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# FUTURE OF FREEDOM

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*The possession of arms is the distinction between  
a free man and a slave.*

— *Andrew Fletcher*

# FUTURE OF FREEDOM

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# The Evil of the National-Security State

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## Part 8

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*by Jacob G. Hornberger*



**A**lmost 50 years after the publication of the Warren Commission Report, I still cannot understand what Lee Harvey Oswald's motive would have been in assassinating President Kennedy. The official version of events is that he was a confused, disgruntled, little man who sought fame and glory by assassinating a famous, powerful, and admired president of the United States.

But there are obvious problems with that official version.

After he was taken into custody, Oswald denied having shot the president or anyone else. If he sought fame and glory by killing the

president, why would he deny having done it? Wouldn't he instead be openly bragging about the fact that he had just killed the president?

Of course, it might be said that he wanted fame and glory and, at the same time, to outsmart the government by successfully avoiding conviction for the crime. But it would seem that those two things are at least a bit inconsistent.

Moreover, in planning to shoot the president, Oswald left quite an easy trail leading to himself. Why would he do that, if he was going to try to beat the rap? Why use a rifle that he had supposedly purchased by mail and, therefore, that could easily be traced to him? Why not instead walk into a gun store and buy a brand new rifle for cash, which would have left no paper trail leading to him? Remember: in Texas in 1963, there were no background checks when one purchased a gun.

In fact, Oswald's defense was not simply a denial that he had committed the crime. He went further than that. In the hours between his arrest and his murder at the hands of Jack Ruby, he claimed that he had been set up — framed. That's what he meant when he told the press that he was “a patsy.” What could he possibly have had in mind?

What would have been his strategy, assuming he had in fact assassinated Kennedy and planned to escape the rap?

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**Is it possible that someone else committed the crime, framed Oswald, and then had him killed so that he could never deny it or reveal who it was who had set him up to take the fall?**

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After all, a simple denial of having committed the offense would have been the normal route. In so doing, he would have been saying in effect, “I didn’t do this. I don’t know who did it. All I know is that I didn’t do it.” By claiming he had been set up, he was saying, “Not only did I not do this, I know who did do it, and they’re trying to make it look like I did it.” That obviously would have meant that at his trial, Oswald not only would have been claiming he had nothing to do with the killing but also would have been pointing the finger at some other person or group of people.

For the past half-century since the Kennedy assassination, there have been two lines of “legitimate” discourse within American mainstream circles. The first is: Oswald was a lone-nut assassin. The second is: Oswald conspired with others to

assassinate John Kennedy. Each of those positions is considered to be respectable, credible, and legitimate even if people disagree with it.

What one will rarely find within mainstream circles, however, are the following questions: Is it possible that Oswald was innocent? Is it possible that he was neither a lone-nut assassin nor a conspirator in the assassination? Is it possible that he was what he said he was — “a patsy”? Is it possible that someone else committed the crime, framed Oswald, and then had him killed so that he could never deny it or reveal who it was who had set him up to take the fall?

### Anomalies

As the 50th anniversary of the Kennedy assassination approaches in 2013, those are questions that the American people are unlikely to encounter in the mainstream press. For once someone begins to contemplate the possibility that Oswald was innocent, he begins peering into an abyss — one that points in the direction of the U.S. national-security state — the set of institutions, including the CIA and the military, whose responsibility since 1947 has been to protect national security.

Those who hold that Oswald

was involved in the crime, either as a lone nut or as a conspirator, have always pointed to the large amount of evidence incriminating him. There was the assassin's nest on the sixth floor of the Texas School Book Depository, where Oswald worked. There were the three rifle cartridges found on the floor near the sniper's nest. There was Oswald's supposed murder of police officer J.D. Tippitt soon after Kennedy's assassination. There was his supposed devotion to communism, Cuba, and the Soviet Union.

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**There are anomalies that are simply inconsistent with the guilt of the accused but that are consistent with a frame-up.**

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But there is a big problem with all that evidence, a problem with which the mainstream press has never grappled. That problem is that when a person is framed for a crime he didn't commit, to be successful the framers must make the evidence of guilt point convincingly to the person who is being framed. That's the whole point of a frame-up — to make it look as though an innocent person has committed the crime.

We all know that people have been framed for crimes they didn't

commit. The most successful frame-ups are those where the false evidence of guilt is so convincing that the person being framed cannot successfully defend against the frame. Of course, Oswald never got a chance to present his defense or defend his allegation of having been set up, owing to his murder by Jack Ruby.

So how does one distinguish between a person's actual commission of a crime and a frame-up of an innocent person? Sometimes it's impossible to do so. Other times, however, there are anomalies that are simply inconsistent with the guilt of the accused but that are consistent with a frame-up.

And that's part of the problem in the case of Oswald. There are anomalies that are consistent with a frame-up and inconsistent with his being guilty.

For example, after Oswald was taken into custody, he was given a paraffin test to determine whether he had fired a rifle that day. The test revealed no gun-powder residue on his cheek.

Or consider Oswald's demeanor when confronted by a police officer on the second floor of the Texas School Book Depository less than 90 seconds after the shooting. He was as cool as a cucumber, showing

no nervousness whatsoever. Moreover, he was not out of breath from having rushed from the sixth floor to the second floor. And he certainly showed no inclination to take credit for having shot the president.

There were no fingerprints found on the rifle. The only print that was found was a print of Oswald's palm under the rifle stock, which was discovered under rather suspicious circumstances days after the assassination.

Assuming that Oswald shot the president, what would have been his primary objective once he had killed the president, if he planned to claim he didn't do it? Wouldn't his primary objective have been to get off that sixth floor as fast as he could?

Why then would he have taken the time to hide the rifle? What possible purpose would that have served? The assassin's nest was there, out in the open. The same holds true for the rifle cartridges on the floor. So what good would it have done to hide the rifle? Surely, Oswald would have known that a complete search would be made of the entire sixth floor. Why delay an escape to do something that served no purpose whatsoever?

Thus, hiding the rifle is another one of those anomalies that are in-

consistent with Oswald's guilt and consistent with a frame-up. If Oswald was going to leave the assassin's nest intact and leave the spent cartridges on the floor, why not simply leave the rifle there too and make a quick escape? Or if he was going to hide the rifle, why not also take the time to dismantle the assassin's nest and hide the spent cartridges?

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**If Oswald was going to hide the rifle, why not also take the time to dismantle the assassin's nest and hide the spent cartridges?**

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On the other hand, hiding the rifle makes total sense if there were people framing Oswald. It would have been too risky for framers to have brought the gun into the building on the morning of the assassination, when people might have seen them. The framers would necessarily have brought the gun into the building the night before the assassination and, to avoid its being discovered, would have hidden it from view.

Let's assume what U.S. officials and the mainstream press will never allow themselves to contemplate: Let's assume for a moment that Oswald was, in fact, innocent and that he was, in fact, what he alleged to be

— “a patsy.” To whom could he possibly have been referring when he said he had been set up?

Could it have been personal friends? Not likely, given that he had few if any close friends. How about fellow employees at the School Book Depository? Not likely, given the difficulty he obviously would have had in making such a theory stick. What would have been their motive?

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### How would the Soviets and Cubans have planned to falsify the president's autopsy?

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How about the Cubans and the Soviets, given his supposed connections to communism, Cuba, and the Soviet Union? That's, of course, a possibility — that the Soviets and the Cubans were the ones he was referring to when he suggested he had been set up. But how would the Soviets and Cubans have planned to falsify the president's autopsy, which would have been a critical step in concealing that shots had been fired from the front?

If we consider, however, that Lee Harvey Oswald wasn't the devoted communist he portrayed himself as, but was instead a devoted ex-Marine who had been recruited by Navy intelligence or the

CIA or some other intelligence branch of the U.S. government to serve as a government mole during the Cold War, a subject we explored in part six of this series, then there is only one likely possibility: assuming Oswald was, in fact, innocent, he was pointing his finger at the U.S. national-security state, for whom he had been working.

### If Oswald was a patsy ...

It's not difficult to understand why the Warren Commission felt compelled to accept on blind faith and trust the denials by the CIA and the FBI that Oswald worked as an intelligence operative for the U.S. government. If it were established that the denials were false, where would that have left the Warren Commission? It would have left them with a U.S. intelligence agent who had assassinated the president, one who was denying his guilt and was pointing to those with whom he worked as the true assassins. It would have also destroyed the national-security cover story, by which Oswald's connections to communism, Cuba, and the Soviet Union were being used to suggest a conspiracy to kill Kennedy involving him and the Soviets that would inevitably have led to nuclear war.

It would have meant, again,

peering into an abyss. It would have meant accusing the national-security state, not just a group of rogue agents, of having assassinated the president. And what if the accusation had proven true? Then what? How does one indict an entire large section of the government? And such an accusation, which would almost certainly have been denied, would have meant an out-and-out war between the Warren Commission, on the one side, and on the other the CIA, military, and other parts of the national-security state, a war that itself would have been considered a grave threat to national security, especially at the height of the Cold War.

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**It is inconceivable to the mainstream that the U.S. national-security state would ever effect a regime-change within the United States.**

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Thus, there was never a reasonable possibility that such an accusation or investigation would ever occur. The assassination was done. Nothing could bring Kennedy back to life. Any investigation that challenged the word of the CIA, the FBI, and the military or that suggested the possibility that the national-security state had assassinated Ken-

nedy and framed Oswald would have been perceived as a grave threat to national security and, indeed, to the future existence of the United States. The evidence convincingly pointed to Oswald. Better to let sleeping dogs lie.

The mainstream press and U.S. officials have long subscribed to what might be called the “inconceivable doctrine” — that it is simply inconceivable that the U.S. national-security state, especially the CIA and the military, would ever effect a regime-change operation within the United States.

Oh sure, they’ll say, the CIA and the military will do those sorts of things to leaders in foreign countries. They’ll assassinate them, as they have tried repeatedly to do to Fidel Castro. They’ll initiate coups in which they oust democratically elected leaders from office and install pro-U.S. leaders in their stead, as they did in Guatemala and Iran. But to the mainstream, it is absolutely inconceivable that they would ever do such things here in the United States.

What the mainstream often fails to appreciate, however, is the driving force of the national-security state, which is the protection of national security. Nothing matters more. Protecting national security

is the *raison d'être* of the national-security state. Ever since its founding in 1947, the national-security state — especially the military and the CIA — has stood above American society like a godlike guardian — indeed, stood over the entire world — searching carefully and relentlessly for threats to U.S. national security — and upon finding them, doing whatever was necessary to eliminate them.

Assassinations, coups, drug experiments, spying on Americans, maintaining secret files on Americans, extortion, the use of moles to infiltrate and destroy communist organizations, communist witch hunts, terrorism against communist states, invasions, partnerships with former Nazis and the Mafia, regime-change operations, embargoes, and sanctions — nothing has ever stood in the way of protecting national security. The CIA and the military have always done whatever was necessary, no matter how unsa-

vory, to protect “national security.”

Obvious questions arise, however — questions that the mainstream press has never been able to bring itself to ask: What would the U.S. national-security state do if confronted by a president whose actions posed the gravest threat to national security in the nation’s history, one that threatened the very existence of the nation? Would it let the nation go down, or would it do what was necessary to protect national security?

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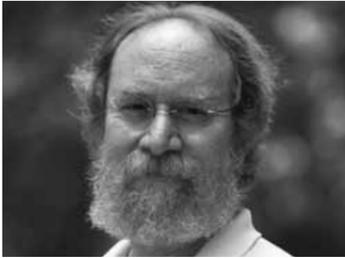
*Jacob Hornberger is founder and president of The Future of Freedom Foundation.*

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**NEXT MONTH:**  
“The Evil of the National-Security State, Part 9”  
by *Jacob G. Hornberger*

# Medicare Is Doomed

by Sheldon Richman



When Democrats accuse Republicans of wanting to “end Medicare as we know it,” they are right. Of course ending Medicare as we know it is not the same as *ending* Medicare. What Democrats fail to point out is that “Medicare as we know it” is no longer an option for anyone. They too will end “Medicare as we know it.” If no changes are made in the program, it will simply collapse.

Leaving aside the fatal moral defect of Medicare — that it coerces innocent people through taxation and permits no one to opt out — the program is doomed. (Some time can be bought through changes such as advancing the eligibility age to 67.) It has tens of trillions of dollars in unfunded liabilities, meaning it has made promises to future retirees that Congress has made no provision for

keeping. If nothing changes, the working generations will have to be crushed with a far higher tax burden than they have today — which hardly could be seen as fair even by conventional standards, since (for obvious reasons) the elderly tend to be wealthier than younger people. Because of the relative size of the Baby Boom generation, 10,000 members of which are turning 65 each day and going on Medicare, there will be many fewer workers per beneficiary than there were in the past. Two workers will be forced to pay each retiree’s medical bills. Those younger people might have other plans for their money.

So something’s got to give, no matter which party is in power. This should be no mystery. If the government promises to pay for older people’s medical care essentially without limit, wouldn’t one expect the bill to grow very fast? It’s the law of demand in action. As the price of a good drops, other things being equal, demand will increase. If the price drops close to zero (because others are taxed to pay the expenses), demand will skyrocket. The price of a good or service represents an opportunity cost. The prospective buyer must ask whether he prefers the good or service to whatever else he could spend the money on. As the

price falls, so does the opportunity cost. If the price approaches zero, opportunity cost follows. (There is still some opportunity cost, for example, in the time spent to obtain the good or service — that time could have been spent doing something else.)

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**The Medicare program costs more than originally projected because the bureaucrats and politicians underestimated the law of demand.**

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The Medicare program costs more than originally projected because the bureaucrats and politicians underestimated the law of demand. (Beneficiaries do pay premiums and co-payments, so the price of services is not zero to them.) Given the law of demand and assuming that taxes can't be jacked up or the program abolished, there's only one thing to do: change the system so the elderly can't buy all the medical services they wish at a price near zero — that is, “end Medicare as we know it.”

But there's a problem: Older people, who vote in great numbers, won't cotton to having free services taken away. That's why Medicare (like Social Security) has been regarded as a “third rail” of American politics: touch it and you die. So the

politicians need to find ways to deceive the elderly into thinking that cuts in the program won't affect them.

### The Obama plan

Look at the current debate over how to fix Medicare. Barack Obama's health-care plan would cut more than \$700 billion from the Medicare bill. (He needs the money to expand Medicaid and other subsidies for younger uninsured people.) But he insists this cut will not reduce benefits for the elderly. How can that be? The money will be taken from providers (and insurers under the popular alternative, Medicare Advantage), not beneficiaries, he says. On its face, that is absurd. If reimbursements to providers are reduced, how could that not translate into reduced services to beneficiaries?

But Obama has an answer: get rid of waste. To date, he says, Medicare has paid for services according to volume. Now it will pay according to value. It sounds nice, but it means that government will second-guess the decision of doctors and patients, which is what the original critics of Medicare predicted would happen.

Obamacare sets up the Independent Payment Advisory Board (IPAB) consisting of 15 presidential appointees (confirmed by the Sen-

ate). Attempting to prevent alarm, the law says, “The proposal shall not include any recommendation to ration health care, raise revenues or Medicare beneficiary premiums ... increase Medicare beneficiary cost sharing (including deductibles, co-insurance, and co-payments), or otherwise restrict benefits or modify eligibility criteria.” Yet it must, according to Wikipedia, “bring the net growth in Medicare spending back to target levels if the Medicare Actuary determines that net spending is forecast to exceed target levels, beginning in 2015.” Each year IPAB’s proposal will be submitted to Congress, which is tightly restricted in how it can change the proposal.

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**Sweep away the obfuscation and one is left with the fact that the Advisory Board must control Medicare spending.**

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Sweep away the obfuscation and one is left with the fact that this board must control Medicare spending. That means less money for doctors and hospitals. Now we run into the law of supply: As the price of a service falls, other things being equal, supply will fall with it. We can anticipate that fewer doctors will accept Medicare patients and some on-the-edge hospitals will close. That

means patients will face longer waits for services. (The millions of newly insured will also aggravate the already-short supply of doctors.)

Health economist John Goodman and Thomas Saving of the National Center for Policy Analysis noted that this deterioration will only make a bad situation worse.

*As the most recent Medicare Trustees’ report points out, compared with private insurance plans, Medicare payments to doctors are going to fall by half from 80% of what private plans pay to only 40% over the next two decades.*

*Medicare hospital fees are less than 70% of what private insurers pay, and this percentage also will decline over time as well.*

*The Medicare actuaries predict that one in seven hospitals will not survive these cuts, and that seniors will have increasing difficulty finding doctors who will see them.*

Moreover, in the name of paying for value not volume, some services will be curtailed. Despite assurances that only “unnecessary” services will be eliminated, it is hard to have confidence that something as individu-

alized as medical care can be managed by 15 “experts” far removed from the scene. Obamacare did not set up explicit “death panels,” but it has set in motion a procedure that will penalize doctors for doing what bureaucrats think is unnecessary. Medical care “by number” will become the standard in America.

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**Government-promoted ACOs will turn independent doctors into employees, further hastening early retirement and the doctor shortage.**

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In the effort to hold down costs, Obamacare also fosters the development of Accountable Care Organizations (ACO), reminiscent of, though different from, the despised Health Maintenance Organizations (HMO) of decades ago. One doctor told me that government-promoted ACOs will turn independent doctors into employees, further hastening early retirement and the doctor shortage. “The result [of the ACO provision] is a top-heavy regulatory system in which administrators in government and the ACOs could soak up health care dollars without improving patient outcomes or reducing overall health care costs,” write Roberta Herzberg of the National Center for Policy Analysis and

Chris Fawson, a professor of economics and finance at Utah State University.

So the choice appears to be between Medicare bankruptcy and increasing government control over retirees’ health-care spending.

### The Romney/Ryan plan

The Republicans would disagree, however. What do they propose? Mitt Romney and Paul Ryan would change Medicare from a “guaranteed benefit” plan to a “guaranteed contribution” plan. In other words, instead of paying whatever bills retirees incur, the government would provide fixed “premium support” to enable them to buy private coverage. They would also have the option of staying in traditional Medicare, but since they predict that their plan will bring down costs through competition, they forecast that Medicare costs will be controlled without limiting people’s choices.

As one might expect, there is less here than meets the eye. For one thing, Goodman and Saving write, “there’s very little difference between the two [Obama and Ryan] plans. There is no important difference in Medicare spending — even when the estimates of the president’s budget are made by his own Office of Management and Budget and the

costs of the Ryan plan are projected by Ryan himself.”

Ryan’s so-called voucher plan is not likely to deliver on cost control. As Shikha Dalmia of the Reason Foundation writes, “[Government] programs are always vulnerable to lobbying by groups seeking more.... [Insurance] companies selling coverage to seniors will have a bigger incentive to lobby harder, since the money will go to them.” Ryan’s proposal would set up an insurance exchange in which companies offer government-designed policies. The theory is that competing companies will find ways to lower the price of the mandated coverage. But, as has happened in the states, providers will lobby the federal government to have their services included in the allowable plans. Dalmia writes,

*This will mean two things, both of which will undermine cost containment: One, the greater the gap between what seniors can afford and what is available on the exchange, the more intensely they will lobby for additional funds. Indeed, Ryan-Care will replace the “patient-provider pincer” with the “patient-insurer pincer.” Two, if seniors’ shopping options are restricted to bureaucratically*

*sanctioned plans with a standard set of benefits, insurance companies won’t have room to fully compete on prices, eviscerating the market mechanism that is key to cost-containment in vouchers.*

As a result, there will be more pressure to raise government spending — and we know where that leads. (See above.)

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**When a third party pays for your services, you can hardly be shocked when that party gets tired of the never-ending rise in expense and imposes controls.**

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Needless to say, something like this was inevitable. The blank check couldn’t last forever. (These days retirees get far more in services than they paid in taxes.) When a third party pays for your services, you can hardly be shocked when that party gets tired of the never-ending rise in expense and imposes controls. Reassurances that the quality of service will be protected count for nothing when the overriding goal is to “bend the cost curve down.”

There’s no such thing as a free lunch. Money always has strings, and he who pays the piper eventually calls the tune. Opponents of Medi-

care warned of all this, but they were ignored. The welfare state is a snare and a delusion. It creates dependence at the point of a gun, then once dependency is achieved, it imposes restrictions that create hardship. All the while, the taxpaying generations bear an ever-greater burden.

The only way out is to fully separate medicine and state, which would stimulate reliance on mutual-aid associations and other private for-profit and nonprofit organizations. It would not only be more efficient; it would also be respectful of individual rights because coercion will be no part of it.

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**NEXT MONTH:**  
**"Clinton's Legacy, Part 1:  
The Financial and Housing  
Meltdown"**  
*by Sheldon Richman*

*When the state cannot please everybody, it will choose whom it had better please.*

*— Anthony de Jasay*

# The Lingering Curse of “Bush Freedom”

by James Bovard



It has been almost four years since George W. Bush’s presidency ended. Unfortunately, it increasingly appears that Bush did permanent damage to this nation’s political vocabulary and understanding. Rather than repeal his worst precedents, Barack Obama used them as launch pads for his own abuses. And the scant discussion of Obama’s power grabs in this fall’s presidential campaigns illustrate how Bush’s abuses have become the new norms.

Perhaps Bush’s worst damage to the American constitutional heritage was his continual defining down of freedom. His vision of freedom was the opposite of that of the Founding Fathers. For Bush, the survival of freedom required un-

leashing government power to preemptively destroy any potential enemy of freedom or America. “Bush freedom” required that neither Congress nor the federal courts be able to curb the power of the executive branch. James Madison’s carefully crafted checks and balances seemed as anachronistic and subversive as taking a flight while carrying a pocket screwdriver. Bush’s concept of freedom was similar to that of many authoritarian rulers throughout history who promised future bounties of liberty after the latest emergency crackdown.

In his 2002 State of the Union address, after bragging about victory in Afghanistan, Bush proclaimed, “We have shown freedom’s power.” Every B-52 bomber and every 15,000-pound daisy cutter bomb had become as much a symbol of American freedom as the Bill of Rights. For Bush, the Pentagon budget was one of the clearest measures of America’s devotion to freedom. At a 2002 Republican fundraiser in Connecticut, he observed, “That’s why my defense budget is the largest increase in 20 years. You know, the price of freedom is high, but for me it’s never too high because we fight for freedom.”

“Bush freedom” was based on trust in almost all governments. His

“world freedom” campaign did not aim to make governments less oppressive: instead, it provided U.S. military aid and tax dollars to support almost every government’s effort to crush opposition. In his view, freedom was something that can occur only after governments seize enough power to crush all terrorists, or would-be terrorists, or potential terrorists, or suspected terrorist sympathizers.

### “Champions of freedom”

Bush tossed freedom accolades to some of the world’s most oppressive governments. Uzbekistan was among the most barbaric of former Soviet republics, renowned for vicious prosecutions of anyone who attended private Muslim prayer groups or distributed literature not preapproved by the government; the government boiled alive dissidents and other suspected enemies of the regime. Yet in September 2002 Bush sent Uzbek President Islam Karimov a letter proclaiming his readiness “to work together to create a world which values people and promises them a future of freedom and hope.” Karimov may have used some of the U.S. aid he received to slaughter 500 peaceful demonstrators in 2005. (The Bush administration blocked interna-

tional efforts to condemn Karimov for the massacres.)

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**In Bush’s view, freedom was something that can occur only after governments seize enough power to crush all terrorists.**

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The government of Kazakhstan, another central Asian tyranny, collected more than \$100 million in U.S. government handouts during Bush’s presidency, despite that government’s record of torture and “extrajudicial killings,” in the State Department’s euphemism. Yet Bush issued a joint statement with Kazakh ruler Nursultan Nazarbayev pledging to “reiterate our mutual commitment to advance the rule of law and promote freedom of religion and other universal human rights.” Shortly after Bush hailed the Kazakh government, it shut down 30 newspapers and television stations and roughed up and arrested journalists because the media had exposed the Kazakh president’s billion-dollar Swiss bank account. U.S. aid to the Kazakh government soared after it destroyed the independent media.

Nations whose governments kowtowed to the U.S. government were by definition free. On May 10, 2005, Bush visited Tbilisi, the capital of Georgia, and told an adoring

crowd that “Georgia is today both sovereign and free and a beacon of liberty for this region and the world.” Georgia had become a democracy a mere year and a half before. The government had yet to reach Jeffersonian standards, owing to pervasive torture, killings of dissidents and potential opponents, and jailings of people without charges. Human Rights Watch reported that Georgia’s government was “one of the most corrupt in the world ... and has a record of persistent and widespread human rights abuses.” But, because the government sent troops to Iraq and permitted U.S. troops to base themselves in the country, Georgia was a “beacon of liberty.”

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Freedom was equated with U.S. military triumphs — with the imposition of the will of the U.S. government on foreign peoples.

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Bush exploited and twisted the word “freedom” to cover whatever policy he was pushing at that moment. Perhaps his clearest corruption of the meaning of “liberty” was his endless invocations of the word to sanctify his foreign aggression and war on terrorism. He declared in July 2003 that because of the U.S. invasion of Iraq, people are “going

to find out the word ‘freedom’ and ‘America’ are synonymous.” Freedom was equated with U.S. military triumphs — with the imposition of the will of the U.S. government on foreign peoples. In his second inaugural address, Bush invoked freedom and liberty more than 40 times. But none of his comments was in reference to restrictions on U.S. government power. Instead, they sanctified the president’s authority to forcibly intervene abroad wherever he believed necessary. In a televised speech from Fort Bragg, North Carolina, in June 2005, he invoked freedom and liberty more than 20 times to sanctify the U.S. occupation of Iraq.

The war on terrorism was a war for freedom, regardless of how much additional power governments around the world seized, because, for Bush, the threats to freedom came largely from the private sector — from private citizens, from malcontents, from rebels. The Bush administration seemed ready to target anyone it suspected was an enemy of freedom.

### Unleashing the state

While gushing praise of freedom at almost every opportunity, Bush also sometimes scapegoated freedom. In a November 29, 2001,

speech to federal attorneys, he proclaimed that “we must not let foreign enemies use the forums of liberty to destroy liberty itself. Foreign terrorists and agents must never again be allowed to use our freedoms against us.” But the record of federal investigations showed that the government had more than enough power and resources to detect the 9/11 terrorists before they wreaked havoc. The fact that numerous government agencies botched their duty to defend the American people became, in Bush’s eyes, a failure of freedom itself.

Bush portrayed unchecked executive power as the bulwark of liberty. In 2001, a congressional committee sought to subpoena documents on the more than 30-year involvement of the FBI with a killing spree by Boston’s Irish mafia that left 20 people dead. (The FBI obstructed justice to block the prosecution of its favored killers and to send innocent men to prison for life in their place.) He invoked executive privilege to thwart the subpoena, declaring, “The Founders’ fundamental purpose in establishing the separation of powers in the Constitution was to protect individual liberty. Congressional pressure on executive-branch prosecutorial decision-making is incon-

sistent with separation of powers and threatens individual liberty.” He could make such an invocation only because so many peoples’ minds have gone blank on the subject of freedom.

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**The fact that numerous government agencies botched their duty to defend the American people became, in Bush’s eyes, a failure of freedom itself.**

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Bush encouraged Americans to judge actions of the federal government solely by his proclaimed goal — freedom — and not by what the government did. But the issue is not whether he personally loved or hated freedom. The issue is that he constantly invoked freedom in order to unleash government. He did not respect the freedom to protest in his presence, did not respect the freedom from being searched without a warrant, and did not respect people’s right not to be perpetually detained without being charged. Because he was devoted to government secrecy, Americans were obliged to take his word when he said he was championing freedom.

Bush’s message on freedom implied that only self-proclaimed or officially designated tyrants posed a threat to people’s rights and liber-

ties. But the actual process of destruction of liberty rarely begins with trumpets blaring and neon warning signs flashing. Instead, freedom is destroyed piecemeal, one emergency edict at a time — and with continual public assurances that the government does not intend to go any further — unless absolutely forced to by events beyond its control.

Bush was a champion of freedom only if, as the German philosopher G.W.F. Hegel asserted, the state is “the actualization of freedom.” Bush’s concept of freedom hinged on the presumption of absolute benevolence of both himself and the entire U.S. government. That notion of freedom required the nullification of all historical memory.

“The Restraint of Government is the True Liberty and Freedom of the People” was a common American saying in the 18th century. As James Madison warned, “The essence of Government is power; and

power, lodged as it must be in human hands, will ever be liable to abuse.” Yet, according to the Bush administration, the only threat to freedom lay in insufficient federal power, too few foreign interventions, and not enough bombing abroad. The principles and precedents that he established pose grave threats to freedom as long as they are tolerated by the American people.

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**NEXT MONTH:**  
**“The Mirage of  
Welfare-State Freedom”**  
*by James Bovard*



## The Misplaced Fear of “Monopoly”

by Thomas E. Woods Jr.



Those of us who get drawn, often against our better judgment, into Internet debates soon discover that the case against the market economy in the popular mind boils down to a few major claims. Here I intend to dissect one of them: under the unhampered market we’d be at the mercy of vicious monopolists.

This fear can be attributed in part, no doubt, to the cartoon history of the 19th century virtually all of us were exposed to in school. There we learned that rapacious “robber barons” gained overwhelming market share in their industries by means of all sorts of underhanded tricks, and then, once secure in their position, turned around and fleeced the helpless consumer, who

had no choice but to pay the high prices that the firms’ “monopoly” position made possible.

This version of events is so deeply embedded in Americans’ brains that it is next to impossible to dislodge it, no matter the avalanche of evidence and argument applied against it.

Historian Burton Folsom made an important distinction, in his book *The Myth of the Robber Barons*, between political entrepreneurs and market entrepreneurs. The political entrepreneur succeeds by using the implicit violence of government to cripple his competitors and harm consumers. The market entrepreneur, on the other hand, makes his fortune by providing consumers with products they need at prices they can afford, and maintains and expands his market share by remaining innovative and responsive to consumer demand.

It is only the political entrepreneur who deserves our censure, but both types are indiscriminately attacked in the popular caricature that has deformed American public opinion on the subject.

Andrew Carnegie, for instance, almost single-handedly reduced the price of steel rails from \$160 per ton in 1875 to \$17 per ton nearly a quarter century later. John D. Rock-

efeller pushed the price of refined petroleum down from more than 30¢ per gallon to 5.9¢ in 1897. Cornelius Vanderbilt, operating earlier in the century, reduced fares on steamboat transit by 90, 95, and even 100 percent. (On trips for which a fare was not charged, Vanderbilt earned his money by selling concessions on board.)

These are benefactors of mankind to be praised, not villains to be condemned.

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**Mainstream economics identifies monopolists by their behavior: they earn premium profits by restricting output and raising prices.**

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To be sure, there are caveats, as there always are in history. For a time, Carnegie did support steel tariffs. Since he substantially reduced the price of steel rails, though, this political position of his did not harm the consumer. Other critics will point to the Carnegie and Rockefeller foundations and the dubious causes those institutions have supported. Their objection is irrelevant to the specific question of whether the men themselves, in their capacity as entrepreneurs, improved the American standard of living. That question is

not even debatable.

Mainstream economics identifies monopolists by their behavior: they earn premium profits by restricting output and raising prices. Was that behavior evident in the industries where monopoly was most frequently alleged to have existed? Economist Thomas DiLorenzo, in an important article in the *International Review of Law and Economics*, actually bothered to look. During the 1880s, when real GDP rose 24 percent, output in the industries alleged to have been monopolized for which data were available rose 175 percent in real terms. Prices in those industries, meanwhile, were generally falling, and much faster than the 7 percent decline for the economy as a whole. We’ve already discussed steel rails, which fell from \$68 to \$32 per ton during the 1880s; we might also note the price of zinc, which fell from \$5.51 to \$4.40 per pound (a 20 percent decline) and refined sugar, which fell from 9¢ to 7¢ per pound (22 percent). In fact, this pattern held true for all 17 supposedly monopolized industries, with the trivial exceptions of castor oil and matches.

In other words, the story we thought we knew from our history class was a fake.

## Predatory pricing

Beyond the appeal to specific examples from history, critics of the market propose plausible-sounding scenarios in which firms might be able to harm consumer welfare. Larger firms can afford to lower their prices, even below cost, as long as it takes to drive their smaller competitors out of business, the major argument runs. Once that task is accomplished, the larger firms can raise their prices and take advantage of consumers who no longer have any choice but to buy from them. That strategy on the part of larger firms is known as “predatory pricing.”

Dominick Armentano, professor emeritus of economics at the University of Hartford, surveyed scores of important antitrust cases and failed to uncover a single successful example of predatory pricing. Chicago economist George Stigler noted that the theory has fallen into disfavor in professional circles: “Today it would be embarrassing to encounter this argument in professional discourse.”

There is a reason for that disfavor. The strategy is suicidal.

For one thing, a large firm attempting predatory pricing must endure losses commensurate with its size. In other words, a firm hold-

ing, say, 90 percent of the market competing with a firm holding the remaining 10 percent of the market suffers losses on its 90 percent market share. Economist George Reisman correctly wonders what is supposed to be so brilliant and irresistible about a strategy that involves having a firm — albeit one with nine times the wealth and nine times the business — lose money at a rate nine times as great as the losses suffered by its competitors.

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**Dominick Armentano**  
surveyed scores of important  
antitrust cases and failed to  
uncover a single successful  
example of predatory pricing.

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The dominant firm, should it somehow succeed in driving all competitors from the market, must now drive prices back up, to enjoy its windfall, without at the same time encouraging new entrants (who will be attracted by the prospect of charging those high prices themselves) into the field. Then the predatory-pricing strategy must begin all over again, further postponing the moment when the hoped-for premium profits kick in. New entrants into the field will be in a particularly strong position, since they can often acquire the assets of

previous firms at fire-sale prices during bankruptcy proceedings.

During the period of the below-cost pricing, meanwhile, consumers tend to stock up on the unusually inexpensive goods. This factor means it will take still longer for the dominant firm to recoup the losses it incurred from the predatory pricing.

A chain-store variant of the predatory-pricing model runs like this: chain stores can draw on the profits they earn in other markets to sustain them while they suffer losses in a new market where they are trying to eliminate competitors by means of predatory pricing.

But imagine a nationwide chain of grocery stores, which we’ll call MegaMart. Let’s stipulate that MegaMart has a thousand locations across the country and \$1 billion of capital invested. That comes out to \$1 million per store. Those who warn of “monopoly” contend that MegaMart can bring to bear its entire fortune in order to drive all competitors from one particular market into which it wants to expand.

Now for the sake of argument, we’ll leave aside the empirical and theoretical problems with predatory pricing we’ve already established. Let’s assume MegaMart really could

use its nationwide resources to drive all competitors from the field in a new market, and could even keep all potential competitors permanently out of the market out of sheer terror at being crushed by MegaMart.

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**“Such a premium profit is surely quite limited — certainly nothing remotely approaching the profit that would be required to justify the commitment of [the firm’s] total financial resources.”**

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Even if we grant all this, it still makes no sense from the point of view of business strategy and economic judgment for MegaMart to adopt the predatory-pricing strategy. Yes, for a time it would enjoy abnormally high profits, and indeed the prospect of those profits explains why MegaMart would even consider this approach. But would the premium profits be high enough for the whole venture to be a net benefit for the company?

George Reisman insists, correctly, that they would not. “Such a premium profit is surely quite limited — perhaps an additional \$100,000 per year, perhaps even an additional \$500,000 per year, but certainly nothing remotely approaching the profit that would be

required to justify the commitment of [the firm's] total financial resources.”

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**Who would be harmed by a predatory-pricing strategy?  
Consumers, to be sure, as well as rival drug suppliers.**

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Let's suppose that the premium profit that could be reaped by MegaMart after removing all its competitors amounted to \$300,000, the average of those two figures. Assume also that the average rate of return in the economy is 10 percent. That means MegaMart can afford to lose \$3 million — the capitalized value of \$300,000 per year — in order to seize the market for itself. Spending an amount greater than that would be a poor investment, since the firm would earn a lower-than-average rate of return (lower, that is, than 10 percent). For that reason, MegaMart's \$1 billion in capital is simply irrelevant.

What follows from this, according to Reisman, is that

*everyone contemplating an investment in the grocery business who has an additional \$5 million or even just \$1 million to put up is on as good a footing as [MegaMart] in attempting*

*to achieve such [premium] profits. For it simply does not pay to invest additional capital beyond these sums. In other words, the predatory-pricing game, if it actually could be played in these circumstances, would be open to a fairly substantial number of players — not just the extremely large, very rich firms, but everyone who had an additional capital available equal to the limited capitalized value of the “monopoly gains” that might be derived from an individual location.*

### Market defenses

Coming back to the more general “predatory pricing” claim, one final argument buries it forever. Economist Don Boudreaux invites us to imagine what would happen if Walmart adopted the predatory-pricing strategy and embarked on a price war over pharmaceutical products, with the aim of driving other drug retailers from the market. Who would be harmed by this? Consumers, to be sure, as well as rival drug suppliers.

But there's a less obvious set of victims, and it's they who hold the key to solving the alleged problem. Companies that distribute the

drugs to Walmart also stand to lose. Why? Because if Walmart drives competitors from the field and then raises drug prices, which is the whole point of predatory pricing, then fewer drugs will be sold. It's as simple as the law of demand: at a higher price of a good there is a lower quantity demanded. That means a company like Merck, which distributes a lot of drugs to Walmart, will sell less of its product.

Is Merck going to take that lying down? Of course not. Since a successful predatory-pricing strategy for Walmart would mean lower sales and profits for Merck, it has a strong incentive to block Walmart's move. And it can do so by means of minimum- or maximum-resale-price-maintenance contracts. A minimum-resale-price-maintenance agreement establishes a minimum selling price at which a retailer must sell a company's product. Such a minimum would make it impossible for Walmart to engage in predatory pricing in the first place; they would have to sell the product at the stipulated minimum price, at the very least, and could not go any lower. Maximum-resale-price-maintenance agreements would allow a company, once predatory pricing has succeeded — and again, for the sake of argument we set

aside all the reasons we've given for why predatory pricing can't work — to limit the extent of the damage. It would forbid a retailer to sell its product above a stipulated price. Walmart's putative “monopoly profits” could not be realized to any great extent under such an arrangement.

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**You can bet that firms threatened with a reduction in their own profits will be particularly alert to the various ways in which they can prevent the creation of “monopolies.”**

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In other words, profits all across the structure of production are threatened when one stage, whether retailing or anything else, attempts to reap so-called monopoly profits. You can bet that firms threatened with a reduction in their own profits will be particularly alert to the various ways in which they can prevent the creation of “monopolies.”

What about the DeBeers diamond cartel? Surely that is an example of free-market “monopoly,” defying the economists' assurances that cartels on a free market tend to be unstable and short-lived. In fact, there has been no free market in diamonds. The South African gov-

ernment nationalized all diamond mines, even ones it hadn't yet discovered. Thus, a property owner who discovers diamonds on his property finds ownership title instantly transferred to the government. Mine operators, in turn, who lease the mines, must get a license from the government. By an interesting happenstance, the licensees have all wound up being either DeBeers itself or operators willing to distribute their diamonds through the DeBeers Central Selling Organization. Miners trying to distribute diamonds in defiance of government restrictions have faced stiff penalties.

In short, opponents of laissez faire have spooked public opinion with a combination of bad history and worse theory. The average person, although in possession of few if any hard facts in support of his unease at the prospect of laissez faire, is nevertheless sure that such a dreadful state of affairs must be avoided, and that our selfless public servants must protect us against the anti-social behavior of the incorrigible predators in the private sector.

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## Limits on the Right to Exit: The New Slavery

*by Ridgway Knight Foley Jr.*



The federal fascists respond with threats and vilification when a few knowledgeable citizens renounce their American citizenship and move — with capital and assets that they have accumulated by honest endeavor — to a more hospitable state, one that does not mulct them as rigorously by the theft benignly called taxation. The government bullies, who threaten to follow the departed and to claim their “rightful share” of the emigrant’s assets, apparently mean to wreak violence upon those who exercise their right to exit. Such threats sound less hollow now that the current political apparatus has emasculated all vestige of the rule of law in the cases of Osama bin Laden and Anwar al-Awlaki.

We live in strange and frighten-

ing times. Most of my ancestors came to this land two or three centuries ago in search of a free life. They had tired of the constant wars and rumors of war, of conscription and compulsion and slavery, of princes and other jackals who robbed rich and poor alike, enabling the robber to live an unproductive life of ease. In those halcyon days of yore, most immigrants came to this new and lightly populated land far from the Arabic, Asian, and European maladies, to a place where distance alone provided them a better and freer opportunity to make their own choices and to abide by the results. To those sturdy yeomen, freedom was not a word bandied about recklessly; it comprised an essential concept of universality and duality: liberty meant that one chose his path in life and bore responsibility for the consequences of his choice, and it also necessarily and concurrently entailed recognition that all other persons deserved the equivalent freedom.

In simple terms that even a modern United States senator should comprehend, the freedom to come to America necessarily includes the freedom to leave this country for any reason whatsoever without having to explain and de-

fend that choice and without any fine or tax or any other penalty. In the context of interstate immigration and emigration within the United States, the Supreme Court of the United States has placed its imprimatur on an unimpeded right of mobility to move within the union. By a parity of any acceptable reasoning, that right of mobility must include the right to outbound mobility as well, an absolute freedom to leave this country without any requirement to state or prove any “acceptable” reason.

Any restriction on the freedom to exit disparages a fundamental human right and necessarily condemns the emigrant to a modern and odious slavery. Does that assertion of slavery misstate or overstate the case? The untutored mass, graduates of public institutions of state

indoctrination, associate slavery with skin color. In fact, readers of history recognize that the past is littered with slaves of every kind, kindred, color, and other description. Slavery exists when one class or group within a society enjoys legal power to direct the conduct of another class or group to their detriment and in contradiction to the equal liberties all others enjoy. The right to leave represents a seminal element of human liberty, a cognate extension of the fundamental right to life. Hence, the new slavery differs little from the old failed systems, and it deserves the opprobrium of all free men.

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*Ridgeway K. (Dick) Foley Jr., an appellate litigator, practices law in Oregon.*

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# Destroying the Young with the Minimum Wage

## Part 2

by Gregory Bresiger



What is the case for raising the minimum wage? Supporters say it will help the low-paid worker, the teenager or the young person in his 20s, just starting out. They claim that it helps the economy because it will generate more buying power. More people at the bottom of the economic scale have more money to spend, they say. And none of this, minimum-wage advocates argue, will have any adverse effect on businesses. On the contrary, they say it will actually help them, as more people have more money to spend.

But that's not the way a small-business group, with thousands of

members who actually have to meet payrolls, sees it.

"Everywhere minimum-wage laws have been debated our members have told us unambiguously that they strongly opposed arbitrary increases in the mandatory minimum wage," says Jack Mozzloom, a spokesman for the National Federation of Independent Businesses (NFIB). "They regard them as intrusive to their business and disruptive to the economy."

The NFIB is a small-business organization with 350,000 members nationwide. The majority of its membership own a small business with five or fewer employees. NFIB members say previous minimum-wage increases have hurt them.

NFIB members know the effect of minimum-wage laws: They destroy job creation, making marginal jobs unprofitable. They hurt the small business with a few employees, struggling to survive. Every increase in the minimum induces a decline in real output and a decline in employment, warns Jude Wanniski in *The Way the World Works*.

Nevertheless, New York State Assembly Speaker Sheldon Silver said that "rigorous research by economists in 2010 has debunked the myth that raising the minimum wage has caused job loss."

How can Silver and his colleagues in government, most of whom have never run a small business, be sure that increasing a key business cost will not hurt business? He and others say minimum-wage laws will be good for the small-business person.

How?

He says that people of modest incomes will have more money to spend in their communities and they will spend it on the small businesses that are now complaining about costs and not making enough sales.

### Negative effects

Still, in the second part of his statement, Silver had a caveat that tells us that he concedes the potential dangers of raising the minimum wage again. He said the state legislature's goal was to "improve the standard of living without negatively affecting the economy."

But if Silver and his allies are so sure that raising minimum wage will result in improved buying power without "negatively affecting the economy," then why not triple or quadruple the minimum wage? Then, going by his flawed thinking, there will be a ton of increased buying power that will lead to a booming economy.

Wanniski explains why Silver and others don't follow their minimum-wage-increase ideas to their logical conclusions: "If, say, no worker were permitted to work at less than \$1,000 an hour, there would be no employment and no output in the money economy. Everyone would be forced to barter."

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**Minimum-wage laws hurt the ability of businesses, especially small ones, to adjust costs, to hire, and, ultimately, to be profitable.**

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In examining the fallacies of minimum-wage laws and increased government spending, one is reminded of Frédéric Bastiat's witticism about military spending. If it is so good for the economy, then why not draft everyone into the army and wipe out unemployment?

Speaker Silver doesn't need to hedge. There is already plenty of evidence that minimum-wage laws hurt the economy. They hurt the ability of businesses, especially small ones, to adjust costs, to hire, and, ultimately, to be profitable.

"I find that when minimum wages go up ... it becomes cost-effective to find other ways to pay for work," says Clarence Price, the owner of a Binghamton, New York,

Roto-Rooter business with six employees.

“As an example, a few years ago, when the minimum wage went up, I had to stop using high-school students to clean up.” It became more cost-effective, he adds, to replace the marginal workers with equipment because “it doesn’t require Social Security. As a result,” Price adds, “two kids lost their jobs, which I feel bad about.”

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The government, through its blundering interventions into the market, creates a vicious cycle that keeps unemployment rates high.

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But even when no one is directly hurt, the effect of minimum-wage laws, of higher costs imposed by political authorities, is felt for years. Higher costs can make a business less competitive.

In New Jersey, where a minimum-wage increase went into effect in 2006, it was “an enormous blow to us,” says Cris Mesanko of Flow House, a water-park amusement on Long Beach Island.

“That last minimum raise amounted to 40 percent over a 12-month period. It causes a business to lose its margin strength. And you can’t just raise prices to

make up for that,” he said.

And that means what for his water-park business?

Mesanko says fewer hours, fewer jobs, and less capital investment, such as new rides or upgrading the park in other areas. All of that, he notes, makes the business less productive. Fewer jobs can be generated, owing to lower profits. That means fewer opportunities for young people starting out, people eager to work but with no experience.

### Higher prices

And raising wages artificially by fiat instead of by market forces has another consequence: Consumers pay higher prices, which lead to fewer sales. The government, through its blundering interventions into the market, creates a vicious cycle that keeps unemployment rates high, especially among the youngest and least-experienced workers. So the government ends up accomplishing the opposite of its stated goal of reducing unemployment.

The government can’t decree or spend an economy into prosperity, otherwise the economy would now be booming and unemployment would be small. All wage-control schemes, part of the various infla-

tionary ideas, are defective ways of boosting buying power. Indeed, if minimum-wage laws were so good, then, given the myriad minimum-wage schemes that have become law, shouldn't youth unemployment be at very low rates?

Is there another way?

"Although most modern industrial societies have minimum wage laws, not all do," writes Thomas Sowell in *Basic Economics*. "Switzerland and Hong Kong have been among the exceptions — and both have very low unemployment rates," he writes.

So yes, *mirabile dictu*, there is an alternative. The government can stop pretending that it knows what the proper wage is for anyone, especially the least experienced of workers.

It can do no harm and let the economy naturally recover.

It can let employers do what the best of them do in hard times.

It can let businesses lower costs and produce more and better products, which will lead to greater levels of employment.

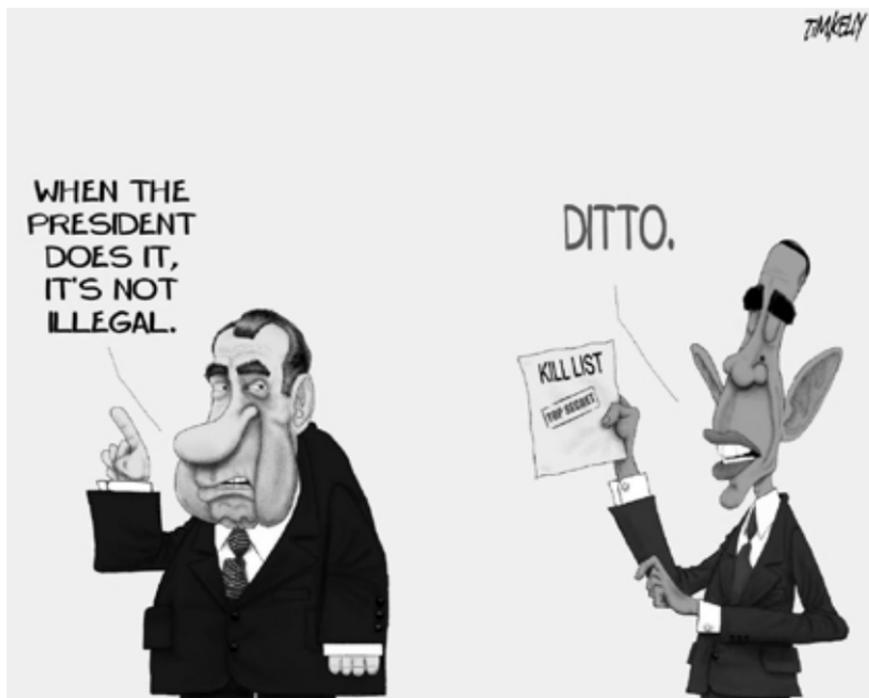
It can listen to Lord Melbourne, Queen Victoria's first prime minister, and "leave things alone."

It can abolish the minimum wage and all other price controls.

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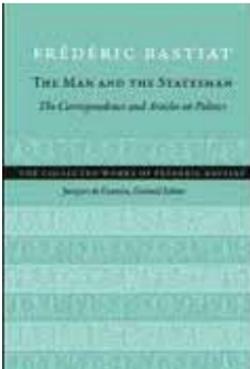
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# Meeting Frédéric Bastiat

by Martin Morse Wooster

*The Collected Works of Frédéric Bastiat. Volume 1: The Man and the Statesman: The Correspondence and Articles on Politics*, Jacques de Guenin, general editor, and Jane Willems and Michael Willems, translators (Liberty Fund 2011); 600 pages.



Of all the great classical liberal thinkers, Frédéric Bastiat (1801-1850) remains one of the least well-known. His works, of course, continue to be read. Last December, the *Washington Post* asked the major Republican political candidates to list the two books that were the strongest influences on their lives. One of the

two books on Ron Paul's list was Bastiat's book *The Law*.

But while Bastiat's ideas remain important, most of us don't know very much about his life. Why was Bastiat so devoted to free trade? What was he like as a person — and as a politician? What did his friends think of him?

Until now, the answers have been locked inside Bastiat's collected works, most of which have never been translated and many of which have been out of print since the end of the 19th century. The Liberty Fund has chosen to remedy the situation with a new translation of Bastiat's collected works in seven volumes. This first volume includes his letters and miscellaneous articles about politics, very few of which have ever been translated into English until now.

Like most Liberty Fund books, *The Man and the Statesman* is well made, is nicely designed, and is a good value for the price. This book gives us a much fuller portrait of Bastiat than previously existed in English.

*The Man and the Statesman* divides into two parts. The first 300 pages are translations of Bas-

tiat's letters, while the remainder of the book consists of his journalism.

It should be noted that the originals of Bastiat's letters do not survive, and we have to rely on Prosper Paillottet, who edited a volume of the letters that was first published in 1855. "It is clear that Paillottet took liberties with the letters," notes David M. Hart, one of the many editors of this book, "cutting out sections that were 'too personal' or including incomplete drafts of letters found among Bastiat's effects. This was done both to enhance the reputation of a much-honored man and to protect the privacy of the recipients of his letters that were still alive."

But the result of Paillottet's heavy editing is that nearly all of the letters that survive are from the last five years of Bastiat's life. They offer new insights into his role both as a thinker and as a politician.

### The Anti Corn-Law League

Frédéric Bastiat was born in 1801 in the county of Mugron in southwestern France. His family owned several farms in the county, and he had to drop out of high school to work in the family

business. He spent much of the 1820s and 1830s assuming increased responsibility in his family enterprise while reading a great deal. One of the authors who had a strong influence on him was Jean-Baptiste Say, an important free-market economist.

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### The originals of Bastiat's letters do not survive.

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Bastiat also enjoyed arguing with his friends about the topics of the day. One day in 1844 a friend gave him an article that quoted British Prime Minister Sir Robert Peel as saying that a particular law should be repealed because if it were not, "we should fall, like France, to the lowest rank of all the nations."

Bastiat was outraged. What bill could cause Britain's leading politician to gratuitously malign the French? Bastiat's knowledge of English was strong, so he wrote to the British newspaper *The Globe and Traveller* asking to subscribe and asking for the previous month's issues, including the English text of Peel's speech. When the bundle of newspapers came, Bastiat later recalled, "I hurriedly searched for the unfor-

tunate statement by Mr. Peel and I saw ... the words *like France* were missing.”

Bastiat also discovered that the bill Peel opposed was the Corn Laws, which kept the price of wheat artificially high through protectionist measures. (The British in those days called wheat “corn.”) The Corn Laws were opposed by the Anti Corn-Law League, whose support of free trade wasn’t based only on theory: poor people starved because they couldn’t afford food because of the high prices protectionism produced.

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**Bastiat wrote an article saying that Britain would become prosperous because of free trade, while France was doomed to decline if it stayed protectionist.**

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After reading a great deal on the Anti Corn-Law League and its head, Richard Cobden, Bastiat wrote an article saying that Britain would become prosperous because of free trade, while France was doomed to decline if it stayed protectionist. He sent it to France’s leading free-trade journal, *Le journal des économistes*, which accepted it. He decided to move to Paris and work

for free trade.

He did so first by translating Cobden’s articles into French for his first book, then by visiting England and networking with Cobden, John Bright, and other leaders of the British free-trade movement.

Bastiat discovered two problems with building a national movement for free trade. The first was convincing people that there could be no compromise in their desire to support freedom.

He described the problems he had trying to create a free-trade league in a letter to Richard Cobden in January 1846: “The proposal [for the league] was put forward during a dinner with twenty people at which two ex-ministers were present,” he wrote.

*You can imagine how much success that was likely to have! Among the guests, one wanted ½ freedom, another ¼ freedom, yet another ⅛ freedom, and perhaps three or four were ready to request freedom in principle. Just try to make a united and fervent association out of that!... A vital League cannot spring up from a group of men gathered together randomly.... Let us be ten, five, or*

*even two if necessary, but let us raise the flag of absolute freedom and absolute principle, and let us wait for those with the same faith to join us.*

Another problem Bastiat faced in arguing for free trade was that he was advancing an English idea in France. In one of the longest articles in the volume, he explained to French readers that while British society had many problems, it could when it desired act swiftly to promote freedom. For example, he reminded French readers of the British decision in 1838 to abolish slavery in territories under British rule. That decision, he noted, wasn't made out of a process of cold calculation, but was the result of patient effort by Thomas Clarkson, William Wilberforce, and other foes of slavery.

The swift decision to abolish slavery, Bastiat explained, showed that "reforms in England carry a quotient of radicalism, and therefore of grandeur, which astonishes and enthralls the mind."

### Freedom and imperialism

However, Bastiat reminded Richard Cobden in an 1847 letter

that his love for England had its limits. Bastiat saw free trade and anti-imperialism as two halves of a pro-freedom whole. He wrote that "there is an inveterate distrust of England here, which I would go so far as to call a feeling of hostility, which is as old as the very names *French* and *English*." But while some of that was due to prejudice, Bastiat reminded Cobden that the French were justifiably suspicious of an expansionist British foreign policy:

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**Bastiat saw free trade and anti-imperialism as two halves of a pro-freedom whole.**

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"In adopting free trade, England has not adopted the policies which logically result from it." Bastiat continued:

*Whenever the French read history, therefore, and when they note the succession of invasions by England, when they study the diplomatic means which led to these invasions, when they see a centuries-old system followed assiduously whether the Whigs or the Tories are at the helm of state, and when they read in your newspapers that England currently has*

*thirty-four thousand sailors on warships, how do you expect them to trust in the strength of a principle, which incidentally they do not understand, to bring about a change in your policy? Something else is needed, namely deeds. Restore free trade to your colonies, repeal your Navigation Act, and above all disband your naval forces and retain only those which are essential to your security, and in doing so reduce your overheads and debts, relieve your population, cease to threaten other people and the freedom of the seas, and then, you may be sure, France will pay attention.*

In 1849 Britain did indeed repeal the Navigation Act, a protectionist measure that required goods sold in Britain to be imported on British-owned ships. But the British did nothing to reduce the size and reach of its navy, and Bastiat continued his strong criticism of all forms of imperialism for the rest of his life.

In 1846 Bastiat was elected to the Chamber of Deputies as an independent. In a campaign speech, he told his constituents

that both the ruling conservative party and the opposition were severely flawed. The conservatives, he said, were in power year after year but would do nothing about endlessly increasing budgets and a constantly rising national debt. The leftist opposition, he said, “breathes out nothing but war, domination, and Napoleonic ideas ... and, in its conquering zeal with regard to Africa and the South Seas, there has never been any instance of the word *justice* passing its lips.” (France had just established colonies in Algeria and Tahiti.)

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**Bastiat continued his strong criticism of all forms of imperialism for the rest of his life.**

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When asking his constituents to reelect him in 1849, Bastiat said that as a politician, “I did not let a single opportunity slip to combat error, whether arising from socialism or communism” or from less-ideological politicians. “On some occasions I had to vote with the left and on others with the right,” Bastiat added, “with the left when it defended liberty and the Republic, with the right when it defended order and

security.” He was successfully re-elected and remained in office until his death in 1850.

From 1848 onwards, Bastiat began to be afflicted with a chest ailment that would eventually cause his premature death at 49. It’s not clear what, exactly, this ailment was, but it could have been a form of tuberculosis. It robbed him of his ability to speak and eat. His letters showed that he faced his illness with nobility and courage. While he was dying, Bastiat managed to produce two of his greatest works, *The Law* and *What Is Seen and What Is Not Seen*.

*The Man and the Statesman* adds considerably to our knowledge of one of the world’s greatest champions of liberty. If the other volumes are of a quality as high as this one, *The Collected Works of Frédéric Bastiat* could be one of the most important publishing projects Liberty Fund has ever produced.

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