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The great German Socialist party, the SPD, had shown how a major political organization could be supported by its own adherents. The Nazis, as Turner says, "applied socialist organization and financial techniques to a considerably more affluent following."

After the Nazis had established themselves as a major factor in German politics, some big businessmen contributed relatively minor subsidies, mostly to particular Nazis. The aim was to assure themselves of "friends" in positions of power, should the Nazis enter the state apparatus. Other industrialists, like many other anti-Marxists, looked forward to bringing the Nazis into a great conservative coalition—in effect, "taming" them and exploiting their popular appeal for traditional right-wing purposes.

All these efforts, however, were quite marginal to the process of Hitler's ascent to power. His strategy called not for mobilizing big business behind him but for neutralizing it as a possible hindrance, a task he astutely accomplished. In time, those from smaller and medium-sized firms came to join the Nazis in substantial numbers. On the other hand, there were fighters for the good cause until the end, among them "the Hansa-Bund, a pro-free trade, anti-cartel organization with a sizeable following in banking, commercial, and manufacturing circles," which continued to brand the Nazis the "vigorous enemy of the individualist and capitalist order for which we stand."

Turner's book is a work of historiographical revision in the best sense of the word—the replacement of ideologically motivated myth by a truer picture of past reality, based on the most comprehensive command of the sources. In the course of this salutary debunking, the author has occasion to examine more specific legends that have come to be enshrined in accounts of the period. These legends—concerning, for instance, Hitler's appearance at the Industry Club of Düsseldorf in January 1932 and his meeting with Franz von Papen and the "representative" of big business, Kurt von Schröder, in Cologne a year later—have been repeated and elaborated on not only by sensationalistic journalists such as William L. Shirer but by reputable historians such as Alan Bullock, A. J. P. Taylor, Norman Stone, and H. Stuart Hughes, as well. Having taught modern European history for many years, I can only state my gratitude to Turner for clearing away these seriously

misleading fabrications.

Besides the steady development of his main theme, Turner often brings out new features in territory one had thought sufficiently investigated already. Take, for example, the dreadful economic crisis that in the end brought the Nazis to power. What was the role of the Weimar Republic's "advanced" and widely admired *Sozialpolitik*—welfare-state system—in hindering economic growth and fostering extraordinarily high unemployment rates? Is it possible that, by insisting on the sacrosanctity of Weimar *Sozialpolitik*, the Socialists (and others) unwittingly contributed to the triumph of Nazism?

Finally, Turner is to be commended for joining battle head-on, in his concluding section, "Myths, Preconceptions, and the Misuse of History," with the ad-

vocates of the thesis of big-business complicity. These historians, he contends, evince a deep-seated bias against the world of industry and trade. This is true not only of Soviet and East German writers—whose jobs, after all, depend on generating rationales for the death warrant on capitalism. Even Western historians, he writes, "generally have little or no personal contact with the world of business. Like so many intellectuals, they tend to view big business with a combination of condescension and mistrust." Perhaps Turner's rich and pleasingly written book is a sign there are some changes under way.

Ralph Raico is associate professor of history at the State University of New York College at Buffalo and a fellow of the Institute for Humane Studies, at George Mason University.

Wonders of the (Economic) World

By Paul McGouldrick

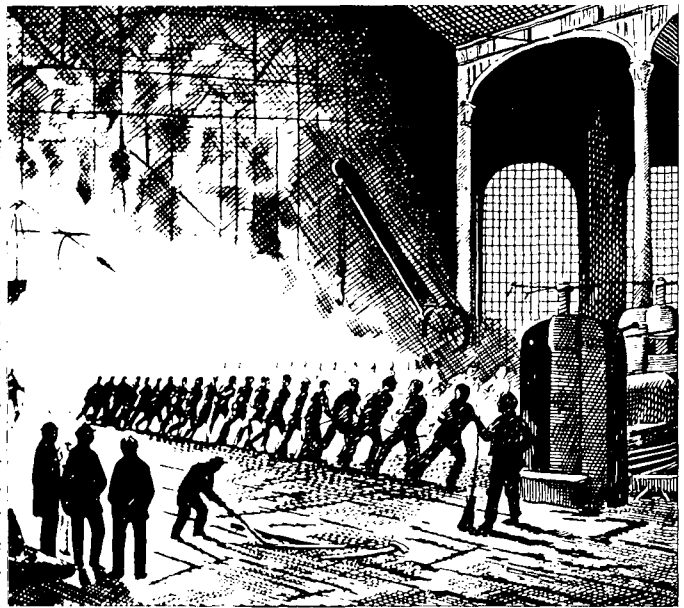
*From Adam Smith to the Wealth of America, by Alvin Rabushka
New Brunswick, N.J.: Transaction Books, 237 pp., \$29.95*

In lands dominated by the Anglo-Saxon empirical tradition, advocates of the free marketplace need to cite empirical evidence as well as deductive reasoning in order to persuade. That is why Alvin Rabushka's brilliant study is so useful.

The first part tells how Great Britain dismantled a complex, incoherent system of monopoly privileges, regulation of production and trade, high or prohibitive tariffs, and wage and price fixing between 1815 and the 1860s. Simultaneously, Britain moved to a complete gold standard with market determination of the quantity of money, for reasons cited by the Parliamentary Bullion Report of 1810. Monetarists as well as Keynesians, both of whom favor an active role for the state in regulating the money supply, need to ponder the report's message:

The most detailed knowledge of the actual trade of the Country, combined with the

profound science in all the principles of Money and circulation, would not enable any man or set of men to adjust, and keep always adjusted, the right proportion of circulating medium in a country to the wants of trade.



Finally, supply-side principles were followed in reducing tax rates: Rabushka is superb in fighting through the thickets of tax changes to get to the underlying principles and results. Quite simply, this section of the book should replace the older

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accounts by Phyllis Deane and Peter Mathias in economic history courses.

The British achievement—perhaps best summarized by the cut in central government spending from 27 to 7 percent of gross national income between 1811 and the height of Prime Minister William Gladstone's career in 1871—took place despite heavy obstacles. Relative to GNP (gross national product), the government debt had climbed by the end of the Napoleonic wars to a much greater height than the debt in the United States today or even at the end of World War II. And unlike the United States after 1945, the debt was not lowered in real burden by constant and accelerating inflation. Instead, Britain overbalanced its budget in order constantly to lower the debt burden by surpluses and debt retirement, even as the gold standard kept prices actually falling. Creditors gained purchasing power instead of having their assets confiscated by inflation.

Just a few caveats about this first part:

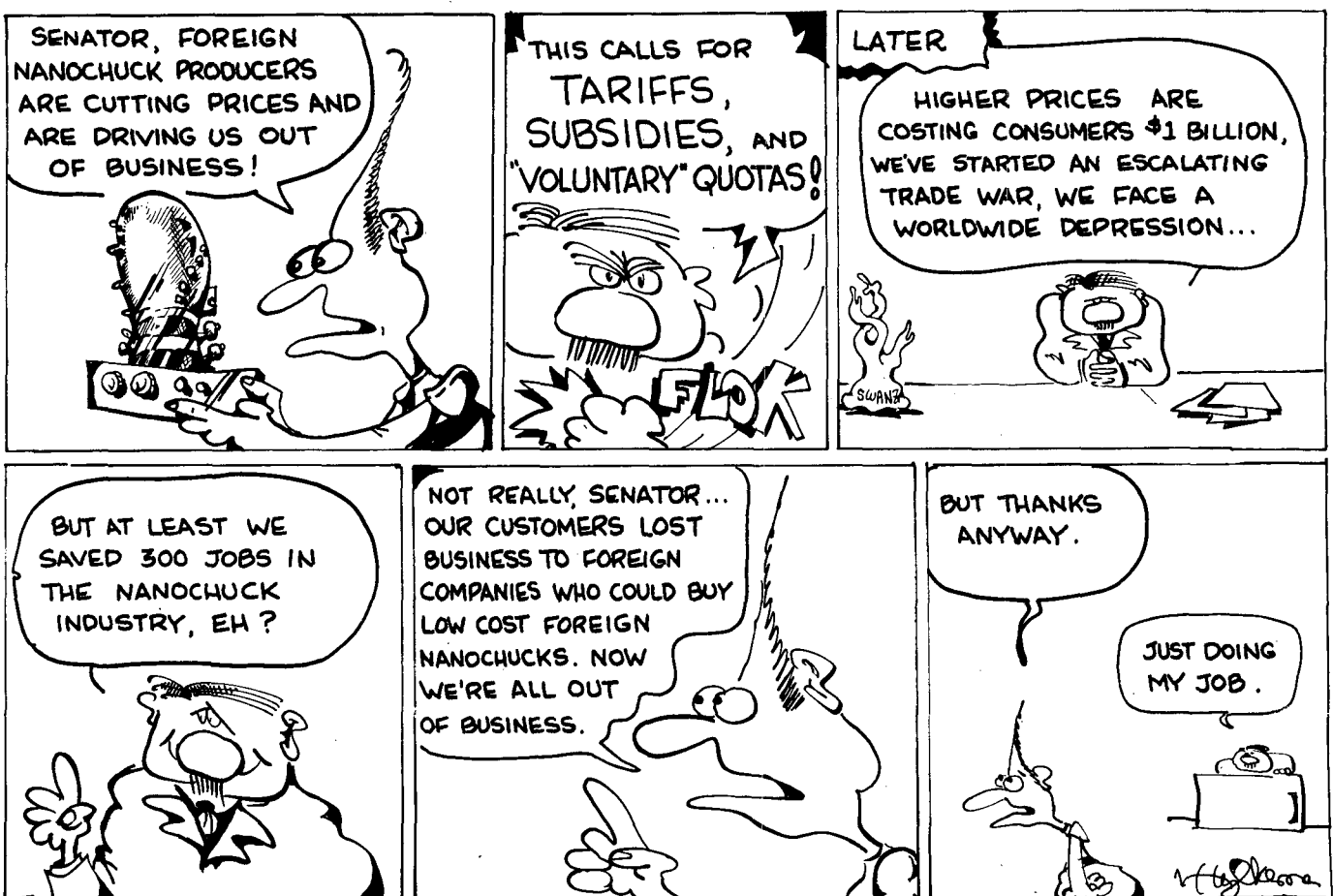
- The gold standard worked much better than Rabushka's short chapter on money suggests: not only did it keep prices stable or falling in the long run and make for low interest rates, but it also produced fairly satisfactory stability in output in the short run. Data for England and Germany show far less cyclical instability than was the case in the United States.
- The Factory Acts, which regulated hours and conditions of work for women and children employed by large firms, can be viewed benignly or at least as rather harmless, since they remedied a real lack of legal rights for women and children that had perhaps led to their being overworked. The laws were a second-best solution (the best would have been legal reform of family law inherited from the past), but we can understand how classical economists like John Stuart Mill defended them.

- Rabushka uses the price-specie flow model, in which gold flows into and out of a country with prices changing only after a time lag, to explain the workings of the gold standard. The model is now under attack by the new monetary theory of international payments, a theory that implies considerably more stability in a gold-standard monetary system than does the model used by Rabushka.

- The class interest-franchise model does not adequately explain the turn away from laissez faire. The model, which links extension of the vote to political efforts to increase welfare spending, does not explain why 25 years or more elapsed between the universal franchise and Lloyd George's "people budget" of 1909. Were political entrepreneurs all that slow in perceiving the advantages of welfare spending to buy votes? And in the United States, nearly a hundred years elapsed between the Jacksonian push for the universal (male) fran-

rudebarbs

Randall K. Hylkema



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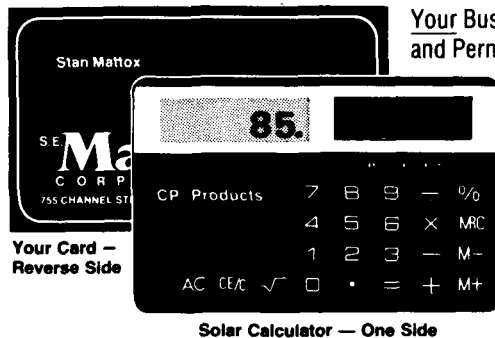
chise and the Hoover-Roosevelt push into the welfare state.

The second section, covering the economic successes of Taiwan, Singapore, Hong Kong, and South Korea under generally unfettered capitalism since the 1950s stuns the senses. Gross national product doubling every six to nine years; exports multiplying dramatically over incredibly short periods! Even 19th-century laissez-faire Britain is left far behind in accomplishment. Economist Simon Kuznets's dictum that economic development initially brings greater inequality is also destroyed. In at least three of these economies, such inequality *diminished*, as all incomes rose rapidly but those of the poor and the middle class increased the most.

The major reason for these accomplishments was clearly the unfettering of incentives by supply-side tax and deregulation policies. What other reasons can be given? Some mystic superman characteristics of the Chinese and Koreans? Social structure? Each system differs markedly; for example, unions are powerless in Hong Kong but often powerful and turbulent in Singapore. Climate? Singapore is a hot, steamy city-state on the equator, whereas Korea and Japan have cold winters. Raw materials? Insignificant; Hong Kong even has to import water from mainland China. Foreign investment? This was of some importance in South Korea, but the other three areas generated nearly all of their capital by high domestic saving. Foreign aid? It hindered rather than helped; Taiwan and South Korea, the only countries receiving it, began to make really rapid progress only after aid was withdrawn. (Needless to say, the aid had generated substantial disincentives and inefficiency via import substitution and food price controls while it had been received.) Lack of a military burden? True of Hong Kong and Singapore, but decidedly false for Taiwan and South Korea.

Rabushka's account is succinct, readily comprehensible to noneconomists, and nuanced. For example, he stresses that government was more interventionist throughout in South Korea than in Hong Kong, Singapore, or Taiwan. But as government regulations were reduced in South Korea, the economy picked up steam. Rabushka underlines the central importance of supply-side tax policies. (An amusing note: followers of Henry George, who advocated public ownership of land whose rents then could be applied by the state to purposes of the "common

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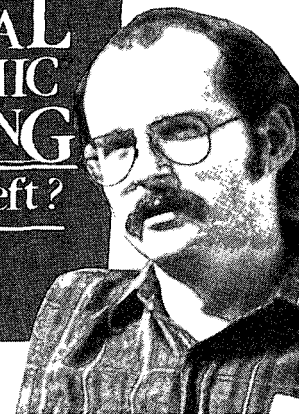
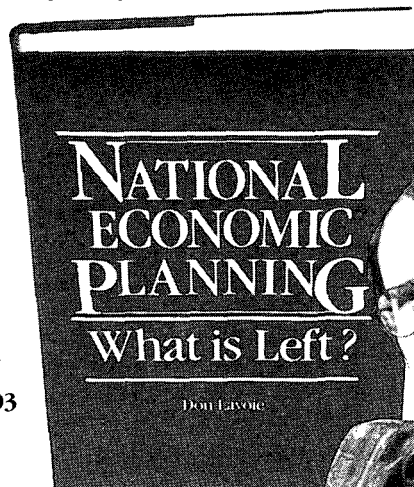
A sweeping critique of central economic planning. Building on the work of F. A. Hayek, Michael Polanyi, and Karl Popper, Don Lavoie demonstrates that planners can never effectively use all the knowledge in society, while by contrast the decentralized market is the most sophisticated coordination system known. After making his theoretical case, Lavoie offers devastating critiques of economic democracy, industrial policy, and indicative planning **\$9.95/paper, 291 pp.**

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benefit," can be encouraged by the success of Hong Kong in leasing, not selling, land and deriving a considerable proportion of government revenues from these rents.)

The final, shorter section on the growth of giant, clumsy, and ineffective government in the United States after 1945 is very competent but depressing. As government spending has swelled, growth has declined; in the 1970s real after-tax income of single-earner families even fell. Hope is expressed that Ronald Reagan will yet set things straight; but if we compare his accomplishments with those of 19th-century Britain and the small states of the East Asia rim, they shrink considerably. On the other hand, Rabushka is correct in stressing that the British turn to laissez faire in the 19th century took a long time, and we should prepare for a long campaign.

The book is unreservedly recommended for the general reader and also for university courses in economic development, macroeconomics, and economic history. The politicians should read it most of all, but public-choice theory explains why most of them will

not. It complements rather than competes with Melvyn Krauss's *Development Without Aid*, so the reader is advised to study both for the complete picture.

Paul McGouldrick is an economic historian at the State University of New York, Binghamton.

■ **Collected Poems: 1949-1980, by Allen Ginsberg, New York: Harper & Row, 837 pp., \$27.50.** Allen Ginsberg is the finest American poet since Walt Whitman. A central figure in the Beat literary explosion of the 1950s, he, Jack Kerouac, and lesser Beat lights revived the Whitmanesque dream of a rugged, raucous, and uniquely American literature. They were out to recover the "wild, self-believing individuality" that Kerouac believed had been extinguished in the land of the free.

The Beats' bohemian (and sometimes criminal) lifestyles and their emphasis on spontaneous prose and a mystical poetry of being—epitomized by Ginsberg's dictum, "First thought, best thought"—

never endeared them to our custodians of cultural good taste. Yet the appearance of this massive volume heralds the final step in Allen Ginsberg's odyssey from *enfant terrible* to the paunchy *éminence grise* of American poetry.

This is great stuff! From the fevered famous first lines of *Howl* (1956)—"I have seen the best minds of my generation destroyed by madness, starving hysterical naked/dragging themselves through the negro streets at dawn look-



ROBERT FRANK

Allen Ginsberg, Beat bard

ing for an angry fix"—to *Kaddish* (1959), an elegy for his sweet, paranoid communist mother, to *Wichita Vortex Sutra* (1966), a lament for his nation's fall from grace, Ginsberg's poetry brims with mad, lusty, apocalyptic energy. And if his vision of America is less exultant and rhapsodic than Walt Whitman's, well, a lot has changed in this country in the last hundred years.

About Ginsberg's politics: His antiwar and anti-nuclear-power activism has earned him the usual knee-jerk hostility from the right. The neoconservative aesthetes at *Commentary* recently attacked him for "sleaziness" and "vitriolic anti-Americanism." Judge for yourself. The best statement of Ginsberg's political principles is contained in the final poem of the collection, *Capitol Air* (written as a punk rock song in 1980):

I don't like the government where I live
I don't like dictatorship of the Rich
I don't like bureaucrats telling me what to eat
I don't like Police dogs sniffing round my feet

I don't like Communist Censorship of my books
I don't like Marxists complaining about my looks
I don't like Castro insulting members of my sex
Leftists insisting we got the mystic Fix

Somebody give this guy a copy of REASON, quick!

—Bill Kauffman



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