

pursue a tight money policy, for then they would be able to hold wage rates above the market level only at the high cost of their own members' unemployment. However, it is still true that in order to restore price flexibility to the market system all of the Depression pro-labor legislation from the Norris-LaGuardia and Wagner acts on must be repealed. We can properly attack government-supported labor unions for causing price inflexibility, but there is no way that we can reasonably blame them for inflation. The two concepts, while related, are clear and distinct. Right-wing economists have for too long allowed themselves to intermingle the two concepts, which has caused confusion not only among themselves but more importantly among their readers.

If prices continue to surge upward, at some point a substantial deterioration of the currency will begin. Once started, such a process feeds on itself, eating away not only at the value of the currency but also at the efficacy of the market process itself. And then a major dilemma faces the "managers" of the economy: Either they must cease the monetary infusions and permit the recession to run its course, or they go ahead with one of two interventionist alternatives.

Since prices are not now permitted to fall, the quick and successful recession is precluded by definition. The first of the interventionist alternatives, of course, is allowing a continuing inflationist process, leading to the ultimate collapse of the currency. It seems that this alternative is an unlikely event in our near future, although it is very possible in the long run. For this reason alone it is important for one to familiarize oneself with Bresciani-Turroni's great classic study of the notorious German inflation of the early 1920s. It is important to recognize that every aspect of the German economy was enervated by the inflation, and the entire social fabric of a whole people was completely torn apart. Bresciani's presentation is remarkably and ominously detailed, and his theoretical basis is uncommonly sound.

The second interventionist alternative—that most likely to be employed during this decade—is the imposition of comprehensive price controls. If the controls are effectively enforced, the market will cease to be guided by prices and will become dominated by arbitrary, centralized decisions and decrees. The market will no longer function, and the economy will become a command economy of one variety or another. The following diminution in economic welfare and consequent civil liberties, one can be sure, will be swift and widespread.

Have we learned anything significant from our brief glimpse at the post-World War I-Great Depression era? The reader will surely find far more when he plumbs the depths of these great works himself; however, it seems

safe to say that we have come across several important lessons. We have seen that inflationary booms must end in recession, even in the very best of worlds. We have seen that the 1929-1932 Depression was so deep only because the period of price readjustment was counteracted and shackled from the very beginning.

Has this insight shed any light on where we are now and where we are headed in our own future, both near and remote? We know that the post-World War II boom has been far lengthier and far more intense than was that following World War I. Therefore, I think we can reasonably conclude that the necessary malinvestments are more pervasive and much more internalized than they were during the 1920s. We know that the financial-debt structure is in a far more precarious state than it was in the 1920s. Perhaps most important of all, we know that the price system is far less flexible than it was a generation ago.

Considering all of the foregoing, it seems we must conclude that the prospects for a sane and prosperous long-run economic future are anything but sanguine. It would seem that both Barraclough and Hayek unfortunately have strong cases for their extremely pessimistic conclusions.

Nevertheless, even though hard and perhaps vicious times lie ahead of us, there is one bright spot in the gloom. If libertarians carefully study these four great works (I would suggest beginning with Robbins' masterpiece of style and logic), they will become knowledgeable about the Austrian theory of the cycle and how the cycle has worked its way through actual historical circumstances. If they study these works (and those of Hayek, such as *Monetary Theory and the Trade Cycle* and *Prices and Production*) carefully, libertarians will be uniquely able to give a meaningful explanation of the causes and consequences of the cycle, and thus of the current macroeconomic malaise. More important, they will be able to show what must be done in order to ensure that such socio-economic madness will never happen again. These insights should then play an integral role in any libertarian plans for organizing and mobilizing public opinion.

The lessons we should learn from these four masterworks and the lessons we must try to drive energetically into the marketplace of ideas can be summed up as follows: The monetary spigot must be turned off once and for all. Central banking must be eliminated as quickly as possible. Any pro-labor or pro-business legislation that hinders price flexibility must be repealed. The long arm of the State must be completely and effectively proscribed from any and all economic affairs. Then and then only will we have a balanced, harmonious, and genuinely productive economic system. This short but very poignant lesson is one that only libertarians can consistently present to what is sure to become an increasingly despairing and confused world. Reviewed by Walter E. Grinder.

Briefly Mentioned

THE HIGH PRIESTS OF WASTE

By A. Ernest Fitzgerald

In this speech Fitzgerald discusses the enormous waste in the American defense budget, "welfare" programs for corporations like Lockheed as proposed by the administration, and cover-ups of mistakes. He points out that by more careful scrutiny of the military budget the taxpayer would not only probably be saved money, he would get a more effective defense system. / Cassette Tape 181 (44 min) / \$9.95 Order from Audio-Forum

COUP D'ETAT IN AMERICA

By Michael Canfield and Alan J. Webberman

"If Congress, pursuing the challenges of this explosive book, supports what Canfield and Webberman have written, these two young men may yet become the Woodward and Bernstein of a more appalling coverup than Watergate. The authors weave a web of bizarre and astounding linkages—of fact, probability, circumstance and people—to support their theory: that Oswald was a CIA agent who was made the patsy for the JFK assassination by a CIA 'assassination section' working with anti-Castro Cubans and the underworld, of whom Jack Ruby was a tool. Watergaters Hunt and Sturgis (Hunt CIA) are strongly suggested as deeply in-

volved, and the possibility is raised that they were the 'tramps' picked up and unaccountably released on the Dallas scene. . . . a book that could result in a re-examination of the Warren Report."—*Publishers Weekly* / \$11.95

VALUE IN GENERAL, MONETARY VALUE IN PARTICULAR

By John Hospers

Dr. Hospers provides an analysis of the concept of "value" and then discusses the value destruction fostered by collectivism and paternalism through slave labor, inflation, confiscatory taxation, and prohibition of gold ownership. Hospers argues the case for gold and gold redeemable currency. / *Political Philosophy* / Cassette Tape 251 (60 min) / \$9.95 Order from Audio-Forum

THE BEAT INFLATION STRATEGY

By Roger Klein and William Wolman

"Klein and Wolman, ex-First National City Bank and Argus Research employees, recently had the skin peeled from their eyes about inflation. They discovered that Americans—even the hot-shots of Wall Street—have been hung up on the wisdom of Franklin's 'Poor Richard's Almanack' for a couple of centuries: 'work hard, be thrifty, don't borrow.' In their 'beat inflation' strategy, worked out in the kind of detail only those who have financial know-how and wherewithal would readily grasp,

they tell their readers to 'deep six' Poor Richard and put his advice into reverse. . . . They outline—with well-ordered enthusiasm—the ways in which the ups and downs of inflation (which realism says is bound to accelerate) can be anticipated to the investor's advantage. Despite the state of our economy there may be plenty of readers out there eager to try the Klein-Wolman 'fix,' which even looks ahead to wage-price controls as a possibility in the inflation cycle—and shows how to ride the tide to a fortune."—*Publishers Weekly* / \$7.95

NO PLACE TO HIDE

By Alan LeMond & Ron Fry

"It is the great merit of *No Place to Hide* that all the seemingly diverse ways by which a person's privacy can be stripped from him are brought within the compass of less than 300 pages. More important even than the details, each of which is chilling enough, is the comprehensive picture that ultimately emerges of a democracy being picked apart by political institutions left to their own devices through the apathy of the citizenry.

"Here is the story of the wiretap and the bug, with concise descriptions of the more than two dozen interception devices available through the catalogue of the Sirchie Fingerprint Laboratories in Maryland and certain other distributors. . . .

"Here, also, is the story of how your every step

(Continued on page 12)

INFLATION SURVIVAL PLAN

“The fundamental business of the country... is on a sound and prosperous basis... any lack of confidence in the economic future or the basic strength of business in the United States is foolish.”

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- Should You Invest in Art, Antiques, Jewelry, Stamps, Diamonds and Other Collectables?
- How Experts Invest in Foreign Currencies
- Options: A New Road to Profits
- Buying Country Real Estate
- Tax Havens Can Help Small Investors
- Profits in Commemorative Medals
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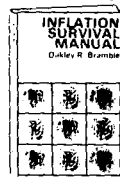
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Briefly Mentioned. (Continued from page 10)

in life is preserved on paper in the files of credit agencies, insurance companies, doctors, and government agencies of every description. Perhaps everyone is familiar with tales of credit denied because of false information (supplied by overeager or vengeful informers) willingly accepted by credit bureaus that must fulfill quotas of rejects to make it seem as though their agents are thorough. But who knows or cares about the thousands of children born addicted to dope, because of the mother's habit, whose names reside now in the computers of the Bureau of Narcotics & Dangerous Drugs as 'reformed narcotics users'?

"Who knows that lie detectors, used to test private job applicants as well as potential defendants, can be manipulated to coerce false admissions? Who cares that there are criminal penalties for refusing to answer Census Bureau questions about home appliances and services supplied by landlords? ...

"And if these and other incidents fail to shake you, the sections of the book on the IRS, the FBI, and the U. S. Army surely will—not only because of the outrages committed in the name of liberty but also because of the fiscal insanity of it all, such as the IRS seizure of a taxpayer's automobile to satisfy a \$1.25 claim. . . ."—Jethro K. Lieberman in *Business Week* / \$8.95

THE ESSENCE OF AMERICANISM

By Leonard Read

Read discusses political economy and notes that the American Revolution was less an armed revolt

than a break with the political history of the world—a rejection of the old authoritarianism. He explains the factors that have made Americans great and how government intervention undermines their ability to work. Read is president of the Foundation for Economic Education. / *Political Philosophy* / Cassette Tape 102 (45 min) / \$9.95 Order from Audio-Forum

THE GROWTH OF AMERICAN GOVERNMENT

By Roger A. Freeman

"Probably no man in America knows as much about taxes, public spending and borrowing, and their effects on each individual citizen as Roger A. Freeman, Senior Fellow at the Hoover Institution in California. His latest volume is a cool, hard, realist's analysis of a cancerous revolution taking place in American public policy. Subtitled 'A Morphology of the Welfare State,' it studies the form and structure of the organisms eating away at our free society and the individual liberty of each American. Those malignant organisms, of course, go to make up the Welfare State which is the antithesis of the system bequeathed us by the original revolutionists of 1776. It is of the utmost importance, therefore, that we understand the disease that besets us so that, if we wish once more to be free (and properous) we know how to deal with it.

For the purposes of his study, Dr. Freeman chooses the 20-year period between 1952 and 1972. . . . Dr. Freeman, as a realist, leans heavily on statistical data, but he knows not only how to analyze them but how to make them crystal clear for the general reader. Any American devoted to American principles and standards of life had better pay close attention to this pioneering study. . . .

The author leaves us in no doubt about the truth of his analysis. All the facts and figures are here in this fine and extremely important book. Example: national government spending for domestic services multiplied ten times between 1952 and 1972; in Dr. Freeman's words: 'As much was added to federal outlays for domestic purposes every two years as had been in the preceding 163 years.'"—Rosalie Gordon in *America's Future* / \$5.95

THE NATURE OF ECONOMICS & THE THEORY OF VALUE

By Percy L. Greaves

This speech focuses on the economics of Austrian economist Ludwig von Mises. It presents his basis for studying economics, compares the Misesian subjective theory of value with the Marxian labor theory of value, and cites laws of human action which govern economic exchange. Greaves is a distinguished speaker, author, economist, and historian whose work is acclaimed in both libertarian and conservative circles. / *Economics* / Cassette Tape 153 (89 min) / \$10.95 Order from Audio-Forum

H. L. MENCKEN SPEAKING

By H. L. Menckén

In this [1948] interview with Donald Kirkley, Sr., of the *Baltimore Sun*, Mencken traces his life in Baltimore and expresses frank opinions on politicians, censorship, modern reporters, newspaper guilds, work, beer, and agnosticism—with his characteristic egoism, libertarianism, and iconoclasm. This is one of only a handful of recordings of Mencken, and the only one of real value. / Cassette Tape 175 (58 min) / \$9.95 Order from Audio-Forum

AN AFTERWORD FROM

Petro Replies to His Critics

Re Brian Monahan's comments ["Afterword," July] on my review of Douglas Caddy's book, *The Hundred Million Dollar Payoff*:

1. I'm not inclined to dispute his preference for the expression "cartel" as an appropriate way to refer to the big specially privileged unions which are doing so much to reduce the freedom and the productivity of the country, both directly and by way of their political activities.

2. As regards the Nixon ouster, my intended point was that it would not have occurred but for the facts (a) that he had antagonized the big unions, (b) that union pressures were critical to the ouster, and (c) that the union clout necessary to achieve the ouster was a gain ill-gotten from two generations of special legal privileges.

Nixon was not my (or any libertarian's) man, but I believe that the real motivation, means, and basis of his removal were all incomparably worse than the bugging for which he was ostensibly persecuted. I could see his being impeached and convicted for, say imposing wage and price controls in 1971. But he was actually forced to resign for the good things he had done—tightening up on union malfeasance, refusing to spend as much as Congress wished, antagonizing the press—not for the bad things. Anyone who believes he was pushed out for Watergate is in my opinion grossly unaware of what really went on.

The ultimate question, I suppose, is whether, in spite of the foregoing, it was on net a good thing for this society that Nixon should have been forced to resign because of Watergate, whether or not that was the real motivating event. Most commen-

tators, left and right, believe so. I am unable to agree. Watergate was a farcical episode in the midst of an immense tragedy, the crumbling of a free society. The farce is over, the tragedy continues. More than that, the persons who pushed the Watergate exposure are the very ones guilty of producing the tragedy which is overwhelming us. The strength they displayed in producing the Nixon resignation has been enhanced by their success. With that enhancement the prospects for freedom are diminished. No one's life is blameless, not in politics, anyway. Who after Watergate will risk antagonizing the unions, the Congress, and the press? And how can freedom be served without doing so?



Re Bob Murphy's comments on compulsory unionism and freedom of contract ["Afterword," July]:

"Freedom of contract" is a juridical concept that has operative significance in a common-law context. Unions, as such, were incapable of any jural relationship at common law. They could neither sue nor be sued. They could not hold property in their common names. At common law they could not contract at all; if they signed an "agreement" it wasn't worth the paper it was written on. There was no such thing as a legally enforceable "collective bargaining agreement" at common law. Of course employers were free at common law to condition genuine contracts of employment pretty much as they wished—on either union membership or nonmembership. But unless the union with which they formed a closed-shop "agreement" had somehow acquired legal status and had given a good consideration, the "agreement" was not a legal contract and had nothing to do with freedom of contract. Let the unions agree to the repeal of all the pro-union legislation of the last 75 years, and let them qualify as contracting agents at common law. Then—and only then—will it become relevant to discuss compulsory unionism "agreements" as exercises of freedom of

contract. I've dealt at length with all these matters in an article in the *Toledo Law Review*.

SYLVESTER PETRO
Professor of Law
Wake Forest University
Winston-Salem, N. C.

Mises and Determinism

Professor Rothbard states that in *Theory and History* Ludwig von Mises "sets forth devastating critiques of . . . determinists generally, and counters with an excellent defense of freedom of the will in human action." [LR, June.] I find this statement extremely puzzling, because *Theory and History*, of all of Mises' writings, contains what I have always understood to be Mises' most explicit avowals of determinism.

On the basic issue—whether man's actions are necessitated by antecedent causes—Mises is unequivocal: "The determinists are right in asserting that everything that happens is the necessary sequel of the preceding state of things. What a man does at any instant of his life is entirely dependent on his past, that is, on his physiological inheritance as well as of all he went through in his previous days" (p. 77). It is true, Mises continues, that we can never know all the factors that determine an individual's actions; thus, *methodologically*, we must treat "mental efforts, . . . ideas, and . . . judgments of value" as "ultimate data" (p. 78). "But in resorting to this notion we by no means imply that ideas and judgments of value spring out of nothing by a sort of spontaneous generation. . . . We merely establish the fact that we do not know anything about the mental process which produces within a human being thoughts that respond to the state of his physical and ideological environment" (p. 78).

Mises is careful to distinguish between the principle of determinism and distorted applications of that principle: "determinism in itself does not imply any concessions to the materialist viewpoint. . . . It does not deny mental causation. . . ."

Letters from readers are welcome. Although only a selection can be published and none can be individually acknowledged, each will receive editorial consideration and may be passed on to reviewers and authors. Letters submitted for publication should be brief, typed, double spaced, and sent to LR, 410 First Street, S.E., Washington, D.C. 20003.