

Joseph Dana Miller, Morris Van Veen, Miss Kauffman (Robert Schalkenbach Foundation), Oscar Geiger, F. W. Maguire, and Bolton Hall.

The Economists' Cinderella, Laissez-Faire

DR. MARK MILLIKIN AT
HENRY GEORGE CONGRESS

THOSE of us whose formative influences go back to the '80 and '90s must feel surprised and perhaps hurt at the criticism from the socio-economists against the system known as laissez-faire. We were brought up to believe that a let-alone policy in speech, religion, immigration, commerce and politics was the only tenable one. We of that time were the most advanced believers and preceptors of natural law that the world had known.

It may be superfluous to expound a bit on natural law to an audience once steeped in the philosophy of Herbert Spencer. And it may be even more needless when one realizes the large per cent of "takes" after an inoculation of Spencerian doctrine. Yet it is doubtful if a good dose of the first edition of *Social Statics* would find congenial soil in the brain of the average twentieth century citizen. A soil that has been and is being assiduously broken up by the apostates of freedom is no place to plant an acorn. It is the object of this paper to show the younger generation that the principle of laissez-faire is the Cinderella of present day sociology. You well know the story: She was happy until her step-sisters came on the scene. They tried to make a menial of her, and, of course, treated her in a tyrannous way. The one good thing about tyranny is that it generally precedes democracy. So it was in the case of Cinderella. She went to the ball, and, as most of you have terpsichorean memories know, a functioning ballroom is the very apotheosis of laissez-faire. She is good material for a fairy tale parable.

Students of law have separated it into three groups, known as moral, positive and natural. The commandment enjoining us not to steal is a good example of the first, inasmuch as it promotes the interest of the individual and society.

The law, now in extremis, which says thou shalt not crook thine elbow nor put thy foot upon a rail is a good example to be found in the positive group. Sumptuary laws, with or without embellishments, come under this category.

The story of natural law, dealing with those laws which are universal rules of conduct, and which are discovered by reason, is really the story of social philosophy. From antiquity there have always been men who have boldly declared that natural law based on the nature of things was superior to the positive law of the state. Heraclitus, living about 460 B. C., who was fond of speculating on the origin of law, concluded that the laws which were right

were those which were founded on the nature of things, not because they were commanded. This idea was also held by the Sophists, who comprehended the variability of positive laws, declaring that they were made by rulers for their own advantage.

The Stoics came on the scene about the time that the Greek states were breaking up and being taken over by larger political bodies. This tended to obliterate the distinction between the Greeks with their conceited notions about themselves and the persons whom they contemptuously designated "barbarians." This event gave a great impetus to the dissemination of those ideas embraced in the term natural law. Ziegler, in his work entitled, "The Ethics of The Greek and Romans," says something that might be appropriately emblazoned in every legislative hall: "The place of the particular laws of individual states is taken by the general law of the world; the place of members of a nation or city by the human race; the place of native land or city by the entire world."

Seneca and Cicero accepted the doctrine of the Stoics, the former teaching the brotherhood of man, even including slaves. Ulpian, not only accepted the theory of natural law, but went further than the carnivorous Single Taxers here assembled by extending it to all living creatures declaring that they have a common ownership of the elements. Out of the dialectics of the time came a belief in natural justice, natural reason, and natural right. Roman jurists, like the signers of the Declaration of Independence, many of whom were slave holders, antedated our precious document by declaring that from the beginning all men are born free. The Stoics taught that if positive law was contrary to natural law the former should not be obeyed. Many Stoics with an incongruous hilarity, are effectuating this principle by their repeal votes from Portland, Maine to Portland, Oregon. Then as now, the despotism of the state interfered with individual liberty.

The barbarous Germans brought down to Rome a doctrine unknown to the latter and forgotten by the former's present-day descendants. It was a belief in individual liberty, found now only in the prisons of these lands. Like the editors of our Single Tax magazines they regarded the payment of taxes as a sign of serfdom. The Greek and Roman idea was of the sovereignty of the state. The early idea of the Germans was of individual freedom. Now comes feudalism, the product of protest against central authority. The lords were very individualistic, but the serfs on their lands not at all. England gained a lap in the long struggle towards liberty by abolishing serfdom and giving to the lower classes some rights not enjoyed on the continent. At about this time there was a revival of the Roman idea of the power of kings and of Roman law, the latter of which the romance countries adopted.

In the main it may be said that in England the lords and the lower classes were arrayed against the king; in France the king and lower classes against the lords. It

is well to remember in times like these that at no time and nowhere did the idea of natural law die out. Perhaps the one philosophy which most contributed to this was the ever enlarging Christianity. Such oft-quoted statements as "Render unto Caesar the things which are Caesar's and unto God the things that are God's," and Peter's statement, "We ought to obey God rather than men," sounded as challenges to the old regime. Thomas Aquinas, (1225-1274) who was perhaps the greatest teacher of his time, concludes that no government can command what is contrary to Natural Law without becoming tyrannical. However, he spoils this by his belief in the infallibility of the pope.

While Christianity may have contributed to the idea of individual liberty, there are many instances in which the inconsistency as exemplified in the teachings of Thomas Aquinas were the means of enslaving the citizen of the middle ages and later.

The leaders of the Reformation attacked the idea of authority that culminated in the pope. They substituted the Bible, which, because it needed interpretation, gave rise to many protestant sects. If there was to be protestantism, toleration followed as a corollary. Once admit that an individual is entitled to freedom of conscience, the way is not far to an acknowledgement of rights in other fields of human endeavor. During the sixteenth and seventeenth centuries Melancthon, Luther, Hooker, Gentilis, Selden, Milton, Hobbes, Spinoza, Montaigne, Bossuet, Fenelon and Locke added dignity and importance to the idea of natural law. The essence of natural law is that there is an essential justice independent of race or creed. Citizens *ought* to be able to enjoy their natural rights. These rights might be denied them in any state, indicating that the state had become tyrannical. These apostles of freedom do not deny that the sovereignty of the state is unlimited. But they ask should it be so in law, positive law? And they answer by declaring that the state is morally bound to observe natural rights.

Skipping the contributions to and elaborations of, old ideas concerning rights made by the English writers, let us turn to something more modern, namely the Declaration of Independence. The members of the French Constitutional Assembly often alluded to the American precedent as a New World creation. This is nothing to marvel at, for our soil had been liberally sown by libertarian ideas since the time of the Pilgrims. It was similar to the increase of rabbits in Australia—a virgin soil, and no natural enemies. We were the first people to draw up a declaration of individual rights with which the state shall not interfere. It is of historic interest to know that we had more to do with the French Declaration of the Rights of Man than had the writings of Rousseau. Scherger, in his volume, "The Evolution of Modern Liberty," says that "in reality Rousseau's political philosophy, which aimed at securing freedom and equality, was destructive to individual rights." He quotes Rous-

seau who asserts that the individual exchanges "his natural liberty for an unlimited right to all he holds and is able to obtain." Thus it will be seen that Rousseau believed that each individual on entering society surrenders his natural rights completely. In this doctrine he differed from Milton and Locke, who held that the natural rights of the individual were inalienable. Parenthetically it looks as though Rousseau, were he living would feel very comfortable under the wings of "the blue eagle;" and that Milton and Locke, were they in the flesh, would be dangling from the talons of the same *avis*. The French people did not realize until the Reign of Terror, nor even our own countrymen in war days what a tyrant a society can be in which the individuals have surrendered their natural rights. We can say that had the doctrine of natural rights been really believed and practiced there would have been no reigns of terror, no wars, no world-wide distress.

Something has happened to the doctrine of laissez-faire. Prof. Laski thinks that it reached its climax about the year 1870. That was twenty years before our great west was considered settled. In this region, that is, the middle west, there were thousands of people who believed in the Jeffersonian doctrine, that that state was best which governed least. Today there are probably more who believe in laissez-faire in this room than you will find scattered about Chicago. That is because Single Taxers are the very apotheosis of a laissez-faire policy. With the waning belief in this doctrine which tacitly implies scepticism in recognition of the "natural law" of the older economists and social philosophers, we might with propriety make a survey of our beliefs with the idea of putting on a campaign for their vigorous persistence.

It is said that Jean Baptiste Colbert, the French nobleman who lived from 1609 to 1683 approached a manufacturer named Legendre, much in the manner of a protectionist congressman, and asked what he could do in his aid. "Laissez-nous faire," "Let us alone," was the reply. Perhaps Legendre was familiar and sympathetic with the doctrine of Marquis d'Argenson, who antedated Jefferson in his statement that "to govern better, one must govern less." He further says, "Let alone; such ought to be the motto of every public power, since the world is civilized."

A similar thought was expressed by Bentham in 1793: "The general rule is that nothing ought to be done or attempted by government; the motto or watchword of government, on these occasions, ought to be—*Be quiet*." . . . The request which agriculture, manufacturers, and commerce present to governments is as modest and reasonable as that which Diogenes made to Alexander: "Stand out of my sunshine."

In 1850 Archbishop Whately in a little book entitled, "Easy Lessons on Money Matters for the Use of Young People," said: "More harm than good is likely to be done by almost any interference of government with men's

money transactions, whether letting or leasing, or buying and selling of any kind. He further said "that every man should be left free to dispose of his own property, his own time, and strength, and skill, in whatever way he himself may think fit, provided he does no harm to his neighbors." In a humorous comment on this, John Maynard Keynes in his little book, "The End of Laissez-Faire," writes: "In short the dogma had got hold of the educational machine; it had become a copybook maxim. The Political Philosophy, which the seventeenth and eighteenth centuries had forged in order to throw down Kings and Prelates, had been made milk for babes, and had literally entered the nursery." Probably Mr. Keynes sets the date 1870 as the climax of the laissez-faire doctrine, because in that year Cairnes, in a lecture on "Political Economy and Laissez-Faire" said: "The maxim of laissez-faire, has no scientific basis whatever, but is at best a mere handy rule of practice." Mr Keynes is, as perhaps most of you are, a capitalist. He says: "For my part, I think Capitalism, wisely managed, can probably be made more efficient for attaining economic ends than any alternative system yet in sight, but that in itself it is in many ways extremely objectionable. . . . In the field of action reformers will not be successful until they can steadily pursue a clear and definite object with their intellects and feelings in tune. There is no party in the world at present which appears to me to be pursuing right aims by right methods." Keynes says, without apparently comprehending the potential power of laissez-faire, "We must aim at separating those services which are *technically social* from those which are *technically individual*." What are technically social services? Surely we would say that the administration of justice, the control of the army and police, the administration of railroads, highways, pipe lines, telephone and telegraph systems, the ownership or control of the money issue, the postal system, and especially the ownership or rental of land, with all that it embraces, such as deposits of coal, oil, gas and water, are things and services that ought to be socialized. Why? *Because they are monopolies.* If the idea is repugnant to allow a monopoly to be in possession of a small group, then the only way to establish peace of mind, and keep our "intellects and feelings in tune," is to socialize monopolies. This is sometimes further than the Single Taxer goes, and it is not so far as the Socialist would take us. What a pity that the intellect of the former and the feelings of the latter cannot, under the aegis of the Depression unite, and destroy forever their catalyst.

On the other hand, what are technically individual services? They are services rendered by the Professions, servants, farmers, merchants, etc., where there is no monopoly. Agriculture, in spite of its extent is not a monopoly; nor is business in general. It is well to have in mind that monopoly implies something of which we may only have one in a given community. A monopoly may be national, state or municipal. It is not my con-

tention that this thing known as the Depression would be much weakened if the federal government took over the railroads, or a municipality one or more public utilities though it is my belief that by so doing we would be much nearer the port of economic security. We would save a little of course, but the main gain would be that we had taken a step towards comprehension of the spheres of the masses on the one hand, that is, the government, and the sphere of the individual on the other.

What I say now, is not a discovery; no, discoveries in political ideas are as rare as discoveries in human anatomy. The common frontier of both is the river Lethe. But I do want to lay emphasis with all the fervor of a discoverer on the Jeffersonian doctrine and its forbears, that the government governs best which governs least. In Jefferson's time there were few monopolies: highways, courts, police. The municipalities had only one, namely, the streets. The opponents of laissez-faire philosophy often cite the simplicity of government then as the inevitable accompaniment of a let-alone policy, and try to show that with the great and increasing number of monopolies laissez-faire has less and less excuse to exist. This has become the prevalent view because of poor analytical ability. What a time we Single Taxers are having to establish the truth of the self-evident proposition, namely, that real estate consists of land only; and that the improvements thereon are quite another thing. So it is with the opponents of laissez-faire. They will not or cannot distinguish between governmental activities in monopolistic and individualistic fields. Nearly every columnist asks and answers his readers if democracy is dead; if it is out of style; if it can survive; if rugged individualism passes out with the coon skin cap. It would be easy to quote from the daily press blithe warblings of our syndicate writers who seem to have as little comprehension of the doctrine of laissez-faire as they have of sun spots. The hoi polloi with their eyes and ears attuned to the moan of dying democracy in Italy, Germany, and Russia, and their noses seeking the aroma of the now mythical chicken in every pot, eat greedily of this propaganda. They, to say the least, distrust capitalism, and they look favorably to a form of government which repudiates the earlier idea of individualism. Laissez-faire, is in their vague Utopia to be succeeded by a planned society. This planning in its most ostensible form consists of destruction of crops, slaughtering of animals before they are ready to be most economically utilized. In the negative planning, land thrown out of use by curtailment of crops is not to be used for crops except for cover or consumption on the specific farm. There is no plan by which the millions of unemployed gain access to this juggernauted land. And by prohibiting the use of fertilizers on fields where curtailed crops grow, the tillers of the soil are compelled to go back to the wasteful methods of agriculture practiced by their grandfathers on virgin soil.

Moreover, these economic nihilists, masked as planners

have tacitly assumed that there is such a thing as the wage fund out of which wages are paid. They have also tacitly lent force to the unemployed's slogan, "soak the rich." They insist on prices and wages changing their respective habits of riding on the elevator and walking on the stairs. Granting that it would be very nice to have both ride on the elevator run by a current supplied by the government, yet prices will always show a nimbleness which can never be attained by wages. The idea that wages are the product of labor seems to have given away to the idea that wages are something snatched from the predatory plutocrats.

This being our holy week when we are kind to columnists and magazine writers with university attachments, I shall abstain from using the author's names in the following quotations. Here is an epitome of our socio-economic exodus by one of them: "A great middle-class nation has turned away, disillusioned, embittered from its tradition of individualism and laissez-faire capitalism."

Another writer says, "In the light of America's past, few phases of the Roosevelt administration are more arresting than the deliberate, determined and cheerful abandonment of laissez-faire." The same writer, who has certainly expressed a truth in this statement, tries to assure us that the plan is all right in the following sentence. "What has happened in the last three months, with seeming dramatic suddenness, is neither the scuttling of democracy nor the surrender to socialism nor the application of fascism, but merely the repudiation of obsolete shibboleths of individualism and laissez-faire and a full-throated assertion of the right and purpose of democratic society to readjust its legal machinery to the demands of a new order."

Going back to Keynes again, for I regard him as one of the world's great experts on finance, he advocates governmental interference and regulation in three fields. The first is governmental control of currency and credit and accumulation of business data with the idea of preventing "many of the greatest evils of our time". . . . unemployment of labor, or the disappointment of reasonable business expectations and of the impairment of efficiency and production." Single Taxers will wonder if it ever occurred to this distinguished writer that governmental control or ownership of natural monopolies would stabilize business and, as a corollary, make it safe.

His second field is that of savings and investment. He thinks that there should be "some coordinated act of intelligent judgment. . . . as to the scale on which it is desirable that the community as a whole should save, the scale on which these savings should go abroad in the form of foreign investments, and whether the present organization of the investment market distributes savings along the most nationally productive channels." Certainly to regulate these activities would be a long step from the laissez-faire ideas of our grandfathers.

His third field in which he wants the government to

interfere is in regulating the size of population. To his credit it should be said that he suggested this before Mussolini and Hitler started their human stock farms. Regulation could go no further.

Consider the philosophy of laissez-faire from the biological standpoint. The higher forms of life are characterized by great individualism. This characteristic, not only accompanies them like a shadow, but is best developed in superior specimens. The slaves, the serfs, the "wage slaves" and the unemployed are examples of low individualism. The government, in its bungling, empirical attempt to afford relief instead of opportunity has reduced whatever rugged individualism we possessed to the ragged variety with its appropriate psychology. The poor are too depressed to start an experiment in laissez-faire; the smug rich have no incentive to try.

From the culturist's view-point there is little to be said for the proposed repudiation of laissez-faire. He knows that the mob writes no poems, paints no pictures, ascends not to the stratosphere nor delves in ocean's depths. As a great German chemist said recently in this city one does not use a kit of tools to open a lock, or turn a screw. One uses as the case demands, a key or a screwdriver.

All through history the golden rule has appeared—sometimes embellished, sometimes negatively expressed. The laissez-faire attitude is perfectly compatible with this. A free translation of the phrase means, let me alone; let me develop. What we need today is not repudiation of laissez-faire, but an amplification of the doctrine until it embraces the masses. It is needless to say to this audience that they have not been let alone; that they have not had a chance to develop. So, like the megalomaniacal town booster, I want a laissez-faire that is bigger and better.

The pseudo-economists are treating laissez-faire much as Cinderella's pseudo-sisters treated her. The latter had imagination. She was happy and kindly disposed. She had the desire of self-expression, and with feminine intuition she selected the democratic ball room as her field. The fairy, representative of the forces of nature, helped her in this ambition. Cinderella, regarded in folk lore as symbolical of the dawn, must be home in time to do the day's work. Her punishment came because she violated this natural law. But her beauty and youth were the means of forgiveness as well as advance to the throne.

Perhaps Uncle Sam in his baby days, when he was pleased to don the great coat of Thomas Jefferson and play democrat, believed in fairies. But since he became a man and put away childish things, he has followed the dangerous game of reducing politics to the Nth power—Nero, Napoleon, Nazi, and Nira.

IF a big hullabaloo is the way to cure a depression then President Roosevelt is on the right track, otherwise failure awaits him.