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WAR IN THE BALKANS

FEATURES

COLUMNS

DEPARTMENTS

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Cover: Bombing damage in Kosovo. (AP/WIDE WORLD PHOTOS).

PERSPECTIVE

Operation Legacy

The Clinton policy in the Balkans can be criticized at many levels: the apparent lack of forethought, the misapprehension of the conflict and the region's history, the likely dishonesty about the intention to use ground troops, the law of unintended consequences (the boost to Greater Albania, for example), and so on. That all has been much commented on. What's most neglected is the domestic reason for forswearing such foreign adventurism, no matter how heart-wrenching the CNN coverage.

I can do no better than to quote James Madison on this subject.

"Of all the enemies to public liberty," he said, "war is, perhaps, the most to be dreaded, because it comprises and develops the germ of every other. War is the parent of armies; from these proceed debts and taxes; and armies, and debts, and taxes are the known instruments for bringing the many under the domination of the few. . . . No nation could preserve its freedom in the midst of continual warfare."

The reader is referred to Robert Higgs's *Crisis and Leviathan* for documentation of the Madisonian principle.

Mr. Madison proceeded to describe the bloated executive that war produces. Could he have foreseen the day when a president makes war without a congressional declaration? (These days we have "consultation" or, at best, debate *after* the president has committed the country to war.)

"War," Madison continued, "is in fact the true nurse of executive aggrandizement. In war, a physical force is to be created; and it is the executive will, which is to direct it. In war, the public treasuries are to be unlocked; and it is the executive hand which is to dispense them. In war, the honors and emoluments of office are to be multiplied; and it is the executive patronage under which they are to be enjoyed; and it is the executive brow they are to encircle. The strongest passions and most dangerous weaknesses of the human breast; ambition, avarice, vanity, the

honorable or venal love of fame, are all in conspiracy against the desire and duty of peace."

Milosevic takes his place beside a long list of state-wielding butchers. He's caused the burial of thousands of ethnic Albanians. The president of the United States didn't have to let that tragedy dump more dirt on the gravesite of limited government here.

* * *

We devote a major portion of this issue of *The Freeman: Ideas on Liberty* to the U.S.-led war against Yugoslavia. David Mayer argues that the war is an act of aggression that violates the U.S. Constitution, not to mention the charters of the United Nations and NATO. He also points out that events in Serbia and Kosovo bear no relation to any vital interest of the American people.

Gary Dempsey outlines the history of Kosovo, beginning about 2000 B.C., and its importance to both the Serbs and Albanians, showing that brutality is not unknown to either side.

Peter Mentzel adds to the historical analysis, emphasizing the modern roots of the conflict.

Next we reprint a classic from the autobiography of Frank Chodorov in which he defends isolationism as a sensible human impulse to mind one's own business and to avoid far-off conflicts that one likely doesn't understand.

Robert Higgs summarizes America's involvement in two world wars and the cold war to illustrate how foreign adventurism bolsters the power of government and shrinks the sphere of liberty.

Michael Palmer finds himself thinking back to 1969, when he was dispatched to the barren and perilous Ashau Valley in South Vietnam, and fears for the young Americans facing combat in the Balkans today.

Wendy McElroy takes a close look at Randolph Bourne's famous sentence—"War is the health of the State"—and shows that he had more in mind than taxes and spending.

Two of our columnists also focus on the war. Donald Boudreaux explains that government doesn't have the competence to impose itself on other people's conflicts. And Doug Bandow tries heroically to make sense of a foreign policy that defies explanation.

No idea is more important to the freedom philosophy than that of unplanned, or spontaneous, order. Yet it is counterintuitive and therefore hard for many people to accept. Nigel Ashford explores the products of human action but not human design.

When the government sets out to create equality in any sense other than equality before the law, all manner of mischief is possible. James Bovard reports that "tyranny" is not too strong a word for what egalitarian officials are capable of inflicting.

Why are frog populations declining and deformities increasing? Does it portend an environmental cataclysm? Some officials would have us believe so. Brian Doherty says the real meaning may be less worthy of headlines.

Americans of the nineteenth century knew something about the nature of money that has long since escaped citizens of today. Joseph Stromberg demonstrates this through the memoirs of an obscure but classic pioneer and jack-of-all-trades.

Lawrence Reed's column points out that Bill Clinton could have learned a thing or two about taxes from Grover Cleveland and Calvin Coolidge. Dwight Lee finds it ironic that property rights are blamed for problems caused by the lack of defined property. Thomas Szasz says suicide is a moral, not a medical, issue. Mark Skousen explains "economic value added." Walter Williams wonders when people will stop blaming others. And David Kelley examines the claim that tax policy should make "winners" compensate "losers," concluding, It Just Ain't So!

In the book review section, volumes on welfare, Calvin Coolidge, H.L. Mencken, the rich, and freedom of speech on the Net get a going over.

—SHELDON RICHMAN

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Tax Cuts Are Unfair?

It Just Ain't So!

Federal tax revenues last year were nearly 22 percent of GDP—the highest level in American history. With federal coffers swollen, the government is enjoying a surplus that, until recently, no one would have expected. It is obviously time for a tax cut to return some of this largess to its rightful owners, the taxpayers.

Republicans have been pushing for a 10 percent cut in income-tax rates. This proposal has encountered the usual protests that it would favor the rich. A typical comment appeared in a *New York Times* op-ed, "The Trouble with Tax Cuts" (February 24, 1999) by Frank Levy, an economist at MIT, and Iris J. Lav, deputy director of the Center on Budget and Policy Priorities.

Levy and Lav argue that "the economy heavily favors the better educated" at the expense of less-educated and semi-skilled workers. "Since good times don't automatically benefit everyone," they claim, "winners need to use some of their extra income to compensate losers." A rate cut of 10 percent, they assert, would "work in the opposite direction: it would increase income inequality." The upper tenth of the income distribution, with earnings above $90,000, would receive 55 percent of the tax cut. The bottom 60 percent would receive only 10 percent. And the 35 million households that pay no income taxes would receive no benefits at all! In their view it's just not fair.

Or is it? The case that Levy and Lav make against the tax cut is not a matter of economics but of morality, and their standard of justice is warped.

Let's begin with two obvious points. First, a tax cut does not confer a "benefit" on taxpayers, as if the money belonged to the government, which was generously conferring gifts on its citizens. If you follow that conception to its logical conclusion, all income belongs to the state, and any tax rate below 100 percent constitutes a gift. But that conception is wrong. It is the taxpayers who earn the income by producing it; it belongs to them. A portion is taken in taxes, and when government lowers the tax rate it is simply refraining from taking as much as it used to.

The second point is that the wealthy save the most from a lower tax rate because they pay the most in taxes. Levy and Lav complain that with a 10 percent rate cut, the upper tenth would receive 55 percent of the tax-cut total. But those people are currently paying 62.4 percent of all income taxes. The bottom three-quarters of all earners pay less than a fifth of all income taxes, while the upper tiers pay a vastly disproportionate share. So *of course* the wealthy would save the most from a rate cut—and they should.

Deeper Flaws

Beyond these obvious points, the argument is flawed at a deeper level. It rests on a false conception of how an economy works and of how people earn their incomes.

The implicit premise of Levy and Lav's argument is that the U.S. economy is a collective enterprise in which income is distributed to individuals who are more or less passive recipients of what they get. The distribution is determined by various factors: the level of skill and training an individual gets from the educational system, the level of technology, market forces (including foreign competition), and government tax and spending policies, among others. The government, on this conception, has the responsibility of counter-

ing the effect of the nongovernmental factors so as to produce a fairer overall distribution than a free market would achieve. Levy and Lav assume that greater equality is good, less equality is bad.

But this whole outlook is misconceived. People are not passive recipients of an income "distribution." They acquire money by trading with others, earning income in diverse ways. Some people form long-term relationships with employers, trading their time, effort, and skill for a salary; others operate solo, selling goods or services directly to customers. Some trade the use of their property for a rent payment, or the use of their savings for interest.

What determine a person's income are his own choices and the choices of individuals who trade with him. People differ in their desire for money, as opposed to leisure, time with the family, or other goods. They differ in the kind of work they find meaningful, and the kinds of working conditions they prefer. The market—which is just a sum of individuals who produce and trade—values some work more highly than others and pays more for it. And of course people differ in ability, knowledge, and skill—sometimes because of innate capacity or the environment in which they grew up, sometimes because of previous choices they have made in their lives.

Each of us is an entrepreneur in his own life, with the capacity—and the responsibility—to find ways of acquiring money through trade, each in accordance with his talents and preferences. Each of us is an active agent, constantly making choices about how to exploit the opportunities we have—and how to create new opportunities for ourselves. And over time, virtually everyone increases the income he can earn as he acquires experience, training, knowledge, contacts, savings, and other productive assets.

Winners and Losers?

The most offensive aspect of Levy and Lav's argument, morally speaking, is the notion that people with lower incomes are "losers" who must be compensated by the "winners." An economy is not a competitive scramble for shares of a fixed pool of wealth, but a process of cooperation in producing wealth on an ever-increasing scale. And those at the bottom benefit the *most*, not the least. They are able to enjoy a standard of living made possible by those who created the industries they work in and the products they buy. As Ayn Rand observed, there's a pyramid of ability in which benefits flow downward, from the most to the least able. "When you work in a modern factory, you are paid, not only for your labor, but for all the productive genius which has made that factory possible," the industrialists, financiers, engineers, scientists, and other creators without whom the unskilled worker would not have a job in the first place.

Bill Gates's billions are but a fraction of the value he has showered on the office workers who use his software and earn higher wages because they can produce more efficiently; the home users who can track their finances and surf the Net; the retailers who sell the software or the computers that use it; the programmers whose software runs under Windows; and on and on.

Are the "winners" in economic growth morally obliged to pay compensation to the "losers"? It just ain't so. There are no real losers—and that's because the "winners" have already spread the prodigious benefits of their productive ability to everyone with whom they trade. Let's cut taxes, and allow everyone to reap more of the benefits of their place in the pyramid of ability.

—David Kelley
Institute for Objectivist Studies

Thoughts on Freedom

by Donald J. Boudreaux

Outside the Limits

"Slobodan Milosevic is hideous. If tomorrow he is run over by a beer truck the world will be a better place."

That was my response to the bright woman who was simultaneously cutting my hair and seeking my opinion of U.S. military involvement in Kosovo.

"So you agree that NATO's bombing mission is justified?" she asked.

"Well, no. I think it's atrocious. Milosevic is no threat to the United States. As I see it, if the U.S. military has a legitimate role it is to protect Americans from foreign coercion. That should be its only function."

"How can you say that?! The Serbs are slaughtering the Kosovars and driving them from their homes by the hundreds of thousands! We have a moral obligation to help those poor people."

"Who's the 'we'?" I asked. "You and I aren't in Kosovo, and I have no plans to go there; I bet that you don't either. You must mean that this obligation is owed by the U.S. government—not by 'we'."

"But our government IS us. Because it represents us, it is our tool for doing what we Americans feel is just and necessary."

"I couldn't disagree more. Despite elections to decide which particular people occupy various government offices, the government is not us. Don't be deceived by the high-school-civics fantasy that a wide franchise and regular elections ensure that government does only what is willed by The People. In fact, even democratic governments are driven overwhelmingly by pressures from special-interest groups. These groups routinely get government to do their bidding at the expense of innocent citizens whose only political access is an occasional trip to the voting booth. And don't forget that government itself is a special-interest group. Politicians and bureaucrats have potent incentives to stay in power even if this means doing things that aren't in the best interest of the country as a whole. It happens all the time. The government isn't us."

"I really, really disagree with your cynical view of our political system. NATO's current air strikes against Milosevic prove you wrong. America has nothing to gain by interfering in Kosovo. We're there to right a wrong, not to help some special-interest group."

I could tell she was worked up.

"And further, even if your cynical view is correct, what can be wrong with helping the Kosovars escape ethnic cleansing?"

"Look, it's naïve to suppose that bureaucrats in the Department of Agriculture, H.U.D., the F.T.C., and other domestic agencies are pawns of interest groups while bureaucrats in the military and diplomatic corps are saintly patrons of the public interest. But even if I concede that government officials are forever selfless when it comes to diplomatic and military relations with foreign countries I would still oppose U.S. military involvement in Kosovo."

"On what basis?"

"Institutional competence. The fact that the

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American military possesses vast firepower doesn't mean that those in charge possess vast wisdom. Even if such people are immune to interest-group pressures, they can never be immune to vanity, ignorance, and error. They're human. Given this fact, it's unwise in the extreme to entrust military power to anyone for any purpose other than national defense."

"Why just national defense?"

"Because it's a relatively easy goal to define and one that enjoys nearly universal approval. It's within the confines of what a government is institutionally able to do—protect its citizens from foreign military invasion.

"But Americans today suffer the dreadful misconception that because our country is wealthy and our government powerful, our government can right *all* wrongs—that our government can create an earthly paradise; that our government is superhuman; that our government should address every evil, big and small. Did the Mississippi River flood into your home? No problem. Uncle Sam will cover your losses and fix the river. Did crazed teenagers shoot and kill innocent children in a school library? Don't worry. More gun-control legislation will ensure that such massacres never happen again. Did you get sick on some tainted turkey? Can your children access porn sites on the Internet? Did a waiter in some restaurant take too long to serve a Latino family? Is there a nasty ethnic conflict in the Balkans? Not to worry. Uncle Sam and his minions will solve all problems."

I looked up to chart the progress of my cut, then continued: "But social engineering is impossible, no less so on the international than on the domestic front. Many of my conservative friends don't grasp this fact. They generally agree that government isn't to be trusted to interfere in economic matters because they recognize rightly that government is institutionally incapable of making things better. Politicians and government regulators are too ham-fisted and detached from the countless details and nuances of the markets to do anything but make matters worse.

"But this good judgment about the institutional limitations of government disappears when it comes to military adventures. These same conservative friends innocently trust not only the motives of politicians who get us involved in foreign military campaigns, but also their abilities.

"I ask why? If we can't trust Bill Clinton and his appointees to craft a worthwhile statute to restrict access to guns or to reduce greenhouse gases, why can we trust him to deploy in another region of the world the most powerful military machine humankind has ever known? Why should such government actions be trusted not to breed larger problems than those that they are meant to solve? Are politicians wiser on the foreign front than on the domestic front? Hardly."

My hairdresser thought for a moment. "*But if you're right, we shouldn't trust government to use the military to defend even our own shores against aggressors.*"

"Entrusting anyone, for any reason, with the power to coerce others is inherently dangerous. But, again, if our armed forces are charged only with defending Americans from foreign aggression, it's far easier for citizens to tell if the military is being used appropriately. All we need to ask is 'Have we been attacked or are we on the verge of being attacked?' If the answer is 'yes,' then—and only then—should our military swing into action. Of course, reasonable people can disagree about whether or not, in some instances, we are on the verge of being attacked. But at least the goal is clear and unambiguously just. That goal is national defense. By sticking to this goal, we mind our business, make far fewer enemies, and avoid unexpectedly opening cans of worms. Also, we citizens can better monitor the appropriateness of our government's use of its most potent weapon, the military. In an imperfect world, these are stellar achievements."

I don't know if I persuaded my hairdresser. But I do know that NATO bombs and ground troops will not create a civil and peaceful society in Kosovo. □

Immoral, Unconstitutional War

by David N. Mayer

The United States has no vital interests at stake in Yugoslavia; the conflict there is the kind of European war that Americans should avoid if we follow the advice of the early American presidents, beginning with George Washington in his famous Farewell Address. The situation in Yugoslavia has been ably summarized by journalist Philip Terzian: "We are bombing a sovereign nation, not a member of NATO, which is not disturbing its neighbors but seeking, instead, to prevent one of its provinces from seceding. Bear in mind that the United States fought a bloody, four-year civil war, on the issue of secession (we're against it) and that NATO, in its action against the Serbs, now proposes to invade a European state—in the Balkans, no less—to resolve an internal ethnic dispute. For the first time since 1945, the German air force is in action against another European country. And everyone agrees that air assaults are not conclusive. In order to achieve what we want, it might well be necessary to introduce ground troops."

The Clinton administration's decision to bomb Yugoslavia, under the rubric of NATO, is an incredible foreign policy blunder. Not only is the situation there none of the United States' business, but our participation in the NATO bombings also threatens to destabilize eastern Europe far more than anything done by Slobodan Milosevic's government. (Indeed, it can be argued that the bombing of Kosovo worsened the so-called "ethnic cleansing" and other atrocities being committed by Serbian or Yugoslav forces in that province.) Critics of the United States and of the West generally can point to the bombings as clear evidence of Western "imperialism." Undoubtedly, many communists and other leftists in the new NATO member nations of Poland, Hungary, and the Czech Republic are doing just that—possibly setting back for decades whatever progress in foreign relations the United States has made in eastern Europe since the fall of the Soviet Union.

Regardless of the outcome of the war itself politically—whether it will bring about the demise of Slobodan Milosevic, and at what price—the lasting importance of the war to Americans will be its significance constitutionally. What it reveals is that the actual balance of power in matters of foreign policy has shifted decisively toward the President, and that Congress has failed utterly to function as the institution the Framers of the Constitution intended it to be. What that signifies, in terms of the concentration of unchecked power in the White House, should be a matter of profound concern to all Americans.

The Wisdom of the Framers

The Framers of the Constitution gave the power to declare war to Congress, and not to the President, because they recognized that the people have a vital stake in war: it

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involves the expenditure of American tax dollars as well as the loss of American lives. For that reason, Congress must be involved in making the initial decision to commit American forces abroad. As James Madison explained in 1793, the momentous questions of war and peace properly belong to the legislature, where they can be publicly debated by the people's representatives.

The decision to declare war—that is to say, the decision to initiate the use of force aggressively and not in self-defense—is a decision that only the Congress can make. The debate over war—indeed, the debate not only over strategy (war versus economic sanctions) but also whether any American intervention is justified, as a matter of policy—should have taken place publicly in both houses of Congress, not in the Oval Office among a clique of presidential advisers. By committing the United States to a course that led inevitably to war without the explicit authorization of Congress, President Clinton committed an act that violates the Constitution.

Congress's exclusive power to declare war under Article I, Section 8, is not the only provision of the Constitution violated by Bill Clinton's war in Yugoslavia. Arguably, the Yugoslav war also violates the first clause of Article I, Section 8, which limits Congress's taxing power—and hence, the U.S. government's spending power—to matters that concern "the common Defence and general Welfare of the United States." Nothing in the Constitution authorizes the President, even with Congress's consent, to use the military forces of the United States not for national defense, but for offensive military actions in Europe—in effect to transform the U.S. military into a kind of Peace Corps with guns. Moreover, Article II, Section 2, provides, "The President shall be Commander in Chief of the Army and Navy of the United States." By committing U.S. troops to a NATO operation, under NATO command (whether or not the NATO commander is an American), Clinton has abdicated his legitimate power as commander-in-chief (the power to actually wage war) in the name of asserting a fictitious power as commander-in-chief (the power to enter into war) that in fact usurps Congress's legitimate authority.

Some legal scholars have advanced the extraordinary argument that Congress has neither a constitutional obligation nor a right to declare war before the United States joins in a "police action" sanctioned by either the United Nations or NATO. They argue that U.S. ratification of the U.N. Charter and of the North Atlantic Treaty after World War II made us part of a "new world order" in which member nations can no longer "make war," in the classic sense. The implication of this argument is that the Article I, Section 8, grant of the war-making power to Congress has been rendered obsolete since 1945. Even with concurrence of the Senate, however, the President cannot amend the Constitution; only the people can do that, according to the amendment procedures prescribed by the Constitution itself. Until that happens, the Constitution binds all the branches of government, especially the President, who has no higher obligation than his duty to adhere to the oath he swore, to "preserve, protect, and defend" the Constitution.

Charter Violations

NATO's attack on Yugoslavia, moreover, violates both the United Nations Charter and NATO's basic charter, the North Atlantic Treaty. Article 2(4) of the U.N. Charter requires that members "refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state." Similarly, Article 2(3) states, "Members shall settle their international disputes by peaceful means." No matter how great a thug Slobodan Milosevic may be—no matter what atrocities the Serbians commit in Kosovo—no member of the United Nations has a right, under the U.N. Charter, to initiate the use of force against Yugoslavia. Article 51 of the Charter does recognize the "inherent right of individual or collective self-defense" for all members, but the bombing of Belgrade is not self-defense; it is an act of aggression. Similarly, Article 5 of the North Atlantic Treaty contemplates use

of military power only defensively, not offensively; it provides, "an armed attack on one or more [members] . . . shall be considered an attack against them all," clearly a defensive provision. Needless to say, Yugoslavia has not attacked any NATO member.

NATO was created for the purposes of mutual defense (by the United States and western European nations) against a hostile Soviet Union. With the Soviet Union no longer existing, one might ask whether NATO itself is today obsolete. Even if we assume that Russia poses a great threat, NATO's legitimacy still rests on its fundamental purpose as a defensive alliance. Nothing in NATO's charter allows it to become a general European police force, which is what it has now become.

Advocates of presidential war power (whether defending George Bush's war in the Persian Gulf or the various actions in which Bill Clinton has committed U.S. military forces in such places as Haiti, Bosnia, and now Kosovo) also have asserted that the need for an international consensus prior to a NATO- or U.N.-sanctioned "police action" provides a sufficient check on presidential power. The validity of that argument, however, is belied by these presidential military actions themselves. It is not surprising that both Presidents Bush and Clinton bypassed Congress and the American people, choosing instead to first assemble international support. Of course other nations will approve "police actions" staffed almost entirely by U.S. troops and funded almost entirely by U.S. taxpayers. To be effective, the check on presidential powers must be given to Congress because Congress is directly representative of the American people, who must pay for these "police actions" with their taxes and their blood. International politics cannot adequately substitute for the checks and balances of the Constitution.

The Framers of the Constitution carefully devised a scheme of separation of powers and checks and balances to minimize the dangers of concentrating too much power in the hands of any one person, or group of persons. They would be appalled at the resolutions in Congress expressing unqualified support of the president in whatever actions he should decide to take—resolutions that reveal the degree to which Congress has failed to fulfill its constitutional obligation to act as a check on presidential power. Nothing could be farther from the intent of the Framers. As Thomas Jefferson explained it in 1798, "Free government is founded in jealousy, and not in confidence; it is jealousy and not confidence which prescribes limited constitutions, to bind down those whom we are obliged to trust with power. . . . In questions of power, then, let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution."

The Other Costs of War

American involvement in war is too important a matter to be left to the private deliberations of the president and a small group of advisers. Surely the lives of tens of thousands of Americans lost in Korea and Vietnam—wars in which other presidents unilaterally embroiled the country—bear eloquent witness to the other, noneconomic costs of war. Just as surely, the domestic turmoil that resulted from those conflicts, particularly Vietnam, illustrates the danger of presidents' making commitments that the American people do not wholeheartedly support.

Bill Clinton and his apologists (who include many conservatives as well as so-called "liberals") defend U.S. involvement in Yugoslavia with the argument that the United States, as the world's only superpower, has a duty to use its military force for "humanitarian" purposes. The argument assumes that Americans should take the responsibility for the world's troubles simply because their country is a superpower. But the United States is a superpower—and, indeed, also is the world's richest nation—because its legal and constitutional system more fully protects free-market capitalism and the rights of the individual than any other system anywhere in the world. Americans should not feel guilty about their wealth or power; they've earned it. And simply being successful does not make a nation responsible for the problems of other

nations, just as being successful as an individual does not make one responsible for the problems of other individuals. The fundamental rules of morality apply equally to nation-states as to individuals; and the basic rule of morality—the only rule of morality based on reason rather than emotion or mysticism—is the precept "do no harm to others." Rather than following that basic rule of good behavior (for nation-states as well as for individuals), Bill Clinton has led the United States into acts of aggression that violate the principle. And our so-called "humanitarian" effort—like similar assumed "humanitarian" policies domestically—is in fact exacerbating the problem, for the NATO bombing compounds the atrocities being committed on the people of Kosovo.

Altruism Makes Bad Policy

Morally, the essential flaw in Clinton's war on Yugoslavia is the principle of altruism that underlies it. By "altruism," I mean the moral code that asserts that people should sacrifice their own happiness or well-being to the happiness or well-being of others; the moral code that preaches that self-interest is bad but that self-sacrifice is noble, that the proper ethical posture of human beings is that of sacrificial animals to the supposed "good" of society, or some other collective. This moral code of altruism is a very old, traditional moral code that has been responsible for virtually all the evil, all the suffering, that has occurred throughout human history. It is the same moral code that underlies the atrocities being committed in Kosovo itself, where people on both sides of the ethnic conflict (Serbian and Albanian alike) ignore the rights of individuals and instead regard people as significant only as members of a collective (in this case, an ethnic group).

Tyrants throughout human history have justified their tyranny by appealing to some form of collectivism. The pharaohs of ancient Egypt, the emperors of Imperial Rome, and the kings of medieval Europe all called upon their people to sacrifice their individual well-being to that of the collective; and their accomplices were the priests, who appealed to superstition and mysticism—the supposed will of the one or more gods—to convince the people that it was a "sin" not to sacrifice their well-being to the thugs who ran the government.

In more recent times, totalitarian dictators on both the "left" and "right"—Lenin, Stalin, and Mao, as well as Hitler, Mussolini, and Perón—similarly have preached that the individual is nothing, that the collective is everything. They too have been supported by priests of sorts, namely, so-called "intellectuals" who preach either a sectarian or secular form of civic religion that also condemns as sinful the individual's pursuit of his own happiness or self-interest and extol a "duty" to serve the state. As F. A. Hayek has shown, "the road to serfdom" has taken many paths in the twentieth century. The call for "national service" that Bill Clinton and like-minded collectivists (again, both on the left and the right) made at the President's Conference on America's Future in April 1997 differs from the philosophy of other twentieth-century totalitarians only in degree, not in kind.

The principle of altruism makes bad policy, whether in domestic law or in foreign relations. In domestic law, it has made possible the welfare state and all the problems associated with it—not only economically but socially and morally—as David Kelley ably shows in his excellent new book, *A Life of One's Own*. In foreign relations, it has made possible a series of wars in the twentieth century, beginning with World War I (and Woodrow Wilson's campaign to "make the world safe for democracy"), in which young Americans were told it was their duty to sacrifice their lives not for their own country's freedom or security, but for some fancy of the foreign-policy wonks who advise the President. It's time that those of us who truly "support our troops"—those of us who believe that the lives of young Americans are too precious to waste on the follies of presidential advisers—show our support for them by calling for the immediate end of this immoral and unconstitutional war. □

The Kosovo Tangle

by Gary Dempsey

Bordering Albania and Macedonia, Kosovo is the southernmost province of present-day Serbia, which, together with Montenegro, makes up what remains of the Socialist Federal Republic of Yugoslavia. Kosovo was originally populated by the Illyrians, an ancient people who inhabited the western part of the Balkans from about 2000 B.C. The earliest known Illyrian king was Hyllus, who died in 1225 B.C., and the last was Gentius, who was defeated by the Romans in 165 B.C.[1] Although it is a point of anthropological debate, many modern Albanians contend that they are the direct descendants of the ancient Illyrians and thus the original inhabitants of Kosovo.

The first Slavs appeared around Kosovo in the late fourth century A.D. as marauders who raided Roman settlements. By the end of the eighth century, the Slavs had colonized most of the area of modern Yugoslavia, including Kosovo. Serbs are not identified until the tenth-century writings of Byzantine emperor Constantine VII. There they are described as Slavs residing in the area of present-day Kosovo, Montenegro, and Bosnia, who converted to Eastern Christianity in the ninth century. In the twelfth century, Serbs successfully fought against the Byzantine Empire to establish an independent Serbian kingdom. Kosovo was crucial to that kingdom and to the Serbian Orthodox Church for the next two centuries. In fact, virtually all of the oldest monuments in Kosovo are Serbian and most names of places have a Serbian-language root. But in 1389 the Serb dynasty fell to the Ottoman Empire at the battle of Kosovo Polje. Although they fought alongside Serbs during the battle, the vast majority of ethnic Albanians in the area converted to Islam in the fifteenth and sixteenth centuries and participated in the Ottoman administration of Kosovo.

As the Ottoman Empire declined in the eighteenth and nineteenth centuries, Kosovo became the focus of competing Serbian and Albanian independence movements. In 1878, the League of Prizren, which sought to create an independent Albanian state, was founded in Kosovo. But when the Ottoman Empire finally buckled under the weight of the First Balkan War in 1912, Kosovo was granted to Serbia pursuant to the Conference of Ambassadors held in London. By that time, however, Serbs comprised only about 20 to 25 percent of Kosovo's population.[2]

Kosovo After World War I

At the end of World War I, Croatia and Slovenia joined with Serbia to form the Kingdom of Serbs, Croats, and Slovenes, with Kosovo remaining a constituent part of Serbia. During the 1920s, Serbian authorities attempted to repopulate Kosovo with Serbs. By 1928, the Serb population in Kosovo was increased to about 38 percent, mainly because of state-organized immigration from

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inner Serbia.[3] In 1929, the Kingdom of Serbs, Croats, and Slovenes was renamed Yugoslavia.

During World War II, following Yugoslavia's defeat by the Axis Powers in April 1941, the population trend lines in Kosovo were reversed. Fascist Italy ceded the province to neighboring Albania, which had been under Axis occupation since 1939, and Kosovo was ruled as part of Italian-occupied Albania for the remainder of the war. Between 1941 and 1945, more than 70,000 Serbs fled Kosovo while 75,000 Albanians migrated there.[4]

After World War II, Kosovo was returned to Serbia. But, wanting to forge a Balkan communist federation with Albania and Bulgaria, the new Yugoslav government under Josip Broz Tito hoped that the prospect of reacquiring Kosovo would draw Albania into the pact. Tito, therefore, wanted Kosovo to remain predominantly Albanian. On March 6, 1945, he issued a decree forbidding Serbs displaced by the war from returning to their homes in Kosovo.[5] The following year, Kosovo was made an "autonomous region" within Serbia. Tito's plan to create a Balkan communist federation, however, collapsed in 1948 when Yugoslavia broke with the Soviet-led Cominform.

Nevertheless, the ethnic Albanian population in Kosovo continued to grow and to push for greater autonomy. In 1963, Kosovo was made an "autonomous province," and under Yugoslavia's 1974 constitution it was granted separate federal representation and was only formally linked with Serbia. During that period of enhanced autonomy, ethnic Albanians exercised almost complete control over Kosovo's provincial administration, but many Serbs complained of pervasive discrimination in employment and housing, and of the authorities' unwillingness to protect them from anti-Serb violence.

Kosovo After Tito

By 1981, official census data pegged Kosovo's ethnic Albanian population at 77.5 percent.[6] The same year, in the wake of Tito's death, riots broke out in Kosovo as ethnic Albanians demanded full republic status within the Yugoslav federation. In the course of the violence, Serbs and Montenegrins in Kosovo were beaten, their homes and businesses burned, and their shops looted.[7] Also, a mysterious fire was set at one of Serbia's most cherished religious shrines, the Pec Patriarchate in Kosovo, a complex of medieval churches and the historical seat of the patriarch of the Serbian Orthodox Church.[8] The civil unrest was eventually quashed by the communist authorities, but thousands of Serbs fled Kosovo following the violence.

Throughout the rest of the 1980s the Serbian Orthodox Church in Kosovo and Serbian civic groups documented numerous cases of harassment, intimidation, vandalism, destruction of Serbian monuments and churches, and attacks on Serbian priests, nuns, and civilians by ethnic Albanians. As historian Noel Malcolm reports,

> In the mid-1980s the Serbian Academy of Sciences commissioned a survey of 500 households of Serbs who had migrated to inner Serbia from Kosovo. Many of the people interviewed thought that there was a political dimension to the deterioration of conditions for the Slavs in Kosovo. . . . When giving the reasons for their migration, 41 percent mentioned "indirect pressure" from the Albanians, and 21 percent referred to direct pressure: that last category was composed of verbal abuse (8.5 percent), material damage (7.5 percent) and personal injury (5 percent).[9]

While the number of cases of abuse against Serbs varies by source, historian Miranda Vickers has concluded that "many Serbs and Montenegrins who decided to leave Kosovo [in the 1980s] had experienced intimidation, pressure, violence, and other severe abuses of their human rights because of their ethnicity."[10] Similarly, historian Richard West notes that while ethnic Albanians from Kosovo were "always ready to tell sympathetic journalists an account of their suffering under the Serbian regime . . . foreign observers failed to notice that, although the Serbs were supposed

to be the oppressors, they themselves were departing from Kosovo, complaining about the destruction of property, the desecration of graves, and many assaults and rapes."[11]

Enter Slobodan Milosevic

In April 1987, over 60,000 Serbs from Kosovo signed a petition calling on the government in Belgrade to stop the ethnic violence and intimidation aimed at them.[12] In an opportunistic attempt to raise his political profile, then Serbian Communist Party president Slobodan Milosevic traveled to Kosovo and played the nationalist card, proclaiming to Serbs everywhere, "No one should dare beat you again."[13] By October 1987, federal riot police and army troops were deployed in Kosovo following demonstrations by thousands of Serbs protesting an alleged comment by a Kosovar Albanian leader that "the incidents of [ethnic] Albanians raping Serbian women could be reduced if more Serbian women worked as prostitutes."[14] In 1989, Belgrade downgraded Kosovo's autonomy to its pre-1974 level, and Milosevic was elected president of Serbia with 65 percent of the vote. As Aleksa Djilas later noted in *Foreign Affairs*, Milosevic "succeeded because he understood the power of fear and knew how to use it for his own purposes."[15]

Following the reduction of Kosovo's autonomy, Belgrade imposed "emergency measures" in Kosovo, summarily dismissing thousands of ethnic Albanians from state-sector jobs. No part of Kosovo's society was left untouched. Even the provincial theater in Pristina was placed under "emergency management" and the theater manager removed by police officers and replaced by a Serb. The greatest changes, however, occurred in education. The teaching of Albanian history, literature, and language was reduced to a minimum. Also, ethnic Albanian students were forbidden from enrolling in secondary school unless they could pass Serbian literature and language examinations, which few could do.[16]

In 1991, ethnic Albanians responded to their diminished autonomy by forming a shadow government, complete with a president, a parliament, a tax system, and schools. Shadow president Ibrahim Rugova thereafter worked for Kosovo's independence through peaceful means, but a more militant group soon emerged.

The Kosovo Liberation Army

By the mid-1990s, the ethnic Albanian population in Kosovo had grown to between 85 and 90 percent, and the human rights conditions in the province continued to deteriorate.[17] As Human Rights Watch, a New York-based rights organization, reported,

> Since the revocation of Kosovo's autonomy, the human rights abuses against ethnic Albanians by the Serbian and Yugoslav governments have been constant. The names of the victims change, but the frequency and the manner of beatings, harassment, and political trials remain the same. It is a status quo of repression. . . . The brutality of the police continues against the population. Random harassment and beatings are a daily reality for ethnic Albanians in Kosovo, especially those in villages and smaller towns.[18]

In 1996, a shadowy separatist organization called the Kosovo Liberation Army (KLA) surfaced for the first time, claiming responsibility for a series of bombings in Kosovo. By its own admission, the KLA killed more than 50 government officials and ethnic Albanian "collaborators" over the next two years. The KLA's intention: to trigger the secession of Kosovo from the Yugoslav state. Pursuing a textbook strategy, the KLA carried out attacks on police and civilians aimed at provoking a government crackdown that would radicalize the ethnic Albanian population in Kosovo. In February 1998, the KLA intensified its attacks against Yugoslav authorities and Serb civilians. Armed KLA guerrillas attacked Serb houses in the villages of Klina, Decani, and Djakovica, and a Serb refugee camp in Babaloc. KLA guerrillas also ambushed and killed two Serb policemen patrolling on the road between Glogovac and Srbica.

A government crackdown on the KLA immediately followed, and the world soon learned that nearly 80 Kosovar Albanians, including many women and children, were killed by Serbian internal security forces in Kosovo's central Drenica region. The Yugoslav Interior Ministry claimed that the action was directed against Adem Jashari, whose family clan allegedly constituted the core of the KLA organization. On a closely supervised trip to the village of Prekaz, foreign reporters were told that government security forces had killed Jashari and destroyed the power base of the KLA organization. "We have struck at their heart and we have dealt terrorists a lethal blow," a police spokesman said.[19] The spokesman was wrong. Government-versus-guerrilla clashes continued in Kosovo, leaving more than 2,000 dead over the ensuing 14 months.

Tying the Balkan Knot

For Serbs, Kosovo is widely considered the cradle of their culture, history, and religion. In fact, over 75 percent of all Serbian cultural and national monuments are located in Kosovo, including the historic fourteenth-century monastery of Samodrezi, where the Serbian king blessed his army just before their defeat at the hands of the Ottoman Turks in 1389 and the famous Kosovo Polje battlefield—the Serbian equivalent of the Alamo. Accordingly, Yugoslav Army General Dusan Samardzic recently told a group of new officers,

> This is a turning point for Yugoslavia, when we need to show the world our military ability and might. Kosovo's integrity has been threatened by [ethnic] Albanian secessionists, with assistance from abroad. Our ancestry and posterity would never forgive us if we surrendered the cradle of Serb culture to someone else.[20]

On the other side of the dispute, ethnic Albanians outnumbered Serbs in Kosovo nearly 9 to 1 before NATO's air strikes began on March 24, 1999, and representatives of the KLA have sworn that they will not stop fighting the Serbian government until they achieved the "total liberation" of the province.[21]

The conflict in Kosovo is thus not simply a matter of Kosovar Albanians suffering under a brutal and repressive regime—which they were and are—but a complex clash of mutually exclusive political claims that are aggravated by conflicting historical grievances. As former U.S. ambassador to Yugoslavia Warren Zimmerman correctly observes,

> The competing claims of Serbs and Albanians have been hopelessly tangled in the webs of history and myth. In its essence, however, the main issue is as simple as it is intractable. The Serbian claim . . . is based primarily on the historical-cultural principle—the Jerusalem argument. The Albanian claim to independence is based largely on the demographic principle—the majority argument. Since these claims are mutually incompatible, there is little reason to believe that Kosovo will be easy to solve.[22] □

1. See John Wilkes, *The Illyrians* (Oxford: Blackwell, 1992).
2. Noel Malcolm, "The Violent History of Kosovo Doesn't Justify 'Ethnic Cleansing,'" *Washington Times*, April 14, 1998, p. A16.
3. Noel Malcolm, *Kosovo: A Short History* (New York: New York University Press, 1998), p. 282.
4. Alex Dragnich and Slavko Todorovich, *The Saga of Kosovo: Focus on Serbian-Albanian Relations* (Boulder, Colo.: East European Monographs, 1984), p. 138; and Dusan Batakovic, *The Kosovo Chronicles* (Belgrade: Plato Publishers, 1992), p. 14.
5. Branko Mikasinovich, *Yugoslavia: Crisis and Disintegration* (Milwaukee: Plyroma Publishing, 1994), p. 63.
6. Miranda Vickers, *Between Serb and Albanian: A History of Kosovo* (New York: Columbia University Press, 1998), p. 318.
7. Vickers, p. 197.
8. Ibid.
9. Malcolm, *Kosovo: A Short History*, p. 331.
10. Vickers, p. 220.
11. Richard West, *Tito and the Rise and Fall of Yugoslavia* (New York: Carroll & Graf, 1994), p. 223.
12. Ibid., p. 343.
13. Laura Silber and Allan Little, *The Death of Yugoslavia* (London: Penguin Books, 1995), p. 37.
14. Vickers, p. 226.
15. Aleksa Djilas, "Profile of Slobodan Milosevic," *Foreign Affairs*, Summer 1993, p. 84.
16. Vickers, pp. 246–48.
17. Ibid., p. 320; and International Crisis Group, *Kosovo Spring: The International Crisis Group Guide to Kosovo* (Brussels: International Crisis Group, 1998), pp. 13–14.
18. International Crisis Group, p. 13.
19. "Only One Option: A War for National Liberation, UÇK," RFE/RL Newsline, March 9, 1998.
20. Quoted in Vickers, p. 300.
21. Quoted in International Crisis Group, p. 72.
22. Warren Zimmerman, "The Demons of Kosovo," *The National Interest*, Summer 1998, p 10.

Remembering and Inventing: A Short History of the Balkans

by Peter Mentzel

Since the Federal Republic of Yugoslavia descended into bloodshed and mayhem during the summer of 1991 a number of different historical explanations for the conflict's origins and ferocity have been written. While these accounts differ in their details, in general they paint two different pictures of Balkan history. One argues that the wars of the Yugoslav succession are the result of "ancient tribal hatreds." That is, the violence in the modern Balkans is the result of hatreds dating back hundreds, if not thousands, of years. The second picture of Balkan history takes issue with this argument and offers instead a story of tolerance where each community coexisted in peace, if not harmony. This entire conversation is closely tied to the history of the development of Balkan nation-states.

Nations and States

In an attempt to address these historiographical points, this article will take one simple starting point: the Balkan nations and Balkan nation-states are all very young. None is more than 200 years old. Thus the hatreds there cannot be "ancient." In fact, the current ethnic hatreds in the Balkans, while unfortunately very real indeed, all have their roots in the statist nationalism of the nineteenth and twentieth centuries.

Balkan national ideologies were based primarily on interpretations of imported Franco-German notions of nationalism. In their most basic articulations, these theories had two aspects in common. First were the quasi-mystical organic roots of nations. They were deemed to have been always-existing, at least very ancient, entities with their own distinct characteristics. The second common aspect of this kind of nationalism was its emphasis on the state as the embodiment, or at least expression, of the nation's will.

As a result of these principles, the new states of the Balkans devoted considerable energy to the creation and/or inculcation of a nationalist history. These histories varied from place to place but were remarkably similar in their outlines. They all resembled the following model: in the Middle Ages our nations had strong and wealthy states (often empires). Then the Turk destroyed our states and subjected our nations to centuries of slavery and oppression. Finally, our national heroes rose and reclaimed our states. This outline is very basic and most serious historians, even those of Balkan origin, qualify these points with numerous caveats. However, the official "schoolbook" national histories taught in the educational systems of these states followed, and for the most part still follow, these basic points.[1]

There are two serious problems with these official nationalist histories. First, they are anachronistic, and second, their implications are extremely destabilizing.

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Origin Myths

Most of the work on nationalism and national identity over the past three or four decades has argued for their constructed, subjective nature. That is, in contrast to older concepts, nations are not organic, objectively existing entities, but have a highly subjective nature. They exist insofar as a sufficient number of people believe they exist. Also widely argued in the current literature is the modernity of nations and (the more controversial contention) that nations are the creation of states, not the other way around. In other words, the modern state created nations, or at least nationalism, as a means of raising and maintaining large conscript armies and, especially, of legitimizing itself.

If these arguments are valid, then it is clear that the medieval Balkan kingdoms (or any medieval kingdoms for that matter) were not "nation-states" and that the people who lived in them did not constitute "nations" in the post-nineteenth-century sense of that word. An important example of Balkan national origin stories is the Battle of Kosovo. Serb nationalist history uses this event as the defining moment in the history of the Serbian nation. But it is clear that although a feudal state known as the Kingdom of Serbia was defeated there, it is anachronistic to say that this kingdom was a Serbian nation-state. Indeed, only a few years after the battle, Serbian knights fought (by most accounts valiantly) as vassals of their new imperial overlord, the Ottoman Sultan, against Timur Lenk (a.k.a. Tamerlane) in central Anatolia. Likewise, it is a back-projection of modern national ideas to argue (as Serb nationalist histories do) that the Ottoman armies at the Battle of Kosovo were "Turks." They were, like their enemies at that battle, soldiers in the army of a dynastic state. There were, in fact, Christian vassals of the Sultan fighting on the Ottoman side.[2] The Balkan nationalist histories, however, portray the Balkan dynastic medieval kingdoms as nation-states and as the direct antecedents of the modern Balkan states.

Small-Power Imperialism

The other effect of these Balkan nationalist histories was to foster, perhaps unavoidably, an irredentist and militaristic foreign policy that some historians have called "small-power imperialism." Since all the modern Balkan national states self-consciously base their existence on medieval dynastic ones, the borders of those medieval states have become, quite consistently, the borders desired by the nationalist leadership of the new states. The problem is that the borders of all of the medieval states fluctuated widely over the years and always overlapped each other. The best example of this problem is Macedonia. Historically, Macedonia was a geographical term that described the area encompassed by the modern Republic of Macedonia, southwestern Bulgaria, and most of northern Greece (the Greek province of Macedonia). At one time or another, this area, or at least substantial parts of it, was ruled by the Kingdom of Serbia, the Bulgarian Empire, or the Byzantine Empire (taken by Greek nationalists as the antecedent of the Greek nation-state). Thus, during the late nineteenth century, the newly formed Serb, Bulgar, and Greek nation-states claimed the area on historical grounds.

As if the problem of overlapping "historical" claims were not daunting enough, each of the new national states also claimed territory on the basis of national identity. Again, the example of Macedonia is illustrative of the broader phenomenon. The small Serb, Bulgar, and Greek national states wanted to incorporate Macedonia (still part of the Ottoman Empire until 1912) into their own realms. In addition to their supposed historical titles to the territory, agents of these states also attempted to foster in the population of the region a sense of nationalism friendly to their own states. So Serb, Bulgar, and Greek nationalists, usually working with at least the tacit approval of their governments, tried to set up schools, clubs, and associations in Macedonia in an effort to convince the members of these institutions of their Serb, Bulgar, or Greek identity. A more pernicious side of

this process was the use of terror by armed bands of each of these nationalities when education and argument did not succeed.[3]

The objective of these activities in Macedonia (and in other highly contested regions such as the Dobruja, Thrace, and the Vojvodina) was to convince the local population to declare themselves members of one of the nations on offer. Occasionally, as in the case of Macedonia, or in the region that eventually was to become Albania, some of the locals responded by developing their own national identities (in this case Macedonian or Albanian) and, subsequently, nationalist movements.

Great-Power Imperialism

Besides nationalism, another major factor in the establishment of the Balkan national states was the influence of the Great Powers. From the late eighteenth century until the end of World War I, much of European diplomatic thinking was dominated by the so-called "Eastern Question." In its most basic form, this term referred to the set of problems surrounding the apparent weakness of the Ottoman Empire and the centripetal tendencies of many of its parts, especially those coming under the influence of nationalist intellectuals.

Of the European Great Powers, the British were, until the end of the nineteenth century, the strongest supporters of the continued maintenance of the Ottoman Empire, while the Russian government was probably the biggest external threat to the Empire. The British government wanted to maintain the Ottoman Empire as a buffer against Russian expansion in the Near East, which British diplomats and military men saw as a threat against British India. Russian imperialists, in turn, were animated by the ideas of Pan-Slavism or the ability to break out of the Black Sea basin.

During the nineteenth century, however, most of the diplomacy surrounding the Eastern Question focused on how the Ottoman Empire could be maintained, or at least divided up in as peaceful a way as possible. The Powers were very worried, correctly as it turned out, that the disintegration of the Ottoman Empire could provoke a crisis that would lead to a general European war. Such a war indeed almost broke out in 1878, averted only by Prince Otto von Bismarck's cynical, yet effective, diplomacy. Unfortunately, another Balkan crisis in the summer of 1914 spun rapidly out of control with results familiar to all of us.

Nationalism, Genocide, and "Brotherhood and Unity"

With the end of the Ottoman and Habsburg Empires in the last days of World War I, the Eastern Question effectively ended. The political map of the Balkans took on the shape it was to hold, except for a few years during World War II, until the disintegration of the Socialist Federal Republic of Yugoslavia beginning in 1991.

The map of the Balkans in 1918 represented the triumph of nationalism. The consolidation of the nation-state system, however, far from ushering in a period of peace and cooperation among the Balkan states, only created renewed tensions. The problems were caused by exactly the same factors that had led to violence during the prewar period. That is, none of the nationalists in the new Balkan states (with the important exception of the Republic of Turkey) accepted the political borders as final. Quite the contrary, the Balkan nationalists saw on the maps of the Balkans drawn up at Ste. Germaine, Trianon, and Neuilly *terrae irredenta*, territories and populations of their co-nationals crying for freedom and union with the "Motherland." In particular, Bulgarian and Greek nationalists felt that their states had been cheated out of Macedonia. Bulgaria also had lost territory to Romania (the southern Dobruja) and to Greece (Western Thrace). Albanian nationalists wanted a Greater Albania that included the province of Kosovo and swaths of Macedonia (both Serbian after 1912 and part of Yugoslavia after 1918). The Vojvodina was disputed among Hungary, Yugoslavia, and Romania.

The territorial claims of the Balkan states against each other were paralleled by the internal problems caused by the presence of sizable minority populations. Nowhere was this problem more acute than in the Kingdom of the Serbs, Croats, and Slovenes, renamed the Kingdom of Yugoslavia in 1929. While ostensibly the national state of the Yugoslavs, many of its citizens, perhaps the majority even in 1918, did not have a "Yugoslav" national identity at all, but thought of themselves as members of different nations, for example, Serbs, Croats, Slovenes, Macedonians, and so on.

Yugoslavism, the idea that all of the South Slavs constituted one nation, was popular mainly among Slovene and Croat intellectuals. There were also, however, Croat (and a much smaller number of Slovene) nationalists who thought in terms of independent or autonomous Croat or Slovene nation-states. Very few Serbs or Muslim Slavs showed much interest in Yugoslavism. Most Serbs preferred to think in terms of the creation of a Greater Serbia, while the Muslims were mostly concerned with maintaining good relations with their rulers (whoever they might be) so as to secure the free practice of their religion and the maintenance of their religious schools and socio-economic institutions.

The story of the formation of the Yugoslav state and its constitutional and national crises are beyond the scope of this short essay.[4] A generalization about this period is that the tensions between the different nationalities of Yugoslavia, and especially between the Croats and Serbs, intensified steadily during the 1920s and 1930s. The Croat fascist Ustasha organization, aided by Italy, emerged and pursued a campaign of terror against the Yugoslav state. Following the Nazi invasion of Yugoslavia in 1941 (preceded by an air attack on Belgrade by the Luftwaffe), the Ustasha leader, Ante Pavelic (1889–1959), became the ruler of the "Independent State of Croatia" (often referred to by its Croatian initials NDH). The Nazis granted their puppet state generous borders, including most of Bosnia-Herzegovina. The Ustashas actively courted the Bosnian Muslims, while at the same time considering them to be "Croats of the Muslim religion." Pavelic even ordered the construction of a mosque in Zagreb (called the Poglavnik's Mosque after his official title) in his efforts to secure the loyalty of the Muslim Slavs. Many, but certainly by no means all, of the Muslims of Bosnia-Herzegovina responded to the fascist Croat authorities, as they had responded to all outside occupiers since 1878, with cautious cooperation or at least passivity. Some of the Muslim population actively supported the Ustasha regime. There were 11 Muslim deputies in the NDH's parliament (the Sabor) and there was even a Bosnian Muslim division (called "Handzar" or scimitar) within the Waffen SS.[5] Under the leadership of the Ustashas, hundreds of thousands of Serbs, Gypsies, Jews, and "enemies of the state" were murdered. The Ustashas even had their own concentration camp at Jasenovac in northern Bosnia.

Most of the rest of Yugoslavia was partitioned among the Axis powers and their allies. Most of Slovenia was incorporated into the Third Reich. Much of the Vojvodina went to Hungary. Macedonia was occupied by Bulgaria, and most of Kosovo was joined to Italian-occupied Albania.

The Ustasha and the Axis occupation armies were opposed by two main armed guerrilla groups, commonly called the Partisans and the Chetniks. The former group was ostensibly a broad coalition of individuals and parties from all the nationalities of Yugoslavia that were united against the NDH and the foreign occupiers of the country. In practice the organization became dominated by the Communist Party of Yugoslavia led by Josip Broz, better known by the nom de guerre "Tito." The Chetniks were originally made up of mostly Serb units of the Royal Yugoslavian Army that had avoided destruction or capture by the invading Axis powers and had re-established themselves as guerrillas. Their leader, Colonel Draza Mihailovic, was a supporter of King Peter and the Yugoslav government in exile in London.

During the course of the war, the Partisans and the Chetniks began to regard each other as enemies and in fact spent much of their

time fighting each other. The Chetniks eventually became de facto collaborators with the Nazis and Ustashas against the Partisans. Partially because of this development, the Allies eventually decided to back the Partisans and Tito instead of King Peter and the Chetniks.

With the end of the war, the Partisans took control of the entire country and exacted swift revenge against collaborators, suspects of collaboration, and all enemies of the Communist Party of Yugoslavia. Mihailovic was captured and hanged. Pavelic managed to escape to Argentina, but most of his followers and their sympathizers were not so lucky: they were executed.

One of the most notorious events of this period occurred at the Austrian-Yugoslav border near the village of Bleiburg. A group of over 100,000 Croat men, women, and children fled before the advancing Partisans into southern Austria, at the time under the occupation of the British Army. Some of these refugees were indeed former Ustasha members, but many certainly were not. The Partisans demanded that they be sent back to Yugoslavia. The British commander on the scene was bound by agreements and treaties to comply, and they were sent back into Yugoslav territory into the custody of the Partisan forces. Over the next weeks between 40,000 and 100,000 of them died.[6] Overall, the war and its immediate aftermath were tremendously destructive. Some 1,014,000 people, almost six percent of the population of Yugoslavia, perished, many of them at the hands of their fellow Yugoslavs.[7]

After the Partisans had secured their victory, Yugoslavia was reorganized as a federal "peoples' republic." The Communist Party, renamed the League of Communists of Yugoslavia (LCY), at first tried to foster an interpretation of Yugoslavism that would subsume the country's different nationalities. But by the early 1960s the LCY had abandoned this policy in favor of an increasingly decentralized federal structure based on the different republics, each of which (with the important exception of Bosnia-Herzegovina) corresponded to a particular constituent nationality. These different nationally based republics were bound together by the monolithic control of the LCY (the only legal political party) and its slogan of "Brotherhood and Unity."

Not So Ancient

With this very brief history in mind, the events in the Balkans, and especially in the former Yugoslavia, since 1991 acquire a rather different complexion from "ancient tribal hatreds." It is certainly no accident that Croats and Serbs routinely call each other "Ustashas" and "Chetniks," respectively. Likewise, the Serb opposition to the independence of the Republic of Bosnia-Herzegovina must have been tinged with memories of the links between Croat and Bosnian Muslim fascists during World War II.

The extraordinary violence that has accompanied the disintegration of the Socialist Federal Republic of Yugoslavia is therefore based on the very real recollections, just within living memory, of the horrors of World War II. Those actions themselves, however, grew out of the invention and perpetuation of chauvinistic and expansionist national ideologies of the nationalists and especially the national *states* of the late nineteenth century. □

1. Maria Todorova, "The Ottoman Legacy in the Balkans" and F.A.K. Yasamee, "Nationality in the Balkans: The Case of the Macedonians," both in Gunay Goksu Ozdogan and Kemal Saybasili, eds., *Balkans: A Mirror of the New International Order* (Istanbul: Eren Yayincilik ve Kitapcilik, 1995), pp. 73, 125.

2. Peter Sugar, *Southeastern Europe under Ottoman Rule* (Seattle: University of Washington Press, 1977), p. 21.

3. Charles and Barbara Jelavich, *The Establishment of the Balkan National States, 1804–1920* (Seattle: University of Washington Press, 1977), p. 211.

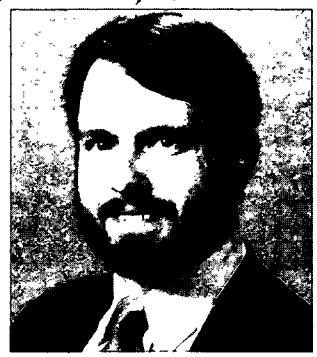
4. For a more detailed discussion of this period see Ivo Banac, *The National Question in Yugoslavia* (Ithaca, N.Y.: Cornell University Press, 1984).

5. Barbara Jelavich, *History of the Balkans*, vol. II (Cambridge: Cambridge University Press, 1983), p. 264. Aydin Babuna, *Die nationale Entwicklung der bosnischen Muslime* (Frankfurt a/M: Peter Lang, 1996), pp. 291–292.

6. Jelavich, *History of the Balkans*, p. 272.

7. Ivo Banac, "Nationalism in Serbia," in Ozdogan and Saybasili, p. 143.

WAR IN THE BALKANS



Warmongering for Peace

The United States bestrides the world as a military colossus. By far the dominant global power, it is allied with every other major advanced industrialized state. America's adversaries are poor, isolated, and pitiable: Cuba, Iraq, North Korea, and Yugoslavia.

But apparently Washington policymakers can't stand the thought of living in peace. Traditionally, war has been considered a last resort. Yet this administration is implementing the most militaristic program in at least two decades. The President used U.S. troops to try to rebuild Somali society, bombed Serbian insurgents in Bosnia, warned of possible military action against North Korea, occupied Haiti, sent troops to Macedonia and Bosnia, has undertaken military exercises around the world, is conducting regular attacks on Iraq, and inaugurated aggressive war against Yugoslavia.

Obviously the administration, filled with high hubris, believed Belgrade to be an easy target. Washington was apparently convinced that it could impose an outside solution on an ancient ethnic conflict, micromanage a guerrilla insurgency, and unleash the dogs of war without their running wild.

The result was a disastrous miscalculation: the administration simultaneously magnified violence against ethnic Albanians and destabilized neighboring states. Yet U.S. officials responded to the charge that they failed to foresee the risks of their strategy by saying, essentially, yes we did. If true, the President was criminally negligent: he expected further attacks on Kosovars, massive refugee flows, and Serb intransigence, but did nothing to prepare for those consequences. Even he, one would hope, could not be so irresponsible.

It has oft been said that the world is a dangerous place, and it certainly is. But not particularly to the United States. Unfortunately, however, conflict does wrack many other countries around the world. There have been mass murders in Burundi, Cambodia, Rwanda, Sudan, and Uganda; brutal insurgencies in Angola, Congo, Ethiopia, Liberia, Mozambique, Sierra Leone, and Sri Lanka; bloody wars between Armenia and Azerbaijan, Ethiopia and Eritrea, Ethiopia and Somalia, India and Pakistan; endless civil war in Afghanistan; violent separatist campaigns in Iraq (Kurds), Mexico (Chiapans), Northern Ireland (Catholics), Russia (Chechens), Spain (Basques), and Turkey (Kurds); and varying strife in Burma, Georgia, India, Indonesia, Tajikistan, and elsewhere.

Then there is Kosovo. Without doubt, the situation is tragic. Yet the one constant of guerrilla insurgencies and civil wars is their brutality—by both sides. The Serbian government has caused many civilian casualties in Kosovo, but its conduct does not exist in a vacuum. Last June a U.S. diplomat in Belgrade told me: "If you're a Serb, hell yes, the KLA [Kosova Liberation Army] is a terrorist organization." Even ethnic Albanians admit

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that the KLA had targeted Serb policemen and other government employees, Serbs viewed as abusing Kosovars, as well as Albanian "collaborators." Each cycle of violence spawned another.

The resulting suffering of Kosovars was obvious. Yet at least until NATO intervened, the fighting in Kosovo barely rose to the status of atrocity in today's world. It certainly did not constitute genocide, a term now tossed around with wild abandon. At least three times as many people died in January alone in Sierra Leone as in Kosovo last year. Nearly as many people died in one three-day battle between Tamil guerrillas and the Sri Lankan government last fall as in Kosovo in all of 1998. By any normal standard, events in Kosovo are less important than those in many other nations around the world, where tens of thousands, hundreds of thousands, and even millions have died.

In 1991 the West encouraged the breakup of Yugoslavia. Then the United States and Europeans decided that Serbs were not entitled likewise to secede from Croatia and Bosnia, the latter of which burgeoned into a particularly bloody conflict. NATO eventually lent its air force to Muslims in Bosnia and helped impose the bizarre Dayton accord, under which three antagonistic groups are supposed to live together in an artificial state ruled by international bureaucrats. The same hypocrisy is being played out in Kosovo—Washington unreservedly supports Britain, Spain, and Turkey, for instance, in combating violent separatists, has placed no pressure on Macedonia to offer autonomy to its ethnic Albanians, and ignored massive ethnic cleansing of Serbs by Croats in 1995.

Indeed, contrast U.S. policy toward Turkey. Slobodan Milosevic is a demagogic thug. But the behavior of his government toward Albanians looks a lot like that of Turkey, a NATO member and U.S. ally participating in the assault on Yugoslavia, toward the Kurds. An oppressed people, the Kurds are seeking the right of self-determination. In response, Ankara destroys Kurdish villages and ruthlessly restricts civil liberties and political freedoms of Kurdish sympathizers. Some 37,000 Kurds have died over the last decade.

But the administration has voiced no outrage, proposed no bombing, demanded no occupation. To the contrary, Washington supplies the weapons Turkey uses to repress Kurdish separatists and apparently helped Ankara capture rebel head Abdullah Ocalan. There is much to criticize about Ocalan's Kurdistan Workers' Party, of course, but one could make similar judgments regarding the KLA. Hypocritical is perhaps the most charitable characterization of the administration's policy. Although Washington need not act everywhere if it desires to implement a policy of humanitarian intervention, surely some objective standards are necessary. The administration has articulated none. In practice, Washington seems prepared to use military force under three conditions:

- those being killed are white Europeans;
- the perceived aggressor is not a U.S. ally; and
- there is saturation media coverage of the conflict.

This makes a mockery of the humanitarian pretensions advanced by Western leaders. Nor is there anything compassionate about sending others off to fight. It's one thing to ask young men (and now young women) to risk their lives for their own political community. It is quite different for armchair warriors to treat them like gambit pawns to be sacrificed in some international chess game.

The administration's faux humanitarianism creates severe practical problems as well. In particular, it encourages intensification of local conflict. Guerrillas like the KLA often undertake strikes in order to spark retaliatory atrocities that might bring outside intervention. Kosovar leaders long sought to influence media coverage. One activist admitted to me last summer that the prospect of NATO intervention "depends on how we look on CNN."

Washington needs to return to the foreign policy of a republic, not an empire. It should be a shining city on a hill, an example to others, not the dictatress to the world. □

Isolationism

by Frank Chodorov

Isolationism has been turned (by our politicians, our bureaucracy and its henchmen, the professorial idealists) into a bad word.

And yet, isolationism is inherent in the human makeup. It is in the nature of the human being to be interested first in himself, and second in his neighbors. His primary concern is with his bread-and-butter problems, to begin with, and then in the other things that living implies: his health, his pleasures, the education of his children, wiping out the mortgage on the old homestead, and getting along with his neighbors. If he has the time and inclination for it, he takes a hand in local charities and local politics. If something happens in his state capital that arouses his ire or his imagination, he may talk to his neighbors about the necessity of reform; that is, if the reform happens to engage his interests. Taxation always interests him. But events and movements that occur far away from his immediate circumstances or that affect him only tangentially (like inflation or debates in the U.N.) either pass him by completely or, if he reads about them in the newspapers, concern him only academically. A Minnesotan may take notice of a headline event in Florida, as a conversation piece, but he is vitally interested in what has happened in his community: a fire, a divorce case, or the new road that will pass through. How many people know the name of their congressman or take the slightest interest in how he votes on given issues?

It has become standard procedure for sociologists and politicians to take opinion polls and to deduce behavior patterns from such data. Yet, it is a fact that the subject matters of these polls do not touch on matters in which the questionees are vitally interested, but are topics in which the pollsters have a concern. Putting aside the possibility of so framing the questions as to elicit replies the pollsters want, the fact is that the pride of the questionees can well influence their answers. Thus, a housewife who has been asked for her opinion on South African apartheid, for instance, will feel flattered that she has been singled out for the honor and will feel impelled to give some answer, usually a predigested opinion taken from a newspaper editorial; she will not say honestly that she knows nothing about apartheid and cares less. On the other hand, if she were asked about the baking of an apple pie, she would come up with an intelligent answer; but the sociologists are not interested in knowing how to bake an apple pie.

The scientist immersed in the laboratory will weigh carefully any question put to him regarding the subject matter of his science and will probably not come up with a yes-or-no answer; but he is positive that the nation ought to recognize the Chinese communist regime, because he heard another scientist say so. The baseball fan who knows the batting average of every member of his team, on the

Frank Chodorov (1887-1966) was editor of The Freeman *in 1954 and 1955. This is excerpted from his autobiography* Out of Step *(Devin-Adair, 1962). Reprinted with permission.*

other hand, will denounce the recognition of the regime because he has heard that the "Reds" are no good. The student whose grades are just about passing will speak out boldly on the U.N., reflecting the opinion of his professor on that organization. Everybody has opinions on international subjects, because the newspapers have opinions on them, and the readers like to be "in the swim." That is to say, interventionism is a fad stimulated by the public press, and like a fad, had no real substance behind it. If a poll were to be taken on the subject of our going to war, the probability is that very few would vote for the proposition; yet, war is the ultimate of interventionism, and the opposition to it is proof enough that we are isolationist in our sympathies. A poll on the subject of isolationism—something like "Do you believe we ought to keep out of the politics of other nations and ought to let them work out their problems without our interference?"—might bring out some interesting conclusions; but the politicians and the energumens of interventionism would prefer not to conduct such a poll. Our "foreign-aid" program has never been subjected to a plebiscite.

A Natural Attitude

Isolationism is not a political policy, it is a natural attitude of a people. It is adjustment to the prevailing culture within a country, and a feeling of security within that adjustment. The traditions, the political and social institutions, and the moral values that obtain seem good, the people do not wish them to be disturbed by peoples with other backgrounds and, what is more, they do not feel any call to impose their own customs and values on strangers. This does not mean that they will not voluntarily borrow from other cultures or that they will surround themselves with parochial walls. Long before interventionism became a fixed policy of the government, American students went to Europe to complete their education and immigrants introduced their exotic foods to the American table. But these were voluntary adoptions, even as we welcomed German and Italian operas and applauded the British lecturers who came here to decry our lack of manners. We certainly enjoyed the bananas and coffee imported from Latin American countries, and, while we might deplore their habit of setting up dictatorships, we felt no obligation to inject ourselves into their political affairs; that was their business, not ours.

This was the general attitude of the American people before the experiment in interventionism known as World War I. Before that event, Woodrow Wilson had taken leave of his senses in backing one revolutionary leader against another in Mexico, and had even sent the marines to support his choice; his excuse for opposing Huerta was that that leader had not been "democratically" elected, overlooking the fact that 80 percent of the Mexicans were simply incapable of making a choice, or of caring about it. From that interventionary exploit we garnered a mistrust of American intentions vis-à-vis Mexico which haunts us to this day. But, Wilson's urgency to introduce "democracy" in Mexico was purely a personal idiosyncrasy, shared by his political entourage but not by the American people. We cared little about which brigand, Huerta or Carranza, got to the top, and were stirred up only by the fact that a number of American boys were killed in Wilson's invasion.

When World War II got going in Europe and it became evident that Roosevelt was intent on getting us into it, a group of Americans organized the America First Committee for the purpose of arousing the native spirit of isolationism to the point of frustrating his intent. They were for keeping the nation neutral. For various reasons (particularly Pearl Harbor) their plan failed, even though at the beginning they gained the adherence of many Americans. One flaw in their program was a tendency toward protectionism; the anti-involvement became identified with "Buy American" slogans and with high tariffs; that is, with economic, rather than political, isolationism. Economic isolationism—tariffs, quotas, embargoes, and general governmental interference with international trade—is an irritant that can well lead to war, or political interventionism. To build a trade wall around a country is to invite reprisals, which in turn make for misun-

derstanding and mistrust. Besides, free trade carries with it an appreciation of the cultures of the trading countries, and a feeling of goodwill among the peoples engaged. Free trade is natural, protectionism is political.

The America First Committee's opposition to our entry into the war was based on political and economic considerations. It is a well-known fact that during a war the state acquires powers which it does not relinquish when hostilities are over. When the enemy is at the city gates, or the illusion that he is coming can be put into people's minds, the tendency is to turn over to the captain all the powers he deems necessary to keep the enemy away. Liberty is downgraded in favor of protection. But, when the enemy is driven away, the state finds reason enough to hold onto its acquired powers. Thus, conscription, which Roosevelt reintroduced at the beginning of the war, has become the permanent policy of the government, and militarism, which is the opposite of freedom, has been incorporated into our mores. Whether or not this eventuality was in Roosevelt's mind is not germane; it is inherent in the character of the state. Taxes imposed ostensibly "for the duration" have become permanent, the bureaucracy built up during the war has not been dismantled, and interventions in the economy necessary for the prosecution of war are now held to be necessary for the welfare of the people. . . .

Fatal Conceit

As isolationism is a natural attitude of the people, so interventionism is a conceit of the political leader. There does not seem to be area enough in the world to satiate his desire to exercise his power or, at least, his influence. Just as the mayor of a town hopes to become governor of his state, a congressman, or even president, so does the president or the king of a country deem it his duty to look beyond the immediate job of running his country. Necessity limits the interventionary inclination of the head of a small country, unless, indeed, he finds a neighboring small country incapable of resisting his advances. But, given a nation opulent enough to maintain a sizable military establishment and an adequate bureaucracy, his sights are lifted beyond the borders. To be sure, his interest is always the enlightenment or the betterment of the people over whom he seeks to extend his dominion or influence, never to exploit them. Thus, Alexander the Great offered the benefits of Hellenic civilization to the people of Asia, the Roman legions carried *Pax Romana* at the tip of their spears, and Napoleon imposed French "liberté, fraternité, égalité" on the peoples of Europe, whether they wanted it or not. Hitler tried to extend the influence of Aryanism and the late British Empire was built on the premise that a taste of English civilization would do the natives good.

"Foreign policy" is the euphemism which covers up this inclination toward interventionism. About the only foreign policy consistent with the natural isolationism of a people would be one designed to prevent interference of a foreign power in the internal affairs of the country; that is, protection from invasion. But that is too limited in scope to satisfy the cravings of the government of a powerful country. Theodore Roosevelt's foreign policy was avowedly designed to spread among other peoples the benefits of American civilization—even at the end of a Big Stick. Without an income tax, he could do very little beyond the display of naval might to execute this purpose, and the job was undertaken by Woodrow Wilson. It is interesting to note that Wilson was by persuasion an antimilitarist and an isolationist; yet the exigencies of office induced him to lead the country into war and into the missionary purpose of spreading American democracy far and wide. He failed, partly because the peoples of the world were not willing to adopt the American tradition and partly because he could not break down American resistance to interventionism. It remained for Franklin D. Roosevelt, aided and abetted by the Great Depression and a great war, to do that. And now that a monstrous bureaucracy with a vested interest in interventionism is in control of our "foreign policy," the nation is committed to a program of interference in the affairs of every country in the world. □

How War Amplified Federal Power in the Twentieth Century

by Robert Higgs

After surveying the Western world in the past six centuries, Bruce Porter concluded: "a government at war is a juggernaut of centralization determined to crush any internal opposition that impedes the mobilization of militarily vital resources. This centralizing tendency of war has made the rise of the state throughout much of history a disaster for human liberty and rights."[1] As a cause of the development of big government in the United States, however, war seldom receives its due.

World War I

Despite expansion during Woodrow Wilson's first term as president, the federal government on the eve of World War I remained small. In 1914, federal spending totaled less than 2 percent of GNP. The top rate of the recently enacted federal individual-income tax was 7 percent, on income over $500,000, and 99 percent of the population owed no income tax. The 402,000 federal civilian employees, most of whom worked for the Post Office, constituted about 1 percent of the labor force. The armed forces comprised fewer than 166,000 men on active duty. Although the federal government meddled in a few areas of economic life, prescribing railroad rates and bringing antitrust suits against a handful of unlucky firms, it was for most citizens remote and unimportant.

With U.S. entry into the Great War, the federal government expanded enormously in size, scope, and power. It virtually nationalized the ocean shipping industry. It did nationalize the railroad, telephone, domestic telegraph, and international telegraphic cable industries. It became deeply engaged in manipulating labor-management relations, securities sales, agricultural production and marketing, the distribution of coal and oil, international commerce, and markets for raw materials and manufactured products. Its Liberty Bond drives dominated the financial capital markets. It turned the newly created Federal Reserve System into a powerful engine of monetary inflation to help satisfy the government's voracious appetite for money and credit. In view of the more than 5,000 mobilization agencies of various sorts—boards, committees, corporations, administrations—contemporaries who described the 1918 government as "war socialism" were well justified.[2]

During the war the government built up the armed forces to a strength of four million officers and men, drawn from a prewar labor force of 40 million persons. Of those added to the armed forces after the U.S. declaration of war, more than 2.8 million, or 72 percent, were drafted.[3] Men alone, however, did not make an army. They required barracks and training facilities, transportation, food, clothing, and

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health care. They had to be equipped with modern arms and great stocks of ammunition.

As the mobilization began, the requisite resources remained in the possession of private citizens. Although manpower could be obtained by conscription, public opinion would not tolerate the outright confiscation of all the property required to turn the men into a well-equipped fighting force. Still, ordinary market mechanisms threatened to operate too slowly and at too great an expense to facilitate the government's plans. The Wilson administration therefore resorted to the vast array of interventions mentioned earlier. All may be seen as devices to hasten the delivery of the requisite resources and to diminish the fiscal burden of equipping the huge conscript army for effective service in France.

Notwithstanding those contrivances to keep the Treasury's expenses down, taxes still had to be increased enormously—federal revenues rose by nearly 400 percent between fiscal 1917 and fiscal 1919—and even greater amounts had to be borrowed. The national debt swelled from $1.2 billion in 1916 to $25.5 billion in 1919.

To ensure that the conscription-based mobilization could proceed without obstruction, critics had to be silenced. The Espionage Act of June 15, 1917, penalized those convicted of willfully obstructing the enlistment services by fines up to $10,000 and imprisonment as long as 20 years. An amendment, the Sedition Act of May 16, 1918, went much further, imposing the same severe criminal penalties on all forms of expression in any way critical of the government, its symbols, or its mobilization of resources for the war. Those suppressions of free speech, subsequently upheld by the Supreme Court, established dangerous precedents that derogated from the rights previously enjoyed by citizens under the First Amendment.

The government further subverted the Bill of Rights by censoring all printed materials, peremptorily deporting hundreds of aliens without due process of law, and conducting—and encouraging state and local governments and vigilante groups to conduct—warrantless searches and seizures, blanket arrests of suspected draft evaders, and other outrages too numerous to catalog here. In California the police arrested Upton Sinclair for reading the Bill of Rights at a rally. In New Jersey the police arrested Roger Baldwin for publicly reading the Constitution.[4]

The government also employed a massive propaganda machine to whip up what can only be described as public hysteria. The result was countless incidents of intimidation, physical abuse, and even lynching of persons suspected of disloyalty or insufficient enthusiasm for the war. People of German ancestry suffered disproportionately.[5]

When the war ended, the government abandoned most, but not all, of its wartime control measures. The draft itself ended when the armistice took effect on November 11, 1918. By the end of 1920 the bulk of the economic regulatory apparatus had been scrapped, including the Food Administration, the Fuel Administration, the Railroad Administration, the War Industries Board, and the War Labor Board. Some emergency powers migrated into regular government departments such as State, Labor, and Treasury and continued in force. The Espionage Act and the Trading with the Enemy Act remained on the statute books. Congressional enactments in 1920 preserved much of the federal government's wartime involvement in the railroad and ocean shipping industries. The War Finance Corporation shifted missions, subsidizing exporters and farmers until the mid-1920s. Wartime prohibition of alcoholic beverages, a purported conservation measure, transmogrified into the ill-fated Eighteenth Amendment.

Most important, the dominant contemporary interpretation of the war mobilization, including the belief that federal economic controls had been instrumental in achieving the victory, persisted, especially among the elites who had played leading roles in the wartime economic management. It was hardly surprising that 15 years later, in the depths of the Great Depression, the federal government employed the wartime measures as models for dealing with what Franklin D. Roosevelt called "a crisis in our national life comparable to war."[6]

World War II

When World War II began in Europe in 1939, the size and scope of the federal government were much greater than they had been 25 years earlier, owing mainly to World War I and its peacetime progeny, the New Deal. Federal spending now equaled 10 percent of GNP. Of a labor force of 56 million, the federal government employed about 1.3 million persons (2.2 percent) in regular civilian and military jobs and another 3.3 million (5.9 percent) in emergency work-relief programs. The national debt held outside the government had grown to nearly $40 billion. Most important, the scope of federal regulation had increased immensely to embrace agricultural production and marketing, labor-management relations, wages, hours, and working conditions, securities markets and investment institutions, petroleum and coal marketing, trucking, radio broadcasting, airline operation, provision for income during retirement and unemployment, and many other objects.[7] Notwithstanding those prodigious developments, during the next six years the federal government would assume vastly greater dimensions—in some respects its greatest size, scope, and power ever.[8]

During the war the conscript-based armed force, which ultimately comprised more than 12 million men and women, required enormous amounts of complementary resources for its housing, subsistence, clothing, medical care, training, and transportation, not to mention the special equipment, arms, ammunition, and expensive weapons platforms that now included tanks, fighter and bomber aircraft, and naval aircraft carriers.

For the Treasury, World War II was ten times more expensive than World War I. Many new taxes were levied. Income taxes were raised repeatedly, until the personal income-tax rates extended from a low of 23 percent to a high of 94 percent. The income tax, previously a "class tax," became a "mass tax," as the number of returns grew from 15 million in 1940 to 50 million in 1945.[9] Even though federal revenues soared from $7 billion to $50 billion between 1940 and 1945, most war expenses still had to be financed by borrowing. The publicly held national debt rose by $200 billion, or more than fivefold. The Federal Reserve System itself bought some $20 billion of government debt, thereby serving as a de facto printing press for the Treasury. Between 1940 and 1948 the money stock (M1) increased by 183 percent, and the dollar lost nearly half its purchasing power.

The authorities resorted to a vast system of controls and market interventions to get resources without having to bid them away from competing buyers in free markets. By fixing prices, directly allocating physical and human resources, establishing official priorities, prohibitions, and set-asides, then rationing the civilian consumer goods in short supply, the war planners steered raw materials, intermediate goods, and finished products into the uses they valued most. Markets no longer functioned freely; in many areas they did not function at all.[10]

World War II witnessed massive violations of human rights in the United States, apart from the involuntary servitude of the military conscripts. Most egregiously, about 112,000 blameless persons of Japanese ancestry, most of them U.S. citizens, were uprooted from their homes and confined in concentration camps without due process of law. Those subsequently released as civilians during the war remained under parole-like surveillance. The government also imprisoned nearly 6,000 conscientious objectors—three-fourths of them Jehovah's Witnesses—who would not comply with the service requirements of the draft laws.[11] Signaling the enlarged federal capacity for repression, the number of FBI special agents increased from 785 in 1939 to 4,370 in 1945.[12]

Scores of newspapers were denied the privilege of the mails under the authority of the 1917 Espionage Act, which remained in effect. Some newspapers were banned altogether.[13] The Office of Censorship restricted the content of press reports and radio broadcasts and censored personal mail entering or leaving the country. The Office of War Information put the government's spin on what-

ever it deigned to tell the public, and the military authorities censored news from the battlefields, sometimes for merely political reasons.

The government seized more than 60 industrial facilities—sometimes entire industries (for example, railroads, bituminous coal mines, meatpacking firms)—most of them in order to impose employment conditions favorable to labor unions engaged in disputes with the management.[14]

At the end of the war most of the economic control agencies shut down. But some powers persisted, either lodged at the local level, like New York City's rent controls, or shifted from emergency agencies to regular departments, like the international trade controls moved from the Foreign Economic Administration to the State Department.

Federal tax revenues remained high by prewar standards. In the late 1940s the IRS's annual take averaged four times greater in constant dollars than in the late 1930s. In 1949, federal outlays amounted to 15 percent of GNP, up from 10 percent in 1939. The national debt stood at what would have been an unthinkable figure before the war, $214 billion—in constant dollars, roughly a hundred times the national debt in 1916.

The prevailing interpretation of the wartime experience gave unprecedented ideological support to those who desired a big federal government actively engaged in a wide range of domestic and international tasks. To many, it seemed that a federal government capable of leading the nation to victory in a global war had a similar capacity to remedy peacetime economic and social ills. Accordingly, in 1946 Congress passed the Employment Act, pledging the federal government to act as America's permanent macroeconomic warden.

The Cold War

The end of World War II blended into the beginning of the Cold War. In 1948 the government reimposed the military draft, and over the next 25 years conscription was extended time and again. After 1950 the military-industrial-congressional complex achieved renewed vigor, sapping 7.7 percent of GNP on average during the next four decades—cumulatively some $11 trillion dollars of 1999 purchasing power.[15]

During the Cold War the government's operatives committed crimes against the American people too numerous to catalog here, ranging from surveillance of millions of innocuous citizens and mass arrests of political protesters to harassment and even murder of persons considered especially threatening.[16] *C'est la guerre.* The government's reprehensible actions, which many citizens viewed only as abuses, we can apprehend more plausibly as intrinsic to its constant preparation for and episodic engagement in warfare. □

1. Bruce D. Porter, *War and the Rise of the State: The Military Foundations of Modern Politics* (New York: Free Press, 1994), p. xv.

2. Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York: Oxford University Press, 1987), pp. 123–58; James L. Abrahamson, *The American Home Front* (Washington, D.C.: National Defense University Press, 1983), pp. 101–12.

3. John Whiteclay Chambers, III, *To Raise An Army: The Draft Comes to Modern America* (New York: Free Press, 1987), p. 338, n. 68.

4. Michael Linfield, *Freedom Under Fire: U.S. Civil Liberties in Times of War* (Boston: South End Press, 1990), p. 65.

5. Ronald Schaffer, *America in the Great War: The Rise of the War Welfare State* (New York: Oxford University Press, 1991), pp. 3–30.

6. Quoted by Porter, *War and the Rise of the State*, p. 277.

7. Higgs, *Crisis and Leviathan*, pp. 159–95.

8. Abrahamson, *American Home Front*, pp. 131, 142.

9. Carolyn C. Jones, "Class Tax to Mass Tax: The Role of Propaganda in the Expansion of the Income Tax during World War II," *Buffalo Law Review*, Fall 1988/89, pp. 685–737.

10. Higgs, *Crisis and Leviathan*, pp. 196–236.

11. Abrahamson, *American Home Front*, p. 159.

12. Porter, *War and the Rise of the State*, p. 284.

13. Linfield, *Freedom Under Fire*, p. 73.

14. Ibid., pp. 102–103.

15. Robert Higgs, "The Cold War Economy: Opportunity Costs, Ideology, and the Politics of Crisis," *Explorations in Economic History*, July 1994, pp. 9–10.

16. Linfield, *Freedom Under Fire*, pp. 113–67.

Another Place, Another War

by Michael Palmer

February 2, 1969: I step off the back of a CH-34, a helicopter that looks like a flying apartment building complete with side-mounted machine guns. It is so muggy you can't catch your breath.

I'm at Camp Eagle, just north of Hue, South Vietnam. It's the year after the Tet offensive of 1968. Eagle had been a holding of the 1st Cav. until the Vietcong and North Vietnamese regular army overran it. Over 3,800 Americans were killed during the 12-week offensive.

Camp Eagle looks as though it's been through a war. Nothing of value is left. The ground is strewn with trash; barbed wire is everywhere littered with blown paper, rags, and plastic sheeting. The place smells dirty, dusty, and rotten. Half-crouching, not knowing what to expect but knowing this is a place where no one likes you and everyone wants to hurt you, you make for some kind of cover. The remains of a set of hooches (wooden, screen-sided, tin-roofed sheds) will suffice. Little do we know they will be our home for the next year.

Once we get inside, the choppers take off, leaving us in a frightening silence. This is a real "what have I gotten myself into?" predicament. The realization is that whatever happens from here on out, all you will have you have now.

As we pull together to organize a cleanup and planning session, the bleakness of the situation hits. This is really it. We have nothing: no toilet paper, no pop, no sheets, no light, no power. What we do have is mud, wet, mildew, nightly sapper raids (Vietcong running through our hooches throwing bags of explosives). We eventually have "122 mm" rocket attacks, where the 'Cong makes a bamboo fork large enough to hold a six-foot-long bottle rocket and tries to hit you with it. From a couple of miles away they are surprisingly accurate—though accuracy doesn't matter. The fear they generate is the real intent.

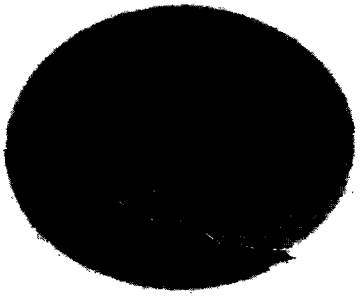
Being in an assault helicopter unit with the 101st Airborne has its rewards. There is a certain military prestige to such an assignment. Reality is less glamorous. Our assignment is the Ashau Valley. We are to support the various firebases and LZs (landing zones) strung out up and down the valley. The Vietcong uses the valley as a highway to supply the south from the north and China. The firebases are small artillery outposts positioned with fire zones to control any traffic.

The living conditions at these firebases are the most primitive any of us have ever seen. Imagine a mountaintop blasted bare of any vegetation, a rough circle of mud ringed with concertina wire and sandbagged bunkers. In the center of this circle is a large sandbagged depression. Artillery of any variety will be found there: eight-inch track-mounted guns, old twin-barreled anti-aircraft guns. Whatever. Everything that goes on here is to protect those guns.

You live in a hole in the ground—mud walls, insects, snakes, and rats. When it is wet it is mud, when dry, red dust. You seldom get to eat hot food, and never get to take a shower. You sleep in a wet sleeping bag night after night, week after week. Everything you own is wet, muddy, and moldy: clothes, food, and equipment.

When you can, you toast your bread. That way you don't notice the weevils. You try to think of it as whole wheat. Your water is always Kool-Aid so you don't see how brown it is. If something doesn't come out of a sealed can you don't trust it.

And you live like this until somebody decides you need to move. Doesn't matter—the terrain will be different but the situation the same.



Thirty years later, are we doing this again? For what? We lost 58,000 of my generation. For what? I lost friends; you lost sons, brothers, husbands.

We went where our government sent us. And we learned; learned not to trust, learned that politicians, out of ignorance and vainglory, can get us into situations they will not allow us to leave for fear of losing face. Who has to clean it up? Our kids, our military, who cannot question their orders.

I have three sons. The oldest is 26 and in the army. The next is 20, and the youngest is 16. My grandfather was in WWI, my dad in WWII; I was in Vietnam. Will my sons end up in the Balkans—even if "only" in a peacekeeping force? Americans will undoubtedly be in Kosovo for a long time.

The politicians wax eloquent about the humanitarian war against Serbia. Where's the humanitarianism in sending Americans to the backwater of Europe while taking sides in a bloody conflict over land? Have they nothing better to do with their lives than become fodder for a president's legacy or an obsolete alliance's credibility?

George Washington, in his Farewell Address in 1796, said that "Europe has a set of primary interests which to us have none or a very remote relation." He wondered: "Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humor, or caprice?"

As a father, as a citizen, I ask, why indeed? □

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War's Other Casualty

by Wendy McElroy

"War is the health of the State." Those famous words are contained in Randolph Bourne's essay "The State," written in response to America's participation in World War I, but left unfinished because of his death from influenza in 1918.

In the introduction to *War and the Intellectuals: Collected Essays 1915–1919*—an anthology of Bourne's writings—editor Carl Resek explains the phrase: "In its proper place it meant that mindless power thrived on war because war corrupted a nation's moral fabric and especially corrupted its intellectuals." Those seven words contain a complexity of meaning that is often overlooked by those who use them. To grasp this complexity, it is necessary to explore the theoretical context within which Bourne, a left-wing writer with individualist sensibilities, wrote.

Bourne argued that in times of peace, the majority of people do not give much thought to the State, but deal instead with the Government, which may be viewed as the practical day-to-day "offices and functions" of a State. He defined "Government" as "a framework of the administration of laws, and the carrying out of the public force. Government is the idea of the State put into practical operation in the hands of definite, concrete, fallible men." The people whose jobs make Government function, such as postal workers and grade-school teachers, have no sense of sanctity about them. They are what Bourne describes as "common and unsanctified men." Even those elected to political office do not generally inspire admiration, but are usually "indistinguishable from the mass." This egalitarian attitude is part of the American republican heritage. Thus in times of peace, "the sense of the State almost fades out of the consciousness of men." People may rise to honor the flag at ball games but they have few practical reasons to contemplate the State.

The American State is more of a concept than a physical reality. It is the political structure established by the American Revolution, the Constitution, and the Bill of Rights. Governments come and go, but the State remains essentially the same. It is the State, not Government, that inspires emotions such as awe or patriotism within its citizenry because the State is considered to be sanctified by history and by the popular will. It is to the concept of the American State—not to any particular Government, Republican or Democratic—that people pledge allegiance with hands placed over their hearts.

Another key to understanding America is the concept of "Society," which Bourne referred to as "nation" or "country." Society is the collection of nonpolitical factors that constitute life in America, including: characteristic attitudes, common lore and literature, a shared history, a unique ethnic mix, the prevailing cultural norms. These nonpolitical

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factors are what make the American society different from Chinese or French society. They constitute "the American way." In times of peace, most people identify more with Society than they do with Government. For example, most define themselves more in relation to a community, religion, or ethnic heritage than in relation to a political party.

For Bourne, Society, unlike Government, is not an expression of the State, nor can it peacefully co-exist with the State because the two concepts are antagonistic. Bourne observed that "Country [society] is a concept of peace, tolerance, of living and letting live. But State is essentially a concept of power, of competition; it signifies a group in its aggressive aspects. And we have the misfortune of being born not only into a country but into a State, and as we grow up we learn to mingle the two feelings into a hopeless confusion."

The Impact of War

Bourne defined war as the ultimate act of statehood. "War is a function . . . of States," he wrote, "and could not occur except in such a system."

He argued that war so blurs the lines separating the State from Government and from Society that the lines virtually disappear in the minds of most people. Filled with emotion, the patriot loses "all sense of the distinction between State, nation and government." As Bourne described the process, "Patriotism becomes the dominant feeling, and produces immediately that intense and hopeless confusion between the relations which the individual bears and should bear towards the society of which he is a part." Thus, "Every individual citizen who in peacetimes had no function to perform by which he could imagine himself an expression or living fragment of the State becomes an active amateur agent of the Government in reporting spies and disloyalists, in raising Government funds, or in propagating such measures as are considered necessary by officialdom."

In times of war, the State and Government become virtually identical so that to oppose the Government is considered to be an act of disloyalty to the State. For example, although criticizing the president is a right regularly exercised by almost every American, such criticism becomes an act of treason when the president has just declared war. Bourne explained that "objections to the war, luke-warm opinions concerning the necessity or the beauty of conscription, are made subject to ferocious penalties, far exceeding in severity those affixed to actual pragmatic crimes."

The impact of war on Society is even more dramatic. Bourne wrote that "in general, the nation in war-time attains a uniformity of feeling, a hierarchy of values culminating at the undisputed apex of the State ideal, which could not possibly be produced through any other agency than war." Instead of its peacetime principle—live and let live—Society adopts the State's principle of a group acting "in its aggressive aspects."

This is the theoretical meaning of "war is the health of the State." In peace, people are largely defined by their Society and they interact with Government, giving little thought to the State. In times of war, the hierarchy and the power of these concepts are inverted. The Government virtually becomes the State, and Society is subordinated to both.

The Individual in Wartime

What happens to the individual when Society and Government are dominated by the State? In times of peace an individual acts according to his own conscience to secure what he believes to be in his self-interest, which usually includes pursuing prosperity and security for the family, engaging in leisure, and the like. Individuals interact peacefully in Society without any imposed coordination because the interactions are sparked by a common desire (such as attending a football game or exchanging goods for money) without any loss of individual choice.

In times of war, individuals become what Bourne refers to as "the herd." "The State is the organization of the herd to act offensively or defensively against another herd similarly organized." Members of the herd may have a

wide range of emotional and intellectual reactions to wartime events and to the war itself. Nevertheless, "by an ingenious mixture of cajolery, agitation, intimidation, the herd is licked into shape, into an effective mechanical unity, if not into a spiritual whole."

Just as the line between the State and Society blurs, so, too, does the line between the State and the individual. The State attempts to draw upon the powerful force of individual choice by appealing to the patriotism of people and asking them to make the "choice" to enlist and otherwise support the war effort. Usually, the individual obliges because in "a nation at war, every citizen identifies himself with the whole, and feels immensely strengthened in that identification." But if the individual makes the wrong choice—the choice to not volunteer, to not cooperate with wartime measures—the State reveals that choice was never the real issue. "Men are told simultaneously that they will enter the military establishment of their own volition, as their splendid sacrifice for their country's welfare, and that if they do not enter they will be hunted down and punished with the most horrid penalties. . . ."

Usually, the individual does not rebel against war's massive violation of rights because he feels what Bourne called "a large element of pure filial mysticism" toward the State, especially the wartime State. Bourne likened this mysticism to the response often offered to religion. "As the Church is the medium for the spiritual salvation of men, so the State is thought of as the medium for his political salvation." The same feeling of patriotism that brings tears to the eyes of those saluting the flag at ball games is magnified by—some would say distorted and exploited by—the wartime State to make individuals conform. Feeling strengthened by "identifying with the whole," people cease to be individuals and become, instead, citizens of the State. The man who dissents and remains an individual feels "forlorn and helpless," while those who think and feel as the others in the herd have "the warm feeling of obedience, the soothing irresponsibility of protection."

Thus, a "people at war become in the most literal sense obedient, respectful, trustful children again, full of that naïve faith in the all-wisdom and all-power of the adult who takes care of them." "[T]his great herd-machine" functions under "a most indescribable confusion of democratic pride and personal fear" that makes the individuals "submit to the destruction of their livelihood if not their lives, in a way that would formerly have seemed to them so obnoxious as to be incredible." The individual became a "child on the back of a mad elephant" that he could neither control nor abandon, but was compelled to ride until the elephant decided to halt.

This, too, is the meaning of "war is the health of the State": war is the death of individualism.

Bourne's essays, written while he was on the editorial staff of the *New Republic*, are not typical of antiwar literature. He did not dwell on the "butcher's bill" of dead soldiers and civilians. He did not rail against the profits reaped by the military-industrial complex, which was collectively called "the munitions makers" in his day. The thrust of Bourne's essays is how war leads to the moral collapse of society by kicking out the props of peaceful interaction.

In essence, Bourne addressed the moral consequences of war on a postwar society that had abandoned individualism in favor of "the herd-machinery." He eloquently argued that postwar America would be morally, intellectually, and psychologically impoverished. By this observation, Bourne did not mean that peacetime America would struggle under the increased bureaucracy that never seems to roll back to prewar levels. Many historians have made this point. Bourne addressed the less tangible, though arguably more significant, costs of war. Post-1918 America, he predicted, would be burdened by intellectuals who had "forgotten that the real enemy is War rather than imperial Germany." In converting World War I into a holy war, the intellectual and psychological groundwork was being laid for future instances of what he termed "the sport of the upper class"—global conflict. □

Clinton versus Cleveland and Coolidge on Taxes

In a post-State of the Union speech in Buffalo, New York, on January 20, 1999, President William Jefferson Clinton was asked why Americans shouldn't get a tax cut since the federal budget is in surplus and the share of personal income taken by the federal government is at a post-World War II high. Is this what he said in response?

> When more of the people's sustenance is exacted through the form of taxation than is necessary to meet the just obligations of government and the expense of its economical administration, such exaction becomes ruthless extortion and a violation of the fundamental principles of a free government.

No, unfortunately, Bill Clinton didn't say that—but how refreshing it would have been if he had! Another Democratic president of long ago, Grover Cleveland (who, ironically, got his start in politics in Buffalo) said it in his second annual message to Congress in December 1886. What Bill Clinton *did* say was this:

"We could give it all back to you and *hope* you spend it right."

He went on to say he wanted to keep the surplus for such government programs as Social Security, and he concluded by tossing a question back to the audience: "I want every parent here to look at the young people here and ask yourself, 'Do you really want to run the risk of squandering this surplus?' "

Bill Clinton is not the only American president who couldn't trust the people with their own money. Nor is Grover Cleveland the only president among the 41 we've had who wanted the people to keep more of what they earned. Clinton's audacious remarks harshly contrast with the perspective of another chief executive more recent than Cleveland: Calvin Coolidge. "Silent Cal" is one of my favorites and a man who would undoubtedly spurn Clinton as a mouthpiece for an arrogant, statist elite. Let me use this opportunity to share with readers what America's 30th president thought about taxes and the people who worked hard to pay them.

"I want the people of America to be able to work less for the government and more for themselves," declared Coolidge in his inaugural address on March 4, 1925. "I want them to have the rewards of their own industry. That is the chief meaning of freedom. Until we can re-establish a condition under which the earnings of the people can be kept by the people, we are bound to suffer a very distinct curtailment of our liberty."

This flinty, frugal New Englander, who grew up respecting the hard-earned property of others, believed that the strength of the American nation was not centered in Washington, D.C. Once, as governor of Massachusetts, he asserted, "In a free republic a great government is the product of a great people.

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They will look to themselves rather than government for success. The destiny, the greatness of America lies around the hearthstone. . . . Look well to the hearthstone; therein all hope for America lies."

Bill Clinton has raised taxes in many forms, several times, and once called taxes "contributions." As one wag put it, "Clinton never saw a tax he didn't like—and hike."

Not Calvin Coolidge. As vice president, he strongly supported the steep reductions in income tax rates proposed by President Warren Harding's treasury secretary, Andrew Mellon. From the time he became president after Harding's untimely death in August 1923 until he left office in March 1929, Coolidge kept Mellon on the job and strengthened his own reputation as a committed tax cutter by urging Congress to enact further reductions. In the 1920s, the top income-tax rate fell from 73 percent to 24 percent. Americans with the lowest incomes benefited even more when the rate at the other end fell from 4 percent to one-half percent.

Between 1921 and 1929, the economy grew by nearly 60 percent, the national debt was reduced by a quarter, and the federal budget was consistently in the black. The depression that came later resulted not from tax cuts, but from unwise monetary policies of the Federal Reserve and destructive interventions by Congress, particularly in the years 1930–33.

Moreover, Coolidge understood that people respond positively to incentives, and negatively to disincentives. He knew that marginal rates of taxation made all the difference in the world in terms of economic behavior. In that sense, he was an early supply-sider—with an important difference. While today's supply-siders support tax cuts as a means to increase government revenue, Coolidge wanted to leverage tax cuts into major spending reductions. Here's what he told an audience on February 12, 1924:

> If we had a tax whereby on the first working day the government took 5 percent of your wages, on the second day 10 percent, on the third day 20 percent, on the fourth day 30 percent, on the fifth day 50 percent, and on the sixth day 60 percent, how many of you would continue to work on the last two days of the week? It is the same with capital. Surplus income will go into tax-exempt securities. It will refuse to take the risk incidental to embarking in business. This will raise the rate which established businesses will have to pay for new capital, and result in a marked increase in the cost of living.

Coolidge told a press conference on October 11, 1927, that he and others "interested in tax reduction ought to be first of all bending their energies to see that no unwise expenditures are authorized by the government, and that every possible effort is put forth to keep our expenditures down, and pay off our debt, so that we can have tax reduction." There was no Coolidge counterpart to Clinton's call for tens of billions of dollars of additional spending in his State of the Union speech last January.

According to Americans for Tax Reform (ATR), the average family today pays more in taxes than it spends on food, clothing, shelter, and transportation combined. The Census Bureau reports that the average household pays $9,445 in federal income taxes alone—twice what it paid just 14 years ago in 1985. The federal tax code is made up of four huge volumes that are each thicker than the Bible, and the tax code is over seven million words long. And ATR reports that if Congress were to adopt the fiscal 2000 budget President Clinton proposed in January, federal bureaucrats will spend more in one second ($56,000) than the average taxpayer earns in a year ($28,000).

Where is Calvin Coolidge when we really need him?! □

Spontaneous Order

by Nigel Ashford

"Many human institutions are the result of human action, but not of human design."

—ADAM FERGUSON

Order has been a central preoccupation of political thinkers and philosophers throughout the ages. It is widely understood today as a state of harmony between people, or social peace. In the premodern era, however, the concept was understood as the maintenance of a stable, hierarchical order that was pre-ordained by God or nature or both. Order can also be seen as the existence of regularity and predictability in human affairs, the absence of chaos. Although no longer associated with a rigid society ranked by privilege and power, the idea of order is still highly valued. This is because it allows people with different interests and values to live together in society without resorting to discord, conflict, or civil war. This is the modern idea of spontaneous order.

The first thinker to articulate this modern concept of spontaneous order was Bernard de Mandeville, in a book called *The Fable of the Bees* (1714). This work discussed the paradox that "private vices" such as individual self-interest could lead to "public benefits" from which the whole community benefited. He observed that the sum of individuals acting from separate motives produced a commercial society that was no part of any one person's intention. This idea that the evolution of human institutions allowed individuals to serve others, even though their motive might be self-interest, was at the core of the Scottish Enlightenment that grew up around Adam Smith, David Hume, and Adam Ferguson. They sought to apply this idea to a whole range of human institutions, including commerce, law, language, human morality, and even mores and customs. Far from a narrow theory of economics, Smith's *Theory of Moral Sentiments* (1759) argued that morals evolved slowly. The principles that enabled humanity to flourish and prosper were eventually accepted by the community. They stood the test of time.

Smith, Hume, and Ferguson were fascinated at how these values and institutions grew up to greatly benefit mankind despite their being the product of no single mind. Adam Ferguson's observation that human action produced a form of social order superior to that conceived by human design was to echo

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in the thoughts of an Austrian thinker, F. A. Hayek, two centuries later. Hayek took on the ancient idea that institutions were divided between those that are "natural" and those that are "artificial." A third group existed, Hayek said, and these were social institutions. As these are regular and orderly, people suppose that they have been invented by humanity and can therefore be altered or restructured at will. Hayek pointed out that this notion was mistaken because the human mind and society had evolved together. Tearing down the institutions that kept society together and building anew, as socialists advocated, would destroy the order that made society work.

Order Without Commands

Spontaneous order keeps the wheels of society turning without the need to issue commands from the center. A free society is orderly not because people are told what to do but because the evolving traditions and inherited institutions of human society allow individuals to pursue their own ends and by so doing, meet the needs of others. People's behavior follows certain patterns because they have been accepted by society initially as they allowed the groups that adopted them to prosper. It is no accident, said Hayek, that the sharpest differences in material welfare can be seen throughout the Third World where the city meets the countryside and complex rule-guided societies meet intimate communities in which the rules are different.

The rules that allow a complex social order like a city or the global economy to function are not orders in the sense that term is usually understood. Rules that prevent individuals' injuring others or engaging in theft or fraud or breaking promises in fact give people a great deal of latitude in their behavior. They tell people how to do things, but they do not tell them what they should do.

The moral framework for human society is not set in stone, but rather is constantly changing as new rules are discovered that allow the social order to function better. The problem is that we do not know in advance which rules will work and which will not. Our existing laws and customs show us what has worked to get us to the stage society has reached, but innovation and trial and error are required if we are to continue to discover new, effective rules of which we are currently ignorant. Social institutions that keep society orderly—customs, traditions, and values—are like tools. They contain the knowledge of generations before us about how to behave and will be modified by the rising generation and then passed on to the next. Groups that adopt these rules benefit from having done so, without necessarily knowing why. The institutions that transmit information about the rules are the product of human action, but not necessarily the result of human design.

There are three categories of social rules, according to Hayek. The first consists of those that we design ourselves, such as parliamentary legislation. The second, which has been called "tacit knowledge," consists of things like a sense of fair play or injustice that we all understand but cannot put into words. Finally, there is a third group of rules of beneficial behavior that we can observe and write down, but our attempts at codification only approximate the principles. The Anglo-Saxon system of common law is an example of this third type of rule; it evolved through and was gradually refined over centuries by different cases and judgments, and it is open to modification in the future. We learn from these rules and contribute to them even though we often cannot fully explain them. It is the second and third categories that have the power to create a complex order that uses more knowledge than can ever be known by a single human mind.

Why We Need Freedom

Complex social orders require freedom because the information and knowledge that make them work can never be amassed by a central authority. Attempting to use the first category of rules—legislation—to change the second and third categories will fail because the sum total of human knowledge has allowed people in society to live with one another and brought us to the levels of prosperity and population that we now enjoy. This was seen in the old socialist states of the Sovi-

et empire, in which government attacked and undermined traditional morality, justice, and fair play while relying on the economies of the West to keep living standards from falling below subsistence levels. Freedom is critical to the process of achieving spontaneous order in society because we do not know in advance which rules will work, because liberty is essential to the trial-and-error process, and because the creative powers of man can only be expressed in a society in which power and knowledge are widely dispersed. To impose a pre-designed pattern on society would make society cease to function as a creative force. Progress cannot be commanded.

Essential to the progress of an orderly society is the distribution of power among its citizens, as opposed to the concentration of power in the hands of the state. This allows society to experiment in the rules and mores that govern people's behavior. The process of trial and error limits the impact of mistakes to a small segment of society. Rules that work will be observed, imitated, and absorbed into the social framework. Risk-taking and rule-breaking are virtually impossible in small, intimate rural societies, yet these activities are essential to maintaining the large populations that live in the vast impersonal societies of modern life.

The Role of Incentives

Life in a free society can be hard because it forces individuals to adjust to the needs of others. The free society works because it coordinates conflicting desires by creating incentives for people to satisfy their own wants by satisfying those of others. This is the opposite of a state in which one can only achieve one's aims at the expense of others. As if by an invisible hand, Adam Smith suggested, we are moved to serve the needs of others while pursuing our own self-interest.

This complex order that harmonizes and synchronizes the conflicting desires of people who are different from one another can be confusing at first. But it is essential to look beyond that initial confusion if we are to see how a free society works. When Alexis de Tocqueville first disembarked in New York in 1831, he heard what he described as "a confused hum." That great chronicler of American society wrote, "No sooner do you set foot upon American ground than you are stunned by a kind of tumult; a confused clamor is heard on every side, and a thousand simultaneous voices demand the satisfaction of their social wants." Simply trying to work out how society works by watching it and listening to it tells us little. It would be like trying to understand how a clock works by telling the time. It is how people must interact with one another that allows the clockwork of society to keep ticking.

The hum of commerce eases the path of social cooperation in a free society, in part because it offers man opportunities that are simply not available when acting alone or in a state of war of all against all. Incentives allow us to cooperate with others even though our views on political issues or our religious beliefs may radically differ. When people supply goods and services or buy them from others, they may not know with whom they deal. Protestant, Catholic, Jew, and Muslim all benefit from the commercial activity of a free society without altering their fundamental beliefs. Their security and prosperity are interdependent and in free societies far surpass those of nations where conflict marks differences of faith. These differences are resolved peaceably and profitably in a free society, because the benefits of these values have been passed down through society and have become part of the moral framework. The absence of this mechanism for transmitting moral values is one of the reasons that religious strife and social discord mark societies that have never known freedom.

The Law

One key institution that makes the coordination of a free society possible is the law. In a free society, law is not the same as the arbitrary government decrees of totalitarian and autocratic societies or the legislation of Western congresses and parliaments. It is, as we have seen, a code that has evolved not at the hands of politicians but in the decisions of judges. Tocqueville in *Democracy in America*

(1840) described how laws keep order in a free society. He observed that "the spirit of the law which is produced in the schools and courts of justice, gradually penetrates beyond their walls into the bosom of society, where it descends to the lowest classes, so that at last the whole people contract the habits and tastes of the judicial magistrate." The law is respected in a free society not by the use of force (although governments do reserve the right to use force to protect freedom), but because it is based on rules that have grown up and been tested in real life, and because the values and the spirit of the law are closely connected to the moral values of the civilization.

Over-government undermines that respect by imposing controls on society that do not conform to people's inherited sense of right and wrong. Freedom creates order in society. The institutions of a free society give people an interest in keeping the peace, better than any police state or concentration camp. □

Suicide as a Moral Issue

"Suicide is an event that is a part of human nature.
However much may have been said and done about it in the past,
every person must confront it for himself anew, and every age
must come to its own terms with it."

—JOHANN WOLFGANG VON GOETHE (1749–1832)

Behind Goethe's simple statement lies a profound truth: dying voluntarily is a choice intrinsic to human existence. It is our ultimate, fatal freedom. That is not how the right-thinking person today sees voluntary death: he believes that no one in his right mind kills himself, that suicide is a mental health problem. Behind that belief lies a transparent evasion: relying on physicians to prevent suicide as well as to provide suicide—and thus avoid the subject of suicide—is an evasion of personal responsibility fatal to freedom.

Not long ago the right-thinking person believed that masturbation, oral sex, homosexuality, and other "unnatural acts" were medical problems whose solution was delegated to doctors. It took us a surprisingly long time to take these behaviors back from physicians, accept them comfortably, and speak about them calmly. Perhaps the time is ripe to rethink our attitude toward suicide and its relation to the medical profession, accept suicide comfortably, and speak about it calmly. To accomplish this, we must de-medicalize and destigmatize voluntary death and accept it as a behavior that has always been and will always be a part of the human condition. Wanting to die or killing oneself is sometimes blameworthy, sometimes praiseworthy, and sometimes neither; it is not a disease; it cannot be a bona fide medical treatment; and it can never justify deprivation of liberty.

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Death Transformed

Increasing life expectancy, advances in medical technology, and radical changes in the regulation of drug use and the economics of health care have transformed how we die. Formerly, most people died at home. Today, most people die in a hospital. Formerly, patients who could not breathe or whose kidneys or livers or hearts failed to function died. Now, they can be kept alive by machines, transplanted organs, and immunosuppressive drugs. These developments have created choices not only about whether to live or die but also about when and how to die.

Birth and death are unique phenomena. Absent celibacy or infertility, practicing birth control—that is, procreating voluntarily—is a

personal decision. Absent accidental or sudden death, practicing death control—that is, dying voluntarily—is also a personal decision. The state and the medical profession no longer interfere with birth control. They ought to stop interfering with death control.

As individuals, we can choose to die actively or passively, practicing death control or dying of disease or old age. As a society, we can choose to let people die on their own terms or force them to die on terms decreed by the dominant ethic. Camus maintained that suicide is the only "truly serious philosophical problem." It would be more accurate to say that suicide is our foremost moral and political problem, logically anterior to such closely related problems as the right to reject treatment or the right to physician-assisted suicide.

Faced with a particular personal conduct, we can approve, facilitate, and reward it; disapprove, hinder, and penalize it; or accept, tolerate, and ignore it. Over time, social attitudes toward many behaviors have changed. Suicide began as a sin, became a crime, then became a mental illness, and now some people propose transferring it into the category called "treatment," provided the cure is under the control of doctors.

Crucial Questions

Is killing oneself a voluntary act or the product of mental illness? Should physicians be permitted to use force to prevent suicide? Should they be authorized to prescribe a lethal dose of a drug for the purpose of suicide? Personal careers, professional identities, multibillion-dollar industries, legal doctrines, judicial procedures, and the life and liberty of every American hang on how we answer these questions. Answering such questions requires no specialized knowledge of medicine or law. It requires only a willingness to open our eyes and look life—and death—in the eye. Evading that challenge is tantamount to denying that we are just as responsible for how we die as we are for how we live.

The person who kills himself sees suicide as a solution. If the observer views it as a problem, he precludes understanding the suicide just as surely as he would preclude understanding a Japanese speaker if he assumed that he is hearing garbled English. For the person who kills himself or plans to kill himself, suicide is, eo ipso, an action. Psychiatrists, however, maintain that suicide is a happening, the result of a disease. Against this mindset, the view that, a priori, suicide has nothing to do with illness or medicine, which is my view, risks being dismissed as an act of intellectual know-nothingness, akin to asserting that cancer has nothing to do with illness or medicine.

We are proud that suicide is no longer a crime, yet it is plainly not legal; if it were, it would be illegal to use force to prevent suicide and it would be legal to help a person kill himself. Instead, coercive suicide prevention is considered a life-saving treatment and helping a person kill himself is (in most jurisdictions) a felony.

Supporters and opponents of policies concerning troubling social issues—such as slavery, pornography, abortion—have always invoked a sacred authority or creed to justify the policies they favored. Formerly, God, the Bible, the Church; now, the Constitution, Law, Medicine. It is an unpersuasive tactic: too many deplorable social policies have been justified by appeals to Scriptural, Constitutional, and Medical sanctions.

The question of who should control when and how we die is one of the most troubling issues we face today. The debate is in full swing. Once again, the participants invoke the authority of the Bible, the Constitution, and Medicine to cast the decisive ballot in favor of their particular program. It is a spineless gambit: persons who promote particular social policies do so because they believe that their policies are superior to the policies of their adversaries. Accordingly, they ought to defend their position on the grounds of their own moral vision, instead of trying to disarm opponents by appealing to a sanctified authority.

For a long time, suicide was the business of the Church and the priest. Now it is the business of the State and the doctor. Eventually we will make it our own business, regardless of what the Bible or the Constitution or Medicine supposedly tells us about it. □

THE FREEMAN
Ideas On Liberty

Storm Trooping to Equality

by James Bovard

Politicians have long enjoyed promising to deliver equality to the American people. In a January speech, President Clinton announced that he is seeking a budget increase to hire more federal agents to penalize more companies for alleged inequalities in their wage and salary structures. Clinton declared, "We have an opportunity now, and an obligation, to make sure every American fairly benefits from this moment of prosperity." However, as usual, Clinton's idea of "fairness" consists merely of politicians and bureaucrats tightening their grip over everyone else.

Clinton is asking for a $14 million increase in enforcement budgets for the Equal Employment Opportunity Commission and the Labor Department's Office of Federal Contract Compliance Programs (OFCCP). While these are small amounts, the feds are certain to use the money to extort far greater sums from private companies.

The OFCCP has jurisdiction over the jobs of 25 million people who work for companies, universities, and other entities with federal contracts. The agency has already announced plans to almost double the number of companies it investigates this year.

OFCCP Director Shirley Wilcher declared in 1995, "Enforcement of equality in the work place includes penalties to deter violations and to get results as quickly and efficiently as the law permits." Not equality of opportunity—not equal chances for equal talent—but equality, plain and simple. The passion for quick results far exceeds OFCCP's devotion to the law. In some parts of the south in the early 1900s, any company hiring a black for certain positions was presumed guilty of breaking a law. Nowadays, thanks to the OFCCP, any federal contractor who does not hire or promote a black, Hispanic, or woman can routinely be presumed guilty of breaking the law.

The OFCCP is legendary for the pretexts it concocts to accuse private companies of violating its regulations. One manager at a Washington, D.C.-area company summarized the attitude of the OFCCP official who descended upon her firm: "We don't need no stinking statistical significance!" As long as there are disparities between male and female salaries, or between the salaries of different races, the company can be proclaimed guilty.

The OFCCP routinely comes in, looks at the median pay rate for a certain job grade, and then fines the company if women or minorities make less than that amount. But this essentially ignores workers' experience, productivity, and a dozen other factors. As American Enterprise Institute economist Diana Furchtgott-Roth told the *Los Angeles Times*, "Measuring so-called discrimination by comparing women's wages to the median wage is like saying there's something wrong with oranges because they are smaller than grapefruits."

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Judging Performance

The Equal Employment Advisory Committee, an organization of large government contractors, reports that OFCCP auditors considered compensation decisions based on "performance ratings history" and "promotion, demotion, or downgrades" might be unacceptable to the OFCCP "because these may be seen as 'subjective' factors over which the employer has some control." Further, "The federal pay system with which compliance officers are most familiar is a very rigid one consisting of 15 grades and 10 steps within each grade. Over time, everyone progresses through the same series of within-grade step increases and/or promotion-related grade increases." The fact that a private company does not treat its employees like government workers—that is, paying them largely according to how long they have loitered around the office—can be interpreted by some compliance officers as foul play.

Because the rules that the OFCCP uses are vague and convoluted, compliance officers exercise arbitrary power over those whom they investigate. Expert after expert whom I interviewed stated that officers routinely grossly abuse their power. (Few people I spoke to were willing to allow their names to be used, since there is pervasive fear of agency retaliation.) One Midwest human-resources director complained of officers "just coming on site and scaring everyone to death and costing them thousands of dollars in time and effort." She observed that the OFCCP official who monitored her company for ten months "felt that he was on a crusade—and therefore the ends justified the means." Another human-resources professional noted that OFCCP agents "wield a lot of power and they know it and they very often don't act in compliance with the law and they attempt to coerce and intimidate employers into doing what they think what they should do." A female lawyer with over a quarter century's experience with OFCCP efforts said that browbeating, intimidation, and lying about the law happens "all the time." In many cases, the OFCCP arm-twists companies into paying "compensation" to people who were never hired and never did a day's work for them.

One district director in a large western state has achieved notoriety for his heavy-handed methods. According to one lawyer, the director shows up at site visits and warns the contractor: "If you get a lawyer, I will make it more difficult for you." The director has proclaimed to harrowed employees during audits: "You won't have a job around here much longer unless you cooperate with us because you are in deep trouble." Contractor employees have been left in tears at the OFCCP district director's bullying. This director's methods have been so successful at racking up settlement numbers that he has reportedly been invited to other OFCCP districts to lecture about his "enforcement model."

Jennifer Taylor, personnel director of City Utilities of Springfield, Missouri, testified to Congress in 1996 of the nightmare OFCCP audit her company experienced. An OFCCP compliance officer visited the company and spent almost an entire year going through files and documentation. After he examined the company's 250-page affirmative action plan and found no violations, he ordered the utility to completely recalculate its analyses, hoping that the revised version would produce some numbers with which he could condemn its hiring and promotion policies. The official demanded "documentation and reasons why virtually every minority and female considered for promotion and new hire was not selected for nearly every opening," Taylor testified. Though the company had roughly the same proportion of minorities on payroll as in the local labor market, the OFCCP demanded that the company in the future recruit from the Kansas City area—170 miles away. Taylor observed, "We must ignore a readily obtainable source of local labor, which is more motivated to remain with us because of our geographical preference, simply because of their race." Though the OFCCP inspector could not even gin up enough evidence to file a notice of violation, the inspection cost the company over $26,000 and tied up key personnel throughout 1995.

Despite the absurdities in OFCCP compensation analyses, many companies settle the

charges by paying the money the agency demands. This is because the agency has the power to debar companies from getting any federal contracts—a power described as a "nuclear bomb" by Assistant Secretary of Labor Bernard Anderson. Company officials routinely complain that there was no justice in the OFCCP charges but that the company cannot afford to fight the federal government and lose all its government contracts.

Clinton justified the new crackdowns last January as part of his plan "to prepare our nation for the 21st century." But if Labor Department bureaucrats are in charge of leading us into the new millennium, Americans should get ready for some thin gruel in the future.

Many OFCCP officials are both lazy and incompetent. One private lawyer who has dealt with the agency for over 25 years complained that OFCCP investigators "show up to do an onsite review at 10 in the morning and leave at 2 in the afternoon to pick up their grandkids from school. There is absolutely no control or monitoring of the kinds of hours that people are allegedly working. You can go months without catching up with someone" at the agency.

Many private lawyers and personnel experts who deal with the OFCCP complain of the extremely poor training of some of the compliance officers. The OFCCP has apparently been careful not to commit the same crime it accuses private companies of committing: requiring excessive literacy or intelligence in the people hired. One lawyer complained, "We have had OFCCP investigators who had disabilities who can't read. We had one case several years ago in which the investigator ruled that the company violated OFCCP policy because an individual was not paid the same amount as someone else working for the company—but the person who allegedly was underpaid never worked for the company. It took forever to straighten out that mess."

Legal Redress Impeded

Unfortunately, it is very difficult to fight the OFCCP in court. Because of the doctrine of "exhaustion of administrative remedies," the Labor Department can hold hostage any complaints or accusations against the OFCCP for years. Companies cannot gain access to a federal court until it has run the gauntlet of pseudo-remedies within the agency itself. Even if a company wins before a Labor Department administrative-law judge, a political appointee can simply write a memo and overturn the judge's decision—thus thrusting the company back in legal purgatory.

Lawyers estimate that legal fees in OFCCP cases can easily exceed half a million dollars before companies reach a federal court. Because of the high costs of reaching a federal judge, there have been few court rulings limiting the agency's power. As a result, OFCCP officials have free rein to twist the law to suit their purposes.

The issue of OFCCP's power cuts to the heart of the coerciveness of the welfare state. The essence of the OFCCP's concept of social justice is compelling companies to pay people for work they never did—based on secret rules the agency continually changes.

This nation does not need a cadre of employment commissars running around inflicting political correctness on American businesses. The methods of the OFCCP should be repulsive to anyone who respects legal rights and due process. As Justice Clarence Thomas wrote in a 1995 Supreme Court opinion, "Government-sponsored racial discrimination based on benign prejudice is just as noxious as discrimination inspired by malicious prejudice. In each instance, it is racial discrimination, plain and simple. Racial paternalism and its unintended consequences can be as poisonous and pernicious as any other form of discrimination."

Clinton, in his announcement of the expanded crackdown on private pay, declared that "it's a matter of principle—a question of what kind of country we want America to be today, and into the 21st century." Unfortunately, Clinton is making this a country in which petty bureaucrats have more and more power to punish other Americans on more and more pretexts. And since the process by which OFCCP settlements are imposed is fundamentally unfair, the larger the settlements, the greater the likely injustice by the government. □

Economics

In the Absence of Private Property Rights

We commonly benefit from things we neither understand nor appreciate. Obviously there are advantages in benefiting from a wide range of things without having to give them much thought. But the danger is that such neglect can often cause us great harm. Good health is an example. For most people, good health is easy to take for granted, and this often results in harmful patterns of behavior. In the case of health, however, most people know something about the risks of unhealthy behavior, and recognize the advantage of healthy habits even if they don't practice them.

Unfortunately, this is not true for maintaining a healthy economy. The productivity and cooperation essential to economic progress depend on things that are not only easily neglected, but also commonly denounced. Private property is a good example. Instead of recognizing private property as the foundation of economic cooperation and progress, people commonly see it as the source of economic problems actually caused by the lack of well-defined and enforced private-property rights.

Pollution and Private Property

Pollution is widely blamed on capitalism, with its emphasis on profits and private property. According to this view, private property rights should be restricted to prevent firms and individuals from putting their private gain ahead of the public's interest in a clean environment. But pollution is actually a problem caused by too little reliance on property rights, not too much. Pollution problems should teach us how much we benefit from private property by illustrating the inevitable breakdown in social cooperation in its absence.

Pollution problems would not exist if we could divide up the atmosphere, rivers, and oceans into separate units owned and controlled as private property. There would still be pollution, but not excessive pollution. If I wanted to discharge pollutants into the air that belonged to others, they would prevent me from doing so unless I paid them a price that covered the cost my pollution imposed on them. So I would pollute only as long as the value I realized from discharging an additional unit of pollutant was at least as great as the cost to others. Private property and the market prices that result would motivate people to take into consideration the environmental concerns of others.

Pollution problems exist because without private property in air sheds and waterways there are no market prices to make polluters mindful of the cost of their polluting activities. The result is that people pollute excessively; pollution continues even though the benefits from additional pollution are less than the costs.

Although we cannot easily imagine treating the atmosphere and waterways as private

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property, the lack of cooperation that underlies pollution problems would extend to all aspects of human action if private property were absent. Instead of seeing pollution problems as an indictment of private property, these problems should give us an appreciation of the wonderful advantages we realize from private property. And once the power of private property to promote cooperation is realized, one can see how pollution policy can be improved through the creative establishment of private property.

Instead of having political authorities dictate how, and how much, polluters have to reduce their discharges (as they do now), it would be far better to create a form of private property in the use of the environment for waste disposal. This private property would take the form of transferable pollution permits specifying how much their owners could legally pollute. These permits would establish the total allowable pollution, but not how much each polluter reduces his discharges or how he does so. With transferable permits, market prices would emerge that force polluters to consider much of the cost of their discharges. Those who could reduce discharges cheaply would reduce a lot, releasing permits to be used by those facing higher cleanup costs. The result would be a pattern of pollution reduction that yields any given level of environmental quality at far less cost than the command-and-control approach that dominates current policy. (A more detailed discussion of the advantages of such a market-based approach to pollution control has to await a future column.)

Private Property and Patience

Another common misconception is that the profits from private property motivate people to ignore the long-run consequences of their actions. Actually, the lack of private property is the biggest threat to future concerns. Consider the captain of a whaling ship who has a whale in the cross hairs of his harpoon. The captain is about to pull the trigger when his first officer points out that the whale is pregnant and if they let it live there will be two whales within a few months. Will the captain save the whale on hearing this information? Not likely. He will correctly conclude that since he has no property right in the whale, if he doesn't kill it today someone else soon will. Being patient and allowing the whale to give birth requires an immediate sacrifice, without permitting him to benefit from that sacrifice in the future. If somehow whales were privately owned, it would then pay the captain to take the future value of the whale and her offspring into consideration, since that future value would be his opportunity cost of killing the whale today.

It is no wonder that many species of wild animals are overexploited, and in some cases threatened with extinction. The situation is very different with domestic animals that are privately owned. There is no worry that chickens, pigs, cows, or goats will be driven to extinction. The future value of these animals is fully considered by owners who can profit from maintaining them. Indeed, the more of these animals we kill, the more of them we have. In the United States alone, approximately 25 million chickens are killed and eaten every day. It has been said that the difference between chicken hawks and people is that when chicken hawks eat more chickens there are fewer chickens, but when people eat more chickens there are more chickens. The more fundamental difference is that people establish private property rights and, as a result, take the future into consideration; chicken hawks don't.

Unfortunately, legislation such as the Endangered Species Act attempts to protect species by undermining private property rights, thereby reducing the motivation of land owners to provide suitable habitat for wildlife, endangered or not.

Private property allows us to solve problems by taking into consideration the present and future concerns of others. Unfortunately, people with good intentions but little economic understanding often call for solving problems stemming from inadequate private property by subverting rights to private property with political restrictions and mandates. □

THE FREEMAN
Ideas On Liberty

Croaking Frogs

by Brian Doherty

It's the kind of story that doesn't often get reported in the media—even though it is largely the media's creation. In February, Interior Secretary Bruce Babbitt made a stirring call for an extra $8.1 million in other people's money—your money and mine—for fiscal 2000 to research yet another potentially earth-shaking environmental crisis: declining and deformed frogs.

It's tiny by federal standards. Still, the federal agency umbrella group created last year for which Babbitt is seeking this new cash infusion, the Taskforce of Amphibian Declines and Deformities (TADD), could portend something big. It certainly seems as if the government is prepared for anything and everything to come out of the issue of unexpectedly disappearing and deformed amphibians: TADD, in an almost archetypal example of federal overkill, has representatives from the departments of state, justice, and defense on the team.

While the Department of the Interior posits this program as an example of pure science, research into a vital issue that only government force can supply, Babbitt's science adviser William Brown let slip the real score to a reporter from *BNA Daily Environment*: "There are a whole set of regulatory initiatives" waiting in the wings for when they find what they set out to find.

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The frog situation has gotten just enough media attention—stories in *Newsweek*, episodes of "Nightline"—and is just bizarre and frightening enough that the average man in the street knows there's something funny going on with frogs. There are two potential problems—probably unrelated, but conflated in both media and government—with amphibians: die-offs (frogs no longer appearing in customary numbers in certain habitats) and deformities.

That frogs are disappearing in numbers larger than what herpetologists have come to consider normal is not controversial in the field now; what these observations mean, and what might be causing them, are. A recently discovered chytrid fungus has been found killing frogs in Australia, Central America, and the United States; it is moving to the forefront as a convincing explanation in the scientific debate. Also, there is the possibility that natural fluctuations occur in frog populations that scientists don't understand because they haven't been looking at trend lines long enough. Even the government's own Web site devoted to the nascent frog crisis acknowledges that one of the frog species whose diminution concerns us now, the Northern leopard frog, created an earlier alarm in the Midwest in the 1960s and '70s, and "initiated our concern about amphibian declines, but many of these original declines have stopped and populations have recovered to some extent." These population fluctuations happen in nature, and the workings of nature, like that of the human

economy, are so multicausal and complex that we don't always know why certain things occur. Our intimate knowledge of long-term population trends is so poor that we can't even be sure we are seeing an alarmingly unnatural diminution.

Also, there are a couple of very likely man-caused, though prosaic, problems that could be killing off frogs: general encroachment on habitat and stocking non-native fish in large numbers in frog ponds. Indeed, man's desire for trout fishing could be hurting young tadpoles—but this is a matter of tradeoffs, not unquestionable bads.

Favored Explanations

However, the government frog effort prefers other controversial explanations. Not coincidentally, these explanations—while government researchers admit they have found no causal smoking gun—are those for which industrial society can be blamed: pesticides and ultraviolet radiation. These are the sort of explanations that would inspire the "whole set of regulatory initiatives" Babbitt's science adviser crowed about. It's true that UV radiation can cause problems for frog eggs in labs, but no one has shown that amphibian eggs in nature are actually being exposed to too much of it. (The UV thesis is thought to have more to do with the problem of deformed frogs rather than dying ones, though even there the evidence of real-world exposure is lacking.) Two herpetologists, from Stanford and the Smithsonian Institution, wrote in the journal *Froglog* that "what funding is available tends to be directed toward the most high-profile factors, regardless of whether or not they are the most likely causative agencies." And when government bureaucrats pay the scientific piper, the bureaucrats call the tune—and they tend to love the sweet sound of more regulation. Thus, while even such potential causes as chytrid fungus might have man to blame, in the sense that herpetologists themselves might be spreading the fungus cross-continent, advising scientists to wash their boots more carefully just doesn't pack the regulatory punch of stopping UV radiation or banning more pesticides to stop man's mad, unchecked lust for food not infested with (or eaten by) insects.

The frog deformity problem is the more grotesque and disturbing—freakish frogs with eyes in their mouths, multiple sets of limbs, missing limbs, missing jaws, appearing (or being noticed) in unusually large numbers. Consequently, it has gotten the most attention and money so far. The state of Minnesota alone—where the crisis first hit the media in 1995 after a school field trip found an unusual number of deformed frogs in one pond—has spent around a million dollars investigating the matter, and has already created a public scare on scant evidence. The Minnesota Pollution Control Agency in September 1997 announced that local well water was definitely causing frog deformities (pressuring scientists to go public with studies before they felt they were ready), and began giving out bottled water to frightened residents. The agency later admitted it was mistaken. One of the leading researchers of frog deformity, who thinks that naturally occurring parasites and cannibalism among tadpoles are most likely the main culprits, complains that the information presented to Babbitt was biased in the direction of scary man-caused explanations.

National Biological Information Service

Captain Ribbitt

Young visitors to the FrogWeb are encouraged to "find out how you can SAVE THE FROGS!"

The feds are pulling out the whole panoply of modern devices to create a scare about this issue. They set up a Web site and created a cute mascot to encourage children of all ages to get scared and get active—and, perhaps coincidentally, to become a public constituency for more federal money on matters amphibian.

Captain Ribbitt, a cartoon frog in a spacesuit presented as "Earth's Ambassador from the Planet Amphibian" tells "earthlings" that they "must join Frog Force now, get involved

in finding the cause, and become a friend to frogs everywhere." Some amphibian scientists shudder at the thought of thousands of eager kids recruited by this cartoon commando tromping heedlessly through the habitat of possibly endangered frogs, but you can't get a good environmental scare story rolling without starting a Children's Crusade. One wonders how much of last year's frog budget—your tax dollars at work—went to cutesy absurdities such as this.

When Babbitt first heard about the frog problem, he told the *Washington Post* that it "illuminated a landscape of potential extinction that extends all the way round the world." This is rhetoric of the sort that herpetologists don't necessarily agree with. The government's and media's panic over frog disappearances is based on the oft-repeated rhetorical notion that frogs, because of their permeable skin and water-based and land-based life cycles, function as a sort of canary-in-the-coal-mine early warning system for the biosphere. But herpetologists Joseph H. K. Pechmann and Henry M. Wilbur, writing in the academic journal *Herpetologica*, write that "we are not aware of any evidence available to substantiate it. The toxicological literature does not support a general statement that amphibians are a relatively sensitive group." But because that idea, false as it may be, is widespread, the frog problem could be another global warming in the making—media hype and government science in alliance to condemn industrial society and justify massive government intervention—on questionable evidence.

In federal terms, $9 million makes for a mere tadpole of a program. But tadpoles become frogs. And little government programs have been known to metamorphose into regulatory monsters. □

THE FREEMAN
Ideas On Liberty

Noah Smithwick: Pioneer Texan and Monetary Critic

by Joseph R. Stromberg

In 1931 F. A. Hayek wrote that although the quantity theory of money as such is an oversimplification, "it would be one of the worst things which could befall us if the general public should ever again cease to believe in the elementary propositions of the quantity theory." His point was that the fundamental idea—that any increase in the supply of money will raise commodity prices in general—is good enough to guide the voting publics of Western nations, even if the unalloyed quantity theory lacks important Austrian insights into the behavior of relative prices. If only the voters understood even that much today!

The lively and colorful memoirs of Noah Smithwick, nonagenarian, ex-North Carolinian, early Texas pioneer, and eventual Californian, take us back to a time when Americans could grasp essential truths about the nature of money. His book, *The Evolution of a State or Recollections of Old Texas Days*, reflects the original value system of the mobile and ambitious Americans of the early nineteenth century. Sometime in 1827 Smithwick set off down the Mississippi River on his way to Texas. Owing to some complication arising on the riverboat, he lost his grubstake and had to take a temporary job as a "mechanic" or "finisher" in an industrial concern in New Orleans. He immediately became the object of resentment on the part of the older, established workers for being too productive. Cautioned to go slower, he responded, "Our employer pays me for my time: do I not owe him all that I am capable of doing in that time?" The other workers' attitude was that "'No sprig of a boy must presume to set the pace for us,' and so I was forced to slow down and drift with the tide. This was Labour Unionism in its incipiency."

Smithwick, born in 1808 in North Carolina, went on to Texas—then part of Mexico—as soon as he could save enough money in New Orleans. He lived through the tumultuous days of the Texan Revolution, the Texas Republic, the Mexican-American War, and the secession crisis of 1861. At that time, the "integral nationalism" that he shared with Governor Sam Houston led him to leave Texas for the more favorable climate of California, where he remained. His eyesight failing him, he dictated his recollections to his daughter in 1899. Smithwick died the next year.

Willingness to Work

Noah Smithwick's life may well stand as an example of what is rapidly disappearing from the American character. Willing to work hard and with a natural mechanical ability, he tried numerous enterprises: blacksmith, gunsmith, soldier, mill owner, critic of land fraud (perhaps the first big "industry" in Texas), independent inventor of the circular saw, and

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diplomat. (He negotiated an Indian treaty, promptly violated by both sides.) He would undertake any kind of honest work, which probably explains why he was never much of a politician.

As an active and ambitious pioneer, Smithwick calls to mind the "venturesome conservatives" of the Jacksonian period (to use Marvin Meyer's phrase). A canny observer of, and participant in, the economic life of early (Anglo) Texas, he makes sharp comments on many of its aspects. Alongside his interesting passages on ethnic and cultural groups he came to know of (Mexicans, Indians, blacks, Germans, and Mormons), some of his best material and most amusing stories focus on the nature of money.

Smithwick describes the crisis caused in the Texas Republic by the government's issue of inflationary "scrip" (a sort of constant with new regimes). In a textbook demonstration of Gresham's Law, coin (that is, *real money*) disappeared. He recalls: "I received a hatful of new, crisp, one-dollar bills in payment for a horse lost in the San Saba Indian fight, which I immediately turned over to a creditor [!], without ever having folded them. People would almost rather have anything else than the commonwealth paper."

In Travis County, people came up with an alternative: "Under those circumstances, we established a currency of our own, a kind of banking system as it were, which though unauthorized by law, met the local requirements. Horses were generally considered legal tender: but owing to the constant drain on the public treasury by the horse-loving Indian, that kind of currency became scarce, so we settled on the cow as the least liable to fluctuation." Private bills were written against cows (valued at $10 per animal in real money). The system apparently worked well enough as long as it was needed. (Yearlings were also used as a medium of exchange.)

Meet "John Doe"

An even better example of Smithwick's empirical Texan monetary views is found in his discussion of counterfeiting in the Redlands just before Texan independence. In

Noah Smithwick

1831 he ran afoul of the law in San Felipe. Texas was still part of Mexico, and Smithwick thought it best to shove off to the Redlands, which bordered on the American state of Louisiana. There he came to know the local counterfeiter, on whose premises he worked, although he never took part himself in the counterfeiting portion of "John Doe's" business. Doe's product was a copper-sandwich version of the Mexican silver dollar, calling vividly to mind the "Lyndon Johnson" dimes and quarters introduced sometime in the mid-1960s.

Smithwick says of Doe: "There was nothing of the desperado about him. On the contrary, he was pleasant and peaceable and generally liked, and, so far from being looked upon as a malefactor, was considered a public benefactor, in that he furnished the only currency to which the people had access. The country could not be said to be on either a gold or silver basis, copper being the basis of Doe's coinage. . . ."

Doe would occasionally call in his worn sandwich dollars and restamp them with a veneer of silver. He made doubloons as well. Clearly in touch with the policy debates of his

last years, Smithwick remarks: "Doe's currency furnishes a good example of the practical working of the populist idea: it was all right in domestic transactions, but when they attempted to discharge foreign [that is, non-East Texan] obligations with it, it got them into trouble."

Doe did not do well when he extended his operations into western Louisiana. On one occasion, however, he won a sizeable bet by stamping a pure silver coin with the same cracked die he used for his copper-sandwich coins and sending a crony into a saloon to spend it. A skeptical bartender announced that the coin was clearly counterfeit, but put to the test, this coin of course proved to be unadulterated silver. (Doe won $500 on the bet.) With this windfall, Doe removed himself west of the Sabine River, where, as Smithwick puts it, "his efforts were more appreciated."

As a moneysmith, says Smithwick, Doe "added materially to the wealth of the colonies . . . by restamping the old hammered dollars, a single blow of the hammer adding 25 cents to the value of each. There were thousands of them thus rehabilitated." (There was apparently no debasing with copper in this operation.) Doe was finally put out of business by counterfeiters in Louisiana, who printed up fake U.S. banknotes and floated them in East Texas. Smithwick observes: "Paper and ink being cheaper even than copper, Doe's currency was given the go-by." Copper, after all, was fairly valuable and Doe, at one time, had to break up a still to keep his copper-sandwich undertaking going.

Smithwick's experience with the counterfeiter suggests a corollary to Gresham's Law: worse money drives out merely bad money. It is refreshing to read the memoirs of a pioneer who could grasp an essential point about the nature of money and use it to cast light on his times. □

THE FREEMAN
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Dismal Scientists Score Another Win

"Until a business returns a profit that is greater than its cost of capital, it operates at a loss."
—PETER F. DRUCKER

The English essayist (and economist) Walter Bagehot once remarked, "No real Englishman in his secret soul was ever sorry for the death of an economist."

Quite a few security analysts and fund managers on American shores probably feel that way about the economists who came up with the efficient market hypothesis and proved that 95 percent of professionals can't beat a blindfolded monkey in picking stocks. Highly paid Wall Street analysts don't like being compared to sightless apes. Yet after decades of heated exchange between Wall Street and academia, the eggheads are winning the argument. Today index funds—the professors' favorite investment vehicle—are the fastest growing sector on Wall Street.

The latest group to sympathize with the words of Walter Bagehot are the accountants. Over the past decade, ivory-tower economists (mainly professors teaching modern finance theory at MBA schools) have taken on the accounting departments, damning them for not taking into account the full opportunity cost of capital.

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Are Accounting Profits for Real?

For years, economists have complained that conventional accounting distorts the true economics of the firm by not including a charge for common equity in its earnings reports and balance sheets. Generally accepted accounting principles treat equity as if it were free. Thus, publicly traded corporations release quarterly reports showing substantial earnings that in fact are losses. "True profits don't begin until corporations have covered a normal return on investment," declares Al Ehrbar, senior vice president of consultants Stern Stewart & Co., specialists in EVA—a new performance technique for business.[1]

What is EVA? It stands for "economic value added" (also called economic profit or residual income). Essentially, EVA is a precise measurement of the opportunity cost of capital. For years, opportunity cost was a nebulous concept known only to professors. The term, coined by Austrian economist Friedrich Wieser in the early twentieth century, refers to the universal principle that all human action involves giving up other opportunities. When you invest in a stock, lend money, or create a new product, you give up the chance to invest elsewhere. If you invest in a high-flying computer stock, you can't buy T-bills. If you build

a new office building, your money is tied up for years in concrete and can't be invested in AT&T.

EVA is a practical application of classical economics and modern finance theory. The Austrians elucidated the concept of opportunity cost, and Nobel laureates Merton H. Miller and Franco Modigliani used it in their model of the firm to determine its true value. In the 1980s, G. Bennett Stewart III created EVA as a financial yardstick to measure opportunity costs in business.

EVA is fairly simple to determine: it is after-tax operating profits minus the appropriate capital charge for both debt and equity. If a company issues debt, the opportunity cost is linked to the Treasury rate (currently 5-6 percent), plus the credit risk of the issuer. If the company issues stock, the opportunity cost is measured by the long-term annualized return on the stock market, approximately 12 percent. In short, EVA recognizes that investors must earn enough to compensate for risk of their investment capital.

If a firm earns more than these opportunity costs, it has "added value" to its shareholders and created wealth in the world economy. Hence, the phrase "economic value added." If EVA is positive, shareholders and the economy are making real contributions to the bottom line. Otherwise, the business should shut down and invest shareholders' funds in Treasuries or an index fund. As British economist John Kay declares, "In the long run, firms that fail to add value in a competitive market will not survive, nor do they deserve to."[2]

Okay, so what good is EVA to corporate managers? EVA analysis helps identify potential acquisitions, expansion plans, and nonperforming assets and assists in eliminating low-profit-margin operations that are clearly unprofitable when full costs are taken into account. EVA is also being used as an incentive system for managers and employees. Bonuses are linked to economic earnings, not just accounting earnings, and EVA has proven effective in boosting productivity.

EVA makes a lot of sense and has made significant inroads into the financial world. Already over 300 major corporations, including Coca-Cola, Eli Lilly, and Sprint, use EVA as a capital accountability tool to reinforce the idea that profits don't begin until corporations have covered their normal return. Wall Street analysts at Goldman Sachs and First Boston, among others, use EVA to evaluate stocks. According to Ehrbar, EVA explains stock performance and market value better than any other accounting measure, including return on equity, cash flow, earnings per share, or sales. EVA makes company officers focus more clearly on creating shareholder value and a higher stock price. Stern Stewart issues an annual EVA report on the top 1,000 U.S. corporations. For several years now, Intel has had the highest EVA ranking and GM the lowest.

EVA Wins the Battle

Accountants still have a dominant grip on the way corporate financial statements are submitted, but the popularity of EVA has forced them to take notice. All five accounting firms offer an EVA-type statistic to their clients. Most accounting textbooks now include a significant section on economic value added, economic profit, or residual income. Previous editions did not mention EVA or opportunity cost.

Want more? Check out Al Ehrbar's highly readable *EVA* or John Kay's brilliant *Why Firms Succeed*. See also www.eva.com.

I like EVA. Companies adopting it appear to perform better in creating wealth and shareholder value. But it may have potential drawbacks. EVA puts enormous pressure on managers to overachieve and to create constant above-average profit centers. Imagine not earning a true profit unless your company or division beats last year's Dow Jones Industrial Average. It could be depressing. Wonder what your company's EVA will look like in the next recession? Heads could roll

Some managers may want to join Wall Street analysts and accountants in shooting those dismal scientists. □

1. Al Ehrbar, EVA: *The Real Key to Creating Wealth* (New York: John Wiley & Sons, 1998), p. viii.
2. John Kay, *Why Firms Succeed* (New York: Oxford University Press, 1995), p. 19.

BOOKS

Overcoming Welfare: Expecting More from the Poor and Ourselves

by James L. Payne

Basic Books • 1998 • 243 pages • $26.50

Reviewed by Robert Batemarco

When free-market advocates criticize welfare they are commonly accused of having nothing to put in its place. James Payne meets this objection head-on in *Overcoming Welfare* by making a crucial distinction between "sympathetic giving" and "expectant giving." In so doing, he provides an alternative that is consistent with free-market principles and keeps defenders of the status quo from occupying the moral high ground.

Sympathetic giving means giving out of pity and seeking nothing in return from the recipient. It characterizes all twentieth-century government "anti-poverty" programs. Payne echoes the views of numerous scholars that those programs not only fail to reduce poverty (indeed, by rewarding irresponsible behavior, they generate more), but also lead to resentment on the part of givers, receivers, and intermediaries alike.

Expectant giving means that the giver expects that the receiver will give something back. The quid pro quo, however, is usually not something that directly benefits the donor. What the recipient most often "contributes" is some action that will eventually lead him to overcome his state of need.

It is the demand of something in return that makes expectant giving superior to its alternative. The specific demand—whether swearing off drugs, keeping a curfew, or rendering some useful service—is less important than that the act symbolizes that the recipient is ultimately responsible for himself. That's a heretical idea in an age when everyone is encouraged to label himself a victim to whom society owes a living. But it's an idea that must be revived.

Payne not only shows that expectant giving can work, but also cites much evidence that it *has* worked. Britain's unjustly maligned Reform Act of 1834 actually was a rare governmental effort to replace sympathetic giving (home relief) with expectant giving (the workhouse). Even more important were the "charity theorists"—most notably Octavia Hill—who not only preached the virtues of expectant giving, but also practiced them. By treating the poor as responsible people with problems to overcome, Hill and her fellow poverty fighters were able to elicit constructive responses from them, turning many of the indigent into productive members of society.

Payne's analysis of how we moved from the sound expectant approach to the bankrupt sympathetic approach is equally interesting. He implicates many factors, most important the spread of the idea that income redistribution is an appropriate function of government. Once government programs were in place, whatever lip service was paid to expectant giving was always superseded in practice with government handouts. The political incentives that virtually guarantee this result are well-charted territory in the public choice literature, but Payne presents them with great clarity and force.

He also blames the elite classes' acceptance of moral relativism (the notion that no choice or lifestyle should be judged as any better or worse than any other) and what I call infantile leftism (that no act, however irresponsible, should have any negative consequences for the actor). Both ideas have exacerbated the problems inherent in government programs and infected many privately funded efforts as well.

It is usually easier to diagnose problems than to propose solutions, and this book's less convincing sections are those offering political escapes from our welfare trap. Payne suggests attaching a taxpayer representative to each welfare program to expose the flaws in it. (Admittedly, he does not consider this to be a panacea.) This is a worthwhile objective, but it is hard to imagine that legislators would appoint people who would take on the task with the requisite seriousness. Besides, the flaws in our welfare system have already been exposed for all who care to inform themselves.

Another imperfection in the book is that, as important as the distinction between sympathetic and expectant giving is, there is a parallel distinction the author fails to make. That is the distinction between self-esteem and self-respect. The former refers to feeling good about oneself, regardless of whether those feelings are merited. The latter, on the other hand, must be earned. Self-esteem is bestowed on a something-for-nothing (sympathetic) basis, while self-respect results from constructive effort to better oneself. Payne uses the term "self-esteem" exclusively, when "self-respect" is often what he really means.

Those qualifications aside, *Overcoming Welfare* is an outstanding book. In writing it, James Payne has made a valuable contribution to the debate over welfare policy. □

Robert Batemarco is director of analytics at a marketing research firm in New York City and teaches economics at Marymount College in Tarrytown, New York.

Coolidge: An American Enigma
by Robert Sobel
Regnery Publishing • 1998 • 462 pages • $34.95

The Presidency of Calvin Coolidge
by Robert Ferrell
University Press of Kansas • 1998 • 272 pages • $29.95

Reviewed by Raymond J. Keating

Few U.S. presidents have suffered more at the hands of statist historians than Calvin Coolidge. The reason for the nearly unanimous scorn directed at the 30th president was Coolidge's generally limited government philosophy, which he quietly brandished while in the White House.

Those historians love to criticize Coolidge because he presided over peace and prosperity and had no interest in federal programs to "manage" the economy and "solve" social problems. Recently, for example, Nathan Miller, author of *Star-Spangled Men: America's Ten Worst Presidents*, ranked Coolidge among the worst not for anything he did, but because he supposedly did "nothing." (See the review in *The Freeman*, March 1999.) That's the ultimate source of the discontent regarding Coolidge—he actually accomplished much, but not the government activism desired by so-called liberal observers.

During the Coolidge administration federal expenditures fell from $5.06 billion in 1921 (under President Warren Harding) to $3.12 billion in 1929. Along the way, Coolidge stopped various government boondoggles, most prominently the McNary-Haugen bill, which would have had the federal government buy up farm surpluses to sell abroad and hike prices domestically. The federal debt fell by 30 percent between 1921 and 1929.

At the same time, tax rates were slashed. The top personal income tax rate dropped from 73 percent to 25 percent, and the capital gains tax from 73 percent to 12.5 percent. Coolidge got Congress to eliminate the recently imposed gift tax and to reduce the estate tax. The corporate income tax was also cut.

The consequences of these policies were positive. Real annual economic growth averaged 6.2 percent from 1922 to 1929 and consumer prices fell.

Coolidge's record was not perfect. He favored high tariffs and supported limitations on immigration, although he fought unsuccessfully against an anti-Japanese provision in the Immigration Act of 1924. Initially he opposed federal relief for the Mississippi flood of 1927, but eventually relented under massive congressional pressure. Coolidge downsized the relief plan, but it set an expensive precedent.

Taken as a whole, however, Coolidge's record was admirable, and these two new books take major steps toward a far more just historical assessment.

Robert Ferrell's effort is the more workmanlike of the two. He has a formidable grasp of the period and the key events of the time. Many of his interpretations, however, suggest a strong faith in government action. For example, Ferrell declares that "something had to be done" regarding farmers' woes during the 1920s—the implication being that *government* had to do something.

Nonetheless, he manages to restrain such leanings and provides sound historical report-

ing on Coolidge, his career, and his administration. Of note, Ferrell observes about Coolidge's stint as governor of Massachusetts: "Crowning his accomplishments as governor was consolidation of the commonwealth's 118 separate government departments into 18, a courageous thing to do, for many people lost lucrative posts." He also writes that "Regulation in the Coolidge era was thin to the point of invisibility." And he honestly summarizes Coolidge's fiscal record: "During the 1920s, the Coolidge administration reduced the debt, kept the budget flat, and brought in sufficient revenues through markedly reduced tax rates, both personal and corporate."

Where Ferrell falls far short is in his understanding of economics. He breaks into Keynesian rhetoric, for example, in declaring that Coolidge failed to see the problem of "underconsumption." Based on this Keynesian model, Ferrell concludes: "The economy was the greatest problem of the moment, and Coolidge understood it less than some of his contemporaries. If he failed in the presidency, this was the major failure." In reality, aside from his failure to understand the benefits of free trade, Coolidge may have had the best grasp of how the economy works among all twentieth-century presidents.

Robert Sobel's book is a highly readable popular biography. It is largely based on secondary sources, but the author's interpretations are fresh.

Among the many interesting issues Sobel touches on is Coolidge's request "for legislation to abolish the rights of states and municipalities to issue tax-exempt securities, arguing that new investment funneled into these securities could be better employed in the private sector." Coolidge's argument holds even greater validity today, given the tremendous waste that has been financed by such instruments over the past seven decades.

Sobel also reports that Coolidge believed that "government should remain out of the economy, and businessmen should not interfere with the proper functions of government." Again, given today's convoluted tax system, web-like regulatory regime, campaign-finance controversies, and extensive corporate-welfare expenditures, his philosophy looks very sound.

My sole complaint with Sobel's book again lies with his understanding of economics. While Sobel gets much of Coolidge's economics and its effects right, he asserts that Coolidge was "not a 'supply-sider.' "

However, this statement seems to grow from the standard misunderstanding of supply-side economics. Coolidge, after all, showed a consistent understanding of how high tax rates dulled incentives for working, investing, and risk taking, and thereby restrained the economy's productive capacity.

Ferrell and Sobel manage to grasp the complete Coolidge. While most historians have offered a caricature of a president completely beholden to business interests, both authors understand that at Coolidge's core were his religious beliefs. As Sobel points out, during the same speech in which Coolidge noted in passing that the "chief business of the American people is business," he also declared: "The things of the spirit come first."

In another speech, Coolidge sagaciously observed: "Prosperity is only an instrument to be used, not a deity to be worshiped."

Despite certain weaknesses in both books, they go far toward setting straight the historical record on Calvin Coolidge. □

Raymond J. Keating is chief economist for the Small Business Survival Committee, a columnist with Newsday, *and a contributing editor to* The Freeman.

H. L. Mencken Revisited

by William H. A. Williams

Twayne Publishers • 1998 • 195 pages • $35.00

Reviewed by George C. Leef

Henry Louis Mencken is known to many lovers of freedom as a sharp-tongued satirist who lampooned politicians, crusading moralists, overstuffed intellectuals, and anyone else he thought was a public menace. He is well appreciated for his acidic barbs (FDR, for example, was "King Roosevelt II"), but most people who think well of Mencken do so

just because he disliked big government and its champions. Not many are familiar with his life and career as a journalist.

William H. A. Williams's *H. L. Mencken Revisited* admirably supplies the details of Mencken's life and career. The book is not a detailed biography, but covers the main features of the great Baltimorean's life, with the primary focus on his thought, writings, and battles with the many people he believed were ruining the United States.

One of Mencken's virtues was his consistency. He was a man of principle, and Williams's book makes this very clear. Williams often refers to Mencken's "libertarianism" and quotes him as saying, "My literary theory, like my politics, is based chiefly upon one idea, to wit, the idea of freedom. I am, in brief, a libertarian of the most extreme variety, and can imagine no human right that is half as valuable as the simple right to pursue the truth at discretion and utter it when found." Instances of his commitment to the philosophy abound in the book.

For example, he vigorously opposed all attempts to silence free speech, even for those with whom he was in complete disagreement. During the Red Scare of the 1920s, he not only wrote to condemn the arrest and deportation of anarchist Emma Goldman, but also tried to get the Justice Department to return her papers seized in a raid on the office of her magazine and urged the Bureau of Immigration to allow her to return to the United States to visit relatives. He even contributed money to the Emma Goldman Recovery Committee. Why worry about the treatment of a leftist radical? Because, Mencken knew, preservation of the marketplace of ideas supersedes disagreement with particular ideas. Williams writes, "Mencken belonged to no political organizations, and he invariably had little sympathy for the liberal or radical goals of those he defended. He was motivated by libertarian principles and basic human sympathy." Mencken thought little of most politicians. He subscribed to the belief that "public officials, under democracy, were predominantly frauds, and hence did not deserve to be taken seriously."

He blasted most for what he saw to be their self-serving attempts to manipulate the "booboisie" for their own gain. For instance, he denounced Woodrow Wilson's last attorney general, A. Mitchell Palmer, for his "medieval attempts to get into the White House by pumping up the Bolshevik issue."

Many people at the time, and perhaps to this day, regarded the incessantly satirical Mencken as simply a nihilist. Williams argues otherwise: "Beneath the surface of his satire, Mencken was a very different figure from the cynical nihilist depicted by so many of his critics. He never denied the importance of values or their necessity in society. He never sought to destroy those values in which he believed. He did attack, sometimes ignorantly and intolerantly, ideals that seemed to him hypocritical or false. Even then, he usually produced his condemnation by juxtaposing the qualities he admired against those he rejected. . . . He was in his own way a moralist, angrily decrying the erosion of those values necessary to a humane and civilized society."

Williams also defends Mencken against other attacks by leftists who feel compelled to besmirch the name of anyone who disagrees with them. Mencken died in 1956, but in recent years he has been subjected to charges of racism and anti-Semitism. The "racist label is based on nothing more than snippets of Mencken's colorful writing and hardly squares with a man who helped many black authors, had black friends, testified in favor of an anti-lynching bill, and repeatedly slammed the Ku Klux Klan." As to alleged anti-Semitism, Williams quotes Sheldon Richman's observation that Mencken never blamed Jews for anything. Moreover, he had numerous Jewish friends, and denounced the Roosevelt administration's policy of refusing admittance to Jews seeking to flee Germany, condemning "political mountebanks who fill the air with hollow denunciations of Hitler, and yet never lift a hand to help an actual Jew."

If you are among that group of people who are fond of H.L. Mencken's flamboyant writing but know little about the man, this is a book you would do well to acquire. □

George Leef is book review editor of The Freeman.

Eat the Rich: A Treatise on Economics
by P. J. O'Rourke
Atlantic Monthly Press • 1998 • 265 pages • $24.00

Reviewed by William H. Peterson

Eat the rich. Why not? Everyone knows that they're responsible for the poverty of victimized masses. To their rescue comes Compassionate Government selflessly transferring wealth from the rich to the poor. The transfer, however, comes at a steep price to society in terms of disincentives to the rich (as well as the middle class) but more so to the poor whose plight is compounded by the law of unintended consequences. The poor, you see, get to be truly victimized by the "compassion" of their own government.

This is the theme that P. J. O'Rourke plays, grandly, in this lighthearted work with the tongue-in-cheek subtitle of "A Treatise on Economics." Economics then is taught via numerous examples of official mismanagement and unscrupulousness.

One of the foremost lessons concerns the consequences of living under the rule of men rather than the rule of law. The rule of men, says our hardy world traveler, is the pits. O'Rourke wittily cites his experiences in Albania, Sweden, Cuba, Russia, Tanzania, China, and elsewhere to make his point. There, men in power seem bent on building monuments to themselves—funded mainly by, naturally, the poor.

One such monument is seen in Shanghai's giant new gleaming Pudong business district. The only catch: no business, even though the place boasts of regional headquarters for the likes of Hewlett-Packard, Siemens, Sharp, Coca-Cola, SmithKline Beecham, and Sony. O'Rourke writes:

> Nobody seemed to be there at all. In the middle of a Tuesday afternoon, nothing was going on. We drove up and down empty streets along concrete fences decorated with those international cross-out silhouettes indicating prohibition of this or that: No spitting. No martial arts. No cutting trees. No firecrackers. No breaking the phone.

Yet P.J.'s Chinese escort could brag in the face of this monumental office real-estate glut, rolling his eyes slightly: "The floor space of high-rises in Pudong exceeds New York City." That was in 1997. Office space in Pudong was set to grow by a third more in 1998. The Chinese communists, according to the Asian *Wall Street Journal*, had literally ordered Shanghai to be a world-class city—apparently regardless of cost. The beneficiaries? Certainly not the poor Chinese peasant.

O'Rourke, a roving editor for *Rolling Stone*, has covered such official misdeeds in previous books such as *Give War a Chance* and *Parliament of Whores* (in which he held that the whores include anyone who is on the take from the welfare state). His winking cynicism and irreverence can lift a reader's sense of gloom, on surveying political shenanigans at home and abroad, into laughter at the follies of government. Often, a good horselaugh is a more effective refutation of statist pomposities than a lengthy article, and P.J. lampoons with a Menckenesque verve.

Continuing his economics lessons, P.J. plugs Adam Smith's Invisible Hand idea, quoting the famous passage: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest." He rejects the cliché that in free societies the rich get richer and the poor get poorer. He amends that line with a punch line: "The rich are getting richer. The poor are getting richer. And we're all getting older."

With anecdotes and humor he demonstrates that economic liberty makes for the creation of wealth and that economic repression makes for poverty. Thousands of people who would otherwise shun a conventional treatise on economics may learn the fundamentals of human action from this unconventional one.

Lastly, P.J. finds economic virtue in the Tenth Commandment condemning covetousness. He says that if you want a donkey or a pot roast or a cleaning lady every week, "don't bitch about what the people across the street have. *Go get your own.*"

Great message. □

William Peterson is an adjunct scholar at the Heritage Foundation in Washington and Distinguished Lundy Professor Emeritus of Business Philosophy at Campbell University in North Carolina.

Cyber Rights: Defending Free Speech in the Digital Age

by Mike Godwin

Times Books • 1998 • 305 pages • $27.50

Reviewed by Royce Van Tassell

On June 26, 1995, *Time* magazine started the "Great Cyberporn Panic of 1995" with a story legitimizing Martin Rimm's scaremongering study of pornography online. Three weeks later, after Mike Godwin and others in the online community had completely discredited Rimm's study, *Time* realized that Rimm had duped them and issued what amounts to the only full-page retraction in its 70-year history.

In his book *Cyber Rights*, Mike Godwin, chief counsel for the Electronic Frontier Foundation, uses that and other cases to show how important full free speech rights on the Net are. Without them, Godwin maintains, the Net could not help the rest of America hold the mainstream press accountable and facilitate the vigorous, uninhibited exchange of ideas we find there. This book is a passionate argument that speech in cyberspace must enjoy the same protection as "ink on dead trees."

Godwin believes that the Net represents the most complete extension of the American experiment in democracy. It permits everyone, "not just lawyers or journalists or policymakers, or the rich and well-connected . . . to level the playing field, to hold media and political institutions accountable, and to tell the truth." It makes everyone with a computer and a modem a modern "pamphleteer." Anyone who recently logged onto the seattle.general newsgroup saw how vibrant the discussion of racial preferences and affirmative action can be, as opposed to the staid, often redundant discourse found in the traditional media. Without the Net's anonymity, such frankness would never have emerged.

Freedom of speech must be more than a notion to which we sometimes pay lip service. Godwin tells adults to relearn a lesson we've all tried to teach children: "Sticks and stones may break my bones, but words will never hurt me." When we tell children this, we know that the reason some people want to restrict certain kinds of speech is precisely because words can hurt. But just as children must learn to rise above adversity and learn to cope with the power of words, so must adults—even when the words hurt or offend.

Cyber Rights is not without its flaws. Godwin makes the claim that libel law may be coming to an end, but it is rather difficult to take that seriously. Furthermore, his passion for the Net sometimes colors his judgment. He states at one point that, "the Net [is] reducing and perhaps erasing the imbalance of power between mass media and private individuals. The power of the Net allows anyone with a will and the energy to write the opportunity to publish their ideas." While the second half of that statement is true, I am not convinced of the first. Earning a voice in public discourse comparable to the current position of, say, the *New York Times* or Tom Brokaw is as much a product of luck as it is of effort or knowledge.

Godwin's writing is for the most part clear and succinct. He distills the legalese of speech law into simple prose, and then illustrates the application and importance of those principles in cyberspace with well-told stories. On occasion, his transition between the explanation of a principle and the ensuing illustration jarred me, but it was not difficult to pick up the trail again.

Cyber Rights is an enjoyable and important book. For lawyers conversant in First Amendment law, Godwin dispels some of the preconceptions that have led many of them to segregate speech on the Net from speech in the traditional media. For legislators and policymakers, it is an excellent primer on why they must not rashly alter the rules of speech in new media. Lastly, Godwin helps the average citizen understand how the Net can improve society and perhaps re-establish some of the community lost in our increasingly distant society—if it is left free. □

Royce Van Tassell is an analyst with Citygate Associates, a policy and management consulting firm in Sacramento, California.

LEVIATHAN at WAR

"Many men desire peace; but not many desire the things that make for peace."

– Thomas à Kempis

This issue's special section on the war in the Balkans falls squarely within FEE's 53-year tradition of exploring the ideas that make for freedom and peace. As Leonard E. Read, FEE's founder and longtime president, once explained: "War is liberty's greatest enemy, and the deadly foe of economic progress. If war be evil there must be a way to avoid it; there must be a rationale, a type of thinking, patterns for living, that lead to peace."

In 1995, FEE published *Leviathan at War*, an anthology of articles from *The Freeman* and other FEE releases. Edited by Edmund A. Opitz, *Leviathan at War* includes more than 20 essays on the causes and economics of war, free trade as a foundation for peace, war's effect on individual liberty, and related topics.

What makes *Leviathan at War* such a valuable collection?

- Leonard Read's classic "Conscience on the Battlefield," penned during the Korean War to debunk the popular notion of war "as a means to peace among nations"

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Ignorance Is Bliss—Maybe

Not having experienced much of the past is a mixed blessing. What's grotesque, shocking, and unheard of to older Americans might seem normal, perhaps just a bit curious, to younger Americans. For example, last year New Orleans Mayor Marc Morial brought suit against gun manufacturers to recover carnage costs in his city. This January, Philadelphia Mayor Ed Rendell met with his advisers to consider whether the city should sue gun manufacturers for creating a public nuisance since guns were used in its 400-plus homicides. The city would seek to recover the cost of everything from cleanup after bloody murders to court and social workers for victims. Mayor Rendell's imagination has also led him to discover a new liability for tobacco companies: since some of Philadelphia's fires have careless smoking as their origin, why not sue tobacco companies to recover the city's fire losses?

Decades ago anyone suggesting bringing lawsuits against gun manufacturers for homicides, or tobacco companies for fires caused by careless smoking would have been considered a prime candidate for a lunatic asylum. If one generalizes from the lawsuits brought against gun manufacturers because people use their product to commit murder and mayhem, and against tobacco companies for smoking illnesses and fires caused by careless smoking, one would conclude that people are not to be held responsible for anything they do. It is the inanimate object, while incapable of acting, that is responsible. That is, a gun is responsible for murder, not the gun's user. A cigarette is responsible for a fire, not the careless smoker. That being the case, it "logically" follows that manufacturers of the offending inanimate object are culpable. After all, had the manufacturer not produced the gun or cigarette there would be fewer homicides, smoking-related illnesses, and fires caused by careless smoking.

Walter Williams is the John M. Olin Distinguished Professor of Economics and chairman of the economics department at George Mason University in Fairfax, Virginia.

"It's Not My Fault"

This it's-not-my-fault principle can be broadened to include just about anything. If a scantily clad young lady prancing along the street distracts my attention, and I have an automobile collision, the it's-not-my-fault principle would hold the young lady liable for my accident. But she might make the case that it is the manufacturer of her miniskirt who is really liable. If we Americans were to carry the it's-not-my-fault principle to its logical conclusion, we would virtually guarantee poverty. There would be little production. Why should I manufacture irons if I could be held liable for anything a person might do with the iron, including assault or leaving the iron unattended and thereby causing a fire.

Suppose by some miracle a person who died as recently as 1950 were to come back to visit today's America. How might we explain all this to him? At first blush we might tell him that Americans and their leaders have taken complete leave of their senses and wish

to abandon all notions of personal responsibility. But there is a more flattering explanation though nonetheless still troubling: Americans simply want other people's money, and the courts and the legislature have provided them with a mechanism for getting it. I do not believe we have reached a point where the courts would countenance legislatures' brazenly picking out a corporation and saying, "You look as if you have a lot of money; give it to us." Thus, we have to create an aura of legitimacy to extortion. We do it with propaganda impugning the company's moral character and with bogus science. Health and professed concern about the nation's children have been two successful strategies. After all, who can be against health and the welfare of America's children?

Where it all ends is difficult to predict but there are some signs on the horizon. "Caffeine is the new drug of choice among kids," warns Helen Cordes writing in *The Nation* magazine (April 27, 1998), adding, "Caffeine Inc. [soda manufacturers] is raking it in, often targeting teens and younger kids. . . . The major caffeine suppliers to kids have been throwing millions into advertising and give-aways." The Center for Science in the Public Interest (CSPI) agrees and wants the FDA to regulate caffeine content of soda, coffee, tea, and chocolate. Roland Griffiths of Johns Hopkins University is also concerned about coffee's addictive qualities and says, "If health risks are well-documented, caffeine could be catapulted in public perception from a pleasant habit to a possibly harmful drug of abuse." That vision, along with bogus science, might become justification for lawsuits and FDA regulation.

Michael Jacobson, CSPI's director, also thinks Mexican and Chinese restaurants offer servings much too large and says, "It's high time the [restaurant] industry begins to bear some responsibility for its contribution to obesity, heart disease and cancer."

Got Milk?

Since obesity impacts heavily on health-care costs, why not bring lawsuits against the food industry like those against the tobacco industry? Yale University's Professor Kelley D. Brownell, director of the Center for Eating and Weight Disorders, proposes that foods high in fat or with little nutritional content be taxed. He recommends that the tax proceeds be used to build bike and hiking trails. He also says that since the average child sees 10,000 food commercials each year, 95 percent of them for junk food and sugared cereals, Congress ought to regulate junk-food commercials. The cigarette tyrants got "Joe Camel" advertisements banned. Why not go after Rice Krispies' "Snap, Crackle, and Pop"?

In New York City, Anti-Dairy Coalition Executive Director Robert Cohen, author of the book *Milk: The Deadly Poison*, says that "Milk products, like tobacco, are an enormous threat to the health of both children and adults, yet we see the dairy industry protected by constitutionally questionable laws while the tobacco industry is held accountable."

If there is a blessing to being at an age when one contemplates the arrival of the grim reaper, it is the knowledge that one will not be around to witness the end of sanity in America. □