

Political Economy and Freedom

BEFORE his untimely death Warren Nutter had made a number of timely contributions to economic thought. But many of them were in the form of comments at conferences, notes made for class lectures at the University of Virginia, speeches at gatherings of the Philadelphia Society and the like, and essays published in journals that were not readily accessible to the general public. Nutter had not been given time to do his own gathering and synthesizing. So we are indeed indebted to the Liberty Press of Indianapolis, and to his widow Jane Couch Nutter, for a first-rate winnowing job that has resulted in a fine posthumous volume, *Political Economy and Freedom: A Collection of Essays* (314 pp., cloth \$10.00, paper \$5.50), which comes with a foreword by Paul Craig Roberts, one of Ronald Reagan's early supply-side advisers.

From the beginning Warren Nutter insisted on the primacy of microeconomics. In a world in which choosing is done at the margin, Nutter thought it self-defeating to depend on Keynesian central planning. When transactions are made in the millions, there is no way of arbitrarily setting wages and prices, or determining quotas, without strangling human ingenuity and dampening incentives of all kinds.

Even so, Nutter knew that economies exist in political frames. The decisions of politicians often play hob with economic choice. So, unlike many of his fellow libertarians, Nutter kept a wary eye on nonmarket forces. Neither the Soviets in Moscow, nor our own interventionist politicians on Capitol Hill, ever took him by surprise. He spent four fruitful years working as an economic and political adviser to the Pentagon, where much of this time was de-

voted to judging the intentions and capabilities of Soviet leaders who, though they could put their fingers on the most advanced nuclear weapons, had to reckon with a back-up society that was more interested in vodka than in conquest.

In Search of a Cause

The key to Nutter's thinking is supplied in some remarks he made to the National Association of Manufacturers in 1974. "The world," he said, "is bigger than the marketplace, and many valuables are simply not marketable. The concept of the economic man works to explain markets because most people behave that way most of the time. But some behave differently all the time, and all do some of the time. Otherwise, why do we have wars, hot and cold? No theory of social behavior is complete unless it allows for the passion of the mob, the zeal of the martyr, the loyalty of the palace guard, the insatiability of the ego-maniac . . . The principal problems of the day are at root not economic but social, ethical, and political. We are people in search of a cause."

Nutter's own cause, as Paul Craig Roberts says, was to ground our economic and foreign policies in "our heritage of freedom." He made a profound study of the structure and growth of Soviet industry. At the same time he conducted parallel studies of growth of government in

John Chamberlain's book reviews have been a regular feature of *The Freeman* since 1950. We are doubly grateful to John and to Henry Regnery for now making available John's autobiography, *A Life with the Printed Word*. Copies of this remarkable account of a man and his times—our times—are available at \$12.95 from The Foundation for Economic Education, Irvington-on-Hudson, New York 10533.

western societies. He was impressed by the progress of the Russians in their earlier planning periods, when they cleverly combined "knout and honey." But he noted, in a later essay, that "in the Soviet case, industrialization has been pressed forward at the neglect of virtually everything else." Swords had displaced plowshares. "Housing, transportation, agriculture, service trades, and light industry have been left to straggle along on scraps tossed to them from time to time."

A strong West, in Nutter's estimation, would be quite capable of handling the Soviet menace. But, unfortunately, the "unhindered growth of government in societies that have considered themselves free" was sapping western development at the same time the Russians were floundering at home.

Government Spending


Nutter picked out sixteen countries, all democracies, for special investigation. They were Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Italy, Japan, Luxembourg, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom, and the United States. In the early Nineteen Fifties the "median percentage of national income accounted for by government spending in these sixteen countries was around 30 percent. By the mid-1970s, that median had risen to over 50 percent. That is to say, for an average free country in 1950, government was spending about a third of national income. For an average country today, government is spending more than half of the national income."

Nutter was distressed because he saw few signs of a stopping point to the process. He was encouraged by the "possibility of a taxpayers' revolt." He did not live to see the success of Proposition 13 in California.

Writing before Nutter, Colin Clark had laid it down as a dictum that when governments begin to spend more than 25 percent of national income decay was bound to set in. Nutter saw this decay all around him when he reflected on what was happening to property rights. The free society must disappear, he thought, when "the tax claims of government have become so large that a govern-

ment claim against property begins to be considered a government right to property." It has not taken long, Nutter observed, "for the proponents of big government to turn the principle of private property on its head, maintaining that government is the ultimate owner of property against which the private individual may have a claim, instead of the other way around."

Working for the Pentagon sharpened Nutter's perceptions of the troubles involved in living in a disintegrating world order. He found himself writing essays on the ebb and flow of American foreign policy. Henry Kissinger's conception of détente bothered him. Stripped of rhetoric, he said, Kissinger's détente "amounts to giving the assets away without requiring any strategic benefits in return." Though Kissinger called his policy "creative," Nutter described it as "romantic."

Warren Nutter took an enthusiastic part in the annual meetings of the Mont Pelerin Society. I remember him particularly for his exuberance on some of the Mont Pelerin mid-week field trips. Looking at a palace in the middle of an island in Lake Maggiore in Italy, Nutter pretended he was making notes for the palace he said he would someday build in Virginia. He did not live to build that palace (would it have been a new Monticello?). But he had his fun. 

**PINK AND BROWN PEOPLE AND
OTHER CONTROVERSIAL ESSAYS**

by Thomas Sowell

158 pages ■ \$8.95 paperback

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VIEWPOINT**

by Walter Williams

183 pages ■ \$8.95 paperback

(Both books published by the Hoover
Institution Press, Stanford University,
Stanford, CA 94305, 1982.)

Reviewed by Tommy W. Rogers

DOCTORS Sowell (Senior Fellow at the Hoover Institution) and Williams (professor of economics at George Mason University) are seminal and incisive thinkers and essayists. Each of the above books consists of articles which originally appeared as columns in major newspapers. These terse coherent articles, ranging in subject matter from race, economics, and politics to various social trends and issues, pack the wallop of a wet bag of cement. They provide a compact, revealing, scholarly but readily interpretable analysis of the fads, fallacies, and foibles of the self-anointed elite whose commitment to coerced utopia through the compulsive reach of government threatens the very fabric of our Constitutional system, and of the cultural and economic prosperity which has been possible under that system.

The theory of how the world works

underlying the thought of doctors Sowell and Williams is what they term a "vision of social processes." This viewpoint recognizes that perfection is precluded by the realities of the human condition, and that the most feasible adjustment to the human condition is through the family, Constitution, market, and the traditions of freedom. This perspective contrasts with the "vision of the anointed" who perceive the world as a place wherein perfection can be achieved if mankind can be persuaded, tricked, or coerced into adopting their elitist version of virtue and wisdom. The "anointed" feel that they have advanced beyond reactionary and conservative mythologies, and that their enlightenment and messianism is the route to salvation. The institutions of freedom to which defenders of the "vision of social processes" pay homage are major obstacles to the implementation of the vision of the "anointed" messiahs in academia, government, and media.

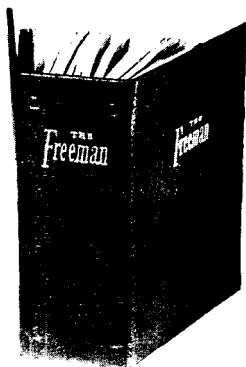
Doctors Sowell and Williams feel that the American public has allowed itself to be duped by the political medicine men of quick fixes, fine tuning, collectivization, plus such will-o-the-wisps as perfect justice, affirmative redress, and "equal opportunity." The authors combine knowledge, understanding, research, and valid insight with consummate literary skill, all derived

from a firm philosophical footing. The result is a merciless dissection of the pious hokum and cant which underlie much of the respectable but illusory and disastrous public policy notions of our time.

The moral appeal of the "vision of the anointed" is understandable and interpretable, but much of its success is due to the public's willingness to fulfill Barnum's jibe about suckers. Generally, the victim of con games has a streak of larceny himself and contributes to his own fleec-

ing. Thus the elite and "the public" feed on each other.

Ideas, beliefs, and perspectives have consequences. History, to a large degree, is the outworking, the denouement in time and space, of the ideas by which men live. Doctors Sowell and Williams are premier spokesmen for the vision of freedom, and the prosperity which freedom makes possible. These two volumes of essays from their deft pens make for reading which is both incisive and instructive. ⊕



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