

# MONEY

## CAPITALISTS, ARISE!

Over the last few years a regular feature at annual shareholders meetings (after the usual announcements of officers indicted during the preceeding year) has been the attempt by certain groups to have the shareholders adopt liberal social or political resolutions. Perennial favorites have been for the company to get out of South Africa, stop doing defense work, hire more minorities, or give its land back to the Indians. Recent resolutions have called for withdrawal of investment in Chile and disclosing foreign payoffs.

These proposals are generally defeated by substantial majorities, but the groups get their proposals put before the other shareholders (mostly at corporate expense) and force the management to take a position. The proponents view these resolutions as an educational exercise to raise the awareness of their issues and believe that this exposure is increasing the acceptance of their ideas.

Since libertarians had so much fun with a national political campaign, perhaps their contacts and organization could be carried over to corporate democracy. Why not force management to take a position on proposals with loaded libertarian language in favor of free trade and resistance to hiring quotas and government strong-arming? The whole thrust of shareholder activism has been from the leftists who have, consequently, been able to define the issues and get management's attention (and an occasional concession). It doesn't cost much to become a shareholder and get the right to attend the annual meetings. The libertarians have enough of a national organization to locate people who can collect proxies and conveniently attend meetings. Shareholders to the barricades! Capitalists, arise!

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## HERESY EXTIRPATED

I get tired of denouncing inflation (just as ministers must get tired of railing against sin) so I will just mention very quickly an interesting study, "The Welfare Cost of Inflation," from the November 1976 *Review*, published by the St. Louis Federal Reserve Bank.

It may come as a surprise to many readers, given the libertarian move-

ment's hard line on the money question, that many economists actually have good things to say for inflation—at least for fully-anticipated inflation. Their argument goes that if everyone knows about the inflation then the unfortunate wealth and income transfers in the private sector (e.g., from creditors to debtors) will be largely eliminated by normal market processes and you will be left with the wealth transfer from the private sector to the government. Viewed in this way, inflation is seen as simply another method of public finance and the only relevant inquiry is whether it is more or less efficient than alternative means, such as taxing or borrowing. Their analysis concludes that, in given circumstances, inflation may be in fact a more desirable form of public finance and, in these instances, inflation is preferable to non-inflation.

Lest you conclude from this merely that economists know the price of everything and the value of nothing I am pleased to relate that economist John A. Tatom, in the article above-cited, examines this so-called "tax efficiency" argument for inflation and concludes, after a rather technical economic analysis, that the cost to the public (the welfare cost) so far exceeds the gain to the government that inflation cannot be justified as a tool of public finance.

Also on the subject of public finance, you will have noticed that the Internal Revenue Service has restored the foreign bank question on the Form 1040. Commissioner Donald Alexander had dropped the question in 1975 in a move many of us hoped signaled a more constructive turn in post-Watergate morality. Alas; columnist Jack Anderson, the Department of Justice, Congress, and other foes of liberty intervened and the question is back, penalties of perjury and all.

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## NEWS FROM THE EASTERN FRONT

When this column sees print the country should be emerging from its blanket of winter ice. Among the interesting phenomena we may anticipate may be a depressed real estate market in the northeast and upper midwest as residents vow never again

to suffer through such weather, and a resulting boom in the market for homes in the southwest and California (tempered in the latter case by drought problems). The action will probably not start until spring since easterners may be afraid of freezing pipes back home if they come west to scout too early.

While we're on the weather, this might be a good time for retreaters to look for ranch land in California depressed by the drought.

This column has usually pooh-poohed the economic disaster forecasters within the libertarian movement, but the recent natural gas crisis in the east, and the government's response to it, does remind us that the market system can tolerate only so much government control. Usually these controls have only put people out of work or raised prices; this time we got a glimpse of it breaking down the division of labor as poor families burned newspapers to keep warm while natural gas was kept in the ground by price controls.

The politicians, on the other hand, were in their glory, touring closed factories and ostentatiously lowering their thermostats while the T.V. cameras rolled. The stoves of Buffalo were lit by an act of Congress and in New Jersey loyal citizens obediently followed their governor's orders to shiver at 65°, lest they fear a knock at the door by the dread Heat Police (*die Hitze-polizei*).

The distress of the people is the health of the state.

Davis E. Keeler

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*"Political tags—such as royalist, communist, democrat, populist, fascist, liberal, conservative, and so forth—are never basic criteria. The human race divides politically into those who want people to be controlled and those who have no such desire. The former are idealists acting from highest motives for the greatest good of the greatest number. The latter are surly curmudgeons, suspicious and lacking in altruism. But they are much more comfortable neighbors than the other sort."*

—Robert Heinlein  
(*Time Enough for Love*)

# FRONTLINES

## LOCKING UP PERVERTS

Sometimes you can't believe that we live in the same country with some perverts—but the headlines scream at you: "Hustler Magazine Chief Gets Prison Term." The article goes on to say, "Larry Flynt was found guilty of pandering obscenity and engaging in organized crime and immediately was sentenced to 7 to 25 years in prison and fined \$11,000. The charge of engaging in organized crime stemmed from distribution of *Hustler*, alleged to be obscene and therefore illegal, in Hamilton County, Ohio. An Ohio law that took effect in January 1974 defines organized crime as a syndicate formed to commit a crime. A syndicate is defined as any group of five or more persons who collaborate to commit an offense for profit.

"A request by Flynt's attorney that sentence be suspended pending appeal was denied and the 34-year old publisher of the sex-oriented magazine was handcuffed immediately and taken to jail."

"Before being sentenced, Flynt told Judge William J. Morrissey that *Hustler* had just passed *Reader's Digest* to become the nation's 10th best-selling magazine. He said 3 million copies of the magazine are sold each month and estimated monthly readership at 15 million." The perverts in this case are the honorable members of the Ohio Legislature and the County Prosecutors in Cincinnati who believe that such a law should be enforced.

The *Newsletter on Intellectual Freedom*, published by the American Library Association Intellectual Freedom Committee, 50 East Huron Street, Chicago, IL 60611, \$6.00/yr. is one of the best sources of information on this front. Last November this newsletter reported the decision of the U.S. Court of Appeals for the Sixth Circuit, which includes Ohio, that school board officials could not ban Joseph Heller's novel *Catch-22* or Kurt Vonnegut's *Cat's Cradle*. The fact that Larry Flynt's case will be appealed to this court makes it all the more outrageous that he is sitting in jail today.

The *Newsletter on Intellectual Freedom* is published bimonthly and is the size of a full magazine, filled with interesting news and notes. The issue cited above, for example, reports:

Freedom Expression Church Raided. In a move against what the Boston police called 'one of the most unusual devices to show X-rated films,' the city's vice squad closed the Freedom Expression Church, arrested two employees, and seized a print of *Deep Throat*.

"The newly chartered nonprofit organization opened in July in a room formerly occupied by a restaurant lounge. Its pastor, the Rev. Shirley Bourgeois, said the church of 200 members included in its mission the serving of free beer and the screening of *Deep Throat*. Reported in *Variety*, August 4."

This should be an interesting test of the freedom of religion under the First Amendment. Clearly only certain sects of Christians care about issues such as the splitbeaver centerfolds of *Hustler* or the whorehouse scenes of *Catch-22*. If the Freedom Expression Church wants to explore the goodness of such alternatives as *Deep Throat* will the courts protect them? On an issue such as this, the future of libertarianism may rest.

We have been told, although we don't know how to track it down, that a Judge in Arizona a few months ago dismissed a murder charge against a teenage hoodlum who had beaten a homosexual to death—on the grounds that gays don't deserve any better. While most states are repealing laws against homosexuality, the debate in the Arizona legislature is how to stiffen the punishments. This is what they do in Communist China and Cuba. We might have expected something different from such an anti-Communist bastion as the home state of Barry Goldwater—but maybe there is not so much difference between Communists and conservatives after all.

## GOVERNMENT SPYING FOR FUN AND PROFIT

Did the CIA open your mail? If you would like to know, write to the *FOIA Coordinator, C.I.A., Washington, DC 20505*. If you were one of the tens of thousands of persons whose mail was copied, you just might get monetary damages under the Federal Tort Claims Act, which permits suits against the United States government—as opposed to its officers and agents who

might harm you individually. The American Civil Liberties Union has filed seven lawsuits in various jurisdictions as a class action. If the class action is denied, the ACLU is attempting to locate the specific persons who may have been spied upon so that they can file as large a lawsuit as possible.

All libertarians who may be interested in this lawsuit should write to the CIA and demand "under the authority of the Freedom of Information Act" whether their mail has been opened. If it has, the CIA will not only say so, but will even send you copies of your letters. You can then submit a claim for damages to the CIA. Write to the CIA first, and if you are one of the lucky enemies of the United States, you should write to the **Legal Department, ACLU, 22 East 40th Street, New York, NY 10016**. They will send you a small packet of materials and forms which will explain the steps the ACLU will take on your behalf after your claim is rejected—as they all have been so far.

Joe Cobb

## LETTERS

(continued from page 14)

archists, and be vigilant against the temptation to become a closed society of self-congratulatory party-liners. "Old timers" in libertarianism must relinquish their proprietary attitudes in order to sensitively and flexibly accommodate and use constructively the diverse ideas of newcomers and party minorities. The open forum where energetic dialoguing is strongly encouraged must be the model of libertarian policy making in order for us to consistently apply our passion for unfettered self-expression to the political sphere.

Harold Mesberg  
Miami, FL

Letters from readers are welcome. Each receives editorial consideration, although only a selection can be published and none individually acknowledged. Letters submitted for publication in this column should be typed, double-spaced. They should be kept as brief as possible and are subject to condensation. Send letters to REASON, P.O. Box 40105, Santa Barbara, CA 93103.