five days later, Poland was set to play Germany in Dortmund, and fears were that old battles would flare up in the streets.

The police, taking no chances, deployed officers in riot gear to monitor the city center and other gathering places. This strategy of preventive (or proactive) policing is a bugbear for libertarians: on the one hand, it seems to assume guilt on the part of the targeted group, thus violating the suspects' rights; on the other hand, it seems to aim at provoking said suspects into committing the crimes they're assumed to be guilty of. Yet by any empirical measure, the preventive police offensive in Dortmund was a success: there weren't any deaths; there weren't even any serious injuries. Why did it work so well here (and elsewhere: during the tournament about 1,500 people were preemptively jailed, including 600 belligerent Brits), when it has so often failed at preventing anything other than the exercise of due process?

Three reasons:

1) The operation had a clearly defined goal. The object wasn't to stop hooliganism — or, for that matter, any other ism — in the abstract. It was to prevent actual hooligans from committing specific acts of violence.

2) The various agencies cooperated fully with one another. In the rush to claim credit for arrests, law enforcement agencies often view themselves as competitors rather than partners, and blunders predictably result. Here, German officials relied on the expertise of Polish police to identify and arrest 40 Polish hooligan leaders — many of whom were carrying switchblades or other street-fighting knives. (And note: it wasn't the knives that got the hooligans detained; it was their reputations for using knives, or rocks, or boots, to injure others.)

3) The police set a schedule and stuck to it. In all, about 300 Poles and 150 Germans were taken into custody; 48 hours later, with the game over and the flashpoint passed, all but three (one who punched a cameraman, and two who hit cops with bottles) had been released.

The restraint of the German police turned a would-be riot into a localized brawl that one official described as "less serious than those before an average German league game." In the end, the only losers in Dortmund were those hard-luck Polish fans who came not to raise Cain, but to support their team: they had their hearts ripped out when the Germans scored in the game's final minute to win 1–0, denying them even the moral victory of a stalemate on German soil. They would have to content themselves with the less immediately inspirational feat of finding their way safely back to their hotels, and returning to a Poland that is free, after half a century of struggle, from collectivist ideology. It's a smaller fire, more suited to a hearth than a factory, but perhaps it will warm a few hearts.

In one of the strange juxtapositions that globalization seems to foster, during their game with England the Paraguayan players spoke not in their usual Spanish, but in Guarani, a Mesoamerican language rarely if ever heard in Europe — even in Frankfurt, busy Frankfurt, with its city-sized airport through which seemingly every international traveler must pass.

A few years ago, English captain and media icon David Beckham was sold by his very wealthy team, Manchester United, to an even wealthier Spanish side, Real Madrid. (This kind of big-money, big-publicity transfer was once rare; with the EU easing work permit requirements, it's now a staple of the soccer season, as the world's richest clubs seek to gather the world's best players, regardless of their countries of origin.) While in Spain, Beckham picked up the local lingo, or at least enough of it to communicate with his colleagues. The

German soccer teams have always been known for strong defense, for discipline, for machinelike efficiency — which is to say, for having no soul.

Paraguayans, wanting to keep their on-field banter private from Beckham and thus from the rest of the English team, switched to their nation's other official language.

But the strategy backfired: the game's lone goal was scored after only four minutes, when a Paraguayan defender, misunderstanding his teammates' directions, headed the ball into his own goal while trying to get rid of a long pass from Beckham. Even though England played poorly, the team never looked like losing the game, especially after being given the lead.

Critics of globalization are badly mistaken about the economics of world trade, but their criticisms, if applied to a game like this one, would have some validity: the whole affair was blunt and boring, and the less developed country simply could not compete on a "level playing field."

The World Cup sparks strange alliances. This year, Scotland, whose national team again missed out on a major tournament, rallied around Trinidad and Tobago, primarily because there's a player on the T&T roster named Jason Scotland (it also didn't hurt that T&T would be playing the Auld Enemy, England).

So also did Ireland muster to support the Ivory Coast (whose team is nicknamed the "Elephants," with a touch of the wry humor that pervades Africa), because the two nations' flags use the same color stripes.

Côte d'Ivoire needs all the support it can get. Its entire history as a nation was aptly, if unintentionally, summarized by a "Facts About the Ivory Coast" graphic on ESPN2: "World's largest producer of cocoa. Currently in state of civil war."

It was a cocoa farmer, Félix Houphouët-Boigny, who set Côte d'Ivoire on the road to independence, and it was this same farmer who for two decades steered his country clear of the nationalistic coups and wars that savaged the surrounding nations. In the late '70s, it was Houphouët-Boigny who bravely stood before his fellow African leaders and chastised them for being every bit as racist as the colonial overseers they'd overthrown.

Sadly, his legacy was not limited to the UNESCO Peace Prize bearing his name. As one might guess from the fact that his name also adorns the nation's biggest stadium and airport, as well as his own personal presidential palace, Houphouët-Boigny turned out to be as adept at shuffling money as any career politician this side of Robert Byrd. For a man of H-B's talents, the state-run cacao and coffee plantations were as lucrative as oil fields or diamond mines. While embezzlement ranks rather lower than genocide and cannibalism on the list of atrocities perpetrated by African dictators, H-B's graft was sufficient to leave the country's already-mismanaged industries teetering, and the nation's economy faded along with his health.

The entire history of Côte d'Ivoire was aptly, if unintentionally, summarized by a graphic on ESPN2: "World's largest producer of cocoa. Currently in state of civil war."

After his death in 1993, the Ivorian elite quickly realized that the impoverished country had been held together by the old man's heart and brain alone. Lacking both, new president Henri Bédié tried to unite Côte d'Ivoire around the concept of *Ivoirité,* or shared cultural heritage. It took less than five years for this nationalistic abstraction to morph into a blood test barring from the presidency anyone not of "pure Ivorian" stock, effectively excluding from the political process everyone in the Muslim-tinged north. The descent into civil war was swift and all but inevitable.

It took three years of killing, three years of broken cease-fires and children's legs blown off by landmines, for a potential source of unity to emerge — and it was soccer, not culture or politics or blood.

It took three years of killing, three years of broken cease-fires and children's legs blown off by landmines, for a potential source of unity to emerge — and it was soccer, not culture or politics or blood. Former Liverpool manager Bill Shankly once said: "Some people believe football is a matter of life and death. I'm very disappointed with that attitude. I can assure you it is much, much more important than that." His is a sentiment shared by many Ivorians, almost of necessity: soccer alone offers a temporary release from the cycle of murder and retribution. When the Côte d'Ivoire team, featuring players from both north and south, qualified for its first ever World Cup, people all over the country put off killing one another and celebrated. Here was courage; here was pride; here, at last, was *Ivoirité.*

The real problem with stories, wrote Neil Gaiman in "The Sandman," is that if you keep them going long enough, they always end in death. The story of the Elephants' visit to the World Cup was a great one, and it ended pleasantly, if abruptly: the team earned rave reviews for its spirit and skill, but try as they might, the players could not get past traditional powers Argentina and Holland. The team returned to Côte d'Ivoire to be honored for its valiant representation of the country. But history keeps going: it won't be long until the jeeps that bore the team in its celebratory parade will again be laden with machine guns and stuffed with swaggering pubescent soldiers, valiantly representing their country by trying to kill the other half of it. The rift is too deep; try as they might, the Elephants could not get their homeland past its quarrels. As with the 1914 Christmas Truce, soccer could never be more than a brief reprieve from combat.

The World Cup sparks strange alliances, indeed. In 2006, the strangest may have been the alliance of Côte d'Ivoire with itself. ❑

A Party in Search of Itself

by Patrick Quealy

The Libertarian Party tries to be true to itself, while also hunting for voters.

"No cruising allowed," the sign warned in large, red letters. As I drew near the intersection in downtown Portland, I looked around for a house of ill repute. In smaller text, the sign explained that "Driving a vehicle through this traffic congestion thoroughfare more than two times shall be a violation of city code. . . ." I had violated a city code just trying to find a parking space. Sweet!

Oregonians try to guarantee full employment for underworked 16-year-olds, at well above the market-clearing wage, by requiring that only station attendants may pump gas. The one time I allowed this to be done to my car, the Pumping Technician dumped gasoline on the side of my car before managing to get a little into the tank. Oregon seemed a funny place for libertarians to gather.

The Libertarian Party national convention met in Portland, Ore., on July 1 and 2, 2006. Libertarians hold midterm conventions. They don't nominate presidential candidates there; they convene in preseidential election years to do that, as the major parties do. In the "off" years, Libertarians undertake other important tasks, such as throwing out most of the platform so that their candidates will have little or nothing upon which to run. (Or so that their candidates have the freedom to run winning campaigns, depending on your point of view. More on this later.)

Mark Rand and I, the observers from Liberty, arrived on the morning of Saturday the first. I assumed that the parliamentary business of Thursday and Friday would be mostly uninteresting except to devotees of LP inside politics. LP Communications Director Stephen Gordon diplomatically confirmed this supposition.

Liberty's past experiences with the usually trivial task of getting credentialed were less than inspiring.* I'm happy to say that this year was different. A call to Gordon's cell phone brought him hurrying by, breathing heavily and obviously doing the work of ten men, but still happy to help us out.

When we finally got in, Congressman Bob Barr (R-Ga.) had just finished speaking. I know many libertarians regard him as a friend of liberty, and on plenty of issues, he is. Maybe the delivery made the address, which I am about to quote, strange little dots and all, from the text he released. But get this: "To be a true and meaningful protector of liberty as a political party, an organization must be . . . organized . . . prioritized . . . committed . . . serious . . . it cannot spend its time and resources nibbling at the edges of the fundamental problem facing America today — the loss of liberty at the very hands of government — but must instead truly join the battle; lead the fight." Drop the decorative verbiage, and this becomes: "To protect liberty, you must be bold." I assume the implication was that the Libertarian Party should stop elevating opposition to the War on Drugs as a centerpiece of its political program. But wouldn't that be "nibbling at the edges" instead of showing leadership?

*See "Crossroads in Indianapolis" and "Fear of the Press," September 2002; and "Welcome to the LP Convention!", August 2004, p. 37.

The first speech we heard was by Michael Badnarik, the LP's 2004 presidential candidate. It was very — Badnarik. I don't think I'll ever shake my first impressions of him, which were formed when I visited his campaign website after his nomination. One of the first things I read, under the headline "Gun Control Means Being Able to Hit Your Target," was: "If I have a 'hot button' issue, this is definitely it." That was in boldface, followed by, "Don't even THINK about taking my guns! My rights are not negotiable, and I am totally unwilling to compromise when it comes to the Second Amendment."

I thought there were ways to express that notion and still have the support of some soccer moms and NASCAR dads. I was pretty sure that Badnarik's way wasn't one of them. Measured on that barometer, his tone this year was measured, and his speech more circumspect, than anyone would have supposed they might be.

The theme of the convention was "uniting voters." The name badges worn by delegates bore the same slogan. Badnarik explained that the party's plan was to unite libertarians, then unite the voters. The first ten minutes of his speech were a call to unity. "I really love to sing in the shower," he said. "Most of you are going to have to take my word for that." He enjoys singing in a choir more than singing in the shower, even though singing in a choir means shutting up sometimes, he said. That would be unity.

Badnarik kicked around a few buzzwords that made me cringe, though admittedly they might be true: long term unity builds synergy, and "long term synergy builds success, and success breeds success." He defined synergy as meaning "two plus two equals more than four." After talking about party unity for a while, he asked the delegates to show their unity by shaking the hands of those seated near them. They complied, in high spirits. This was a little too touchy-feely for Mark and me; I was reminded of the handshake of peace in the Roman Catholic services with which I was brought up. It's the part of the Mass you dread, because you know the emphysemic guy in front of you and the snotty kid next to you, both of whom have been coughing loudly into their hands for an hour, will want to shake your hand just before you go to receive the Eucharist.

"I really love to sing in the shower," Badnarik said. "Most of you are going to have to take my word for that."

Liberté, fraternité, ennui — The announced theme for this year's LP convention is "Unity." Unity is universally acclaimed — no one has anything but praise for it. Ideological purists speak of the wisdom of uniting as an ideologically pure party, the pragmatists extol the virtues of uniting as a more practical party, and every single-issue libertarian explains that freedom will be ours if only we unite behind his favorite issue. The focus on the theme lasts an hour or two, after which I don't hear "theme" or "unity" again, although to my relief as a small "L" libertarian, and my chagrin as a bored conference attendee, I see nothing but amicable and mostly optimistic debate. — Mark Rand

But I digress. Mark whispered to me, "At least he didn't ask us all to hug each oth—" Badnarik interrupted. "I was originally planning to ask for a group hug and two rounds of 'Kumbaya.'" Luckily, that was a joke. Badnarik was impressive. He said he'd already raised $300,000 for his congressional race in Texas District 10. He certainly has more authenticity in a pinky finger than is to be found, combined, in the candidates the major parties offer in most elections at any level. The Texas LP must have its act together: it's running 170 candidates.

Badnarik said that, thanks to his presidential campaign, "70 million people heard about the libertarian message who hadn't heard about it before." I don't know where that number comes from. I hope it isn't accurate, because it means that 23% of the population, and presumably a substantially larger portion of the voting population, had heard the message and ignored it at the polls.

His current campaign, Badnarik explained, has a "secret strategy" for winning. This publicly secret strategy, unsurprising from a Libertarian, is a contract. "Wouldn't it be nice," Badnarik asked, "if we could put limitations on individual legislators?" He intends to write a binding contract with voters, allowing them to turn him out at the next election if he's found in violation. In effect, he proposes to term-limit himself. His contract will list goals to be met while in office. If any voter charges that he has not kept to it, the matter goes to an arbitration board; if the board agrees with the challenge, Badnarik will be ineligible for reelection. A cool notion, if not flawless. Dorks like me and some other libertarians will be interested, although I don't think you win a congressional election by winning the dork vote. Perhaps to forestall such skepticism as mine, a reprint was made available of a story from National Review Online that pitches the idea. There are impressive statistics to back it up, naturally.

These aren't necessarily complaints. Badnarik knows the Constitution well. That alone makes him worthier of the public trust than the great majority of politicians. And he knows the game he is playing. He was decent when he was a dark horse for the nomination in 2004, and I think he's markedly better now. After his speech, a small group of media surrounded him and asked some questions. (I didn't see many media types wandering the halls; perhaps six or eight people wore press badges.) One was a producer involved in local radio. He was trying to get some airtime for the party's ideas. There were a couple of local print reporters, including the publisher of the Northwest Meridian, a free, alternative paper claiming a biweekly print run of 14,000. It appears to have a free-market bent — surprising, since every free, alternative paper I've seen has been leftist, centrist, or apolitical — and this one is published in Oregon of all places. There were a few freelancers and independents, and Liberty. That was it. I guess this is the norm for LP conventions, at least in the midterm years.

The gentleman from the radio station asked something; I don't remember what it was, but it had nothing to do with the war on drugs. Badnarik answered by talking about the war on drugs. He did so with a smile that made me feel as if he had answered the question. I followed it with a softball, just

to break the silence and to see how he would answer. Libertarian presidential candidates could talk about national issues, I said, but congressional candidates would have to cater to local interests. Which did he find easier? He replied that his job was to find out, before an event or speaking engagement, what was important to me — and then explain why I should vote Libertarian.

I liked that answer. It's the practical answer I'd expect from someone who'd been groomed to win elections, and properly understood, it didn't have to mean budging an inch on any issue of import. It wasn't a hard answer to produce, but until one has tried to answer questions on the campaign trail, months on end, without stuttering or starting to sound insincere, one doesn't realize how challenging it is to open one's mouth during a campaign without swallowing a lot of foot.

Still, color me skeptical. A plan to get elected to Congress this year, as a Libertarian? A legally actionable contract with voters? I have trouble enthusiastically saying that I believe in this. Badnarik emphasized "putting a *declared* Libertarian in Congress." If I understand him, he fully expects to win. He asked the delegates whether they thought he would. Many of them, who appeared to constitute an enthusiastic majority, raised their hands.

I got bitten by the LP bug when I was even younger and more naive than I am now. After the disappointing results of the 2000 election, in terms both of electoral success and of party growth, I felt like a kid who'd been promised a Red Ryder BB gun for Christmas and received only socks and sweaters. I'm leery of libertarian candidates making huge promises — or just *weird* promises — that they can't or won't deliver on. So when Badnarik says that people are in a frame of mind that hasn't existed in America "since Lexington and Concord," and suggests a unique opportunity exists now that "Congress has an approval rating of 18%," I can't muster much enthusiasm. The convention delegates could and did.

Peter McWilliams once called the LP "political Viagra" that "helps you get it up for liberty." That's great, but you can overdose on the stuff. Political priapism leads to tipping-point fatigue among the faithful. It's a tough balancing act — keeping scrupulously honest while keeping the base energized — but it has got to be performed.

A Credentials Committee report followed Badnarik's talk. I stepped out and visited the information booths down the hall. I was surprised, though I shouldn't have been, to see a representative of the ACLU, who was being congenially challenged about the ACLU's selective concern for civil liberties.

Rob Kampia represented the Marijuana Policy Project. This seemed like preaching to the faithful until I realized that he was also there as a delegate. (The next day, he endorsed Tony Ryan, an ex-cop who was running for Vice Chair of the National Committee. The endorsement got a lot of cheers from the delegates. Nevertheless, Ryan lost on the first ballot.) Nearby were the emissaries of the Liberty Pledge Club, the LP's monthly pledge program. They had a cute gimmick to get people to sign up: two lucky signers would receive an iPod, decorated with Libertarian Party art.

Political priapism leads to tipping-point fatigue among the faithful.

I was happy to see the Outright Libertarians represented, a happy gaggle of gay people who are welcomed by their party and love its platform. Contrast this with the Log Cabin Republicans, who — forgive me, I'm sure they're very nice people — ought to have their pictures in the dictionary next to the entry for schizophrenia. And no convention report would be complete without a mention of another phenomenon that makes Libertarians easily differentiable from Republicans: Starchild.

The Republicans wouldn't let Starchild in. The Democrats wouldn't either. Possibly Chuck E. Cheese wouldn't let him in. But the Libertarians do. Starchild, for the uninitiated, is a libertarian from San Francisco. Most of what I know is from anecdotes and a couple of Google searches, but three things seem clear: he's a fixture at LP gatherings, is widely known among libertarians for flamboyance, and is widely respected

The platform of the Libertarian Party before and after the 2006 convention

1. Individual Rights And Civil Order
   - Freedom And Responsibility
   - Crime
   - *Victimless Crimes**
   - The War On Drugs*
   - Safeguards For The Criminally Accused
   - Justice For The Individual
   - Juries
   - Individual Sovereignty
   - Government And Mental Health
   - Freedom Of Communication
   - Freedom Of Religion
   - Property Rights*
   - The Right To Privacy
   - Government Secrecy
   - Internal Security
   - The Right To Keep And Bear Arms
   - *Conscription**
   - *Immigration**
   - Freedom Of Association And Government Discrimination
   - Women's Rights And Abortion
   - Families And Children
   - Sexual Rights
   - Reproductive Rights
   - Sexuality and Gender
   - American Indian Rights
2. Trade And The Economy
   - The Economy
   - Taxation
   - Inflation And Depression
   - Finance And Capital Investment
   - *Government Debt*
   - Monopolies
   - Subsidies
   - Corporate Welfare, Monopolies, and Subsidies
   - Trade Barriers
   - Public Utilities
   - Public Services
   - Unions And Collective Bargaining
3. Domestic Ills
   - Energy
   - Pollution
   - Consumer Protection
   - Education
   - Population
   - Transportation
   - Poverty And Unemployment
   - Health Care
   - Resource Use
   - Agriculture
   - Occupational Safety And Health Act
   - Social Security
   - Postal Service
   - Civil Service
   - Election Laws
   - Secession
4. Foreign Affairs
   - A. Diplomatic Policy
     - Negotiations
     - International Travel And Foreign Investments
     - Human Rights
     - World Government
   - B. Military
     - Military Policy
     - Presidential War Powers
   - C. Economic Policy
     - Foreign Aid
     - International Money
     - Unowned Resources
   - D. International Relations
     - Colonialism
     - Foreign Intervention
     - Space Exploration
5. Omissions

Retained
Substantially updated
Eliminated or consolidated into other planks

*Renamed or moved to new sections
Source: lp.org accessed July 13, 2006, and as cached at archive.org, Nov. 19, 2004

among libertarians for his intelligence and activism. At this convention, Starchild sported a tasteful blue-grey toga, an "I Miss America" sash, a Lady Liberty headpiece, and a plastic torch held aloft at all times. "In what I'm guessing is an appeal to the more socially conservative wing of the party," Communications Director Gordon noted in the Hammer of Truth blog, Starchild completed his ensemble "with a relatively small set of falsies." (The full entry, along with a priceless photograph of Starchild with Bob Barr, is at http://tinyurl.com/jp4ts.)

The Free State Project was there, and man, are they cool. Varrin Swearingen, the president, chatted Mark and me up about the project. We each walked away five bucks poorer, with a Free State T-shirt, and looking forward to their caucus that afternoon.

Back in the main hall, five minutes had been allotted, from 9:55–10:00, for "Retention of Planks from the Previous Platform." I expected this to be a formality (as did whoever made up the agenda). However, expecting Libertarians to do the expected is seldom a good idea. They took those five minutes to throw out most of the party platform. More accurately, they failed to renew most planks, which they're required to do at every convention to keep them in the platform.

Out of 61 planks adopted in 2004, only four were retained outright in Saturday's vote. For all intents and purposes, it appeared the platform was scrapped. The Bylaws Committee Report distributed in the morning had included a proposal to alter the mechanics of the platform retention vote, noting among other reasons that "no one on the committee can recall any instance where a plank was deleted through this process." Live and learn. The rejection of the vast majority of planks could mean the moderates were out in force, intent on starting from scratch to build a more marketable platform. Or it could mean the purists were upset with all this talk of unity and wanted to quash it. Knowing Libertarians, I assumed the latter.

There were several afternoon speakers. The first, Megan Dickson, was outstanding. She was polished and passionate, didn't hesitate once — and she's an eighth grader. Following Megan was the first woman to receive a vote in the Electoral College, 1972 LP vice-presidential candidate Tonie Nathan. I ducked out near the end of Nathan's talk to get some coffee, which I would need to make it through the rest of the afternoon, and managed to miss the Starchild drama.

Starchild asked to be accepted as a late-arriving delegate, and the convention refused to accept him. Joe Magyer, a delegate and officer of the Georgia LP, kept a convention diary at thirdpartywatch.com. He wrote of the incident:

> Okay, we just had to do a standing vote for someone named Starchild dressed like the Statue of Liberty. Jesus. We literally just had to count each "aye" vote for Starchild. What a ridiculous waste of everyone's time. It is now known that Starchild has been rejected as a delegate.

Yeah, Libertarian drama! Give me that old-time religion!

I returned as the platform debate was getting underway. The Platform Committee Report had consolidated several previous planks; then many old planks had been unexpectedly

Dammit, Jim, I'm a libertarian, not a gun grabber — Most of the exhibitors' booths — and there aren't many, maybe a dozen — are from the type of group you'd expect to find at a libertarian gathering: Advocates for Self-Government, the Free State Project, Americans for Fair Taxation, Outright Libertarians, Students for Saving Social Security, the Cascade Policy Institute. There are a couple of unmanned tables with flyers promoting various candidates for government office or Libertarian Party positions. And somewhat to my surprise, the ACLU has a booth.

It looks as though the ACLU booth is getting a slightly wider berth than any of the other booths — people are looking at the literature on display without getting close enough to pick it up or be engaged in conversation. I step closer and one of the staffers (Associate Director and Chief Legislative Counsel of the ACLU's Washington Legislative Office Gregory T. Nojeim, who'd been one of two speakers at Saturday's "ticket only" breakfast) asks the other, "Do they know they can take the literature?" With that, he excuses himself and leaves, smiling but clearly somewhat frustrated.

The ACLU board views gun ownership as a collective right. A delegate points out that the overwhelming consensus of historians contradicts this view. Jim counters that historians view history as whatever they want it to be.

The ACLU literature on display all relates to the Patriot Act. I ask the ACLU guy (whose name for the purposes of this section is now Jim, with my apologies for neglecting to read his large and prominent name tag) what kind of response he's gotten. He says it's been quiet all morning. I suggest that maybe people are unable to decide whether to laud the ACLU's free speech work or upbraid its stances on affirmative action, Title IX, or any of the other areas in which our groups are at odds, and Jim expresses some surprise. His work relates mostly to the Patriot Act, and he's not prepared to discuss other areas in any detail, although he's quite willing to give me contact information for people who are. Much as I'd love to spend the next 20 minutes or so agreeing with him about the horrors of the Patriot Act, I decide my time would be better spent almost anywhere else, thank him for his time, and start to leave.

As luck would have it, though, one of the Washington state delegates picks that moment to approach. He mentions that he regularly responds to ACLU surveys about which issues are important to him, and he wants to know why the 2nd Amendment never receives any ACLU support. Again, this isn't Jim's area, but he does know that the ACLU board views gun ownership as a collective, not an individual, right. The Washington delegate points out that the overwhelming consensus of historians contradicts this view, and Jim, who mentions that he studied history in college, counters that historians view history as whatever they want it to be. Realizing they're at an impasse, the delegate asks how the board is elected, and Jim offers him his card, explaining that he doesn't know, but he'll be happy to find out.

With that resolved, I return to the convention proper.

— Mark Rand

tossed out in the retention vote. Up for discussion now were revisions to five planks.

The sexuality and gender plank said "marriage and other personal relationships" should be treated as "personal contracts." Someone thought this was too clinical and moved to change "contracts" to "matters." The motion failed. Someone else moved to change "personal relationships" to "civil unions." A representative of the committee explained that the language was intended to remove government from the equation as much as possible. "Personal relationships" would cover traditional marriage, line marriage, civil unions, simple cohabitation, whatever. That motion also failed.

Unsurprisingly, the immigration plank was the most contentious. The language was still essentially open-borders, as before, but it was a solid step toward a plank that wouldn't alienate everybody south of the tippy-top of the Nolan Chart, while remaining principled. The committee arrived at new language starting, naturally enough, with the principle that immigration "is as much a property rights issue as anything else."

There was a minority report that stayed closer to the original language. Badnarik's campaign manager spoke in favor of the majority report. The staff of libertarian congressman Ron Paul (R-Texas) had told him recently that, of 2,500 people recently arrested coming across the Mexican border, not one was a Mexican. "I encourage you to stop thinking this is about Mexicans," he said. "I urge you to stop thinking that immigration and national security are the same issue." It was an intriguing dichotomy, and one that surely merits consideration, though I have several Californian friends who would be skeptical about the distinction. "If you want to be theorists for the rest of your life . . . that's great, I'm all for integrity. But I'll tell you what. . . . I'm trying to elect somebody." That won some applause.

Steve Dasbach, former LP chair and then national director, said that the majority report better reflected the LP's sense of where its members are on the issue. The statement was characteristic of a pattern of moderation that the party evinced throughout the weekend. I call it growing up. I guess the purists call it regression.

The party moved on to passage of a new plank on taxation. On this issue, the old plank read, "No tax can ever be fair, simple or neutral to the free market"; and, "Default is preferable to raising taxes or perpetual refinancing of growing public debt." The new plank called for collection only of "taxes that do not invade individual privacy or self-ownership" and for elimination of "all taxation on individual incomes" and "ranking the effect of various taxes" before imposing them.

The new wording of the plank on government debt would have allowed Congress to borrow money in emergencies with a supermajority vote in Congress. Of course, legislatures see emergencies anywhere they must in order to comply with the letter of the law while spending money with abandon. A delegate noted this, and moved to have the emergency appropriation measure stricken. The motion passed.

Finally, the conscription plank came up for debate. The new plank was shorter, more focused, and notably no longer called for repeal of the Uniform Code of Military Justice. Why the Platform Committee changed the language in this way is unclear, but it fitted with the palpable desire to mainstream the party that permeated much of the convention. Opposition to the UCMJ is a fairly left-wing notion, and as one delegate noted during debate, there are good reasons for its existence apart from the laws governing civilians. Language was kept from the 2004 platform which supported (though perhaps too vaguely) the right of high school kids, conned by recruiters into military service with the promise that they wouldn't see combat, not to be punished for desertion. Agree or disagree with the idea, the LP was ahead of the Democrats on this one. The Democrats waited for the Iraq war and Cindy Sheehan to get in on the act.

Starchild wore a tasteful blue-grey toga, an "I Miss America" sash, a Lady Liberty headpiece, and a plastic torch held aloft at all times.

Besides debating these five platform planks, the convention debated the committee's attempt to change the party's statement of principles. If this passed, or even came close, it would be a sign of a new tone and a new sheriff in town. The proposal was to change the denunciation of "the cult of the omnipotent state" to denunciation of "the idea of unlimited government." This proposed change lent credence to the possibility that moderates were determined to bring the platform down to earth. The slightly altered statement of principles would have the same meaning as the original, without eviscerating candidates' chances of winning. That was the thought. On the other hand, it didn't sound nearly as exciting — and if you take everything too seriously, it's hard to be a libertarian. There was a motion to postpone debate on this until Sunday morning; it passed.

We ended the evening by sitting in on the Free State Project's caucus. The room was packed, and the hour-and-a-half presentation kept my attention the whole time. Swearingen

Impractical pragmatists — A Gallup poll just found that two thirds of all Americans support withdrawal of U.S. troops from Iraq. Nearly one third want to leave immediately, a position more extreme than that of Howard Dean. The poll also revealed that a pitifully small 2% of Americans want to send in more troops.

Meanwhile, the Libertarian Party, acting in the name of pragmatic reform, has dumped antiwar and anti-intervention planks from the platform. The result, of course, is to cut the LP off from this growing American antiwar majority.

It is hard to imagine how such an isolating decision can be justified as a practical reform to reach more potential voters. Even so, that is what the Portland reformers claim they are doing.

It is natural to wonder to what extent "pragmatism" is just a pretext by pro-war elements to advance a purely ideological position that fewer Americans than ever now hold. If this is the case, why are antiwar libertarians so quick to concede their opponents' claims to be non-ideological? Shouldn't they instead insist that it is they, not the Portland reformers, who are doing the most to hold aloft the flags not only of principle but also of pragmatism?

— David Beito

introduced himself as a commercial pilot, a Christian, and a libertarian (the last two need not conflict, he emphasized). He later mentioned casually that he was an unpaid volunteer. I was floored. I figured they at least paid him a stipend to do what amounts to a second full-time job. Given his eagerness, you'd think they did.

The project's aim is to get 20,000 activists to move to New Hampshire and make it a "free state." The idea is that in a small enough state, if most of the people who move are *activists* who vote and work to change government, 20,000 people can make enough difference to produce a libertarian society within that state. Swearingen described the possibilities presented by New Hampshire-style direct democracy: one can attend a town meeting, question line items on a budget, and have them removed. The few FSP members who've already made the move are doing this stuff and seeing results.

I think these guys are here to stay; I think they're going to reach their goal someday. The "free state" may not look exactly the way they expect it to, but then they don't seem to have a fixed goal in mind. They know freedom when they see it, and avail themselves of the opportunities when possible. These are idealists doing something pragmatic, patient enough to wait a few years, but impatient enough to want liberty in their lifetimes. I haven't signed their pledge to move, but at some point during the weekend, the Spirit moved me: I decided that I'm going to find an excuse to visit the Northeast in the next year or two, and check out New Hampshire. More than once, Swearingen said he was embarrassed or ashamed that America couldn't produce 20,000 people willing to cross state lines for freedom, and that hit home.

What I think is cool is that they've succeeded by breaking the rules. (Most success stories seem to work like that, but most movements still follow the rules. I don't get it.) Swearingen does not gloss over failures. He named some victories for freedom in New Hampshire politics. Here, a couple hundred thousand dollars saved for taxpayers, directly attributable to political activism by Free Staters. There, a bad law that didn't get passed. The FSP couldn't claim full credit, but it had helped.

Sunday's opening speaker was Pat Dixon, chair of the Texas LP (not to be confused with Michael Dixon, the national chair), who spoke in grave and serious tones. Jesus Christ is his role model, he said. He mentioned Crispus Attucks, and talked about martyrdom, and how martyrdom emboldens the martyr's followers: "We refuse to concede. . . . We will continue to fight for liberty despite being outnumbered." The delegates got a little restless. They may have wondered, as I did, exactly what Dixon was calling for. But the speech was reasonably well received, and contributed positively to the attempt to "unify" the party. It's always nice when a whole roomful of libertarians can listen to a religious libertarian without one of them jumping from his seat to utter imprecations about people who are anti-mind and anti-life.

The immigration plank was the most contentious of the platform debate. The committee arrived at new language starting with the principle that immigration "is as much a property rights issue as anything else."

It was announced that there were 299 credentialed delegates and 12 alternates, for a total of 311. Someone from the Washington delegation had told me in the hall that this was unusually low. I think there was "room" under the bylaws for 700 more delegates. Don't quote me on that: I had not yet had my morning coffee, and I don't understand the complex formula that determines the total number of delegates, and how many may come from each state.

A delegate from the Nevada delegation was recognized and angrily decried the decision — "at best petty, at worst bigoted" — to refuse to seat Starchild on Saturday. He "demanded" on behalf of the Nevadans that Starchild be credentialed as part of their delegation. Chairman Michael Dixon asked the "nay" votes to stand; I did not see a single person rise. Much applause was rendered, and Starchild was credentialed in time for the voting.

In this tense moment, as throughout the weekend, Dixon ran the meeting well. He smoothed over rough spots, maintained good humor, and provided cues to delegates to help them move business along as needed. Everyone seemed impressed.

There was a little more talk about the platform, no less confusing than on Saturday. Some planks had been put before the convention in their verbatim 2004 forms. Some were consolidated from previous planks and put before the convention for approval. (This was done with the issue of gays in the military, for example, which was moved from the conscription plank to the sexual freedom plank.) The taxation plank, labeled "retained via debate" on the overhead screens, would have been a third class of plank; then there was a challenge from the floor regarding how that plank was handled, and Dixon ruled the challenge correct. My eyes glazed over.

Next, the business of the "cult of the omnipotent state" had to be addressed, again. A delegate claimed that even LP founder David Nolan opposed the "cult" language, having

Time out of mind — On several occasions, I approach a delegate who's stepped out for a cigarette. Most of them are willing to talk, but only off the record. Hoping to learn something, I agree to that restriction, and end most of the conversations wondering why people with nothing controversial to say insist that they not be quoted on issues they're not discussing. I also wonder why the senatorial candidate who promises universal health care, an end to the "rich-poor divide," and (by some unspecified magic) "no more global warming or Katrinas" imagines he'll appeal to libertarians. I wonder the same thing about another (presidential) candidate who pledges to "make everyone meet a weight requirement to earn their individual tax deduction," and to subsidize organic fruit and vegetable farming, except for corn and wheat, which "are used to make fattening foods." This man, incidentally, needs campaign contributions, which he notes are *not* tax deductible. Not even if I meet my weight requirement? — Mark Rand

called it "off-putting to the average voter." (You think?) An amendment was offered to delete only "cult of the," leaving "omnipotent state" intact. I thought this was a brilliant compromise. Naturally, it didn't pass.

Under the bylaws, a seven-eighths vote of *all* delegates (not just a quorum) is needed to change the statement of principles. If a few delegates go home early and a few more are in the bathroom when the vote comes up, the change can't be made. Wow.

Dixon opted to count the "nay" votes, saying that 38 would be needed to defeat the motion. A few people stood up: clearly, this year's delegates were not hard-line. Easily three-quarters supported the change in language, probably more. But Dixon ruled that more than 38 voted nay, and the motion failed. The LP still opposes the cult of the omnipotent state.

When the platform business was over, I was unsure what state the platform was in, and not for want of attention. It was ten days after the convention when party staff could finally confirm what the new platform said or how many planks it had. There are now 15 planks, less than a quarter of the previous number.

The new conscription plank, as earlier noted, no longer calls for repeal of the UCMJ. The plank on government debt reads less like an excerpt from a John Galt soliloquy. The planks regarding the War on Drugs, privacy rights, and gun rights were among the handful that survived unscathed.

The immigration platform in 2004 called for "the elimination of all restrictions on immigration, the abolition of the Immigration and Naturalization Service and the Border Patrol, and a declaration of full amnesty for all people who have entered the country illegally." It now calls for "free entry to those who have demonstrated compliance with certain requirements," allowing for "screening for criminal background and threats to public health and national security." Somewhere between 2004 and 2006, the LP recognized a fine distinction between building a wall to keep Mexicans out vs. trying to keep tabs on who enters the country. This can only be to the good.

What should one read into the changes to the platform? Says LP executive director Shane Cory in a July 12 press release: "Consider it a move that we would love the federal government to make. We've reduced our own party bureaucracy to allow our candidates to express their own viewpoints while holding true to our statement of principles." That is a fair statement of what happened, and it probably accords with the reason many delegates voted the way they did. However, it belies the extent to which LP leadership was taken off guard by the drastic change.

It may be a good sign for the LP; it may be that longtime party functionaries aren't accustomed to useful things happening quickly, because infighting so often prevents it, and that was the reason they seemed unprepared for this revolution in an off-year convention. On the other hand, the new platform seems anemic even by third-party or small-government standards. The party would do well to fill out the platform at the 2008 convention.

Anchors away — At the moment, a proposal to amend the wording of one of the platform planks is being debated. The plank refers to the national debt as "an anchor that will burden future generations"; the proposed amendment will change that to "an anchor that will haunt future generations." Several delegates speak in favor of the proposed change; then one delegate opposes it for the simple reason that "anchors don't haunt." I salute that delegate. — Mark Rand

Soon after the platform business, nomination speeches began for LNC officer positions. Bill Redpath was the favorite for chair, and he won. Chuck Moulton won vice chair on the second ballot with 59% of the vote, defeating M Carlton. Apparently M is his name, not his initial. There were seven candidates for five at-large seats. One of the winners was Admiral Michael C. Colley, who, according to one of his nominators, commanded a nuclear submarine. That's got to look pretty good on LP letterhead.

One of the most interesting talks I heard was the lunchtime speech by John Buttrick, a Superior Court judge in Arizona. His talk was engaging and informative, so I don't know why many delegates felt obliged to talk loudly throughout it. He discussed the recent hit the "knock and announce" doctrine took from the Supreme Court; the *Kelo* v. *New London* decision; the lack of progress on jury nullification and "mere possession" and ballot access laws; Congress' error in granting the president carte blanche to invade Iraq, which is a "non-delegable duty"; the detentions at Guantanamo; and, naturally enough, the implications for federalism of the Anna Nicole Smith case. The case involved a question of competing jurisdictions between a federal bankruptcy court and a state court, and Judge Buttrick believes the decision in favor of the federal court has unfavorable implications for future full faith and credit cases — for example, a gay couple married in Massachusetts seeking a divorce in a different state.

Attendees needed to ride down a couple of escalators to get to the convention hall. I had earlier encountered a little girl in a "Taxation Is Slavery" T-shirt, standing at the top of one of the "up" escalators, mischievously walking down a few steps and riding back up. She saw me coming toward her and, when any other kid might have run away, kept right on flouting the system as only a Libertarian's kid would do. It reminded me of the title of a Liberty article on the 2000 convention: "Up the Down Escalator." What goes around, comes around.

Right now, "unity" seems like a slogan, but in a couple of years it may be a new philosophy. Or maybe the pendulum will swing, and the party will be proposing the death penalty for IRS agents and their families, down to the seventh generation. Who knows? Badnarik said in his opening remarks, "The Founding Fathers were not gods. They were ordinary people doing extraordinary things." For the LP, reaching out to mainstream voters, with something in between the pandering of the major parties and the LP's typical "principle or nothing" stance, would be an extraordinary thing. I'll be interested to see whether it is an aberration or the beginning of a movement. At the moment, I don't know what to think.

The weekend reminded me of my high school graduation: my classmates and I knew there were years ahead of hard work, of missteps, of still being treated like children. While we wouldn't yet pass for adults, neither did we any longer approach the world in the unnuanced way of children. It was, more than anything, a time of wistfulness, confusion, and big decisions. That, I think, is where the LP stands today. ❑

Letters, *from page 6*

fundamentally wrong on all points.

My article discusses only the Great Contraction (GC), 1929–1933, and the events leading up to it in the 1920s. The rest of the Great Depression, 1933–1941, was primarily fallout from what happened in the preceding four years. (Readers who wish to pursue the matter further may read my book on the subject, "Monetary Policy in the U.S.," Milton Friedman and Anna Schwartz's "Monetary History," or Allen Meltzer's "History of the Federal Reserve." We are all very much in agreement.)

The GC was not "the spark that precipitated the crash." It *was* the crash. I should emphasize that during the 1920s there was *no* inflation. Prior to the GC that began in 1929, prices were as stable as they have ever been before or since. In fact, the Fed's stable price level policy actually resulted in a mild *contraction* of prices, not an expansion. Prices in 1922, as measured by the Wholesale Price Index (1926=100), were 97, reached a "high" of 104 in 1925, then declined slowly but steadily to 95 by the end of 1928. The Consumer Price Index at the same time "increased" from 71.6 in 1922 to 73.3 in 1929, an "increase" over seven years of 2.3%. So where is the "inflation"?

If we are to analyze economic phenomena, we must use words meaningfully. We cannot accept the Red Queen's dictum that words will mean just what we want them to mean. "Inflation" means "a sustained increase in the level of money prices." It says nothing about the quantity of money. The inversion of such an index, albeit imperfect, is the only means we have for measuring the value of the dollar.

I should also emphasize that the measured price index data are very much subject to an "inflationary bias." The indexes cannot fully account for quality changes, and reduced sticker prices due to special sales and discounts. Consequently, even had price indexes increased slightly (which they didn't) the real value of the bundle of goods priced for a given sum of dollars *could* have increased anyway! One way to compare the real values of the bundles of goods and services would have been to buy the $1,000 bundle in 1922 and to buy the "same" — it could only be *similar* — $1,000 bundle in 1929. Which bundle would be superior? The answer is virtually certain. The new car you bought in each year for $500 would have had four-wheel brakes in 1929 instead of two-wheel brakes, and many other manufactured goods would have had similar improvements without price increases.

All historical and media accounts of Fed policy during this time, especially the monetary data and the anecdotal accounts of Benjamin Strong and other contemporaries, clearly reflect anti-inflationary tendencies. The Fed-supplied "share" of the economy's money stock was the volume of bills and other securities Fed Banks discounted (bought). In 1927, the year that Fed Banks were most "expansive," total Fed contributions to the monetary base were $1.26 billion to a base of $7.24 billion, or 17.5% of the total. The rest of the base was accounted from gold, silver currency, and fiat Treasury currency, such as greenbacks.

More important with respect to the inflation-that-wasn't, the Fed Banks held gold reserves of $3.17 billion in 1927. Of this amount, $1.66 billion was *"excess"* — the amount over and above Fed Banks' legal reserve requirements. Consequently, if Fed managers had expanded their earning assets to the amount allowed by the Federal Reserve Act on the Fed Banks' existing gold reserves, the money stock and prices would have increased by a significant fraction — probably 20 to 40%. This course was what the Bank of England desired, because a Fed monetary expansion would have triggered a price-specie-flow dynamic that would have wrung a fair amount of the gold out of Fed Banks. Some of the gold would have gone into the English banking system, raising prices, and making it easier for the British to achieve pre-war parity of the pound sterling. But Benjamin Strong would not allow it. He felt that European recovery would proceed quickly enough without Fed inflation. So U.S. gold in Fed Banks stayed "sterilized." In retrospect, we may question Strong's judgment: perhaps the world would have been better off if the Fed banks had acted like a Gold Standard Central Bank and inflated, disbursing much of their gold to Europe in the process. But that is another story. Strong's actual policy was decidedly anti-inflationary.

The data on gold and commercial bank reserve ratios also show that if the Fed-held gold had been in commercial banks without any Fed Banks as intermediaries — that is a working gold standard with no central bank, prices would have risen significantly as the commercial banks expanded loans and deposits, again triggering a U.S. price level increase and a price-specie-flow event. As I pointed out in my article, an authentic gold standard is no guarantee of a stable price level. It all depends on how much gold is produced and available for monetization.

The M1 money stock, which includes bank deposit-checking accounts plus the public's holdings of currency, increased from $21.6 billion in 1922 to $26.2 billion in 1929, an increase of 21% over seven years, or 3% per year. The M2 money stock, which includes M1 plus time deposits in commercial banks, increased by 38%, or 5.4% per year. This "expansion of money and credit" proved to be just enough to finance the value of additional goods and services produced in the 1920s with no deterioration in the value of money.

I should add a few comments about the stock market boom of the 1920s, because so many people already have this event as their scapegoat for the Great Depression, and they want to send it into the wilderness with the sins of somebody or something whispered in its ear. The stock market bogeyman neglects completely Benjamin Strong's actual practices and his rationale for monetary policy. Strong observed pointedly that a central bank can only provide money for the general economy. It emphatically cannot guide the money into or away from specific channels. It cannot counteract a real estate bubble, such as the Florida speculation of 1925, nor a decline in agricultural prices as occurred then, nor foreign exchange rates, nor, especially, any kind of stock market speculation. He made these remarks as an answer to the charge that Fed Banks should lend only on 'eligible paper' (real bills). As if to confirm what Strong said, the Real

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Reviews

"Intellectual Morons: How Ideology Makes Smart People Fall for Stupid Ideas," by Daniel J. Flynn. Crown Forum, 2004, 202 pages.

Blinded by Belief

Gary Jason

Daniel Flynn, author of "Why the Left Hates America," has written an entertaining new book about a number of influential intellectuals who, he believes, were led by ideology to say and do moronic things. His thesis — not necessarily a shocking one — is that ideologues subordinate common sense and observation to their worldviews. As he puts it:

> It doesn't matter how smart you are if you don't use your mind. Ideologues forego independent judgment in favor of having their views handed to them. To succumb to ideology is to put your brain on autopilot. Ideology preordains your reaction to issues, ideas, and people, your view of politics, philosophy, economics, and history. For the true believer, ideology is the Rosetta Stone of everything. It provides stock answers, conditions responses, and delivers one-size-fits-all explanations for complex political and cultural questions. (p. 1)

Excessive devotion to ideology is bad, whether it is leftist or rightist ideology.

Flynn's view of true believers clearly owes much to the social theorist Eric Hoffer (1902–1983), whom he briefly discusses. The people he skewers are a wide variety of ideological gurus, including Herbert Marcuse, Alfred Kinsey, Paul Ehrlich, Peter Singer, Rigoberta Menchú, Howard Zinn, Noam Chomsky, Gore Vidal, Leo Strauss, Margaret Sanger, W.E.B. Du Bois, Alger Hiss, Ayn Rand, Betty Friedan, and the postmodernist icons Jacques Derrida and Michel Foucault. His critiques represent a mélange of intellectual approaches: analyses of ideas, reviews of historical consequences, and (it must be said) *ad hominem* considerations of lives and lifestyles. The results are mixed.

An example of broadly effective criticism is the discussion of Herbert Marcuse. Marcuse (1898–1979) was originally a member of the Frankfurt School of social theorists, a group of leftist German intellectuals associated with the Institute of Social Research established in 1923 (during the Weimar Republic). These thinkers were heavily influenced by Marx and Freud, developing a kind of unorthodox cultural Marxism, but they still tended to remain loyal to the Communist Party. In 1934, Marcuse fled from Germany to Columbia University. He worked for the U.S. government from 1941 to the early 1950s, when he returned to academia, staying at Brandeis from 1954 until 1965, and then moving to the University of California, San Diego, for the rest of his career.

His 1955 book "Eros and Civilization" sketched his vision of utopia, a non-repressive civilization of polymorphous love and work freed from all alienation — an environment in which, as he thought, creativity was bound to flourish. His 1964 work "One-Dimensional Man" criticized advanced capitalist society (read: the United States, i.e., the very country in which he himself had taken refuge). These books made him a guru of the sixties counterculture generally and the New Left specifically. Marcuse (and the New Left) rejected Soviet Communism, but held onto Marxism as a tool to attack the U.S. system. Marcuse's writings of the '60s and '70s elaborated the New Left ideology.

Marcuse and his New Left followers — alas, many of them now tenured professors — rejected free-market economics, even in the face of the manifest prosperity of capitalist countries (including their working classes), and the manifest poverty of communist countries (ditto). They exalted the Viet Cong and other "liberation" movements, which oppressed and butchered millions. They denigrated work, marriage, and other such "repressive" features of society. They rejected freedom of speech and

tolerance for anyone and any ideas that lay to the right of them politically. They pined for revolution by some kind of disaffected "victimized" group, in the face of the clear identification of the working class with American society. (When the New Left students marched, their most antagonistic opponents were the hard hats.) To the end, Marcuse and the New Left remained true worshipers in the High Church of Marxism.

I very much doubt that either Bush or Cheney or Rumsfeld ever heard of Leo Strauss, much less has been given to gnostic impulses of any kind.

Flynn's treatment of Marcuse is convincing, because he shows how an ideology can dictate absurd views. Marcuse, along with so many others, became a devout Marxist early in his life. Upon coming to America, he saw things that clearly refuted the classical Marxist analysis of capitalism. What he had learned about the Soviet Union refuted Marxist predictions about a workers' paradise. Now, the theory of cognitive dissonance (put forward by the psychologist Leon Festinger in the mid-1950s and well confirmed ever since) tells us that when faced with a contradiction between what he sees and his basic beliefs, a person will respond in one of two ways. He may just drop the inconsistent beliefs: thus, many people abandoned Marxism as they saw its results. But he may try to resolve the inconsistency by recharacterizing or discounting what he sees in order to make it square with his cherished beliefs. Thus Marcuse denigrated the tremendous freedom and prosperity he saw, so that he could reconcile "reality" with his Marxist faith. How horrible to be a true believer in Marxism, forced to live in La Jolla!

An example of ineffective criticism in Flynn's book is his discussion of Margaret Sanger. Sanger (1879–1966), neé Higgins, was born into a large and poor Irish Catholic family, with a socialist father and a devoutly Christian mother. She chose her father's faith and became, with her husband, William Sanger, a committed labor activist. A nurse, she published articles advocating birth control; when the government banned the articles, she started her own newspaper, The Woman Rebel, then (in 1916) the first birth-control clinic, and another journal, The Birth Control Review. She later founded Planned Parenthood.

Sanger came to advocate very radical ideas, from terrorizing the ultra-wealthy to forced sterilization for eugenic purposes. By the mid-1930s, she viewed eugenics as an essential part of the birth-control movement. Indeed, she wanted to segregate "dysgenic" groups (the chronically poor, the retarded, drug addicts, criminals, and even epileptics) on government farms. And she apparently had a racist side, writing that aboriginal Australians were barely superior to chimps and that Jews and Italians were prone to insanity and feeble-mindedness. She had a peculiar passion for the practice of birth control by blacks. To all this Flynn hastens to add details of her adulterous private life and neglectful parenting.

But none of this analysis is compelling. He admits that Sanger genuinely believed in making contraception legal — though curiously, he doesn't say much about the laws against it. And it seems clear that her commitment to legal and readily available contraception — the belief for which she is honored today — grew more out of her personal history than out of her socialist or other ideology. Actually, it is hard to see what ideology, as opposed to visceral values and prejudices, she consistently held. Now, Flynn makes it clear that he opposes all abortion; but most people in this country favor at least some form of it. Are they socialists or protofascists, too?

This brings up several problems with Flynn's book. First, some of his analyses are strained. Consider his take on Leo Strauss (1899–1973), whom he ties to the current war in Iraq. From the perspective of academic philosophy, I think it's fair to say that Strauss is a minor figure. And while he seems to have influenced some political philosophers and other scholars, some of whom became "neoconservatives," including a few advisors to the current Bush administration, I see scant evidence that Straussian ideology played a major role in the decision to attack Iraq.

How do we know when it is a person's ideology that is driving his actions, as opposed to simple but powerful emotions such as envy, hatred, lust, or pity?

I'm not entirely clear what Flynn thinks Strauss' ideology was — apparently some kind of secular gnosticism, in which people in the know see beneath the surface meaning of classical writings

and apprehend the "true" meanings. But here Flynn seems to fall victim to ideological tendencies of his own: he is apparently so opposed to the war (perhaps rightly, perhaps not) that he maintains the unlikely position that the primary decision-makers (Bush, Cheney, and Rumsfeld) somehow misread the evidence because of a Straussian desire to find hidden meanings contrary to the surface ones. I very much doubt that either Bush or Cheney or Rumsfeld has ever heard of Strauss, much less has been given to gnostic impulses of any kind. It seems obvious that they viewed Iraq as a threat, in great part because of WMDs. You might think they were deluded, foolish, or trigger-happy, because of a hidden agenda (say, Cheney's ties to Halliburton, or Bush's hatred of Saddam, arising from Saddam's attempt to kill Bush the elder); or you might agree with them — but they clearly were convinced that Saddam had WMDs, as were most of the world's intelligence agencies, along with all the major figures in the Clinton administration, not to mention Mubarak, Putin, and so on. There are plenty of reasons to criticize the war without dragging poor old Leo Strauss into it.

Most people in this country favor keeping abortion available in at least some form. Are they socialists or protofascists, too?

The case of Ayn Rand (1905–1982) brings up a second problem, namely, lack of proportionality. The harm done to freedom of speech by the noxious notions of Marcuse (such as "repressive tolerance") is considerable, as any student or untenured professor who has been victimized by the ubiquitous campus PC police can attest. But even if Rand were (as Flynn alleges) an egotistical adulteress, so what? Have Randian true believers attempted to silence people on campus or anywhere else? Have Randians fought to establish or support totalitarian states? Moreover, even if we assume that it was Rand's ideology (which I take to be a kind of hyperbolic ethical egoism) as opposed to common lust that led her to have an affair with an associate, the degree of harm pales beside the harm caused by the eugenics movement supported so vociferously by Margaret Sanger.

And here's the biggest problem with Flynn's book. Since he nowhere precisely analyzes what an "ideology" is, I take him to hold the common view that an ideology is a set of beliefs that underlies a political, economic, or other system. The problem is, Flynn doesn't clearly distinguish the influence of ideology from the influence of other mental causes. How do we know when it is a person's ideology that is driving his actions, as opposed to simple but powerful emotions such as envy, hatred, lust, or pity? Are Gore Vidal's continuing attacks on America (its people, values, dominant religion, leaders, etc.) really a product of some socioeconomic ideology, or simply a product of hatred?

Again, how can we tell the difference between actions arising from ideology and actions arising from mere self-interest? It seems quite possible that Rigoberta Menchú was agitated as much by a desire for fame as she was by a revolutionary agenda, when she fabricated much of her autobiography. Indeed, how does ideology differ from shtick, outrageous actions, and hyperbolic rhetoric performed for the sake of notoriety? A Noam Chomsky (on the Left) and an Ann Coulter (on the Right) sell enormous numbers of books and collect enormous speaking fees precisely because they are provocative.

Flynn would have done well to remember the Great Shtickmeister Nietzsche's idea that we are all very limited in the discernment of real motives. It is hard for a person to tell whether he acts out of a real commitment to eternal verities, or merely out of his unconscious lust and greed. It is even harder for him to discern the true motives of another. ❑

"Cars," directed by John Lasseter. Buena Vista Pictures, 2006, 117 minutes.

Baby, You Can Drive My Car

Jo Ann Skousen

One of the many advantages of having a child in one's life is that it provides an excuse for going to kidflicks. So on a recent Saturday morning, armed with popcorn, nachos, KitKat Bites, an assortment of Matchbox cars with names like "Chick Hicks" and "Tow Mater," and that all-important toddler, I went to a viewing of "Cars," the seventh straight hit for Pixar entertainment ("Toy Story," "Monsters, Inc.," "The Incredibles," etc.).

This is one of the sassiest in the Pixar collection, with Luke Wilson's wry delivery as the voice of race car Lightning McQueen (affectionately named for the late Steve McQueen) leading a cast of hilarious car characters voiced by Cheech Marin, Larry the Cable Guy, George Carlin, and even the great Paul Newman. Like the best kidflicks, "Cars" entertains on several levels, fun for my young companion but full of inside jokes and witty enough for me to enjoy it, too.

The soundtrack, featuring rock hits like Chuck Berry's "Route 66" and Rascal Flatts' "Life is a Highway," introduces a sentimental new Randy Newman song, "Our Town," sung by James

Taylor and sure to be given an Oscar nod next spring, though it is unlikely to win. (Randy Newman's music has been nominated 15 times in the past two decades, but he has received only one Oscar.)

Best of all, "Cars" avoids that bane of kidflicks, the evil corporate bad guy. Well, okay, McQueen's nemesis, Chick Hicks, is sponsored by HTB (Hostile Takeover Bank), but that's as far as it goes. In every other respect, commerce is presented in a favorable light, considered necessary for the growth and well-being of a town. Corporate sponsors finance the races and provide living expenses for the competitors in exchange for advertising. The real bad guy in this movie is, believe it or not, the government, in the form of the Federal Highway Administration.

On his way to California for a big race, McQueen falls out of his transport truck and ends up in Radiator Springs, a once-thriving town that dried up when the new federal highway passed it by. All the shop owners (played as cars, of course) suffer, from Flo, the vintage Cadillac who runs the diner; to Luigi, the Italian sports car who sells tires; to Ramone, the low-rider who runs the paint shop. McQueen helps repair the road and clean up the storefronts, but it is his business decision to move his racing headquarters to Radiator Springs that eventually attracts a steady flow of new customers, stimulating the economy, and saving the town.

The real bad guy in "Cars" is, believe it or not, the government, in the form of the Federal Highway Administration.

Even Sally, the Porsche who left life in the fast lane to return to her home town of Radiator Springs, acknowledges that customers and commerce are vital. "Things won't be the same," she says, when the town perks up to receive new customers, but she realizes that the town can thrive without destroying the environment. That's quite a concession from a movie today, considering how many Hollywood activists want to force everyone else's environment to remain stagnant, just so they can enjoy the view.

During a summer when Al Gore's "An Inconvenient Truth" (91% approval from the critics, a mere $9 million in box office sales) claims that cars and big business are destroying the planet, it's nice to see a movie called "Cars" ($156 million in its first three weeks) leaving it in the dust.

Find a kid, buy some popcorn, and strap yourselves in for a fun ride. ❑

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"Sophie Scholl: The Last Days," directed by Marc Rothemund. Zeitgeist Films, 2005, 117 minutes.

Resisting the Reich

Chris Baker

During World War II, a group of students at the University of Munich calling themselves the White Rose began to protest Nazi atrocities. At night, they wrote "Down with Hitler" on buildings and in bathrooms. They also printed and distributed six one-page "leaves" calling on their fellow students to rise in revolt. Along with her brother Hans and their friend Christoph Probst, Sophie Scholl was a leading member of the White Rose. "Sophie Scholl: The Last Days" chronicles their story. Made in Germany and only recently released in American theaters, the film received an Oscar nomination for best foreign film earlier this year.

Over the years, I have become increasingly distrustful of Hollywood's biographical and historical movies. However, when I started looking for websites to learn more about this important story, I discovered that director Marc Rothemund took extraordinary care to make the film as accurate as possible. Many scenes were shot on location where the events happened, and he found actors who closely resemble the people they portray. Rothemund even consulted weather records to add to the film's authenticity. Most importantly, the script is based on recently discovered transcripts of Sophie's interrogation, so the dialogue is reliable. All of this contributes to the power and intensity of the film.

The film begins on Feb. 17, 1943, the night before Sophie and Hans distribute the sixth leaf, and ends with her execution on Feb. 22. When Hans and Sophie make the somewhat reckless decision to leave copies of the leaves in the hallways of one of the university's buildings "in broad daylight," a janitor notices them and that leads to their arrest.

Most impressive is the contrast between the Nazis, who just go through the motions of their jobs, and Sophie, who is a passionate and deeply spiritual 21-year-old. Like most freedom fighters, she sincerely believes in the eventual triumph of good over evil, but she is an individual with human concerns as well. When she realizes that her fate has been decided, her concern turns toward the welfare of her own family and her friend Christoph, a father of three. She worries about her fiancé, who was fighting at Stalingrad, which had just been lost after the deadliest battle in history.

Hollywood probably would have added violence just for the sake of an R rating, but Rothemund wisely allows the story itself to be violence enough. The Nazis always seem calm and cool; they never hit, slap, shove, or strike the defendants during their confinement. This allows the single moment of violence at the end of the film to be all the more powerful, and even that is handled with great restraint.

The trial is especially memorable. Judge Roland Freisler (Andre Hennicke, a perfect "body double" for Freisler) exemplifies the Nazi fanatic so well that even the Nazis seem to regard his courtroom theatrics as an embarrassment. He rants and raves, describing the actions of the defendants as "terrorist." While previous political prisoners had been given 99 days before execution, Freisler orders that Hans, Sophie, and Christoph be killed immediately. As they leave the courtroom, Sophie tells the judge, "You will stand here . . . " courageously implying that her cause would continue. (Freisler would actually die in an air raid in 1945.)

The movie offers many important lessons. The first is that patriotism can be the "refuge of scoundrels," as Samuel Johnson said many years earlier. Another is that an unfree society becomes a nation of tattletales — where "good citizens" report on the actions of everyone else and anyone can make arrests. It also indicates that the Holocaust was little known by the local Germans and that people rarely know what their leaders are really up to. Finally, it shows that honest German citizens were woefully unarmed and that

"You want my support for your reform bill, eh? — What's it *worth* to you?

all tyrants consider private gun ownership a crime.

Attitudes in Germany have changed. Today, that same university in Munich is home to the Scholl Siblings Institute for Political Science and contains a monument to the heroes of the White Rose. Julia Jentsch, who won the German equivalent of the Oscar for her performance as Sophie, called playing the role "an honor." Sophie Scholl is now remembered as a heroine, a true patriot, and a martyr.

An unfree society becomes a nation of tattletales — where "good citizens" report on the actions of everyone else and anyone can make arrests.

One disappointment with this movie is that some details are left out. We do not learn the fate of her fiancé, the rest of the Scholl and Probst families, the janitor who snitched on them, or the other Gestapo agents who were involved. This is what drove me to the internet, where I learned more about the heroes of the White Rose. I discovered the little-known fact that the resistance actually did overthrow the Nazis in Munich toward the end of the war, after Hitler had ordered the destruction of the city. One key member of the White Rose, Jürgen Wittenstein, survived the war; his recollections of his heroic friends can be found on several websites.

The film is mostly playing in art house theaters. Information on the upcoming DVD release is at sophieschollmovie.com. ❑

"Madness at Home: The Psychiatrist, the Patient, and the Family in England, 1820–1860," by Akihito Suzuki. University of California Press, 2006, 272 pages.

Sanity on Trial

Andrew Scull

Historians of 19th-century psychiatry have mostly focused their attention on the Victorian mausoleums that entombed tens of thousands of the insane, physically and symbolically cutting them off from any sustained intercourse with the society from which they had been expelled. The madhouse, however, enjoyed a dubious reputation from its first appearance on the social scene in the 18th century, and the rich, who had the means to fund alternative coping mechanisms, more often than not sought to avoid confining their disturbed relations in such stigmatized and stigmatizing social spaces.

Yet madness at home, managed within the confines of the household, has remained all but invisible. The well-to-do families that sought to hide what was seen as a source of shame and social disgrace did so with remarkable effectiveness, shielding what went on, not just from their contemporaries, but also from those who in our own age make a living from recreating the past. Akihito Suzuki, a brilliant Japanese historian trained in Britain, has now succeeded in penetrating this secret world, and has produced a vivid recreation of the roles of the family in the identification, the treatment, and sometimes even the reintegration of the insane into the larger society.

Crucial to his ability to do so has been the survival of accounts of a most peculiar English legal proceeding, the lunacy inquisition, conducted at great expense for much of the 19th century in front of a nicely named set of officials, "Masters in Lunacy." What prompted these elaborate hearings, replete with family tensions and costly, bewigged barristers, was the threat, on the one hand, to the liberty of the alleged rich or aristocratic lunatic, and on the other, to the property that the madman might dissipate.

By turns wrenching, dramatic, disturbing, and humorous, the records of these high-stakes dramas provide the raw materials for a subtle and revealing, yet thoroughly entertaining analysis of the colliding worlds of reason and unreason. Suzuki's book opens with a bang. In February 1823, the near relations of the Earl of Portsmouth, seeking to annul his marriage to his lawyer's daughter, Mary Anne Hanson, launched a lunacy inquisition. Legally essential if these people were to secure his property, the proceedings ripped the veil off his lordship's hijinks. Morbidly fond of brutality, blood, and death, the Earl whipped horses and servants with an equal lack of mercy, rejoiced at the funerals of strangers, frequented slaughterhouses where he gleefully killed animals with a specially designed axe, and, most scandalously of all, though impotent himself, lay on his bed while his wife and his lover engaged in "criminal conversation," periodically encouraging them to break off to beat and abuse him.

Not all the materials Suzuki examines are so titillating. Taken together, however, and placed in the hands of someone who displays a remarkable sensitivity to social nuance, coupled with an extraordinary ability to tease out the implications embedded in his evidence, they form the basis of a profoundly original and compelling piece of social history. ❑

Letters, *from page 46*

Bills Rascals, who took over monetary policy in 1929, showed the world just what happens when central bankers fanatically try to promote monetary moralities. The Rascals stopped "speculation," all right, but left the world in a financial shambles. My paper was written to reveal the details of this lesson, which is just as applicable today in the United States and other industrial nations with central banks, as it was then. Today's Fed should take heed.

Greaves' exposition on the origins of the Fed is also flawed. But I did not discuss that subject, and I do not want to take the space here to correct it.

To answer Robert O'Donnell completely, I would need much more space in Liberty than I am entitled to. So I will just try to respond to his most important assertions.

First, O'Donnell implies yet another scapegoat for the Great Contraction: the possible instability inherent in a banking system in which banks hold only fractional reserves of gold, silver, or other legal tender — usually about 10% — to cover, redeem, and manage their note or checking account obligations. He claims that because of their fractional reserve status, banks also generate inflation.

This claim is erroneous. Commercial banks do not initiate inflation any more than do automobile mechanics or school teachers. They are simply vehicles for what the central bank (or gold standard) does. Central banks have the three "I's": they *Initiate* the creation of money; they *Intend* to do so; and they have *Infinite* resources to carry out their policies. To function, they must monetize something. In this world that "something" is almost always government securities that the government's treasury has previously sold in financial markets. It is clear that central bank monetization of outstanding government securities is almost the same thing as the government printing money and spending it into circulation directly. It is just not as . . . unseemly.

Commercial banks are unwitting vehicles in the creation of money. They are not aware that they create money; they do not "wish" to do so; and the resources they have for doing so must be furnished by the central bank or the gold standard, if that institution is functioning. (If commercial banks could create money, obviously they would have done so between 1929 and 1933.)

Commercial banks have "always" and "naturally" used fractional reserves in their banking operations as a defense against unusual and unexpected withdrawals. But so have insurance companies, and other forms of business enterprise. Since no other businesses create money, and banks only do so unintentionally as a byproduct of their lending operations, and since no one can "see" or understand what central banks do, commercial banks have frequently borne the brunt of criticism for inflation or other undesirable monetary developments.

Ordinarily, banks working in a truly free-enterprise banking environment would be able to complement their reserves for meeting emergencies with other defense strategies. For example, they might offer depositors withdrawing cash post-notes at interest, which promise the holders a return after a short time for not demanding liquidity right now. Or they might supplement their reserves in one branch with reserves from another branch of the same banking corporation. Or they might use their reserves until they are all gone, and then get clearinghouse loan certificates from their local clearinghouse to cover shortages of reserves. If banks operated as unregulated and unrestricted competitive private enterprises, the fact that they maintain fractional reserves would never be a problem. Their role as ongoing cost-recovering firms to make profits would force them to be providential about means to redeem notes and deposits. (See my "Monetary Policy" for examples of problems they faced and their efforts to cope with them.)

The historical problem with banking has been the State — all the states and the federal state. All these governments have regulated and legally restricted commercial banks to the nth degree, including the following:

(1) Specified legal reserve minima, so that in a crisis banks had to keep reserves in their vaults to meet the reserve minima and could not use them to pay off depositors; (2) prohibited branch banking, both intrastate and interstate; (3) prohibited issuance of any form of due bills or post-notes that allowed banks to postpone immediate demands for redemption; (4) prohibited banks from providing other services that would diversify their product; (5) prohibited private coinage of any kind. In short, fractional reserves are only a "problem" because governments have prohibited or restricted all the other means that banks ordinarily would use to defend their reserve positions.

The result has been a banking industry made up of small unstable enterprises. The number of banks in the United States has reflected this weakness. In 1920, there were 30,000-plus banks(!) in the United States, reflecting an industry of minifirms that could never realize economies of scale. By 1929, this number was down to 25,000, or an average of 520 banks per state. The Great Contraction reduced this number to 14,200 by 1933; that is, 9,000 banks failed between 1929 and 1933, due to the anti-speculative fundamentalism of the Federal Reserve Board. Meanwhile in Canada during this period, the number of banks was about a dozen, and *none* of them failed. It is obvious in today's world that the optimal size of a bank, in a system not hamstrung by government, is huge; e.g., Japan.

O'Donnell correctly notes a very important fact in today's world of nation-states that employ central banks to create money: the currency that the U.S. Federal Reserve produces is accepted everywhere. His report that perhaps half of total Federal Reserve notes outstanding is in foreign hands is a good approximation. This fact reflects the relative stability of the dollar under current Fed policy (since 1988), and also emphasizes the disastrous consequences that would follow, as I noted in my article, any future Fed deviation from a relatively stable price level policy.

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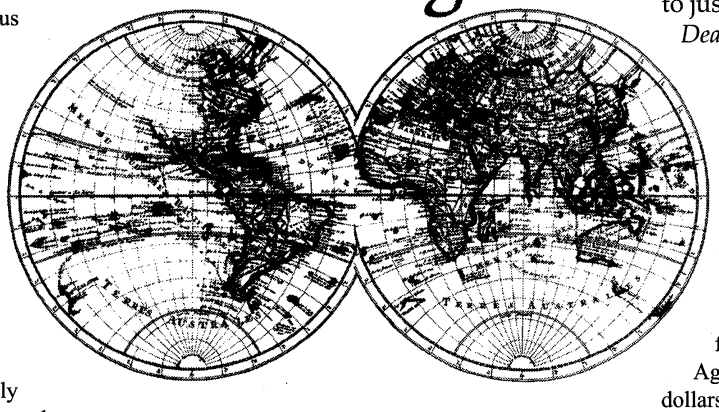

Berlin

The refutation of Bishop Berkeley continues thus, from the Reuters World Cup wire:

> Police in Berlin arrested two men on suspicion of placing cement-filled soccer balls around the city and inviting people to kick them.
>
> At least two people injured themselves by kicking the balls, which were chained to lampposts and trees alongside the spray-painted message: "Can you kick it?"
>
> Police said they had identified a 26-year-old and a 29-year-old and had found a workshop in their apartment where they made the balls. The two are accused of causing serious physical injury, dangerous obstruction of traffic and causing injury through negligence.

St. Johnsbury, Vt.

New trend in paraphernalia, spotted by the *Burlington Free Press:*

> A Vermont teenager has been sentenced to prison for breaking into a tomb and cutting the head off a corpse.
>
> Nickolas Buckalew reportedly told friends that he planned to leave the head outside to dry and would then bleach it, a police affidavit said. The witnesses said his plan was to turn the skull into a bong.

Bremerton, Wash.

Reimagination of the Zacchaeus story, from the *Kitsap Sun:*

> A man who climbed high up a fig tree and remained there for several hours talking to himself was accidentally shot in the leg by a police deputy who meant to reach for his Taser instead.
>
> Witness David Blakeslee described the man's reaction to getting shot. "He said, 'Ow, that hurt, I'm coming down, I'm coming down.'"
>
> Blakeslee had made the original call to 911 after noticing the man had climbed the tree. "They talked to him for a good hour and a half," he said. "It's unfortunate he got shot."

Raleigh, N.C.

Bipartisan election strategy in the Tarheel State, from the *Durham Herald-Sun:*

> The leaders of the state's Democratic and Republican parties have asked voters not to cast ballots for state Supreme Court candidate Rachel Lea Hunter, whose fiery rhetoric in recent weeks has included comparing the actions of a black Republican congressional candidate to that of a "good slave returning to the plantation."
>
> The party leaders' comments came after Hunter, a former Republican running as a Democrat, used the title "Der Fuhrer" when referring to state Democratic party chief Jerry Meek.
>
> In another setback for Hunter, the state Board of Elections has ruled against her request to appear on the ballot with the nickname "Madame Justice."

Salt Lake City

Loophole in campaign finance laws, noted in the *Salt Lake Tribune:*

> Republican congressional hopeful John Jacob believes the devil is impeding his efforts to unseat five-term Rep. Chris Cannon.
>
> Jacob says that since he decided to run for Congress, Satan has disrupted his business deals, preventing him from putting as much money into the race as he had hoped.

Mount Hope, Ohio

A sting brings a lawbreaker to justice, from the *Cleveland Plain Dealer:*

> When a man asking for milk approached Arnie Stutzman's weathered, two-story farmhouse, located in a pastoral region in northeast Ohio that has the world's largest Amish settlement, Stutzman was leery, but agreed to fill up the man's plastic container. The man, an undercover agent from the Ohio Department of Agriculture, gave Stutzman two dollars and left.
>
> Soon after, the department revoked Stutzman's dairy license. "You can't just give milk away to someone other than yourself. It's a violation of the law," said LeeAnne Mizer, department spokeswoman.

Tehran, Iran

Cartographic note from a former empire, in the *Jerusalem Post:*

> Iran has banned The Economist magazine for describing the Persian Gulf as merely "the Gulf" in a map published in the latest edition.
>
> It is the second time in two years that Iran has prohibited a publication for failing to use the term "Persian Gulf" in its maps. In November 2004, it banned the National Geographic atlas when a new edition appeared with the term "Arabian Gulf" in parentheses beside the more commonly used Persian Gulf.

Monroe, Mich.

Serving and protecting a town of 22,000, from a bulletin in the *Monroe News:*

> Area police are continuing their search for a submachine gun and other SWAT team gear stolen from a Monroe County sheriff's deputy's personal vehicle.
>
> Sgt. Frank Atkinson, head of the department's Special Response Team, said the the deputy probably was planning to clean his gear and weapon after an SRT team training session. However, he left his pickup door unlocked.
>
> Sgt. Atkinson did not believe the vehicle was targeted for the weapons. "I'm sure [the thieves] didn't open the door and expect to see a machine gun in there. They probably thought it was a laptop."

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(Readers are invited to forward news clippings or other items for publication in Terra Incognita, or email to terraincognita@libertyunbound.com.)

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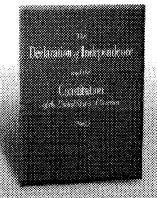

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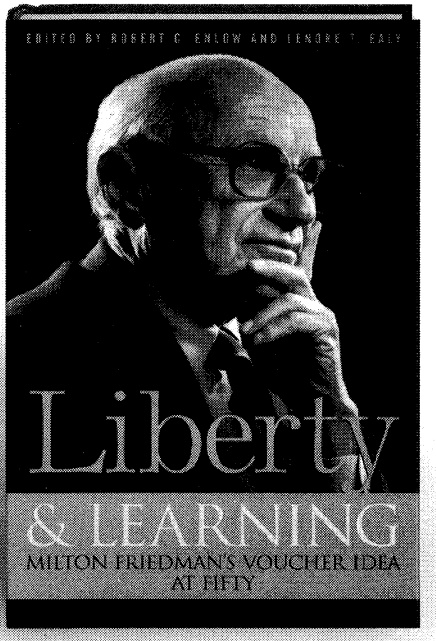

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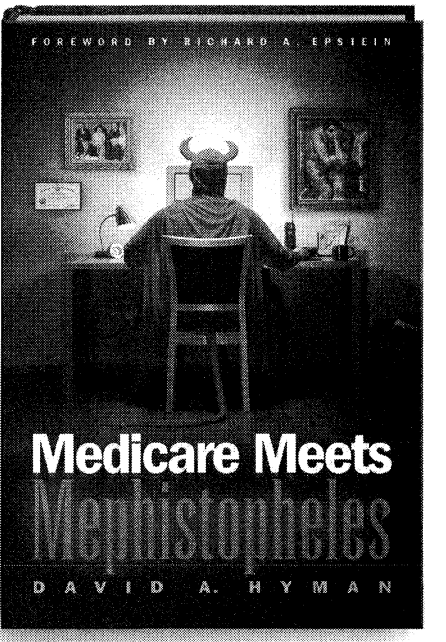

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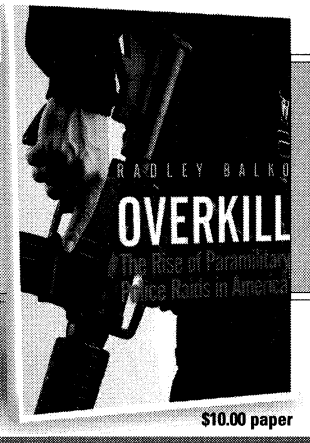

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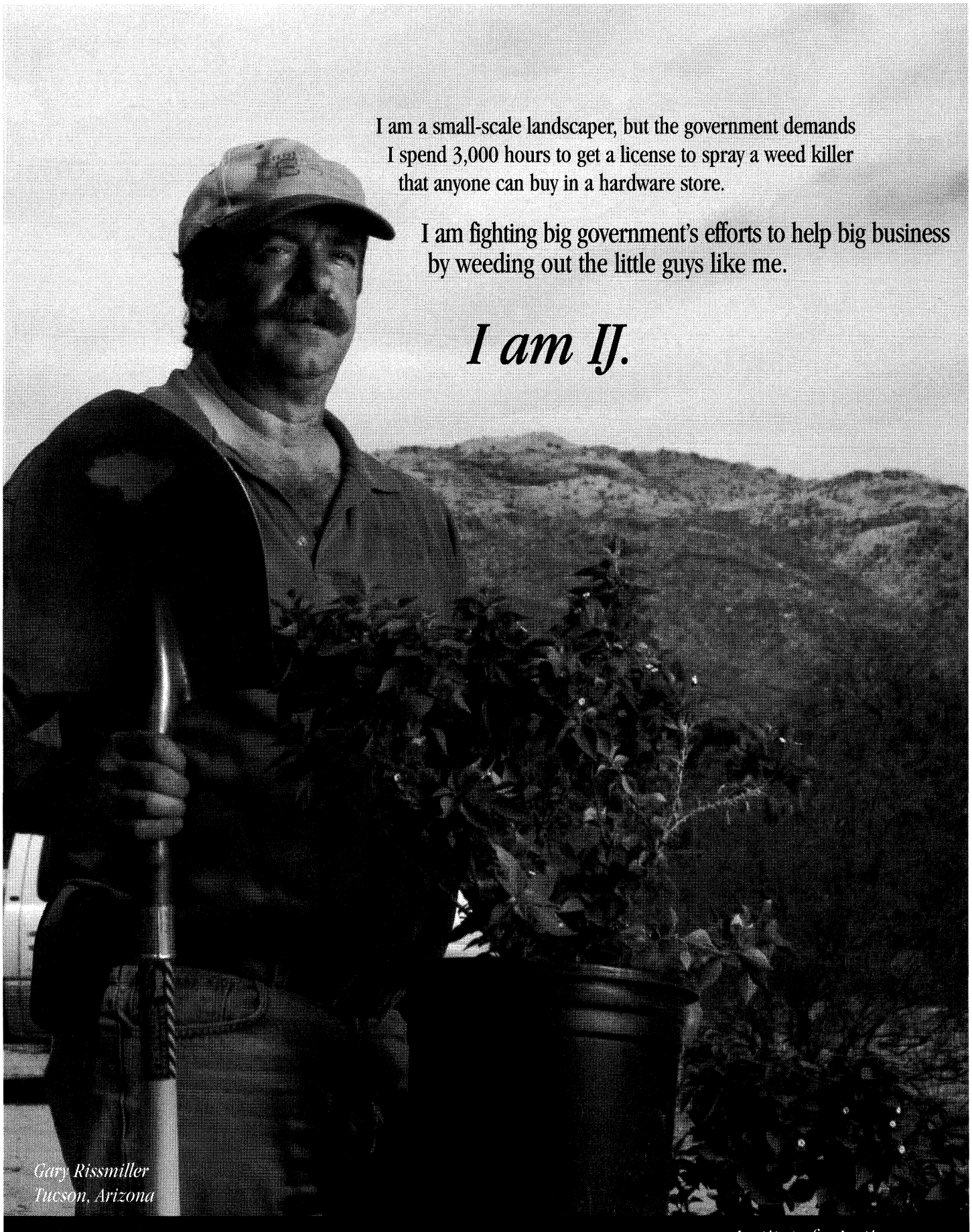
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