

*A noted educator explains how the
"rewards" for working, waiting,
and risking are allocated, through
choices made by consumers . . .*

IN A FREE ECONOMY

T. N. CARVER

IF YOU are one of those who still believe that labor produces all value, you can try the equivalent of a laboratory test. You can try being a self-employed farmer or machinist to see if you can produce anything of value without doing some waiting or running some risk.

If you don't want to do any waiting, you can, of course, borrow enough money to pay your expenses while waiting for your crops to mature and be harvested and sold. In that case you can shift the burden of waiting onto the lender. But the waiting has to be done by somebody.

Or you can insure your crops against loss by fire, flood, hurricane, hail, or grasshoppers, thus shifting the burden of risk onto the insurance company. But the risk has to be borne by somebody. Shifting it does not eliminate the burden.

Besides, the moneylender and the insurance company would expect to be paid, and it would be a question whether you were really a self-employed farmer.

An easier way to avoid having to wait or to run risks would be to work for an employer. In that case you certainly would not be a self-employed farmer. But your employer would do the waiting by paying your wages every week and thus carry the burden of waiting. But the burden would have to be borne by somebody; shifting it onto the employer would not eliminate it.

The employer would also carry the burden of risk by paying your wages in full even though he incurred losses short of bankruptcy. This loss also has to be borne by somebody. Shifting it onto the employer would not eliminate it.

The formula, "Without labor nothing of value is produced," can be repeated as truly with respect to waiting and risking. Without

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waiting nothing of value is produced, or without the running of risk nothing of value is produced. The only question is: Who does the waiting or risking?

If you want to be critical, you can prolong the argument by contending that waiting and risking are not true costs and should not be paid for. That depends on what you mean by cost.

Overcoming Disinclination

In the last analysis cost is disinclination — disinclination to do something that has to be done or that someone wants to have done. Money cost is the amount that has to be paid to overcome someone's disinclination.

Up to a certain point, even labor may be, and frequently is, performed for the pleasure of the doer. Beyond that point it ceases to be pleasure and, in a free economy, has to be paid for because of disinclination. In a slave economy it is different.

The same may be said of waiting and risking. Men are generally not disinclined to wait for their wages until the end of the day — usually not until the end of the week. They may be slightly disinclined to wait until the end of the month; but to wait until the end of the year, or longer, would be too much to endure.

The same rule applies to the

running of risk. Boys like to skate over thin ice, but not too thin; or climb tall trees, but not too tall. Gamblers seem to get a thrill out of gambling. A small loss may be regarded as money well spent for a good time; but there is a limit to the loss that can be accepted without regret.

It is said of Mr. Edison that, on one occasion, his treasurer told him that his money was all gone and he was broke. All he said was, "Well, we had a helluva good time spending it, didn't we?" and went on with his research. But we are not all Edisons, nor are we able to take losses, beyond a certain point, "with a frolic welcome."

Losing a whole year's crop is too much of a calamity for a self-employed farmer to stand. Hence his desire for crop insurance.

Workers Expect To Be Paid

Why should men expect to be paid for doing things to which they are disinclined? That is not a reasonable question. The real question is: Can you get enough things produced to satisfy your needs and desires without it? In a free economy you can't. And we might as well accept that fact and stop the argument unless we are willing to change to a slave economy.

While it is true that men will do a little work for the pleasure of

doing it, also a little waiting and risking, you can't get enough of those things done by free men. In this respect all three things rest on the same economic foundation, that of necessity.

All are equally entitled to the rewards that a free market normally allows them. The reward of working is wages, of waiting is interest, of risking is profit. • • •

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IDEAS ON LIBERTY

Socialism Is a Disease

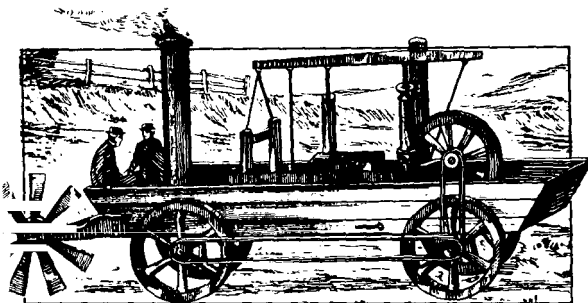
I UNDERSTAND that in the United States there are still those who think that the machinery of government can be used as a substitute for personal responsibility on the part of the governed. This idea, as we know only too well in Britain, is the open road to disaster. It changes persons with responsibilities into robots with rights.

And while you fortunate Americans will last a little longer than the rest of us, your doom is also assured if you, like us, rely upon politics and collective action to relieve you of the normal and natural responsibilities of healthy men. For socialism is not a system; it is a disease. The "something for nothing" mentality is, in fact, an economic cancer.

In England we have suffered nearly five years of effective socialist government. But that is only the end of the story; we are merely completing 50 years of a sloppy sentimentalism in public affairs of which the present socialism is merely the logical outcome. In the process we have murdered old virtues with new deals. Well-meaning, shallow-thinking, kindly people, aware of the scriptural injunction that "the greatest of these is charity," have failed to notice the distinction between the real article and the giving away of other people's money. So, having lost our faith, we come to the end of the story; we have accepted false hopes and practiced a charity which is nothing of the kind.

From *Rights for Robots*, a speech delivered in 1950 by SIR ERNEST BENN

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HOW TO DISEMPOWER A SLAVE

DEAN RUSSELL

THE YEAR 1787 covered two events that were to have a profound effect on the American people and the way we live. First, and by far the most important, the founders of this nation met in Philadelphia to draft a constitution for a new idea in government. Second, the free state of Maryland granted to Oliver Evans a patent on his drawings for a new idea in transportation, "a Steam-Carriage . . . to move . . . without the aid of animal force" on the roads of that state.

In September of 1787, the work of that Constitutional Convention was finished and submitted to the people of the 13 independent states for their approval. Some 18 months later, the new government came into formal existence. And

on December 14, 1792, Evans petitioned it to grant him a national patent to replace his several state patents for a "land carriage without cattle."

It took Oliver Evans another 13 years to actually construct his self-propelled road vehicle. Like the Constitution, its birthplace was also Philadelphia. On or near the tenth day of July 1805, his steam vehicle, the *Orukter Amphibolos*, moved ponderously up Market Street under its own power to Center Square. America's first "automobile" was on the road — and no newspaper bothered to record either the date or the event itself! For several days thereafter, Evans entertained the good people of the City of Brotherly Love by driving his vehicle around the square. Then, since his machine was built to operate on both land and water, he astounded them by driving it into the Schuylkill River. (That same idea was used

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