

the Henry George News

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The Decisive Voice

BECAUSE the outcome of the American crisis of the 1960's apparently will determine the future course of Western civilization, it may be considered the most significant development of the past two centuries—equal in importance to the crisis of the 1770's when the turning was toward life and progress, rather than toward retrogression and extinction.

Western civilization as we know it today is the outcome of a great revolution that followed the acceptance of new ideas and accompanied the progress toward individual freedom, including equality of opportunity and economic justice for all. Complete freedom has not yet been reached, however, except in relatively small areas of the world, and even there only for brief periods.

Primarily because we have stopped short of this goal, the results have been an inequitable distribution of currently produced wealth. In the minds of many, not even the material progress made possible by the great revolution can offset results that seem so evil. Either not realizing that the goal had

never been reached, or not understanding that the evils they deplored were attributable to *imperfect* freedom, many leaders in thought and action sought to turn back; thus the counterrevolution was born.

The counterrevolution is in progress throughout the world. It is clearly recognized as communism; but Fascism, various Socialist governments, the New Deal, and the welfare state all have grown from the same roots.

Based on the most objective, coldly scientific judgment I know how to make, your near future will not be intoxicatingly joyous, and the laurels of victory will not be pressed upon your brows. But I can in all sincerity say this: yours may well be the decisive voice—the final increment of weight that shifts the balance and brings our ship of state, indeed our civilization, to survival course.

Perhaps the significant evidence that the 1960's will be years of crisis is provided by money-credit developments in recent decades. The inflationary development, begun during World War II and continued through subsequent years, had the usual chain of effects, although on a larger scale in

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several respects, these effects duplicated those experienced several times during the nation's history. (Government-sponsored "theft" via inflation has taken nearly \$200,000,000,000 worth of real wealth—goods and services—from holders of life insurance and savings bonds, savings depositors, etc., since 1940.)

By no means the least of inflation's effects has been the subsidizing of that proficient spendthrift, the federal government, with increasing taxes seemingly almost painlessly extracted from continually increasing personal incomes and business profits. The huge sums so easily obtained have fostered national delusions of economic grandeur.

That something had gone wrong with the nation's money-credit system was so apparent that President Eisenhower recommended the formation of a Monetary Commission to investigate and report, as did the earlier Monetary Commission prior to World War I. Congress did not see fit to authorize such a commission financed by the government, but the Council for Economic Development undertook the task with funds contributed by a few foundations. That commission (loaded with Keynesian advisers) now has reported, and the report provides little reason to hope that money-credit problems will soon be solved. It fails to describe the present situation—fails to explain how the huge volume of purchasing media was created—and fails even to discuss, to say nothing of recommending, any remedy for the the money-credit system. The administration advisers evidently intend to continue inflating on a large scale if they deem that expedient.

The dedication of these economists to the Keynesian perpetual-inflation notions apparently accounts for blindness to the facts that refute their theories. For example, Dr. Walter W. Heller, Chairman of the President's Council of Economic Advisers, partic-

ipated with other Keynesians in recommending to European nations features that are repeated in their advice to the United States today. This includes more spending and less concern about inflation. West Germany chose to disregard that advice, to do the opposite in fact; and the results are evident for all to see: a "miracle" of economic recovery, sustained prosperity, and economic growth at a rate not approached in the United States since our nation applied similar policies in the decade and a half after resuming the gold standard in 1879.

Some economists in Washington appear to be Socialists determined to create a "welfare state" managed by themselves (or as they advise) instead of the constitutional republic originally created as the United States. How the form of a republic might be preserved while the substance changed should not require detailed explanation to anyone who has studied the rise and fall of ancient republics, nor even to anyone who has watched developments in the United States during the past 30 years. The "general welfare" clause of the United States Constitution has been so broadened by Supreme Court interpretation that the Constitution would provide little defense against determined political opportunists supported by those who could be aroused by their demagoguery.

Not less significant is the fact that the nation's system of higher education has been infiltrated by the Keynesian-Socialist economists to such an extent that many colleges today are teaching American youth that the Keynesian notions are sound.

The facts that many in government positions appear to be Fabian Socialists and that most of Mr. Kennedy's economic advisers were trained at Harvard are disquieting, when one remembers that the principal Communist cells exposed in government agencies were composed largely of grad-

uates of the same university, as also were Alger Hiss and Harry Dexter White.

Many Harvard students became indoctrinated with the belief that the capitalist system was dying and that it would be superseded by the "wave of the future," a form of government socialism or government intervention and "planning." The evidence suggests that some of those youthful idealists were so thoroughly "sold" on such notions that they were induced by the promises of revolutionary socialism (communism) to become traitors to their country.

Of course, the fact that the government has been infiltrated by Fabian Socialists and dedicated Keynesians does not prove conclusively that their efforts will be decisive during the 1960's. However, present indications are that the next few years will see the establishment of socialism, the half-way house to communism, unless our nation's policies can be reoriented with a view to making progress again toward the goals of the Great Revolution. In short, the counterrevolution will push on to domination of the world, or it will pass its high-water mark in the decade of the 1960's and subsequently will recede if progress toward freedom and equality of opportunity are resumed.

If this estimate proves to be correct, yours is a rare privilege. You will be exerting your influence on human affairs during one of the infrequent periods when the future of mankind, or at least of an entire civilization,

Colonel E. C. Harwood, director and founder (in 1934) of the American Institute for Economic Research at Great Barrington, Massachusetts, and a member of the Board of Trustees of the Henry George School, was a guest speaker at the annual conference at Hartford on July 15th. His address contained, in addition to the portion given here, a detailed analysis of the steady march down the primrose path of government spending. The Institute at Great Barrington is an independent scientific and educational organization supported only by its sustaining members and subscribers, for the purpose of providing dependable information on economic and financial subjects. Many Georgists in the audience were among the 500,000 readers of the Institute's publications and enjoyed meeting Colonel and Mrs. Harwood.

will be making a decisive turn for better or for worse. The effects of such a choice of future paths almost surely will affect your descendants for several generations, perhaps even longer.

For nearly 40 years, I have had the benefit of fundamental education in economics familiar to you all, and during much of that time I have labored to dispel the economic illusions, largely attributable to money-credit vagaries, that have clouded the view and hindered more widespread recognition and correction of economic maladjustments well known to you. I sometimes wonder how much progress is being made; nevertheless, I am convinced that there are sufficient grounds for hope to justify your untiring and most constructive efforts.