

FREEMarket

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THE TASK IS OURS

Henry Hazlitt

This article by Mises Institute founding member Henry Hazlitt (1894–1993) was written and published in 1969.

From time to time over the last 30 years, after I have talked or written about some new restriction on human liberty in the economic field, some new attack on private enterprise, I have been asked in person or received a letter asking, “What can I do”—to fight the inflationist or socialist trend? Other writers or lecturers, I find, are often asked the same question.

The answer is seldom an easy one. For it depends on the circumstances and ability of the questioner—who may be a businessman, a housewife, a student, informed or not, intelligent or not, articulate or not. And the answer must vary with these presumed circumstances.

The general answer is easier than the particular answer. So here I want to write about the task now confronting all libertarians considered collectively.

This task has become tremendous, and seems to grow greater every day. . . . The task of the tiny minority that is trying to combat this socialistic drift seems nearly hopeless. The war must be fought on a thousand fronts, and the true libertarians are grossly outnumbered on practically all these fronts.

In a thousand fields the welfarists, statist, socialists, and interventionists are daily driving for more restrictions on individual liberty; and the libertarians must combat them. But few of us individually have the time, energy, and special knowledge in more than a handful of subjects to be able to do this.

One of our gravest problems is that we find ourselves confronting the armies of bureaucrats who already control us, and who have a vested interest in keeping and expanding the controls they were hired to enforce. . . .

We libertarians have our work cut out for us.

In order to indicate further the dimensions of this work, it is not merely the organized bureaucracy that the libertarian has to answer; it is the individual private zealots. A day never passes without some ardent reformer or group of reformers suggesting some new government intervention, some new statist scheme to fill some alleged “need” or relieve some alleged distress. They accompany their scheme by elaborate statistics that supposedly prove the need or the distress that they want the taxpayers to relieve. So it comes about that the reputed “experts” on relief, unemployment insurance, Social Security, Medicare, subsidized housing, foreign aid, and the like are



precisely the people who are advocating more relief, unemployment insurance, Social Security, Medicare, subsidized housing, foreign aid, and all the rest.

Let us come to some of the lessons we must draw from all this.

We libertarians cannot content ourselves merely with repeating pious generalities about liberty, free enterprise, and limited government. To assert and repeat these general principles is absolutely necessary, of course, either as prologue or conclusion.

But if we hope to be individually or collectively effective, we must individually master a great deal of detailed knowledge, and make ourselves specialists in one or two lines, so that we can show how our libertarian principles apply in special fields, and so that we can convincingly dispute the proponents of statist schemes for public housing, farm subsidies, increased relief, bigger Social Security benefits, bigger Medicare, guaranteed incomes, bigger government spending, bigger taxation, especially more progressive income taxation, higher tariffs or import quotas, restrictions or penalties on foreign investment and foreign travel, price controls, wage controls, rent controls, interest rate controls, more laws for so-called “consumer protection,” and still tighter regulations and restrictions on business everywhere.

This means, among other things, that libertarians must form and maintain organizations not only to promote their broad principles but to promote these principles in special fields.

We need not fear that too many of these specialized organizations will be formed. The real danger is the opposite.

And I am sorry to report that almost none of the old-line business associations that I am acquainted with are as effective as they could be. It is not merely that they have been timorous or silent where they should have spoken out, or even that they have unwisely compromised. Recently, for fear of being called ultraconservative or reactionary, they have been supporting measures harmful to the very interests they were formed to protect.

The sad fact is that today most of the heads of big businesses in America have become so confused or intimidated that, so far from carrying the argument to the enemy, they fail to defend themselves adequately even when attacked.

Why are the heads of big business in America so timid? That is a long story, but I will suggest a few reasons. They may be entirely or largely dependent on government war contracts. They never know when or on what grounds they will be held guilty of violating the antitrust laws.

They never know when or on what grounds the National Labor Relations Board will hold them guilty of unfair labor practices. They never know when their personal income tax returns will be hostilely examined, and they are certainly not confident that such an examination, and its findings, will be entirely independent of whether they have been personally friendly or hostile to the Administration in power.

It will be noticed that the governmental actions or laws of which businessmen

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stand in fear are actions or laws that leave a great deal to administrative discretion. Discretionary administrative law should be reduced to a minimum; it breeds bribery and corruption, and is always potentially blackmail or black-jack law.

Libertarians are learning to their sorrow that big businessmen cannot necessarily be relied upon to be their allies in the battle against extension of governmental encroachments. The reasons are many. Sometimes businessmen will advocate tariffs, import quotas, subsidies, and restrictions of competition, because they think, rightly or wrongly, that these government interventions will be in their personal interest, or in the interest of their companies, and are not concerned whether or not they may be at the expense of the general public. More often, I think, businessmen advocate these interventions because they are honestly confused, because they just don't realize what the actual consequences will be of the particular measures they propose, or fail to perceive the cumulative debilitating effects of growing restrictions on human liberty.

Perhaps most often of all, however, businessmen today acquiesce in new government controls out of sheer timidity.

One simple truth that could be endlessly reiterated, and effectively applied to nine-tenths of the statist proposals now being put forward or enacted in such profusion, is that the government has nothing to give to anybody that it doesn't first take from somebody else. In other words, all its relief and subsidy schemes are merely ways of robbing Peter to support Paul.

Thus, it can be pointed out that the modern Welfare State is merely a complicated arrangement by which nobody pays for the education of his own children, but everybody pays for the education of everybody else's children; by which nobody pays his own medical bills, but everybody pays everybody else's medical bills; by which nobody

provides for his own old-age security, but everybody pays for everybody else's old-age security; and so on. As noted before, Bastiat exposed the illusive character of all these welfare schemes more than a century ago in his aphorism: "The State is the great fiction by which everybody tries to live at the expense of everybody else."

Another way of showing what is wrong with all the State handout schemes is to keep pointing out that you can't get a quart out of a pint jug. Or, as the State giveaway programs must all be paid for out of taxation, with each new scheme proposed the libertarian can ask, "*Instead of what?*" Thus, if it is proposed to spend another \$1 billion on putting more men on the moon or developing a supersonic commercial plane, it may be pointed out that this \$1 billion, taken in taxation, will not then be able to meet a million personal needs or wants of the millions of taxpayers from whom it is to be taken.

Of course, some champions of ever-greater governmental power and spending recognize this very well, and like Professor J.K. Galbraith, for instance, they invent the theory that the taxpayers, left to themselves, spend the money they have earned very foolishly, on all sorts of trivialities and rubbish, and that only the bureaucrats, by first seizing it from them, will know how to spend it wisely.

Another very important principle to which the libertarian can constantly appeal is to ask the statists to consider the secondary and long-run consequences of their proposals as well as merely their intended direct and immediate consequences. The statists will sometimes admit quite freely, for example, that they have nothing to give to anybody that they must not first take from somebody else. They will admit that they must rob Peter to pay Paul. But their argument is that they are seizing only from rich Peter to support poor Paul. As President Johnson once put it quite frankly in a speech on January 15, 1964: "We are going to try to take all of

the money that we think is unnecessarily being spent and take it from the ‘haves’ and give it to the ‘have nots’ that need it so much.”

Those who have the habit of considering long-run consequences will recognize that all these programs for sharing the wealth and guaranteeing incomes must reduce incentives at both ends of the economic scale. They must reduce the incentives both of those who are capable of earning a higher income, but find it taken away from them, and those who are capable of earning at least a moderate income, but find themselves supplied with the necessities of life without working.

This vital consideration of incentives is almost systematically overlooked in the proposals of agitators for more and bigger government welfare schemes. We should all be concerned about the plight of the poor and unfortunate. But the hard two-part question that any plan for relieving poverty must answer is: How can we mitigate the penalties of failure and misfortune *without undermining the incentives to effort and success?*

Most of our would-be reformers and humanitarians simply ignore the second half of this problem. And when those of us who advocate freedom of enterprise are compelled to reject one of these specious “antipoverty” schemes after another on the ground that it will undermine these incentives and in the long run produce more evil than good, we are accused by the demagogues and the thoughtless of being “negative” and stony-hearted obstructionists. But the libertarian must have the strength not to be intimidated by this.

Finally, the libertarian who wishes to hammer in a few general principles can repeatedly appeal to the enormous advantages of liberty as compared with coercion. But he, too, will have influence and perform his duty properly only if he has arrived at his principles through careful study and thought.

This brings me, finally, to one more single issue on which all those libertarians who lack the time or background for specialized study can effectively concentrate. This is in demanding that the government provide an honest currency, and that it stop inflating.

This issue has the inherent advantage that it can be made clear and simple because fundamentally it is clear and simple. All inflation is government made. All inflation is the result of increasing the quantity of money and credit; and the cure is simply to halt the increase.

If libertarians lose on the inflation issue, they are threatened with the loss of every other issue. If libertarians could win the inflation issue, they could come close to winning everything else. If they could succeed in halting the increase in the quantity of money, it would be because they could halt the chronic deficits that force this increase. If they could halt these chronic deficits, it would be because they had halted the rapid increase in welfare spending and all the socialistic schemes that are dependent on welfare spending. If they could halt the constant increase in spending, they could halt the constant increase in government power.

At the moment of writing this, the dollar, to which practically every other currency is tied in the present system, is in the gravest peril. If liberty is to be preserved, the world must eventually get back to a full gold standard system in which each major country’s currency unit must be convertible into gold on demand, by anybody who holds it, without discrimination. I am aware that some technical defects can be pointed out in the gold standard, but it has one virtue that more than outweighs them all. It is not, like paper money, subject to the day-to-day whims of the politicians; it cannot be printed or otherwise manipulated by

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News from the Institute

The Austrian Scholars Conference

We've put together a wonderful lineup for our annual Austrian Scholars Conference this year, with outstanding papers and lectures. Larry Sechrest of Sul Ross University will deliver the Mises Lecture. Stephan Kinsella, intellectual property attorney, will deliver the Rothbard Lecture. Lorenzo Infantino of LUISS in Rome, will deliver the Hayek Lecture. And Martin Fridson, bond trader and author will deliver the Hazlitt Lecture.

Other authors of new books will be there to discuss their work.

This is the conference where you will hear papers before they are published, and have an opportunity to comment on them. You can also meet and discuss ideas with the best thinkers in the social sciences today. ■

What were the bestsellers of 2007?

The books that really took off in 2007 are Guido Hulsmann's biography: *Mises: The Last Knight of Liberalism*. It has been a great seller and has been praised by reviewers again and again. We are extremely pleased with not only the product but also how it has been received.

Also, a long lost work by Murray Rothbard, *Betrayal of the American Right*, was a great seller. It tells the story of how Taft Republicans of the 1950s became Bush Republicans of the 2000s. It is a different world, and the decline began much earlier than people believe. Highly recommended!

Several books by Ron Paul have been hugely popular, including his large treatise, *The Case for Gold*, as well as his book *Freedom Under Siege*. Even his small monographs have become bestsellers, such as *Gold, Peace, and Prosperity*. ■

New books in the works, including Ron Paul

We are looking at some wonderful publishing projects in the coming months, including a collection of economic writings by Ron Paul: *Pillars of Prosperity: Free Markets, Honest Money, Private Property*. This serves as an overview of his economic thought—and packs more economic truth in one book than has ever been written by an American officeholder. ■

Mises University Applications

We are experiencing an early rush of applications to Mises University. Be sure to get yours in early. Many people had to be turned away last year. See Mises.org events page for details. ■

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the politicians; it frees the individual holder from that form of swindling or expropriation by the politicians; it is an essential safeguard for the preservation, not only of the value of the currency unit itself, but of human liberty. Every libertarian should support it.

I have one last word. In whatever field he specializes, or on whatever principle or issue he elects to take his stand, the libertarian *must* take a stand. He cannot afford to do or say nothing. I have only to remind him of the eloquent call to battle on the final page of Ludwig von

Mises's great book, *Socialism*, written 35 years ago:

“Everyone carries a part of society on his shoulders; no one is relieved of his share of responsibility by others. And no one can find a safe way out for himself if society is sweeping toward destruction. Therefore everyone, in his own interests, must thrust himself vigorously into the intellectual battle. None can stand aside with unconcern; the interests of everyone hang on the result. Whether he chooses or not, every man is drawn into the great historical struggle, the decisive battle into which our epoch has plunged us.” ■

UPCOMING EVENTS

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GREAT ECONOMIC ERRORS
January 26, 2008 • Houston, Texas
- AUSTRIAN SCHOLARS CONFERENCE
March 13–15, 2008 • Auburn, Alabama
- THE MISES CIRCLE IN SEATTLE (Sponsored by Curt and Allora Doolittle)
May 17, 2008 • Seattle, Washington
- MISES UNIVERSITY
July 27–August 2, 2008 • Auburn, Alabama
- THE MISES CIRCLE IN VANCOUVER (Sponsored by Morgan Poliquin)
September 14, 2008 • Vancouver, B.C., Canada
- ROTHBARD GRADUATE SEMINAR
June 9–13, 2008 • Auburn, Alabama
- ANNUAL SUPPORTERS SUMMIT AND SCHLARBAUM AWARD
October 3–4, 2008 • Auburn, Alabama



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AUSTRIAN SCHOLARS Conference

March 13–15, 2008
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The Austrian Scholars Conference offers presentations on economics, history, philosophy, and the humanities, with lectures by leaders in the field.

Over the course of three full days, it combines all the opportunities of a professional meeting with the added attraction of hearing and presenting innovative research, and interacting with scholars who share research interests.

To suggest papers and sessions, write **Joseph Salerno** at jsale@earthlink.net, or **Jeff Tucker** at tucker@mises.org. Submissions will be accepted until all the time slots are taken. Student scholarships are available. Mises Institute Members are welcome to attend.

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