

The Importance of Understanding the System

by STEVEN ASTON

MANY people do not understand the difference between collectivists and individualists, and I would like to set them straight and show how free enterprise operates.

First a way must be found of establishing goals and measuring achievement, to be followed by a method for assigning people to various activities, capital and natural resources. After a while the problem of over-production of some items and under-production of others will probably arise, and some way of correcting this will be needed until the system can adjust for itself. Finally provision must be made for the improvement and expansion of capital accumulated through the use of technological knowledge.

The matter of arranging all this is certainly complex. One method would be to form an organization similar to the army, with a commanding general to make all decisions. Another would be to conform to tradition allowing things to remain the same.

Both solutions make an excessive amount of work though, and since man is basically a lazy animal and looks for the easiest way to perform a task, a third system seems more logical. That is to let each person decide for himself what activity he wishes to engage in and how much he will charge for his services. He will then go out and see what others have to offer and how much they are asking for it. With this system people are free to decide for themselves what the price of goods and services should be and to decide their own goals. When the goods and services are distributed according to people's wants and their ability to pay for them a "price system" develops.

The price system has two basic ad-

Harry Pollard, as part of a continuing program to reach young students, conducted an accredited lecture series for the high school age group. This was the winning essay written by a member of Miss Terry's class.

vantages. It is efficient and it provides individual freedom with very little government coercion. Large masses of people can cooperate without even knowing each other. This gives a maximum of freedom but limits that freedom when it comes to harming another person. A consumer cannot buy up large amounts of a scarce product valued by others without giving up other products. A producer must produce what the consumer wants or he will not get any business. He cannot be wasteful either because it will cause a loss in profits.

When a producer can no longer pay his debts he is forced out of business just as though the government had ordered him out.

It can be seen that the consumer casts his "votes" freely by paying money for what he wants. Government intervention in the market, on the other hand, can cause consumers to lose their freedom. As government is entitled to no control over individual freedom so should there be no control over economic freedom.

Man seeks the easiest way of accomplishing a task or desire. His desires are unlimited. His wants are many and varied. He wants the basic necessities of food, shelter and clothing, but he also wants new cars, television sets and tickets to the football games. Most people's incomes are too small to afford all these things. Therefore they must make a choice as to what they would prefer. The scarcity is basic to any economic system. In a

free economy a person may decide for himself whether he wishes to strive for more or be contented with what he has. Self-interest stimulates progress in a free society but does not produce a surplus because of the unlimited desires of man.

Individualists and collectivists have opposite ideas on the method of providing for social needs. The collectivist feels that the government must coerce people into paying money for welfare. This is absolutely unnecessary, although people do have the desire to contribute money to help others. It is claimed that every one has a selfish interest and does things only for his

own profit, but the profit need not be in money. It will be considered very beneficial to provide a healthier environment by clearing slums or curing disease. Or perhaps one's profit is simply the satisfaction of inner feelings. The best type of welfare is that which comes from the heart.

Such a view of free enterprise may be idealistic but I make no apology for it. I am not afraid of the destruction of this system by communist enemies so much as by friends who don't really know what free enterprise is. It is true that perfection can never be reached but we should always strive for it.

One of "Mr. Geiger's boys," Milton Bergermann, chairman of the Citizens Union and a popular radio and television commentator, died recently in New York. He spoke at the annual banquet of the HGS in June, 1959, and said that the privilege of knowing Oscar Geiger (founder of the HGS) had given him many beautiful years, and he saluted the school for continuing to carry out the ideals of that wonderful man.

In his address he said unsound taxation could ruin government and the economy, and he paid a tribute to Lawson Purdy who gave New York a start toward sound taxation by assessing land and buildings separately.

Mr. Bergerman was a youthful member of the "Round Table Literary Club" which met every Friday in Oscar Geiger's home. Nine of the twelve original members of this club, including his son, Professor George R. Geiger and Harry Golden, were guests of the HGS at a banquet on its 30th anniversary in July 1962.