

## **XI. MONETARISM AND SUPPLY-SIDE ECONOMICS: THE HEROLDS OF THE STRONGMAN**

**“Men in search of a myth will usually find one.” Pueblo**

Monetarism put the study of money into the center of its concerns and it is hence strictly speaking not part of the field of economics but part of the field of finance. Since as supply-side economics, however, it is a reaction to Keynesianism or demand-side economics we shall treat it briefly below.

Things don't happen like that – they happen because they have to. Mercantilism as we have seen was born out of the necessity to feed the ever greedier Leviathan of the tyrannical ruler with the appropriate offspring of the Moloch. Both Locke and Colbert were reeling from that necessity. The former in theory the latter in practice. Physiocracy was a reaction against the extreme stupidity of that arrangement that befitted several hundreds of handful of people in a late-feudal state and pretty much bleed every one else white. Quesnay and Turgot as ingenious as they were and as much as they were children of the Future never the less smarted under the benightedness of the times, and both were in fact promptly dismissed and forgotten.

An Einstein among Neanderthal men better occupy himself with the designing and operation of war gear – if only out of sheer survival instinct, rather than engage in mathematical pursuits however groundbreaking and revolutionary. The Classical Economists of the early stage clearly disarmed and relaxed the extreme inhumanity of the Mercantilists without being able to go the whole hog and improve upon the Physiocrats. Hume was a diplomat not by accident and not only in politics and Smith as in all other matters did follow suit. And our friend the Tuscarora chieftain already indicated what happens to those who insist upon “having one foot in the canoe and one in the boat”. A green cheese does not improve matters either at that point after one has gotten all wet. The 2<sup>nd</sup> generation of Classical Economists had the American and the French Revolution to digest. Unlike Smith who at least worked in synchronicity with the revolution and those forces who brought these long overdue breakings-away from the feudal bondage about and unlike Beethoven and Hegel who worked on “this side” of the revolution Edmund Burke, Hobbes, and following them strongly Thomas Malthus, the latter vituperated against it, and Ricardo with all his economic understanding, they both shied away from it.

Malthus, let's make no mistake, struggled with the pre-libertarian, pre-anarchist visions of William Godwin and tried to outglow and outdoom the latter's glory. Let there be no happiness on earth, let there be only drudgery! At least for the underclasses that is, Malthus declared. And without using quite the same label everyone beneath him was what Marx later called lumpenproletariat. That is those people who are principally unwilling and recalcitrant to work and can't be helped even by the best and most promising social reform. The conservative and the progressive agree on the phenomenon, what they don't agree on is the percentual number of the able work force that is so to be labeled. For the conservative this number coincides magically with whatever happens to be the number of unemployed in the given country and be that even as real number way in the double digits, while the more progressive minds tend to estimate that number to be ever smaller if not truly infinitesimal and hence a negligible quantity. So for the good minister everyone beneath him was irredeemably damned while Malthus was not being bashful at all of living off the fruits of the labor of those condemned by himself!

We are coming back to our old distinction: there are children of the Future and there are corpses of the past, may the latter be walking they still are of the past, that is outdated, antiquated, worse than yesterday's news or yesterday's newspaper. The stench of the morgue cannot be eliminated no matter how much powder and perfume is applied. It is ironic that the falling 'ancient regimes' mostly decapitated in the French Revolution indeed did not wash but applied just these unhygienic surrogate measures. It was not only morally reprehensible but even physically disgusting and atrocious. Its time had passed and it was its own corruption rather than the overreaching fervor of the revolutionists that gave this "cradle of social injustice" its final death blow.

The children of the Future on the other hand live but by the light of enthusiasm as well as their adequate insight into the ways of nature as we have seen in Benjamin Franklin, Thomas Jefferson, Thomas Paine. The New Frontier also is a New Future and we needed to skip forward to George to appreciate fully their input and impact. Wealth for all is not too good to be true it is too urgent not to be pursued fully and immediately. Hamilton as we have seen would have made an excellent secretary of treasury or "the Exchequer" for the British Crown, he is nevertheless a creature of the past and now we may lift the veil a fraction of an inch as to what constitutes the Secret of Life and by extension the Secret of History. Life develops but in proportion to the courage mustered to brave its challenges, creatures with spine rather than backbones crumble back into dust earlier than would otherwise be necessary.

Hence Conservatism is upheld by dishrags who continuously disappear into the shadows of oblivion of the past and the torch of Progressism is carried on by our starry-eyed children of the Future. Man partakes of Eternity to the extent to which he or she challenges the odds and does not go under with the plow of necessity. The Socialists cut the Gordian knot lengthwise to tie a more fearsome discombobulation of state-necessity in its stead. Lassalle like Lincoln Steffens or Upton Sinclair has seen the Future, Marx and his hatchet men prolonged the past while betraying the most precious thing there is to betray: the Salt of the Earth. Let's remember that this striking metaphor does not only epitomize the insulted and the injured and oppressed those who have slaved in blood, sweat, toil, and tears since before the beginnings of history to uphold the very joints and crevices and building blocks of the world it certainly epitomizes those elements without which we all would be but the stuff dreams' are made of worse undead than Hamlet's ghost that is land, sea, air, coal, oil, ore, and all the other natural resources and opportunities.

With the Technocrats we again have several cases of men who brazenly choose to disregard the counsel of our Tuscarora Chief: "one foot in the canoe ..." & as if "the other foot in the boat" were not enough they do opt to emulate the younger Mill. There is a lot of anger and cold fury in Veblen:

What is life after all  
But a tale told by an idiot  
Full of sound and fury  
Signifying nothing?<sup>28</sup>

This anger does not lead to any kind of action except some social tinkering and engineering as if man really were nothing but a man-machine, not even the homo economicus or a Dr. Frankenstein's creature. The good Professor Veblen entrusts the 'man-machine' not to say robot, homunculus, golem or bionic man, of course to nobody else than a good Doctor of Engineering who will tighten some screws here and there. Weber as black as some of his thoughts are and as much as he like Schumpeter can't help but admire Marx doomsday saga but like the latter can't help but not follow him but keep sitting on the fence either ... at least he does not deny man his higher purpose or "calling". Now what could that calling be if not to improve his lot?

What Voegelin does with the alleged political Gnosticism of Hegel now Hayek does with both the Communist vision of Marx and the reaction of our gentlemen Keynes and Galbraith to the disaster of the Black Thursday: He denies that man

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<sup>28</sup> . *Macbeth*, monologue in the fifth act

may improve his lot! Moses according to Hayek should have left the children of Israel in Egyptian captivity, the malcontents of the old continent should have remained under the yoke of the tyrannical kings, and their heads should have remained unscathed by the people's guillotine so that many a Prince Harry may not just run around with a swastika on his arm for carnival but for real all year around. With all of us including you and me as his victims in a kind of super-reality show just for royalty!

More, not really much could be said to explode the new myths that Hayek and company are trying to erect. Suffice it to say here that he would not have received a Red Badge of Courage from any body except the most timid. And then it is doubtful if the timid would ever muster sufficient pick-up to even contemplate such a thing. As kings of old hired Colberts to fill their coffers and sing their praise so the monopolists of late hire bean-counters and bookies to gild their blackguardly schemes. A starving copy shall always be found to distort some high-sounding phrases for the praise and purpose of those who have set out to ravage the earth and rob all of us blind, how convenient is unemployment!

We are not saying that Friedman belongs in that category, albeit, we have always marveled that a man of his apparently no mean intelligence does not even start with the most fundamental distinctions which has to be the starting point of all pursuit of knowledge, the distinction of the apparent of the real. If money matters and property matters than in the absoluteness in which these tenets are given here it follows that human lives don't matter. If it is more important to check inflation in Chile under a dictator like Pinochet than some how the victims of the regime don't matter, because imprisoned or dead inflationary concerns must by definition be secondary. And if one posits mammon supreme one may find oneself in the company of Midas or Hughes one day and then the discovery of the qualities of the "last shirt" may appear rather distressing ...

It is quite odd but perhaps telling that Hayek was an early then disappointed Keynesian and Friedman an early and then perhaps distressed adherent of much that was advocated by Kenneth Galbraith, there may be no reactionary as reactionary as the disappointed revolutionary, no bride as hateful as the one jilted

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The concept of freedom if sincerely pursued and contemplated is under no circumstances totalitarian, Platon, Sri Aurobindo, and Hegel may attest to that if not Jefferson and Paine and some of the other gentlemen discussed above, it needs, however, more than a spine to pursue it ... it needs man of the caliber of Oscar Schindler, Raoul Wallenberg, or Varian Fry, or Anne Franck, or ...

And the concept of freedom leads us to perhaps the most eminent of American thinkers not yet discussed to the extent to which he deserves to be discussed in this context: He has been hailed as the "prophet of San Francisco" and reviled as the "last ditch of capitalism", he has been both desperately if not murderously poor as well as reasonably rich, he has been slandered as unable to build political coalitions by men who couldn't form a coalition of two, if their life depended on it, let alone initiate and integrate a social movement, yet he beat Theodore Roosevelt in the 3-way mayoral race of New York and gained the latter's life-long respect.

We are, of course, talking about Henry George and we would like to take a brief look to answer the question in which respect George was unique ...