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He who has no inclination to learn more will be very apt to think that he knows enough.

— *Thomas Powell*

FUTURE OF FREEDOM

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The Future of Freedom Foundation

11350 Random Hills Road

Suite 800

Fairfax, VA 22030

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www.fff.org

fff@fff.org

Tel: 703-934-6101

Fax: 703-352-8678

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The Evil of the National-Security State

Part 9

by *Jacob G. Hornberger*



Proponents of the lone-nut theory in the Kennedy assassination often accuse those who believe that the president was killed at the hands of a conspiracy — and, even worse, one involving agents of the U.S. national-security state — of being unable to accept the fact that a little disgruntled man killed a president of the United States, a man who had fame and fortune and who was respected and admired by many people all over the world.

Yet after John Hinckley's assassination attempt on Ronald Reagan, there was no widespread belief that Hinckley was part of a conspiracy, including one involving the nation-

al-security state. The same holds true with respect to the two separate assassination attempts on Gerald Ford.

Actually, one could easily argue that it's the other way around. Proponents of the lone-nut theory simply cannot bring themselves to accept the possibility that America's national-security state, whose existence they believe is necessary to the survival of the nation, took out their own president.

Oh sure, they can accept that the military and the CIA would conduct regime-change operations in other countries, either by coup, invasion, or assassination, as they did or tried to do in Cuba, Iran, Guatemala, Chile, and elsewhere. They can also accept that the national-security state will drug, assassinate, torture, or execute private American citizens. They can accept that the national-security state, especially the FBI, will illegally infiltrate American groups, spy on them, keep files on them, humiliate them, and destroy their reputations. They can accept that the military and the CIA will do whatever is necessary to protect national security, no matter how unsavory. They can accept the common thesis that the Constitution is not a suicide pact and that it is proper for federal

officials to violate the law if it is necessary to save the nation.

But they simply cannot bring themselves to accept the notion that the national-security state would ever target the president of the United States in a regime-change operation based on national security. To them, such an action is simply inconceivable.

The autopsy

Thus, as the evidence surrounding the assassination of John F. Kennedy has slowly trickled out over the years — in violation of the 75-year period of secrecy that had been ordered by the Warren Commission — the “lone-nut” proponents have increasingly buried their heads in the sand, either ignoring discomfoting evidence or suggesting that the people giving such evidence must be lying, no doubt as part of some giant conspiracy.

Consider the following fascinating example.

During the hearings on the Kennedy assassination before the House Select Committee in the late 1970s, Congress expressly released personnel who had participated in the official military autopsy of Kennedy from the oath of secrecy that the military had forced them to take immediately after the autopsy.

Why had those soldiers been forced to keep their mouths shut regarding what they had witnessed during the autopsy? What possible national-security concerns could have justified forcing them to sign written oaths of secrecy and threatening them with severe penalties for violating such oaths?

Let’s recall the critical facts. The president was shot in Texas, where state law required that an autopsy be conducted. What’s the purpose of an autopsy? To determine the exact cause of death. The medical examiner conducts a detailed, comprehensive examination of the body, and official photographs and X-rays of the body are taken.

Why had soldiers been forced to keep their mouths shut regarding what they had witnessed during the autopsy?

For example, if there had been shots fired from the front of Kennedy, a genuine and honest autopsy would have determined that. Obviously, an autopsy and a final autopsy report are critically important evidence in the subsequent criminal prosecution of whoever is charged with the crime and prosecuted for it.

Yet no autopsy was conducted

in Texas. Why? Because agents of the Secret Service refused to permit it to take place. In fact, when the Dallas medical examiner steadfastly refused to release Kennedy's body at Parkland Hospital, repeatedly pointing out that Texas law required that an autopsy be conducted, a team of Secret Service agents brandished their guns and made it quite clear that they intended to use them against anyone who attempted to obstruct the removal of Kennedy's body from the hospital.

Several enlisted men confirmed the early delivery of the president's body to the morgue in a different casket.

Why were the agents so insistent on getting the body out of Parkland? One reason was that Lyndon Johnson was waiting for it. He refused to let Air Force One leave without the casket, notwithstanding his supposed concern that the assassination might be the start of a Soviet nuclear attack on the United States. Already seats were being removed from the back of Air Force One to make room for the casket, indicating that the agents at Parkland Hospital were operating on Johnson's orders.

Kennedy's body was taken back

to Andrews Air Force Base near Washington, D.C. The casket into which the body had been placed at Parkland Hospital was put into the back of an automobile in which Kennedy's wife, Jacqueline, was riding. When the automobile arrived at Bethesda Naval Medical Center, where the U.S. military would conduct the autopsy, everyone, including Mrs. Kennedy, naturally assumed that the president's body was inside the Dallas casket.

Such, however, was not the case. Both the direct and the circumstantial evidence overwhelmingly establish that the president's body was delivered to the Bethesda morgue an hour and a half before the Dallas casket was officially delivered.

A real conspiracy?

This matter was first raised in David Lifton's 1981 book, *Best Evidence*. By that time, by order of the House Select Assassinations Committee, several enlisted men who had participated in various aspects of the autopsy had been released from their oaths of secrecy that the military had forced them to sign back in November of 1963. They unequivocally confirmed the early delivery of the president's body to the morgue in a different casket from the one into which the body had

been placed before leaving Dallas.

Later, in the 1990s, as detailed in Douglas P. Horné's five-volume book on the assassination, *Inside the Assassination Records Review Board*, the ARRB discovered an official report filed on November 26, 1963, by a Marine sergeant named Roger Boyajian that confirmed the early arrival of the president's body at the morgue. (For a detailed account of the facts and circumstances surrounding the early arrival of the president's body, see my article "The Kennedy Casket Conspiracy" at www.fff.org/explore-freedom/article/kennedy-csket-conspiracy/.)

The ARRB also discovered a report dated November 22-23, 1963, from the funeral home that handled the postautopsy preparation of the body that said, "Body removed from metal shipping casket at NSNH at Bethesda." The Dallas casket was no metal shipping casket. It was an expensive, heavy, ornate casket, the type people are buried in.

So what do the lone-nut proponents say about all this? They either remain silent about the matter, choosing to act as if it never happened, or they suggest that all the enlisted men and the funeral home must be lying.

Let's deal with the second point first. What motive would enlisted

men and funeral-home officials have had to lie about when Kennedy's body was delivered to the Bethesda morgue? What could possibly have caused them to do such a thing? And think about it: If they were lying, could they each have come up with the same lie independently of the others? They would necessarily have had to have entered into a conspiracy with each other to concoct a false story about when the president's body was delivered to the Bethesda morgue.

A report from the funeral home that handled the postautopsy preparation of the body said, "Body removed from metal shipping casket at NSNH at Bethesda."

So here we have the lone-nut proponents, who scoff at the notion that Kennedy might have been killed at the hands of a conspiracy, implicitly alleging one of the most ridiculous and outlandish conspiracies of all — that a group of enlisted men and funeral-home officials conspired to concoct a false story about the delivery of the president's body to the morgue.

Moreover, if such a conspiracy really existed, surely the government would have gone after the

conspirators with great ferocity. Surely it would have court-martialed them or indicted Sergeant Boyajian for filing a false official report as part of that conspiracy.

Why in the world would the U.S. military conduct two separate brain examinations as part of the Kennedy autopsy?

But the government did nothing to them. The Pentagon didn't even bother to accuse them of lying. Instead, the government, including the military, has just proceeded along, decade after decade, as if they and their account of what happened never existed. In other words, act as though it never happened and just don't address it. The problem will ultimately go away.

Let's not forget that the U.S. military intended that the witnesses keep their mouths shut for the rest of their lives and for their reports to be kept secret at least for the 75-year period ordered by the Warren Commission. That's what the oaths of secrecy were for.

Why? Why the extreme secrecy? Why was the president's body delivered to the morgue earlier than everyone has been taught to believe? What was the purpose of that? Why can't the military, even at

this late date, come forward and give us the explanation for that? Why can't lone-nut proponents join assassination researchers in demanding the explanation? What would be the harm? How could national security possibly be threatened by a full and complete explanation of why the president's body was secretly delivered to the Bethesda morgue an hour and a half earlier than everyone was led to believe?

The brains

Or consider one of the most startling discoveries made by the Assassination Records Review Board in the 1990s, one involving the president's brain. Or should I say "brains"?

It turns out that while the military pathologists claimed that there had been only one examination of the brain, which would have been standard procedure, the ARRB found that the circumstantial evidence established that a second brain examination took place, an examination of another brain, one that did not belong to the president but that the military represented to be Kennedy's brain. Here is a link to a *Washington Post* article about the ARRB's finding on this matter: www.washingtonpost.com/wp-srv/national/longterm/jfk/ap110998.htm.

Why in the world would the U.S. military conduct two separate brain examinations as part of the Kennedy autopsy, one that didn't even involve the president's brain but that was fraudulently represented to be his brain? What possible national-security rationale could there be for such a deceptive action?

The fundamental problem is this: Since it is simply inconceivable to the lone-nut proponents that Kennedy could have been made a target of a regime-charge operation at the hands of the national-security state, they simply refuse to consider the many unusual occurrences in the case, occurrences that point to nefarious conduct on the part of the military, the CIA, the FBI, the Secret Service, and other parts of the national-security state.

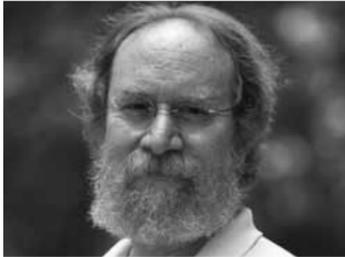
That brings us back to motive. What possible motive would the national-security state have had to target Kennedy for one of its regime-change operations? The answer is a simple one and, it is no surprise, revolves around the two most important words in the lives of the American people since World War II: national security.

Jacob Hornberger is founder and president of The Future of Freedom Foundation.

NEXT MONTH:
“The Evil of the National-Security State, Part 10”
by Jacob G. Hornberger

Clinton's Legacy, Part I: The Financial and Housing Meltdown

by Sheldon Richman



Bill Clinton leads a charmed life. The former president is treated like a respected elder statesman whose tenure in office was so good that even some Republicans look back fondly on the years 1993–2001.

On the surface the record indeed looks good. The 1990s were a period of economic growth, and the central government actually shrank as a percentage of the total economy. But it would be rash to give Clinton the credit. During his time in office the information revolution shifted into high gear, boosting productivity and business formation as the new World Wide Web

emerged as a major commercial arena. (At the end of Clinton's tenure, of course, the dot-com bubble, inflated by Federal Reserve easy money, burst.) When his Democratic Party lost control of the House and Senate in the 1994 midterm elections, Clinton had to accept spending restraints, which meant somewhat less obstruction to economic growth. (A few years later he declared — rather prematurely — that “the era of big government is over.”)

Supporters of Barack Obama's bid to raise taxes on upper-income people point to Clinton's tax increase as proof that raising the tax burden does not have to slow economic growth. That is a fallacy. The sound economic warning against tax increases must always acknowledge that other factors, such as a boost in productivity from technological advances, could to some extent offset the negative effects of a new tax burden. One may reasonably conclude, then, that the rate of economic growth would have been even greater without the tax increase, since more money would have been left in the productive private sector.

Another reason Clinton gets favorable reviews for his eight years in the White House is that the dam-

age of particular policies pursued by his administration did not surface until he was out of office. It is barely understood that Clinton's policies contributed to two catastrophes that have few parallels in American history: The housing and financial debacle that began in late 2007 (the Great Recession), and the attacks by hijacked airplanes on the World Trade Center and Pentagon on September 11, 2001, which took more than 3,000 lives.

It is barely understood that Clinton's policies contributed to two catastrophes that have few parallels in American history.

Anyone who gets his information solely from the mainstream news media will most likely be astounded by those claims. What could Bill Clinton possibly have to do with the Great Recession or 9/11? He had much to do with them.

Deregulation

The financial and housing meltdown is typically attributed exclusively to the two administrations of George W. Bush, who succeeded Clinton in 2001. But that is short-sighted and only slightly more plausible than blaming the October 1929 stock market crash and the

initial 1930s recession on Herbert Hoover, who took office in March 1929. (However, Bush does bear some responsibility.) Clinton himself has helped to propagate that myth. In a commercial for the Obama reelection campaign, he accused Mitt Romney of wanting to “go back to deregulation. That’s what got us in trouble in the first place.”

The irony is that Bush signed no financial deregulation during his two terms in office. At most he’s blamed for not having used existing regulations to better police Wall Street — a misleading claim.

So if Bush wasn’t a deregulator, who was?

Bill Clinton.

In 1994 Clinton signed the Riegle-Neal Interstate Banking and Branching Efficiency Act, which legalized interstate branch banking. Until then banks were forbidden to have branches in more than one state, limiting diversification and service to customers. (Through most of American history, many states forbade intrastate branch banking, making undiversified banks vulnerable to local crop and business failures.)

Five years after Riegle-Neal, Clinton signed the Gramm-Leach-Bliley Act, which repealed a key

portion of the New Deal-era Glass-Steagall Act, namely, the part that forbade a single financial institution from offering commercial (depository) banking and investment banking services.

The meltdown was the consequence of a combination of easy money, low interest rates, and easy housing.

So Bill Clinton was the financial deregulator. Is that why he is partly culpable for the financial and housing meltdown? No. Neither of Clinton's actions contributed to the crisis. Contrary to widespread belief about the repeal of Glass-Steagall's separation of commercial and investment banking, the American Enterprise Institute's Peter Wallison writes, "None of the investment banks that have gotten into trouble — Bear, Lehman, Merrill, Goldman or Morgan Stanley — were affiliated with commercial banks."

Then why is Clinton culpable? Because his secretary of Housing and Urban Development (HUD), Andrew Cuomo, currently the governor of New York and a likely 2016 presidential aspirant, accelerated easy-housing policies, helping to inflate the housing bubble and setting the stage for its collapse.

The housing boom

We must back up a step. The meltdown was the consequence of a combination of easy money and low interest rates engineered by the Federal Reserve and easy housing engineered by a variety of U.S. government agencies and policies, including HUD; the Federal Housing Authority; and two nominally private "government-sponsored enterprises" (GSEs), Fannie Mae (the Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation). The agencies, along with enactments such as the Community Reinvestment Act (passed in the 1970s then fortified in the Clinton years), which required banks to make loans to people with poor and nonexistent credit histories, made widespread home ownership a national goal. All that, fueled by Fed-induced cheap credit, led to a home-buying frenzy and an explosion of subprime and other nonprime mortgages, which banks and the GSEs bundled into securities and peddled to investors worldwide. (The GSEs bought and guaranteed a huge number of those mortgages originated by banks and mortgage companies, some of which it sold as mortgage-backed securities and some of which it held

on its own balance sheet.)

The housing boom could last for a while. If lenders and borrowers believe that housing prices (fueled by government-stimulated demand) will rise for the foreseeable future and interest rates will stay low, they will be attracted to adjustable-rate mortgages with low teaser rates. Both sides will also be willing to borrow and lend for more-expensive houses than otherwise. After all, if after six months, a buyer can't make his payments when the mortgage's interest rate jumps, he can refinance or sell the house at the newly inflated price.

The housing and financial crisis could not have occurred in the absence of government housing and monetary policies.

Eventually, however, interest rates will rise (as the Fed fears too much inflation) and the perpetual-motion machine will come to a halt. Suddenly many formerly attractive mortgages held by banks, GSEs, and buyers of mortgage-backed securities will look like bad investments, as home “owners” who are “underwater” (owing more than their houses are worth) simply walk away, preferring default to continued payment, especially those who

made little or no down payment and therefore have no equity, as government programs permitted and encouraged.

The housing and financial crisis could not have occurred in the absence of government housing and monetary policies. Hovering in the background throughout the bubble was the knowledge that the federal government would bail out troubled “too big to fail” financial corporations, including Fannie and Freddie, which went into government receivership.

Clinton's contribution to the crisis lay in his appointment of Cuomo to the Department of Housing and Urban Development. Cuomo became HUD secretary in 1997 after holding the position of assistant secretary under Henry Cisneros beginning in 1993. In a heavily researched 2008 article in the *Village Voice*, Wayne Barrett wrote,

Andrew Cuomo, the youngest Housing and Urban Development secretary in history, made a series of decisions between 1997 and 2001 that gave birth to the country's current crisis. He took actions that — in combination with many other factors — helped plunge Fannie and Freddie into the

subprime markets without putting in place the means to monitor their increasingly risky investments. He turned the Federal Housing Administration mortgage program into a sweetheart lender with sky-high loan ceilings and no money down, and he legalized what a federal judge has branded “kickbacks” to brokers that have fueled the sale of overpriced and unaffordable loans. Three to four million families are now facing foreclosure, and Cuomo is one of the reasons why.

“Perhaps the only domestic issue George Bush and Bill Clinton were in complete agreement about,” Barrett continued,

was maximizing home ownership, each trying to lay claim to a record percentage of homeowners, and both describing their efforts as a boon to blacks and Hispanics. HUD, Fannie, and Freddie were their instruments, and, as is now apparent, the more unsavory the means, the greater the growth.... [Cuomo] *did more to set these forces of unregulated expansion in*

motion than any other secretary and then boasted about it, presenting his initiatives as crusades for racial and social justice [emphasis added].

To add insult to injury, when Cuomo became New York's attorney general he pursued mortgage lenders who were said to have taken advantage of the boom conditions he helped to create.

When the crash came in late 2007, and the government jumped in to bail out financial institutions, some of those chickens that came home to roost belonged to Bill Clinton. More people should know about it.

Sheldon Richman is vice president and editor at The Future of Freedom Foundation and author of Tethered Citizens: Time to Repeal the Welfare State and two other books published by FFF. Visit his blog, “Free Association,” at www.sheldonrichman.com.

NEXT MONTH:
“Clinton's Legacy, Part 2:
The Attacks on 9/11”
by Sheldon Richman

The Mirage of Welfare State Freedom

by James Bovard



Government dependency was one of the hottest issues in this year's presidential race. Unfortunately, neither major-party candidate focused on the perils of "freedoms" that rely on government handouts. Instead, "welfare state freedom" has become the coin of the political realm.

Lyndon Johnson declared in 1964, "For the first time in world history we have the abundance and the ability to free every man from hopeless want and to free every person to find fulfillment in the works of his mind or the labor of his hands." In 1965, he declared that the goal of his Great Society programs was "to give the individual identity and self-esteem — not to

impose upon him any oppressive paternalism." The Great Society maximized individual identity by multiplying dependence on government and political control over the private sector.

Anyone who does not have certain possessions is assumed not to be free — and in need of political rescue. Johnson, justifying a vast expansion of government social programs, declared in 1965, "Negroes are trapped — as many whites are trapped — in inherited, gateless poverty.... Public and private poverty combine to cripple their capacities." Vice President Hubert Humphrey defined a poor person as "the man who for reasons beyond his control cannot help himself." This perspective on poverty and self-help mocks all of American history. It implies that any person who earns less than \$11,170 a year (the official poverty line cutoff for a single person) is incapable of any discipline or resolution.

Once freedom is equated with a certain material standard of living, confiscation becomes the path to liberation. Thus, the more avidly a politician raises taxes, the greater his apparent love for liberty. In the name of providing welfare state freedom, the politician acquires a pretext to destroy the basis of pri-

vate citizens' independence. Welfare state freedom becomes a license for politicians, rather than a declaration of rights of citizens.

The costs

While advocates of welfare state freedom insist that government must intervene so that each person "can be all that he can be," government-aid programs are notorious for rewarding people for making the least of themselves. Franklin Roosevelt warned in 1935 that "continued dependence on relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber." Bill Clinton declared in 1996, "For decades now, welfare has too often been a trap, consigning generation after generation to a cycle of dependency. The children of welfare are more likely to drop out of school, to run afoul of the law, to become teen parents, to raise their own children on welfare." A rising tide no longer lifts all boats when the government rewards people for scuttling their own ships.

How does the federal government liberate handout recipients? By giving many people more money than they could earn by working. Government welfare spending is now vastly higher than it was in

1964. As a result, low-income Americans' work efforts have plummeted. A 1995 Heritage Foundation study reported, "In 1960, among the lowest income quintile of population, nearly two-thirds of households were headed by persons who worked. By 1991 this figure had fallen to around one-third, and only 11 percent were headed by persons who worked full-time throughout the year." A 1998 report by the Milton S. Eisenhower Foundation found that "for the first time in the twentieth century most adults in many inner-city neighborhoods are not working in a typical week."

Once freedom is equated with a certain material standard of living, confiscation becomes the path to liberation.

Faith in welfare state freedom depends on a political myopia that focuses on only one side of the ledger of government action. It measures freedom according to how much government does for people, and totally disregards what government does to people. Government provides freedom for the welfare recipient by imposing tax servitude on the worker. In an age of unprecedented prosperity, government tax

policies have turned the average citizen's life into a financial struggle and ensured that he will very likely become a ward of the state in his last decades.

Government provides freedom for the welfare recipient by imposing tax servitude on the worker.

Government handouts, rather than being the key to welfare state freedom, are merely a rebate on political serfdom. The Office of Management and Budget (OMB) estimated in 1994 that males born between 1980 and 1992 will have to surrender more than half of their lifetime earnings to tax collectors. The average male born in 1952 will be forced to pay \$171,000 more in taxes than he receives from the government, and the average male born in 1967 will pay at least \$200,000 more than he receives, according to OMB. And those estimates are based on the cheery assumption that the Social Security system will not crash and burn.

What are the hidden costs of welfare state freedom? Economist Edgar Browning, writing in 1993, examined the marginal cost of redistribution — defined as “the ratio of the aggregate loss to the top four quintiles of households to the ag-

gregate gain to the bottom quintile of households.” Browning estimated that the “marginal cost” to the most affluent 80 percent of households of increasing the income of the poorest 20 percent of households was \$7.82 for each \$1 increase in cash income over the course of the lifetimes of both low-income and more-affluent citizens. The marginal costs of redistribution are much larger than people might presume because of reduced incentives to work, both among the taxpayers and the recipients. Browning also noted that “marginal tax rates must be increased very sharply relative to the amount of income that is redistributed.” Confiscatory redistribution destroys almost eight times as much “freedom” as it creates.

State control

Once the notion of welfare state freedom is accepted as the preeminent freedom, it becomes a wish list justifying endless political forays deeper and deeper into people's lives. Princeton professor Amy Gutmann, in her 1982 book, *Liberal Equality*, declared, “Liberal egalitarians want to say that freedom of choice is not very meaningful without a right to those goods necessary to life itself.” Gutmann's elaboration of “necessary goods” reveals that

government would be obliged to control almost everything: “Supplying the poorest with more primary goods will be insufficient if their sense of self-worth or their very desire to pursue their conceptions of the good is undercut by self-doubt.” By this standard, freedom is violated when people suffer self-doubt, and the government is obliged to forcibly intervene to guarantee that all people think well of themselves.

Welfare state freedom requires that politicians and bureaucrats decree who will be subjugated to meet other people’s needs.

Political scientist Alan Wolfe, a self-described “welfare liberal,” asserted that “people need a modicum of security and income maintenance, underwritten by government, in order to fulfill the ideal of negative liberty, which is self-sufficiency.” Government dependency is the new, improved form of self-reliance: dependency on government doesn’t count because government is a better friend to you than you are to yourself. But the more dependent people become on government, the more susceptible they are to political and bureaucratic abuse.

Welfare state freedom requires that politicians and bureaucrats de-

creed who will be subjugated to meet other people’s needs. Every increase in government handouts requires a corresponding decrease in people’s right to retain their own paychecks. It requires a general political confiscation and redistribution of opportunity. But after private opportunity is confiscated and run through the wringer of the state, it is no longer opportunity, but merely the privilege to live off others’ labor without their consent.

Welfare state freedom supposedly results from government’s taking away what a person owns so that it can give him back what it thinks he deserves. The welfare state is either a way to force people to finance their own benefits via political-bureaucratic bagmen, or it is a way to force some people to labor for other people’s benefit. In the first case, government sacrifices the person’s freedom to the fraud that government must tax him to subsidize him; in the second, government sacrifices one person’s freedom in order to “liberate” someone else — often someone who chooses not to work.

Throughout history, politicians have used other people’s property to buy themselves power. That is the primary achievement of the welfare state. The danger of government

handouts to freedom was clear to some political writers hundreds of years ago. The French writer Étienne de la Boétie, in his 1577 *Discourse of Voluntary Servitude*, noted of ancient Rome, “Tyrants would distribute largess, a bushel of wheat, a gallon of wine ... and then everybody would shamelessly cry, ‘Long live the King!’ The fools did not realize that they were merely recovering a portion of their own property, and that their ruler could not have given them what they were receiving without having first taken it from them.”

Welfare state freedom is based on making everyone responsible for everyone else’s mistakes, and allowing politicians and bureaucrats to decree how great a burden each citizen must bear. Most important, welfare state freedom forces citizens

to carry a government swollen by endless false political promises, swollen by taking on tasks for which it has no competence, swollen by its own arrogance and eternal meddling.

James Bovard serves as policy advisor to The Future of Freedom Foundation and is the author of Attention Deficit Democracy (Palgrave, 2006), Terrorism and Tyranny (Palgrave, 2003), and seven other books.

NEXT MONTH:
“The Forgotten Pox of
Government Spending”
by James Bovard

Two Extraordinary African-American Entrepreneurs

by Wendy McElroy



As the 19th century neared its end, two African-American women became rivals as they became millionaires in the beauty-care industry. Annie Turnbo Pope Malone and Madam (Sarah) C.J. Walker were wildly successful entrepreneurs at a time when both blacks and women were marginalized by society. Annie and Sarah broke racial and sexual barriers; they created economic independence for an army of young black female employees; and they established black colleges and became renowned philanthropists.

Entrepreneurs are the unsung champions of human freedom and civil society. Their role in creating freedom is often overlooked be-

cause they bequeath no books of theory; they found no schools of thought. Instead, they create wealth and opportunities that enrich society and enable the employment that makes others economically independent. That is particularly true of Annie and Sarah because they offered employment to black women, whose options were often domestic service or other menial labor.

The encyclopedic *African-American Business Leaders: A Biographical Dictionary*, by John N. Ingham and Lynne B. Feldman, described the impact of Poro, Annie's company: "In 1922 ... Poro employed 175 people in St. Louis alone. African-American women from throughout the world represented the Poro product line in such locales as Canada, the Philippines, Africa, and South America, where, in total, almost 75,000 jobs were created." A'Leia Perry Bundles, Sarah's great-great-granddaughter and biographer, wrote, "The estimates of the number of people employed by Madam Walker varies [sic] widely. In her factory and office there were usually somewhere between fifteen and thirty employees. Her sales force, a multi-level sales operation, had, by her claim, in 1919, more than 20,000 agents."

The jobs made black women

(and sometimes black men) better able to control their own circumstances and live on their own terms; the jobs brought personal freedom.

The entwined stories of Annie and Sarah demonstrate the power of entrepreneurship and economic freedom to break through cultural barriers.

The entwined stories of Annie and Sarah demonstrate the power of entrepreneurship and economic freedom to break through cultural barriers. Sarah once explained her incredible career: “There is no royal flower-strewn path to success. And if there is, I have not found it for if I have accomplished anything in life it is because I have been willing to work hard.”

Annie Turnbo Pope Malone (1869-1957)

Annie Minerva Turnbo was born on August 9, 1869, in Metropolis, Illinois, to parents who had been slaves. The tenth of 11 children, she was orphaned at a young age and became a hairdresser to make a living. Her clients were exclusively black because of the prevailing social taboos.

By the age of 20, Annie had created her own product line of shampoo and scalp treatments that could

straighten coarse hair and promote growth. The latter was particularly important in the 19th century, as it was commonplace for women to start losing their hair at a young age. The lack of indoor heating and plumbing as well as lower standards of hygiene meant that people washed their hair infrequently. In turn, that promoted scalp diseases that caused hair loss. Such loss was particularly common among black women who used goose fat, heavy oils, or harsh chemicals to straighten their hair. But Annie’s new straightener was effective without causing damage. Along with her “Wonderful Hair Grower” treatment, the straightener became a mainstay of her Poro line, a West African word that referred to “physical and spiritual growth.” Later in life, Annie would refer to herself as “Madam Poro.”

With fast-selling products in tow, Annie jumped into a buggy and drove down city streets throughout Illinois, pausing only to give open-air speeches on the marvels of her line. Her business quickly expanded to include other beauty products, including a pressing iron and hot comb for which she registered a patent.

In 1902 Annie relocated to St. Louis, Missouri, which boasted the

fourth-largest African-American population in America. Because she was a woman and black, many of the traditional marketing means were closed to her; for example, drugstore retailers often refused to carry her products. So Annie established a unique marketing strategy. She hired assistants who could testify to the products' efficacy and sent them door to door as saleswomen. The representatives offered free demonstrations and hair treatments in which they taught women how to use Poro products, including a special pressing comb.

One of the St. Louis assistants was the woman who would become Madam (Sarah) C.J. Walker.

Madam C.J. Walker (1867-1919)

Sarah Breedlove (later Walker) met the world on December 23, 1867, in Louisiana, where her parents had been slaves and were now sharecroppers. One of six Breedlove children, Sarah was orphaned at the age of 7 and worked in the cotton fields to survive. Married at 14 years old, she became a widow and a single mother to daughter Lelia at the age of 20; thereafter, she moved to St. Louis to be with family.

When a second marriage failed, Breedlove lost little time in becoming

engaged to prominent newspaperman Charles Joseph Walker. At the same time, she encountered Annie Turnbo, who had set up a Poro business in her neighborhood. As noted, Poro addressed a chronic problem, one with Sarah wrestled: hair loss. Impressed with the product, Sarah embraced the opportunity to become a representative. The job paid twice as much as her regular work as a washerwoman and also brought greater prestige.

In July 1905, with a large supply of Poro products, Sarah moved to Denver, where she initially acted as a sales agent for the line.

In July 1905, with a large supply of Poro products, Sarah moved to Denver, where she initially acted as a sales agent for the line. Her role changed, however, upon meeting a pharmacist named Edmund L. Scholtz, who did a chemical analysis of Turnbo's "Wonderful Hair Grower"; he suggested improvements to the formula. Soon Sarah was promoting her own hair formula, "Madam Walker's Wonderful Hair Grower," which she sold through a marketing and distribution system that mimicked Madam Poro's. The new Madam claimed her formula had come to her in a

series of dreams that were a response to prayers for help with her hair loss. The older Madam cried “foul!”

In his book *Ladies for Liberty*, John Blundell describes the ensuing bitterness between the two “Madams.” He writes, “The split between Annie and Sarah spilled out into the black press. Annie put out advertisements warning ‘BEWARE OF IMITATIONS,’ specifically targeting Sarah’s products.... While Sarah went off on a sales trip ... Lelia kept the business running in Denver.” Meanwhile Madam Poro “established a new salon in the same street in direct open competition.” She also copyrighted the brand name “Poro” to discourage imitators.

Professionally, each woman targeted the same market: African-American women who purchased hair-care and beauty products.

Upon her return from the sales trip, Sarah declared Denver to be too small a market and moved her operations to St. Louis. Blundell explains, “By this time, she wanted to form an army of agents who would become economically independent. For Sarah, her business was not just a beauty product but a way to eco-

nomic empowerment for black women in a market economy.”

The parallel pioneers

The parallels between Annie and Sarah are striking, both personally and professionally. Each was a daughter of ex-slaves; each had parents who died during her childhood. Born into poverty, Annie and Sarah worked exhausting hours from a young age merely to survive. Each had more than one husband. Sarah married three times. Annie married twice; her first husband is only vaguely recorded as a “Mr. Pope” whom she divorced because he was interfering with business; her second husband was Aaron Eugene Malone, a former teacher and Bible salesman, whom she divorced after 13 years.

Professionally, each woman targeted the same market: African-American women who purchased hair-care and beauty products. Each used the same organizational structure of franchises with door-to-door representatives. The franchises were also supported by a heavy campaign of advertising in black magazines and newspapers. *African-American Business Leaders* described the franchise system created by Annie: “She embarked on a massive tour throughout the South,

demonstrating her preparations and techniques, and recruiting women whom she then trained to administer and sell her line of products....” Along the tour route, Annie pitched her product at women’s clubs and black churches. The women she trained as representatives trained other women in turn.

The Guinness Book of World Records listed Sarah as the first female millionaire whose fortune was self-made.

Sarah used much the same system. Her representatives were called “Walker agents” and were required to sign contracts promising to use Walker products exclusively. They also vowed to abide by a specific regime of personal hygiene that made them more presentable; Sarah fervently believed that a respectable appearance and demeanor were preconditions for social and economic success. The agents wore an identifiable “uniform”: a white shirtwaist tucked into a demure black skirt. They carried a black satchel that contained everything needed for dressing hair.

That method of advertising, distributing, and marketing was highly profitable for both women. Indeed, *The Guinness Book of World*

Records listed Sarah as the first female millionaire whose fortune was self-made. Other sources argue that Annie deserves that title.

A contributing factor in their remarkable success was the training offered to representatives. In 1908 Sarah opened the “Lelia College for Walker Hair Culturists” in Pittsburgh. For \$25, women could receive the mail-order training they needed to represent Walker hair products. The school of cosmetology was overseen by Lelia, and it trained thousands of agents. In early 1910, Sarah moved her base of operation to Indianapolis to take advantage of its extensive railroad connections; there she built a large manufacturing plant and a laboratory and opened a second college of brick and mortar. Leila moved to New York City to open yet another college and so expand business along the East Coast.

Perhaps partly in competition, Annie opened Poro College in 1918. The huge five-story complex of buildings not only served as a training school but also contained a factory and Poro’s business offices. With such niceties as a gymnasium and theater, Poro College became the leading community center for St. Louis’s black residents. The National Negro Business League made

its headquarters in the complex, and blacks who could not receive service in the city's fine eating establishments were welcome at Porro's elegant restaurant. The complex became known as "The Showplace of St. Louis."

Parallel philanthropists and activists

Annie and Sarah had a keen interest in both the betterment of African-Americans and the well-being of their work force. The latter concern may have been prompted partly by good business judgment: a satisfied work force reduces the turnover of trained personnel.

Annie and Sarah had a keen interest in both the betterment of African-Americans and the well-being of their work force.

Sarah created a cohesive sense of family in her agents by organizing Walker Clubs. These agent-operated clubs promoted community service and charitable work; the club with the most impressive record of service received prizes. In 1917 the first national convention of Walker agents was held at a time when professional women were a rarity, let alone a conference of black businesswomen. The agents were also encouraged to campaign

politically for black rights. At the "Madam C.J. Walker Hair Culturists Union of America" convention, Sarah addressed a political concern on which she would focus.

In May and July 1917, the worst episode of labor and race-related violence in 20th-century America erupted in East St. Louis. In May a mob of white men estimated at 3,000 strong began to attack blacks and their property. Although the National Guard was called in, the newspaper *The Chicago Defender* stated that 40–150 black people were killed during July alone; dozens had been lynched. Approximately 6,000 blacks were homeless when an entire neighborhood was torched. Sarah, then living in New York, was among the group of Harlem leaders who went directly to the president to present a petition requesting a federal anti-lynching law. She later contributed \$5,000 to the National Association for the Advancement of Colored People's (NAACP) anti-lynching campaign, which was the largest donation the organization had received to that date.

At the 1917 convention, Sarah stated from the stage, "This is the greatest country under the sun. But we must not let our love of country, our patriotic loyalty cause us to

abate one whit in our protest against wrong and injustice. We should protest until the American sense of justice is so aroused that such affairs as the East St. Louis riot be forever impossible.”

While rousing her agents to community service and politics, Sarah also offered them company benefits.

While rousing her agents to community service and politics, Sarah also offered them company benefits, including mutual aid and insurance.

Annie used different incentives to motivate her employees and to produce loyalty. In *African-American Business Leaders*, Ingham and Feldman stated,

Turnbo-Malone was determined to act as a unifying force for women.... In her advertising brochures she called for “ambitious women to enter a profitable profession” and promised them economic independence as Poro agents. Turnbo-Malone had devised for her employees a system of incentives to reward their outstanding achievements and to encourage promising trainees

to work harder. One of the several awards given annually was a gold gift presented to those who invested in real estate or helped their parents to do so....

Renowned as philanthropists, the two women also contributed generously to charities and their communities. For example, Annie helped to finance the construction of a new building for the St. Louis Colored Orphans’ Home, which was renamed the Annie Malone Children’s Home in her honor.

Complex and fascinating lives

Sarah died suddenly in 1919 after speaking at an anti-lynching rally. She left what was then a huge fortune of more than a million dollars. Two-thirds went to organizations such as the NAACP and charitable groups; the rest went to her daughter, who became president of the Walker empire.

Annie and her husband underwent a high-profile, six-year battle in a divorce that forced Poro College into court-ordered receivership. Although the court granted her sole ownership in May 1927, the federal government sued her for tax delinquencies several times between 1933 to 1951. The government finally took the business. She

died at the age of 87 on May 10, 1957, having lost most of a fortune that was once estimated at \$14 million. Her nieces and nephews inherited the remaining \$100,000.

These portraits of Annie and Sarah are merely glimpses of two complex and fascinating lives for which book-length treatments would be necessary to render justice.

In reading dozens of biographical sketches, however, a theme emerges frequently within the commentaries. The women are admired for their hard work and the vision with which they conquered all odds to become so successful. Their business accomplishments are certainly acknowledged but their contributions to advancing the status of blacks are often placed in a separate category, as though their making money was of less significance or less noble than their donating it to causes. I suggest that the contrary is

true. Indeed, since making money is a prerequisite to donating it, the former is more important.

The African-American authors, political activists, and policymakers who fought racism and insisted on equal rights should be roundly applauded. But the entrepreneurs who provided independence to hundreds of thousands of blacks contributed no less to the betterment of their race. If the entrepreneurs made a huge profit in doing so, then they should be applauded twice: first for personally rising above their own wretched circumstances; and second for helping so many others do the same.

Wendy McElroy is a fellow of the Independent Institute and the author of The Reasonable Woman: A Guide to Intellectual Survival (Prometheus Books, 1998).

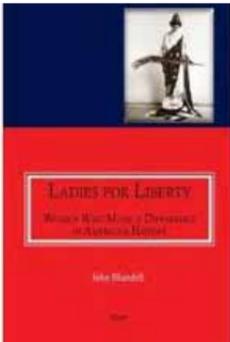
If man is not to do more harm than good in his efforts to improve the social order, he will have to learn that in this, as in all other fields where essential complexity of an organized kind prevails, he cannot acquire the full knowledge which would make mastery of the events possible. He will therefore have to use what knowledge he can achieve, not to shape the results as the craftsman shapes his handiwork, but rather to cultivate a growth by providing the appropriate environment, in the manner in which the gardener does this for his plants.

— F.A. Hayek

Women Who Made a Difference

by George Leef

Ladies for Liberty: Women Who Made a Difference in American History by John Blundell (New York, N.Y.: Algora Publishing, 2011); 230 pages.



In contemporary American politics, women are generally assumed to be more inclined to socialistic ideas than men are. Women are more likely to favor candidates and policies that are supposed to help people, to provide a “safety net” against misfortune, and to promote “social justice.” John Blundell’s book *Ladies for Liberty* is a strong antidote to the notion that women are necessarily prone to mushy, collectivistic think-

ing and hostile to individualism. Blundell has written 20 short biographical sketches of American women who worked — sometimes at great risk to themselves — for freedom. At a time when governments pass one socialistic program after another and whittle away at individual liberty day by day, it is great to have this book to remind us that American women have often been great champions for liberty.

Blundell, who served as director general of the Institute of Economic Affairs in London until 2009, explains that the book grew out of his earlier book on Margaret Thatcher (published by Algora in 2008). He had many speaking engagements in the United States about that book and was frequently asked which American women he would compare Lady Thatcher with. In answering such questions, Blundell found out that few of his listeners knew anything about American women who had advanced the cause of freedom, other than some well-known names. That is why he decided to write this book.

It reads very rapidly, each chapter only 10 pages or fewer, getting right into the work each woman did on behalf of freedom. Blundell’s profiles are arranged chronologically: Mercy Otis Warren, Martha

Washington, Abigail Adams, the Grimke Sisters (Sarah and Angelina), Sojourner Truth, Elizabeth Cady Stanton, Harriet Tubman, Harriet Beecher Stowe, Bina West Miller, Madam C.J. Walker, Laura Ingalls Wilder and her daughter Rose Wilder Lane, Isabel Paterson, Lila Acheson Wallace, Vivien Kellems, Taylor Caldwell, Clare Boothe Luce, Ayn Rand, Rose Director Friedman, Jane Jacobs, and Dorian Fisher.

Courageous opposition

Confronting authoritarians and oppressors usually requires not just conviction, but courage, risking bodily harm or severe financial loss. That was the case with several of Blundell's ladies for liberty, starting with the first in the book, Mercy Otis Warren. She was the sister of the outspoken patriot James Otis, who was attacked and savagely beaten for having expressed his opposition to British rule in the wrong place. Mercy was every bit as much an opponent of British tyranny as her brother and engaged in a variety of subversive activities along with famous male patriots. She was, for example, instrumental in establishing the Committees of Correspondence that knit together opposition to British rule through-

out the colonies. She also wrote plays that mocked the aristocracy and their mandarins.

Abigail Adams could have been hanged for spying had the British authorities intercepted some of her letters to her husband, John, that gave him information about Redcoat troop movements in and around Boston. Abigail also argued strongly (again through her letters) that the Declaration of Independence should contain language denouncing slavery, and she was disappointed when the document emerged without any such language. Finally, she attacked the many laws, both before and after the Revolution, that treated women as lesser citizens.

Confronting authoritarians and oppressors usually requires not just conviction, but courage, risking bodily harm or severe financial loss.

Blundell's chapter on the Grimke sisters takes the reader into unfamiliar historical territory. Sarah and Angelina were born into an upper-class, slaveholding Charleston family. Instead of enjoying the life of ease they could have had, the two sisters became outspoken opponents of slavery. They broke the

laws of South Carolina by secretly teaching slaves to read and write. Later they moved to Boston and openly supported the abolitionist movement with monographs and speeches. Sometimes they were in danger from mobs of men who thought not only that their abolitionist cause was a bad one, but that it was unseemly for women to speak at public gatherings. Threats did not deter the two sisters.

Following the Civil War, Harriet Tubman took up the cause of women's suffrage and raised the funds for a home for aged and infirm black people.

Perhaps the bravest of all was Harriet Tubman. She was born a slave in Maryland and endured whippings in her youth — common punishment for any slave who got the least bit out of line or “uppity.” In 1849 she ran away, avoiding the patrols of slave catchers paid by the state and reaching safety in Pennsylvania. She found work as a maid but saved most of her earnings for a planned return to Maryland to bring her family out of slavery. She did so, despite the fact that helping slaves to escape, hazardous enough to begin with, had been made even more so by the passage in 1850 of

the Fugitive Slave Act, which imposed a legal duty on all American citizens to assist in capturing fugitives. Nevertheless, Harriet succeeded in getting her own family to freedom. And then she became “the conductor on the Underground Railroad” and helped many other slaves escape bondage. Following the Civil War, she took up the cause of women’s suffrage and raised the funds for a home for aged and infirm black people — private charity long before government got into the welfare business.

Vivien Kellems displayed her courage in a different way. She stood up to the federal government and its nasty tax collector, the IRS. Vivien owned a small, successful business in Connecticut. She was greatly bothered by income-tax withholding during World War II. That system imposed costs on businesses without any recompense, and Vivien thought that just plain wrong. It also tended to hide from workers the true cost of the government; Vivien thought that people would pay more attention to what it was doing if they had to pay taxes directly. So she defied the law by paying her employees the full amount of their earnings and informing them how much they should set aside to cover their in-

come-tax liabilities. She helped her workers to set up savings accounts where their taxes could be kept until they were due. Moreover, she spoke out in public against the tax laws, encouraging others to break the law as she was doing. Naturally, all of that led to a battle with the IRS. A jury in Connecticut, apparently practicing jury nullification, found her not guilty on the charge of willfully violating the law by refusing to comply with the tax-withholding rules. Unfortunately, she never got the legal showdown she wanted — a Supreme Court test case to challenge the constitutionality of tax withholding.

Defenders of liberty

To those “profiles in courage” Blundell adds other fascinating sketches of women who spoke, wrote, and acted to advance liberty. Their courage took the form of going against accepted beliefs and norms of society that restricted freedom and extolled government power.

I had never heard about Bina West Miller, but the chapter devoted to her is enlightening. She grew up in post-Civil War Michigan. In those days, before there was any government “safety net,” many Americans joined one of the nu-

merous fraternal societies that sold life insurance. The problem, Bina learned, was that those societies allowed only men to enter into insurance contracts. She was determined to change that, and did. With years of almost ceaseless effort, she created a national insurance program for women, the Women’s Benefit Association. Some of her policyholders were killed in the San Francisco earthquake of 1906 and without waiting for any claims, she wired funds to her representative in the stricken city. Furthermore, she led the effort to raise funds from members of the association to help all of the people of the stricken city.

Their courage took the form of going against accepted beliefs and norms of society that restricted freedom and extolled government power.

Many readers probably have heard of Laura Ingalls Wilder through her famous “Little House” books, which teach the virtues of work, thrift, and voluntarism; they may also be familiar with her daughter, Rose Wilder Lane, who published the exemplary *Give Me Liberty* in 1939. But what they may not know about Rose is that she had been a dedicated socialist and devo-

tee of Lenin's communist regime in the Soviet Union — until she actually went there. Unlike many American intellectuals who saw only what they wanted to see, Rose realized that the supposed workers' utopia was a horrendous regime where the people lived in fear and poverty. She challenged the standard view that a centrally controlled society would be a great improvement over the "chaos" of freedom. Liberty, she argued, was infinitely better than life under collectivism.

Jane Jacobs is one of my favorites in *Ladies for Liberty* because she wrote so brilliantly about the damage that government planning does to cities.

Reader's Digest is now a pale ghost compared with what it once was in America. Blundell's chapter on Lila Acheson Wallace explains how she came up with the idea for the magazine and persevered until it succeeded. She was not just a good businesswoman, though. She was also a firm believer in freedom, and in 1945 she decided to run a condensation of Hayek's *Road to Serfdom*. The magazine's banner called it "One of the most important books of our generation," and millions of Americans got Hayek's

message that central planning would imperil our liberty. Incidentally, the *Digest's* condensation is still available, translated into 20 languages, and is downloaded thousands of times every year.

Milton Friedman is famous for his advocacy of free markets and limited government, but few readers know how important his wife, Rose Director Friedman, was in his career. Take his breakthrough book, *Capitalism and Freedom*. It was developed by Rose from a set of lectures Milton gave at Wabash College under the sponsorship of the Volcker Fund. Rose was also a vital force in the writing and recording of the blockbuster "Free to Choose" set of television programs that aired in 1980. And, Blundell notes, Rose was an intellectual force in her own right. For example, following Lyndon Johnson's declaration of his "war on poverty" in 1965, she wrote a monograph published by the American Enterprise Institute that explained the problems with the president's definition of "poverty."

Jane Jacobs is one of my favorites in *Ladies for Liberty* because she wrote so brilliantly about the damage that government planning does to cities, even though she never went to college. (America's infatuation with college credentials and

the absurd notion that only those who have them can possibly have anything worthwhile to say about public policy is one of my pet peeves.) In the late 1940s and on, American intellectuals were dazzled by the idea that government planning could and would make cities better, cleaner, more wholesome and livable. The result was federal “urban planning” legislation that led to the demolition of old neighborhoods, which were replaced with government housing projects and planned communities. Instead of falling for the theory,

Jane looked at the results and found them appalling. Her 1964 book *The Death and Life of Great American Cities* quickly became a classic in the libertarian literature.

I haven’t mentioned all of the women Blundell profiles in this delightful book, but I heartily recommend that you get a copy and read it cover to cover.

George C. Leef is the director of the Pope Center for Higher Education Policy.

No matter how the transfer state may victimize me, I shall seek no transfer payments, nor accept any.

— Hans F. Sennholz

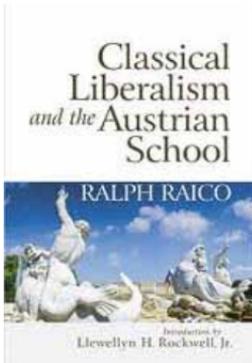


Authentic Liberalism Vindicated: The Great Liberal Heritage

Part 1

by Anthony Gregory

Classical Liberalism and the Austrian School by Ralph Raico, (Auburn, Ala.: Ludwig von Mises Institute, 2012); 347 pages.



If any one word is responsible for more confusion in the United States than “liberalism,” I’d surely like to know what it is. To the average American, a liberal is someone who votes Democratic, favors redistribution of wealth from rich to poor, wants more government regulation of the market, probably

champions gun regulations, loves public education, and generally stands on the opposite side of the spectrum, such as it is, from what passes as “conservative” these days.

Yet outside the United States, and for more than a century, “liberalism” has carried a different meaning, something quite distinct from, if not diametrically opposed to, the modern American definition. Liberalism is the tradition of Adam Smith and John Locke and the more radical of the Founding Fathers — the tradition of the British opponents of the Corn Laws, of French economists and legal theorists such as Frédéric Bastiat, and of Americans who questioned the very necessity of the state in the late 19th century. Liberalism is, in other words, the political creed of those who favored liberty above the state, believed peace was preferable to war, and saw free trade and free association as the very foundations of a just and equitable society; who saw the moral status of wealth accumulation as being determined not by how much was accumulated, but rather by how it was accumulated — whether by the peaceful and productive means of voluntary free exchange or the political means of plunder and government privilege.

Liberalism, in short, is the phil-

osophical antecedent to modern libertarianism. And though many of today's liberals claim the legacy of old liberalism for themselves, saying that economic realities and refinement of theory forced them into their more collectivist mold, it becomes clear from studying the liberal tradition that its core values of individual liberty, belief in the self-organizing effectiveness of society, and distrust in government have much more in common with today's consistent opponents of tax-and-spend liberalism than with its proponents.

Liberalism, in short, is the philosophical antecedent to modern libertarianism.

We libertarians are lucky to have a great historian in Ralph Raico, whose *Classical Liberalism and the Austrian School* contains nine fantastic essays that shed much needed light on these profound philosophical issues. Raico, our premier historian of classical liberalism, is fluent in the intellectual foundations of those ideals as well as in economics, particularly Austrian economics, rendering him uniquely qualified to discuss the intimate relationship between the most radical of free-market schools

and the struggle for individual liberty.

Defining liberalism

Raico laments that “no serious effort has been made to provide an overall account of the history of liberalism” outside of the work of Guido de Ruggiero, which he considers “deeply flawed” and notes “was limited to ... Britain, France, Germany, and Italy.” Another problem arises with the very definition of liberalism: “[A] survey of the literature on liberalism reveals a conceptual mayhem. One root cause of this is the frequent attempt to accommodate all important political groupings that have called themselves ‘liberal.’” That approach does not impress Raico, who points out the absurdity of defining liberalism so broadly:

If one holds that the meaning of liberal must be modified because of ideological shifts within the British Liberal Party (or the Democratic Party in the United States), then due consideration must also be given to the National Liberals of Imperial Germany. They — as well as David Lloyd George and John Maynard Keynes — would have a claim to be situ-

ated in the same ideological category as, say, Richard Cobden, John Bright, and Herbert Spencer. Yet the National Liberals supported, among other measures: the Kulturkampf against the Catholic Church and the anti-socialist laws; Bismarck's abandonment of free trade and his introduction of the welfare state; the forcible Germanization of the Poles; colonial expansion and *Weltpolitik*; and the military and especially naval buildup under Wilhelm II.

"It is evident," Raico argues, "that mere self-description by politicians or political intellectuals cannot be decisive on this issue." Even libertarians will sometimes include Keynes and other collectivists on the list of true liberals, but for Raico that will not do. "Canvassing the views of, say, Kant, Spencer, Popper, and Rawls yields no consensus on crucial issues."

The "chief bone of contention in the debate," as Raico sees it, is private property, which modern liberals and some presumed older liberals have viewed with hostility, seeing it as a "conservative" institution. Raico takes on one thinker, Michael Freedman, who "seeks to ex-

clude belief in private property altogether from the contemporary meaning of liberalism." But to welcome welfare state liberals, especially for the sake of continuity of language, results in some perverse implications. "Liberalizing the economy" would no longer mean "dismantling of government controls, but instead, something like extending welfare benefits."

The "chief bone of contention in the debate," as Raico sees it, is private property.

Raico traces a lot of the problem to the "vastly inflated position in the conception of liberalism" held by John Stuart Mill, the 19th-century thinker with genuinely liberal views on free speech, but who "rejected the liberal notion of the long-run harmony of interests of all social classes," who "repudiated the liberal principle of non-intervention in foreign wars," and who redefined "liberty itself" so as to find as much fault in "institutions whose authority over them [people] freely accept" as in state-inflicted physical aggression.

More of the confusion comes in the reluctance of British and American collectivists, in particular, to be honest with their language:

In Anglophone countries, those who anywhere else would be straightforwardly identified as social democrats or democratic socialists shy away from acknowledging their proper name. It is hard to avoid the conclusion that this is essentially a matter of political expediency. For some reason, labels suggestive of socialism have not been popular in countries of English heritage.

Raico seeks to trace the origins of liberalism back far enough to establish a distinct and long-standing trend of thought that held political power in suspicion. Those origins pre-date the Enlightenment and are found in the medieval era. Raico credits the Catholic Church for its role in modernizing law, desacralizing the state, and promoting decentralized authority. He then discusses the mid-17th-century English Levellers, who opposed radical egalitarianism, violations of freedom of conscience, and state monopoly.

French liberals and class struggle

Raico devotes an entire chapter to the French liberals, who have often been neglected in the English-speaking world. “Benjamin Con-

stant is,” according to Raico, “the representative figure not only of French but of European liberalism in the nineteenth century.” Constant had found the flaw in the French Revolution and its terror in “the idea of Ancient Liberty misapplied to the modern age.”

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The classical republics of Greece and Rome, as well as writers such as Rousseau and Abbé de Mably, saw freedom consisting “in the citizens’ exercise of political power. It is a collective notion of freedom, and it is compatible with — even demands — the total subordination of the individual to the community.” Modern liberty, in Constant’s view, was different: it was “one based on free labor and peaceful commerce.” Constant, like today’s libertarians, contended with opponents on both the left and right: “His enemies were the Jacobin and socialist descendants (for the most part) of Jean-Jacques Rousseau on the one side, and, on the other, the theocratic conservatives such as de Maistre and de Bonald.” Constant’s

vision of peaceful diversity and social pluralism continues to be relevant in today's culture wars, as "conflicting groups wish to make use of the state power to realize their own cultural — religious, moral ethical, even aesthetic — values."

The French liberals identified many problems of the modern state in very sophisticated terms. They saw "the danger of centralized powers." Raico identifies French Catholic liberals for their major contributions to religious liberty. He finds much to credit in Alexis de Tocqueville's views on "the danger of centralized power," the anti-statism advocated by Count de Montalembert, and the anarchism of Gustave de Molinari, who opposed the nation-state but also found revolutionary movements threatening to liberty.

Of the French contributions to liberal thought that continue to be neglected even by many libertarians, the theory of class conflict is a major one. The cause of this neglect may be that "few ideas are as closely associated with Marxism as the concepts of class and conflict." Marx saw the inevitable tension between the workers and the state-privileged capitalists as the great hinge on which history would unstopably turn.

Yet as Marx himself noted in 1852, "No credit is due to me for discovering the existence of classes." Instead, he credited "bourgeois historians" and "bourgeois economists." In particular, he named the French historians François Guizot and Augustin Thierry.

Of the French contributions to liberal thought that continue to be neglected even by many libertarians, the theory of class conflict is a major one.

Raico traces class-conflict theory to the heritage of classical liberalism, finding that a liberal class-conflict theory emerged in a polished form in France, in the period of the Bourbon Restoration, following the defeat and final exile of Napoleon.

From 1817 to 1819, two young liberals, Charles Comte and Charles Dunoyer, edited the journal *Le Censuer Européen*. Along with Thierry, they began to formulate a theory, later expounded on by Constant and Jean-Baptiste Say, of class conflict. According to Say, the market economy provided for a harmony of interests. Conflict arose when a state drew parasitically from some to benefit others. Thus we have the two adversarial classes: the rulers and the ruled.

According to Comte,

What must never be lost sight of is that a public functionary, in his capacity as functionary, produces absolutely nothing; that, on the contrary, he exists only on the products of the industrious class; and that he can consume nothing that has not been taken from the producers.

At times, Marx's class theory closely resembled that of the liberals. Marxism contains two rather different views of the state: most conspicuously, it views it as the instrument of domination by exploiting classes that are defined by their position within the process of social production, e.g., the capitalists. Sometimes, however, Marx characterized the state itself as the independently exploiting agent.

The difference in economic and social theory goes a long way in explaining the distinction between Marxist and liberal class analysis, despite the many similarities. It also hints at the difference between the way left-liberals and classical liberals look at the economy and wealth distribution. If one believes that the state is merely doing the bidding of the capitalists, then the latter become the principal enemy, and the

state can presumably be taken over for the purpose of proletarian liberation — an endeavor that, whenever it is attempted in real life, results in mass suffering and totalitarianism. If, on the other hand, the state itself is the exploiter and parasite, and the politically connected capitalists are merely beneficiaries of its intrinsically exploitative nature, then taking over and enlarging the state cannot be seen as the proper course of action — rather, shrinking the state as much as possible would be the solution to inequitable privilege.

Austrian economics has emerged as the school most conducive to championing free markets and individual liberty.

Economic science has long been fundamental to classical liberalism. As Raico explains, Austrian economics has emerged as the school most conducive to championing free markets and individual liberty. In its origins, its historical dialectical relationship with socialist economics, its emphasis on subjective value and methodological individualism, and its many theories that undermine the case for state intervention, today's libertarians have every reason to study this field

closely. Seeing that economics as much as anything divides modern liberalism from its more libertarian counterpart, precision in economic education takes on great importance.

thor of a forthcoming book on habeas corpus. He is a policy advisor to The Future of Freedom Foundation and a columnist at LewRockwell.com. His website is www.AnthonyGregory.com.

Anthony Gregory is research fellow at the Independent Institute and the au-

The great thinker is seldom a disputant. He answers other men's arguments by stating the truth as he sees it.

— Daniel March

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11350 Random Hills Road
Suite 800
Fairfax, VA 22030

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www.fff.org

fff@fff.org

Tel: 703-934-6101

Fax: 703-352-8678