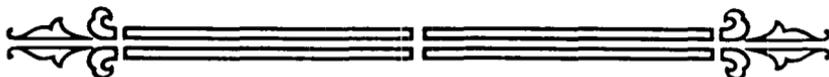


Free Markets and



Human Freedom

WHERE the market is freest, human liberty is highest. If labor is controlled (e.g., slavery), there is neither a free market nor freedom. If capital is controlled (e.g., government ownership), you can't produce without permission; that's not freedom. The free market economy and human freedom are mutually dependent; destroy one, and the other automatically falls.

Frederic Bastiat didn't write those precise words, but he clearly saw and described the relationship. And in the process of identifying the various institutions that have plundered the French people over the centuries, he dwelled at length on the disastrous consequences stemming from the actions of the only in-

stitution that can plunder *legally*—the government.

Woe to the people who cannot limit the sphere of action of the state! Freedom, private enterprise [i.e., the market economy], wealth, happiness, independence, personal dignity, all vanish. . . . Throughout history, plunder has been practiced through abuses and excesses of government. . . . The only remedy is the progressive enlightenment of public opinion . . . [which Bastiat believed to be "sovereign"] until the people finally come to realize that it is better to leave the greatest possible number of goods and services to be exchanged by the interested parties at freely negotiated prices in the market economy.*

While Bastiat developed his theme well indeed in that particular essay

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This is one of a series of articles examining current interventions of the welfare state in the light of warnings from the French economist and statesman, Frederic Bastiat (1801-1850).

*This extract (condensed and translated by me) is from the essay, "The Physiology of Plunder." *The Complete Works of Bastiat* (Guillaume, Paris, 1878; vol. 4), p. 141 ff. This essay is also in the translation of Bastiat's book, *Economic Sophisms* (Foundation for Economic Education, 1964).

(and I especially recommend it to you), my objective is to apply the same principle to the activities of our own government in the United States today. I'll begin with a statement I'll be repeating several times in this chapter: Governments never control prices. No government ever has controlled a price. No government ever will control a price. It simply can't be done.

Governments control *people* (you and me) and nothing else. Governments tell the seller of a loaf of bread (or the owner of a rental apartment) what price to charge. Thus it's obviously the owner who's controlled; the price itself couldn't care less.

Freedom and the Market

Sometimes the specific price the owner must charge is the minimum. Sometimes it's the maximum. Sometimes the same price is both minimum and maximum. Whichever, it's never the price that would be determined by peaceful people freely exchanging their goods and services in the market place. And *always* the control is on the person who owns the product or service. The process is one of "people control," and (as Bastiat said) the inevitable result is loss of freedom, independence, and personal dignity—as well as the production of fewer goods and services.

Few Americans (when asked to identify the foundations of their freedom) will agree with me that it's

basically the free market economy. Instead, they identify the source as our Constitution, or democracy in general, or religious teachings, and so on. In every case, however, they're identifying the results, not the cause. If you have a market economy, all of these desirable attributes necessarily exist or soon appear. If there's no free market, however, there's no possibility of a free press, or elections to change leaders, or any of the other freedoms we enjoy. For all freedoms (repeat *all*) depend on the existence of private ownership of the means of production in a free market economy where production is directed by the desires of the owners to earn a profit.

Since most people consider that statement both startling and questionable (admittedly it is a minority viewpoint), let's see how a reasonably well-educated and rational person could arrive at such a conclusion in today's socialistic world. In short, why do I persist in such an extreme viewpoint when probably more than 90 per cent of our educators, communicators, and religious leaders hold the contrary viewpoint?

Let's begin with this: Freedom for both religious and non-religious activities is guaranteed in the Russian constitution. It's a meaningless guarantee, however, because of the absence of private ownership and control of the means to implement freedom of religion in practice. For example, how can you have freedom

of religion when you can't own a church? Or even rent one? Since all resources (all buildings) are owned in common, necessarily you must have the permission of the owner (government) to use the church building. Do you imagine that (even if the government gave you permission to use one of its church buildings) you could preach in it a sermon on "private ownership with responsible stewardship" as recommended in the Bible?

Private Ownership

When the Russian government assumed ownership of all the synagogues "for the benefit of all the people," freedom of religion for Jews automatically and necessarily disappeared, i.e., since their temples were henceforth to be used in the best interests of *all* the people, obviously they couldn't logically continue to be used by a group of zealots with a religion contrary to the idea of government ownership of all buildings and resources. True enough, the Jews are sometimes permitted (given permission by government) to attend services in one of the several synagogues owned and still maintained by the communist authorities. That arrangement is not exactly what we ordinarily mean by freedom of religion, however.

My thesis is that the free market economy is the key to all freedoms. In fact, the market and freedom are

really synonymous terms. If the market is totally free, all presses and churches and assembly halls and speaking podiums are privately owned and are operated for a profit. Thus, each person can preach (or hear preached) whatever appeals to him. And anyone can pay to have published whatever idea he wants to write and circulate. But if private ownership is abolished, there's no possibility of freedom in those or any other areas, i.e., everything is necessarily by permission of the owner—the government, the police force.

For example, let's apply this idea to two nations where the economies are currently almost totally controlled, where all resources and all means of production and distribution are owned in common by all the people—Russia and Cuba. There is no freedom of any kind in either of those nations today. Freedom is a physical and mental impossibility that can't even be imagined there. While certain actions by the people (including church attendance) do have the appearance of freedom of choice, we must remember that those actions are necessarily by permission of the government, and can be rescinded arbitrarily tomorrow "for the good of the people who own everything."

In those unfortunate countries, no person can write what he pleases and have it published, or even send it through the mails to his own friends,

without police permission. Nor can you hire a hall to make a speech, or to assemble together to hear a speech, without police permission. In neither country is there even a mechanism to establish a newspaper, much less a newspaper in opposition to government. Nor can you establish an opposition political party. Where would you meet? It's doubtful the government would offer you one of its halls to denounce the government. You couldn't even meet in a park or the woods; they're also owned by the people, i.e., the government.

No Personal Choice

There simply is no possibility of human freedom of choice when there is common ownership of all resources, including a place to stand on. When all resources must be used for the benefit of all the people instead of for the profit of the "greedy private owners," there's simply no "mechanism" you can use to practice your own brand of freedom of anything.

But imagine, if you will, what would be the inevitable results if the government could exercise no control over the peaceful economic activities of people in general. In short, imagine a market economy in those nations.

Publishers and editors could then be either for controls over the economy or against them. Even the edi-

tor who favored a *controlled* economy would be free to say so, if the market were free. Of course, many people would doubtless denounce those editors and publishers who made such proposals. But in a market economy where presses are privately owned and operated for a profit, there is nothing more they can do about it, except to refuse to buy the newspapers they disagree with and hope those papers go broke from lack of subscribers. In short, the press cannot possibly avoid being free in a free market.

Now reverse the situation again and imagine that all newspapers are owned in common (by the government) and are operated for the benefit of all the people. Imagine that private ownership and the market economy have been abolished. Obviously, there cannot be a free press under that arrangement. Just as the owner of *The New York Times* will never denounce himself in his own newspaper, just so will the owners of *Izvestia* and *Pravda* never denounce themselves in their newspapers. The situation presents a physical and intellectual impossibility for a free press when the government owns all of the presses.

As another example, try to imagine the existence of freedom of religion in a controlled economy of common ownership. Just how would you go about it *mechanically*? For example, the Latter Day Saints (Mor-

mons) send their missionaries all over the world—literally to any nation they can get into. For the most part, those people preach personal responsibility for one's own economic welfare, the private ownership of property, the free market economy, and the responsibility of individuals and of the church (not the government) voluntarily to feed the hungry and house the homeless. Just where could they preach that philosophy in Russia, Poland, and Cuba? All pulpits are owned in common in those common ownership countries. Will "the people" (government) turn those pulpits over to a group dedicated to the opposite philosophy? They may do it—if you'll share your church equally with the devil worshippers.

Your church (whatever it may be) endorses private ownership and responsible stewardship. That religious philosophy cannot possibly be permitted unrestrained expression in any nation that endorses the concept of common ownership of property. If it were permitted to flourish, that subversive idea would quickly lead to revolution and the overthrow of government. In short, the public utterance of the free market philosophy could no more be tolerated as a religion than as an editorial policy in the controlled economy of common ownership.

The same reasoning holds true for speech, vote, and family life—as well

as for every other human activity that involves differences of opinion. All the history I've yet read bears witness to that truism. And I can find no other answer in logic.

Nor can any constitution or bill of rights permanently stop the inevitable verdict. No legalities concerning freedom of press, speech, and religion have ever been able to stand permanently against the realities of an economy controlled by government. Obviously, the judicial branch of government can't long be permitted to pursue a course in direct opposition to the legislative and administrative branches of government, even in the unlikely event it wanted to. In one way or another, there must necessarily be at least a rough balance of agreement among all branches of government; otherwise, there could be no government.

Free Unions in Poland?

Lech Walesa discovered that reality in Poland when he had to use a government building for his union headquarters. (Remember, you can't buy, build, rent, or own a building in a "common-ownership" nation.) And when he wanted to print and distribute a pamphlet defending his union and denouncing the government's union, he necessarily had to go to a government printing press and ask them to do it. That arrangement simply couldn't last.

I spent five weeks in Poland dur-

ing the build-up period that led to “Solidarity.” I was astonished that so many Polish people (along with the vast majority of the American people) believed that a free union could exist in a common-ownership country.

It’s possible to have a free and voluntary union in a market economy of private ownership. But there’s just no way (even *mechanically*) it can exist under common ownership. “Solidarity” or common ownership (one or the other) had to go. I was saddened (but in no way surprised) at which one lost. Incidentally, I watch with great interest the ongoing and far-from-settled conflict between church and government in Poland. In due course, one of them has to go; for obviously, a free church can’t exist under common ownership.

If the presses, auditoriums, and church buildings are owned or controlled by government, it is childish to imagine that there can be any freedom of press, speech, and religion. President Reagan saw this “press, speech, and assembly” reality when he was a presidential candidate in New Hampshire in 1980. Remember when he was scheduled to debate George Bush alone, and the sponsors of the debate wouldn’t let the other candidates onto the platform? Ronald Reagan picked up the microphone and (on national television) announced that he had *paid* the private owners for the use of it, and

that *he* would say who could use it.

At home from my easy chair, I stood up and cheered. For that’s the essence of all freedoms. Someone *owned* the microphone, the podium, and the assembly hall—and rented them out at a profit. Freedom in a market economy works so automatically and smoothly that, if you were to thank the owner of that hall for his deep interest in preserving freedom of assembly, he wouldn’t even know what you were talking about. His sole interest was the possibility of profit. And that’s why you and I have freedom of assembly.

Farm Price Supports

Just as the government can’t control prices (but only people), just so is it absurd to imagine that the government can support prices. Without exception, the only thing that any government can ever do is (in one way or another) control people, i.e., to prevent us from doing what we want to do, or to compel us to do what we don’t want to do. Thus, it follows that the government’s price support program for agriculture necessarily deprives farmers of their freedom. And it most surely does just that.

Here is a harsh and little understood fact: Because of price supports, freedom of agriculture in the United States really doesn’t exist. That is, you can no longer grow what you wish to grow on your own land. If you have any doubt, try this experiment:

On any land that will grow tobacco, plant a few acres of it (even for your own use instead of to sell) without getting permission from government. You'll be fined or jailed (or both) for your antisocial and illegal action. Again, freedom follows the free market. When it's not free, neither are you.

And so it is with tariffs, subsidies, aid to all kinds of dependent people, and other government interferences with freedom of exchange. In every case, peaceful persons are deprived of their freedom to exchange their goods and services on mutually agreeable terms. In every case, we are deprived of a bit more of our freedom of choice.

All of us have lost our hard-won freedom to join or not to join organizations of our own choosing. Currently some 20 million Americans must belong to labor unions, whether the individual member likes it or not. The fact that you, yourself, may not now belong to a union is purely academic and perhaps temporary; the essential principle of no freedom of choice in the matter has now been firmly established and written into the law of the land. It is legally enforced by strikes, threats, and even bloodshed against those who are still naive enough to imagine that employers and employees in the United States are still free and responsible persons.

Perhaps you'll better understand

the fearful danger we are in when you contemplate the implications of this fact: Compulsory unionism has long been broadcast to the world by our State Department's "Voice of America" as the very essence of freedom itself. Actually, that's what "Solidarity" in Poland was all about, i.e., it was a revolt against the compulsory unionism imposed by government on all employees. They objected, and tried to set up their own voluntary unions that no one *had* to join. That endeavor was no more successful in Poland, however, than it is in *most* states in our own country.

Let it be recorded that the card-carrying members of the Communist Party did not, and could not, do this to us, even though they surely wanted to. It was done primarily by our best people—our ministers, our teachers, our editors, our businessmen, and our most honest legislators. And it was inspired by the best of all reasons, i.e., the human desire to help one's fellow man.

Control of People

Those good people forgot, however, that the only thing any government can ever do, even in its proper function of preserving the peace, is to control people—to compel us to do what we don't want to do, or to prevent us from doing what we want to do. That procedure is, of course, the proper way to stop murderers and thieves and rapists; for clearly, the

police powers of government should be used to prevent those antisocial people from imposing their desires upon others by violence. But when the same powers are used against peaceful persons in their peaceful activities, freedom is always and undeniably infringed.

For example, every American has lost his freedom to save or to spend his earnings as he pleases. Our government compels all of us to "save" (actually, it's a tax) a portion of our wages and salaries—that is, the government taxes away a portion and promises to give it back (sometimes more, sometimes less) at some later date. This compulsory scheme is called Social Security, and it is generally cited as the essence of true freedom for the people. Perhaps as many as 75 per cent of the American people are now in favor of this loss of personal choice (freedom) and would categorically oppose any suggestion to return to a situation in which each person is responsible for his own welfare in a market economy.

And so it goes—through hundreds and thousands of government prohibitions and compulsions in the peaceful economic affairs of men and women. Without exception, every one of them is a direct loss of freedom of choice and responsibility.

Again (remember, I promised to repeat this several times) the only control that any government can exer-

cise is people control. Any attempt to control things must necessarily involve the control of people, and that is undeniably a loss of freedom.

Most of the editors in the United States scoff at my fears. "We will always preserve freedom of the press," they say, as they advocate additional government compulsions and prohibitions in the market, including postal subsidies to themselves.

In their sermons, most of our ministers promise us that "our hard-won freedom to worship as we please will never be lost." At the same time, they suggest that the police powers should be used to perform still another charitable service that was once believed to be the responsibility and pride of our churches.

And invariably, as the legislator demands still another interference in the market place, he thunders this familiar theme: "The people will never lose their right to vote as they please."

And true enough, those four precious freedoms of press, speech, franchise, and religion appear to be strong in the United States today, even though freedom itself is in great danger. That seeming contradiction is explained by this fact: We still operate within the framework of a market economy. It still survives in spite of the increasing attacks upon it. In spite of the fact that government now taxes and spends more than one-third of the combined in-

comes of all persons, the market processes of competition, pricing, profit and loss still generally prevail. In spite of the fact that governmental controls over the economic affairs of all of us are steadily increasing, the long-established order of the market still prevails to a large extent. (Perhaps we should be thankful that the federal government doesn't yet actively *produce* anything, except electricity in Tennessee and money in its mints.)

But somewhere along the line, our

essentially free economy must drift into an essentially controlled economy, if the present trend continues. That will be the end of human freedom in the United States, and probably in the world. All other freedoms—press, speech, franchise, religion—must necessarily disappear with the loss of the free economy. For the fact remains: In a totally controlled economy, it is not the economy but the people who are totally controlled. ☉

THE LAW by Frederic Bastiat

The law, it has been said, is nothing more than the will of tyrants. So it has been many times in history. But just laws depend upon a law which underlies the law passed by legislatures or declared by rulers. It is a law which provides the framework of liberty. Emancipation from the doleful theories of the compulsive state awaits discerning readers of this brief treatise.

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Economy

We have a penchant for naming things around my house. For example, at one time we owned two Chevrolet Impalas. The more ancient of the two we dubbed The Old Impala, and the one of more recent vintage The New Impala, though the latter was only “new” by comparison. These names evolved as a shorthand for distinguishing between the cars. Of course, we name any pets who take up with us, though lately we appear to be running out of names. At present, we have an all white tomcat, whose name is Kitty, and a terrier of some sort whose name is Mutt.

Dr. Carson has written and taught extensively, specializing in American Intellectual history. He is the author of several books, and currently is working on the third of a five-volume text, *A Basic History of the United States*.

The way things are going, it would not surprise me that if we had a male child he would be named Boy.

While we may be unusually deficient in devising imaginative titles, my family is not much different from other people in its penchant for naming things. It is a trait common to the human race, and one which aids discourse greatly. By naming things we distinguish them from others, provide a convenient individual reference for them, and either recognize or accord individuality to them. The more precisely we identify them with names the more accurate is our discussion about them, assuming that accuracy is our aim. This last is especially the case when it comes to such things as patterns of action, trends, developments, and other so-