

# THE AMERICAN TRADITION

## 8. *Of Free Economic Intercourse*

CLARENCE B. CARSON

*Freedom of trade, or unrestrained liberty of the subject to hold or dispose of his property as he pleases, is absolutely necessary to the prosperity of every community, and to the happiness of all individuals who compose it.*<sup>1</sup>

—PELATIAH WEBSTER

THE PRINCIPLE which informed American thought about economics during the period of the forming of the tradition was that *each man should have the rewards of his labor*. This was a moral ideal, however, not in itself a tradition. But customs, practices, laws, and institutions were developed which formed an American tradition. The particular idea which informed these latter was free economic intercourse. This phrase is somewhat unwieldy, but its diminutive — free

trade — has been pre-empted for the more specialized function of referring to trade among nations. Much more is involved in economic intercourse than trade among nations.

Free economic intercourse was the means by which Americans expected each man to receive the rewards of his labor. How or whether he would get his due was his responsibility, of course. If he were free, he would have no

<sup>1</sup> Quoted in Max Savelle, *Seeds of Liberty* (New York: Knopf, 1948), p. 211. Webster was an American economic thinker, among other things, who published a book in 1791 which contains the above declaration.

Dr. Carson is Professor of American History at Grove City College, Pennsylvania.

Illustration: National Archives.

one to blame but himself if he did not. This kind of freedom leaves every man at liberty to pursue his interests in whatever way suits him and implicitly places upon him the responsibility for taking care of himself and his own.

In theory, free economic intercourse embraces all the external conditions by which free individual action in economic matters may take place. It involves the right of the individual to dispose of his goods, his property, his services, and his time at whatever prices and within whatever conditions are agreeable to him. He may sell to or buy from whoever makes an offer which he can or will meet. He may produce goods in whatever quantity of whatever quality he can and will, and offer them for sale wherever it suits him.<sup>2</sup>

### ***Prerequisites for Trade***

This appears so simple and to be so readily understood that we might be led to suppose that men would have perceived it all at the first dawn of consciousness. Yet so far as we know that was not

---

<sup>2</sup> There are some obvious inherent limits on such action. If all men are to be free in this manner, none must trespass upon the property of another. There will be at least two parties involved in any trade, and every man is limited by the necessity of getting the agreement of the other parties to any transaction.

the case historically. On the contrary, the nearest thing to examples of free economic intercourse appear to have occurred among peoples of high intellectual development. Such intercourse may even be a prerequisite of high civilization, or the two may go hand in hand. The explanation is not far to seek. The practices of free economic intercourse can be described simply, but the conditions within which they can regularly and predictably occur are most complex. The "mine and thine" of property must be carefully and rigorously distinguished by enforceable rules. Property protection requires an impartial force to prevent aggression by individuals and groups against property. Order must prevail generally. The citizenry needs generally to have learned to respect the possessions and rights of those in their midst. This depends upon a developed morality, sense of justice, and self-restraint. If free economic intercourse is to work tolerably well to the advantage of most men, the men must know how to look after their interests.

Knowing something of the delusions which men are wont to embrace, the passions which move them to unruly action, the frustrations to which they are subject, the disorders of soul and mind which plague them, it should not

surprise us that approximations to free economic intercourse have been rare in history. Rape and pillage, wanton destruction and aggression, war and disorder have been much more common on this earth. Established freedom of contract, harmonious international relations, settled rules for economic transactions, political neutrality are artistic accomplishments of the highest order.

We might suppose, then, that historians would celebrate in memorable prose the great moments of history when such accomplishments have occurred, that the people would remember and immortalize as heroes the men who fostered the developments, that we would look back in longing or with gratitude to the foundations of such an order. Yet it is not so today in America. Intellectuals regularly sneer at the "Puritan ethos," "laissez-faire" economics, and "rugged individualism," thus misnaming and misunderstanding that which they would denounce. Most historians, having considerably more respect for accuracy in dealing with the past and a somewhat better understanding of it, bog down in the details of long past contests or read their unconscious assumptions about class conflict and the "exploitation" of labor into their accounts of the past. Though a

multitude of books streams from the presses, books which deal in some way with American history, one searches among them in vain for a straightforward account of the development of free economic intercourse. Thus, a great tradition falls into obscurity.

### **Exceptions Color History**

There was, then, an American tradition of free economic intercourse. It was never perfectly realized, not even as nearly as it might have been. Exceptions existed at the height of its development, and some will be noted. We should keep in mind, however, that exceptions frequently occupy the center of the stage in written history. Students of American history of the nineteenth century are likely to encounter frequent references to the national bank and to tariffs. These are of some importance. They did lead to dramatic debates and did occasion decisive action. It must be kept in mind though that they were islands of government intervention in an ocean of liberty.

It is very difficult to dramatize liberty, which may be one of the reasons it gets so little play in many histories. There may be exciting events by which it is won — legislative debates, oratorical flights in the courtroom, or decisive battles — but once won, it

takes its place among the ordinary experiences of life. Liberty then becomes a matter of the routine enforcement of laws, the absence of oppressive action by government, the "uninteresting" civil suits in courts more often than the dramatic murder trial, and the millions of acts of self-restraint by citizens. Small wonder that we lose sight of it!

The absence of restraint — which constitutes a major portion of free economic intercourse — can best be recognized by holding it up against restraint at some other time in history. This can be done in American history.

### **Narrow Nationalism**

The American colonies were settled at a time when the relics of medieval restrictions were being absorbed into mercantilism, a new species of authoritarianism. The most salient feature of mercantilism was the attempt to use the governmental authority to direct the economic activities of a people toward the acquisition of national wealth. It was a highly nationalistic program, and it spawned many of the devices by which free economic activity has been hampered in the modern era. In the sixteenth and seventeenth centuries, when the ideas associated with mercantilism were first enunciated, wealth was visibly

represented to most men as gold or, to a lesser extent, other precious metals. National wealth was sought by way of enhancing the gold supply of the nation. For most European countries, including England, this meant getting it from some country which already possessed it. In order to do this — since piracy was falling into disrepute, besides being dangerous — countries attempted to get a favorable balance of trade, i.e., to sell more to other countries than they bought from them. The balance would then be paid in gold.

Numerous restrictions were adopted to achieve this end. Imports were discouraged by prohibitions and tariffs. Exports were stimulated by paying bounties for the production of staples that would be valuable in the export trade. As one writer puts it, "the full panoply of protective tariffs came early and quickly into existence — prohibitions on the export of bullion, wool, and naval stores, bounties upon the export of corn and some manufactured goods, duties upon the import of foreign textiles and exotic luxuries."<sup>2</sup> In the foreign trade, monopolies were granted to trade associations such as the Merchant Adventurers and to joint stock

<sup>2</sup> Philip W. Buck, *The Politics of Mercantilism* (New York: Holt, 1942), p. 14.

companies such as the East India Company. Prices and qualities of goods were subject to regulation. "Labor, recognized as one of the essential factors of production, was subjected to careful control." There were wage ceilings. "The training of the laborer was established in the acts which governed apprenticeship."<sup>3</sup> There were even attempts to control consumption, such as establishing fish days and prohibiting the importation of foreign luxury goods.

### **Colonial Mercantilism**

The English colonies in America were founded mainly for mercantilistic ends, so far as the English government was concerned. If not in some cases, they were later used in this way. Colonies were to contribute to the self-sufficiency of the mother country by providing products which could not be grown or produced there. They were to buttress the export trade by producing staples which other countries wanted. Thus, the colonists were subjected to regulations with this end in view. Over the years, a great number of restrictions were placed on colonial trade and economic activity by England. The Navigation Acts attempted to restrict the carrying trade to English (or colonial) built and manned ships, as well

as prescribing that certain goods must be sold only through England. The Staple Act of 1663 made it unlawful for the colonists to buy certain products directly from foreign countries. They had, instead, to be shipped first to England where duties would be collected on them. The exportation of specie from England was made illegal. There were other acts of the British Parliament prohibiting certain kinds of manufactures in the colonies, restricting trade among the colonies, and limiting settlement.

It should not be supposed, however, that colonial governments were averse to mercantilism. Colonists chafed at restraints imposed from without, but wanted to use their own governments to advance the interests of the colonies by mercantile regulations. Indeed, most colonies had a multitude of regulations of their own devising. They had restrictions inherited from the Middle Ages. Land was likely to be encumbered by quit-rents, entail, and primogeniture. There was some effort to perpetuate craft guilds along European lines in America. The apprentice system was much used. "As early as 1724 the master carpenters in Philadelphia had established a price or wage scale, and the practice soon spread to other towns. . . . In 1724 the barbers of Boston

<sup>3</sup> *Ibid.*, p. 17.

agreed to raise the price on shaves and wigs and to fine any member £10 who shaved a man on Sunday.”<sup>4</sup>

### **Legislative Controls**

The Puritans in New England even attempted to revive practices from the Middle Ages that had already fallen into disuse in England. John Cotton attempted to revive the doctrine of “just price.”<sup>5</sup> At any rate, economic legislation abounded in the colonies. Blacksmiths were compelled to repair firearms, and weights and measures were regulated. “Inns, mills, and ferries were subject to control. Charges were limited by law, and the obligations of such institutions were legislatively defined. . . . Efforts were made to determine fair prices, fair wages, and reasonable profits.”<sup>6</sup> The exportation of foodstuffs was sometimes prohibited, as was that of gold and silver. Some colonies attempted to develop manufactures by prohibiting the importation of

certain commodities. Bounties were frequently offered by governments to stimulate the production of desired articles. Exemptions from taxation and monopolies were also granted. “Massachusetts granted a twenty-one year monopoly to the Braintree iron-makers, together with ‘freedom from public charges. . . .’ Virginia, in 1661-62, exempted tradesmen and artisans from the payment of tax levies.”<sup>7</sup>

There were attempts to impose limits on land uses and on the amount to be held. Virginia tried to control the production and prices of tobacco, and made “repeated attempts to legislate into existence warehouses or even towns. . . .”<sup>8</sup> Import duties were levied in the seventeenth century primarily to regulate consumption. “Even in Virginia, where indirect taxation was favoured . . . , import duties were designed almost as much for sumptuary purposes as for fiscal. This was true, for example, of the law of 1661, which imposed duties on rum and sugar.”<sup>9</sup>

### **Unsuccessful Efforts**

Actually, however, much of this sumptuary, regulatory, and restrictive legislation is usually de-

<sup>4</sup> Gilbert C. Fite and Jim E. Reese, *An Economic History of the United States* (Boston: Houghton Mifflin, 1959), p. 51. The “as early as” in the quotation is of doubtful validity. It probably should read “as late as,” since these organizations appear to be relics of the medieval craft guild rather than modern trade unions.

<sup>5</sup> See E. A. J. Johnson, *American Economic Thought in the Seventeenth Century* (New York: Russell & Russell, 1961), pp. 8-9.

<sup>6</sup> *Ibid.*, p. 17.

<sup>7</sup> *Ibid.*, p. 29.

<sup>8</sup> Savelle, *op cit.*, p. 189.

<sup>9</sup> Johnson, *op cit.*, p. 254.

scribed as "attempts" to control economic activity. Frequently, it was not very effective, nor was it so pervasive as this random account of laws in various colonies might appear to indicate. Colonists resisted attempts to control their lives, evaded and ignored regulations, and persisted in going about their affairs as they saw best. From the outset, many of the medieval and mercantile rules did not accord with the possibilities of the situation in the New World. It was easy in the rather simple circumstances to trace out the consequences of actions; whereas, in more complex surroundings cause can be more readily separated from effect.

Specific examples may help to illuminate the point. Both the Virginia and Plymouth colonies were begun as corporate undertakings. The companies owned the lands, and the settlers were to be servants of the companies. The produce went into a common storehouse; any surplus beyond what was needed went to the owners. In theory, all produce belonged to the companies. The consequences, we would say, were predictable:

This plan did not yield good results. In Virginia the settlers "loafed on the job," since they got a living, irrespective of their personal efforts. They could receive but little, if any, benefit from the colony's surplus;

hence a surplus was not produced. The Plymouth colonists became acutely dissatisfied for a number of reasons. The labor of unmarried men benefited other men's families; married men did not like to have their wives work for other settlers; the older men objected to being placed on a par with the younger; and the industrious workers thought it unjust that they received no more than the idlers.<sup>10</sup>

In short, the attempt at modified communism failed, and it was abandoned in a few years. Even before Plymouth gave up on it, however, a miniature instance of Lenin's New Economic Policy occurred. As one history tells it, "In 1623 a food shortage in the colony caused a temporary abandonment of the corporate method of farming. . . ." <sup>11</sup> The land was shortly sold or conceded to settlers as private property, and economic conditions improved greatly.

The trade monopolies of the companies suffered a similar fate. Once the colonists owned the land, the produce was theirs, and they insisted upon selling it to the highest bidder. The attempts to monopolize the fur trade fared little better. Several of the colonies attempted to control this

<sup>10</sup> Curtis P. Nettels, *The Roots of American Civilization* (New York: Appleton-Century-Crofts, 1963, rev. ed.), p. 223.

<sup>11</sup> *Ibid.*

trade for the benefit of the companies, proprietors, or governors, but to no avail. "Thus in New Netherland both the employees of the company and the patrons traded privately in defiance of its monopoly, while in Massachusetts, Virginia, South Carolina, and Pennsylvania local merchants and officials successfully resisted corporate or proprietary control."<sup>12</sup>

### **The Trend Toward Freedom**

It is safe to say, in consequence of these experiences, that Americans became attached to private property and private trade, and that the powers over them recognized its importance for production. More broadly, the tendency was for attempts to regulate economic activity to break down over the years. The efforts to transplant the relics of medievalism in the New World, to impose mercantile and religious restrictions, usually failed. Even the British may have tacitly recognized this by their policy of "salutary neglect." One historian concludes his account of *American Economic Thought in the Seventeenth Century* on this note: "The futility of governmental control of wages in a dynamic society became increasingly apparent. . . . Freedom to buy and sell, freedom to establish mercantile or industrial busi-

nesses, occupational mobility, all these became inseparable phases of American economic liberty."<sup>13</sup>

Americans edged toward the formation of a tradition of free economic intercourse in the eighteenth century. Craft guilds lost their following, and the courts began to describe their efforts to control as a conspiracy. Restrictions upon land and property fell away. Customs and practices which augured an American tradition were taking hold. By the mid-eighteenth century, an intellectual outlook was gaining adherents, an outlook which was used to knit together experience and practices into a coherent philosophy.

### **Founded in Natural Law**

The mainspring of this new outlook was the belief in a natural order for social arrangements based upon the nature of man, natural law, and natural rights. Many believed that it was imperative to act in accord with this natural order because God had set his stamp of approval upon it by building it into the universe. This belief spurred men to the discovery, proclamation, and adoption of a natural order in economics. The great codification of this order is Adam Smith's *Wealth of Nations*, published in

<sup>12</sup> *Ibid.*, p. 228.

<sup>13</sup> Johnson, *op. cit.*, p. 270.



1776, the same year as the Declaration of Independence. Smith was an Englishman, but many American contemporaries could concur in his formulation, for they had already or were arriving at similar conclusions.

Many instances of a belief in free economic intercourse can be found in the writings of Americans in the latter part of the eighteenth century. Benjamin Franklin declared that "it seems contrary to the nature of Commerce, for Government to interfere in the Prices of Commodities. Trade is a voluntary thing between Buyer and Seller, in every article of which each exercises his own Judgment, and is to please himself."<sup>14</sup> Pelatiah Webster said, "I propose . . . to take off every restraint and limitation from our commerce. Let trade be as free as air. Let every man make the most of his goods in his own way and then he will be satisfied."<sup>15</sup> One writer sums up Webster's arguments thusly:

(1) Laissez-faire results in maximum production, because this yields the most profit. . . .

(2) Freedom of enterprise brings about production of the best quality of goods, because they will sell more

readily and more profitably than goods of poor quality. . . .

(3) Unrestricted "liberty"<sup>16</sup> stimulates the production of the most needed and most scarce goods. . . .

(4) Natural liberty produces a contented and happy citizenry because the laws neither favor nor restrain any one. . . .

(5) Laissez-faire assures the frugal use of scarce and dear goods, because their high prices cause people to purchase and consume them sparingly.<sup>17</sup>

In a different vein, Richard Henry Lee declared: "Liberty, in its genuine sense, is security to enjoy the effects of our honest industry and labors, in a free and mild government, and personal security from all illegal restraints."<sup>18</sup>

### **Jefferson Speaks for Freedom**

Perhaps the most articulate spokesman over the years of free economic intercourse founded upon a natural order was Thomas Jefferson. In general terms, he observed "that a right to property is founded in our natural wants, in the means with which we are endowed to satisfy these wants,

<sup>16</sup> The author is hostile to this general line of reasoning, which explains the enclosure of liberty in quotation marks. He attempts to refute each of the points after he describes it.

<sup>17</sup> Wilhite, *op. cit.*, pp. 173-74.

<sup>18</sup> "Letters from the Federal Farmer," *Empire and Nation*, Forrest McDonald, intro. (Englewood Cliffs: Prentice-Hall, 1962), p. 138.

<sup>14</sup> Quoted in Virgle G. Wilhite, *Founders of American Economic Thought* (New York: Bookman, 1958), p. 308.

<sup>15</sup> *Ibid.*, p. 172.

and the right to what we acquire by those means without violating the similar rights of other sensible beings; that no one has a right to obstruct another exercising his faculties innocently for the relief of sensibilities made a part of his nature. . . ."<sup>19</sup> Moreover, he thought that "the exercise of a free trade with all parts of the world" was "possessed by the American colonists as of natural right. . . ."<sup>20</sup> Specifically, "I would say, then, to every nation on earth, *by treaty*, your people shall trade freely with us and ours with you, paying no more than the most favored nation, in order to put an end to the right of individual States, acting by fits and starts, to interrupt our commerce or to embroil us with any nation."<sup>21</sup>

### **The Record Is Clear**

The general trend of thought, as summarized by one historian of the eighteenth century, "was moving toward a general ideal of economic freedom."<sup>22</sup> Thought, however, is an auxiliary to rather than being a tradition. The tradition must be discovered from what the Americans established after they broke from England.

<sup>19</sup> *The Political Writings of Thomas Jefferson*, Edward Dumbauld, ed. (New York: Liberal Arts Press, 1955), p. 49.

<sup>20</sup> *Ibid.*, p. 19.

<sup>21</sup> *Ibid.*, p. 130.

<sup>22</sup> Savelle, *op. cit.*, p. 226.

Here, the record is rather clear. They made great strides within a few years toward the establishment of free economic intercourse. With the break, of course, they cast off an externally imposed restraint on their trade. It should be reported, however, that some of the states adopted mercantilistic practices during the period of the Confederation. Several states even set price ceilings during the war. They failed, and in 1778 Congress recommended that they be suspended or repealed, with this interesting explanation:

It hath been found by Experience that Limitations upon the Prices of Commodities are not only ineffectual for the Purposes proposed, but likewise productive of very evil consequences to the great Detriment of the public Service and grievous Oppression of Individuals.<sup>23</sup>

Even so, efforts along these lines were continued in the next few years in some of the states.

### **Boosters of Trade**

American trade with the rest of the world opened up rapidly in the 1780's, but the adoption of the Constitution of 1787 spurred even greater advancement. This new instrument of government took away from the states the power to levy import duties. It

<sup>23</sup> Quoted in Fite and Reese, *op. cit.*, p. 110.

prohibited a tax on exports, gave Congress the power to regulate interstate commerce, and forbade states to lay import duties on goods coming from other states within the United States. Thus, trade was free within the United States and nearly so with the rest of the world.

The remainder of the restrictions upon property were removed: quitrents were no more; entail and primogeniture were abolished. An individual (at least a male over 21) could buy, sell, bequeath, and inherit property without let or hindrance. Indentured servitude disappeared. A market system for determining prices generally prevailed; some cities may have retained a few regulations, but in general there were few, if any. White labor was free of controls; a man could sell his services at whatever prices he could obtain and work whatever hours were agreeable to him and his employer. He and his employer were protected by the courts from the use of coercion by such unions as existed. A writer in 1819 declared:

In commerce and navigation, the progress of the United States has been rapid beyond example. Besides the natural advantages of excellent harbours, extensive inland bays and navigable rivers, it has been greatly in favour of their commerce, that it

has not been fettered by monopolies or exclusive privileges. Goods or merchandise circulate through all the states free of duty, and a full drawback, or restitution of duties of importation, is granted upon articles exported to a foreign port. . . . Maritime and commercial business is executed with more celerity and less expense than in any other country. Vessels in the ports of the United States are laden and unladen in the course of a few days, whilst in those of other countries, as many months are required for the same purposes, owing to tedious regulations and less enterprise.<sup>24</sup>

Crevecoeur sang the praises of the American system of freedom and its consequences:

The American ought therefore to love this country much better than that wherein either he or his forefathers were born. Here the rewards of his industry follow with equal steps the progress of his labour; his labour is founded on the basis of nature, *self-interest*; can it want a stronger allurements?<sup>25</sup>

#### **Land of Opportunity**

It was a land of almost unbounded opportunity. "A man no longer needed a fortune of his own. If he had imagination, en-

---

<sup>24</sup> Quoted in Marvin Meyers, *et. al.*, *Sources of the American Republic*, I (Chicago: Scott, Foresman and Co., 1960), 250.

<sup>25</sup> *Ibid.*, p. 282.

ergy, and a good character in the community, he could buy land or stock, become a merchant or a manufacturer, with money borrowed from a bank or supplied by some well-to-do individual willing to gamble on a share of a future profit."<sup>26</sup>

A tradition of free economic intercourse had taken shape. The right of a man to the fruits of his labor was protected and respected. His right to use and dispose of what was his as he saw fit was virtually beyond question. Taxes were low; government was limited. There were, however, exceptions to freedom in nineteenth century America. Obviously, Negro slaves could not dispose of their time and labor as they saw fit. Women were still hampered by custom and law. State governments were inclined in the early part of the century to adventures in helping to finance such undertakings as the building of canals, activities which disturbed the workings of the market and probably accounted for overbuilding, unprofitable building, and speculative booms and busts. The United States government entered the field also with the national bank and protective tariffs.

Nonetheless, the general tend-

ency was in the direction of the development of the tradition of free economic intercourse for most of the nineteenth century. The slaves were emancipated. Women got many of the rights that had formerly belonged to men. From the 1830's to 1860, the governments tended to withdraw from economic affairs. In the latter part of the nineteenth century, governments gave considerable encouragement to industrialization, avoided regulation and control, created some instability by fluctuating monetary policies, and contributed to some unwise railroad building by grants and loans. Even so, freedom was the rule and interference the exception.

### **Economic Growth**

The consequences of this tradition of free economic intercourse should be well known. Americans opened up a continent, built a vigorous merchant marine, cut down the forests and utilized the farm lands, discovered and utilized great quantities of minerals, made a multitude of inventions and entered the field of manufacturing vigorously, and developed an industry and agriculture of dimensions which could hardly have been imagined at the beginning of the nineteenth century.

What was the *cause* of this tremendous economic development?

<sup>26</sup> Charles M. Wiltse, *The New Nation* (New York: Hill and Wang, 1961), pp. 54-55.

Undoubtedly, many conditions made it possible: there were land, natural resources, the bent of the people to utilize the resources, and much else besides. Many historians in the twentieth century have favored the view that the fabulous natural resources of America account for the prosperity of America. This, and the others mentioned, is a condition, however, not a cause of development. The resources had lain in America for millennia unutilized. People *caused* the economic development of America. Individuals provided the effort and labor which used the resources. What was the source of this effort? What released the energies of Americans? Above all else—and let it be writ large—it was **FREEDOM**. Anyone who doubts this proposition should make a comparison of the development of the Russian Empire in the nineteenth century with that of the United States. Many differences might be enumerated, but one that is ascertainable looms above the others—the difference in the amount and degree of liberty.

### ***Blessings Backfire***

One might suppose, then, that the blessings of liberty would have made Americans inseparably attached to it. It was not so, however. When men are at liberty to

exert themselves as they will, some will accumulate and have much more than others. The increasing material prosperity, the abundance and variety of goods available, may have aroused envy in those who had less. The protective tariffs of the latter part of the nineteenth century did set the stage for talk of monopolies and may have protected industries to the disadvantage of consumers. Immigrants poured into America who had little understanding or appreciation of the American traditions. Above all, collectivist reformers implanted their ideas in the minds of intellectuals and the discontented. A campaign was waged against bigness in business, against “Wall Street,” against the wealthy, against business itself. If they were not as well off as they would like to be, laborers were told that they were being exploited. If farmers were not getting as high prices as they would have liked, they were told that they were not getting their fair share. If artists and intellectuals were not appreciated in America as they were in Europe, it was because of the business motif in America. As for economic liberty, it was all very well in an earlier America, when there was land and opportunity available. But in a complex industrialized America “individualism” was out-

moded. So people were told, and told, and told, until they began to believe it.

### ***The Loss Was Gradual***

Thus, the stage was set for the departure from the American tradition of free economic intercourse. Despite the efforts of socialists in the late nineteenth and early twentieth century, however, Americans rejected the revolutionary road to socialism. It is unlikely that a people who have been acclimated to freedom would give it up all at once for the oppression of socialism. After all, our histories still told of the sorry experiences at Jamestown and Plymouth. But people could be persuaded, by the skillful and devious use of language, to yield up their liberty bit by bit. But I would not be understood to be describing a conspiracy. Such evidence as I am familiar with indicates that most Americans who have fostered the reform programs which have diminished liberty believed that they were doing what was best for America, and that they could still retain "important" rights.

At any rate, economic intercourse is severely circumscribed in twentieth century America. The use of property is strenuously regulated in most municipalities. One must get permission to make

an addition to his house. Laborers cannot sell their services at the prices at which they might be willing. There are minimum wage and maximum hour laws. Numerous regulations and restrictions apply to goods that are offered for sale. Most of those who work *must* contribute to Social Security. Graduated income taxes penalize the acquisition of wealth and reward the bearing of children. The courts have been so busy misinterpreting the meaning of that clause of the Constitution which gives Congress the power to regulate interstate commerce that they have hardly noticed the difficulties the states have been raising to discourage intercourse among them. I have in mind "use" taxes, particularly, but there are probably many other things of like character:

### ***The Result Disastrous***

It would be a sanguine task for me to enumerate all the regulations, restrictions, and interventions which our governments are engaged in today. Our tobacco and liquor laws are a modern day version of sumptuary laws; our subsidies to the merchant marine, to air travel, to sundry "defense" industries are modern day bounties. One of the great ironies is that many of these programs have been pushed as being progressive.

One might suppose that they were recent inventions to be utilized. It is not so. They are hoary with age. Paternalism, mercantilism, authoritarianism, have been the common lot of man through the ages. What was new and exciting about the age from which our legacy came was the experiment with and achievements that were fostered by individual liberty. Free economic intercourse was an important aspect of this individual liberty. It was once established as a part of the American tradition.

Today's reactionaries — i.e., "liberals," meliorists, socialists, and so forth — would close that gap in our history occupied by free-

dom and restore the controls, regulations, bounties, sumptuary laws, and limitations upon property which our ancestors shed with so much pain. They would do more, for there are new things in our age. The technology of our age makes possible an oppressive supervision that was not available to the agents of the English King. Totalitarianism is a modern phenomenon, but it is built upon presumptions which have a long history. The American tradition grew out of the resistance to giving those under the sway of these presumptions the unlimited force of government. It was a tradition of freedom — even of free economic intercourse. ♦

• *The next article in this series will treat "Of Internationalism"*

## To Alleviate Misfortune • LEONARD E. READ

---

*"No one must profit from the misfortune of others."*

THIS, like several clever plausibilities, is an international socialistic cliché. In Norway, for instance, the socialists are arguing, "No one must profit from the illness of others," their aim being to bring all retail drugstores into state ownership and operation. The socialists, here and elsewhere,

will, invariably, use bad predicament, disaster, misfortune as an argument for socialization.

It is important that we not be taken in by this "reasoning." *Once we concede that socialism is a valid means to alleviate distress, regardless of how serious the plight, we affirm the validity of socialism in all activities.* Or, in other terms, when we rule out