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Many of life's failures are people who did not realize how close they were to success when they gave up.

— *Thomas Edison*

FUTURE OF FREEDOM

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The Future of Freedom Foundation is a nonprofit educational foundation whose mission is to advance liberty and the libertarian philosophy by providing an uncompromising moral, philosophical, and economic case for individual liberty, free markets, private property, and limited government.

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Wage War on Poverty with Libertarianism

by *Jacob G. Hornberger*



Almost 50 years ago Lyndon Johnson declared a “war on poverty.” Ever since then, the federal government, through a wide array of welfare-state programs and regulatory programs, has waged its war, aiming to end poverty or at least to greatly alleviate it.

After a half-century of poverty warfare, has the war been won? Not according to Democrats. They say that poverty is still so deep and so extensive that it’s necessary that the war on poverty continue indefinitely into the future.

But given that the war on poverty hasn’t been won after 50 years of fierce warfare, isn’t that a sign that the wrong means have been employed?

The two primary methods of fighting poverty are welfare and regulation. With welfare, the state seiz-

es the wealth and income of some and ostensibly gives it to the poor. (In actuality it also gives part of the money it seizes to the middle class and wealthy in the form of grants, subsidies, and bailouts, and also to foreign regimes, including dictatorships.) The state also regulates economic activity with the supposed aim of helping the poor, a good example being minimum-wage laws.

If welfare and regulation were the keys to ending or alleviating poverty, you would think that the entire world would now be without poverty. Just think: All that Haiti, for example, would have to do to end or drastically reduce its desperate poverty is enact welfare and minimum-wage laws. I wonder why no one has gotten the word to them. And the same holds true for other places around the world that are mired in poverty, such as North Korea and Cuba. You would think that they would have seen the light by now and enacted a welfare state and a regulated economy.

In fact, all poor nations, including Haiti, North Korea, and Cuba, adopted the welfare-state and regulated-economy way of life a long time ago.

In Cuba, for example, the state has long taken care of people, even to the point of providing public

(i.e., government) employment for every person in society. People not only get a guaranteed job but also free retirement, free education, and free health care. The few private businesses that are permitted to function are tightly regulated and highly taxed.

Nonetheless, the people of Cuba remain desperately poor, many even verging on starvation. Sure, the U.S. government's economic embargo (an economic regulation imposed on the American people) has contributed to the impoverishment of the Cuban people. Nonetheless, you would think that if welfare and regulation were the keys to ending poverty, the Cuban people would have a fairly wealthy and prospering society notwithstanding the embargo.

Moreover, there are plenty of nations mired in poverty that have embraced the welfare-state, regulated-economy way of life, including many in Latin America, that are not subject to a U.S. embargo. Why are they still so poor?

The time has come for the world to acknowledge the obvious. The war on poverty has failed. The welfare-state, regulated-economy way of life has not ended poverty or significantly reduced it. Instead, it has exacerbated it. Indeed, it's even time

to admit that a governmental war on poverty is, in fact, a root cause of poverty.

**The welfare-state,
regulated-economy way of life
has not ended poverty.**

Does that mean that we should just give up on waging war on poverty? Of course not. It simply means that people, especially the poor, should reject the means that have been used to wage war on poverty, i.e., welfare and regulation. Instead, people should turn to libertarian economic principles as the way to end or alleviate poverty.

Keys

There are five libertarian keys to ending or greatly alleviating poverty. These keys apply not only to the United States but to every other nation in the world. If any nation wants to end poverty or at least to drastically reduce it, what follows is what it should do. Any nation that adopts the following five principles will, in both the short term and long term, achieve rising standards of living, especially for the poor.

1. End all income taxation and welfare. Leave people free to keep everything they earn. Prohibit the government from taking care of

anyone, including seniors and the poor, with welfare of any kind, including old-age retirement benefits, education, and health care. Separate charity and state, just like religion and the state.

2. End all economic regulation, including permits to start businesses, licenses to engage in occupations and professions, minimum-wage laws, and price controls. Leave all economic enterprise totally free of any government control, management, or manipulation. Separate economy and state.

Workers benefit from an income-tax-free system.

3. Totally open the nation's borders (and internal borders) to the free movement of people, goods, and services. Leave individuals totally free to hire whomever they want, buy from whomever they want, and sell to whomever they want.

4. Do away with a giant military-intelligence establishment and limit the government to the defense of the country. No policing the world. No foreign aid. No foreign military bases. No war on terrorism or war on communism.

5. Separate money and state. Let the free market decide the type of money that is used. No more fiat

money. No more central bank. A society based on sound money.

Those five principles are central elements of libertarianism. They are also the keys to a prospering society, one in which standards of living constantly rise, especially for those at the bottom of the economic ladder. They are the solution to ending or at least drastically reducing poverty.

Independence and responsibility

When people are free to keep everything they earn, they are able to save a portion of their income. Their savings go into banks and become available as capital to businesses. Businesses borrow the money and purchase tools and equipment that make their employees more productive. Higher productivity brings increased revenue and higher wages.

Thus workers benefit from an income-tax-free system because when they save a portion of their income, they not only earn interest on their savings, they also earn higher wages when businesses use those savings to make their workers more productive.

Do higher wages depend on the benevolence of the employer? Of course not. They depend on rising levels of productivity and an ever-growing number of businesses that

are competing in the search for labor, thereby driving up wage rates. Productivity and competition, not regulatory laws, are the greatest allies of workers.

**No one would be forced
to be caring or compassionate
toward anyone.**

Moreover, at the risk of belaboring the obvious, when people, especially the poor, are free to keep everything they earn, it's easier for them to become wealthy. They're able to save more, which enables them to earn more on their money. Over a lifetime of working, even the poorest people in society are able to save up a nice retirement nest egg when no taxes are imposed on their incomes.

With no license or permit requirements, people are free to engage in occupations and professions and start businesses without governmental permission. That especially benefits the poor, who lack the money to meet the prerequisites that the state establishes to secure licenses and permits.

Immediately, there would be an enormous flood of new businesses into the marketplace, providing consumers with new choices that would be competing against the

well-established firms and also providing new employment opportunities for workers.

Consumers would be king. Through their purchasing decisions, they would decide which people would stay in business and which would not.

Consumers would immediately know that they could no longer base their consumer decisions on whether the state had given a license or a permit to someone. They would have to do their own research, relying on friends, professionals, and reputable private certifying agencies, such as Good Housekeeping, Consumer Reports, or professional associations. The result would be a higher level of independence and responsibility among the citizenry.

No one would be forced to be caring or compassionate toward anyone because there would no longer be any coercive welfare programs. All charitable decisions would be voluntary. That's what genuine freedom and free will are all about — the right of people to decide for themselves whether to be charitable toward others or not.

Moreover, a free people can be trusted to use their money in the right way. It all boils down to the extent to which one has confidence

in himself, in others, and in freedom. One thing is sure: When people are wealthier, they are likely to be more charitable than when they are poorer.

Soaking the poor

The people at the bottom of the economic ladder who are locked out of the labor market because their labor is not valued at the legally established minimum would be free to work at lower wages. That would enable them to enter the workplace, acquire work skills, educate themselves, and learn a work ethic, thereby making themselves more marketable.

Through the simple act
of trade, people raise their
standard of living.

The poor would also be free to open new businesses and hire friends and people in the neighborhood at minimal wages, enabling them to compete against well-established firms. Moreover, no longer would there be extremely costly regulations that often prevent poor people from establishing new businesses.

Free trade increases people's standard of living. That's because in every trade, both sides benefit. They

both give up something they value less for something they value more. Through the simple act of trade, people raise their standard of living. Thus the more opportunities to trade, the better off people are.

Immigrants have always been a key factor in raising a society's standard of living. They infuse a society with vitality, energy, commitment, and hard work. They are a gift to a society. There is good reason that businessmen love to hire them. Immigrants work hard. They are productive. They add to the level of savings, and they open up new businesses, thereby bringing more opportunities to people in the form of jobs and by providing goods and services to consumers.

Sound money is key to a prosperous society. When government controls the monetary system, it inevitably plunders and loots the citizenry by inflating the money supply to pay for its ever-increasing expenses. The people who pay the highest price for inflation are the poor, and most of the time they don't even realize what the government is doing to them.

Sound money enables people to save a portion of their income without fear that the government is going to surreptitiously confiscate it with inflation. It also enables busi-

nesses to make solid plans for the future.

A large military-intelligence establishment operates as an enormous drain on a society, much as the welfare state does. For one thing, the expenditures associated with a permanent warfare state necessarily mean income taxation, thereby destroying or damaging one of the keys to ending or alleviating poverty. There is no need for a government to have an overseas empire of military bases or even to have a large permanent military-intelligence establishment, especially when the danger of a foreign invasion is virtually nonexistent.

Moreover, a free and economically prosperous and wealthy society is the greatest deterrent to a foreign attack because of its ability to convert its wealth and productive capacity to wartime uses. An impoverished society is going to have a very difficult time furnishing the armaments and weaponry to wage war against a wealthy society that has lots of money and productive capability.

Would it be easy for a society to adopt the five libertarian principles? Of course not. When people are born and raised under a certain system, the hardest thing in the world is for them to change to a new system. But reality has a way of mugging people with the need for change. The reality that the U.S. welfare-state, regulated-economy way of life has not ended poverty or significantly reduced it is now starting to dawn on people, especially those at the bottom of the economic ladder.

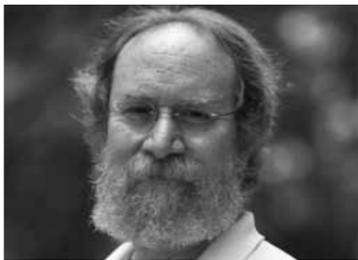
At least there is an alternative for any nation who dares to lead the world out of this statist morass. That alternative is libertarianism.

Jacob Hornberger is founder and president of The Future of Freedom Foundation.

NEXT MONTH:
“Let’s Raise Our Vision”
by Jacob G. Hornberger

The Pope Dabbles in Economics

by Sheldon Richman



Pope Francis wrote in his recent apostolic exhortation, “Just as the commandment ‘Thou shalt not kill’ sets a clear limit in order to safeguard the value of human life, today we also have to say ‘thou shalt not’ to an economy of exclusion and inequality.”

He’s right — but not in the way he intends. Before I elaborate, let’s look at what else Francis said.

He complained, “Today everything comes under the laws of competition and the survival of the fittest, where the powerful feed upon the powerless. As a consequence, masses of people find themselves excluded and marginalized: without work, without possibilities, without any means of escape.”

Here he’s partly right and partly wrong.

“In this context,” he went on,

some people continue to defend trickle-down theories which assume that economic growth, encouraged by a free market, will inevitably succeed in bringing about greater justice and inclusiveness in the world. This opinion, which has never been confirmed by the facts, expresses a crude and naive trust in the goodness of those wielding economic power and in the sacralized workings of the prevailing economic system.

Again, he’s partly right, though again not as he intended, and partly wrong.

He further stated, “This imbalance [i.e., inequality] is the result of ideologies which defend the absolute autonomy of the marketplace.”

Here he has things precisely backwards.

“In this system,” he added, “which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule.”

He’s got a point, to which I will return shortly.

Too little competition

When I say the pope gets some things right, just not in the way he intends, here's what I mean: In an important sense, we do have "an economy of exclusion and inequality." But it is not the free market; rather, it's interventionism, corporatism, crony capitalism, or just plain capitalism — that is, the abrogation of the free market in behalf of special, mostly business, interests. The reigning system is riddled with exclusion and inequality, the victims of which are society's most vulnerable people. It's easy to overlook that because the system produces a great volume and variety of consumer goods that even low-income people can afford. (The system needs consumers, though without intervention we could expect prices to be lower.)

Government has myriad ways to make what's been called a comfortable subsistence much more expensive.

It is true that those we call the poor in this country have household products that most middle-class people lacked, say, 40 years ago, and many things that no one had 20 years ago because they hadn't been invented yet. It is also true that pov-

erty worldwide has been much diminished in the last few decades, thanks to the demise of central planning and the introduction of limited market-style reforms (that nevertheless fall short of Adam Smith's "system of natural liberty," which consistently applied would include land reform).

But those are not the only measures of well-being. People are excluded and treated unequally to the extent that governments prevent them from breaking away from traditional (and, in the present context, oppressive) wage employment and setting out on their own or in cooperative ventures with peers. The prospect of self-employment, particularly among low-income people with government schooling, is next to impossible owing to taxation, product regulation, occupational licensing, zoning and other land-use restrictions and exclusions, building codes, maximum-residential-density and other sprawl-inducing requirements, street-vendor and taxi-cab limits, minimum-wage laws, "intellectual property," and more. Government has myriad ways to make what's been called a comfortable subsistence much more expensive. All this is decreed in behalf of vested interests who want to preserve their current advantages.

“The poorer you are, the more you need access to informal and flexible alternatives, and the more you need opportunities to apply some creative hustling. When the state shuts that out, it shuts poor people into ghettoized poverty,” Charles W. Johnson writes.

The autonomy of the marketplace was compromised from the beginning by those who used the state to secure privileges.

That is exclusion and inequality of a most vicious sort. And it is not ameliorated by cheap smartphones or big-screen televisions equipped with TiVos. Those things might take some of the sting out of working under someone’s arbitrary authority at a mind-numbing job, but they don’t rectify the injustice or knock down the tollgates the state erects on the road to individual advancement.

In other words, the pope is wrong when he says, “Today everything comes under the laws of competition.” It is legislated suppression and prohibition of competition that cause “masses of people [to] find themselves excluded and marginalized: without work, without possibilities, without any means of escape.”

There’s not too much competition, but too *little*, because suppressing competition is how those with access to political power keep potential rivals at bay. As noted, restrictions make low-income people (and others) dependent on wage employment: government regulations largely destroy self-employment and cooperative ventures as alternatives to a job, which diminishes workers’ bargaining power and leaves them more vulnerable to the caprice of politically protected oversized and hierarchical firms, not to mention dips in the economy and resulting structural unemployment brought on by governments’ central banks and bubble-inflating favoritism. (With the dramatically falling cost of computers, machine tools, and other capital goods, not to mention free open-source software of all sorts, it has become more technologically feasible for people to start home-based manufacturing businesses, permitting people to work at their own pace and set their own hours. For details on what’s possible, see Kevin Carson’s book *The Homebrew Industrial Revolution*, online at <http://bit.ly/1cX6UNa>.)

So when the pope writes that our social problems are “the result of ideologies which defend the absolute autonomy of the market-

place,” he’s got it exactly wrong. The autonomy of the marketplace was compromised from the beginning by those who used the state to secure privileges that could not be obtained in a freed market.

Preserving inequality

When he says, “In this system, which tends to devour everything which stands in the way of increased profits, whatever is fragile, like the environment, is defenseless before the interests of a deified market, which become the only rule,” he is guilty of self-contradiction. One of the things that was devoured, long ago, because it stood in the way of (politically generated) profits, or rents, was the free market. (That has also had environmental implications, as when 19th-century courts chose to give priority to industrialization over common-law protections of property.)

Finally, the pope shows his confusion when in a single paragraph he equates the free market with the “sacralized workings of the prevailing economic system.” Whatever you wish to call the prevailing economic system, as I’ve demonstrated here, it is not the free market. A freed market would have no eminent domain (the victims of which are the economically disfranchised),

subsidies, corporate bailouts, government debt-fueled speculation, and all the obstacles to individual advancement listed above.

The pope’s concern with the poor and excluded is well-placed. We should not tolerate their condition or its causes. But what the poor and excluded need are freedom and freed markets — *really* free markets, not the corporatist “prevailing economic system” — so they may be liberated from the oppression that holds them back.

What the poor and excluded need
are freedom and freed markets
— *really* free markets.

When the pope laments that the prevailing ideologies “reject the right of states [i.e., governments], charged with vigilance for the common good, to exercise any form of control,” one must suppress the urge to laugh. When have states ever looked out for the common good? The sustaining myth that it does is a cover for the dispensing of privileges to ruling elites. What states and their elite patrons actually do is preserve the exclusion and inequality that the pope properly abhors by squelching the social cooperation inherent in freed markets and the bottom-up — not trickle-

down — individual and community progress they make possible. States embody the worst application of the “survival of the fittest” principle by defining “fit” in terms of prowess in navigating the halls of power in Washington, D.C., and the state capitals. We know whom that includes and excludes.

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tion, editor of Future of Freedom, and author of Tethered Citizens: Time to Repeal the Welfare State and two other books published by FFF. Visit his blog, “Free Association,” at www.sheldonrichman.com.

NEXT MONTH:
**“Crime and Punishment
in a Free Society”
by Sheldon Richman**

Any person who doesn't clearly understand that national security and national solvency are mutually dependent, and that permanent maintenance of a crushing weight of military power would eventually create dictatorship, should not be entrusted with any kind of responsibility in our country.

— Dwight Eisenhower

Freedom versus Medals of Freedom

by James Bovard



Though proximity to power is its own reward, rulers have long recognized the benefit of distributing trinkets to potential sycophants. From medieval times onwards, the English king was seen as the “fount of all honors.” The British government created endless ribbons, orders, and titles to attach individuals to the crown. Cash was sometimes necessary to clinch the allegiance. Samuel Johnson famously defined an honorary government pension as “pay given to a state hiring for treason to his country.”

The U.S. government long avoided the temptation to distribute nonmilitary awards by the bucket. However, in 1963 John F. Kennedy broadened a Medals of Freedom program begun by Harry

Truman, specifying that the awards would be given for “exceptionally meritorious contributions to the security or national interest of the United States, to world peace, or to cultural or other significant public or private endeavors.” Though the medal routinely went to politicians and government officials, giving it to artists, writers, movie stars, and others boosted its cachet.

Presidents involved in failed wars tend to distribute far more Medals of Freedom to generals and their political appointees. The precise ratio of presidential medals to military quagmires varies from administration to administration.

Lyndon Johnson distributed a hogshead of Medals of Freedom to his Vietnam War architects and enablers, including Ellsworth Bunker, Dean Acheson, Dean Rusk, Clark Clifford, Averell Harriman, Cyrus Vance, Walt Rostow, and McGeorge Bundy. When he gave the award to Defense Secretary Robert McNamara, he declared, “You have understood that while freedom depends on strength, strength itself depends on the determination of free people.” In reality, Johnson treasured McNamara for his ability to publicly persuasively deny that the Vietnam War was failing. McNamara’s lies helped vastly expand

an unnecessary conflict and cost more than a million American and Vietnamese lives.

Rogues' gallery

Richard Nixon inherited the Vietnam War and expanded and intensified U.S. bombing of Indochina. Nixon gave the award to John Paul Vann (posthumously, for his civilian government work in Vietnam), Secretary of State William Rogers, and Pentagon chief Melvin Laird.

Gerald Ford gave the Medal of Freedom to his secretary of state, Henry Kissinger, and his chief of staff, Donald Rumsfeld — two persons who have done the most to blacken the honor of the United States in foreign affairs. To prove his bipartisan bona fides, Ford also gave the award to Claudia “Lady Bird” Johnson.

When Jimmy Carter gave the award posthumously to Lyndon Johnson, he declared, “Lyndon B. Johnson cared deeply about our country, its citizens, and the condition of their lives. He knew well how to translate concern into action, and action into a national agenda.... We are a greater society because President Johnson lived among us and worked for us.”

Carter whitewashed Johnson's horrendous record on civil liberties

and omitted any mention of the scores of thousands of young Americans who died pointlessly in Vietnam. After his reelection campaign had crashed and burned, Carter tossed out a bucket of awards to his cabinet members including Defense Secretary Harold Brown, Secretary of State Edmund Muskie, U.N. Ambassador Andrew Young, National Security Adviser Zbigniew Brzezinski, and Democratic National Committee chairman Bob Strauss.

**Carter whitewashed
Johnson's horrendous record
on civil liberties.**

Ronald Reagan gave Medals of Freedom to Sen. Jacob Javits, Sen. Howard Baker, Sen. Barry Goldwater, Commerce Secretary Malcom Baldrige, Defense Secretary Caspar Weinberger, and Secretary of State George Schultz.

George H.W. Bush blanketed Medals of Freedom on top officials involved with the Gulf War, including Norman Schwarzkopf, Colin Powell, James Baker, Richard Cheney, and Brent Scowcroft. Though the results of the war were a debacle for the Middle East and the Iraqi people, at least the medal award ceremony looked victorious.

Bill Clinton gave the award to Chairman of the Joint Chiefs of Staff Colin Powell; the mastermind of the Kosovo war debacle, Wesley Clark; and Sens. Robert Dole and Lloyd Bentsen — neither of whom had ever broke into a sweat over the government's violations of Americans' liberty. He also gave the honorific to Ford, who had been renowned as J. Edgar Hoover's most reliable tool when Ford served in Congress. To keep up the storyline that all presidents are by definition champions of freedom, Clinton also gave the award to Jimmy Carter.

Bush also gave the award to Rep. Tom Lantos, one of the most vituperative warmongers in modern American history.

George W. Bush gave the Presidential Medal of Freedom to his Iraq viceroy, Paul Bremer; his “slam dunk” CIA chief, George Tenet; Gen. Tommy Franks; Gen. Richard Myers; Gen. Peter Pace; and foreign lackeys such as Australian former prime minister John Howard and British former prime minister Tony Blair. Bush gave a medal to his ambassador to Iraq, Ryan Crocker, whom he called “America’s Lawrence of Arabia.” (Things have worked out much better for Iraq

since Crocker left.) For good measure Bush also gave the award to Rep. Tom Lantos, one of the most vituperative warmongers in modern American history.

Barack Obama distributed Medals of Freedom to Sen. Ted Kennedy, Sen. Dick Lugar, Sen. Daniel Inouye, Sen. John Glenn, Defense Secretary Robert Gates, and former Secretary of State Madeleine Albright (the famous apologist for the Iraqi sanctions, regardless of how many hundreds of thousands of children perished). Obama also gave the medal to George H.W. Bush — a man who got elected president in 1988 while deriding his Democratic opponent as a card-carrying member of the American Civil Liberties Union.

It is not surprising that Obama also gave the Medal of Freedom to Clinton. But Clinton had done more than any president of the latter 20th century to place the federal government above all laws — above the Constitution — and beyond any effective restraint. Clinton ignored federal and Supreme Court decisions limiting his power and constantly exploited and expanded the dictatorial potential of the U.S. presidency. But that was not mentioned at the award ceremony. Instead, Obama declared, “I’m grate-

ful, Bill, for the advice and counsel you offered me on and off the golf course, and most importantly for your lifesaving work around the world, which represents the very best in America.”

Men without principle

Presidents routinely give the awards to those who vindicated or sanctified their own policies. For instance, George W. Bush gave Medals of Freedom to Irving Kristol, Paul Johnson, Norman Podhoretz, William Safire, and Nathan Sharansky. The majority of intellectuals and political writers who receive Medals of Freedom have been defenders of Leviathan — i.e., defenders of the rights of politicians over the rest of humanity.

Medals of Freedom encourage Americans to view their personal freedom as the result of government intervention.

Medals of Freedom encourage Americans to view their personal freedom as the result of government intervention — if not as a bequest from the commander in chief. Ironically, the person who poses the greatest potential threat to freedom has sole discretion to designate the best friends of freedom.

But the news coverage of the award ceremonies almost never mentions that the Supreme Leader’s arbitrary power was what the Founding Fathers fought a war to severely restrict. It is difficult to look at the names of some of the Medal of Freedom winners without being reminded of the famous passage from Friedrich Hayek’s chapter in *The Road to Serfdom* “Why the Worst Get on Top”:

Since it is the supreme leader who alone determines the ends, his instruments must have no moral convictions of their own. They must, above all, be unreservedly committed to the person of the leader; but next to this the most important thing is that they should be completely unprincipled and literally capable of everything.

They must have no ideals of their own which they want to realize; no ideas about right or wrong which might interfere with the intentions of the leader. There is thus in the positions of power little to attract those who hold moral beliefs of the kind which in the past have guided the European peoples, little which could

compensate for the distastefulness of many of the particular tasks.... The only tastes which are satisfied are the taste for power as such and the pleasure of being obeyed and of being part of a well-functioning and immensely powerful machine to which everything else must give way.

A long series of American presidents could not have done so much to trample our rights and liberties and to wreak havoc around the world if they had not found so many persons willing to carry out any order received and to conspire with the president to delude the American people.

It is a sign of the political illiteracy of our time that Medals of Freedom distributed by presidents who act like czars are not a source of pervasive ridicule. On the other hand, the same media talking heads who hail Medal of Freedom awards also assure listeners that Americans are governing themselves because

they were permitted a choice of whether Obama or Mitt Romney would trample the Constitution.

It will be a sign of the nation's political awakening when presidential Medals of Freedom stir up as much popular suspicion as political parties labeling their donors as benefactors of humanity. In the same way that presidents cannot be trusted to define freedom, they cannot be trusted to designate who are the true champions of freedom.

James Bovard serves as policy adviser to The Future of Freedom Foundation and is the author of a new ebook memoir, Public Policy Hooligan, as well as Attention Deficit Democracy and eight other books.

NEXT MONTH:
**“Foreign Aid Clobbers the
Third World”**
by James Bovard

Nothing is more certain, than that trade cannot be forced; she is a coy and humorous dame, who must be won by flattery and allurements, and always flies force and power; she is not confined to nations, sects, or climates, but travels and wanders about the earth, till she fixes her residence where she finds the best welcome and kindest reception; her contexture is so nice and delicate, that she cannot breathe in a tyrannical air; will and pleasure are so opposite to her nature, that but touch her with the sword, and she dies. But if you give her gentle and kind entertainment, she is a grateful and beneficent mistress; she will turn deserts into fruitful fields, villages into great cities, cottages into palaces, beggars into princes, convert cowards into heroes, blockheads into philosophers; will change the coverings of little worms into the richest brocades, the fleeces of harmless sheep into the pride and ornaments of kings, and by a further metamorphosis will transmute them again into armed hosts and haughty fleets.

— John Trenchard

The EU Threat to Liberty

by Philip Vander Elst



“Each year the [European Union] takes and spends more of our money without EU auditors being able to reliably confirm where much of this money has actually gone. The number of EU bureaucrats rises ever upwards. Ever more bureaucrats seem inevitably to lead to ever more rules and regulations, allowing the EU to expand its influence to almost every area of our lives.... Each time the EU produces one of its treaties, it seems to grab more power for itself, making our elected governments increasingly unable to oppose often costly EU legislation with which they may disagree. And whenever Europe’s citizens dare to vote against the EU’s growing power, the eurocrats derisively ignore public opinion and press on with their project regardless.”

Those words, from David Craig’s and Matthew Elliott’s 2009 book, *The Great European Rip-Off: How the Corrupt, Wasteful EU Is Taking Control of Our Lives*, represent an accurate British summary of both the process and results of half a century of European integration. One of its coauthors, Matthew Elliott, is chief executive of the Taxpayers’ Alliance, one of Britain’s leading anti-statist organizations, and that significant fact, as well as the findings presented in their well-documented study, helps to explain why most British libertarians and conservatives now oppose the project of European unification.

To understand the anti-democratic origins and illiberal character of the European project, Americans need to appreciate the traumatic psychological impact of the First and Second World Wars on the thinking of a significant section of the European elite. Horrified by the scale of the destruction they witnessed between 1914 and 1945, and by the rise of fascism and Nazism in the interwar period, the pioneers of European integration drew two erroneous lessons from those events. The first was that “nationalism” was an inherently evil force, which could not be contained and defeated unless the nations of Europe

could be induced to sacrifice their national sovereignty in the interests of peace. The second was that democracy could not be relied on to build a better future, since millions of Germans and Italians had voted for Hitler and Mussolini, and millions of other Europeans had supported authoritarian nationalist movements in other parts of Europe, including Spain, Hungary, Romania, and even France. For those reasons, they concluded, the creation of a new European state was not only a necessary objective of civilized statesmanship; it was also a goal which, in its initial stages, would have to be approached by stealth, so as not to upset the national sensitivities of the unenlightened majority.

The creation of a new European state would have to be approached by stealth.

To quote just one of the pioneers of European integration, Peter (later Lord) Thorneycroft, a British Conservative politician who became chancellor of the exchequer in the late 1950s and Conservative Party chairman in 1975, “[It] is as well to state this bluntly at the outset — no government dependent upon a democratic vote could possibly

agree in advance to the sacrifices any adequate plan [for European Union] must involve. The people must be led slowly and unconsciously into the abandonment of their traditional economic defences....” (From his pamphlet, “Design for Europe,” May/June 1947.)

Slow loss

The long and tortuous process by which this goal of European unification by stealth has been pursued, including a lengthy analysis of its historical and intellectual origins, and its chief protagonists, is described in compelling and scholarly detail by Christopher Booker and Richard North, in their widely acclaimed 2005 book, *The Great Deception*. Like Craig and Elliott, they show how the supranationalist project of the European Union’s founding fathers advanced by a gradual and indirect process of economic integration. The most important initial stage was the 1957 Treaty of Rome, establishing a protectionist European customs union (the European Economic Community, or EEC) consisting of West Germany, France, Italy, the Netherlands, Belgium and Luxembourg. Today, 56 years and five European treaties later, the European Union has ballooned into a supranational

Leviathan comprising 28 countries and 24 official languages.

Whether they like it or not, Britons and other European nationals already live in an emergent European state with a common flag, passport, citizenship, anthem, supreme court, executive, parliament, bureaucracy, central bank, and currency (the euro) used by 17 of the member countries (but not by Britain). The foundations have been laid for a future European army and police force, and the European Union now has its own official diplomatic corps.

As a result of all those changes and the development of common European policies in nearly every conceivable field, the British government, for example, has lost control of her agriculture, her fishing grounds, her external trade, decisions about the value-added tax, aspects of employment law, immigration, and internal trading standards — including weights and measures.

Most recently, under the 2009 Lisbon Treaty, which extended “Qualified Majority Voting” (abolishing national vetoes) into 63 new policy areas, the EU has been given new powers over external border controls and internal security, as well as a role in standardizing civil and

criminal laws and procedures. It has, moreover, been allowed to appoint its own EU foreign minister, who will conduct the Union’s common foreign and security policy.

In 1992, German Chancellor Helmut Kohl, (referring to the 1991 Maastricht Treaty) declared, “The European Union Treaty ... within a few years will lead to the creation of what the founding fathers of modern Europe dreamed of after the war, the United States of Europe” (quoted in *Treaty of Maastricht*, Civitas, London, November 2005). American readers can judge for themselves how close the rolling bandwagon of European supranationalism has come to reaching that final destination.

The foundations have been laid for a future European army and police force.

A loss of democratic control previously enjoyed by national electorates over the laws and regulations governing people’s daily lives, has been an inevitable consequence of the centralizing supranationalist process of European unification. For instance, despite being one of the biggest EU member states, Britain’s decision-making power within EU institutions such as the Council

of the European Union (representing national governments) and the European Parliament is extremely limited. British representatives control only about 8 percent of the total votes. As the European Union expands to include more countries, such a loss of democratic accountability through the dilution of national representation at the European level, only increases, a problem troubling other European nationals as well as many British observers.

To quote Germany's former president Roman Herzog, writing in January 2007, "It is true that we are experiencing an ever greater, inappropriate centralization of powers away from the Member States and towards the EU. The German Ministry of Justice has compared the legal acts adopted by the Federal Republic of Germany between 1998 and 2004 with those adopted by the European Union in the same period. Results: 84% come from Brussels, with only 16% coming originally from Berlin..." (From an article on the 2004 EU Constitution, jointly written with Luder Gerken, "Welt am Sonntag," January 14, 2007.)

Whilst popular disenchantment with the process of European integration has increased markedly in recent years, most of all in Britain,

British subordination to supra-national institutions has evoked less opposition than might otherwise have been expected, owing to its largely hidden nature. As Mark Leonard, of the Centre for European Reform, explained in 2005, "Europe's power is easy to miss. Like an 'invisible hand' it operates through the shell of traditional political structures. The British House of Commons, British law courts and British civil servants are still here, but they have become agents of the European Union, implementing European law. This is no accident. By creating common standards that are implemented through national institutions, Europe can take over countries without necessarily becoming a target for hostility."

British law courts and British civil servants are still here, but they have become agents of the European Union.

Resistance to the growing power of the European Union is not only undermined by its partially hidden character, but also by a deep-seated conviction, particularly strong in Germany, that the cause of peace is worth almost any sacrifice of national sovereignty, however initially unwelcome. The visitor

center in the European Parliament building in Brussels, for instance, prominently displays the following quotation from Philip Kerr (later, Lord Lothian), a former British civil servant and one of the leading advocates of both European unification and world government during the 1930s: “National sovereignty is the root cause of the most crying evils of our time and of the steady march of humanity back to tragic disaster and barbarism.... The only final remedy for this supreme and catastrophic evil of our time is a federal union of the peoples.”

The cause of war and barbarism

There is, however, no basis either in history or logic for the belief that national sovereignty is “the root cause” of war and “barbarism.” Religious and ideological divisions, and the dynastic ambitions and family quarrels of emperors and kings caused plenty of wars in Europe (and elsewhere) long before the advent of the modern nation-state. If any one factor can be singled out as the primary cause of war and barbarism down the ages, it has not been national sovereignty, but tyrannical government and the lust for power of rulers and elites, as all the great classical liberals — notably Herbert Spencer — recog-

nized. That has been even truer in the 20th century, the age of totalitarian socialism in all its variants — communist, Nazi, and fascist. Anyone who doubts that should read not only R. J. Rummel’s seminal studies, *Death by Government* and *Power Kills*, but also *The Coming of the Third Reich*, by Richard Evans, professor of modern history at Cambridge.

**Illiberal political cultures
are the real enemies of peace
and freedom.**

Since illiberal political cultures are the real enemies of peace and freedom, the cause of progress is impeded by the movement towards supranationalism either at the European or at the global level. A Europe of independent self-governing nation-states, respecting human rights and engaged in free trade and mutual cooperation, decentralizes power and offers many opportunities for the free movement of goods, people, and ideas. As such, it represents the enduring internationalist vision of the great classical liberals of the 19th century, such as Richard Cobden, John Bright, and Frédéric Bastiat.

The supranationalist alternative of a single European state, by con-

trast, threatens both liberty and democracy because it creates a new and wholly unnecessary concentration of power that cannot be subject to effective democratic control within a multinational entity comprising 28 different electorates divided by 24 different languages and cultures. As American experience has shown, even the most carefully constructed federal system, buttressed by an originally homogeneous and libertarian political culture, has failed to prevent the growth and abuse of power by the federal government. How likely is it, then, that the European Union will avoid a much worse fate given the authoritarian and collectivist political traditions, and unfortunate history, of so many of its member countries?

The relevance of that question is underlined by what happened after May and June 2005, when the French and Dutch electorates rejected the newly negotiated 2004 European Constitution in their national referendums. The angry and contemptuous response of EU lead-

ers, amply documented by Craig and Elliott, was to re-present the rejected Constitution, with some cosmetic changes, as the 2008 Lisbon Treaty, and then ram it through their national parliaments without any further referendums. As Czech President Vaclav Klaus noted with disquiet in his speech to the European Parliament on December 5, 2008, "I thought ... that we live in a democracy, but it is post-democracy, really, which rules the EU."

Post-democracy "rules the EU" because European unification has created new centralized supranational institutions offering increased power and more lucrative careers to the ruling political class. That is why it threatens liberty.

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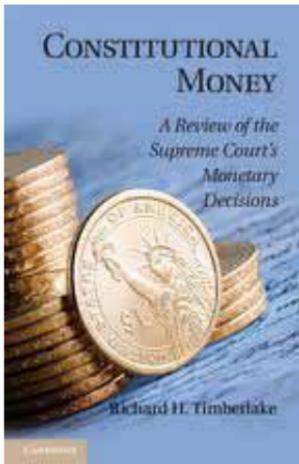
Here were Hessian skulls as thick as a bombshell. Poor fellows! They were left unburied in a foreign land. They had, perhaps, as near and dear friends to lament their sad destiny as the Americans who lay buried near them. But they should have kept at home; we should then never have gone after them to kill them in their own country. But, the reader will say, they were forced to come and be killed here, forced by their rulers who have absolute power of life and death over their subjects. Well then, reader, bless a kind Providence that has made such a distinction between your condition and theirs. And be careful, too, that you do not allow yourself ever to be brought to such an abject, servile and debased condition.

— Joseph Martin
Continental Soldier

Money and the Constitution

by George C. Leef

Constitutional Money: A Review of the Supreme Court's Monetary Decisions by Richard H. Timberlake (Cambridge University Press and Cato Institute 2013), 257 pages.



Most Americans would be surprised to learn that the Federal Reserve Notes in their wallets and the balances in their various accounts are not constitutional money. Yes, what they have is money, but not the kind of money that is authorized under the Constitution. Our fiat, irredeemable, legal-tender money is, Richard Timberlake demon-

strates in his new book, entirely at odds with the Founders' prescriptions. He writes, "My account explains how the Federal Reserve System as a central bank has interacted with the later Court decisions to undermine the Framers' monetary constitution, and in so doing has promoted continuous inflation and ongoing public uncertainty regarding the future value of money."

Before starting his analysis of "the monetary constitution," Timberlake (emeritus economics professor at the University of Georgia) sets the stage with a brief discourse on the emergence of money — a phenomenon of the market — and the detrimental results that have always followed government's tampering with it. Throughout history, rulers have debased the currency to enrich themselves at the expense of productive people. In fact, it's hard to find countries where the state has not taken advantage of its control over money to do that.

In the 19th century, Carl Menger speculated that government might be able to improve upon free-market money, but Timberlake offers this rejoinder: "No matter how it *might* do so, experience through the ages has confirmed that it will *not* do so." The best we can do is to limit the power of the government over

money to minimize the possibility of manipulation. In writing the Constitution, the Framers tried to accomplish that.

Article I, Section 8 gives Congress the power “to coin money and regulate the value thereof” and Article I, Section 10 provides that state governments may not “coin money, emit bills of credit, or make any thing but gold and silver coin a legal tender in payment of debts.” Also pertinent is the Tenth Amendment, which states that the federal government is to have only those powers granted to it.

The Framers knew that from time to time it would be necessary to adjust the dollar’s metal content.

Using the power under Article I, Section 8, in 1792 Congress defined the dollar as a coin containing 24.74 grains of pure gold, and also as a coin containing 371.25 grains of pure silver. That meant that the United States was on a bimetallic standard. Such a monetary system is workable, but leads to the problem of changing market ratios between the two metals. For that reason Timberlake argues, the language about “regulating the value” of coined money was included — the Framers knew that from time to

time it would be necessary to adjust the dollar’s metal content. (Without such adjustments, we would run into the famous problem of Gresham’s Law, where money that is artificially undervalued starts to disappear from circulation, since it’s worth more in nonmonetary uses. Congress made such a “regulation” in 1834, devaluing the gold dollar by 6.6 percent.)

Setting the stage

The first of Timberlake’s constitutional decisions regarding money is the famous *McCulloch v. Maryland*, which came to the Court in 1819. In 1818, Maryland enacted a tax on the notes of all banks not chartered in the state, including the recently re-authorized Bank of the United States. To resolve the case, the Court had to decide on the constitutionality of the Second Bank of the U.S. Chief Justice John Marshall ruled that although nothing in the Constitution expressly allowed Congress to set up a bank, it was nevertheless within its powers because establishing the bank was “necessary and proper” in carrying out its fiscal operations.

While *McCulloch* is applauded by most experts on constitutional law, Timberlake argues that it runs contrary to the limited-government

spirit of the Constitution. As for its impact, by opening the Pandora's Box of justifying expansions of federal power with the Necessary and Proper Clause, the Court set the stage for enormous monetary mischief in the future.

Despite that decision (the Second Bank was killed by Andrew Jackson in 1832) the nation's monetary system was sound (and in keeping with the Constitution) until the outbreak of the Civil War. The war upset everything.

“For quick revenue, nothing could match the printing of money” and to a considerable extent, that is what Lincoln’s government did.

To pay its enormous expenditures, the federal government had three options: to raise taxes, to borrow more, or to print paper money. As Timberlake observes, “For quick revenue, nothing could match the printing of money” and to a considerable extent, that is what Abraham Lincoln’s government did. Treasury Secretary Salmon Chase pushed hard for it, and in 1862 Congress passed the first Legal Tender Act, which authorized the printing of \$150 million in what came to be called “greenbacks.” Those were U.S. notes, not redeemable in gold

or silver, and declared to be legal tender for all public and private debts. Two more legal-tender acts raised the total production of greenbacks to \$450 million.

Some members of Congress questioned the constitutionality of resorting to paper money that citizens would be compelled to accept, but Chase and other administration supporters crushed opposition by claiming that in an “emergency” the federal government could do whatever was “necessary and proper.” The government simply had to have more money and therefore any expedient was permissible. Timberlake shows, however, that the great majority of the federal government’s wartime expenditures were covered without the greenback pseudo-money — borrowed funds paid for most of the cost — and concludes that using the printing press to pay for the war was “crisis hyperbole.”

At the war’s end the federal debt was more than \$3 billion and the country was flooded with paper money. Timberlake writes, “No one in his most deranged moments considered a government paper currency as a defensible alternative to gold and silver, especially if the paper was irredeemable.” The problem was how to get back to the gold

standard, which presented serious legal and political problems. The book covers them in detail.

Salmon Chase had resigned as treasury secretary and had been appointed and confirmed as the chief justice.

One problem was the legal tender feature of the greenbacks — what if someone had a right to receive payment in something else under a contract? That was the issue in the 1868 case *Bronson v. Rodes*. An 1857 contract gave Bronson the right to receive payment in gold or silver coin. The case arose when, in 1865, Rodes tendered the sum due in greenbacks, which were legal tender, but worth only a little more than 44 percent of the payment in gold. Had Rodes satisfied the contract?

An intriguing wrinkle in the case is the fact that Salmon Chase had resigned as treasury secretary and had been appointed and confirmed as the chief justice. Stranger still is the fact that although he had championed the greenbacks while in the cabinet, his decision in the case upheld the priority of gold clauses over the government's legal-tender decree. Of course, that did not mean that the greenbacks were

illegal, but only that the government could not wipe out private contractual provisions for payment in whatever money the parties had agreed to.

Justice Samuel Miller dissented. He had been appointed by Lincoln in 1862 and his views were entirely in keeping with Whig/Republican thinking. He argued that the Legal Tender Acts overrode all private contracts. Timberlake notes that his opinion “was the confirmation of the power of consolidated government to do whatever it wished, regardless of the Constitution...” Sadly, his view would soon prevail.

Necessity and sovereignty

The year after *Bronson*, another monetary case came before the Court, *Veazie Bank v. Fenno*. During the war, Congress had enacted the National Banking Act, and in 1865 it amended that law in an effort to stamp out state banks. The law imposed a 10 percent tax on state bank notes, with the objective of forcing state banks into the national system — an idea that appealed to the central-power-loving Republicans. The question was whether Congress had authority to use the taxing power to achieve that end.

A 6-to-2 majority of the Court (including Chase) upheld the tax.

The Constitution gave Congress the power to tax, and how it used that power was immaterial, the majority held. The two dissenting justices saw that the decision badly unbalanced the Framers' conception of federalism because it allowed the federal government to intrude on matters that under the Tenth Amendment were reserved for the states, such as chartering banks.

Timberlake notes that neither the majority nor the dissenting justices mentioned *McCulloch*. If it was not permissible for the states to use taxation to destroy federal institutions, as that case had held, why was it permissible for the federal government to destroy state institutions? His conclusion about the impact of *Veazie Bank* is sharp: "The decision was a critical element in the transition of states' powers to the federal government...."

The next year, the Court heard another monetary case, one that centered directly on the constitutionality of declaring the greenbacks to be legal tender. *Hepburn v. Griswold* arose out of a contract entered into in 1860. It required Hepburn to pay Griswold 11,250 "dollars" in February 1862 — a time when only gold or silver coin was legal tender. Hepburn did not make payment at that time, and af-

ter being sued on the contract in 1864 tendered the sum (plus accrued interest) in greenbacks. Griswold refused the tender, but could he do so?

"The power to issue paper money is certainly not the same power as the power to coin money."

The Court had to decide whether the federal government could, under the Constitution, replace gold and silver coin with paper money. To its great credit, the majority held that it could not. Chief Justice Chase delivered the opinion, writing, "The power to issue paper money is certainly not the same power as the power to coin money. Nor is it in any reasonable or satisfactory sense an appropriate or plainly adapted means to the exercise of that power. Nor is there reason for saying that it is implied in, or incidental to, the power to regulate the value of coined money...."

With those sentences, Chase not only smashed the arguments that had been made in favor of "interpreting" the Constitution as permitting Congress to do something the Framers clearly abhorred (undermining the nation's monetary system with irredeemable paper), but also reversed his view while treasury

secretary that if the government “needed” some power, the Constitution implicitly authorized it.

Justice Miller wrote a predictably statist dissent, arguing that the power to print paper money and declare it legal tender was necessary, and stating that doing so was simply a constitutional “regulation” of the value of money. He also acknowledged that forcing one party to a contract to accept a debased payment impaired the obligation of contracts. The states are specifically prohibited from doing that, but he claimed that the Constitution did not prevent the federal government from doing it. As Timberlake notes, that argument ignores the fact that the federal government was to have only the powers enumerated, which did not include tampering with contracts.

Unfortunately, the Court’s membership changed after *Hepburn* and the new Court quickly reversed it. In *Knox v. Lee*, a Republican-dominated Court held that there was nothing unconstitutional about the greenbacks. Not only were they legal tender for debts before and after the passage of the Legal Tender Acts, but the majority opinion went further, saying that the government has “general power over the currency, which has always

been an acknowledged attribute of sovereignty.”

That idea is completely at odds with the meaning of the Constitution, which certainly did not give the government any such “general power.” Timberlake says that the majority simply offered “a nationalistic apologia” for unrestrained government authority over money. By combining the “necessity” argument with the “sovereignty” argument, the Court destroyed the monetary constitution.

In Knox v. Lee, a Republican-dominated Court held that there was nothing unconstitutional about the greenbacks.

Chief Justice Chase, Justice Nathan Clifford, and Justice Stephen Field (who would become famous for his opinions against governmental attacks on property rights) each wrote strong dissents based on the Constitution — but their arguments were futile against a majority bent upon rewriting the Constitution.

The floodgates open

Oddly enough, while the Court’s jurisprudence regarding money was getting worse, the nation’s actual policy was improving. In 1879 the government returned to the

gold standard and the nation enjoyed monetary stability, and in turn rising prosperity. Nevertheless, in 1884 the Court decided one more legal-tender case (*Juilliard v. Greenman*) and the holding opened the floodgates to future monetary mischief. An 8-1 majority managed to read into the constitutional power “to borrow money” an implicit power to issue legal-tender paper money that could be used to pay back any borrowed money.

Timberlake masterfully analyzes the economic damage that the Fed wrought in the late 1920s and 1930s.

Timberlake shows what an absurd construction that is, writing, “If Congress, having borrowed money — meaning real resources — can then repay in legal-tender paper currency that it issues, why should it bother to borrow money in the first place?” He also devotes several pages to Justice Field’s dissent. Among Field’s prescient insights was this: “And why should there be any restraint upon unlimited appropriations by the government for all imaginary schemes of public improvement if the printing press can furnish the money that is needed for them?”

The latter chapters of the book deal with the Federal Reserve System. No case testing the constitutionality of the Fed and its paper money or its operations has ever reached the Supreme Court (probably owing to the fact that the Legal Tender decisions said that whatever Congress wanted to do with money was within its “sovereign” powers), but Timberlake masterfully analyzes the economic damage that the Fed wrought in the late 1920s and 1930s. Especially intriguing is his discussion of the way the Fed kept the gold standard from working once the Depression began, thus deepening and prolonging the economic agony.

In his conclusion, Timberlake argues that the United States needs to get away from “the rule of men” when it comes to money (especially the Fed chairman) and get back to “the rule of law,” which is to say a system that accords with the Constitution — a system not susceptible to political manipulation. He proposes a means of divesting the federal government of its gold holdings and putting that gold back into the hands of the people. We would again have a golden anchor for our monetary system, and the century of “monetary omnipotence” by the Fed would end.

Constitutional Money is a superlative work of research and analysis. I think that almost every Future of Freedom reader will find it to be a fascinating book.

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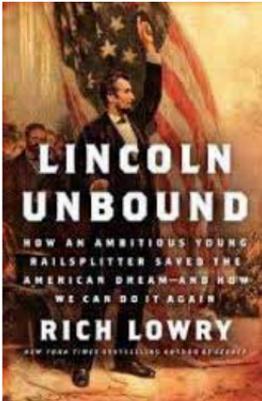
No kingdom can be secured otherwise than by arming the people. The possession of arms is the distinction between a free man and a slave.... Why may not the nobility, gentry and freeholders of England be trusted with the defence of their own lives, estates, and liberties, without having guardians and keepers assigned to them? ... Why may not a competent number of firelocks be kept in every parish, for the young men to exercise with on holy days, and rewards offered to the most expert, to stir up their emulation?

— James Burgh

Lincoln-Worship Overlays the Corporatist Agenda

by Kevin Carson

Lincoln Unbound: How an Ambitious Young Railsplitter Saved the American Dream — and How We Can Do It Again by Rich Lowry (HarperCollins 2013), 390 pages.



One of the central themes in James Scott’s *Seeing Like a State* is the ideology he calls “authoritarian high modernism”:

It is best conceived as a strong (one might even say muscle-bound) version of the beliefs in scientific and technical progress that were associated with

industrialization in Western Europe and in North America from roughly 1830 until World War I. At its center was a supreme self-confidence about continued linear progress, the development of scientific and technical knowledge, the expansion of production, the rational design of social order, the growing satisfaction of human needs, and, not least, an increasing control over nature (including human nature) commensurate with scientific understanding of natural laws. High modernism is thus a particularly sweeping vision of how the benefits of technical and scientific progress might be applied — usually through the state — in every field of human activity. If, as we have seen, the simplified, utilitarian descriptions of state officials had a tendency, through the exercise of state power, to bring the facts into line with their representations, then one might say that the high-modern state began with extensive prescriptions for a new society, and it intended to impose them.

Scott's high-modernist Hall of Fame would include "Henri Comte de Saint-Simon, Le Corbusier, Walter Rathenau, Robert McNamara, Robert Moses, Jean Monnet, the Shah of Iran, David Lilienthal, Vladimir I. Lenin, Leon Trotsky, and Julius Nyerere." It is inexplicable that he left out Abraham Lincoln.

**Lincoln's vision
of the society he wanted to build
implied an aversion to the society
it would replace.**

As described by *National Review* editor Rich Lowry,

From his first stirrings as a politician, Lincoln committed himself to policies to enhance opportunity. He wanted to build canals and railroads to knit together the nation's markets. He wanted to encourage industry. He wanted to modernize banking. He hated isolation, backwardness, and any obstacles to the development of a cash economy of maximal openness and change. He thrilled to steam power and iron, to invention and technology, to the beneficent upward spiral of a commercial economy. With Emerson, he cele-

brated "men of the mine, telegraph, mill, map, and survey."

As with other authoritarian high modernizers, Lincoln's vision of the society he wanted to build implied an aversion to the society it would replace. In many ways his father, Thomas Lincoln, symbolized everything he wanted to eradicate from American society. William Herndon's book *Herndon's Lincoln* includes descriptions of Thomas such as the following:

[Thomas] was happy — lived Easy — & contented. Had but few wants and Supplied these.

He was a man who took the world Easy — did not possess much Envy. He never thought that gold was God.

Well, you see, he was like the other people in this country. None of them worked to get ahead.... The people raised just what they needed.

Bourgeois virtues

Everything Lincoln hated about his family and those like them — their lack of ambition, working only when they felt like it and then stopping when they had just enough to get by, et cetera — echoes how the industrious gentleman farmers of

18th-century Britain felt about cottagers who lived off their common pasturage rights and access to the common fens and woods. And it foreshadowed Lenin's contempt for the shiftlessness and backwardness of the Russian peasantry.

Lincoln was a direct descendant of the modernizing Puritans of the 17th century.

The “bourgeois virtues” Lowry finds so admirable in Lincoln's agenda were also the heart of the rationalist westernizing ethos Lenin sought to inculcate in Russians:

From his youth, he exemplified a middle-class morality at the core of the Whig and the Republican ethic. Self-control and self-improvement, rationality and abstemiousness were the necessary personal ingredients to economic advancement. Lincoln hewed to these qualities and evangelized for them.

Lincoln was a direct descendant of the modernizing Puritans of the 17th century, who banned the large number of saints' days on which peasants previously rested and celebrated, and imposed the Calvinist

Sabbath on what had been a day of games and enjoyment.

So naturally there is no small element of cognitive dissonance entailed in Lowry's professed fondness for markets and his dislike of “dependence on government.” He sees the corporate economy of our day, at least in its broad outlines, as a logical outgrowth of Lincoln's vision, and one Lincoln would very likely embrace if he saw it today.

It is the dense, creative commercial network that he imagined, but on steroids — a heavily urbanized population of more than 300 million, robustly democratic yet highly educated and technologically proficient, featuring some of the most innovative companies in the world.

Lowry, like Lincoln, may be fond of business — but he is no friend of the market as such. The market — like all of human society — is for him mere raw material, to be forced, by the transformative will of progressive-minded people like himself running the state, into the cash nexus to whatever extent he finds aesthetically pleasing. That means today, as it meant in Lincoln's — as it meant in Britain dur-

ing the Enclosures, and in Russia under Pyotr Stolypin and Lenin — the use of raw political power to override individual preferences.

The sledgehammer

Whether he admits it or not, what Lowry favors is not freedom or markets as such, but the promotion of his vision of “progress”: the expansion of the cash nexus, firm size, market areas, and division of labor far beyond the natural levels that would be set by market forces alone. And with Lincoln, he detests — as such — the homemade, the nonmonetized, the informal, and all forms of production for direct consumption. (Lowry explicitly equates the ratio of subsistence production to production for the market and reliance on homemade goods with the level of backwardness.) Like Lincoln, Lowry celebrates the use of the modernizing state to force people out of such activity — much as the English capitalist farmers and mill owners of 200 years ago celebrated the use of state power to drive the rural population from independent subsistence into the wage market like wild beasts.

If that sounds like hyperbole, consider this quotation from Lowry himself: “The extension of modern

transportation networks would take a sledgehammer to the subsistence economy of Lincoln’s youth. It would make it obsolete, impossible even.”

The American — like the global — corporate economy lives, moves, and has its being in dependence on government. It is a creature of the state and is sustained in its existence every instant by the ongoing support of the state. Lowry surely knows that.

It is Lincoln’s legacy economy itself which has rendered Americans “dependent” — dependent not just on government, but just plain *dependent*. Dependent on big government, big business, wage employment, and the cash nexus.

The American corporate economy lives, moves, and has its being in dependence on government.

And despite what Lowry believes, none of that was ever necessary from a standpoint of objective, immaculate, ideologically neutral “efficiency.” Rather, the economy that Lincoln built compelled the average person to work harder than necessary to achieve a given level of consumption. The forms of centralized, capital- and management-intensive, high-overhead production he fostered suppressed or crowded

out more-efficient forms of production that would have otherwise very likely evolved naturally — the integration of electrically powered machinery into decentralized, local craft production, in which workers would have far more control over the conditions under which they produced, and economic progress strengthened community rather than destroying it.

The serpent

The economy that emerged from the railroad land grants and bond issues, high industrial tariffs and patents of the Gilded Age, far from being tantamount to “technological progress,” was not even the best way to integrate new technology such as electrical-power generation and electrically powered machinery into production. Writers such as Pyotr Kropotkin celebrated the possibilities of electrical power for destroying the primary rationale for the large factory: the need to economize on power from prime movers by running as many machines as possible off belts from the drive shaft on a single steam engine. The electric motor meant that a prime mover could be built into each machine; hence the machines could be sited as close as possible to the point of consumption, the ma-

chines scaled to the flow of production, and the flow of production itself scaled to demand on a lean, just-in-time basis. Lincoln’s “internal improvements” and other subsidies to centralization instead tipped the balance toward the kind of economy described by Alfred Chandler in *The Visible Hand*: an economy of extremely expensive, product-specific machinery that had to be run full-speed 24/7 to minimize unit costs from idle capacity. That in turn required a coercive social mechanism of high-pressure marketing, mass advertising, and planned obsolescence to guarantee the consumption of waste production.

Lincoln’s “internal improvements” tipped the balance toward the kind of economy described by Alfred Chandler in *The Visible Hand*.

And despite Lincoln’s quite genuine belief in the fundamental right to eat the bread one has produced by his own hand, the corporate economy his Whig agenda gave rise to is more a transgression than a fulfillment of the sentiments he expressed here:

[It] has so happened in all ages of the world, that some have

labored, and others have, without labour, enjoyed a large proportion of the fruits. This is wrong, and should not continue. To [secure] each labourer the whole product of his labour, or as nearly as possible, is a most worthy object of any good government.

He denounced “the same old serpent that says you work and I eat, you toil and I shall enjoy the fruits of it.”

But that describes the corporate economy of our day to its very core: monopolies, entry barriers, regulatory cartels, artificial scarcities, artificial property rights — a thousand and one ways in which the landlord eats the fruit of the tenant’s toil, the employer that of the laborer, the usurer that of the borrower, the incumbent business owner that of the would-be competitor, and the bureaucrat that of the taxpayer.

Lowry rightly laments the restoration of segregation and debt-peonage in the South after the end of Reconstruction. He neglects to mention, however, that that retrogression and the Gilded Age model of corporate capitalism were both part of the same grand bargain in 1877. The corporate capitalists secured their uncontested control of

the national polity in return for giving Southern Redeemers a free hand in setting up an apartheid system in the South. Having thus secured their southern flank, the northern corporatists directed their attention to a full-scale civil war against farmers and laborers: the post-Haymarket liquidation of the labor movement, the use of the railroads’ state-backed power to break cooperatives, the use of federal troops to break the Pullman Strike, and pitched battles against workers in the Copper and Coal Wars.

All of that had nothing at all to do with genuine free markets and everything to do with using the coercive state to impose a social engineering agenda from the top down.

Good neocon that he is, Lowry also celebrates the meritocratic vision of universalized higher education as the path to success, and decries the tendency of those without high-school degrees to work fewer hours and have more leisure (while the college-educated — the Gallants in this Goofus-Gallant scenario — work increasingly long hours). He ignores — of course! — the whole issue of *who decides* the relative balance of effort and leisure required for comfortable subsistence, and the level of education required to “get ahead.”

I suspect the idea of a decentralized economy of self-managed neighborhood workshops with people living comfortably on the output of a 20-hour work week, and of an educational system driven by the autonomous needs of self-employed artisans, open-source coders, and permaculturists, rather than by the imperative to process human raw material to the specifications of corporate HR departments, would be anathema to Lowry. So much the worse for him.

Lowry also sees America's "more assertive" foreign policy from the turn of the 20th century on, and America's subsequent "influence on the international order," as a realization of Lincoln's grandiose dreams of

"the spread of liberty to all men." Anyone familiar with the work of William Appleman Williams, Gabriel Kolko, Noam Chomsky, or William Blum will take a slightly different view of America's role in the world in the 20th and 21st centuries.

In short, both Lowry and Lowry's idealized Lincoln are entirely in favor of activist government, so long as it's "pro-business." Lowry's rhetoric of "our free institutions and free economy" is pure buncombe.

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An inquisition into every man's private circumstances, and an inquisition which, in order to accommodate the tax to them, watched over all the fluctuations of his fortune, would be a source of such continual and endless vexation as no people could support.

— Adam Smith

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