

# INVESTING IN YOURSELF

ROBERT C. TYSON

LAST YEAR I took a trip through South America, and I witnessed much of a continent in ferment and in a quandary. I saw firsthand the ravages of runaway inflation on the social fabric. I heard officials, bankers, professors, and businessmen wonder out loud on how to stop inflation and transform social unrest into economic development — into a speed-up of economic growth.

The problem was crystallized at a conference on economic development that I attended. A member of the conference rose to his feet and addressed the gathering, stating: "At times we seem to be trying to grow forests while forgetting the nature of the tree."

Somewhat surprised, everybody

Mr. Tyson is Chairman of the Finance Committee, United States Steel Corporation. This article is from his address at Samford University, Birmingham, Alabama, August 27, 1966.

in the audience turned to the speaker.

"Why don't we realize that we can only move an economy forward when we get the individual to move forward? Without him," he continued, "we move backward."

This set me to thinking about self-development and economic development, about the role of the individual in the oftentimes elusive art of nurturing economic growth — of achieving a sustained rise in the creation of goods and services — a problem common to all countries, to every type of political economy.

Economic growth is no idle phrase; although but a part of the so-called dismal science of economics, it is one of the most powerful forces in the sweep of current events.

Kings, presidents, generals, and

even dictators worry about it because no society can be great unless its productive power is unleashed.

Yet the very word "growth" can be misleading, and too many of us may be mesmerized into thinking that it is more or less biological if not automatic, that it can be fertilized, seeded, cultivated, and harvested like so many acres of wheat or cotton, that it can be simply planned from above and ordered into existence, that it can even be accelerated through — presto — revving up the money press.

### **Only When Free . . .**

So we sometimes lose sight of the fact that economic growth, even in a closed society like communism, is an intensely personal matter, that it rests heavily on human psychology, on individual motivation, on voluntary choices. We forget that printing-press inflation is an affront to the individual, a delusion that steals away his savings and corrodes his sense of dedication to work and thrift. Above all, we overlook the essential fact that only when the individual is free can he be fully productive and creative, that society and all social institutions, including the church, government, university, and corporation, live and think and act only through the individual.

But, like "growth," freedom also seems to me to be not always understood. Many Americans, for example, seem to hold that freedom is a grant of government, forgetting that our Declaration of Independence holds that all men are "endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness." If liberty were not so endowed, then what government could grant, government could also take away.

Indeed, the genius of the Founding Fathers was their realization that government is most fallible when it comes to usurpation of freedom, that men in public office should not be blindly trusted, that the American government therefore had to be, through the Constitution, strictly limited in its powers, subjected to checks and balances, and expressly prohibited from infringing on the endowed freedom of the individual. Ours was to be a government of law, not of men. And thus does the Bill of Rights seek to confirm liberty under law.

Again, quite a few of us appear to believe that while free speech, free press, free assembly, and free exercise of religion are thoroughgoing freedoms, free enterprise is somehow an exception to the rule. I call your attention to the

growing grid of so-called "voluntary" controls in the guise of guidelines and guideposts.

### ***Importance of the Individual***

I believe, in other words, economic growth flourishes under freedom, under responsible citizenship and government, under individual growth. I believe individual growth stems from the individual's ability to serve, from his dedication to service, and from the raising of his sights on his aspirations and possessions—incentives, if you will. And I believe individual incentives are indispensable to growth in a free society and, as the manifold problems of communism prove, in an unfree society as well. Ironically, the individual in communist societies, under a philosophy of materialism, loses both material well-being and freedom. As Adam Smith, that canny Scotsman, father of modern economics and, incidentally, professor of moral philosophy, noted almost two hundred years ago: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest." In brief—responsible self-interest. And thus does the public interest in economic growth involve the lawful private interests of individual growth.

I believe, in short, the social

good is advanced through the individual's free but responsible "pursuit of Happiness." So my philosophy for growth comes down to social growth through economic growth, economic growth through individual growth, and individual growth and individual fulfillment through self-investment and self-discipline.

### ***Capital Formation***

To be sure, textbooks and economists treat capital formation—adding to the total capital stock of a country—as the road to economic growth. This is true, as far as it goes, but it doesn't go far enough for, again, such thinking can lose sight of the individual tree for the forest. Capital formation is indeed at the center of economic growth, but individual growth and individual investment are the foundation of capital creation. Thus, when we speak of an investment in an industry or in a country, we speak directly or indirectly of investing in people, in the individual. The individual, as a saver, is the beginning of investment; he, as an investor or consumer, is the end purpose of investment. In a free society, in other words, capital investment is of the people, by the people, for the people—or, more accurately, of the individual, by the individual, for the individual.

Now, who is this mysterious individual to whom I allude? He is a very unique being — he is each one of you. When you as an individual have confidence in the future, in the purchasing power of your money, in the inviolability of contracts and property — in short, in the climate of investment — you will very likely work harder and save more. You may even directly commit your savings in an investment and share the ownership of enterprise. With these acts of working, saving, and investing, the wheels of economic growth begin to turn and the economy moves ahead.

So far so good. Yet the road to economic growth is usually not so simple, nor so smooth. Self-discipline is called for. Work involves energy, time, wear, and tear. Saving involves forbearance, abstinence, doing without. Investing involves risk, uncertainty, the possibility of loss.

But along come soothsayers and some of those cloaked in political power who proclaim an easier way, an easier life, instant or near-instant wealth, welfare, and security. They argue: Let's take care of the individual, for he's not responsible for his shortcomings; society is to blame. Let's spend ourselves into prosperity. Let's forget savings, for thrift can be antisocial. Let's run up the public

debt, for we merely owe it to ourselves. And, let's not worry too much about inflation, for it is the price of economic growth.

This siren song is heady; the ballot box becomes a short cut to paradise.

Of course there is a catch to this catchy tune — in fact, a lot of catches fraught with delusion and with losses of liberty. So, to me, the great economic question of the day ought not to be: How can we maximize our security and growth? Rather it ought to be: How can we maintain our liberty and hence our growth? For in liberty, in the Constitutional design of free choice in America, we have the mechanism for motivating the individual, for achieving economic growth and hence genuine economic security, along with the opportunity to preserve and advance freedom.

### ***A Time of Testing***

But I believe liberty is being tested as never before in America. I believe that our faith in free institutions is being tried. Campus rowdism is giving many a college president a hard time. Rioters in our streets are beleaguering many of our major cities. Lobbyists and special interest groups demand all manner of handouts from the government — local, state, and especially Federal. In

the name of welfare and security, the demands are for more and more – not tomorrow but today. These demands strain the body politic – and economic – and erode the foundations of our liberty. The hope of government-provided welfare and security seems to have become a widespread obsession. Have we lost the lesson of how shortsighted was the welfarism of “bread and circuses” in ancient Rome? Did Benjamin Franklin have many of us in mind when he wrote: “They that can give up essential liberty to obtain a little temporary safety deserve neither liberty nor safety”?

To these questions I would only add the thought that liberty is not an abstraction; it is an intensely individual concern. It is also, as I have said, a social concern. Individual growth and social growth are as one; individual responsibility and social responsibility are also as one. Hence, I see freedom, responsibility, and growth as a three-way evolving process.

To me, freedom and its preservation imply personal responsibility which, in turn, implies self-discipline. Unless we discipline ourselves, there is danger that a Big Brother may do it for us. Responsibility, in other words, cannot be casually shuffled onto the government. Responsibility means caring about others as well as

caring for one's self. It means responsible self-discipline in the form of voluntary associations of individuals caring about other individuals. It does not mean further delegation of health, education, and welfare to the government which is to delegate excessive, and perhaps corruptive, political power.

### **Limits on Government**

We should understand, then, that while government is necessary for law and order, that in proportion as we give government power to do things *for* us, we give it power to do things *to* us. Indeed, we should understand that the result of maximizing security via government is a maximizing of loss of individual freedom.

Hence, I believe we must discipline ourselves in the demands we put upon government. To the maximum extent possible we should “do it ourselves.” We should realize that gains in national production originate with gains in individual production. We should realize that production and freedom have a common price: responsibility, work, forbearance, self-investment, self-discipline.

And I believe that each of us must discipline himself to think through and resist the temptations of the soothsayers – temp-

tations which undermine both the incentives and the independence of the individual. For example, we hear:

"Reduce hours, spread the work, and prevent unemployment." This is a tempting but shallow and socially costly demand. There is no fixed lump of work to be done. The work to be done is infinite and to the extent that each of us works less, less is accomplished. And time, after all, is relative—the fact that people worked twelve hours a day around the turn of the century is called economic slavery; the fact that some people currently work fourteen hours a day on two jobs is called moonlighting.

"Regulate job-destroying automation" is also suggested. This one has a certain specious plausibility. But automation is the new war-cry of all those who have falsely believed in technological unemployment all the way back to the machine-smashing Luddites of early nineteenth-century England. The current labor shortage testifies eloquently to the fallacy of this argument which leaped into prominence several years ago. Automation and machines realign and expand employment opportunities, increase the employee's productivity, and raise everyone's living standards.

"Curb profits and raise wages"

is another cry. But profits are the spark plugs in the engines of enterprise. Curbing profits would thus curb enterprise and hence wages. Indeed, without profits there would be no private enterprise and no private wages whatsoever.

"Restrict private affluence" is a popular theme. This thought attacks income inequality and wealth accumulation and carries the implication that, as in communism, we should all share and share alike. The argument, however, flies in the face of realism, of the diversity of skills and talents, of the need for individual incentives, of the fact that in a free society the consumer rewards in proportion to the contribution that each of us makes to production.

"Expand public welfare" has much hasty appeal. This demand, sometimes predicated on a so-called "starved public sector," carries the pretension to some of our citizens that greater welfare is without injury to the private sector. Here it should be remembered that government cannot give unless it first takes away, that excessive welfare can warp the incentive to work of both the individual who receives it and of the individual who pays for it, that it can consequently stunt economic growth.

"Put human rights over prop-

erty rights" is another bit of false logic. Of course property has no rights, but property-holders do. And no individual can exist without property — food, clothing, and shelter. Without private property the individual would have to turn to government for sustenance — and so surely surrender his freedom. Human rights are not extended by denying property-holder rights. On the contrary, human rights and dignity are promoted by helping the property-less individual to help himself, to teach him marketable skills so that he can acquire property on his own and attain independence.

### ***Economic Growth Depends on Responsible Individualism***

Let me conclude, then, that the key to economic growth is the free individual, that true freedom cannot exist without personal responsibility, that without such responsibility liberty becomes license and transgresses on the freedom of others — license and transgression, in other words, by both individual and government.

Again, freedom involves choices — critical choices; and choices involve consequences — critical consequences. Consider some ramifications of freedom:

Freedom to choose your leaders in public office.

Freedom to choose your friends and associations.

Freedom to choose your way of worship.

Freedom to choose your career and where you work.

Freedom to choose how you will utilize what you own and what you earn — whether to save or to spend, whether to invest or to consume.

Yet each of these choices cuts more than one way. With the political choice, for example, you can vote for the candidate who promises that he will work to preserve our liberty. Or you can vote for the candidate who promises "pie in the sky."

I am convinced the "pie" here and now will be bigger and our liberty safer as we invest in ourselves — and discipline ourselves — to better serve others. ♦

### **IDEAS ON LIBERTY**

### ***Beware of Enslaving Others***

WHAT YOU SHUN enduring yourself, attempt not to impose on others. You shun slavery — beware of enslaving others! If you can endure to do that, one would think you had been once upon a time a slave yourself. For vice has nothing in common with virtue, nor freedom with slavery.

EPICETUS

# Political Dreams

MEN can dream, can't they? And, while they are about it, they might as well dream about a political future that would restore to us our individual dignity and freedom to own and act. We need parables to tell us that the libertarian philosophy has regenerative power, and that we aren't necessarily destined to become a world of ants or bees, each of us assigned for life to our little place in a communistic heap or hive.

Two good men have dreamed recently about a forthcoming dramatic shift in American political behavior that will save us from the hive. One of them, Allen Drury, is an old hand at writing political fiction. His latest novel, *Capable of Honor* (Doubleday, \$5.95), is the third installment of what has been projected as a tetralogy. Once again we meet old political and diplomatic heroes and villains who made Mr. Drury's *Advise and Consent* and *A Shade of Difference* such memorable

stories of crises in Washington, D.C., and in the outer world.

The other political dreamer is Holmes Alexander, one of our more lively conservative newspaper columnists. His novel, *The Spirit of '76* (Arlington House, \$6.00), follows the same basic pattern that forms the groundwork of Mr. Drury's *Capable of Honor*, for each story is built around the flummoxing of modern collectivist "liberals" by a strong president of libertarian bent who happens to be in the White House because of the death in office of a predecessor.

Like Mr. Drury, Mr. Alexander has written an installment in a series, for two characters who appeared in Alexander's collection of short stories about Washington political life, *The Equivocal Men*, are with us again in *The Spirit of '76*. One of the characters is Calvin Borton, the "liberal" scandal-mongering columnist; the other is his conservative opponent, Phil Obermeister, a decent fellow who has