is the concern to constantly keep power apart from the institution of power, command apart from the chief." (Emphasis added)

Philosophically, the Indians held that both power and nature were limits on the domain of culture, which "apprehends power as the very resurgence of nature" and sees "the principle of an authority which is external [to culture] and the creator of its own legality [to be] a challenge to culture itself."

But, just as culture negates nature, so may it negate power: "Thus effective elaboration of the political function, coercive power, is possible only if it is in some way inherent in the group"—i.e., a *part* of culture. The Indians realize fully that the basis of culture is *exchange*, exchange of goods and ideas. They defeat power, then, by removing its perquisites and duties from the realm of exchangeable values; for example, the chief must recite daily a speech to which no one pays any attention, so that no ideas are exchanged. With the rupture of exchange, the political function ceases to be a part of culture and thus becomes impotent.

The individual psychology that makes this work is deeply ingrained, especially by the *rite de passage*, a process both awesome and horrible to European observers. The Indian societies have no written law; in the initiation into adulthood (endured by both sexes), the law is inscribed in the memory of each person by ordeals of physical torture, in rites undergone voluntarily, even eagerly, borne with incredible stoicism. In these "societies of the mark" both the law and membership in society (they are the same to Indians) are written in pain on each body. This primitive law, a prohibition of political inequality, says to each member of society: "You are worth no more than anyone else; you are worth no less than anyone else . . . *You will not have the desire for power; you will not have the desire for submission.*" By each individual's acceptance of personal agony, and by the rememberance thereof, a more monstrous cruelty—the state—is rejected.

Even granting the existence of working anarchic societies, some critics will remain unimpressed: What, after all, is proven by the example of scattered tribes of Indians, barely eking a living from the forest?

To this, Clastres makes two telling rejoinders, one demographic, one economic. Because of recent American studies of Indian populations, as well as his own calculations, Clastres agrees with the estimations of P. Chaunu, in the *Revue Historique*, that the population of pre-Columbian America was not 8 or 13 or 40 million people but rather "80 and perhaps 100 million souls." Even excluding the Incan and Aztec populations and a number of societies with state-like organizations, we must conclude that around the year 1500, a small but substantial portion of the human race lived in stateless societies. On the economic side, Clastres argues that Indian societies were actually "affluent": They worked but a few hours a day, spending most of their time in pursuit of happiness, and enjoyed diet and health certainly superior to that of their European contemporaries. The absence of capital accumulation, however we may judge it, was from choice, not incapacity.

After following Clastres through the Indian societies, seeing the reality of cultures that deny the state even the opportunity to gain a toehold, one wonders with the author, What caused the collapse in other societies of social structures acting as barriers against power in other societies? Clastres produces several hypotheses, but these are only suggestions. He evinces little interest in showing how cultures failed against the state; he desires instead to explore their successes.

I should like to have read such an account, Clastres' view of the origins of the state, judging from the insights demonstrated in this work. As he died in a car accident in Paraguay this past summer, at the age of 43, *Society Against the State* must stand as his chief contribution to political anthropology. Yet there is one major flaw with the book: The inadequacy of this translation is a serious matter. The American edition has many internal style variations, and numerous French phrases—perfectly good constructions in the original—are translated awkwardly, even literally, into disagreeable or meaningless English forms. I strongly suggest to the publisher that, for the second edition, a better translator or a bilingual copyeditor be put to work.

"Faithless, lawless, and kingless," the Indian cultures of the forest were to the European conquerors, soldiers, and priests who claimed the sanction of a murderous god and an intolerant state for their actions. Thus, power ever seeks to disguise itself, exalting its own qualities, denigrating its foes. And, although new studies of state and power are removing their mystique, we too often accept unwittingly the judgement of power upon its vanquished (and vanished) enemies. Pierre Clastres' achievement was to brush aside the deceits of power, to uncover a society, strange and primitive to our eyes, whose people valued their liberty above all.

Robert Cooke is the manager of Laissez-Faire Books and associate editor of the newsletter of the Association of Libertarian Feminists.

A problem of definition

by Percy L. Greaves, Jr.

The Inflation Swindle, by Ernest J. Oppenheimer. Prentice-Hall, 190 pp., $8.95.

For years the politicians of both major political parties have told us they are opposed to inflation. Yet inflation goes on and on. As the swindle continues, the damage it does to our misdirected economy becomes ever more difficult to correct or even alleviate. Nevertheless, it is the rare politician who will propose that our government and its agencies stop their constant creation of the newly-manufactured dollars they sneak into the pockets and bank accounts of their favorite voters.

As our inflation fails to fade away as promised, it has become a subject of deeper and deeper concern to more and more of our citizens, particularly the retired, the unemployed, and the nonunion workers, who find it ever more difficult to meet their daily needs. A sighing majority seem to swallow the official line that the trouble lies with greedy businessmen who keep asking for higher and higher prices. Others seem to believe that inflation is the result of some act of God, beyond the control of humans or their governments. Still others accept the Marxian fallacy that inflation is an inherent weakness in capitalism itself.

As time passes, a few members of our society are beginning to question some of the sleeping pills handed out by the Establishment spokesmen and trumpeted in the mass communication media. One such person is Ernest J. Oppenheimer, who holds a Ph.D. in international relations and has done time at a leading university and at the State Department. Annoyed by the fact that inflation and taxes had forced him "to accept a negative return" on his speculation in government securities, he started in 1970 to ask some questions and look for the answers. His first discovery was that this condition of perpetual inflation has been going on since 1940. So he "set to work developing a procedure that would rectify this error."

His findings were so startling to him that he started writing articles for financial publications. He has now published his conclusions in a book entitled *The Inflation Swindle*. For an amateur economist who has probably never heard of the Austrian School, he has come up with a number of sound conclusions—as well as a larger number which are not so sound. His greatest weaknesses are his acceptance of some of the basic fallacies which contribute to our present inflation, and his recommendations, which would make matters worse rather than better.

First, the good news. By reading Adam Smith and studying the facts available to him, Oppenheimer now has no doubt that our government is not only the main culprit, but is also the main beneficiary of inflation. He has found out not only how the government uses the Federal Reserve system to monetize its debt, but also how that debt can be manipulated into roughly seven times as many new dollars—by using government securities as a fractional reserve for the dollars the government thus creates and pumps out through the banking system. He does not seem to be aware that private debt is also monetized in a similar manner. For the present, the latter is the lesser of the two evils.

He is also able to tell us that inflation fouls up accounting and interest rates, while creating illusory business profits (which the government taxes and thus reduces available capital). He realizes that these Keynesian policies have not prevented recessions or mass unemployment. He verifies his own experience that inflation penalizes savers. And he is justifiably disturbed at the legal limitations placed on the interest rates that savings institutions can pay savers. At one point he states that savings are the source of all loans. This is, of course, the way it should be. Unfortunately, our government sanctions and obtains loans of money which no one has saved and which has been created solely by legal legerdemain. He makes much of the fact that inflation is fraudulent and thus immoral.

Oppenheimer's book contains many kind references to the free market. The author recognizes the desirability of market-determined interest rates, free from all government manipulations and controls. He has rightly concluded that if our inflation is not soon stopped, our whole society will be in serious jeopardy. As he states it, "The most important prerequisite to correct action is to understand as fully as possible the nature of the problem. . . . The problem must be tackled directly through political means, to force the government to return to financial orthodoxy and constitutional procedures. Our main energies as responsible citizens should be directed to that task, rather than being dissipated by fruitless endeavors to outwit inflation." To this we can say, amen.

When it comes to his own understanding of inflation and to his suggested remedies, he is on shakier ground. Perhaps his greatest weakness is his acceptance of the very popular fallacy that government can and should maintain a so-called "stable price level." Accordingly, he repeatedly suggests, as his chief remedy, that the government issue what he calls "inflation-proofed" bonds. He is also an advocate of all forms of indexing. He does not seem to realize that such indexing merely shifts the inflation burdens, while reducing the incentives (for the groups that have temporarily benefited) to fight the real evil—inflation of the quantity of money.

He apparently picked up this idea from an unfortunate article of Alfred Marshall, the teacher of Keynes. He seems to think it a simple thing to tie some easily manipulated purchasing unit to a cost-of-living index. Similar ideas have been advanced by Irving Fisher, the Monetarist School, and, more recently, by Nobel Prize winner F. A. Hayek, who now endorses private money or moneys based on complex commodity indexes. So perhaps he may be forgiven.

The problem is not quite so simple, however. As Oppenheimer admits, "in a dynamic, innovative society with an ever-changing stream of goods and services, it should be acknowledged that a perfect index cannot be constructed." What he does not seem to realize is that an index always has to be the result of value judgments as to what to include and exclude and what weight to assign to each item. Those who make the decisions are thus forced to select an index which will hurt some and help others. As the stream of goods and services shifts, new decisions must be made constantly, always at the expense of some who will protect the justness of their injury.

The Carter administration has recently been busy with statistical index "revisions" or up-datings which tend to show their regime in a better light. Such political economic manipulations which vainly attempt to create prosperity are the very heart of our inflation problems.

The very idea of a "stable price level" is a utopian dream that cannot be fulfilled. It is only imaginable in a stagnant "evenly rotating economy" that repeats itself with a certainty impossible in reality. It should be remembered that such a dream was the vision of Franklin Roosevelt when he broke our government's promises to redeem its bonds and dollars in a specified quantity of gold. As FDR stated in 1933, "When we have restored the price level, we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during succeeding generations. . . . We are continuing to move toward a managed currency."

The Federal Reserve system became the engine of inflation in World War I. Fortunately, at that time there were limitations on the degree to which it could inflate. When these limits were approached, a reasonably free economy forced a correction. Roosevelt and his successorss removed these limitations one by one, until Nixon removed the last on August 15, 1971. All these actions were taken with the plea that they were needed to provide a "stable price level," prevent recessions and provide full employment. As Ludwig von Mises had forewarned, these efforts obviously have failed.

Oppenheimer does not like gold as a monetary standard. He thinks history has shown that government can inflate with gold as well as with paper. It is true that governments have clipped coins, reduced reserve requirements, and ended gold redemption. These things, however, have occurred because a negligent electorate permitted them. Governments cannot inflate the quantity of gold. Governments cannot print gold. Under present conditions, the market left free would undoubtedly choose gold as its money. As regards money, the sole function of government ought to be to define the monetary unit and then let the courts enforce the laws against fraud.

The Establishment has befuddled the issue by changing the popular definition of inflation to signify one of the results of their increases on the quantity of money—namely, higher prices.

If we are to solve the inflation problem, we first must understand the term in its only meaningful sense—an increase in the quantity of money. This is the historical and dictionary meaning that both presents the problem and points to the solution—*stop increasing the quantity of money.*

The modern Establishment has befuddled the issue by changing the popular definition of inflation to signify one of the *results* of their increases in the quantity of money—namely, higher prices. Unfortunately, this is not even the most important consequence of an increase in the quantity of money—the misdirection of the economy in a manner that must inevitably break down.

This change in the popular definition of inflation is not without serious consequences. When people define inflation as higher prices, as Oppenheimer does, there is a natural tendency to think that businessmen who raise prices are responsible for inflation. The cure is thus thought to be price controls. Now businessmen, like workers and everyone else, are always seeking higher incomes. They would like to raise their prices with every sale. Why don't they double their prices every month? They simply cannot get such higher prices. In times of inflation, however, when the government is pumping out newly-created dollars, they can ask and get higher prices because there are people who can and will pay these higher prices. They are the first recipients of the newly-created money. Few people understand the legal processes. Still fewer understand the dire consequences.

When the quantity of money is inflated, some group must get its hands on the new money first. They spend it before prices go up. This means that those who follow them to the market place, with money they have earned or saved, find fewer goods and services available. They then bid up the prices. As this process continues, business tends to produce more and more for those who spend the newly-created money, and less and less for those who spend money that was earned in return for contributions to the market. Inflation thus redirects the economy at the expense of the nation's workers and savers.

Inflation can always be stopped at any time. When the government stops increasing the quantity of money, those who were spending the newly-created money must reduce their purchases, and those who sold to them must look for new customers. This period is popularly called a recession or depression, as business and workers must shift their efforts and curb their appetites for higher incomes. If the inflation is not stopped in time, the result will inevitably be runaway inflation, with the monetary unit becoming worthless.

Oppenheimer should be given great credit for his private search for an answer to inflation. If we are to save our civilization, many more people must follow his path. All our citizens should open their eyes and minds to the simple facts of current political and economic life. There are a number of good publications in print. Starting with Ludwig von Mises' *The Theory of Money and Credit* (1912), brought up to date in reprints of a 1953 edition, Austrian economists have made available a number of valuable contributions. This reviewer is, of course, prejudiced. For those seriously seeking to understand our inflation and the solution to the corollary economic problems of our age, he recommends starting with Murray Rothbard's *What Has Government Done to Our Money?*, then going to this reviewer's *Understanding the Dollar Crisis*, and concluding with Mises' recently-released *On the Manipulation of Money and Credit.* If enough people did that, the next Congress would soon put an end to the inflation swindle—the political manufacture of more and more dollars.

Percy L. Greaves, Jr., a consulting economist and former student of Mises, is the author of Understanding the Dollar Crisis *and* Mises Made Easier.

A festschrift *of insults*

by Tom G. Palmer

Menckeniana: A Schimpflexicon, ed. by Haardt and Mencken, Octagon, New York, 132 pp., $9.50.

After many years of inaccessibility, Sara Haardt Mencken's unique tribute to her husband is back in print. *Menckeniana: A Schimpflexicon* (from *der Schimpf*, an insult) is a collection of some of the most vicious, ridiculous and unintentionally hilarious attacks ever printed. The contributors to this slim volume range from fever-swamp bible-bangers to KKKers to professors of literature, and they damn Mencken for every sin imaginable. These sins—real and imagined—include atheism, Germanism, libertarianism, Judaism, having a foreign name, Bolshevism, Toryism, loose living, diabolism, vulgarity, rum and Romanism, and being the Antichrist in the flesh. These carefully selected insults, complete with authors and sources, are arranged by topic, including zoological ("polecat," "howling hyena," "maggot," etc.); genealogical "hunnish," "a Negro by inclination if not by birth," "Neanderthal," etc.); statesman; critic; writer; ex cathedra; as an American; and so on.

Along with the predictably vitriolic religious fanatics, from the Chautauqua Yahoos of the Bible Belt to the orthodox right reverends in their pulpits, we are presented with a panoply of opponents of common sense, free thought and freedom—from the American Legion, to trendy Veblenites, to chiropractors, to single taxers, to republicans, to rotarians, to the Anti-Saloon League, to the *Chicago Worker* ("one of [capitalism's] staunchest defenders . . . tells many lies and many more platitudes"), to one Rev. McConnell, writing in the *Oklahoma City News* ("A Radical Red. It's a wonder decent people haven't risen up and lynched him.").

The *Schimpflexicon* was the product of Sara Haardt's diligent search through the thousands of articles on Mencken and "Menckenism" which spewed forth from all over the country. The collection was arranged by Mencken and Haardt and published by Alfred A. Knopf, Mencken's lifelong friend and the publisher of Mencken's books and magazines, the *Smart Set* and the *American Mercury.* The introduction, signed only "The Publisher," states: "Himself given to somewhat acidulous utterance, he [Mencken] has probably been denounced more vigorously and at greater