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THE NIXON MESS

It is increasingly apparent that the major qualities necessary to a man's becoming President (demagoguery, slick political opportunism) are unsuited to resolving what the Marxists call the "inner contradictions" of his program and of the system for which he has become responsible. A President invariably begins his term with the enormous advantage of a lengthy "honeymoon" and the best of support from press and country; he continues with the enormous advantage of the power and prestige of his monarchical office. But his usual eclectic, vacillating, and *ad hoc* policies cannot, by their nature, resolve any major crises into which he and his predecessors' programs may have embroiled the country. It took "master politician" Lyndon Johnson four years to lose his "credibility" among the public; it has taken master politician Richard Nixon only a year to get into the equivalent mess.

The central feature of Nixon's Administration is the absolute contradiction between the rhetoric of his promises and the reality of his program. He has promised peace, prosperity, withdrawal from Vietnam, and a turn toward freedom of enterprise; he has brought us precisely the opposite. The contradictions have been so glaring that even the long-patient American public has begun to awaken to the true situation.

Take, for example, the draft. Nixon begins on a cloud of voluntarist rhetoric, hints about a volunteer army, and the appointment of the Gates Commission which recommends immediate repeal of the draft. Anarcho-Nixonite friends assured me at the start of his reign that, if he brought us no other goodies, *at least* he would end conscription-slavery. What has he wrought, in reality? A phony lottery scheme, phony because the high numbers are being drafted in addition to the low. And phony also because along with the supposed relief of the lottery came the increased slavery of removal of collegiate and graduate school deferments. So that the draft has gotten worse rather than better. Never before have so many of our youth contemplated flight to Canada.

Promising early withdrawal from Vietnam, Nixon has brought us only a widening and deepening of the war into all of Southeast Asia. The CIA-engineered overthrow of the popular neutralist Prince Sihanouk of Cambodia by a military clique meant that the tiny Cambodian Communist guerrilla forces (the Khmer Rouge) were joined by a mighty mass movement headed by Prince Sihanouk himself; now we and our puppets face the forces of the new National United Front, overwhelmingly backed by the Cambodian population. We have gotten ourselves into a much deeper tangle than before, even if our forces really leave eastern Cambodia by the end of June.

On the economic front, Richard Nixon's "free enterprise"

government has proposed a catastrophically statist guaranteed annual income program, which destroys the incentives to work among the mass of the population, a program which has only been temporarily halted by Senator John Williams' (R., Del.) embarrassing discovery that, in Massachusetts, for example, a family on the "negative income tax" dole can make over \$7,000 a year, considerably more than the annual income of the average working family of the area.

Particularly embarrassing for Nixon and his "free market" economic advisers is Nixon's inflationary recession. Since approximately last November, the American economy has been in a decided recession, with industrial production and "real" GNP falling, other indicators of economic activity declining, unemployment rising, the stock market in dire trouble; *and yet*, price inflation continues galloping away at a rate of about 7% a year, while interest rates, already the highest for over a century, continue their inexorable march upward. All that Nixon's economic advisers can do is to continue to assure us that prosperity is just around the corner. As Gore Vidal acidly put it, historically Democrats have gotten us into wars, and Republicans into recessions; Richard Nixon has performed the notable feat of getting us into both, and at the same time!

The phenomenon of inflationary recession *cannot* be understood by Establishment economists, whether of the Keynesian or the Milton Friedman variety. Neither of these prominent groups has any tools to understand what is going on. Both Keynesians and Friedmanites see business cycles in a very simple-minded way; business fluctuations are basically considered inexplicable, causeless, due to arcane changes within the economy, although Friedman believes that these cycles can be aggravated by unwise monetary policies of government.

I remember vividly a prophetic incident during the 1958 recession, when the phenomenon of inflation-during-recession hit the country for the first time. I attended a series of lectures by Dr. Arthur F. Burns, former head of the Council of Economic Advisers, now head of the Federal Reserve Board, and someone curiously beloved by many free-market adherents. I asked him what policies he would advocate if the inflationary recession continued. He assured me that it wouldn't, that prices were soon levelling off, and the recession soon approaching and end; I conceded this, but pressed him to say what he would do in a future recession of this kind. "Then," he said, "we would all have to resign." It is high time that we all took Burns and his colleagues up on that promise.

For both Keynesians and Friedmanites have essentially one set of recommended policies for business fluctuations. In an inflationary boom, taxes are supposed to rise, monetary

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policy to be more stringent; in various ways, and with different emphases among the two groups, money is taken out of, or not fed into, the economy. Conversely, during a recession, money is fed into the economy, deficits are incurred, and the economy stimulated. But, during recessions, activity and employment are supposed to be falling off, and prices falling; what happens if prices are still rising? Our economic managers are then caught on the horns of an escapable dilemma; if they pump money into the economy, they may turn around the recession, but then prices will gallop away at an alarming rate; and if they tighten the monetary screws in order to stop the inflation, then recession and unemployment will deepen alarmingly. The Nixon response, predictably, has been to take neither clear-cut line, but to fudge, hesitate, vacillate, do both and neither. And the result, predictably, is that Nixon has prolonged the dilemma, has prolonged the mess of inflation-cum-recession. With no clear-cut program, Nixon has impaled himself more and more upon the dilemma's horns.

When Nixon first came to office, he continued the rapid rate of monetary inflation of the Johnson Administration. Finally, his conservative advisers won out and Nixon stopped expanding the money supply, which remained constant from about June, 1969 to February, 1970. He was prepared to accept the recession which inevitably arrives when monetary inflation stops, or at least a mild form of recession; but he was also assured by his Friedmanite advisers that price inflation would end by the end of the year. The recession arrived, all right, on Friedmanite schedule, but lo and behold! prices have continued on their rapid advance. Having no theoretical tools to explain this, the Friedmanites could only come up desperately with wider and wider statistical "time lags", to the extent that Friedman has now begun to talk, almost absurdly, of two-year time lags between cessation of monetary inflation and a fall in prices. Frightened by the failure of Friedmanite policy, the Federal Reserve Board, under the supposedly free-marked and anti-inflationary Arthur Burns, has resumed, since February, the old disastrous 9-10% annual rate of monetary inflation.

The fact is that only "Austrian School" economics, virtually unknown today, can explain the phenomenon of price inflation of consumer goods during recession. It is not at all a question of mechanical statistical "lags", lags which seem always to change as the desired economic result disappears over the horizon. The Austrians point to two reasons for continuing price increases. One is unknown to the mechanistic Friedmanites, but acknowledged by other, more sensible economists: that prices depend not only on the quantity of money but also on the subjective demand to hold money on the part of the populace. As an inflationary boom proceeds and prices continually rise, *expectations* of future increases become built-in to the psychology of the public. Hence, their demand to hold money begins to fall, as people decide to make their purchases now rather than later when they know that prices will be higher. The mere cessation of monetary inflation cannot, all at once, reverse these inflationary expectations. Hence, prices will keep rising until the determination of the government *not* to inflate the money supply further becomes credible among the public. The Nixon Administration's anti-inflationary sincerity has never become credible, partly due to the hysterical attacks by Friedman and his followers on the hard-money, non-inflationary Nixon policy from June, 1969 on. With the money supply constant at long last, Friedman and his influential followers began a continuing drum-fire of attack, calling for resumption of Friedman's talismanic proposal of a continuing expansion of the money supply by 3-4% per year. When Burns and Nixon finally resumed monetary inflation in February, of course, Friedman now felt that they had gone too far, but the point is that Friedman's moderate inflationism had a disastrous effect upon the short-lived

non-inflationism of the Administration and upon its credibility among the public.

The second basic reason for inflation of consumer goods' prices in a recession is a uniquely Austrian explanation. For the heart of the Austrian theory of the business cycle is that the inflationary boom leads to over-investment of the "higher orders of production", an over-expansion in capital goods' industries. What is needed during a recession, and what the recession accomplishes, is a shift of resources from the swollen capital goods, to the underinvested consumers' goods industries. What impels this necessary readjustment is a fall of prices in the capital goods industries relative to consumer goods, or, to look at it another way, a rise in consumer goods' prices relative to other prices. The beginning of a recession is marked by wage and cost pressure upon profits in the capital goods industries, with selling prices in these industries relatively falling, and the relative rise in prices and therefore in profits in consumer goods inducing resources to move into these latter industries. The process ends with the end of, and therefore recovery from, the recession.

As a result, every recession in the past has been marked by this shift of resources, and a rise in consumer goods prices *relative to* capital goods prices (and also to other "producers' goods" prices, such as wages in capital goods industries.) But the point is that nobody worried about this, because in past recessions monetary deflation, contraction of the money supply, meant that prices in general were falling. Nobody cared, for example, if consumer goods' prices fell by 10% while producers' goods prices were falling by 20%. But now, absolute federal control of the banking system means that we never can enjoy an outright contraction of the money supply, and hence prices *in general* can never fall. Therefore, the relative rise in consumer goods prices that occurs in every recession now takes the most unpleasant form of an absolute rise in the cost of living.

The absence of monetary deflation and hence of a general fall in prices has unpleasantly removed the veil over the usual rise of relative consumer prices. The absence of the old-fashioned monetary deflation means that the consumers have to suffer both recession and unemployment *and* ever-higher prices of the goods they must buy. The supposedly "humanitarian" manipulation of the monetary and credit system to end old-fashioned deflation during recessions (a manipulation agreed to by Keynesians, Friedmanites, and even many Austrians), has brought us only the worst of both worlds: the worst features of both inflation and recession.

As for those annoyingly high interest rates, they must continue to climb ever upward; the only thing that can bring them down is a really stiff recession, a recession which *includes* the levelling off of prices. But since the Nixon Administration is not willing to contemplate a stiff recession and a truly anti-inflationary program, interest rates can only continue their march into the stratosphere. (And since the high interest rates were probably the major factor in the stock collapse, it is hard to see the stock market engaging in any brisk recovery.)

In the short run, the only sound way out for the Nixon Administration is to be willing to engage in a truly rigorous anti-monetary inflation program, to stop inflating the monetary supply and, indeed, to engage in some old-fashioned monetary contraction. The recession would then be sharp but short-lived, and recovery would be brisk and healthy. The anti-inflationary monetary contraction must be sharp and determined enough to offset the inevitable rise in relative consumer prices and to change the inflationary expectations of the public; it must be rigorously "hard money". Only then will prices level off and even (gloryosky!) decline, and only then will interest rates fall. The Administration must cease pursuing the Friedmanite pipe dream of a levelling off of

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prices along with recovery but without abandoning monetary inflation. In the long run, of course, we need a total overhaul of our inherently statist and inflationary monetary system, with a liquidation of the Federal Reserve System and a return to a genuine gold standard.

But the Nixon Administration is likely to turn, if turn decisively it does, in precisely the opposite direction. Unwilling to bring monetary inflation to a halt, unwilling to go into a truly "hard money" program, it might very well add onto its vacillation and drift a turn toward the totalitarian method of wage-and-price controls. Already there are ominous signs of wage-price controls on the horizon. Arthur F. Burns, the man our anarcho-Nixonites assured us was soundly free-enterprise, now talks of "voluntary" or even coercive price controls. Such business economists as Pierre Rinfret and Lionel Edie and Co., have already frankly called for wage-price controls. There are two things wrong with such controls: one, they are the totalitarian antithesis of freedom or the free economy, and two, they don't work, leading

instead to the "suppressed" inflation of black markets and eternal shortages and misallocation of resources. Why, then, are so many of our "conservative" business economists reaching for such controls? Precisely because profit margins are being squeezed by the pressure of wage-costs, as they always are in recessions; and therefore, these business economists hope to stop wage increases by the use of compulsion and the State bayonet.

Guaranteed income schemes; continuing budget deficits; monetary inflation; and now wage-price controls; under the cover of traditional free-enterprise rhetoric, the Nixon Administration continues us ever further down the path toward the economy of fascism. But none of this will solve the crises brought on by his and his predecessors' policies. He cannot end the war in Southeast Asia by expanding it, and he cannot end price inflation by continuing to inflate the money supply, or by coercive attempts to overrule the forces of supply and demand. Richard Nixon is sinking deeper into his own quagmire. He cannot bring us peace, he cannot bring us inflation-less prosperity. Nixon's goose is cooked.

ANARCHISM AND GOVERNMENT

Ludwig von Mises, the greatest modern advocate of democracy and representative government, has never raised any objection against the modern anarchist position; every critique of anarchism made by Professor Mises has been aimed at the older authors of the movement, those who believed that the members of society would all voluntarily submit to the moral code. The older anarchists who held this view were utopians, i.e., they believed that a perfect society was attainable, where no one would break the moral code. Modern anarchists do not hold this view, however. Rather, they recognize that no social system could conceivably *guarantee* that no one would break the moral code. Modern anarchists are fully aware that the search is not for a *perfect* social system, but for the best (most moral) system among those conceivable. Because anarchists seek the best, they naturally choose that system which in no way institutes the breaking of the moral code. This means a system in which no government, i.e., taxing authority or legalized coercive agent, exists. Anarchism, like any other projected social system, is based upon fundamental moral principles. In dealing with social systems, the primary question we must ask is the moral one. Only secondarily is it necessary to inquire into the utilitarian aspects of the system we have chosen. Thus, the demonstration that in a perfectly moral, anarchist, society—perfectly moral in the sense that no criminal actions are legalized—everyone would be better off materially and psychically is secondary to our major concern. The question whether anarchist society is "workable" betrays an immaturity of mind and lack of knowledge and vision. One thing is outstandingly clear to the student of history: Free men are capable of devising methods of coping with all their problems, moral and utilitarian, without invading the freedom and property rights of others. Historical examples are innumerable. In short, anarchism does not expect that everyone will obey the moral code requiring that no one invade the property rights of another; but, anarchism does hold that, in our efforts to prevent and punish such invasions as do occur, we may not invade these same rights (as is done when government is established). Thus, anarchism simply requires that human rights not be invaded by *anyone* or any *group* for any *reason*, supposedly beneficial or otherwise. The State is by nature an invader of men's rights, just like any "private" criminal; and government must be subject to the same moral sanctions as are imposed already upon such "private" criminals. Anarchists hold that morality must be upheld in all cases, and not abandoned whenever State actions are involved. Men

have long since rejected the Divine Right of Kings; surely it is now past time to do the same with all claims that the State is Extra-Human or Extra-Moral. The State must be judged on the same level and by the same principles as all other human actions and institutions; one rule applies to all. If, upon examination, the State is found to be committing immoral or criminal acts (as anarchists hold it *is*), then the State must be treated in the same way that we treat a "private" criminal. Anarchists ask no more than this. It is often objected to the anarchist analysis that, while morally it is correct, it ignores the fact that government is a *necessary* part of any society, that no society could exist without it. This argument would, indeed, carry much weight if it were valid. But it is, in fact, a perfect example of the logical fallacy of begging the question. The necessity of government is just *assumed*. The Statist, if he wishes to use this argument, must first explain *why* the State is a necessary part of any social system. In fact, the requirement of explanation lies doubly heavy upon the Statist's shoulders because he is arguing that he be allowed to institute criminalism. He is, in effect, arguing that there must be an *outlaw* in every society in order for that society to remain intact. This doctrine is not only paradoxical; it is obviously absurd as well. For the whole purpose of morality is that outlaws should be eliminated from society. Yet the Statist has the temerity to assert that in every geographical area one outlaw (and his legions) are required if the moral code is to be upheld. Reason demands that this criminal assertion be rejected.

— John V. Peters

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Abortion Repeal

On one point, at least, the Women's Liberation forces are libertarian and correct: and that is the basic libertarian concept that every person and therefore every woman has the absolute right to govern and control her own body (or, as we might put it, everyone has the fundamental property right in his own body, or the "right of self-ownership"). This fundamental property right immediately rules out slavery, and the draft. And it also rules out any and all laws restricting any woman's right to perform an abortion.

Too many libertarians tend to dismiss the traditional Catholic counter-argument as unworthy of discussion. That argument is important and cogent, but, I believe, wrong: that abortion constitutes the killing of a living human being, and is therefore tantamount to murder. If the Catholic position were correct, then all abortion would have to be outlawed as murder. The proper answer, I believe, has nothing to do with turgid and slippery arguments as to when life really begins, when the fetus becomes human, when the soul arrives, etc. The vital consideration, from my point of view, is not whether or to what extent the fetus lives or is human, but precisely the fundamental libertarian axiom that each individual has the absolute right of property in his or her own body.

The crucial point is that the fetus is contained within the body of its mother; it is, in fact, a parasite upon that body. The mother has the absolute right to get rid of this parasitic growth, this internatl part of her body. Period. Therefore, abortions should be legal.

From The "Old Curmudgeon"

A German politician of a few decades ago once said: "When I hear the word 'culture' I reach for my revolver." I'm sure we can all think of a lot of words we'd like to substitute for "culture" in that remark. For example: "counter-culture"; "youth culture"; "alienation"; "sense of belonging"; "the Environment"; "the community"; "relevant"; "Women's Liberation"; "where his head's at"; "groovy"; "rapping"; and "Right On!"

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RECOMMENDED READING

Individualist Anarchism. Until recently, there have been virtually no books in print on the fertile field of the American tradition of individualist anarchism. Now, two important books fill some of this need.

Henry J. Silverman, ed., *American Radical Thought: The Libertarian Tradition* (Lexington, Mass.: D. C. Heath Co., 1970, paper), immediately replaces Krimerman and Perry's *Patterns of Anarchy* as the best collection of readings in individualist anarchism. Professor Silverman has collected significant readings on American libertarianism, beginning with Jefferson and Paine, and then moving quickly to the anarchists, most of whom, fortunately, were individualists. Included in this handsome volume are contributions, among others, from Warren, Tucker, Spooner, Thoreau, Garrison, Ballou, as well as contemporary contributions from American anarchists. The latter include Carl Oglesby's call for a left-right alliance, Karl Hess's classic "Death of Politics" from *Playboy*, the scintillating "Tranquil Statement" of the Anarchist Caucus of YAF in the summer of 1969, co-authored by Karl Hess's son, and two contributions from Murray N. Rothbard: "Confessions of a Right-Wing Liberal" from *Ramparts*, as well as the "Student Revolution" from the May 1, 1969 issue of your own *Lib. Forum*. The collection is nothing if not up-to-date. Price is not listed on the cover; this paperback must be ordered either from Heath or from a college bookstore.

The pioneering history of American individualist anarchism has just been reprinted: the 1932 study by Eunice Minette Schuster, *Native American Anarchism: A Study of Left-wing American Individualism* (available at \$12.50 from the Da Capo Press, 227 West 17th St., New York, N. Y. 10011). Schuster's study is much less satisfactory than James J. Martin's *Men Against the State* for Warren, Spooner and Tucker, but Martin's book is out of print, and also does not cover such important Christian anarchists as Ann Hutchinson, and the Garrison movement. So Schuster is indispensable for students of American anarchism.

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