

cannot be predetermined, and any plan to increase it by fiscal manipulations is simply a blueprint for inflation.

Uninterrupted Boom Impossible

It is easy to understand why theorists become impatient when they contemplate the gap between actual output and full capacity, and why they are prone to devise schemes for closing this gap. Yet it is significant that businessmen are seldom found among proponents or adherents of such schemes. Businessmen know by experience that economic freedom includes the freedom to make mistakes and that only in a society where mistakes are never made can output continuously match full capacity. Economic regimentation

offers no solution, because dictators also make mistakes, and their mistakes not only are on a larger scale but also are beyond the discipline of free markets, the great automatic correctors of mistakes. Dictators' mistakes may not cause unemployment in the usual sense, but they are sure to cause hidden unemployment in the sense of misdirected utilization of resources.

The desirability of economic growth is not subject to question, and if the United States can achieve a long-term annual growth rate of 5 per cent or even more, so much the better. But when economic growth becomes a slogan for proposals aimed at uninterrupted business boom, it becomes a menace to economic stability and economic freedom as well. • • •

HISTORY is with him



TO DATE, no one has accused President Eisenhower of being a deep student of history, but apparently he has delivered himself of a comment which is backed by the weight of a great deal of history.

From *The Indianapolis Star*, March 10, 1959.

He is credited by *Life* magazine with having said at one of his National Security Council conferences, "Damn it, when are you going to learn that national security and a sound economy are the same thing?"

This is a rather crude expression of a profound fact which takes people and nations a long time to grasp. Yet, this simple statement has a great deal of validity insofar as history is concerned.

The communists have fully accepted this as a central point in their attack on the capitalist, or free enterprise, systems of the world. They know that more nations have died from the lack of a sound economy than have ever been killed off by external enemies. In fact, history has recorded that the assaults by outsiders are not successful until the internal structure of a nation has been weakened.

So far, there are some in this country who have refused to believe what history teaches. They insist that national security is purely a military endeavor in which the number, size, and capabilities of arms determine the safety of the State. They refuse to believe that an obsession with military might can be as damaging as direct attack. They are willing to build ever larger armed forces, even at the risk of destroying the system which these instru-

ments of war are designed to protect.

The nation does need military protection and it must have the capability of meeting reasonably anticipated assaults from external enemies. But if the economy which creates these armed forces is destroyed in the process of building them, then what is there left to defend?

The brief history of the Confederate States of America is a capsule case in point. At the outset of the Civil War, the armies of the Confederacy provided it with national security; but as the war wore on, the economy of those states was less and less able to sustain the military effort. Some historians will argue that the Confederacy died not so much on the battlefield as in the failure to achieve a sound, productive economic system.

President Eisenhower's blunt statement of the interrelationship between national security and a sound economy is one of the most heartening bits of news to come from the nation's capital in some time.

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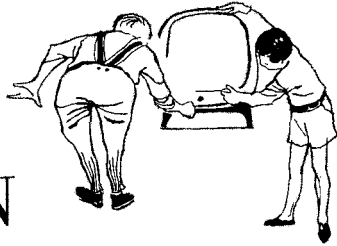
IDEAS ON LIBERTY

James Madison

WAR IS THE PARENT of armies; from these proceed debts and taxes; and armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few.

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FEDERAL AID for EDUCATION



or, FISCAL LEGERDEMAIN

It was a cloudy afternoon
At story-telling time.
Old Kaspar chose a fresh cigar
And poured a rum-and-lime,
While Peterkin and Wilhelmine
Looked at the television screen.

They saw a crowd of laughing men
Go through an open door,
And dump their loads of dollar bills
Upon the Senate floor;
Then all at once without delay
They fought for loads to take away.

"Now tell us what it's all about!"
The little children cried.
"It's Federal Aid for public schools,"
Old Kaspar soon replied;
"It pays for schools in every town,
And keeps the local taxes down."

"There was a time," Old Kaspar said,
"When folks from east to west
Could not afford a decent school,
But now they have the best;
For when they're short of cash, you see,
They get their federal subsidy."

"But all the cash those people got
Was what they brought today!"
"There are some folks," Old Kaspar sighed,
"Who think of it that way;
But most believe that Federal Aid
Is larger when received than paid."



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