

The Free Market

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Mises vs. the Green-Eyed Monster

by Bradley Miller

A truism among free-marketeers is that collectivism is flawed because it flies in the face of human nature. But many writers on our side also ignore a key aspect of human nature. They write about politics and economics as if they were logic or mechanics. Pull lever X for output Y. Disseminate the evidence of capitalism's success and collectivism's failures, and the capitalist paradise, in time, will come.

Most true-believing collectivists--and frauds increasingly swell the ranks--underestimate the force of self-interest. But many capitalist thinkers underestimate the force of envy, and in this regard are far more naive than collectivists. Lenin never tired of stressing that his goal was to make class envy flare into revolutionary hatred.

Capitalist thinkers continue tabulating collectivism's follies and savageries, and capitalism's virtues--tabulations that at this stage of history shouldn't seriously be disputed--while watching indignantly and incredulously as collectivism claims more and more ground even in the very citadel of capitalism, the United States, where six and a half years into the reign of the supposedly most free-market president since the 1920s, federal spending is at an all-time high. Why?

Ludwig von Mises showed 31 years ago in *The Anti-Capitalistic Mentality* that reason, evidence, and humaneness have about as much impact on public policy as an Oral Roberts sermon would have on Nietzsche. As too few contemporary economists do, Mises realized that for libertarian economists to have a practical as well as scholarly impact, they must understand the non-rational factors that breed hostility to capitalism:

In a society of equality under the law the inequality of men with regard to intellectual abilities, will power and application becomes visible. The gulf between what a man is and achieves and what he thinks of his own abilities and achievements is pitilessly revealed. Daydreams of a "fair" world which would treat him according to his "real worth" are the refuge of all those plagued by a lack of self-knowledge.

The more sophisticated sublimate their hatred into ...the philosophy of anti-capitalism, in order to render inaudible the inner voice that tells them that their failure is entirely their own fault. Their fanaticism in

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O.P. Alford III and the airplane he built.

The Austrian Entrepreneur An Interview With O.P. Alford III

The generosity of Mr. Alford, who serves on our Entrepreneurs Council, recently made it possible for us to set up the O.P. Alford III Center for Advanced Studies in Austrian Economics. The Alford Center will help immensely in our work with graduate students in advancing Misesian economics, the free market, and the gold standard. He is interviewed here by Jeffrey A. Tucker, a Mises Institute Fellow in the graduate economics program at George Mason University.

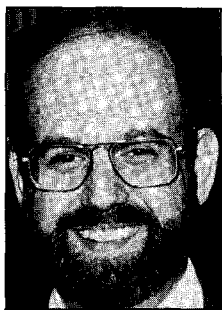
Q: We students at the Mises Institute consider you a hero.

A: Hell, I am just a little guy trying to earn my cakes.

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From the President

by Llewellyn H. Rockwell, Jr.

Another Federal Crime Against Consumers

The Reagan administration has verbally championed free trade while imposing more protectionism than any other administration since World War II. In 1981, about 25% of our imports were restricted in some way by the feds. Today, the figure is over 40%. And now we have an attack on American consumers in the name of retaliation against Japanese computer chips.

Because Japanese companies make these chips--the silicon hearts of computers--more economically than domestic producers, the administration has sought to protect inefficient U.S. firms at the expense of American consumers (and efficient U.S. firms).

The Japanese crime is "dumping": selling products below cost. But there is no way to tell if dumping is taking place. Austrian economics shows us that the notion of cost is necessarily a subjective and changing one. No government bureaucrat can tell what a company's cost is.

Even if dumping takes place, why should the police powers of the State be used to impede it? It can't be bad for consumers, and as Ludwig von Mises taught, it is from the standpoint of consumers that all economics and economic policy must be judged.

Even if true and taking place, why outlaw this consumer-enhancing process only internationally? Why not prevent Safeway from selling ketchup at a loss to lure customers into its stores? Isn't "ketchup dumping" unfair to the A&P?

Because Japanese companies benefit American consumers by selling us computer chips at prices we want to pay, the president is levying 100% tariffs on some Japanese electronic goods. This punishes U.S. consumers with higher prices to benefit inefficient but politically influential U.S. corporations.

Trade restrictions are wrong on at least three counts:

1) *Moral*. By what right does the U.S. government seek to benefit special interests by telling Americans what consumer products we can or can't buy?

2) *Economic*. Protectionism, like all government interventions into the economy, rewards political pull at the expense of economic efficiency, and thus makes us all poorer.

3) *Political*. It is no coincidence that trade wars usually precede shooting wars. Why increase international tensions to pay off unsuccessful (but well-compensated) executives.

The collectivism that accompanies protectionism is off-putting as well: "Japan is harming 'us' by _____ (fill in the blank)." What "us"? I have a lot more in common with a free-market Japanese businessman than I do with a protectionist and statist like Lee Iacocca, whether we share the same citizenship or not.

There's a big trade fight in Washington these days. But no one seems to care about the consumer. The battle instead is over whether the White House or the Congress will get political credit for protectionist rip-offs. Mises called capitalism the system of consumer sovereignty. Anything that inhibits that sovereignty makes us all poorer--and less free. ■

Privatize the Roads!

by Walter Block

If the government demanded the sacrifice of 46,700 citizens each year, an outraged public would revolt. If a religious sect planned to immolate 523,335 in the next decade, it would be toppled. If a Manson-type cult murdered 790 people to celebrate Memorial Day, the press would demand the greatest manhunt in this country's history.

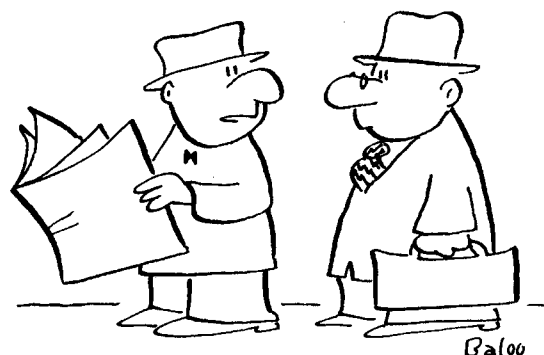
If we learned of a disease that killed 2,077 children under the age of five each year, or a nursing home that allowed 7,346 elderly people to die each year, no stone would be left unturned to combat the enemy.

If private enterprise were responsible for this butchery, a cataclysmic reaction would ensue: Congressmen would appoint investigative panels, the Justice Department would seek out antitrust violations, corporate executives would be jailed, and there would be growing cries for nationalization.

In fact, the government is indeed responsible for a real-life slaughter of these exact proportions: the toll taken on our nation's roadways. Whether at the local, state, regional, or national level, it is government that builds, runs, manages, administers, repairs, and plans the road network.

While many blame alcohol and excessive speed as causes of highway accidents, they ignore the more fundamental reason of government ownership and control.

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"I just realized something -- we have
a shortage of everything except government."



Panic on Wall Street

by Murray N. Rothbard

There is a veritable Reign of Terror rampant in the United States right now--and everyone's cheering. "They should lock those guys up and throw away the key. Nothing is bad enough for them," says the man-in-the-street. Distinguished men are literally being dragged from their plush offices in manacles. Indictments are being handed down *en masse*, and punishments, including jail terms, are severe. The most notorious of these men was (a) forced to wire up and inform on his cohorts; (b) fined \$100 million; (c) barred from his occupation for life; and (d) possibly faces five years in prison. The press, almost to a man, deplored the excessive lightness of this treatment.

Who are these victims/criminals? Mass murderers? Rapists? Soviet spies? Terrorists bombing restaurants or kidnapping innocent people? No, far worse than these, apparently. These dangerous, sinister men have committed the high crime of "insider trading." As one knowledgeable lawyer explained to the *New York Times*: "Put yourself in the role of a young investment banker who sees one of your mentors led away by Federal marshals. It will have a very powerful effect on you and perhaps make you realize that insider trading is just as serious as armed robbery as far as the government is concerned."

This attorney's statement is grotesque enough, but it actually understates the case. Armed robbers are usually coddled by our judicial system. Columnists and social workers worry about their deprived backgrounds as youths, the friction between their parents, their lack of supervised playgrounds as children, and all the rest. And they are let off with a few months' probation to rob or mug again. But no one worries about the broken homes that may have spawned investment bankers and inside traders, and no social workers are there to hold their hands. They receive the full might of the law, and are sent straight to jail without stopping at "Go."

A major difference between the "crime" of insider trading and the other crimes is that insider trading is a "crime" with no victims. What is this dread inside trading? Very simply, it is using superior knowledge to make profits on the stock (or other) markets. A terrible thing? But this, after all, is what entrepreneurship and the free-enterprise system is all about. We live in a world of risk and uncertainty, and in that world, the more able and knowledgeable entrepreneurs make profits, while ignorant entrepreneurs suffer losses and eventually get out of business altogether. This is what happens, not only in the financial markets, but in business in general. The assumption of risk by businessmen, seeking profits and hoping to avoid losses, is a voluntary assumption by businessmen

themselves. Not only is this process the essence of the free market, but the market, by rewarding able and farsighted men and "punishing" the ignorant and short-sighted, places capital resources into the hands of the most knowledgeable and efficient, and thereby improves the workings of the entire economic system.

And yet there are no victims of inside trading as there are in robbery or murder. Suppose that A holds 1,000 shares of XYZ Co. stock, and wants to sell those shares. B has "inside knowledge" that XYZ will soon merge with Arbus Corp., with expected increase in value per share. B steps in and buys the 1,000 shares for \$50 apiece; B, let us say, is right, the merger is soon announced, and the XYZ shares rise to \$75 apiece. B sells and makes \$25 per share, or \$25,000 profit. B has profited from his inside knowledge. But has A been victimized? Certainly not, because if there had been no inside knowledge at all, A would *still* have sold his shares for \$50. The only difference is that someone else, say C, would have bought the shares, and made the \$25,000 profit. The difference, of course, is that B would have made the profits as a knowledgeable investor, whereas C would have been simply lucky. But isn't it better for the economy to have capital resources owned by the knowledgeable and far-sighted rather than merely by the lucky? And, further, the point is that A hasn't been deprived of a dime by B's inside knowledge.

There is, in short, *nothing wrong and everything right with inside trading*. If anything, inside traders should be hailed as heroes of the free market instead of being apprehended in chains.

But, you say, it is "unfair" for some men to know more than others, and actually to *profit* by that knowledge. But what kind of a world-view dubs it "unfair" for some men to know more than others? It is the world-view of the egalitarian, who believes that any kind of superiority of one person over another--in ability, or knowledge, or income, or wealth--is somehow "unfair." But men are not ants or bees or robots; each individual is unique and different from others, and ability, talent, and wealth will therefore differ. That is the glory of the human race, to be admired and protected rather than destroyed, for in such destruction will perish human freedom and civilization itself.

There is another critical aspect to the current Reign of Terror over Wall Street. Freedom of speech, and the right of privacy, particularly cherished possessions of man, have disappeared. Wall Streeters are literally afraid to talk to one another, because muttering over the martini that "Hey, Jim, it looks like XYZ will merge," or even, "Arbus is coming out soon with a hot new product," might well mean indictment, heavy fines, and jail terms. And where are the intrepid guardians of the first Amendment in all this?

But of course, it is literally impossible to stamp out insider trading, or Wall Streeters talking to another, just as even the

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Privatize the Roads!....from page 2

If unsafe conditions prevail in a private, multi-story parking lot, or in a shopping mall, the entrepreneur in question is held accountable.

Why then is there apathy to the continuing atrocity of government roads? Why is there no public outcry? Probably because most people do not see any alternative to government ownership. Just as no one "opposes" or "protests" a volcano, which is believed to be beyond the control of man, there are few who oppose governmental roadway control. But it is my contention that to virtually eliminate highway deaths we need to put ownership and control of roads into private hands, and let the entire service be guided by the free market.

The notion of a fully private market in roads, streets, and highways is likely to be rejected out of hand because people feel that government road management is inevitable. Governments have always owned roads, so any other system is unthinkable.

But there is nothing unique about transportation: the economic principles we accept as a matter of course in practically every other arena of human experience apply here too. As always, the advantage enjoyed by the market is the automatic reward and penalty system imposed by profits and losses. When customers are pleased, they continue patronizing those merchants who have served them well. Businesses that succeed in satisfying consumers earn a profit, while entrepreneurs who fail to satisfy them are soon driven to bankruptcy.

The market process governs the production of the bulk of our consumer goods and capital equipment. This same process that brings us fountain pens, frisbees, and fishsticks can also bring us roads.

Why would a company or individual want to build a road or buy an already existing one? For the same reason as in any other business: to earn a profit. The necessary funds would be raised in a similar manner: by floating and issuance of stock, by borrowing, or from past savings of the owner. The risks would be the same: attracting customers and prospering, or failing to do so and going bankrupt. Just as private enterprise rarely gives burgers away for free, use of road space would require payment. A road enterprise would face virtually all of the same problems shared by other businesses: attracting a labor force, subcontracting, keeping customers satisfied, meeting the price of competitors, innovating, borrowing money, expanding, etc.

The road entrepreneur would have to try to contain congestion, reduce traffic accidents, plan and design new facilities in coordination with already existing highways, as well as in conjunction with the plans of others for new expansion. He would also take over the jobs the government does now

like (sometimes) filling potholes, installing road signs and guard rails, maintaining lane markings, repairing traffic signals, and so on for the myriad of "road furniture" that keeps traffic moving.

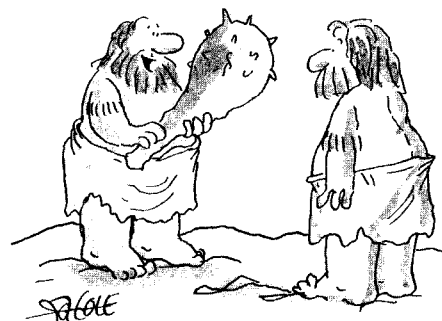
Under the present system, a road manager has nothing to lose if an accident happens and several people are killed on a government turnpike. A civil servant draws his annual salary regardless of the accident toll piled up on his domain. But if he were a private owner and he had to compete with other road owners, sovereign consumers who care about safety would not patronize his road, and thus the owner would lose money and go bankrupt.

A common objection to private roads is the specter of having to halt every few feet and toss a coin into a tollbox. This simply would not occur on the market. Imagine a commercial golf course operating on a similar procedure: forcing the golfers to wait in line at every hole, or demanding payment every time they took a swipe at the ball. Such an enterprise would very rapidly lose customers and go broke. Private roads would create economies of scale, where it would pay entrepreneurs to buy the toll collections rights from the millions of holders, in order to rationalize the system into one in which fewer toll gates blocked the roads.

One scenario would follow the shopping center model: a single owner or builder would buy a section of territory and build roads and houses. Just as many shopping center builders maintain control over parking lots, malls, and other common areas, the entrepreneur would continue the operation of common areas such as the roads, sidewalks, etc. Tolls for residents, guests, and deliveries might be pegged at low levels, or be entirely lacking, as in modern shopping centers.

Consider a road on which traffic must continuously be moving. If it's owned by one person or company, who either built it or bought the rights of passage from the previous owners, it would be foolish for him to install dozens of tollgates per mile. There now exists inexpensive electrical devices which can register the car or truck passing by any fixed point on the road. As the vehicle passes the check point, an electrical impulse can be transmitted to a computer that can produce one monthly bill for all road use, and even mail it out automatically. Road payments could be facilitated in as unobtrusive a manner as utility bills are now.

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"What do you think of my new invention—taxes?"

Ronald Nash on Morality and the Free Market

*Dr. Ronald Nash, professor of philosophy and religion at Western Kentucky University, has studied Austrian economics deeply. The author of nine books, including *Poverty and Wealth* (Crossover, 1986), he is an Adjunct Scholar of the Institute.*

Are there moral objections to a free market?

All of the so-called moral objections to a free market are grounded on serious misunderstandings. For example, it is relatively easy to see that most critics of the free market operate on the assumption that free-exchange is a zero-sum game in which one person's winning *must* result in the other person's losing. They seem incapable of understanding that free exchanges are a positive-sum game in which both parties win.

As for specific moral objections to capitalism, two of the most common assert that capitalism is immoral because it encourages greed and selfishness. The claim about greed is clearly wrong. In truth, capitalism serves to neutralize human greed by forcing greedy human beings to discover goods and services for which others are willing to exchange.

As long as some greedy businessperson is not allowed to use force, fraud, or theft, his greed must be channeled into means that end up benefiting others. The time to get worried about greed is in a command economy where people's greed can get the coercive power of the state on their side.

With respect to the claim that capitalism encourages selfishness, people are simply guilty of confusing selfishness with self-interest. When a person is motivated by selfishness, he doesn't care how his action may affect other people. But when a person is motivated by self-interest, one may also care greatly about the well-being of others.

In the past few years, people influenced (consciously or not) by neo-Marxism have claimed that capitalism is guilty of producing "alienation." The charge, of course, is false; it ignores how the same signs of human alienation appear with equal or greater frequency in socialist societies. Alienation is no more a consequence of capitalism than baldness.

To what extent do you credit the Austrian school with your understanding of economics and its moral dimension?

I have to give the Austrian school almost total credit. When I first began to reflect on the moral dimension of economics, my old, stereotypical but quite common view of capitalism kept bumping up against problems that seemed to have no satisfactory answer.

For example, like a lot of people, I thought that capitalism required perfect knowledge and perfect competition; anything less than perfect competition had to count against the system. Once I came to understand the key Austrian insights

(that economic value is subjective; that perfect knowledge and competition is impossible; that markets supply important information that can be negated by governmental intervention; that entrepreneurial activity is the engine that keeps economic growth possible), everything fell into place for me.

While I've certainly learned much from non-Austrians, it was the paradigm provided by the Austrian system that helped me see how everything fit together. And once I saw the power of the Austrian system to make sense of the world, it became clear that the free market was economically superior as well as morally superior to collectivism.

Irving Kristol, who also talks about morals and economics, has given capitalism only two cheers. How many cheers do you give it?

Kristol's book disappointed me in this regard. There are several common misunderstandings of a market system still operating in Kristol's mind. I suspect that if he could ever really "see" several key points of the Austrian position, he'd drop his reserve and, like me, give capitalism the three cheers it deserves. Please realize, however, that my three cheers are not directed at the actual economic practice of the United States which is basically interventionist, not capitalist. I would find it difficult to come up even with two cheers for this. ■

Privatize the Roads!....from page 4

It is impossible to predict the exact shape of an industry that does not exist. I am in no position to set up the blueprint for a future private market in transport. I cannot tell how many road owners there will be, what kind of rules of the road they will set up, how much it will cost per mile, etc. I can say that a competitive market process would lead highway entrepreneurs to seek newer and better ways of providing services to their customers.

Now we come back to the question of safety. Government road managers are doing a terrible job. Consider what transpires when safety is questioned in other forms of transportation to see a corollary. When an airline experiences an accident, passengers think twice before flying that airline and typically it loses customers. Airlines with excellent safety records have discovered that the public is aware of safety and make choices based upon it. An "exploding Pinto" wouldn't stay on a private road long, nor would reckless drivers and potholes.

I don't know all the details of how a future free market road system might work. But I do know that "there has to be a better way." And it is the free market. ■

Dr. Walter Block is co-editor of our Review of Austrian Economics, chief economist at the Fraser Institute, and senior fellow at the Mises Institute.

Austrian Entrepreneur....from page 1

Personally I don't think that I'm very exciting. My only bid to fame is that I have been lucky in my choice of family and friends. They're the ones I think are interesting. I just work to see if in a small way I can make a contribution.

Q: Would you tell something about your background?

A: I was born on July 1, 1904, in Baltimore, Maryland. My grandfather was a Southern planter with property in Louisiana and Kentucky.

As a boy we lived aboard a yacht each summer. We were yacht club kids--that means that we had 125 fathers who saw to our good behavior, and to our education in piloting and seamanship.

I started as a pump man in the bilge (the old boats leaked) and worked my way up to the forward deck (seventh heaven). I ran the sailing class at Oxford for many years and the Regatta Committee more times than I can remember. I've been secretary-treasurer for the International Flying Dutchman Association (an Olympic class); publisher and photographer of the Trapeze (a photographer is a reporter who can't write so well); and a producer of yacht racing movies. I also joined the Confederate Air Force to learn how to fix old airplanes and I built my own airplane.

I've also been an office boy, a seaman, a tugboat captain, a mechanic, a salesman, a dairy farm operator (Lazy River Guernseys), and a cattle and grain farm owner.

Q: What about education?

A: I got my PhD at the University of Chicago and studied graduate journalism at Northwestern, where I established their educational station, WNWU-FM. I also attended Curtis Wright Aeronautical University and Texas Tech.

Q: Where did you learn your economics?

A: My father claimed to be a graduate of the "School of Hard Knocks," and I learned the fundamentals of honest economics from him. I remember that I asked him once to help me with an economics problem. He studied it for a while and said that he could not help. I learned later I was being taught communism and socialism. The old man could not understand it, and I must admit that it was a foreign language to me. I felt uncomfortable with the study and did not do well in the department, which I learned to shun.

Q: From an early age you knew what was wrong with the New Deal?

A: Yes. The New Deal was *all* wrong as far as I was concerned. But without the Federal Reserve the New Deal would have been impossible. In fact, monetary management was the core of the New Deal, and the Federal Reserve provided the mechanism. It also was the veil by which these were

concealed and given the illusion of normal operations. It permitted the administration to avoid the appearance of a naked seizure and exercise of power.

Q: In your view, what's the worst part of having a central bank and fiat money?

A: Theft through rising prices. This can be devastating for persons living off pensions and savings, usually older citizens.
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Mises vs. Envy....from page 1

defending their critique of capitalism is precisely due to the fact that they are fighting their own awareness of its falsity.

The anti-capitalism of intellectuals tends to be greater than that of common men because, Mises wrote, the latter tend to associate with other common men, and so have mere abstractions--e.g. Wall Street, the plutocracy--as objects of their envy and resentment. These can't rouse nearly as much hatred as direct contact with people, and intellectuals often have daily contact with colleagues far wealthier and more prominent than they are.

This happens far more today than in 1956, when *The Anti-Capitalistic Mentality* was written. Today's obscure prof in Pine Bluff, Arkansas, with a break or two, *could* become tomorrow's darling of the publishing house, think tanks, talk shows, and lecture circuits, while his ex-colleagues remain obscure and rage against the system that catapulted him to the top. To rage at him directly not only would be bad form, but also would reveal small, ungenerous souls. So they rage at the Unjust Capitalist System. Should the prof actually be a capitalist--a rarity but not yet illegal in America--no obloquy and punishment would be too severe.

Thus do the envious find scapegoats and, more important, project images of sophistication and rebelliousness. Average Americans in their parochialism and philistinism actually admire the rich and famous--intellectuals sneer--being blind to the system's tawdriness and injustice. Only they are worldly enough to see the truth and daring enough to call attention to it.

Mises found these attitudes to be even more pronounced among intellectuals in America than in Europe, since intellectuals have far more contact with businessmen here. The greedy, philistine businessman is likely the most common stereotype in American literature, not to mention television and movies. I don't dispute that plenty of Americans are serious when they ask, "If you're so smart why ain't you rich?" But then, as Mises says, most intellectuals who ignorantly disparage business as too vulgar to bother learning about, show less intellectual capacity than businessmen.

Some business is vulgar. Some get rich pushing products that have no more moral, cultural, or aesthetic worth than Christian Marxism. "Nobody ever contended," Mises said,

"that under unhampered capitalism those fare best who, from the standpoint of eternal standards of value, ought to be preferred." What capitalism ensures is the dictatorship of consumers: in other words, the populism Marx thought could ultimately accompany *Destruction of property*.

Anti-capitalists blame capitalism for all the vulgar and vacuous products that enchant the masses. They might have at least a small point if (1) they were themselves fit to decide what the masses should buy, (2) noncapitalist nations had higher levels of culture, or (3) the vulgarities and vacuities of capitalism prevented quality from being produced.

In fact, in countries where capitalism has been crippled or eliminated, citizens are lucky if they can afford the bare necessities of daily living, let alone culture, and in communist countries being a mere spectator of *true* culture, which requires intellectual freedom, is illegal. In Czechoslovakia forming a jazz club lands you in jail. But filthy-rich capitalists often underwrite high art. Pictures of nude beauties bring Hugh Hefner the wealth with which he commissions award-winning journalism. Such examples are endless.

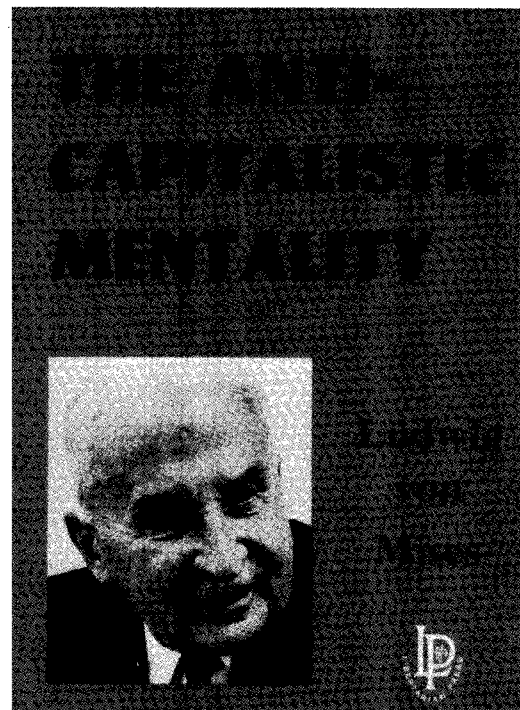
Successful capitalism means satisfying the very masses in whose name anti-capitalists push their pishposh. Market forces may take a while to take effect, but soon enough an entrepreneur must shut down if his products aren't popular (assuming he's not rich enough to keep operating in the red).

Anti-capitalists' chief delusion is that X's wealth causes Y's poverty. Greed does run amok from time to time in capitalist societies, and not always to society's benefit. But what's remarkable under capitalism is how individual greed usually enhances the commonwealth.

The fact is that only in the ignorant, envy-fueled hallucinations of anti-capitalists is capitalist greed all-consuming. For every jackass obsessed with upping his annual income from seven figures to eight, there are millions who care nothing for yachts and Rolls Royces, and want only to be comfortable and have "the-heck-with-you" money, i.e., enough to be able to say "the heck with you" if asked to do demeaning or dishonorable work. Indeed, the hallucinations to the contrary richly suggest that it is not capitalists but anti-capitalists who are obsessed with money.

Perhaps, indeed, the ideal of most anti-capitalists is former Soviet General Secretary Leonid Brezhnev, who owned, among other delights of Veblenian conspicuousness, 25 Western cars, including two Rolls Royce limos, a Lincoln Continental, and a Mercedes Benz. As many Western socialists prove as well, cornucopian can be the blessings that flow from a life of selfless striving to free the working class from its chains. ■

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If you'd like a copy of the publication of the month, *The Anti-Capitalistic Mentality* by Ludwig von Mises, check the box on the enclosed form and enclose \$6.00, plus any tax-deductible contribution you can make to the Institute's struggle against those who use State power to satisfy their anti-capitalist envy.

Panic on Wall Street....from page 2

Soviet Union, with all its awesome powers of enforcement, has been unable to stamp out dissent or "black (free) market" currency trading. But what the outlawry of insider trading (or of "currency smuggling," the latest investment banker offense to be indicted) does is to give the federal government a hunting license to go after any person or firm who may be out of power in the financial-political struggles among our power elites. (Just as outlawing food would give a hunting license to get after people out of power who are caught eating.) It is surely no accident that the indictments have been centered in groups of investment bankers who are now out of power.

Specifically, the realities are that, since last November, firms such as Drexel, Burnham, Lambert; Kidder Peabody; and Goldman Sachs; have been under savage assault by the federal government. It is no accident that these are precisely the firms who have been financing takeover bids, which have benefited stockholders at the expense of inefficient, old-line corporate managerial elites. The federal crackdown on these and allied firms is the old-line corporate way of striking back. And looking on, the American public, blinded by envy of the intelligent and the wealthy, and by destructive egalitarian notions of "fairness," cheer to the rafters. ■

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Austrian Entrepreneur....from page 6

izens. The pinch of outgo against income leads to unrest, disillusionment, and resentment.

Q: What should we do about the Federal Reserve?

A: Stop the presses! Until the Fed is defanged, the currency will continue to depreciate.

Q: So you like the gold standard?

A: I love it. Paper money has brought nothing but trouble throughout history. It is the number one reason for the ending of every civilization. Along with paper money comes an oppressive government, which is why we are in big trouble. As for the Infernal Revenue Service, it is a blood-sucking leech. It has emasculated the states, established a crushing bureaucracy, and brought the Gestapo to our country. And we have an irresponsible Congress engaging in fiscal brinkmanship.

Q: Right now Congress wants to raise the minimum wage. What's your view of that?

A: This country needs a minimum wage like a hole in the head. My hometown's economy consisted of a feed mill and a shirt factory. All the ladies in the town worked at the shirt factory to help with the family budget. Everyone was happy until the minimum wage of \$2.00 an hour came to town. About half the ladies couldn't produce \$2.00 worth of product in an hour, so they were dismissed. It didn't affect the skilled initially. When the minimum went to \$3.00 even the best workers could not produce \$3.00 worth of product in an hour. So Korea got the shirt factory and there was a lot less money in town. The minimum wage creates unemployment, especially among the less-skilled, and lowers living standards.

Q: You mentioned the plight of older citizens earlier. What about Social Security?

A: Handouts are never the answer. The American Association of Retired Persons is always asking for my money, but I wouldn't give a dime to an organization that blocks all reform of Social Security. They just don't have the best interest of the country at heart, considering the current financial morass and debt. The \$2 trillion debt we will leave our posterity is a betrayal of our origins.

We Americans once boldly declared our Republic as securing the blessings of liberty for ourselves and our posterity.

We Americans once chafed at the thought that in a land

far away others taxed us without our consent. But today the government readily taxes those of a time still to come who are not here to withhold their consent and are unable to say nay. This is taxation without representation. It is patently impossible to get something for nothing, but we keep trying!

Q: What got you interested in Austrian economics?

A: Lew Rockwell's organizing the Ludwig von Mises Institute. This promised some correction of the disastrous course that curses the country. At the time I had never heard of Austrian economics, although I was well aware of the outrageous actions of big, greedy government from the early 1930s.

Q: Did you start reading Mises and Austrian economics?

A: Immediately. The more I studied, the greater my belief grew that Ludwig von Mises was the true hope of my country, if we have the wit to follow him. One fact that hits me daily is: fixed income and inflation are not compatible. After a life of hard work, I find that a bunch of slick and dishonest politicians are robbing me of my hard-earned substance.

I have looked long and hard for some relief. I have supported several causes, but until I found the Ludwig von Mises Institute, I did not have much hope. Now I have found an organization that promotes the means for saving my country: sound money and free markets.

Q: Do you think the Mises Institute is taking the right path by making education our number one priority?

A: Yes. The one thing Keynes was right about was that most politicians are slaves to some defunct economist. The world, he said, is ruled by ideas and little else. Keynes still has a large following today. We will be doing our job if we replace bad ideas with good ones.

Q: Is this what motivates you so strongly?

A: There is a little story about a man my grandfather was named after. During the War of 1812, Commodore Oliver Perry was ordered to proceed to Lake Erie, build a Navy, and beat the British. They gave him some axes, saws, rope, and canvas, and sent him to his theatre of operations. He built four vessels and then the Kentucky militia was sent because of his pleas. On the night before the battle, Perry took his palm and needle and constructed his battle flag. It said: "Don't give up the ship."

Early on I was taught that you have one hand for yourself and one hand for the ship. The theory is that if you neglect the ship and the ship sinks, you go with it. The same reasoning applies to your country. I can't shoot like Ludwig von Mises, but I can load his musket. ■