

the book case

The Facts Are Right, but the Facts Are Slight

By James M. Buchanan

The Capitalist Revolution: Fifty Propositions about Prosperity, Equality, and Liberty
By Peter L. Berger, New York: Basic Books, 262 pages, \$17.95

Peter Berger identifies *The Capitalist Revolution* as a preliminary effort to construct an "empirically oriented theory of capitalism and society," to fill in a "great lacuna...on the contemporary intellectual landscape." To this end he presents 50 propositions as hypotheses subject to falsification.

The factual evidence strongly suggests that capitalism outperforms alternative organizational structures in terms of the familiar success criteria. While Berger implicitly places his faith in this factual record, he at the same time recognizes that capitalism is notoriously unsuccessful in generating its own "supporting myths." In some ultimate sense, the evidence must matter, but the feedback loop remains shrouded in mysteries.

The facts of capitalism's relative success have been available for decades. Berger-like rearrangements of the evidence can, without question, be of marginal value, and the incorporation of a discussion of the Asian capitalist successes is one of the best features of this book. But we need to know much more about why the bridge from facts to organizational structure seems so difficult to cross.

The book should be better than it is. The theme is important; the method is appropriate; the argument is well developed. Aside from Berger's fellow academic sociologists, however, readers will be put off by the proffered stance as "social science" and by the lapses into specialized terminology. What does the word *facticity* add? He surely aims for a generalized readership among the intelligentsia, but he sometimes fails to escape the rhetorical constraints of his own academy.

Berger seems to overlook what political scientists Robert Dahl and Charles Lindblom taught us three decades ago. We are rarely, if ever, presented with "capitalism" and "socialism" as effective policy options. We do not choose between whole organizational



structures. We are faced with pragmatically derived choices between policy options in the small that will *incrementally* increase or decrease the politicization of our lives. And many who would express a preference for increasing politicization in the small would categorically reject the notion that they are choosing "socialism" over "capitalism" as an organizing principle for the whole social order.

Thus the failure to recognize the externalities of policy change may swamp in influence any understanding of the factual

record. The federal government's bailout of a bank or an automobile firm is not likely to be opposed on an empirically grounded argument in favor of capitalism as a system of order. Such a bailout is much more likely to be opposed on the philosophically grounded argument that such an increase in politicization of the economy violates the *principle* by which the capitalist system operates.

Why do not the successes of capitalism, and especially as measured by the liberties and economic well-being of the masses, lead directly to political movement toward capitalist regimes? Peter Berger recognizes that the answer here, with respect to both the advanced socialist and the developing countries, lies in the incentives facing the persons and groups who hold the reins of political power. Success criteria for these effective decisionmakers are wholly different from those that might emerge from the ethical norms of the social philosophers. But exposure of the differences between the realities and the myths deserves greater emphasis than this book provides.

My criticisms do not add up to the suggestion that Berger should have written a different book. He has indeed marshaled the facts of capitalist success. These facts, however, must be supplemented by other evidence and analytical arguments. Ideas and analyses must join facts in the development of any effective political understanding.

James M. Buchanan, University Distinguished Professor at the Center for Study of Public Choice at George Mason University, received the 1986 Nobel Prize in economics.

Vignettes of the Frontier Economy

By Robert Sobel

Entrepreneurs of the Old West, by David Dary
New York: Alfred A. Knopf, 368 pages, \$22.95

Students of economic and business history know that the major activity of businessmen in the American West during the 19th century involved locating resources, extracting them, and taking them to markets. It was natural, then, that many would find opportunities in such areas as furs,

lumber, mining, cattle, and later on agriculture and petroleum, while others deepened rivers, engineered canals, and threw telegraph lines and railroads from the Mississippi to the Pacific.

In addition, hundreds of merchants went west to provide its inhabitants with goods

CHARLES PEALE

\$25,000,000,000

The Government Holds For You

Would you like to stake a share of the \$25,000,000,000 the government holds for just making a few phone calls and looking in some phone books? That is all you have to do to enjoy thousands of dollars. If you can read English and can speak on the phone, you can make thousands of dollars overnight—and you don't have to do any selling at all.

This ad will explain every detail of an exciting new business that has never been advertised or attempted before—what's more, you can enter with absolutely no money.

Life was not always rosy for me. I got involved in a bad business investment a few years ago and lost about \$11,000. Everything I owned was taken away from me. I needed money desperately to feed my family, so I was forced to toil as a waiter at the Sheraton Harbor Island Hotel in San Diego by night, and I was a filing clerk during the day. It was so exhausting, that as soon as I got home, I would sleep for just a few hours, wake up in a stupor, drink four cups of coffee, and then scramble to my next job. I had no choice. It was the only thing I could do to stop disappointing my loved ones. I remember coming home on Mother's Day really eager to call my mother, only to find that my phone had been disconnected. I went through the mail praying for some good news, only to find an envelope with no return address—it contained an eviction notice. At this point I thought we would have to live in our beat-up Fiat. We were fortunate to have relatives that were kind enough to let us stay with them. I never knew life could be so miserable. I sat down on the sidewalk just realizing how much being in debt could hurt. With tears in my eyes, I prayed for a way out.

My friend Gary, who was in the same financial boat as I was told me a story that changed my life forever. He told me very excitedly, "I received a funny-looking letter. When I first saw it, I thought it was another creditor making a claim on me. The letter told me about money that was rightfully mine—it said that if I signed the enclosed form, I would receive \$2,592.59. Things were so bad that I had nothing to lose, so I signed the form neatly and returned it to the company.

"Ten days later I received a check for \$2,592.59 with an explanation. A distant aunt had died and left \$4,320.98 in her savings account. The company that found me collected \$1,728.39. The firm had no trouble finding out that I was related to her. Just for matching up people with the same last names, that agency was making millions every year."

It was just then that an amazing idea popped into my mind. I was overcome with excitement; this revolutionary system was so simple, yet I knew it

would take me out of my rut. I was compelled to find out more about it. I had lost everything I owned; what else could I lose? I found out everything I could and began to work on a plan. I put it into effect. My prayers were heard. To my relief I started to make more money than I have ever seen in my life for doing practically nothing. In fact, my income for just last month was \$50,076.78.

I had a C-minus average in high school—one year, I received an F in English. By no means was I ever considered to have the smarts. But I did it. All you have to do to make large amounts of money is thumb through phone books and make a few phone calls.

Last summer we moved into a gorgeous home. My wife told me it was her life long dream to own a brand new car. You should have seen her tears of joy when I surprised her with her own new \$20,000 car. Later I bought a 1986 Mercedes 560SL that cost me \$56,000.

The amount of money I was making was incredible. Just as a hedge against taxes, I bought two three bedroom houses valued at \$200,000. I asked everyone in my family what they wanted the most and they said they wanted to see all of us together going places. In the past month we have visited three countries. In fact, we take a vacation every month. It's great seeing the joy in everyone's eyes as I spend more time with them.

Twenty-five billion is just sitting there waiting for someone to recover it. One out of ten Americans have forgotten or lost money in bank accounts, stocks, insurance premiums, etc. This is money worth as much as the amount of \$10 bills you could lay end-to-end around the world; \$25 billion. I will disclose a plan to you that will show you how to get your hands on this money.

Only 10 percent of the rightful owners claim their share of the \$25 billion. The states make no strong effort to contact the rightful owners. Why should they, when unclaimed property is their biggest source of revenue, second only to taxes? The states are required by law to make a list of unclaimed owners. These lists are hard to find but I will show you how to get every one that the states publish. And in some cases, they're free.

Let me give you a random sample list from the state of Wisconsin. (Addresses are included in lists.)

Owner's Name	Property	Amount
Drinka, Teresa, A	Savings	\$10,891.47
Lavelle, Samuel	Stock Proceeds	\$21,529.61
McDonnell, Martha	Savings	\$12,843.78
Meyer, Thusneida	Savings	\$18,489.18
Patterson, Arthur	Savings	\$14,629.24
Stien, George	Savings	\$57,525.83

This listing is only a minor portion of the \$25 billion in unclaimed property that is waiting for you.

Sworn Testimonials

I've spent at least \$7,000 on money-making books and seminars. The difference between them and your method is that yours works! In less than three weeks (part time) I was able to secure \$52,614.21. Thanks for a business that will easily make me \$100,000 this year. If I can ever be of service just call.

Steve S., CO

Having read your book, I have recently launched into the fascinating endeavor of locating people. As a result, I have succeeded in finding an individual with a fairly large sum of money.

Ben S., CA

Thank you so much for the methods outlined in your book. I was able to secure \$24,685 in just six hours of work. I have read just about all the other "get rich" books but yours has to be the best.

Terrie, T., MI

To make thousands of dollars, all you need are telephone books and a phone. The proven system in this book can be learned in a half hour. After that, you are all set. **If you can read English and can speak on the phone, you're in business. It's as easy as that.**

Sample Proof

Bonnie Goldstein, a well-known syndicated newspaper writer who doesn't know anything about finding people, located the owners of \$4,100 in two and a half hours with two telephone directories—she said so in the *San Francisco Sunday Examiner & Chronicle*.

My Guarantee

Send for my complete guide to recovering unclaimed money. Read the simple formula that has been tailored for each individual state. Sit down and make the required few phone calls and directory searches. **After following the simple formula, you must be able to recover \$10,000 in one day or your complete payment will be returned to you.**

This opportunity can give you a new home, car and all of the luxuries money has to offer. **Think of what \$10,000 today could do for you.** Could you use this kind of money? There is a definite flaw in our revenue system, and you can profit from it.

David Bendah (619) 265-8777
6602 El Cajon Blvd., Suite B, Dept. 508 B
San Diego, CA 92115

Dear Dave:

Send me your complete guide to recovering \$25,000,000,000 in unclaimed money on the condition that I must be able to locate \$10,000 easily in one day with your book or you will return my entire payment.

On that basis, here is my \$10.

Name _____

Address _____

City _____ State _____ Zip _____

Please add \$1 dollar to cover part of the shipping costs. All checks must be accepted by TeleCheck; payments not accepted will be returned in full.

Special Offer!

Get more from Mises.

Two indispensable guides to the works of Ludwig von Mises — by his long-time student, Percy L. Greaves, Jr.

Understanding the Dollar Crisis

Professor Greaves examines "Austrian" subjective value, marginal utility theory of economics, and explains U.S. monetary manipulation through the depression. New epilogue covers through December 1983. 308 pages

(Listed at \$14.00 cloth; \$7.00 paper)

sale: \$10.00/\$5.00

Mises Made Easier A Glossary for Human Action

An essential companion to Mises' *Human Action* in which Professor Greaves defines and explains precise meanings of all difficult terms and foreign phrases. Organized for ready reference. 157 pages (listed at \$12.00 cloth)

sale: \$8.00

(All Mises' in-print books also available. Ask for complete list.)

EMB

FREE MARKET BOOKS

P.O. Box 186

Irvington, N.Y. 10533

Please send the following at their sale prices:

UNDERSTANDING THE DOLLAR CRISIS cloth \$10.00_____

paper \$5.00_____

MISES MADE EASIER cloth \$8.00_____

Shipping & handling \$2.00_____

New York state residents, please add sales tax_____

TOTAL (check enclosed)_____

Name_____

Address_____

City_____ State_____ Zip_____

The Financial Services Revolution: Policy Directions For The Future

A CATO INSTITUTE POLICY CONFERENCE

February 26-27, 1987 • The Capital Hilton, Washington, DC

The proper role of public policy toward financial institutions will be the subject of the Cato Institute's 5th Annual Monetary Conference. Topics considered will be the history of banking regulation, the efficacy of current regulations applied to changing markets, and the future of financial institutions. Speakers will include **George Benston, Thomas Huertas, George Kaufman, James Meigs, Anna Schwartz, and Richard Timberlake.**

Registration is \$250 (\$100 for nonprofit organizations). It includes all lectures, two luncheons, and a reception. For additional information, please contact Sandra McCluskey at (202)546-0200. Make check payable to the **Cato Institute, Dept. R, 224 Second St., SE, Washington, DC 20003.**

CATO INSTITUTE

the book case

manufactured in other parts of the country and world. There were small but significant enterprises engaged in what today we would consider tourism; some journalists developed a cottage industry of explaining the West to the rest of the world, which drew visitors, who went to Colorado and Nevada with the same spirit with which their descendants today travel to Tibet and the South Seas—to see for themselves exotic and beautiful places.

David Dary, a professor of journalism at the University of Kansas and a former newsmen, has undertaken to tell part of the story in *Entrepreneurs of the Old West*. None of Dary's earlier works—*The Buffalo Book*, *True Tales of the Old-Time Plains*, *Cowboy Culture*, and *True Tales of Old-Time Kansas*—was devoted to what generally is considered analysis of businessmen. He is thus exploring here what for him is a new field of study. This may explain why the author says that while many books have been written on the old West, "few of them deal extensively with the entrepreneurial aspect of pioneer life."

Peter F. Drucker defines the entrepreneur as one "who endows resources with new wealth-producing capacity." Given this, it might be said that a majority of the books on the West deal directly or indirectly with entrepreneurship. Lewis Atherton, Hiram Chittenden, Robert Dykstra, Robert Fogel, and Paul Gates, who are quoted in *Entrepreneurs of the Old West*, certainly were concerned with this matter, as was Walter Prescott Webb, the greatest historian of the subject, whose *The Great Plains* is devoted to showing how the westerners adjusted to their environment to produce wealth.

Unlike these historians, Dary is more at home with interesting stories and anecdotes than with synthesis and analysis. It is here that he is at his best.

For example, he tells the tale of unfortunate James Baird, who in 1822 led an expedition bound for Santa Fe. The group lost its animals and trekked the 350 miles from Dodge City to Taos in 20 days. There they purchased mules, then rode to the place they buried their stores. Before turning around, however, they were attacked by Indians who robbed them of all their belongings. What was there to do? Dary writes that "again the traders had to walk to Taos."

We learn how trappers captured beaver, how skins were cured, and of the extraction from the perineal gland of "bait," a form of aphrodisiac that was reputed to draw beaver from as far as a mile away. Buffalo hunters, writes Dary, knew that the animals' coats were best from November to March, and

the book case

he tells us how the Indians treated the skins to make them marketable.

Yet, though Dary's vignettes are colorful, he overlooks much about entrepreneurship in the Old West. He writes in his foreword of the "silent army" of entrepreneurs that sought opportunity and profit in the West. But the '49ers, the miners of the Comstock Lode, the cattlemen, and the like were hardly silent. Nor were lumber tycoons like Frederick Weyerhaeuser or Hiram Sibley, who all but single-handedly created the coast-to-coast telegraph linkage.

All of this is either ignored or scanted. There are only a few pages on the California gold bonanza and nothing for anyone who has a nodding acquaintance with the event, though the Kansas territory gold rush of the 1860s is treated somewhat better. (The author, whose major interest is Kansas history, is most comfortable with matters concerning that region.) Weyerhaeuser and Sibley aren't even mentioned in the book.

It could be that the author intended to concentrate upon small businesses or has uncovered material on half-forgotten individuals; but this suspicion is dispelled by the



chapter entitled "The Iron Horse Arrives," which contains standard fare on the railroad tycoons. There is some interesting material on several Kansas cattle traders, such as Frank H. Mayer, a "buffalo runner," who made a good thing of hunting the beasts for their hides and meat, but little on the beef barons of the 1880s who, often financed by Scots banks, were equally important. Dary does a decent job in analyzing the buffalo trade, though here as elsewhere the material is thin and derivative.

On several occasions Dary offers inventories of goods carried by merchants, their trading methods, and profits—just enough to make the reader yearn for more information and the author's analysis, which rarely comes. In one of the chapters, "Traders and Indians," we learn that in 1835 the sharp traders at Bent's Fort bought buffalo robes for 25 cents' worth of trade goods and

turned around and sold them in St. Louis for five or six dollars. One group handled more than 15,000 skins in a season, meaning their earnings could have come to well over \$80,000. We read of how wells were driven in the Plains, and how Jewish merchants—including the ancestor of Sen. Barry Goldwater—started out and eventually became department store tycoons.

Curiously, for a person with his background, Dary has produced a series of barely related essays lacking a central thesis or even an underlying rationale. He leaves one wondering just where and to what purpose he is headed in his narrative. Still, his series of 14 chapters, arranged in more or less chronological order, illustrate some familiar and a few obscure aspects of the western business scene of the time.

In essence, this is a book for readers who will be delighted by interesting vign-

AL. M. NAPOLETANO

DISCOVER THE SECRET OF TURNING PEOPLE INTO LIBERTARIANS

The Essence of Political Persuasion

A Powerful, Intense 3-Hour Audio Cassette Training Resource by Michael Emerling

In just six short weeks, I will double your skills in one-to-one political persuasion. Or refund your money. Value for value. If I don't deliver, you don't pay.

You'll learn how to:

- Develop the Attributes of Effective Persuaders.
- Create and Build Rapport.
- Isolate and Identify the Real Issue.
- Ask Mind Altering Questions.
- Use Applied Epistemology.
- Leverage Liberty Through Language.
- Employ Shock and Surprise Techniques Effectively.
- Use the New, Enhanced Political Cross-Dressing.
- Introduce Intellectual Judo. Use their objections to defend liberty.
- Use Metaphors, deceptively powerful tools.
- And Much More.

ONLY \$29.95 – 45 DAY MONEY BACK GUARANTEE.

Make Check or Money Order Payable to:

Michael Emerling ● Box 28368, Department 1 ● Las Vegas, Nevada 89126

the book case

ettes that the author has culled from a careful reading of primary and secondary sources, as well as from several unpublished theses, documents, and newspapers. The illustrations are very good, and Al M. Napoletano, who is responsible for the many pen-and-ink drawings, has deftly captured

the flavor of the steel engravings of the period.

A professor of business history at Hofstra University, Robert Sobel is co-author of The Entrepreneurs: An American Adventure as well as histories of IBM, ITT, and Salomon Brothers.

Youth and the State

By Doug Bandow

National Service: What Would It Mean? by Richard Danzig and Peter Szanton
Lexington, Mass.: Lexington Books, 306 pages, \$30

National service "is one of the few innovations on the political horizon that, if adopted in comprehensive form, might transform the conditions of life in the United States," write Richard Danzig and Peter Szanton. And how right they are. For social engineering on such a grand scale would destroy the final vestiges of the system of limited government created by this nation's founders.

In fact, Danzig and Szanton are not wholly enthusiastic about having the federal gov-

ernment put millions of young people to work doing good. *National Service*, say the authors, is primarily an attempt "to help illuminate and focus the continuing debate." And this they do, by providing the sort of specifics that most advocates of federal servitude, like presidential hopeful Gary Hart, prefer to avoid.

The totalitarian aspects of national service have never seemed to dampen enthusiasm for the grand experiment. Perhaps the most famous proposal came from William

James in 1910, who advocated conscripting the young for such tasks as coal mining and tunnel making. No mushy liberal he, James wanted "our gilded youths...to get the childishness knocked out of them, and to come back into society with healthier sympathies and soberer ideas."

The concept persisted over the years, though in more socially acceptable form, in the Civilian Conservation Corps and National Youth Administration of the New Deal, in the Peace Corps, and in VISTA. But opinion polls still indicate yearning for a universal, compulsory program.

The general public supports national service, believe Danzig and Szanton, because the concept "seems attractive for its potential to accomplish so many ends at once." Most importantly, say the authors, a service program would help meet social needs, inculcate personal values, and strengthen the military.

Unfortunately, in evaluating these claims Danzig and Szanton let their devotion to detail obscure some fundamental issues. For instance, how many national-service participants, they ask, "might be utilized in tasks of social value?" They consider the

book hints a selective mention of books received for review

ANOTHER BICENTENNIAL, this time of the U.S. Constitution, is upon us. No doubt a display of patriotics will proclaim the document's durability. But Harvard political scientist Stephen Macedo argues that there is cause for concern about our Constitution. In his highly acclaimed monograph, *The New Right v. the Constitution* (Washington: Cato Institute, 60 pp., \$7.95 paper), he warns against judicial trends that seem to put untrammelled majoritarianism in place of constitutionally guaranteed liberties.

Our Constitution is rooted, at least in part, in English Common Law, which Arthur R. Hogue analyzes in *Origins of the Common Law*, a classic recently reprinted by Liberty Press (Indianapolis, 271 pp., \$10/\$4.50). Just as the United States inherited from Britain certain legal traditions, so too did it borrow much from British political economy, above all from Adam Smith's *Wealth of Nations*. Richard Teichgraber examines Smith's eminent work, especially looking at the philosophical assumptions behind it, in *"Free Trade" and Moral Philosophy: Rethinking the Sources of Adam Smith's "Wealth of Nations"* (Lanham, Md.: University Press of America, 140 pp., \$19.95/\$7.75).

The ideas of Adam Smith, F. A. Hayek, and other classical liberals have found renewed vigor in recent years. That's what Britain's "New Right" is all about, and in *The "New Right" Enlightenment: The Spectre that Haunts the Left*, (New York: Universe Books, 263 pp., \$15 paper), Arthur Seldon gathers together essays by young thinkers who are in part responsible for the rebirth of classical liberal scholarship.

On the subject of free markets, Steven Plaut provides an entertaining introduction to the dynamics of the free-market system in *The Joy of Capitalism* (London and New York: Longman, 114 pp., \$5.95).

Free-market economic thought has found an especially welcome home among libertarians, who stress individual freedom and property rights over government authority. John Galt, a pseudonymous voice of the libertarian movement, brings to the reader a lively introduction to this political outlook in *Dreams Come True: Government and Economics As If Freedom Mattered* (New York: Simon & Schuster, 318 pp., \$19.95).

One by-product of the renewed appreciation of free markets has been deregulation. Two new books explore the prospects and

consequences of deregulation in the electric utility and communications industries: *Electric Power: Deregulation and the Public Interest*, edited by John C. Moorhouse (San Francisco: Pacific Research Institute, 516 pp., \$34.95/\$14.95) and *Communications Deregulation: The Unleashing of America's Communications Industry*, by Jeremy Tunstall (New York: Basil Blackwell, 320 pp., \$24.95).

The flip side of the free-market coin is Big Government. For those who prefer to laugh rather than despair at the foibles of our own Big Government, Susan Trausch's *It Came from the Swamp: Your Federal Government at Work* (Boston: Houghton Mifflin, 227 pp., \$15.95) might be just the cup of tea. To put politicians in their proper perspective, for example, Trausch advises that we imagine them in their underwear: "You...picture the person or persons standing there in something white, baggy, and wrinkled that came from a sale table at Sears. We're not talking Bloomingdale's monogrammed here....You've got to think loose elastic, gray around the waist band, tank top undershirts, and Playtex Long Lines."

—L.S.