

# Toward Liberty



# Toward Liberty

Volume I of Two Volumes

Essays  
in honor of  
Ludwig von Mises  
on the occasion of  
his 90th birthday,  
September 29, 1971

## Sponsoring Committee

F. A. von Hayek  
Henry Hazlitt  
Leonard E. Read  
Gustavo R. Velasco  
F. A. Harper, Secretary



Institute for Humane Studies, Inc.  
Menlo Park, California 94025

The INSTITUTE FOR HUMANE STUDIES, INC., was founded in 1961 as an independent center to encourage basic research and advanced study for the strengthening of a free society. Through seminars, fellowships, publications, and other activities, the Institute seeks to serve a worldwide community of scholars in education, business, and the professions who are interested in broadening the knowledge and practice of the principles of liberty.

Copyright © 1971 by  
Institute for Humane Studies, Inc.

Printed in the United States of America

## Introduction

Late in 1970 several members of the Mont Pelerin Society joined Dr. Gustavo R. Velasco of Mexico in a plan to honor Professor Ludwig von Mises on the occasion of his ninetieth birthday – September 29, 1971 – by means of a collection of invitational essays. These would be assembled and published by the Institute for Humane Studies, Inc., under the guidance of a sponsoring committee composed of the following members of the Society:

F. A. von Hayek  
Henry Hazlitt  
Leonard E. Read  
Gustavo R. Velasco  
F. A. Harper, Secretary of the Committee

The persons invited to submit essays were, with few exceptions, present members of the Mont Pelerin Society. It was assumed that, because of their having been selected for membership in the Society, they were worthy of being invited to contribute and were likewise qualified to prepare self-edited essays in a form ready for photographing and lithographic production. Each essay would be in the language of the writer's choice.

The Committee was gratified by the enthusiastic response to the announcement of this project but regretted that some invitees who wished to participate found it impossible to do so, for reasons beyond their control, within the necessary time limit. Not the least of these reasons, ironically, was the confusion caused by the British postal strike, as well as the customarily slow mail service in many countries.

It is with pleasure and deep gratitude that we present these essays to our esteemed associate, Professor Mises, in recognition of his invaluable contributions over the years to our understanding of human action in its varied dimensions. Each essay is available for reprinting elsewhere by arrangement with the author, who is its *de facto* owner under the Institute's copyright for the collection as a whole.

The Committee wishes to express its appreciation for the excellent cooperation of all who have helped with this project. Special thanks are due the authors, the printer, and others involved in the production and financing of this *festschrift*.

F. A. Harper, Secretary

Menlo Park, California  
June, 1971

## On the 90th Anniversary of Ludwig Von Mises

"The key stone of Western civilization is the sphere of spontaneous action it secures to the individual . . . . Driven by their inborn genius, pioneers have accomplished their work in spite of all hostility and opposition." The author of these thoughts has given witness to their truth with his life and his work. Since the first years of this century, Ludwig von Mises has never ceased in his efforts to advance science and the cause of liberty. And nothing has stopped him in the construction of an admirable intellectual edifice, more lasting than any encomium from his friends and disciples because of its intrinsic worth and its incalculable potential for the development, well-being, and happiness of mankind.

Like Greece and Florence in their moments of glory, Austria and particularly Vienna enjoyed a brief period of freedom from 1867 to 1914 when the arts and sciences suddenly prospered and bore valuable fruits. Mises is a product of this flowering of a civilization which continued to project its rays until the night descended finally with the Nazi invasion. But, unlike men of lesser fortitude, with uncommon vitality and resilience he continued his work from 1934 to 1940 in Switzerland and from then until the present time in the United States.

The outstanding facts of Mises' life and intellectual production are so well known that it would be superfluous to repeat them in detail. His two chief fields of endeavor have been economic science and social philosophy. In the first one he has created not one but three masterpieces — *The Theory of Money and Credit*, *Socialism*, and *Human Action* — besides a host of lesser works like *Nation, Staat und Wirtschaft*, *Kritik des Interventionismus*, *Geldwertstabilisierung und Konjunkturpolitik*, and others. As a continuator of the great line of thought initiated by Carl Menger and followed by Böhm-Bawerk and Wieser, Mises has been an authoritative expounder of the so-called Austrian School of economics and has developed it in a number of important points, such as the integration of the theory of money into marginal utility analysis, the insight that utility cannot be measured and must only be ranked ordinally, the purchasing-power-parity theory of exchange rates, the monetary explanation of the business cycle, and the importance of economic calculation and its impossibility outside of a market economy.

Far from falling into the barbarousness of specialization criticized by Ortega y Gasset, Mises has provided economics with a firm basis in the theory of knowledge and integrated it in a general theory of human action. He has pursued these objectives in several other works such as *Epistemological Problems of Economics*, *Theory and History*, and *The Ultimate Foundation of Economic Science*.

Mises has been not only a great economic theorist, but also an ardent and remarkable defender of the social order which he considers most conducive to human

cooperation. In this respect his name should be added to the long list of eminent thinkers like Hume, Smith, Burke, Humboldt, Tocqueville, and Acton, who originated and perfected the doctrine of liberalism. These ideas are found chiefly in *Socialism*, which, besides being a devastating critique of this creed, contains a complete exposition of the liberal system; in *Kritik des Interventionismus*, where he demonstrates that this self-defeating pretended third way cannot be an alternative to liberalism; and in *Liberalismus*, translated into English as *The Free and Prosperous Commonwealth*.

Besides his written work embodied in innumerable books, monographs, articles, contributions to collective works, and translations, Mises has exerted a powerful influence through his teaching and personal contact. In Vienna he was a chief factor in the formation of an outstanding group of scholars through the private seminar which he conducted for several years. At New York University he again succeeded in transmitting his ideas to a number of brilliant American students. By means of lectures, seminars, and participation in colloquiums and discussions in most European countries as well as in Mexico, Guatemala, Peru, and Argentina, his thought has reached a worldwide audience.

It would be futile to attempt to extol the qualities in Mises' writings and teaching which have gained him the respect and esteem of his readers, students, and hearers, as well as the criticism and in some cases the hostility of those who disagree with his economic theories and liberal outlook. In my opinion his success has been due to his superb intelligence, his intellectual honesty and relentless logic, and to his boundless knowledge both of previous achievements in economics and of history, sociology, psychology, and philosophy. It should not surprise us that these characteristics and the unflinching manner in which he has pursued his arguments to their ultimate conclusions have led to the accusations that he is cold, uncompromising, and out of touch with the times. Our reply must be that the task of scholars and thinkers is not to be practical or popular and that, side by side with intelligence and knowledge, economists and social philosophers must possess character and another quality which in Spanish is called "*entereza*" and for which English has only the approximate equivalents, "firmness" and "integrity."

Those of us who have had the undeserved good fortune of penetrating a little behind his reserve know that Mises is as cultured as he is witty and as sympathetic as he is kind and warmhearted. Good manners forbid that I should detail the reasons for these assertions, as well as refer to his domestic life, except to state that without the loving care and constant watch of his wife, Margit, Professor Mises would never have completed the incredible amount of work which he has accomplished.

Some years ago Ludwig von Mises joined those select few like Kant, Voltaire, and Goethe who reached an age denied most men, in full possession of their mental gifts, in lively contact with the world, and as active as always in their fields of interest. On the occasion of his 90th birthday we can only present him with a modest and very incomplete proof of the fact that we have tried to follow his lead. When reason, science, and freedom reign once again in the world, as it is our hope and

conviction that they shall, Ludwig von Mises will not be alone. The admiration and gratitude of all men will accompany him.

Gustavo R. Velasco

Mexico, D.F.  
June, 1971

## Ludwig Von Mises

Ludwig Edler von Mises was born on September 29, 1881, at Lemberg, Austria, the son of Arthur Edler and Adele (Landau) von Mises.

He graduated from the University of Vienna in 1906 as Doctor of Law and Social Science; served as economic advisor to the Austrian Chamber of Commerce from 1909 to 1934, taught economics at the University of Vienna from 1913 to 1938; was founder and Acting Vice President of the Austrian Institute for Business Cycle Research from 1926 to 1938; was Professor of International Economic Relations at the Graduate Institute of International Studies, Geneva, from 1934 to 1940. On July 6, 1938, Professor Mises married Margit Sereny-Herzfeld in Geneva.

In 1940 he emigrated to the United States, and from here his influence spread over many nations through his lectures and writings. From 1945 to 1969 he was Visiting Professor at the Graduate School of Business Administration, New York University. He also served as Visiting Professor at the National University of Mexico in 1942, and, since 1965, at the University of Plano, Texas. He has been a consultant and advisor to numerous business and research organizations.

Honors awarded him include an Honorary Doctor of Laws at Grove City College (1957), Honorary Doctorate of Law at New York University (1963), Honorary Doctorate of Political Science at the University of Freiburg (1964), and the Distinguished Fellow award of the American Economic Association (1969):

A library possessing all the books by Ludwig von Mises would have nineteen volumes if it confined itself to first editions, forty-six volumes if it included all revised editions and foreign translations, and still more if it possessed the *Festschriften* and other volumes containing contributions by him. This stream of publications began in 1902 . . . . The stream of students that has come out of his seminars is no less remarkable than his literary output.

His published work ranges from economic history and history of thought to methodology and political philosophy, with special emphasis on monetary theory, international finance, business fluctuations, price and wage theory, industrial organization, and economic systems. It would not be possible to enumerate the ideas which Mises has originated and disseminated over the years, but some of the most fruitful may be mentioned: in monetary theory, the application of marginal utility theory to the explanation of the demand for money; in business cycle theory, certain amendments to the Wicksellian theory of the cumulative process and a demonstration that a monetary policy stabil-

izing certain price indices would not at the same time stabilize business activity; in the theory of socialist economic planning, the discovery that the type of economic calculation required for an efficient allocation of resources cannot be carried out without a system of competitive market prices. The recent movements toward decentralized planning in several Soviet-type economies add the endorsement of history to the insights at which Mises arrived almost fifty years ago.

The American Economic Review  
September, 1969

As a unique tribute to Professor Mises, Oskar Lange of the Polish Politburo once proposed that the socialists erect a statue to him, "For it was his powerful challenge that forced the socialists to recognize the importance of an adequate system of economic accounting to guide the allocation of resources in a socialist economy." They never did, of course, but Professor Mises has erected his own statue of a material that is even stronger than marble, in the form of his monumental writings.\* No less than 219 articles have been authored by Professor Mises. Others are lost, perhaps forever, due to his early files and records having been ransacked shortly after Hitler's army invaded Austria in 1938.

This remarkable man has appropriately been called a scholar's scholar and a champion of the potential of humans. His rare degree of philosophic conscience and scientific integrity not only has contributed the powerful force of his ideas themselves, but also has inspired untold numbers of persons to heights of intellectual attainment otherwise hardly conceivable. Some of these fruits are on the pages which follow, from a few of his friends and admirers.

F. A. Harper

Menlo Park, California  
June, 1971

\*Bettina Bien, *The Works of Ludwig Von Mises* (Irvington-on-Hudson, New York: The Foundation for Economic Education, 1969)

## CONTENTS

### ARGENTINA

#### Property and Freedom

- Alberto Benegas Lynch, Presidente,  
Centro de Estudios Sobre la Libertad,  
Buenos Aires . . . . . 1

#### Technological Progress and Social Resistance

- Guillermo Walter Klein, National University of Buenos Aires; Attorney at Law; Former Secretary of the Treasury of Argentina. . . . . 14

### AUSTRIA

#### Principles or Expediency?

- F. A. von Hayek, Institut für National-ökonomie, Universität Salzburg . . . . . 29

### ENGLAND

#### Protection for Farmers

- Antony Fisher, Chairman, International Institute for Economic Research, Menlo Park, California, and London . . . . . 46

#### For a Philosophy of Choice

- Lord Grantchester, House of Lords, Westminster Mansions . . . . . 63

#### The Surest Protection

- Ralph Harris, Director, Institute of Economic Affairs, London . . . . . 64

## ENGLAND (Continued)

### Towards the Just Society

- Ralph Horwitz, Deputy-Director, Management Centre Polytechnic of the South Bank, London . . . . . 72

### Size and Well-Being

- J. Enoch Powell, Member of Parliament, House of Commons . . . . . 84

## FRANCE

### Pour éviter "Une Collectivisation par Annuités"

- René Berger-Perrin, Délégué Général de l'Association des Chefs d'Entreprises Libres, Lyon . . . . . 94

### En défense de l'économie libérale: réponse à quelques objections

- Gaston Leduc, Professeur à l'Université I de Paris; Membre de l'Institut; Vice Président de la Société du Mont-Pélerin . . . . . 97

### L'Occident pour son malheur a choisi Keynes contre Mises

- Pierre Lhoste-Lachaume, Président du Centre Libéral Spiritualiste Français . . . . . 110

## GERMANY

### Das Ordnungsdenken in der Marktwirtschaft

- Ludwig Erhard, Bundeskanzler a.D.; Mitglied des Deutschen Bundestages, Bonn . . . . . 121

### Unsere Gesellschaftsordnung und die radikale Linke

Edith Eucken-Erdsiek, Freiburg im Breisgau . . . . .	138
Privateigentum — die für die Mitmenschen günstigste Lösung bei den Produktionsmitteln	
Wolfgang Frickhöffer, Vorsitzender der Aktionsgemeinschaft Soziale Marktwirtschaft e. V., Heidelberg . . . . .	164
Macht oder ökonomisches Gesetz	
Ernst Heuss, Professor, Abt. für Wirtschaftstheorie, Philipps-Universität, Marburg . . . . .	188
The Reliability of Financial Statements	
Ulrich Leffson (with Jörg Baetge), Direktor, Institut für Revisionswesen, University Münster . . . . .	203
Ist die Inflation unser Schicksal?	
Alfred Müller-Armack, Staatssekretär a.D., Institut für Wirtschaftspolitik an der Universität zu Köln . . . . .	215
Der reiche Goethe und der arme Schiller	
Volkmar Muthesius, Fritz Knapp Verlag, Frankfurt a/Main . . . . .	227
Krise der Politischen Formen in Europa	
Otto von Habsburg, D 8134 Pöcking bei Starnberg . . . . .	241
<b>GUATEMALA</b>	
The Need to Make Cognizance Available	
Ulysses R. Dent, Director, Centro de Estudios Económico-Sociales . . . . .	258

## IRELAND

### Growth Delusions

- George Alexander Duncan, Pro-Chancellor and Retired Professor of Political Economy, University of Dublin . . . . . 276

## ITALY

### Ways to Communism

- Giuseppe Ugo Papi, Rettore, University of Rome . . . . . 289

## JAPAN

### Convergence Theories and Ownership of Property

- Kenzo Kiga, Professor of Economics, Keio University, Tokyo . . . . . 304

### Soaring Urban Land Prices and Market Economy

- Toshio Murata, Professor of Economics, Yokohama College of Commerce . . . . . 322

## MEXICO

### Jesus and the Question of Wealth

- Alberto G. Salceda, Author of *Bar-Nasha, El Hombre* and other works . . . . . 334

### A Program for a Liberal Party

- Gustavo R. Velasco, Professor at Escuela Libre de Derecho; Trustee, University of the Americas . . . . . 353

## NETHERLANDS

### On the Entrepreneur

Andries de Graaff, Lóchem, Netherlands . . . . .	380
--	-----

**PERU**

La Integracion Economica de America Latina

Romulo A. Ferrero, Professor Emérito de Economía, Universidad Católica del Perú . . . . .	393
---	-----

**SCOTLAND**

Problems of Economic Responsibility and Initiative Re-emerging in Eastern Europe

Ljubo Sirc, Department of Political Economy, University of Glasgow . . .	409
--	-----

**SWEDEN**

Rent Control in Sweden: Lessons from a Thirty-Year Old Socio-economic Experiment

Sven Rydenfelt, Doctor of Economics and Lecturer, University of Lund . . .	419
--	-----

*(Continued in Volume II)*



# Property and Freedom

Alberto Benegas Lynch

It is a great honour to be able to share this deserved homage to Professor Doctor Ludwig von Mises. He is undoubtedly the most enlightened man of thought of our times, consubstantiated with the basic principles which brought about the greatness of western civilization.

Constantly, in his teachings, he has been loyal to scientific truth. He has always disliked "pseudoeconomists" who, far from standing firmly on scientific criterium, yield to the fashionable statism impulsed by inveterate demagogy. The intellectual integrity of Professor Mises is the best example for students who love truth.

If human beings wish to enjoy prosperity all that government can do is to establish and support the institutional system which enables the maximum accumulation of capital. This system is the classic capitalism based on private property and free market. All the wrong economic policies that nowadays prevail are anticapitalistic and antiliberal, in different degrees. These antiliberal policies are always poisoned with demagogic ingredients.

Mises' teachings show the relevance of private property and individual freedom for the improvement of civilization.

Freedom and property are always very important subjects. But, nowadays, in the unsteady times in which we are living, the subject "Freedom and Property" is of outstanding importance. The decay of civilization at present shows us how important

it is to recover the complete force of private property in order to preserve individual freedom.

Our times are inclined to destruction. Changes take place swiftly while destruction is being accomplished. Without analyzing the causes of the evils that we wish to avoid, and without knowing the real significance of social institutions, without minding what comes next, a blind impulse brings about senseless changes. The remnants of many free institutions are being threatened to be extinguished.

Under these circumstances it is a good idea to stop and think. Let us cast a look upon one of the basic constituents of civilization. and ponder the causes that move the modern barbarism which destroys civilization.

During these hard times, private property, pursued and crippled, has become a kind of Cinderella. This Cinderella is threatened by many social reforms that makes her the real scapegoat. In this way civilization retreats, because private property is its irreplaceable basis and is the principal component of individual freedom.

### Property is the Basis of Civilization

Throughout human history we can see that the great advances of civilization take place at a time when private property exists as a basic social institution. Western civilization owes its progress in a great measure to the existence and due respect of the right of property. Private property is born with the right to live. To preserve life implies to enjoy the fruits of one's labour freely. Without doubt labour belongs (in property) to the one that accomplishes it, as does our organism to us. Private property of the intellectual, or manual work or services performed. are the prolongation of the personality of he who has performed them.

The great political movements that brought about a high civilization recognized private property as the background of social order. Private property is a part of individual liberty and it is

as important as life itself, thus none of them can be deprived at will. This is the sense of the declarations on private property contained in the documents of democratic revolutions against absolute monarchies - English, American and French revolutions are the proof. The same thing can be said of the movements for independence in the whole of America. The same idea is reflected in the modern Constitutions which were the basis of the political organizations of the new nations.

Although liberty is the essential element of the advance of civilization, private property is its prerequisite and its principal component. We cannot imagine individual freedom without private property. To acquire and possess private property and its free disposal, is indispensable for the free creative activity of individuals. Freedom to create involves the existence of individual property. Individual property makes it possible to exchange goods and services. Individual property makes these exchanges the most useful and it enriches the members of society. The worker who suffers violation of the property of his earnings does not enjoy freedom. And the property of his earnings is violated, for instance, when governments and unions deprive him by force of a portion of his income, to spend it on different purposes than those freely chosen by the owner. This is the case of compulsory contributions for retirements, pensions, etc., whenever such contributions and the systems established are imposed by force. That is to say, whenever the system and the contribution have not been accepted voluntarily by those who have to pay.

### Civilization Threatened by Marxism and Demagogy

If civilization is nowadays under crisis, it is in great measure due to the deterioration of private property which, in some cases, has even been totally abolished, just as Marx, Engels and Lenin wished. Even in those places where private property has not been totally abolished, it has been discredited by unjust legislations. These unjust legislations have been established by the impulse

of the fashionable demagogy.

Freedom is not defended as it should be, because some people deny that private property is an essential prerequisite to liberty. These people, sometimes well intended, do not realize the pre-eminent rank of private property in social institutions. Besides its other qualities, private property is one of the bastions that confers independence to the individual, and makes it possible for him to resist the lurking intent of political power to outbound itself.

The advantages accomplished by the collectivists in the dramatic ideological struggle between liberty and collectivism are due, in great measure, to the success of the preachings of Marxism. These preachings are led to soften the defence of private property, which should be undefeatable, since it is the background of progress of civilization.

The demagogic spirit accompanies, supports and stimulates every advance of collectivism. This always leads to deteriorate private property. The eternal facing between rich and poor is provoked by demagogues, and determines hard feelings in the people as well as low passions. This facing is at present also at international level, because international bureaucrats have been practicing demagogy for some time now, pretending that the poverty of the poor countries is due to the richness of rich countries. The pure emotional element blinds reason. Conscious or unconsciously, along this path, the gates are opened for ignorance to mislead the real causes that provoke wealth or poverty. Laziness is also stimulated in this way. In this manner it is encouraged to hate capital, notwithstanding capital being the fundamental factor for redemption of the poor. Capital is precisely the element that cannot be substituted to increase mass production of goods and services. And mass production of goods and services has no other destiny than mass consumption, which, consequently, improves the standard of living of the masses. Since the saving spirit has been weakened, the investment of capital is impeded. And, as we know, investment of capital is the real redeemer of poverty.

## Free and Contractual Society Demands Respect for Private Property

In this atmosphere, poisoned by error, it becomes very difficult to defend private property and its essential attributes, as civilization demands.

Nowadays, in the opinion of many of our contemporaries, to own goods and use them, as well as dispose of them freely, has not the same significance as it used to have for our Founding Fathers. Free and contractual society tends, in this way, to be replaced by collectivistic and hegemonic society. The will of the parties, which does not affect the rights of others, is not the supreme law any more. Authoritarian government neglects such a law in order to impose its paternalistic dictates. Along such a path sometimes government uses intimidation and even violence, by means of the unions. In these cases the unions often stand on the basis of a totalitarian legislation, which accumulates privileges, violating private property as well as freedom to work, to contract and to associate.

The advance of collectivistic conception of the society based on hegemonic principles changes the structure of government. Government expands its function and enlarges its costly dimension, sometimes politically supported by gigantic unions, often of spurious origin. Governments become entrepreneurs and manage railroads, telephones, oil, banks, power: governments become merchants, liquor dealers, manufacturers, etc. They assume most of the functions that are forbidden to the State in a free society based on contractual principles. Limited government, characteristic of free societies, is being replaced by omnipotent government, characteristic of hegemonic societies. In this process, property and freedom deteriorate. Government intensifies its extraofficial activities at a time when the fulfilment of its specific functions is considerably weakened. The effective protection of life, property and freedom is becoming more and more neglected. Governments are at present devoted to many activities alien to their proper functions. At the same time they lack efficient means to put

an end to terrorism and subversion, with their sequel of murders, kidnappings, thefts and depredations, which put governments in a tight corner. In short, governments do what they should not, while they do not do what they should.

### The Poor Benefit More Than the Rich by Private Property

Defence of property in safeguard of individual freedom, as civilization requires, benefits the poor much more than the rich. The former are those who are in more need of the inviolability and solidity of this basic social institution. Security to the right of property is indispensable to the poor, who wish to enrich themselves in order to grant comfort to their people. They cannot do without such security to obtain comfort by means of fruitful work, savings and subsequent investments, which is the only way to get rich honestly. It is well known that investments vanish without security to the right of property, on which rests the confidence that attracts investors. To guarantee the right of property it is essential to intensify, up to the maximum, investment of capital in order to increase production of goods and services. And goods and services produced are distributed, in the last instance, in the most convenient way for everybody, through the working of a free market. In this way those who have less means at their disposal are the ones who profit more. Needless to say the rich, whose riches come from the support of satisfied consumers, also benefit by the security to the right of property.

It is a pity that most of the people, when thinking of popular measures which can be taken by government, really do not have in mind the kind of measures that benefit the people. Professor Hayek, in one of his books, explains why the worst reach the top. In fact the whole problem comes from ignorance. As soon as somebody realizes the correct relation between cause and effect he will never allow a measure that harms the people to become popular. The only measures adopted by government that really can be considered popular are those that benefit the people.

As Mises teaches, and as I have already mentioned, the only way in which government can really benefit the people is by establishing and preserving social order based on private property, free market and limited government, that is to say, classic capitalism. Unfortunately the ignorance that prevails in general makes the economic policies that benefit the people unpopular, at the same time as many wrong policies that harm the people become very popular.

There is no doubt that if most of the people in every country of western civilization realized the advantages for everybody of the social system of capitalism, the majority would vote for the best. Western countries would be much more prosperous than they are now and the difference between totalitarian and free countries would be greater.

Unfortunately the fallacies of the preachings of the demagogues make many people think that the way to prosper is to use the apparatus of compulsion and coercion that is the state, in order to "redistribute" the wealth of those who earned it honestly in the market.

We must believe in truth and be optimistic in the hope that the day will come when more people will seriously study the writings of Professor Ludwig von Mises. When that time comes, step by step, more and more people will think correctly and see clearly the fundamental problems of social life.

### Social Reforms

Everywhere we hear people demanding changes. These changes are usually called social reforms. Among these, in many countries - especially in the so-called under-developed countries - agrarian reform is a current slogan.

None of the politicians demanding agrarian reform has taken the trouble to study the problem. They only wish to appeal to the emotional aspect, offering to those who do not own land and wish to become owners a piece of land that will be taken

from a land owner.

In Latin American countries this is something that is happening in a very extended way. In Cuba, for instance, when Fidel Castro brought about the agrarian reform that was the way he proceeded. Everybody knows the result of the agrarian reform in Cuba. Production of sugar and other crops declined noticeably. A very able newspaper man who was in Cuba at the time the agrarian reform took place stated that when he asked the new farmers their opinion regarding the success of the agrarian reform, most of them emphatically remarked upon the failure of same, but at the same time most of them said they were not unhappy. When the newspaper man requested an explanation of this apparent contradiction, the general reply was that they were content because Mr. John or Mr. Paul - who were big land owners - had been deprived of their property. This confirms the importance of envy and other low passions in politics when ignorance prevails.

At present the new policy initiated in Chile with the coming into power of the communists, shows that even the more educated people have learnt very little. We must admit that in Chile the politicians who took over have only read the wrong side of the library, say the Marxist authors. They are even incapable of learning by facts. It is incredible that they learnt nothing from the disastrous experience of Cuba.

These sad experiences in Latin America show how far off the people in most of those countries are in understanding the relevance of private property to freedom and prosperity.

A free market places the land in the hands of entrepreneurs, who are of greater benefit to the consumers; and the size of the land in the last instance depends on the will of the market. Many times the market indicates that the consumer is best served when the size of the land owned by the land owner is larger than it was before, as this makes it possible to have better quality crops at lower prices.

In the industrial areas social reforms that are proposed by demagogues and which, needless to say,

deteriorate or even abolish private property, are related to measures that make it compulsory for workers to participate in the management of the enterprise. But also, as is happening in Chile, expropriation in the name of nationalization takes place. In fact, this policy results in confiscation, because when the government pays for expropriation the price generally is below the real value, with long payment terms in money devaluated by inflation. The Chilean example is an experience that should be carefully studied. As time passes, the collectivistic policy adopted by Chile will show the way deterioration and abolition of private property ends all kind of individual freedom.

### Freedom of Expression

In the last instance, every individual freedom depends on private property. The individual freedom that is easiest to understand nowadays, that is freedom of expression, is also dependent on private property: and this is so in spite of the thinking of many people who consider the right to express ideas freely is the fundamental one on which are based all the other liberties of the individual. People who think in this way argue that so long as one can express freely one's ideas it is always possible to defend, in this manner, the other liberties of the individual.

But in order to spread ideas by any of the modern media many requisites are needed. If this is done through the press, by means of books, radio, television or any other form, some kind of investment must be made. In the case of books or newspapers, a building is needed, some kind of machinery, various raw materials, money to pay the wages of the people who work for the newspapers or publishers, etc. In the case of radio and television, many investments must also be made in machinery, buildings, raw materials, wages, etc.

If independent thinking is to be transmitted to the people through the aforementioned media, it is impossible for these investments to be owned by the government or the state. If the latter is the case, the kind of thinking that is transmitted is always that of those who govern.

In short, to preserve independent thinking private property is fundamental. It is necessary that all the investments required for free expression be privately owned, otherwise the means to express ideas will be used only to express the thinking of the bureaucrats in the government.

### Other Individual Liberties

If the aforementioned is the case when analyzing freedom of expression, it becomes even clearer when we consider the case of every other individual liberty.

We cannot imagine freedom to contract, freedom to associate, freedom to work and even religious freedom without private property.

When putting into practice any of these special kinds of individual liberties some property must be owned. In the case of a contract, where somebody is selling his services or his work, he is the owner of those services and that work, and the salary obtained in exchange for same also becomes the property of the person who has earned it. In the case of religious freedom it has been denied that private property is required to put it into practice. However, if apparently one does not need to own anything to pray, one must be the owner of the time dedicated to prayer. And if we wish to pray in the way people generally pray, then somebody must own the land where the church is to be built, and many expenses must be paid in order to maintain this religious culture.

Needless to say, if the land, buildings and money dedicated to religious culture is not owned privately - the state being the owner - the religion that will be practiced will be the religion of the state, and this is not religious freedom. As the government has no resources other than the taxes collected, this means that many tax-payers who profess a religion different to that of the government will be paying for the culture of a religion that is not their own.

## Power Tends to Expand

Always governments tend to expand their power at the expense of individual freedom. Long ago Lord Acton very correctly said: "Power corrupts and absolute power corrupts absolutely."

In fact, it goes without saying that corruption bred by power appears when power is outbounded. But extralimitation of power is something inherent to all kinds of government at every moment of history.

On this subject Professor von Mises, in his book "The Free and Prosperous Commonwealth" remarks, referring to the relevance of private property and the general tendency of all governments to hamper this basic social institution: "In this sense, it has even been called the fundamental prerequisite for the development of the individual. But it is only with many reservations that the latter formulation can be considered acceptable, because the customary opposition between individual and collectivity, between individualistic and collective ideas and aims, or even between individualistic and universalistic science, is an empty shibboleth.

"Thus, there has never been a political power that voluntarily desisted from impeding the free development and operation of the institution of private ownership of the means of production. Governments tolerate private property when they are compelled to do so, but they do not acknowledge it voluntarily in recognition of its necessity. Even liberal politicians on gaining power, have usually relegated their liberal principles more or less to the background. The tendency to impose oppressive restraints on private property, to abuse political power, and to refuse to respect or recognize any free sphere outside or beyond the dominion of the state is too deeply ingrained in the mentality of those who control the governmental apparatus of compulsion and coercion for them ever to be able to resist it voluntarily. A liberal government is a 'contraditio in adjecto'. Governments must be forced into adopting liberalism by the power of the unanimous opinion of the people: that they

could voluntarily become liberal is not to be expected.

"It is easy to understand what would constrain rulers to recognize the property rights of their subjects in a society composed exclusively of farmers all of whom were equally rich. In such a social order, every attempt to abridge the right to property would immediately meet with the resistance of a united front of all subjects against the government and thus bring about the latter's fall. The situation is essentially different, however, in a society in which there is not only agricultural but also industrial production, and especially where there are big business enterprises involving large-scale investments in industry, mining and trade. In such a society it is quite possible for those in control of the government to take action against private property. In fact, politically there is nothing more advantageous for a government than an attack on property rights, for it is always an easy matter to incite the masses against the owners of land and capital. From time immemorial, therefore, it has been the idea of all absolute monarchs, of all despots and tyrants to ally themselves with the 'people' against the propertied classes. The Second Empire of Louis Napoleon was not the only regime to be founded on the principle of Caesarism. The Prussian authoritarian state of the Hohenzollerns also took up the idea, introduced by Lassalle into German politics during the Prussian constitutional struggle, of winning the masses of workers to the battle against the liberal bourgeoisie by means of a policy of etatism and interventionism. This was the basic principle of the 'social monarchy' so highly extolled by Schmoller and his school."

### Private Property Needs to be Defended

In these troubled times, when most of the people are dissatisfied, and many are demanding changes, it is more important than ever to find the real fundamental root of the present decay of civilization.

Professor Ludwig von Mises has been preaching for a long time the right ideas for a prosperous social order. He has been forecasting all the troubles that mankind is experiencing nowadays. He has been explaining clearly the dangers of government intervention, of nationalism, of protectionism, of inflation, of socialism and collectivism, all of which policies deteriorate private property and are contrary to the classical liberal capitalism which made possible the greatness of Western civilization.

As all the wrong policies are based on deterioration of private property, the most important task of our times is to properly defend this fundamental social institution.

# Technological Progress and Social Resistance

Guillermo Walter Klein

## 1. Introduction

Ranke's dictum that history should picture the past "wie es eigentlich gewesen" one may paraphrase saying that we should try to understand the present "wie es eigentlich ist" — as it actually is. It is fitting, I think, on the occasion of our revered and beloved Jubilar's ninetieth birthday to stop and look around in order to do just that. Such has been the unwaveringly maintained attitude of Professor von Mises, and to recognize that it is also the motor of advancing human thought in general does not detract a whit from the lasting value and brilliance of his work, but ranks him among the great thinkers of the West.

Alas, this stock taking will perforce be subjective. The present writer in his youth has been lastingly influenced by Max Weber, whose endeavour at an analysis of human societies based on "understanding" and devoid of value judgements has seemed to him the very aim of social studies. But an aim never quite to be reached. Man's perception is limited by his times and circumstance — "we don't see but what we know," as Goethe said. The choice of the factors considered to be relevant assumes already decisions based on personal preferences. There is no thinker of the past whose ideas do not look to us as coloured by the values he and his times took for granted. It is unlikely that what we think and say today will not look to our posterity as carrying the same mark. Our view of the world perforce will be our view. What has distinguished the lasting thinkers has been their effort and success in keeping their eyes at horizon level and their consciousness of the dependence of that level upon the viewer's emplacement, which has saved them of the grosser distortions of mere foreground view.

The present trend of a purely quantitative approach to economics, the jolting jargon of contemporary sociology, often simply due to clumsy translation of current foreign idioms, hardly digestible to those of us who still believe in style (and how excellent a stylist Professor von Mises is!), are in their way no doubt efforts to ban value judgments from the area of scientific thought, but alas how inadequate, bookish, emptied of reality the picture or model becomes, yet still failing in the intended exclusion of value judgments which, surreptitiously or openly, pitch their tents within the field staked out by those pallisades of dry and thorny abstractions.

One of the attainments of our Jubilar making of him a teacher of whom there will be always very much to be learned, is the skill and penetration with which he has always kept abstract thinking in direct communication with the multiform substance of life.

The following reflections on "development," mostly deriving from personal experience, will avoid abstractions and owing to space limit even statistics. They do not pretend to be exhaustive, not even perhaps well balanced. But I believe they point to factors which have some relevance.

## 2. Outstanding Features of the Present Scene

In taking stock of the present scene, this writer believes to perceive the following outstanding features: (a) an ever accelerating increase of the technical capacity of mankind or at least some important sectors of mankind; (b) concomitant accelerating changes of the modes of cooperation and relations among individuals, and their aggregation, in short, what I should like to call the texture of society; (c) a cumulative increase and crowding of world population; (d) a variety of negative reactions or defensive attitudes or blocking mechanisms, apparently intended to, or anyhow effective in, warding off these accelerating changes; (e) a spread of compulsive political systems, communist or otherwise collectivist, and the consequent authoritarian government interference with what was up to then private activity. These five features seem to me closely interlocking.

### 3. Amplification of Technology

The present expansion of technology seems to have no parallel during any earlier period. To give this assertion more weight than that of a phrase, one would like to have a standard by which to measure quantitatively technological advance. I don't know whether any such standard exists, but there is enough material available to construct indices allowing to compare the technological advance per time unit of different ages. The power of energy capable of controlled release; the distances that man may cover; the velocity he may transmit to objects, including himself; the smallness and bigness of phenomena which may be subjected to observation; the speed of calculation; the range of life expectancy; the volume and chemical content of materials for use and consumption per man/time unit; the individual time and physical effort required to sustain human life and many other measurable factors could serve to assemble such a yardstick.

Technological advance appears to be almost synonymous with expanded and intensified division of labour, as has been stressed, since Adam Smith, by all great economists, Professor von Mises not the least of them.

### 4. Changes in Personal and Social Textures

It is widely recognized that accelerating change and the expanding range of the division of labour seem to segregate each individual from the smaller human units in which he was and still is imbedded, changing the pattern of his emotional attachment to persons and activities. A much greater mobility is required of him, a readiness to change his dwelling place, profession and proficiency, to fit into new teams, since any activity he might have chosen may become obsolete overnight. Stability of position is less assured, whilst new ways of insuring against the risks of change are developing. A process of simultaneous weakening and accenting individuality is underway. People are becoming more exchangeable, more uniform, but are also offered a wider choice of differentiating knowledge, interests, pastimes and socially neutral values. Being diminutive cogs in an enormous, unified economy, they may feel more

impotent despite augmented available means. They may realize more clearly than in earlier times that they depend upon the cooperation of hundreds of millions of unknown fellow men and the decision of millions of leaders.

Change has become a value in itself in the most advanced societies. Otherwise it could not go on at the pace it does. It is assumed that change assures greater flexibility, adaptability and opportunity. It is also commonly still assumed that in the end conditions will be the better, not the worse for change. However, change may evidently be for the worse. Or it may be for the better in some and for the worse in some other measure or period. And it will often be impossible to balance the long term pros and cons, as that would require the gift of prophecy.

##### 5. Ecological Ravage and Human Proliferation

Ecological deterioration as counterpart of an ever growing supply of commodities is notably the change for the worse of which people in the advanced countries are most aware. Such deterioration seems to have happened often in the past in connection with technological advance.

In the less advanced societies the change for the worse most in view is probably unchecked human proliferation. Again the same effect, if on a smaller scale, seems to have accompanied past technological advance, although the progressive rather than the arrested societies may have turned out to become more prolific in the past.

Ecological ravage and human proliferation may be inter-related.

This proposition sounds somewhat paradoxical, since population growth supposes improved living conditions and a larger population may, although does not have to, intensify the division of labour and with it its efficiency. Biology teaches us that crisis in the life of species are sometimes preceded by abnormal proliferation, it being uncertain in which direction the causal sequence runs. Whatever else man may be, he is definitely a biological phenomenon. This outlook we are

inclined to neglect, feeling ourselves lords of the creation, free in our individual decisions, prompted by our ideas rather than by external circumstance, capable of keeping the species on a safe course, either by the reasoned decision of the many or the reason and force of the few.

Recent times have witnessed an enormously increased general welfare within the advanced societies, engendering endeavours to help the less advanced ones to create a comparable welfare in their midst. Their population increase has often frustrated the intent. More than anything else, this has awakened man to the menace implicit in the trend.

Does this force us to give up our confidence in the free decisions of the many? By no means. No doubt, individuals may show inclinations which seem at variance with the interest of the species. Conversely individuals are moved by natural drives which do not answer to the individual interest in its narrowest sense. But this is precisely a decisive argument for relying on the working of individual decisions. The gregarious instincts, the sex drive, the care for the offspring, tend to preserve the life of the species, the cohesion of human groupings and in the end also the needs of the individuals.

## 6. Homeostatic Population Regulation

Zoologists have found that members of animal species living in a state of nature follow behaviour patterns which keep their population within bounds. Yet where external influences destroy the balance of the state of nature to which the species or group has adapted, these checks will fail and need to be replaced by new checks in accordance with the altered conditions, to be developed through time consuming learning or natural selection. If the restoration of a state of nature is continuously disturbed such readaptation may also fail.

It is said that the sacred cows in India reduce the natural resources available to the human population of that nation. If this bovine population were, in addition, cared for by modern veterinary methods and fed enriched, balanced food, it is likely that their numbers would grow out of all proportion

and in the end metaphorically eat up their human hosts. Only the ensuing hardships could reactivate behaviour patterns tending to equate population to available resources.

Modern procedures extending human life expectancy are the achievement of societies which after expanding while they found suitable empty expanses on the globe, have since spontaneously checked proliferation. Sanitary, medical and nutritional improvements, occupation of new territory and subsequent arrested population growth thus appear as reciprocally balancing behaviours and societies conducting themselves in this way may be supposed to be living in their "state of nature." But when the improvements are introduced to societies still proliferating in response to the heavy toll taken from them by natural enemies the sudden disappearance of these through none of their doing will disturb their state of nature and throw them off balance. The development of attitudes equating population to resources are likely to take a longer time and entail suffering as the momentum of previous population growth will mechanically continue for a while after the new restrictive attitudes have already been developed.

If the rate of change accelerated indefinitely, e.g. if average human life extended successively to one-, two-, four-hundred years, adaptation may fail altogether because of being repeatedly interrupted; or it would have to proceed on a level unknown today, in accordance with such a new dimension of change.

## 7. Cultural Population Regulation

Not only natural tendencies are active in this field, but also cultural traditions, religious teachings, psychological reactions and historical experience. Under their influence, governments may try to sustain or provoke population trends, as the Romans did and contemporary France. Such policies may be pursued by legislation or by suasion or may be the outcome of simple, unarticulated feelings prevalent in a society. I shall take up this point later.

## 8. Differing Commitments to Change in Advanced Societies

Although change per se as exponent of social liveliness appears to have been raised to the dignity of a value, different sectors may find that change only merits such promotion if it moves in a given direction. Cleavages may thus result among different groups in a changing society. In America a few years ago the meaning of change was taken to be technological advance and intensified division of labour and its social reflection a homogenized, internally rather unstructured national community, containing little or not very solid sub-groups. At present many younger people in America seem to have turned away from the first part of that understanding of desired change, but seem still committed to the second part, its social counterpart, moving also towards the breaking up of the smaller social units, among which the unicellular family. Thus also the dissenting movement in America is apparently not directed against change as such. Nevertheless, it is an important shift the significance of which is not yet quite clear. Intergenerational revolt has been common during the last two centuries but whether its meaning was similar to the present movement is not easy to decide. No comparable eruptions are yet discernible in Europe, perhaps because industrial Europe is 'still in transition, hesitating whether to move into the forefront of technological advance.

## 9. Confused Reactions in Less Advanced Societies

Continued rapid change for change's sake may not be easily accepted in firmly textured "older" societies. It is perhaps useful first to clarify that where there are antagonistic social layers, there may be strong currents in pursuit of "structural" change, meaning the unseating of social groups in control of social power. This may also prompt intergenerational confrontation. But it has little to do with "textural" change as I tried to describe it in section 4 and with which I shall be at present concerned.

In the older type societies one may observe revealing contradictions between declared aims and rejected means. Progress achieved, sometimes called "modernization," conceived

as a final stage of plenty and power, is much coveted. But progress as a never ending process requiring certain conditions and producing certain effects, is much less desired. The inevitable changes in the social texture (dissolution of emotional bonds within smaller groupings) are 'strongly rejected by many, while changes in the stratification and distribution of social power may be welcomed in different ways by different members. The role of an expanding, flexible, increasingly subtle, disciplined and precise division and recombination of labour is seldom understood. The indispensable conditions: continued retraining, the application of considerable capital per man, the scope to be given to managerial skill, the merging of the economy into larger units to warrant such division of labour are not often recognized. And even if they are, persuasion is too weak to overcome a particularism called "nationalism" born from apprehension of "losing economic independence" or being "subjected to exploitation," terms which seldom correspond to something real but cover the unwillingness of being contaminated with social textures resented as alien and destructive of national identity. It is resistance against this change of social aggregation, much more than any existing power structure, that stands in the way of successful technological advance.

#### 10. Some Differences Among Older Type Societies

Tremendous differences separate the older type societies and the ways in which they react differ accordingly. Very schematically we may distinguish between (1) the very archaic societies, such as the Andean Indians and the Sub-Saharan black Africans; (2) the nations which remember having been once cultural leaders, as the Arabs and the populations of the northern shores of the Mediterranean; (3) the old and highly cultivated societies which developed on lines differing from those followed by the West, not less subtle but less efficient, established in Taiwan, South Korea and not so long ago Japan. I leave out the huge bodies of India (far from homogeneous), China (in the course of transformations which nobody can yet tell where they may lead) and Eastern Europe (a heterodox province of the West).

## 11. The Learners

The East Asian societies went into the process of adapting to Western technology with enormous zeal and initiative, leaving little to chance transference through trade and other contacts. Keeping abreast of events, Japan has joined the technologically most advanced group of nations, as to the range and quality of its production, organizational talent and arrested proliferation, yet still maintaining tradition bound smaller groupings within its society, including relics of the wider family and a unicellular family of a texture somewhat different from the Western forms. South Korea and Taiwan seem to follow a related pattern. One might venture the hypothesis, that the members of these societies, conceiving themselves traditionally as learners from more advanced alien cultures — originally the Chinese — have developed techniques which allow them to absorb other societies' superior achievements up to clearly defined self-set limits, without attaching any stigma to this adaptation nor hurt to national self-esteem. The maintenance of traditions considered of value may require of them extra toil but affords the advantage of a richer assortment of cultural elements.

Few societies have the stamina, cohesion, initiative and discipline of the Japanese and their example will not be easy for others to follow. They were additionally favoured by factors which may not recur elsewhere: their highly developed crafts; their not too depressed living standards; their productive surplus formerly used to embellish life and now available for capital accumulation; the size of their society allowing for organized division of labour on the appropriate scale; the policies of free trade and enterprise prevailing at the time, allowing them to organize a fruitful industrial and financial coordination of labour beyond the national frontiers; a social texture still prevailing throughout the world but especially at home, thanks to which social leadership was heeded with deep respect. Japanese adaptation to modern technology did not avoid the particularistic reactions mentioned in section 9, but they did not obstruct technological advance, owing to exceptionally helpful external and internal factors.

## 12. The Former Teachers

At the opposite pole stand those societies whose traditions see them as teachers of mankind. The Arabs, propagators of a creed born in their midst, have been also cultural leaders after a brief and probably popular forgotten period of assimilation of Greek, Latin and Persian thought. These traditions, more than a thousand years of almost uninterrupted war with the peoples of the West, an advance arrested by a number of unfavourable circumstances, the rigidity of a religious legal system regulating in unchangeable script down to minute details of their social organization and everyday behaviour, seem to make it particularly odious to them to seek progress in assimilating not so much alien techniques as the changes in social textures and behaviour that go with them. The conflict between their craving the fruits of progress and the psychological obstacles that make the process so hazardous may go far to explain the restlessness of their societies.

The nations of southern Europe, Greeks, Italians, Spaniards, have also been teachers of mankind and especially of the peoples of the North. Seeing themselves demoted to pupils of their former pupils has laid the ground for resentments, sharpened by religious schism: East-West and South-North. Particularly Reformation and Counter-Reformation have consolidated differences in rules of behaviour and family textures that were for long periods sources of reciprocal antipathy. However, historical developments have allayed most of these sentiments, which at present seem to have disappeared altogether in Europe, although the strong southern leftist movements, not exactly duplicated in the North, may be obliquely derived from the same tensions. But these secular resentments continue in Latin America in accordance with the oft observed phenomenon that fashions and passions survive in the outlying provinces of a cultural area well after they have disappeared at the Centre.

## 13. The Technological Gap and the Archaic Societies

The technological gap between America and the rest of the world is real. Most conscious of it are other industrial countries as may be seen by the many European publications dealing with it. Here the gap is narrow, but the industrial countries know what they are concerned about. Between the

industrial countries and other less advanced societies the gap is much wider and the understanding of its nature is correspondingly less. Its breadth is enormous as related to the archaic societies and misconceptions or simple ignorance are equally conspicuous. If superior technology has always consisted in superior knowledge and the disposal of tools multiplying the capacity of human limbs and facilitating the deployment of human thought, it now means the command of procedures coordinating and pooling the thought, research and material effort of untold numbers not of any people but persons intellectually and behaviourly trained to act efficiently in such a vast assemblage. A gathering of disjointed masses will not do. The members of archaic societies, organized as they always are in very small units, cannot even conceive what it is about. The gap is not unbridgeable but supposes such a deep transformation of less advanced and particularly the archaic societies that nobody can tell when and how it may happen.

#### 14. Different Archaic Societies

Archaic societies may be more or less willing and more or less able to undergo such change. South Saharan black Africans have commonly been under colonial rule for less than a century. Although it might have hurt self-esteem, especially of the large ethnic units, colonial rule has almost always improved personal safety, health (except where security favoured the propagation of diseases), economic prosperity and opportunities of education. The colonial powers had outgrown religious and social fanaticism, had no stake in destroying the social systems under which Africans lived and proscribed only customs at extreme variance with European feelings, as human sacrifice. Africans are not overly fertile and continued being plagued by tropical diseases and high mortality rates. The slave trade of preceding centuries would not have been possible without African tribes and potentates providing the commodity. European traders only contributed the market and transport. Therefore, Africans on the whole did not develop strong resentments against the former colonizers nor is their attachment to their own social system overly charged with conservative emotion. Owing to high mortality rates, their desire for progeny is strong but might yield with improvement of health. Africans in general would probably not put up emotional resistance against integrating closer than at present into a modern economic system led by industrial nations.

Very different is the attitude of the South American Indians. Their clash with Spaniards left a deep and lasting trauma. According to the spirit of the times, Spanish rule lacked all those features which made colonialism in Africa bearable and in many ways beneficial. In the course of history the contact of societies separated by a very wide technological gradient has often lead to the destruction of the backward society by war, disruptive enslavement, diseases, discouragement, confinement into habitats barely permitting survival and miscegenation. Up to modern times this has been the lot of most of the smaller backward ethnic groups. What has preserved the Andean Indians has been their number which, though it greatly shrunk in early colonial centuries, recovered later. It is in this light that some violent reactions against family planning, encouraged alike by the catholic clergy and Marxist catechists must be seen and understood.

The Spanish attempt at destroying paganism would, if successful, have dissolved the Amerindian value system and with it indigenous society itself, since shared values are the cement without which associations fall asunder. It is in connection with that danger that the resistance of Andean Indians to fundamental change in their style of life has to be seen and understood. Having been cut off for so long from the main body of mankind and its cultural evolution, it is likely that American Indians had a comparatively poor training in conceptualization and analytical faculty, the growth of which one may suppose to accompany the use and improvement of mechanical devices. Feeling themselves thus doubly handicapped, they did not attempt to discover the sources of their conquerors' superior power, but withdrew into a deliberate attitude of mental torpor vis-a-vis the foreigners' ways, ignoring as much thereof as possible and only taking over what was forced on them or had to be shown in order to avoid repression. Within this hull of apparent stolid indifference, they continued their traditional life in extreme poverty in their small communities, unable to develop a social solidarity embracing larger social units. Periodically desperation drove them to revolt against the oppressors. This role of oppressor, as though one of those devil masks used in their colourful pantomimes, has been fitted, with changing control of power over land and mines and suitable indoctrination, to successive different impersonators: originally the Spaniards, then the local upper classes, it has been

passed on to the Americans and lately, in a curious re-edition of the Chinese Cultural Revolution, to the administrators and technicians of State owned mines or cooperativized former private exploitations, irrespective of whether the impersonators had actually committed any acts of oppression.

## 15. The Latin American Plight

Citizens of Latin American countries enclosing substantial bodies of Andean Indians are confronted with a double problem: to steer the western minded sector — often a minority, always a small number — into the stream of technological advance through the rapids of changing social texture and to modernize, and finally merge with, their archaic sector, a process even more beset with uncertainties which no society as yet has succeeded in carrying through. Casting members of the industrial societies into the role of the oppressors, in which large sectors of the western minded fraction concur or acquiesce, may be seen as an instinctive attempt at giving both social bodies a common stand.

That oppression and expropriation are compulsive ingredients of thought in societies where vast social bodies have been subjected to them for centuries, is understandable. But only few Latin American countries contain archaic societies, whilst the obsession is shared by all, whether more advanced or backward. It may be a common feature of societies who have experienced prolonged foreign unenlightened rule. Latin American emancipation was a reaction against a greedy and narrow minded metropolitan mercantilism, hostile to colonial economic development, and characteristically occluded as this policy had softened its grip. Periodically a nightmare surfaces, of fears of being exploited by foreign powers whose nationals have placed capital in the country in order to render technical services, benefit natural resources or establish industries; of being victimized by big corporations; of having their way barred towards domestic technological advancement; to lose control over the national destiny; in short of becoming a colony again. As mentioned in sections 9 and 12, this syndrome may be understood as nonacceptance of changing textures in social agglutination felt as a loss of national identity. It is often reinforced by reminiscences of historical South-North antipathies and affords the solace of a good hearty hatred.

## 16. The Role Assigned to the State

This syndrome works as an effective blocking mechanism. It obstructs the social changes normally associated with modern technological advance and fetters the most enterprising members of the nation (in Japan the artificers of development), branding them as pawns of foreign exploiters if not exploiters in their own right. It hinders foreign investment, indispensable when local capital is short and deters local private investment, since where foreign investment is not secure, local investment is less so. This calls in the State since where foreign and local capital is frightened away, there remains only the recourse to compulsive accumulation of funds by the public purse either for direct investment or the repayment of loans.

But the State is called in for other reasons still. Technological advance is seen as a limited military campaign and not as an unlimitable development of new forms of work on a vaster cooperative scale. The campaign is intended to "seize" an all round technology ("economic independence") and perhaps to shield it, up to the mythical point of "take off into self-sustained growth," without having to enlarge the society to the needed size nor to give it the needed mobility. As this requires somebody to utter an unanswerable fiat, it is but natural to put the task in the hands of the public, particularly the military authorities.

## 17. The Task of Perceiving Reality

These strategies will have to be judged by their results. As they reject available capital, ignore economies of scale and labour mobility, encourage indiscipline, shake business morale by repudiating contractual obligations, neglect natural selection of leaders, it will be surprising indeed if they should succeed. But they may be pursued almost indefinitely because of the provident creation of scapegoats. Xenophobia may be used without any sign of wear and tear in putting the blame for failures at the door of foreigners over and over again.

One meets often the opinion that extremist leanings in less advanced nations are prompted by poverty and that more generous aid and a faster growth of effective (and not only statistical) per capita income will revert these inclinations. If exceptionally that may hold true, more often it will prove fallacious. A faster growth will generally speed up social transformation through dislocation and increased tensions.

However these lines do not propose to discourage aid. They intend to show the working of factors which, although far from unknown, are not always given the attention this writer believes they deserve as elements of reality. Man is more influenced by his ideas and wishes than by facts. He will look at reality through the grid of his mental constructs, convinced that the world is articulated as shown by the grid. Only through doubt, raised by occasionally discernible discrepancies between grid and fact can one come to grips with reality. And only when a sufficient number of members of different societies have grown conscious of what is reality and what is fancy and are prepared to act in accordance, can one hope that through their mutual understanding will their efforts at improving human conditions turn effective.

## Principles or Expediency?

F. A. von Hayek

1. A condition of liberty in which all are allowed to use their own knowledge for their own purposes, restrained only by rules of just conduct of universal application, is likely to produce for them the best conditions for achieving their respective aims. Such a system is likely to be achieved and maintained only if all authority, including that of the majority of the people, is limited in the exercise of coercive power by general principles to which the community has committed itself. Individual freedom, wherever it has existed, has been largely the product of a prevailing respect for such principles which, however, have never been fully articulated in constitutional documents. Freedom has been preserved for prolonged periods because such principles, vaguely and dimly perceived, have governed public opinion. The institutions by which the countries of the Western World have attempted to protect individual freedom against progressive encroachment by government have always proved inadequate when transferred to conditions where such traditions did not prevail. And they have not provided sufficient protection against the effects of new desires which even among the peoples of the West now often loom larger than the older conceptions -- conceptions that made possible the periods of freedom when these peoples gained their present positions.

I will not attempt here a fuller definition of the term "freedom" or enlarge upon why we regard freedom as so important. That I have attempted elsewhere. But a few words should be said about why I prefer the short formula by which I have above described the condition of freedom as a state in which each can use his knowledge for his own purposes to the classical phrase of Adam Smith of "every man, so long as he does not violate the laws of justice, [being] left perfectly free to pursue his own interests in his own way." The reason

for my preference is that the latter formula unnecessarily and unfortunately suggests, without intending to, a connection of the argument for individual freedom with egotism or selfishness. The freedom to pursue his own aims is in fact at least as important for the complete altruist as for the most selfish. Altruism, to be a virtue, certainly does not presuppose that one has to follow another person's will. But it is true that much pretended altruism consists in a desire to make others serve the ends which the "altruist" regards as important.

We need not consider here again the undeniable fact that the beneficial effects on others of one's efforts will often become visible to him only if he acts as part of a concerted effort of many in accordance with a coherent plan, and that it may often be difficult for the isolated individual to do much about evils that deeply concern him. It is of course part of his freedom that for such purposes he can join, or create, organizations which will enable him to take part in concerted action. And though some of the ends of the altruist will be achievable only by collective action, purely selfish ends will as often be achieved through it. There is no necessary connection between altruism and collective action, or between egotism and individual action.

2. From the insight that the benefits of civilization rest on the use of more knowledge than can be used in any deliberately concerted effort, it follows that it is not in our power to build a desirable society by simply putting together the particular elements that by themselves appear desirable. Though probably all beneficial improvements must be piecemeal, if the separate steps are not guided by a body of coherent principles, the outcome is likely to be a suppression of individual freedom.

The reason for this is very simple though not generally understood. Since the value of freedom rests on the opportunities it provides for unforeseen and unpredictable actions, we will rarely know what we lose through a particular restriction of freedom. Any such restriction, any coercion other than the enforcement of general rules, will aim at the

achievement of some foreseeable particular result, but what is prevented by it will usually not be known. The indirect effects of any interference with the market order will be near and clearly visible in most cases, while the more indirect and remote effects will mostly be unknown and will therefore be disregarded. We shall never be aware of all the costs of achieving particular results by such interference.

And so, when we decide each issue solely on what appears to be its individual merits, we always overestimate the advantages of central direction. Our choice will regularly appear to be one between a certain known and tangible gain and the mere probability of the prevention of some unknown beneficial action by unknown persons. If the choice between freedom and coercion is thus treated as a matter of expediency, freedom is bound to be sacrificed in almost every instance. As in the particular instance we hardly ever know what would be the consequences of allowing people to make their own choice, to make the decision in each instance depending only on the foreseeable particular results must lead to the progressive destruction of freedom. There are probably few restrictions on freedom which could not be justified on the ground that we do not know the particular loss it will cause.

That freedom can be preserved only if it is treated as a supreme principle which must not be sacrificed for particular advantages was fully understood by the leading liberal thinkers of the nineteenth century, one of whom (B. Constant) described liberalism as "the system of principles." Such also is the burden of the warnings concerning "What is Seen and What is Not Seen in Political Economy" (F. Bastiat) and of the "pragmatism that contrary to intentions of its representatives inexorably leads to socialism" (C. Menger).

All these warnings were, however, thrown to the wind, and the progressive discarding of principles and the increasing determination during the last hundred years to proceed pragmatically is one of the most important innovations in social and economic policy. That we should foreswear all principles of "isms" in order to achieve greater mastery over our fate is even now proclaimed as the new wisdom of

our age. Applying to each task the "social techniques" most appropriate to its solution, unfettered by any dogmatic belief, seems to some the only manner of proceeding worthy of a rational and scientific age. "Ideologies," i.e., sets of principles, have become generally as unpopular as they have always been with aspiring dictators such as Napoleon or Karl Marx, the two men who gave the word its modern derogatory meaning.

If I am not mistaken this fashionable contempt for "ideology," or for all general principles or "isms," is a characteristic attitude of the disillusioned socialists who, because they have been forced by the inherent contradictions of their own ideology to discard it, have concluded that all ideologies must be erroneous and that in order to be rational one must do without one. But to be guided only, as they imagine it to be possible, by explicit particular purposes which one consciously accepts, and to reject all general values whose conduciveness to particular desirable results cannot be demonstrated (or to be guided only by what Max Weber called "purposive rationality") is an impossibility. Though admittedly, ideology is something which cannot be "proved" (or demonstrated to be true), it may well be something whose widespread acceptance is the indispensable condition for most of the particular things we strive for.

Those self-styled modern "realists" have only contempt for the old-fashioned reminder that if one starts unsystematically to interfere with the spontaneous order of the market there is no practicable halting point, and that it is therefore necessary to choose between alternative systems. They are pleased to think that by proceeding experimentally and therefore "scientifically" they will succeed in fitting together in piecemeal fashion a desirable order by choosing for each particular desired result what science shows them to be the most appropriate means of achieving it.

Since warnings against this sort of procedure have often been misunderstood, as one of my earlier books has, a few more words about their intention may be appropriate. What I meant to argue in The Road to Serfdom was certainly not that whenever we depart, however slightly, from what I

regard as the principles of a free society, we shall ineluctably be driven to go the whole way to a totalitarian system. It was rather what in more homely language is expressed when we say: "If you do not mend your principles you will go to the devil." That this has often been understood to describe a necessary process over which we have no power once we have embarked upon it, is merely an indication of how little the importance of principles for the determination of policy is understood, and particularly how completely overlooked is the fundamental fact that by our political actions we unintentionally produce the acceptance of principles which will make further action necessary.

What those unrealistic modern "realists" who pride themselves on the modernity of their view overlook, is that they are advocating something which most of the Western world has indeed been doing for the past two or three generations and which is responsible for the conditions of present politics. The end of the liberal era of principles might will be dated at the time (1882) when W. S. Jevons pronounced that in economic and social policy "we can lay down no hard and fast rules, but must treat every case in detail upon its merits." Ten years later Herbert Spencer could already speak of "the reigning school of politics" by whom "nothing less than scorn is shown for every doctrine which implies restraints on the doings of immediate expediency" or which relies on "abstract principles."

This "realistic" view which has now dominated politics for so long has hardly produced the results which its advocates desired. Instead of having achieved greater mastery over our fate we find ourselves more and more frequently committed to a path which we have not deliberately chosen, and faced with "inevitable necessities" of further action which, though never intended, are the results of what we have already done.

3. The contention often advanced that certain political measures were inevitable has a curious double aspect. With regard to developments that are approved by those who employ this argument, it is readily accepted and used in

justification of the actions. But when developments take an undesirable turn, the suggestion that this is not the effect of circumstances beyond our control but the consequence of earlier decisions is rejected with scorn. The idea that we are not fully free to pick and choose whatever combination of features we wish our society to possess, or to fit them together into a viable whole, that is, that we cannot build a desirable social order like a mosaic by selecting whatever particular parts we like best, and that many well-intentioned measures may have a long train of unforeseeable and undesirable consequences, seem to be intolerable to modern man. He has been taught that what he has made he can also alter at will to suit his wishes, and conversely, that what he can alter he must also have deliberately made in the first instance. He has not yet learnt that this naive belief derives from an ambiguity of the word "made" which may include not only deliberate products but also unintended effects of human action.

In fact, of course, the chief circumstance which will make some measures seem unavoidable is usually the result of our past actions and of the opinions which are now being held. Most of the "necessities" of policy are of our own creation. I am myself now old enough to have been told more than once by my elders that certain consequences of their policy which I foresaw would never occur, and later, when they did appear, to have been told by younger men that these were in any case inevitable and quite independent of what had been done.

The reason why we cannot achieve a coherent whole by just fitting together any elements we like is that the appropriateness of any particular arrangement within a spontaneous order will depend on all the rest of it, and that any particular change we make in it will influence the effects of any further steps. Experience with a particular arrangement in one institutional setting will tell us little about how it would operate in a different setting. An experiment can tell us only whether any innovation does or does not fit into a given framework. But to hope that we can build a coherent order by random experimentation with particular solu-

tions of individual problems and without following guiding principles is an illusion. Experience tells us much about the effectiveness of different social and economic systems as a whole. But an order of the complexity of modern society can neither be designed as a whole, nor by shaping each particular part separately without regard to the rest, but only by consistently adhering to certain principles throughout a process of evolution.

This is not to say that these "principles" must necessarily take the form of articulated rules. Principles are often more effective guides for action when they appear as no more than unreasoned prejudice, a general feeling that certain things simply "are not done"; while as soon as they are explicitly stated speculation begins about their correctness and their validity. It is probably true that in the eighteenth century the English, little given to speculation about general principles, were for this reason more firmly guided by strong opinions about what kind of political actions were permissible, than the French who tried so hard to discover and adopt such principles. Once the instinctive certainty is lost, perhaps as a result of unsuccessful attempts to put into words what had been done "intuitively", there is no way of regaining such guidance other than to search for a correct statement of what before had been known implicitly.

The impression that the English in the 17th and 18th centuries, through their gift of "muddling through" and their "genius for compromise", succeeded in building up a viable system without talking much about principles, while the French, with all their concern about explicit assumptions and clear formulations, never did so may thus be misleading. The truth seems to be that while they talked little about principles, the English were much more surely guided by principles, while in France the very speculation about basic principles prevented any one set of principles from taking a firm hold.

4. The preservation of a free system is so difficult because it requires a constant rejection of measures which

appear to be required to secure particular results, on no stronger grounds than that they conflict with a general rule, and frequently without our knowing what will be the costs of not observing the rule in the particular instance. A successful defense of freedom must therefore be dogmatic and make no concessions to expediency, even where it is not possible to show that besides the known beneficial effects, some particular harmful result also would follow from its infringement. Freedom will prevail only if it is accepted as a general principle whose application to particular instances requires no justification. It is thus a misunderstanding to blame classical liberalism for having been too doctrinaire. Its defect was not that it adhered too stubbornly to principles, but that it lacked principles sufficiently definite to provide clear guidance, and that it often appeared simply to accept the traditional functions of government and to oppose all new ones. Consistency is only possible if definite principles are accepted. But the concept of liberty with which the liberals of the 19th century operated was in many respects so vague that it did not provide clear guidance.

People will not refrain from those restrictions on individual liberty that appear to them the simplest and most direct remedy of a recognized evil if there does not prevail a strong belief in definite principles. The loss of such belief and the preference for expediency is in part the result of the fact that we no longer know any principles which can be rationally defended. The rules of thumb which at one time were accepted are not adequate to decide what is and what is not permissible in a free system. We have no longer even a generally understood name for what the term "free system" only vaguely describes. Certainly neither "capitalism" nor "laissez faire" properly describe it; and both terms are understandably more popular with the enemies than with the defenders of a free system. "Capitalism" is an appropriate name perhaps for the partial realization of such a system in a certain historical phase, but always misleading because it suggests a system which mainly benefits the capitalists, while in fact it is a system which imposes upon enterprise a discipline under which the managers often chafe and which each

endeavors to escape. "Laissez faire" was never more than a rule of thumb. It indeed expressed protest against abuses of governmental power, but never provided a criterion by which one could decide what were the proper functions of government. Much the same applies to the terms "free enterprise" or "market economy" which, without a definition of the free sphere of the individual, say little. The expression "liberty under the law", which at one time perhaps conveyed the essential point better than any other, has become almost meaningless because both "liberty" and "law" no longer have a clear meaning. And the only term that in the past was widely and correctly understood, namely "liberalism" has, in Schumpeter's words, "as a supreme but unintended compliment been appropriated by the opponents of this ideal."

The lay reader may not be fully aware how far we have already moved away from the ideals expressed in these terms. While the lawyer or political scientist will at once see that what I am espousing is an ideal that has largely vanished and has never been fully realized, it is probably true that the majority of people still believe that something like it still governs public affairs. It is because we have departed from the ideal so much further than most people are aware of, and because, unless this development is soon checked, it will by its own momentum transform society from a free into a totalitarian one, we must reconsider the general principles guiding our political action. We are still as free as we are because certain traditional but rapidly vanishing prejudices have impeded the process by which the inherent logic of the changes we have already made tends to assert itself in an ever widening field. In the present state of opinion the ultimate victory of totalitarianism would indeed be no more than the final victory of ideas already dominant in the intellectual sphere over a mere traditionalist resistance.

5. With respect to policy, the methodological insight that in the case of complex spontaneous orders we will never know more than the general principles on which they operate or predict the particular changes that any event in the environment will bring about, has far-reaching consequences. It means that where we rely on spontaneous ordering forces we

shall often not be able to foresee the particular changes by which the necessary adaptation to altered external circumstances will be brought about, and sometimes perhaps not even be able to conceive in what manner the restoration of a disturbed "equilibrium" or "balance" can be accomplished. This ignorance of how the mechanism of the spontaneous order will solve such a "problem" which we know must be solved somehow if the overall order is not to disintegrate, often produces a panic-like alarm and the demand for government action for the restoration of the disturbed balance. Often it is even a partial insight into the character of the spontaneous overall order that becomes the cause of the demands for deliberate control. So long as the balance of trade, or the correspondence of demand and supply of a particular commodity, adjusted itself spontaneously after any disturbance, men rarely asked themselves how this happened. But once they became aware of the necessity of such constant readjustments, they felt that somebody must be made responsible for deliberately bringing them about. The economist, from the very nature of his schematic picture of the spontaneous order, could counter such apprehensions only by the confident assertion that the required new balance would establish itself somehow if we did not interfere with the spontaneous forces; but as he is usually unable to predict precisely how this would happen, his assertions were not very convincing.

Yet when it is possible to foresee how the spontaneous forces are likely to restore the disturbed balance, the situation becomes even worse. The necessity of adaptation to unforeseen events will always mean that someone is going to be hurt, that someone's expectations will be disappointed or his efforts frustrated. This leads to the demand that the required adjustment be brought about by deliberate guidance, which in practice must mean that authority is to decide who is to be hurt. The effect of this commonly is that the necessary adjustments will be prevented whenever they can be foreseen.

What helpful insight science can provide for the guidance of policy consists in an understanding of the general nature of the spontaneous order, and not in any knowledge of

the particulars of a concrete situation, which it does not and cannot possess. The true appreciation of what science can contribute to the solution of our political tasks, which in the nineteenth century was fairly general, has been obscured by the new tendency derived from the now fashionable misconception of scientific method: the belief that science consists of a collection of particular observed facts, which is erroneous so far as science in general is concerned, but doubly misleading where we have to deal with the parts of a complex spontaneous order. Since all the events in any part of such an order are interdependent, and an abstract order of this sort has not necessarily any recurrent concrete parts which can be identified by individual attributes, it is necessarily vain to try to discover by observation regularities in its parts. The only theory which in this field can claim scientific status is the theory of the order as a whole; and such a theory (though it has of course to be tested on the facts) can never be achieved inductively by observation but only through constructing mental models made up from the observable elements.

It is not to be denied that to some extent the guiding model of the overall order will always be an utopia, something to which the existing situation will be only a distant approximation and which many people will regard as wholly impractical. Yet it is only by constantly holding up the guiding conception of an internally consistent model which could be realized by consistent application of the same principles, that anything like an effective framework for a functioning spontaneous order will be achieved. Adam Smith thought that "to expect, indeed, that freedom of trade should ever be entirely restored in Great Britain is as absurd as to expect that an Oceana or Utopia should ever be established in it." Yet seventy years later, largely as a result of his work, it was achieved.

Utopia, like ideology, is a bad word today; and it is true that most utopias aim at radically redesigning society and suffer from internal contradictions which make their realization impossible. But an ideal picture of a society which may not be wholly achievable, or of a guiding concep-

tion of the overall order to be aimed at, is nevertheless not only the indispensable precondition of any rational policy, but also the chief contribution that science can make to the solution of the problems of practical policy.

6. The chief instrument of deliberate change in modern society is legislation. But however carefully we may think out beforehand every single act of law-making, we are never free to redesign completely the legal system as a whole, or to remake it out of the whole cloth according to a coherent design. Law-making is necessarily a continuous process in which every step produces hitherto unforeseen consequences for what we can or must do next. The parts of a legal system are not so much adjusted to each other according to a comprehensive overall view, as gradually adapted to each other by the successive application of general principles to particular problems — principles, that is, which are often not even explicitly known but merely implicit in the particular measures taken. For those who imagine it possible to arrange deliberately all the particular activities of a Great Society according to a coherent plan, it should indeed be a sobering reflection that this has not proved possible even for such a part of the whole as the system of law. Few facts show more clearly how prevailing conceptions will bring about a continuous change, producing measures that in the beginning nobody had desired or foreseen but appear inevitable in due course, than the process of the change of law. Every single step in that process is determined by problems that arise when the principles laid down by (or implicit in) earlier decisions are applied to circumstances which were then not foreseen. There is nothing mysterious about this "inner dynamics of the law", as it has been called, which produces changes not willed as a whole by anybody.

In this process the individual lawyer is necessarily more an unwitting tool, a link in a chain of events that he does not see as a whole, than a conscious initiator. Whether he acts as a judge or as the drafter of a statute, the framework of general conceptions into which he must fit his decision is given to him, and his task is to apply these general principles of the law, not to question them. However much he may be concerned about the future implications of his decisions, he can judge them only in terms of all the

other recognized principles of the law that are given to him. This is, of course, as it ought to be: it is of the essence of legal thinking and of just decisions that the lawyer strives to make the whole system consistent.

It is often said that the professional bias of the lawyer is conservative. In certain conditions, namely when some basic principles of the law have been accepted for a long time, they will indeed govern the whole system of law, its general spirit as well as every single rule and application within it. At such times it will possess great inherent stability. Every lawyer will, when he has to interpret or apply a rule which is not in accord with the rest of the system, endeavor so to bend it as to make it conform with the others. The legal profession as a whole may thus occasionally in effect even nullify the intention of the legislator, not out of disrespect for the law, but, on the contrary, because their technique leads them to give preference to what is still the predominant part of the law and to fit an alien element into it by so transforming it as to make it harmonize with the whole.

The situation is entirely different, however, when a general philosophy of law which is not in accord with the greater part of the existing law has recently gained ascendancy. The same lawyers will, through the same habits and techniques, and generally as unwittingly, become a revolutionary force, as effective in transforming the law down to every detail as they were before in preserving it. The same forces which in the first condition make for stationariness, will in the second tend to accelerate change until it has transformed the whole body of law much beyond the point that anyone had foreseen or desired. Whether this process will lead to a new equilibrium or to a disintegration of the whole body of law in the sense in which we still chiefly understand the word, will depend on the character of the new philosophy.

We live in such a period of transformation of the law by inner forces and it is submitted that, if the principles which at present guide that process are allowed to work themselves out to their logical consequences, law as we know it as the chief protection of freedom of the individual is

bound to disappear. Already the lawyers in many fields have, as the instruments of general conceptions which they have not made, become the tools, not of principles of justice, but of an apparatus in which the individual is made to serve the ends of his rulers. Legal thinking appears already to be governed to such an extent by new conceptions of the functions of law that, if these conceptions were consistently applied, the whole system of rules of individual conduct would be transformed into a system of rules of organization.

These developments have indeed been noticed with apprehension by many professional lawyers whose chief concern is still with what is sometimes described as "lawyers' law", i.e. those rules of just conduct which at one time were regarded as the law. But the leadership in jurisprudence, in the course of the process we have considered, has shifted from the practitioners of private law to the public lawyer, with the result that today the philosophical preconceptions which govern the development of all law, including private law, are almost entirely fashioned by men whose main concern is the public law or the rules of organization of government.

7. It would, however, be unjust to blame the lawyers for this state of affairs more than the economists. The practicing lawyer will indeed in general best perform his task if he just applies the general principles of law which he has learnt and which it is his duty consistently to apply. It is only in the theory of law, in the formulation and application of those general principles, that the basic problem of their relation to a viable order of actions arises. For such a formulation and elaboration an understanding of this order is absolutely essential if any intelligent choice between alternative principles is to be made. During the last two or three generations, however, a misunderstanding rather than an understanding of the character of this order has guided legal philosophy.

The economists in their turn, at least after the time of David Hume and Adam Smith who were also philosophers of law, generally showed no more appreciation of the significance of the system of legal rules, the existence of which was tacitly

presupposed by their argument. They rarely put their account of the determination of the spontaneous order in a form which could be of much use to the legal theorist. But they probably contributed unknowingly as much to the transformation of the whole social order as the lawyers have done.

This becomes evident when we examine the reasons regularly given by the lawyers for the great change that the character of law has undergone during the last hundred years. Everywhere, whether it be the English or American, French or German legal literature, we find alleged economic necessities given as the reasons for these changes. To the economist the accounts by which the lawyers explain that transformation of the law is a somewhat melancholy experience: he finds all the sins of his predecessors visited upon him. Accounts of the modern development of law are full of references to "irreversible compelling forces", of "inevitable tendencies" which are alleged to have imperatively called for the particular changes. The fact that "all modern democracies" did this or that is adduced as proof of the wisdom or necessity of such changes.

These accounts invariably speak of a past laissez-faire period, as if there had been a time when no efforts were made to improve the legal framework so as to make the market operate more beneficially or to supplement its results. Almost without exception they base their argument on the fable convenue that free enterprise has operated to the disadvantage of the manual workers, and allege that "early capitalism" or "liberalism" had brought about a decline in the standard of the working class. The legend, though wholly untrue, has become part of the folklore of our time. The fact is, of course, that as the result of the growth of free markets the reward of manual labor has during the past hundred and fifty years experienced an increase unknown in any earlier period of history. Most contemporary works on legal philosophy are full also of outdated cliches about the alleged self-destructive tendencies of competition, or the need for "planning" created by the increased complexity of the modern world, cliches deriving from the high tide of

enthusiasm for "planning" of thirty or forty years ago, when it was widely accepted and its totalitarian implication not yet understood.

It is indeed doubtful whether as much false economics has been spread during the last hundred years by any other means than by the teaching of the young lawyers by their elders that "it was necessary" this or that should have been done, or that such and such circumstances "made it inevitable" that certain measures be taken. It seems almost a habit of thought of the lawyer to regard the fact that legislature has decided on something as evidence of the wisdom of that decision. This means, however, that his efforts will be beneficial or pernicious according as to the wisdom or foolishness of the precedent by which he is guided, and that he is as likely to become the perpetuator of the errors as of the wisdom of the past. If he accepts as mandatory for him the observable trend of development, he is as likely to become simply the instrument through which changes he does not understand work themselves out as the conscious creator of a new order. In such a condition it will be necessary to seek for criteria of the developments elsewhere than within the science of law.

This is not to say that the economist alone can provide the principles that ought to guide legislation — though considering the influence that economic conceptions inevitably exercise, one must wish that such influence would come from good economics and not from that collection of myths and fables about economic development which seems today to govern legal thinking. Our contention is rather that the principles and preconceptions which guide the development of law inevitably come in part from outside the law and can be beneficial only if they are based on a true conception about how the activities in a Great Society can be effectively ordered.

The role of the lawyer in social evolution and the manner in which his actions are determined are indeed the best illustration of a truth of fundamental importance: namely that, whether we want it or not, the decisive factors which

will determine that evolution will always be highly abstract and often unconsciously held ideas about what is right, and not particular purposes or concrete desires. It is not so much what men consciously aim at, but their opinions about permissible methods which determine not only what will be done but also whether anyone should have power of doing it. This is the message which David Hume meant to stress when he wrote that "though men be much governed by interest yet even interest itself, and all human affairs, are entirely governed by opinion."

## Protection for Farmers

Antony Fisher

Over the centuries a certain economic syndrome has recurred again and again, starting as a consequence of war or the deliberate printing of money. The following symptoms amongst others develop:

- (a) A steady drop in the value of money.
- (b) A steady increase in the number of state and local civil servants.
- (c) A steady increase in legal interference with the market mechanism - the choice of the people.
- (d) In the name of the people governments interfere with the choice of the people.
- (e) A steady increase in state ownership, often called nationalisation.
- (f) A steady increase in taxes.
- (g) A steady increase in prices.

At a certain point in the development of the crisis governments have often deliberately, by law, attempted to hold prices and wages from rising, thus causing civil strife. Particular examples are the bloodshed which followed the notorious Edict of Diocletian in Rome of 300 A. D. and the 'revolution' which followed the 'law of the maximum' in France in 1790. Tyranny has been an almost inevitable consequence.

I find to my surprise that the Greeks had a word for this symptom 'stasis'. Fowler in "The City State of the Greeks and Romans"<sup>1</sup> defines 'stasis' as "A standing, or taking up a distinct position in the State, with malicious intent towards another party. . . . The tie of party was stronger than that of blood, because a partisan was more ready to dare without asking why." Fowler adds<sup>2</sup> "Aristotle was so deeply impressed with the universality and the virulence of this disease, that he devoted a whole book of his

"Politics" to the analysis of it. . . . ."

Robert Ardrey<sup>3</sup> says of the sub-group "There is an illusion of central position, justifying one's own purposes as right and everybody else's as wrong, and providing a proper degree of paranoia. Righteous ends, thus proved, absolve of guilt the most violent means. And within this little world of lunacy a new fellowship blooms, a new communication flourishes, anonymity vanishes, identity again becomes possible. . . ."

Confucius said<sup>4</sup> "There are two sets of interests, those of producers and those of consumers, but nothing more markedly affects the interests of both sides at once than prices . . . ." Mary Lacy, Librarian of the Department of Agriculture in Washington in 1922, wrote in a study entitled "Food Control During 46 Centuries - A Contribution to the History of Price-Fixing" that the consequences of government attempts to hold down wages and prices by law has always divided "the community into two hostile camps, one only of which considers the government acts in its interests."

The London Daily Telegraph of January 1971 refers to bomb attacks on the homes of the Conservative Attorney-General and the Employment Secretary, as being made by the self-styled "Organised Working Class". May some historian of future years refer to 'stasis' as ruining the United Kingdom as it once ruined the Greek City State?

There is so much evidence that this repeated syndrome recurs as a rational procedure that it is hard to believe either that it is a matter of chance, or that on countless occasions some clever, evil individual has understood how to enslave his fellow citizens. The wisdom of the ages pronounced by Socrates, Solomon, Confucius and others, states<sup>5</sup> that "He who knows not and knows not that he knows not is a fool, shun him; and he who knows not but knows that he knows not is wise, follow him." To assume that we know when we do not leads quickly to serious trouble.

Here we have a possible answer. Perhaps the definition of 'stasis' is wrong, and the resistance created by price and

wage controls is not necessarily 'malicious' but a genuine attempt by those whose earnings have been forcibly reduced and by those who live by trade, to protect their own interests. If this is a more correct analysis the 'road to serfdom', the series of harmful legislative acts designed both to benefit the individual, and at the same time reduce individual choice, develops out of ignorance as does the resistance, and neither out of malicious intent. Such a misunderstanding can easily account for the problem and the confusion of so many economists.

Freeman and Appel<sup>6</sup> write "One of the greatest of the ideas taught by Socrates and immortalised by Plato is this very idea that no one can do anything wrong on purpose. This is however only another way of saying that evil is ignorance..." (my emphasis).

Robert Ardrey<sup>7</sup> puts it thus: "...I find it difficult to believe that this century would have left quite such an irreproachable record of massacre and terror, of high intentions frustrated and low intentions consummated, had we been guided by other than error..." and Professor Johnson writes in November 1970<sup>8</sup>, "we do not believe that the inflation is caused by the 'bloody-mindedness' of the work force."

Unfortunately the devilish consequences of inflation are not understood as being the cause of the trouble, nor are the causes of inflation itself agreed upon. Communists who are few are malicious and make use of the unhappy circumstances, but the vast majority of the people in the past and today may act harmfully in ignorance and not out of malice.

In "Roads to Freedom"<sup>9</sup> Professor Buchanan asks "Is economics the science of choice?" I believe with Robert Mundell that "Economics is the science of choice." As a layman I am surprised that the answer whatever it is, can still be in doubt.

At a seminar<sup>10</sup> in Tarrytown in 1965, forty leading 'experts' on monetary and economic affairs gathered to discuss Bretton Woods, the value of the dollar, and the price of gold. On such occasions the position which each well-

known individual will take seems not in doubt. Professor Condliffe of Stanford University summed up and said in effect: "The only thing that I can say to which you will all agree is that we could not agree." Is this not a sad reflection on economic understanding in general? Because of these disagreements I, who am not an economist, can state categorically that most of the speakers were wrong. Maybe some of them were right, and it is my belief and hope that some of them were right, but this lack of understanding, or perhaps failure to agree on a principle or principles is a very serious matter, the more serious as it is not understood as such.

As I write, the British 'Conservative' Government is attempting to legislate to ensure fair contractual relationships between Unions and employers. It is also trying a sort of voluntary incomes policy. Unions, especially those led by Communists, are resisting and are demanding pay increases to allow for inflation. We have a plague of strikes.

During 1970 the rate of inflation in the U.K. was some  $8\frac{1}{2}\%$ . Professor Friedman<sup>11</sup> tells us that inflation is caused by the creation of money. Professor Colin Clark in "Taxmanship"<sup>12</sup> illustrates a correlation between the level of taxation and inflation in a number of countries between 1953 and 1963. Where taxation has been less than 25% of the G.N.P. average inflation was 1%, where taxation was 28-34% inflation 2.7%, and 34-40% inflation 3.3%, over 40% 3.7%. Today the expenditure of the British Government is over 54% of the G.N.P. and inflation is at 12%. There would appear to be some relationship between government expenditure and inflation.

The supply of medication, pensions and education are almost total government monopolies, as is much of the housing programme. These monopolies produce a vast range of involuntary exchanges which by definition are less effective than voluntary arrangements. The possible wastage of resources must be great. I met recently a Minister in the present Conservative Government who was prepared to accept that there must be 'internal haemorrhages' somewhere. I am sure he is right.

As I shall explain, one consequence of restrictive marketing regulations for eggs in the U.K. has been a waste of resources of some £40M. out of retail sales of £200M. Comparable figures for the Milk Marketing restrictions would appear to be at least £150M. out of sales of £600M. These 'losses' as percentages are enormous. Misused resources or losses will arise at the point of involuntary exchange. U.K. profits and taxation, both expressed as a proportion of national product, from 1938 to 1969, have an almost perfect inverse relationship. The coefficient of correlation is  $-0.93^{15}$ . Since the relationship between taxes and profits is as 3 : 2, does this not leave a gap (or loss?) of a very substantial figure?

Whichever way the subject is discussed there is evidence that there could be enormous 'haemorrhages'. If so, would they not be causing inflation, because of the need to create money to make good the losses? It would also follow that the inflation will continue until the Government withdraws the compulsory services in favour of competitive services, thus making all richer by enormous tax reductions and still leaving ample funds to provide the relatively few "poor" with vouchers for education, medication, pensions and housing. The majority will be able to afford their own social services at higher quality levels and have money to spare. Under such conditions "growth" would be at a maximum, thus raising the incomes or choice of the poor at the fastest possible rate under any given set of circumstances. Is this not a description of a true state of welfare?

That something is seriously wrong is now being made clear by the statistics which analyse current developments. David Piachaud<sup>14</sup> writes "It is . . . popularly assumed that the tax system favours or even excludes the poor or at least the poor who do not indulge in such 'vices' as smoking and drinking. But the facts are very different." For the 'poverty level' he uses figures accepted by the Government in November 1970. These rates "indicate the minimum guaranteed by the Government to those not at work - the retired, sick, unemployed and others - (and) can serve as a working definition of poverty." He then demonstrates how

the net income at the tax threshold is below the poverty level.

	<u>Poverty Level</u>		<u>Net Income at Tax Threshold</u>	
	£.	s.	£.	s.
Single person	7	19	6	10
Married couple	11	5	9	17
Two-child family (children aged 8, 10)	14	17	14	6
Four-child family (children aged 6, 8, 10, 12)	18	17	18	9

There are "over 1,500 different methods of means testing used by different local authorities and central government departments." !

In 1968 the average family income at which all taxes cancelled out benefits was just under £18 a week. The average family income was about £27 per week. Some may argue that taxes should cancel out benefits at the average family income of £27 per week, that families below the average should not subsidise others yet poorer. Others argue that the break-even point is too high - too near the average. Only one thing can be certain, that with a G. N. P. of £40,000M. and government expenditure of £22,000M., there must be fearful losses or wasted resources or 'internal haemorrhages', because of the lack of choice.

Must there not be serious defects if a family of husband, wife and one child in 1969 balanced taxes with benefits at only £620 per annum or £12 per week?<sup>15</sup> If the average family income in 1969 was £28 per week, the family of three with an income of £28 per week would be paying £7.10/-d. per week more in taxes than it received in benefits from the government, thus leaving them with £20.10/-d., and on March 25th 1971 the 'poverty level' has been increased for some to £20 per week.

We in the United Kingdom and others in many countries are plunging through the stages of the age-old syndrome,

which has more often run its course to confusion, death and destruction, than it has been corrected by intelligent action. Yet there must be hope.

On the 22nd January 1969 a British Labour Minister of Agriculture announced the end of both a compulsory marketing scheme for eggs and a £20M. subsidy to egg producers. These were to be phased out over two years. There is one small compromise; the Board is replaced by an "Authority" which has £3M. per annum to spend. Since total sales exceed £200M. per annum, the compromise is not likely to do harm.

The event attracted international interest and a Harvard Business School document referred to it as 'unprecedented'. The ending of the Board and the subsidy by a 'Socialist' administration, which believes that the best interests of all are served by the minimising of individual choice, relieved tax payers of a subsidy payment of £20M. per annum. It has also freed egg producers to organise themselves in the best way to produce the highest quality egg, at the lowest price, at the right time and place. A compulsory situation has been replaced with a voluntary one. It is an irony of fate that the Egg Board was set up by a 'Conservative' Government.

This 'unprecedented event' is yet one more milestone in a developing story. Since 1945 I have been involved in three separate activities which have tended to point me in one direction. Demobilised from the R. A. F. in 1945 I bought a 'mixed' farm in 1946, whilst still working in the City of London. In 1953 having left the City I pioneered the broiler industry in the U. K. by founding the Buxted Chicken Company. A change of policy on my farm was made possible when a Conservative Government removed farm feed rationing. Progress is almost impossible when animal feed is rationed. Buxted became the largest integrated business in Europe with sales of £20M. per annum.

In 1946 I had asked advice of Professor Hayek, then at the London School of Economics, as to what, if anything, I could do about the wrong direction in which British policies were, and are still, taking my country. He advised me to

keep out of politics and to set up an organisation to do independent economic research.

In 1956 the compulsory Egg Marketing Scheme was set up, supported by a huge egg 'subsidy'.

Both my meeting with Professor Hayek and my entry into the broiler industry had their consequences on my future, which in turn had much to do with the unwinding of the Egg Board. My entry into the broiler -chicken meat - industry made me a leader in that section of British agriculture which, unhampered by government 'aid', grew rapidly and became probably more efficient than any other branch of British agriculture; it enabled me to found the Institute of Economic Affairs in 1955 and finance it through its early years. The needs of my business in producing chicken, made it necessary to study and disprove the policies on which the egg subsidy and Board were based. Either these ideas would eventually be applied to chicken and make my business difficult, if not impossible, or the Egg Board must be proved harmful, and not a benefit, and be wound up.

In 1954 Professor Karl Brandt invited me to read a paper on the State and the farmer at a Mont Pelerin meeting in Venice. The knowledge I have acquired over the years as a result of these annual meetings, has aided me in the intellectual conflict on the agricultural front.

The more clearly have I understood that a 'subsidy', despite its good intentions, can only harm producers, because by increasing the supply it does the opposite of that which is required, the more I have had a chance of convincing leaders in the industry and also civil servants. Further, because statutory marketing power endeavours to divorce marketing from production, and to make the producer more important than the consumer, both farmer and producer must suffer. Amongst many self-defeating activities attempts are then made to treat over-production as if it does not exist. Resulting huge costs are charged to the farmers on a communal basis, who do not understand what is hurting them. Problems arise, but the causes not being understood, usually

more statutory powers are demanded (as they were for the Egg Board) and granted; and history indicates that this is the 'road to serfdom'. The issues are further complicated because there will always be some producers who being 'incompetent' are forced out of business anyway.

I was told repeatedly between 1956 and 1968 that it was 'politically impossible' to get rid of the Egg Board and the subsidy and that I was an 'extremist'. Very few in the industry understood what was happening. They wished to 'reform' the Board.

By 1967 the egg market was in disarray, but it became possible to analyse the trouble. Out of the total retail sales running at some £200M. per annum, some £100M. worth, and a rising figure, were being sold legally or illegally through the 'free' market. The 'free' market was returning 20% more than the Board and of the Board's payment 20% came by way of subsidy! It is easy to appreciate the forces that this differential let loose. I was able to prepare a written case both for a free market, also exposing the absurdities and their enormous costs, which the regulations produced. This was a matter of logic and analysis; and not of personalities.

There was a small legal free market over the farm gate and not practical for large producers, but by 1967 over half the eggs 'in shell' were reaching their customers mostly illegally by somehow avoiding the 'benefits' of Board and subsidy. I now think in terms of involuntary or compulsory situations as producing 'losses' and voluntary situations as producing 'profits'. A poultry magazine headlined its comments on a lecture I gave to Wye College of London University as "Protection for Farmers? - Antony Fisher suggests that freedom provides better protection than legislation."16

The British broiler industry was based on the assumption or principle that 'chicken production is for consumption' whereas the Egg Board, milk and many other marketing regulations were and are based on the assumption

that 'production is for the benefit of producers'. Such a basic false assumption led in the case of eggs to the trouble which I have described, and which became visible in mathematical terms.

A similar situation exists for the marketing of milk which has its own Milk Board. Here there is no 'free market' and therefore it is much harder to prove that the resulting interference with markets is producing colossal waste in resources. These have been analysed by Linda Whetstone in "The Marketing of Milk".<sup>17</sup> She makes a case which has so far not been found wrong in any respect by any individual or organisation. This is the more remarkable because the Milk Board has stated at intervals that it would prove the criticisms false. Unable to do so, it has avoided any discussion. That this avoidance can continue is unlikely.

"The Marketing of Milk" hit the headlines on its first day as have many Institute of Economic Affairs' publications. Linda Whetstone's photograph appeared on the front page of the Daily Express, a leading national newspaper. Like other I. E. A. publications it is written for students and they are recommended reading at universities and colleges. There were many references to the Whetstone paper in every relevant journal as well as in all the 'dailies'. This is of interest because we are often asked "Who reads I. E. A. documents?" As Professor Hayek originally recommended, the I. E. A. was set up to search out the whys and the wherefores of economic cause and effect. It is not a political organisation and it therefore can and does achieve a high level of press reporting. The researchers do not have to compromise over principles. The I. E. A. most nearly achieves Socrates' "private station".<sup>18</sup> "This is what deters me from being a politician . . . . he who will fight for the right, if he would live even for a brief space must have a private station and not a public one."

I sent a copy of "The Marketing of Milk" to Professor von Mises. He was kind enough to approve it. So much so that Mrs. von Mises, with great consideration, typed out his brief comment. She rightly appreciated how much this would

mean to the I. E. A. , to Linda Whetstone and to me.

"The essay 'The Marketing of Milk' by Linda Whetstone is precisely the kind of economic monograph that is badly needed in order to substitute a reasonable analysis of economic conditions for the uncritical repetition of the complaints and wishes of various groups of people who are merely interested in the creation or preservation of conditions that further their own interests at the expense of the consumer." (Signed) Ludwig von Mises.

It is my contention that a well argued and documented case, even alas one which is not sound, will have consequences. Keynes<sup>19</sup> wrote "Practical men who believe themselves to be quite exempt from any intellectual influences are usually the slaves of some defunct economist. . . sooner or late it is ideas not vested interests which are dangerous for good or evil."

I met Ralph Harris in 1947. A Double First in economics, he became a lecturer at St. Andrew's University, and by 1956 a part-time journalist. He agreed from January 1st 1957 to take over the running of the I. E. A. The remarkable output of this independent economic research organisation run by Ralph Harris and Arthur Seldon is still developing. Its income continues to rise but at no time has it been great. Today it is a recognised authority both in the business and academic worlds and its supporters include leaders in business, industry and banking. As Professor Hayek explained to me in 1946 there has been a gap in the supply of well-researched information to those whom he described as "the secondhand dealers in ideas", the intellectuals of the press, radio, television and general communications' media. This gap the I. E. A. is filling.

In October 1970 Professor T.W. Hutchison<sup>20</sup> wrote "1960 has been described as 'the year in which everything really happened but which no one really remembers'. A great process of 're-thinking' was apparently initiated which in the ensuing years was to bear, among other fruits, such typically 'sixtyish' phenomena as the exaltation of economic

growth (quantitatively expressed in the 4% target) along with ideas for the rapid, and apparently almost costless, attainment of this objective either by talking about it (that is, by French planning, another cheerfully dubious use of the adjective 'French') or by 'purposive' planning and 'purposive' direction . . . . . Professor Alan Day has very aptly referred to the 'drugs of economic folly which were pumped into British public opinion in the early and mid 1960's.' Pushing such drugs constituted one of the major growth industries of the early sixties."

"But something else happened in 1960, an intellectual event of rather different tendencies and presuppositions. This was the publication of Hobart Paper No. 1, Resale Price Maintenance and Shoppers' Choice, by Professor B. S. Yamey, which had the remarkable distinction of being largely implemented in terms of legislation within four years of publication. On the eve of the seventies Hobart Paper No. 50 appeared. The Hobart Papers are important and unique as a series of, so far, some fifty studies, covering a wide range of the most significant problems of economic and social-economic policy."

In the Preface Ralph Harris writes "When the Institute of Economic Affairs was established as an educational trust in 1957, its purpose was ambitiously set out as 'fostering public understanding of economic principles and their application to the great public issues of the day'."

I have personal evidence that it was indeed Hobart Paper No. 1 which without any particular such intention did result in changes in the law.

Professor Hutchison continues "A healthy and illuminating dialogue on the principles and main issues of economic policy would require that those economists who hold to this more 'left'-inclined pattern of preferences and objectives should put forward their policy proposals spelt out in terms of economic analysis and generalisations of a similar quality, carefulness, consistency and rigour, and of comparable range, to those of the Hobart Papers. Instead,

economists of different political colourings tend usually to talk past one another, intermittently complaining of the bias and prejudices of those who do not share their own bias and prejudices. . . . "

"We must emphasise that we . . . are not, concerned to criticise or evaluate the value-premisses of policy-preferences of 'leftish' economists, but only the record of conceptual vagueness and positive predictions (or prophecies), for example, on how far various combinations of objectives can be simultaneously attained, how far the rate of growth can be rapidly raised by 'purposive' direction and planning, as well as regarding the dollar shortage and the development of the West German and Soviet Russian economies. . . . "

"If predictive success is the test of the quality of the economics underlying policy proposals, then at least to put it negatively, there is nothing in the Hobart Papers remotely resembling the record of failure sketched out above. On the contrary, the quality of the 'micro-economic' work in the Hobart Papers on industrial and monopoly problems has been recognised even by economists who do not necessarily share the same value-premisses and political preferences. . . . "

"It is fortunate for the enlightened discussion of economic policies, and, it is to be hoped, will be through the seventies, that at least from one direction, if not from any other, proposals are being put forward in terms of economic analysis and predictions of the technical quality, range, carefulness, consistency and rigour generally shown in the Hobart Papers. "

I have now seen the law changed in respect of egg marketing and R. P. M. The conditions for the success of economic sanity must be such a clear understanding of what needs to be done in the particular and in the general that this can be documented, so that others can understand the cause and consequence relationships. This is a difficult positive exercise and is vital. A negative case with appropriate prophecy may also be necessary, constructive, and useful when an economy is in or going to be in trouble. If such a

case can quantify the measure of failure as I did for eggs, the chances of good consequences must be increased.

When Ralph Harris told me he was to publish R. P. M. I pointed out that to me the document was dull. His answer was that 'the argument is so convincing'. I was later to hear the same words used in connection with the documentation provided to a Government Commission studying the problems of the Egg Board.

I am now out of the chicken business. Buxted Chicken became Allied Farm Foods and was taken over for a sum in excess of £20M. in 1969. But I am still a large farmer and still interested in achieving security for myself and fellow countrymen, and this leads me into asking more questions. We have been successful on two minor fronts. Will the same techniques work at higher levels of national policy? I am sure the answer is 'yes'.

But we cannot claim that these developments indicate that success is in sight. However, they do indicate that understanding can produce results. As conditions deteriorate more ears will listen and our homework must be done and be ready. There are historical precedents which indicate that the syndrome can be reversed. Instead of a rapid succession of laws designed to reduce choice in an attempt to solve the problem, governments have deliberately set about increasing choice.

In "The Sumerians"<sup>21</sup> Professor Kramer tells of Urukagina of Lagash in the year 2350 B. C. "It was in the course of . . . wars and their tragic aftermaths that the citizens of Lagash found themselves deprived of their political and economic freedom; for in order to raise armies and supply them with arms and equipment, the rulers found it necessary to infringe on the personal rights of the individual citizen, to tax his wealth and property to the limit. . . . Under the impact of war, they met with little opposition. And once introduced, the palace coterie showed itself most unwilling to relinquish the domestic controls, even in times of peace . . . From one end of the state to the other, our venerable reporter

observes bitterly, 'there were the tax collectors'."

When Urukagina had completed his reform which included establishing and regulating 'honest and unchangeable weights and measures...' Kramer tells us "...from one end of the land to the other, our contemporary historian observes, 'there were no tax collectors'."

Surely the most remarkable and reassuring of all determined efforts to maximise choice was the action taken by Dr. Erhard in Germany in 1948. Professors Eucken and Röpke understood what they were doing and were able from their 'backrooms' to supply Dr. Erhard with detailed legislation designed to maximise choice. The result has been acclaimed 'a miracle'. It must be within our power to repeat this process in our own countries. We must continually convey the message that wrong policies will produce wrong consequences which we can forecast.

As the situation deteriorates, others will be prepared to listen to the measures required to correct the economic disease. 'Socialism' or the reducing of choice, is not wrong for 'academic' reasons, but because its application, despite good intentions, produces unpleasant consequences, especially for the poor. It is now becoming possible in the U.K., and no doubt elsewhere, to quantify in comprehensible terms the failure of compulsory 'welfare', and to document the policies required, which by maximising choice will achieve true and ever-developing welfare, especially for the poor, the less competent, whether they be employees, businessmen, farmers, intellectuals, or rich or disabled. The success or failure in achieving such desirable ends, is not a question of 'politics' or numbers, but of depth of documented wisdom and understanding.

## References

1. Warde Fowler, W. The City State of the Greeks and Romans. London, Macmillan, 1966. p.254.
2. *ibid.*, p.258.
3. Ardrey, Robert. The Social Contract. London, Collins, 1970. p.293.
4. Yutang, Lin. The Wisdom of Confucius. London, Michael Joseph, 1958.
5. Freeman, E. & Appel, D. The Wisdom and Ideas of Plato. Premier Book, Fawcett Pubs, Greenwich, Conn.1962. p.20
6. *ibid.*, p.62.
7. Ardrey, Robert. The Social Contract. p.23.
8. Financial Times, London. 14th November 1970.
9. Streissler, E. (Ed). Roads to Freedom. London, Routledge & Kegan Paul 1969, p.47.
10. Gold and World Monetary Problems. National Industrial Conference Board Convocation, Tarrytown, New York, Oct.6-10, 1965. New York, Macmillan, 1966.
11. Friedman, M. The Counter-Revolution in Monetary Theory. IEA Occasional Paper 33, 1970.
12. Clark, C. Taxmanship. IEA Hobart Paper 26, 1964.
13. Economic Study Association, London.
14. Piachaud, D. Political Quarterly Review, January/March London 1971.
15. Economic Trends. H.M.S.O. February 1971. Table "A"
16. Poultry World, 25th December 1969.
17. Whetstone, L. The Marketing of Milk. IEA Research Monograph 21, 1970.
18. Freeman, E. & Appel, D. The Wisdom and Ideas of Plato p.22.

19. Keynes, J.M. The General Theory of Employment Interest and Money. London, Macmillan, 1936.
20. Hutchison, T.W. Half a Century of Hobarts. IEA Hobart Special, 1970.
21. Kramer, S.N. The Sumerians. Chicago & London, University of Chicago Press, 1963.

# For a Philosophy of Choice

Lord Grantchester

I do not intend to write an essay in honour of our friend, Ludwig von Mises, but I should not like to miss the opportunity the celebration of his 90th birthday gives to record the debt so many of us owe to his work and influence.

Politics is the art of the possible. Certain actions have predictable consequences and it is well that someone should have the courage to say that interventions with the laws of supply and demand may not achieve the end desired and if they do the side-effects may be more injurious in the longer term than the hardship the intervention seeks to alleviate. No one has more clearly shown that short-cuts are deceptive, and von Mises did more than follow through with relentless logic the consequences of actions personal and governmental in the field of economics. He raised the study from a purely materialist and deterministic basis into the realm of a philosophy of choice, thus giving to it a place in our general concept of freedom.

There are two men I particularly respect because they have been impelled by an underlying belief in freedom; one is our friend von Mises, happily still with us, the other is the late William Rappard. The association is significant for it was Professor Rappard who invited von Mises to join him in Geneva where a wider foundation of teaching was laid which profoundly influenced post war recovery on the Continent of Europe and is recognisable in some recent statements of policy in Britain.

This concept is vital to the preservation of the way of life to which we are accustomed and for prodding us against the laziness or apathy of giving up the choices open to us and the endeavour to expand their range. Here we express our gratitude to von Mises for his words and work.

## The Surest Protection\*

Ralph Harris

There used to be a jibe that if you consulted six economists, you could rely on getting at least half a dozen different answers, but in recent years it looked more as if the growing army of economists in journalism, broadcasting, Penguin Specials, and even in the rival political parties, were unanimous. There was a deafening consensus for central planning, 4% annual growth, universal welfare, brimful employment, the voluntary incomes policy, and most recently, of course, for devaluation.

These articulate publicists were no more representative of the sober profession of economists than "trendy" exhibitionists in Edinburgh or Essex were typical of modern youth; although we all know how difficult it is for the squares to resist altogether the latest extravagance of fashion. There were plenty of economic squares at the Institute of Economic Affairs and elsewhere who warned the politicians against over-egging the pudding.

But politicians are rather like illusionists. Even worse than the over-enthusiastic salesmen they often deride, politicians are always tempted to promise more than can be achieved. How convenient then, when some academic, intellectual-looking specimens came along muttering novel economic spells to work the magic of perpetual abundance. In what passes for democracy, the undoing of most politicians can be summed up in the wise old caution that you can't have your cake and eat it. Politicians, for high moral as well as low electoral purposes, are inevitably inclined to fret against such tiresome limitations. Put simply, they want to have their cake, invest it, export it, hand it round the underdeveloped

---

\*Adapted from the author's manuscript, "Return to Reality"

countries and give it to the old-age pensioners, whilst never of course forgetting the young and generations yet unborn...And today, a large chunk of cake must be earmarked to pay off the debts we have incurred abroad. Is it surprising that politicians are inclined to run out of cake long before they run out of promises?

Ever since the war, governments have tended to spend too much themselves, to stoke up inflation, and then put the financial leeches on the productive, private sector of the economy. Increased purchase tax, credit squeezes, controls over hire purchase - all disrupted the very industries that plan ahead to reduce costs. Little wonder frustrated business men took up the cry against "stop-go." Most of them never seriously believed in central planning, but they fell for the idea of forced growth - hot-house economics - as a soft option.

The hard option - which in retrospect, looks even more attractive - would have been to run the economy deliberately at a marginally higher level of unemployment - though not as high as the planners have clumsily inflicted on us. It would have meant easing the movement of labour between jobs and areas and phasing out policies of protection and subsidy which give too many unions and managements a comfortable life without needing to exert themselves. Above all, realistic management of the economy would have required bringing the sprawling public sector under firm control. It would have meant applying sensible foresight - if you prefer "planning" for contingencies - to make it easier to apply a "stop" in public spending rather than always purging private expenditure when the need periodically arose.

Alas, over-reacting to the mismanagement of government policy in the late 1950's, the leaders of the establishment meekly enrolled as followers behind a handful of economic pied-pipers who sang their beguiling songs about planning and perpetual economic growth. Without correcting the evident changes in consumer preference - as in central heating or holidays abroad, and a thousand developments which no forecaster or computer can ever predict. We do not have a time machine to explore what lies ahead. The future is unfolded, just one day at a

time. Renewed talk like the T.U.C.'s about a second National Plan with "more specific targets" and "a quantified action programme" is either mischievous naivety or the old confidence trick over again. The start of all wisdom in looking ahead is to allow ample margins of safety for the unexpected. Today, we are all uncertainty and no margins.

The more fundamental lesson of our failure goes to the root of our thinking about "the economy" and other aggregates like "exports," "the labour force," or "investment." The truth is there are no such operational animals. We cannot talk sensibly about "scientists" or "engineers" any more than we would lump together all "bachelors" or "dog-owners." Statistics, on which the central planners feed between meals, are merely skeletons, stripped of flesh, blood or human feeling. Totals necessarily conceal the significant differences in the individual components. So often the central planner gets a one-dimensional, black-and-white snap-shot of the perpetually changing, variegated movements that make up the sum total of economic activity. The false perspective and precision of broad economic categories leads in practice to schoolboy howlers. For example, it encourages the pet idea that if what they call "annual investment" in Britain is less than in more prosperous countries, then it's simply a question of installing more equipment. The new Industrial Expansion Act threatens to invest taxpayers' money in risk capital. But if we come down to earth we know that vast amounts of capital are wasted - and not only in nationalised industries - for example, because trade unions won't allow it to be worked efficiently. The essential requirement is to be able to distinguish between profitable and unprofitable lines of investment, and the surest way of doing so is to enforce competition more rigorously so that inefficient firms are driven to make better use of capital or to make way for firms that will.

But such a common-sense approach collides with the dominant philosophy of central planning, which erects national targets, and then expects business men, trades unionists, exporters, and other collectivities to score bulls eyes, guided by "the public interest." Here is the real parting of the ways.

At rock bottom, these economic pundits misjudge or seek to over-ride human nature. How many of us - if we are candid - would claim to comprehend fully, let alone approve, whatever political leaders tell us to be "the national interest?" Even in war, when national survival is indivisible and unites the kingdom, conscription, rationing, direction of labour, confiscatory taxation, and all kinds of compulsions are still necessary to stop people dodging the column.

In peace, this unitary national purpose happily dissolves into an infinite variety of conflicting individual, family, neighbourhood, church and political interests. Constant propaganda about crises and the national interest then takes on a profoundly authoritarian flavour.

In their daily work, some people prefer a quiet life. Others relish the risk and challenge of striving after outstanding achievements. Most of us are somewhere in between. We're prepared to exert ourselves a bit harder if we can see a more or less visible return. There is no shame in this modest, limited, essentially rational view of the good each of us can do. In normal times, it is preferable that people should work for their families and friends, their local church or school, than to allow a Hitler, a Nasser or a Castro to incite them to sacrifice self-interest in favour of some remote, often repugnant, "national purpose." In his book, appropriately called TWO CHEERS FOR DEMOCRACY, E. M. Forster put his finger on the danger of fattening up our rulers. He said:

"As soon as people have power, they go crooked and sometimes dotty as well, because the possession of power lifts them into regions where normal honesty never pays. . . The more highly public life is organized,"

he concluded,

"the lower does its morality sink."

Speaking as one of the parents and plaintiffs in the celebrated legal action over the Enfield

Schools, I saw something of this corrupting process at work, in local as well as central government.

I would therefore argue that reliance on economic self-interest is the surest protection of individual freedom, self-expression and other liberal values. Even if idealists question that proposition, they simply have to accept that self-interest is the most pervasive and powerful prime-mover to productive effort of every kind. Even the communist economies, which for a generation or more have used some pretty nasty head-shrinking techniques to implant "service to the state" as the guiding motive, even in Russia, Czechoslovakia and lately Hungary, the economic planners are having to bring back profits, market pricing, personal incentives, in order to encourage effort, efficiency and responsibility. Incidentally, disappointed Indian planners would do well to follow the communists in this one respect.

The failures of recent years were all predictable for anyone familiar with the economic literature. Almost two hundred years ago, Adam Smith described the galvanizing force of individual exertion in these words:

"The uniform, constant and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintain the natural progress of things towards improvement, in spite of both the extravagance of government and of the greatest errors of administration."

On that highly contemporary note, let me return to the present ominous talk about restoring Britain's fortunes by raising taxes, penalising the self-seekers and pegging wages and other incomes. There is no future in that direction. Taxation on earned income already rises above nineteen shillings in the pound for men of exceptional ability. Despite the well-told Galbraithian fairy stories, it's these pace-makers whose innovations can transform whole industries, as they've done, in retailing, artificial fibres, in plastics, household equipment, in toys and even - pop radio.

If individual drive is to be given its head, legal and institutional barriers to effort and enterprise must be removed - for example, by outlawing absurd trade union restrictions, and by ending such archaic laws as opening hours for shops and pubs. Indeed, drastic reforms are essential throughout the economy. From Adam Smith to Keynes and Robbins, the great economists have taught that the best check against the exploitation of consumers is competition - or even the threat of competition. It's because nationalised coal-mines and railways are shielded from direct commercial challenge that costs get out of hand, and hundreds of millions of pounds are misinvested. As Dr. Erhard - the architect of the German miracle - has emphasised, the welfare state mentality in Britain has been allowed to run amok in the commercial sector. In addition to nationalised industries, state subsidies, government contracts, agricultural marketing boards, and tariffs all restrict competition. All entrench the past against the challenge of the present and the opportunity of the future.

As one who was brought up on a Council estate and used to fetch the weekly shopping from the local Co-op, I've often wondered what would have happened if we'd nationalised retailing 20 years ago, when we nationalised so much else. If the Co-op had ruled the roost (as it did in many working class districts before the war) would we now enjoy the excellence of Sainsbury's and the supermarkets or the unrivalled service of Marks and Spencers and other departmental stores? If the Co-op survives another twenty years, it ought to thank competition for keeping it up to the mark. Wherever competition can be made to work - settle for nothing less.

With the need for more competition and individual striving goes the need to enlarge consumer choice. Hire purchase, advertising, improved consumer goods - all these provide the incentive and means for families without capital to raise their standards of living. And competition is restlessly seeking ever new ways of brightening homes, saving labour, spreading do-it-yourself and other less arduous hobbies.

But what of welfare services which are largely monopolised by the state and paid for by compulsory

taxation? Here it is the politician who decides what and how much service our families might enjoy in doctors, hospitals, the so-called "comprehensive" schools, universal pensions and student grants. Under the stress of crisis, politicians are now bolder in talking about selectivity in welfare, but the paltry start with a prescription charge doesn't scratch the surface. We need a transfer of several thousand millions from government expenditure back into the pockets of the individual earner.

Here we're up against a formidable alliance of conservatives from right-wing paternalists, left-wing traditionalists, muddled idealists and that strange race of sociologists who often look as if they have done rather well out of the poor. But we must resist these intellectual vested interests. I agree with Aneurin Bevan - when he described an intellectual vested interest as the most stubborn of all. He said:

"it defends itself against criticism with a morbid self-consciousness. It refuses to yield at any point, because it sees, in every inch it gives up, not so much a concession to reality, as a surrender to its enemy."

In January, the Cabinet went into a sort of trance to save perhaps one hundred millions a year in expenditure on all forms of welfare running to seven thousand, five hundred million - economies of two or three pennies in the pound of expenditure. No margins here for unforeseen contingencies. We must before long do much better than this if we're to reduce taxes on earnings and still be more generous to those in special need. We should be pressing for charges for State services, more competition from private welfare suppliers, and the growth of family insurance to cover costs of medical care, schools and pension. There is no other way if overstrained welfare services are to match the higher standards we insist upon in domestic consumption, family holidays, and elsewhere. Only in this direction are we sure of increasing total expenditure on welfare and releasing these services from the stranglehold of state monopolies and their unresponsive bureaucracies.

All this may seem a long way to have come from exposing the fallacies of national economic planning.

Yet the unholy mess politicians have made of their prime duty of managing the economy underlines the case of radical reform in welfare.

Some members of the present Cabinet are as able and intelligent as any we can hope to attract into political life. But they are simply not up to the range of tasks they and their predecessors have accumulated over the years. They are floundering, out of their depth in dilemmas. No re-organisation, or change in procedures, will enable them to give proper attention to many essential tasks and human needs which are now neglected in the mountainous, monstrous ragbag of "government business." Unless we want more disasters, further violent shifts of policy, endless disappointments, and mounting disillusionment with the party system, we must reduce the power which politicians can no longer discharge with credit. And in doing so, we will be restoring responsibility to you and me in the competitive market place.

# Towards the Just Society

Ralph Horwitz

Ninety candles on a cake brightens the festivities of any nonagerian but it is the inspirational thought of a Mises that provides the illumination for even the most inconsequential tribute in a Festschrift.

"The distinction between what is just and what is unjust invariably refers to interhuman social relations. The ultimate yardstick of justice is conduciveness to the preservation of social cooperation. Conduct suited to serve social cooperation is just, conduct detrimental to the preservation of society is unjust. There cannot be any question of organizing society according to the postulates of an arbitrary preconceived idea of justice. The problem is to organize society for the best possible realization of those ends which men want to attain by social co-operation. Social utility is the only standard of justice. It is the sole guide of legislation."

This characteristic affirmation of grand postulate appears on page 54 of Mises's Theory and History - an interpretation of social and economic evaluation (1957). It is without doubt, without reservation. There are, he continues, no irreconcilable conflicts between selfishness and altruism, between economics and ethics, between the concerns of the individual and those of society.

Utilitarian philosophy and its finest product, economics, reduced these apparent antagonisms to the opposition of short-run and long-run interests. Society, Mises insists, could not have come into existence or been preserved without a harmony of the rightly understood interests of all its members.

This, it seems to me, is fighting rationalism - stirring the emotions no less than the reason. One leaps to defend or to demolish. I cannot believe it to be wertfrei but I find it entirely satisfying in that it stimulates the blood no less than the brain. Indeed when first I dipped into Mises at the age of seventeen, I had the identical response. It was his Socialism as much, perhaps more, than any other of the 'great books' that armed me with all the total authority that one needs at eighteen to reject anybody else's views of what constitutes the Good Society. To be a non-socialist in student controversies in the early 1930's, when Capitalism was to every other student obviously moving to its Marxian climacteric, was bliss indeed. To have the knowledge that economic calculation is non-possimus outside a market economy, that competition leads to egalitarianism and that collectivism is on a road to serfdom was to be not only different but almost unique.

As a first year on a South African campus one was patently in possession of a secret weapon in student politics. Apartheid was already casting its darkening shadow despite the fact that a very few Africans in my own Cape Province, one of the four that had come together in 1910 to constitute the Union of South Africa, still enjoyed a limited franchise on the common roll, that my University of Cape Town was still free to admit whomsoever it wished to its academic freedom, and that my home town did not yet segregate by colour on its public buses or its park benches or its concert halls.

Mill on Liberty and Mises on Socialism - what more conviction did one require and how could one not become unredeemingly intoxicated with pursuit not merely of justice but of the Just Society itself?

As one grows older, objectivity and subjectivity - I concede - have got a trifle mixed up. These reflections on Towards the Just Society are inspired by the eminent praxeologist to whom this collection of essays does honour but I am only too conscious of how far this particular offering departs from the path of conceptual rigour and epistemological exactitude. My defence is that, while the fine-tuning of economic science guarantees that the entire picture disappears from the TV screen, the insights of political economy sometimes concentrate on actual human behaviour in real societies.

I was born and grew up in a social system that was not unique but different only, I believe, in that the interchanges between any particular society or national sovereignty and its environment constrain its social evolution. In the last quarter of the last century the discovery of the world's richest diamond mines and gold fields in the South African veldt opened up to entrepreneurship the transformation of stagnating self-sufficiency into uninhibited capitalistic pursuit of profit. Led by perhaps the nineteenth century's most soaring entrepreneurial dreamer and action man, Cecil John Rhodes, a typical but remarkable group of immigrant 'new-men' revolutionized the society of trekking white pastoralists and black tribesmen.

Bringing together capital from the City of London, scarce mining skills from worked out Cornish tin mines and aborted Californian and Australian gold-rushes, and mass physical energy from nomadic Africa, financiers of integrity more questionable than questioned carried through their Schumpeterian role.

Modern South Africa was created.

In the widest, deepest sense there was social co-operation. Co-operation of sophisticated capital, critical human skills and primitive human energy. Co-operation of English-speaking 'uitlander' and Afrikaans-speaking 'boer',\* immigrant cosmopolitan gambler with nothing to lose but the pack on his itinerant back from which he traded and Calvinistic cattle-raiser identifying wealth only with the 6000 or 8000 acres to which a day's horse-riding and a white skin gave undisputed title. Co-operation between a newly forged corporate structure of mining-finance house, conceived by co-operating English, German and Jewish entrepreneurial management, to off-set high risk ventures in ore exploitation and an age-old tradition of Bantu-speaking collectivist land-ownership to off-set the even greater uncertainties of elusive, illusive pasturages.

---

\*Uitlander translates from Afrikaans as foreigner and boer as indigenous countryman. The Anglo-Boer War of 1899 or Second Freedom War, as Afrikaans historians prefer to call it, in emotive symbolism was between the uitlanders and the boers.

It was the social co-operation of an exchange-economy in which market forces of economic calculation began the process of economic growth.\*

In the course of only a few decades these market forces yielded a steadily rising output. The gross national product of South Africa became a calculable exercise as coinage and money values evolved in place of cattle-bartering and crop-sharing in a case illustration of the textbook theory of money as the marketable commodity as Mises had written it almost contemporaneously.

Capitalistic dynamism and acquisitive individualism generated and fructified wealth. Until they burst into the African sub-continent, centuries of primitive tribal collectivism that denied the right to individual title of land registration had yielded nothing much more than nomadic subsistence, while the trekking Afrikaners rejecting British Colonial Office and Victorian capitalism alike as totally alien to their own folk values were declining into poor-whiteism.

Social divisiveness also of course goes alongside social co-operation. And the social divisiveness is very much part of the same social process. To this extent one can hardly deny Karl Marx his insights. The conflict elements are present - perhaps even as deep and as wide as the elements of co-operative consensus. Mises may be right in his insistence that utilitarian philosophy and economics, its finest product, correctly attribute the divisiveness to the short run and the social co-operation to the long run; and that the infinite potential of the market-exchange economy will ultimately reconcile. Ipsa facto, the Just Society is highly unlikely to emerge from collectivist choices and controls though competitive capitalism and individualism may follow a long, circuitous route before it resolves the short-run antagonisms in the long-run social co-operation of the just society.

However, it is not simply that, as Keynes reminded us, we are all dead in the long run and that we would like at least

---

\*See the author's Political Economy of South Africa (Weidenfeld and Nicolson; Praeger 1967)

some of our justice in this rather than another world. It is that action has, if not infinite, then powerful capacity and motivation to prolong the short-run. It is not merely that the contrived constraints of the market produce the imperfect or monopolistic competition of Robinson and Chamberlin but that social co-operation has protean properties for the identification and pursuit of self-interest in place of the life, liberty and happiness to which all men are said to be entitled.

The mining-finance house system of the South African Chamber of Mines has raised some thousands of millions of pounds to finance the production over the past seventy-five years of about one-third of all the gold mined by man throughout history and currently about three-quarters of the Free World's gold output. In that respect it has served vitally the social co-operation of Western capitalism and international free trade through its evolving gold standard and foreign exchange technology. But the same Chamber of Mines from about the turn of this century also perfected its own internal co-operation to achieve a centralized recruiting and industrial relations organization.

For almost the same three-quarter century, this organizational structure has operated a complete monopsony over the employment of the total work force of African miners. Through the technique of the 'maximum-average' wage - a subtle method of incentive output stimulation and controlled time-rate - the money earnings of more than 300,000 African mine workers were as late as the 1960's perhaps less than the earnings received in the 1880's before the employers' competition was eliminated by organizational technique. Furthermore the white miners through their form of co-operation of organized unionism for the same seven to eight decades have imposed a total prohibition on the employment of African miners in any category of work designated by their unions as 'white man's work'.

The method and minutiae of these mine-working arrangements have inhibited gold mining production to an incalculable effect on working costs. One may hazard an opinion that the removal of these restrictive practices at any time this past three-quarters of a century would have had the same effect as a fifty percent increase in the world price of gold.

The so-termed labour colour bar or job reservation system in South Africa operates throughout the entire economy. But the rigidity and rigour has grown progressively with each decade despite the overwhelming evidence and economic argument that the system depresses increasing wealth for white and black South Africans. Its differential effect on wages are manifest. In agriculture the real wages of African farm workers are in 1971 often below the level of 1910. In four categories of manufacturing, construction, government employment and distributive trades, official figures show that African, Asian and Coloured, that is non-white, wages went up an average 5.8 percent annually over about the last decade; white wages increased at 8.6 percent per year over the same period.

In absolute figures from 1962 to 1967 white wages went from £96 to £140 a month and non-white wages from £22 to £29 a month. The contrived differentials (contrived in the sense of deliberate interference with market competition) for skilled work for whites and non-skilled work for Africans range from seven times as much in non-mining activities to sixteen times as much in the mining industry.

The evidence is strong that with each decade after South Africa moved from self-subsistence to a sophisticated exchange economy, the African has been getting poorer in comparison with the whites: his average per capita income in 1970 being about £53 per year, while white per capita income (which includes profits and rents as well as wages) is over £1000 a year. This process has been very much part of the 'long-run' in South African economic history. It is a process distinguished on the one hand by the integrating effects of economic development under market-capitalism and, on the other, of the absolute resistance to such integrating effects by the white electorate and its polity. Almost uninterruptedly, the white parliaments have legislated firstly to deprive all non-whites of every vestige of voting right and secondly to erect an extraordinary code of industrial legislation that makes it unlawful in 1971 for any African to exercise any choice whatsoever where he works, for whom he works and what he works at.

Furthermore no African may own land outside a government-demarcated geographical thirteen percent of South African

territory, although the Africans are some eighty percent of the total population. Africans were deprived of their right to buy land in the competitive market as far back as 1910 and promises by the white parliament to allocate certain lands by administrative fiat remain unfulfilled to this day.

Political power has been and is used without limitation to control and direct the competitive market forces of social co-operation. I have endeavoured to record the historical detail in the Political Economy of South Africa. The competitive market, I accept, values men and their output without regard to colour and creed. Economic calculation is apolitical and capitalism promotes social mobility. Yet the polity will not necessarily accept such competitive market values and government may insist that the apolitical calculation of economic individualism is unacceptable to its institutionalized culture.

Certainly the governments of South Africa from the Act of Union in 1910 have never allowed market forces to determine the interhuman social relations of white and non-white. The institutionalized culture of white South Africa has insisted that these interhuman relationships shall be determined absolutely and finally by the sovereignty of the legislature. To ensure that the legislature shall be elected solely by white men and women, Parliament was prepared to tear up its own constitutional entrenchments; to guarantee that the sovereignty of its political will was not exposed to even the confidential diplomatic debate of member-meetings of the British Commonwealth, it reconstituted its Union as a Republic of South Africa in 1961.

There are those of course who would insist that the Republic of South Africa has preserved law and order and, as such, freedom. There are others who would question the law, the order and the freedom. It seemed to me that my (subjective) view of the Just Society required another environment and another nationality.

Have I found that Society in Britain?

It is already many years now that a British Conservative cabinet minister declared: "We are all socialists now." Britain is perhaps the most mixed - some would say mixed-up -

economy among contemporary major economies. The elements of collectivism and individualism are inextricably interwoven; its Keynesian concepts mock the precepts of the Wealth of Nations, though Britain was the first nation in history to achieve wealth as much through the creativity of Adam Smith as by any other inspiration.

A great American Secretary of State has said: "Britain has lost an Empire and has not yet found a role." The observation was more epigrammatic than acute. For at least a quarter of a century Britain has, I believe, been pursuing a role - not very consciously, not very formatively, not very conceptually. She is in her pragmatic, non-professional tradition stumbling on this role much as she stumbled on her Empire. Then, as now, a few men had visions of destiny - creative men with soaring imaginations of human relationships. Then, as now, there were great missionaries of civilizing faith. Much lesser men denied - and deny - the vision, abuse the faith, and foul the accomplishment. The dark pages of the Empire chequered the story, just as distortions of contemporary human behavior frustrate the search for the Just Society.

Yet it was and is a record of achievement unexcelled by any of the other great peoples of history, including the Romans.

Representative institutions of government and peaceful change of power came to fruition in England. Her civil wars ended 300 years ago and she has never since experienced really revolutionary violence. The pundits assure us that the Westminster model of democracy proved incapable of export. Set up in distant climes hesitatingly, tentatively, generally unwillingly, but finally wherever the map was coloured red, some manifestation of democracy came in the end to every corner of the Empire until colonies evolved into Commonwealth.

In the end, of course, the sun did set on the Empire and, I believe in ultimate consequence, the sunlight often disappeared in the corners of disenchanting imperialism. The Westminster model shone and shines brightest besides the Thames. In Asia, in the Indies, in Africa the model of representative government proved unstable and power was and is taken by force by men of violence. I venture the thought that it was not any fundamental

defects in the Westminster model. Nor, I submit, is that model only appropriate for a homogeneous society achieving social stability and economic vitality over centuries of endeavour and continuing good fortune.

While much of the Westminster model is distinctively British, it is not - I further believe - exclusively for the British. Ultimately it will prove to be the only model for civilized community of human diversity. From Athenian acropolis, Roman forum, Westminster chamber come universal lessons of human freedom and the rule of law. Comes, in short, a cultural milieu or ethos at least as much a determinant for the Just Society as institutions favourable to individual economic calculation.

Yet many sneer and jeer at 'decadent Britain', allegedly bumping along at the bottom of the growth league and alternating between a restrictionist conservatism and a debilitating socialism. Does present day Britain lack great purpose and great achievement? Is it the British of the second half of the twentieth century who are without conscience and compassion? Is it Britain among all the nations of the Disunited Nations which lacks a moral view, a vision of humanism that encompasses something more than materialism?

As a life-long non-Marxist, non-communist, non-socialist, non-nationalizer - indeed, as a life-long would-be capitalist and defender of the classical economic faith in so far as I know it when I cannot see it and proclaim it when I do not understand it - my subjective observation is that the British Labour Party has contributed at least as much to moral purpose and humanistic idealism as the British Conservative Party. The British Liberal Party, I believe, has contributed more than either but the Liberals have not had an innings these past fifty years, which may explain the current state of the queered pitch.

Contemporary Britain to its critics seems more devoted to Eros than to Mammon. In their judgment the British are not merely permissive in their silver sea but gadarene swine. The permissive society admittedly accepts that Queen Victoria is now dead. Even buried. But those scholars who have researched

what went on when Queen Victoria was alive have recorded that goings on then were a lot more permissive in private if not in public; and the goings on that outraged John Calvin in his Europe were doubtless even more permissive than what went on under Queen Victoria's rather snotty nose.

There is, however, another aspect of permissive Britain in the 1960s and the 1970s of far greater significance. The real nature of permissiveness is the extension of nineteenth century non-conformity with traditional church rituals to twentieth century non-conformity with mass or herd values generally. Permissiveness in Britain today is permission to be individualistic in every aspect of human behaviour - in belief, in opinion, in taste, in preference, in want, in desire, in human choice. There exists, I am certain, no society anywhere of more splendid individualism than Britain in the 1970s.

What is interesting is that such an unequivocal, unchecked, uncontained assertion of personal code of conduct - of ego rather than egoism - should have reached its apotheosis in Socialist Britain.

Whatever freedoms socialism contains in the market-place - and they are real, important and undesirable - it has certainly not subdued British non-conformity. Men and women - above all young men and women - have never given less of a damn for what Authority says or what Authority rules. Any state, it seems to me, that would attempt to suppress or contain rights to individuality cannot ultimately preserve social co-operation - the ultimate yardstick of justice as Mises postulates.

British toryism has ensured the conservation of traditional beliefs and mores. British liberalism began the restructuring of Britain's role - the slow withdrawal from Empire and the equally slow and arduous spread of social justice. British socialism will one day be accorded its due for its distinctive contribution to the enormously complex task of bringing about the Just Society.

This Just Society is not, it then seems to me, either an inevitable creation of the 'invisible hand', still less a formulated concept for programmed accomplishment. While the

market economy gives unique and indispensable individualism to the choices of free human beings and promotes the long-run productivity of social co-operation, every economy will require an ethos favourable to the human dignity of all its peoples and a polity to give a legal framework for that ethos to flower. The polity of Britain, the great leaders of thought and achievement in political, intellectual, moral, social and economic life, have a consensus of what contemporary Britain is about. It is, I would claim, about fairness - a generalized and general pursuit of fairness. So subjective a concept as 'fairness' can patently mean different shades of subtlety but it is identifiable, indeed almost tangible. The British are most certainly in pursuit of it and no bargain attempted or struck can ignore the fair terms for all parties. In a way it is a return to the medieval concept of the just price. To analyse the full implications of the accommodation of the just price, indeed of the Just Society, with economic progress and growth is beyond the scope of this essay.

In contemporary Britain, however, 'fairness' is the word you will find more used than perhaps any other as a statement of political purpose, of industrial objective. No decision about the cake and no division of the cake that does not seem to make for a more fair allocation of its goodies is acceptable.

The real difference between the Conservatives and the Socialists is that the former believe the cherries should be so dotted about the cake that only those most diligent and most skilful in their search of the cherries should get them; the Socialists would appropriate the cherries for the national benefit and then hand them out to the deserving. The difficulty in recognising the national interest or general benefit is that no one has been able to point it out - at least not set up as a monument in Piccadilly Circus. Eros probably has more reality. How separate the undeserving from the deserving? Is it quite the same categorization of rich and poor or even poor and rich?

If I have a taste for Marx, it is for Groucho who made *Night at the Circus and Horse Feathers* in this century, rather than for Karl who made *Das Kapital* in the last. That Britain has a class structure is hardly deniable. But that structure is extraordinarily complicated and not to be simplified into expropriators and expropriated. In the nineteen-fifties Harold

Wilson clashed with Hugh Gaitskell, whose coming premiership he inherited, because Gaitskell would have expunged the Labour Party's doctrinal clause IV on nationalization. Yet it was Prime Minister Wilson who later warned an audience of trade unionists to stop looking to Highgate cemetery where Karl Marx is buried for answers or inspiration.

Collective choice makes more hideous mistakes than market choice and certainly on occasions yields irreversible disasters. But the story of the British economy in the last fifty years of its disenchantment with the market economy and its distaste for competition is not an objective record. No economist ever put one story without another economist jumping in to put another version. Both are probably fairy-tales. Reality, one recognizes as one grows balder and balder, is not for encapsulation. It is not merely that one man's poison is another man's meat; it is that one man's truth is another man's untruth.

Anyway, for my part I cannot work out gross national product and I do not believe it measures anything but arithmetic. Cost-benefit studies are the sophistication of the sophists, where they are not the blind leading the blind. I believe men of goodwill and compassion might perhaps be able to devise a measure of the quality of our lives that might be called Gross National Humanity. It would measure what we have preserved as well as what we have polluted, our compassion no less than our competitiveness, our concern for the poor and unfortunate as well as our acquisition of goods, our green belts of nature's peace as well as our lanes of motorized cacophony.

It would put a value on the product of a village cricket pitch and village pub, as well as on the output of a smoking factory and a screaming discotheque. It would rate the continuity of centuries of nothing much achieved but that which earlier, less greedy generations began. It would evaluate the prospects of social stability, human fellowship, human freedoms.

An economy needs an ethos and economic science must revert to political economy. Gross national humanity would be a sensible and sensitive computation of the value-judgments of political economy. It would not limit itself to the computerized aridity of input-output programming. It would be a measure of the Just Society.

## Size and Well-Being

J. Enoch Powell

In the current debate about British membership of the European Economic Community one of the staple arguments turns on the size of an economy. It is asserted, for instance, that 'the economy' of the United Kingdom is too small, and that its allegedly unsatisfactory 'growth' is due, at least in part, to this inadequacy of size and would be improved if the United Kingdom became part of the Economy of the European common market. The object of this paper is to examine this and similar assertions.

If the term 'economy' in this context meant an area within which there is no artificial restraint upon economic activity and intercourse, the proposition would be self-evidently true: since economic advantage proceeds from specialization and exchange, it will be maximized by maximizing the scope for specialization and exchange. That is not, however, the sense in which the expression 'economy' is being used. What is talked about in this context as 'an economy' is a political thing, namely, a population inhabiting an area of which the boundaries are determined politically. Perhaps cases might be found, especially in primitive conditions, where economic intercourse beyond the political boundaries of a population was physically (technically) impracticable, and where therefore the outline was drawn as much by physical as by political factors: the population of an undiscovered island could be both an economic and a political entity. For practical purposes, however, when statements are made about the size, well-being, growth, etc. of 'an economy,' they are statements about a political entity, described and examined in economic terms.

Moreover, such statements about 'an economy' presuppose the existence of political interference with economic transactions. If the whole world were a common market, references to 'the British economy' or 'the Swiss economy' would belong to the same class as references to 'the economy of the Middle West' or 'the economy of Cornwall'; but even when Britain's free trade policy was at its purest and most doctrinaire, there was still a specific meaning to the phrase 'the British economy' in a world where almost every other country's government interfered with trade. A fortiori today, 'an economy', is something which has an economic policy. We must therefore add another political dimension to the term 'an economy', as the subject matter of statements about size, growth, and the rest. They are statements not merely about an entity determined by political forces but about an entity whose government interferes deliberately with economic behaviour.

By this process of definition we have already arrived at two highly relevant observations. The economic policy which prevails in an economy must be of some importance, and possibly of high importance, to the economic well-being of its population. Therefore, even if increase of size were advantageous per se, the advantage might be offset, or more than offset, by the effects of economic policy. It follows that no generalization is possible: the economic policy, present and prospective, of the larger 'economy' must be taken into account in each case, and an attempt made to estimate its consequences. For example, in relation to the E.E.C., it would be necessary to evaluate the disadvantages (in comparison, of course, with the present and prospective policies of the United Kingdom) of such features of economic policy as agricultural self-sufficiency, protectionism towards the external world, internal economic planning of various kinds, rigid external rates of exchange.

The mention of such common policies of an enlarged 'economy' brings up the other observation which flows from the definition. Since an economy is identified politically, economic advantage in relation to it is that of its own population and furthermore must not, at lowest, be inconsistent with its political existence. For instance, the inhabitants of a country

might all better their economic condition by emigrating to another country, but this would count as the destruction of 'the economy' of Country A. The relevant economic advantage is that of the population occupying the territory with which all parts of that population identify themselves politically. Thus it is a presupposition for advantages to be derived from increased size that either they accrue uniformly throughout the larger 'economy' or that the enlargement reflects a political change in outlook and self-identification of the population concerned. In epigrammatic form - politics comes before economics.

In fact, some of the apparently economic benefits attributed to increase of size reveal themselves, upon examination, as political. Take, for example, the proposition, often heard in connection with Britain and the European Economic Community, that a large 'economy' is necessary as the base for modern nuclear, space or aviation industries. It is no doubt true that very large capital investment is essential for many activities within those industries. Experience, however, shows that capital is regularly raised from a number of countries to finance large projects in one of the countries, or elsewhere altogether. The petroleum industry would provide many instances. The difficulty in financing the projects to which the argument relates is not the difficulty of drawing risk capital, or other investment capital, across national frontiers. The difficulty is that these are projects which can only be funded compulsorily, that is, by governments taxing their subjects.

The cost of the American space programme would bear an intolerably high proportion to the national income of any other economy, except that of Russia. This is because it is a project on which only a government would determine and which could only be financed by compulsion. Therefore, the capital can only be extracted from an economy where the writ of government runs. Admittedly, several governments might freely arrive at a common decision to tax their respective subjects for a common purpose; but the political stresses and strains of such simultaneous compulsion are serious, and the history of several such joint projects of two or more European countries points the moral: E.L.D.O., E.S.R.O., the Anglo-French Variable Geometry Aircraft, the Multi-purpose Combat Aircraft, the European Airbus

and perhaps shortly, the Anglo-French Concorde are skeletons along the caravan route. Hence the need to weld the taxpayers of several countries into a single political body, which can be taxed by a single political decision.

In short, the advantage proposed for an economy of larger size is in this context non-economic, indeed anti-economic, viz., the power to enforce investment in uneconomic projects. That a large empire is more powerful than a small empire, is not in dispute; but it is also not the point.

If projects dependent upon government compulsion are left out of account, the case turns upon the economic advantage of what is called the large, or larger, 'domestic market'. The emphasis must be placed strongly on the word 'domestic'. As already argued, the issue is not a larger 'free market', (in regard to which the assertion becomes a truism), but a larger 'national' market — if the word 'national' may be used to summarize the foregoing argument as to the political nature of 'an economy.' The proposition that it is advantageous to be part of a large, or larger, 'domestic market' is thus tantamount to the proposition that it is economically advantageous for a nation to be merged or amalgamated into a larger nation.

How can such a proposition be tested? If other things were equal, then if the proposition held good, it should follow not only that larger nations would do better economically than smaller nations, but that this advantage applied to all parts (or at least all major or substantial parts) of the larger nations. (The second deduction would be necessary, because the alleged advantage of amalgamation has to apply to each of the former units so amalgamated.) One ought, for example, to be able to draw up a table of nations in order of size and in order of economic well-being, whatever index or criterion of that might be chosen, and find that they matched.

Obviously, however, other things are not equal. It would clearly be absurd to expect that a large nation with a territory or a population poor in economic resources should compare favourably with a smaller nation which was rich in them. What is not

unreasonable is to expect that, if the proposition were true, larger nations would make better use of whatever economic assets they possessed than smaller ones; nor is it difficult on this basis to institute some sort of comparison, because the concept of economic growth might be taken as an indication of the use progressively made of economic resources. It might, for example, be possible to test the proposition by comparing the growth rates of larger and smaller nations, and expect that, if it were true, there would at least be a tendency for larger nations to show higher growth rates than smaller nations, and for those higher growth rates also to characterize all the component parts of the larger nations.

There is no disputing that even this form of comparison is open to serious objections in logic and in method. It is true that the cruder fallacies of international comparison are avoided or lessened: the problem of exchange rates is eliminated; and though the basis of the various national statistics may (as it does) vary widely, the degree of error in a comparison between rates of change within each economy is likely to be much less than in a comparison of rates of change between economies. There remain, however, severe difficulties. There is the conceptual difficulty that at different stages of economic development the measurable (or at least the normally measured) "growth rate" may be more or less appropriate as an index of economic well-being and progress; there is, to mention only one, the well-known point about the failure to evaluate leisure, and the differing value of leisure at different stages of economic development. Akin, but more serious, is the difficulty of time. Unless all economies are capable of infinite progress at a uniform pace, it must be the case that, for reasons which have nothing to do with size, economies develop unevenly, and faster at some periods of history than others. It could therefore be that the rate of growth of an economy is related, partly at least, to its own life-cycle. This consideration is specially important in regard to the United Kingdom, in view of evidence\* that it has been characterized by relatively low rates of economic growth for at least a hundred years, since its industrial revolution in the early 19th century. There is even a certain

---

\* M. Fores, Britain's Economic Growth, Lloyds Bank Review, January 1971, pp. 27 ff.

difficulty over the simple task of arranging nations or 'economies' in order of size — whether this refers to crude population or to work-force — and of making allowance for changes in size of population or work-force over the period of the comparison.

Yet when all is said and done, granted all the qualifications and crudities, it would be surprising, if the proposition under examination were true, to find no correlation between size and growth. I have therefore selected a range of tables to bring out the factor of national size. I put them forward with brief comment in each case, starting far away from Europe and its concerns.

Table I                      Central and South American States  
Average annual growth in real GDP per capita\* 1960-68

<u>Growth Order</u>		<u>%</u>	<u>(m.)</u>	<u>Population Order</u>
1	Puerto Rico	5.8	2.78	11
2	Nicaragua	4.5	1.91	13
3	Panama	4.4	1.42	15
4	Bolivia	3.0	4.66	8
5	Peru	2.5	12.77	4
6	Honduras	2.4	1.88	14
7	Chile	2.3	9.57	5
8	Guatemala	2.2	4.86	7
9	Argentina	1.6	23.62	2
10	Colombia	1.5	19.83	3
11	Paraguay	1.3	2.36	12
12	Brazil (1960-67)	1.1	88.21	1
13	Ecuador (1960-64)	1.0	5.70	6
14	Dominican Rep.	-0.6	4.03	9
15	Uruguay	-0.9	2.82	10
N.A.	Venezuela			

There is not the shadow of a correlation of any sort between size and growth. If other criteria (e.g. growth, not per capita) or

---

\*UN Yearbook of National Accounts Statistics, 1969, II, pp. 115-119.

other periods had been chosen, there would have been considerable alternations in the growth order; but there would have been no greater correlation with size.

Table II                    USA, UK, EEC Countries and Sweden  
Industrial Production 1953-1962\*

	<u>USA</u>	<u>UK</u>	<u>EEC</u>	<u>Sweden</u>
1953	100	100	100	100
1954	94	108	110	104
1955	106	114	122	111
1956	109	114	132	115
1957	110	116	140	119
1958	103	114	144	122
1959	116	120	153	127
1960	119	129	171	135
1961	120	130	182	142
1962	130	130	194	145

There are several striking features here. The UK and the four-times larger economy of the USA show roughly level pegging. Sweden, less than a sixth the size of the UK, does pretty consistently better. The EEC countries, taken as a whole, betwixt and between the UK and USA if treated as a single unit, show much greater growth; but subsequent tables look below the surface of that record.

Table III                    The four years before and after the EEC\*\*  
Industrial production (seasonally adjusted)

	<u>Apr/June 1958</u> <u>as %age of Oct/</u> <u>Dec. 1954</u>	<u>Apr/June 1962</u> <u>as %age of Oct/</u> <u>Dec. 1958</u>
EEC Countries	125.2	131.9
W. Germany (less Sarr)	127	129.2
France	134.2	129.7
Italy	120	141.9
U.K.	102.7	114.9

\*O.E.C.D.

\*\*O.E.C.D. Main Economic Indicators, Oct. 1962.

The experience of the three main EEC partners was markedly divergent; the period after EEC was notably better for the UK as well as for the EEC as a whole. The next table shows that the same contrasts in individual experience held good over longer periods of comparison.

<u>Table IV</u>		<u>The EEC countries before and after 1958</u>	
		<u>Average annual increase (per cent)</u>	
<u>(a) 1950-58</u>		<u>Output per employee</u>	<u>Gross National product</u>
	Germany	6.3	8.8
	Italy	4	5.6
	France	3.9	4.4
	Holland	2.9	4.1
	Belgium	2.4	2.7
	Together	4.2	5.6
<u>(b) 1958-69</u>			
	Italy	6.1	5.6
	France	5.3	5.7
	Germany	4.9	5.2
	Holland	4.3	5.3
	Belgium	3.7	4.4
	Together	5.2	5.4
	Rest of OECD countries	3.7	4.3

What appears from this comparison is that improvement took place at a faster rate before 1959 in Germany, and after 1958 in the other countries, while Germany fell to third place below Italy and France. Otherwise the relative positions and performance of the countries remained remarkably constant. The picture can however only be reliably seen in the light of what was happening in the rest of Europe.

Table V                      Growth of GNP per capita, 1964-1967\*  
at constant (1963) prices

(a) <u>EFTA Countries</u>	<u>%</u>	<u>Population (m)</u>	<u>Order of size</u>
1 Portugal	5.0	9.50	2
2 Norway	4.1	3.83	7
3 Denmark	2.8	4.84	6
4 Austria	2.6	7.32	4
5 Sweden	2.4	7.9	3
6 Switzerland	1.9	6.1	5
7 U.K.	1.6	55.5	1

  

(b) <u>EEC Countries</u>	<u>%</u>	<u>Population (m)</u>	<u>Order of size</u>
1 Italy	4.2	53.00	2
2 France	3.6	50.40	3
3 Holland	2.8	12.65	4
4 Belgium	2.7	9.6	5
5 Germany	1.7	58.5	1

The fallacy of averages, such as "rest of OECD" in Table IV, is thrown into relief: by treating EEC and EFTA as a whole, a totally unreal picture is presented. The national economies, both inside and outside the European Economic Community, follow their respective paths without relationship either to size or to membership or non-membership of the Community. Once again, a different run of years would produce a different 'batting order'; but that 'batting order' would show equally little relationship to size.

I would emphasize, in conclusion, if that has not already been done sufficiently, that comparisons of nations and groupings by size and economic experience disregard an array of major factors which determine or influence the economic experience of the respective economies. If those factors were brought into the picture, nothing would be left of the comparison. But that is only another way of saying that there is no trace of size as a factor which affects the experience of economies

---

\* OECD quoted House of Commons, Official Report  
23 Feb. 1970, coln. 247.

favourably. Not only does the evidence not support such a proposition, but there is nothing in the evidence even to suggest that size is prima facie worth investigating as a factor in economic growth. What is remarkable, and significant, is that size should have been so widely assumed to play a part, and a positive part, even in the face of experience so strikingly in conflict with that hypothesis. When this sort of thing happens, it is a sign that some unconscious prejudice is probably at work. I suggest that in this case it is the prevalent prejudice in favour of bigness for its own sake. In Britain today both the economic and the political case for joining the European Economic Community resolves itself into the assertion, often treated without discussion as an argument, and a conclusive argument, that the Community is large and would thereby become larger, equal indeed in size to the 'giants' of common parlance, America and the U.S.S.R. The belief that the size of an economy is relevant to its well-being is not a conclusion from evidence or observation; it is a reflection of this contemporary prejudice.

## Pour éviter "Une Collectivisation par Annuités"

René Berger-Perrin

Lorsque, étudiant de doctorat, je préparais une thèse sur les doctrines du libéralisme contemporain, je découvris Ludwig von Mises à travers le livre qu'il avait consacré, en 1938, aux "illusions du protectionnisme et de l'autarcie".

Pendant 120 ans, rappelait-il, il s'est déversé un flot d'écrits contredisant la théorie de Ricardo, selon laquelle la liberté des échanges assure la productivité maximum. Mais "jamais aucune proposition n'a été avancée qui fût de nature à ébranler les bases de la doctrine libre-échangiste". Et l'auteur, en revanche, de détruire un à un les arguments présentés en faveur de la protection et du nationalisme économique. Pour en terminer avec celui qui s'appuie sur des impératifs monétaires: préjugé mercantiliste, déclarait von Mises. Le maintien d'une monnaie saine n'a rien à voir avec le commerce extérieur!

Cela me donna une idée de l'homme, de son caractère. Et des méthodes de l'économiste: la démonstration était claire; après quoi la conclusion éclatait, exprimée avec vigueur, comme un principe. Comme ces vérités qui sont à dire tout haut et dont on n'ose pas trop faire état aujourd'hui.

Plus de trente ans après, ce jugement du Professeur Mises conserve une valeur singulière, dans cette période de crises monétaires où tant de pays croient encore au contrôle des changes. Dans cette phase de discussions laborieuses sur l'élargissement d'une libre communauté internationale dont les membres s'obstinent à pratiquer chez eux le dirigisme et la planification.

\* \* \*

Entre-temps, j'ai eu l'honneur et le plaisir d'entendre ce grand maître proclamer d'autres vérités au cours de plusieurs meetings de notre Mont-Pélerin Society

Et d'abord celle-ci, qu'il n'y a pas de demi-mesure

possible entre l'interventionnisme et le jeu du marché, pas de tiers chemin entre capitalisme et collectivisme, car - il devait l'écrire dans un ouvrage de la collection française S.E.D.I.F. - c'est une chaîne sans fin que celle des interventions économiques: "...oubien la demande des consommateurs, telle qu'elle se manifeste sur le marché, décide dans quel but et comment les facteurs de production devraient être employés, oubien c'est le gouvernement qui s'occupe de ces questions, avec des pouvoirs discrétionnaires sur les biens et les personnes. Il n'existe rien qui puisse modérer l'opposition entre ces deux principes contradictoires; ils s'excluent l'un l'autre. La politique du "juste milieu" n'est pas un système qui puisse durer, ce n'est qu'une collectivisation par annuités".

Ce fut le thème de son intervention à Saint-Moritz, en 1957. Tout le problème économique, affirmait-il, se ramène à la question de savoir si l'économie doit être entre les mains de l'Etat ou des particuliers. Le dilemme est là: volonté politique ou choix du consommateur. Il ne peut exister d'interventionnisme libéral.

Au congrès de Turin, en 1961, où notre regretté Daniel Villey lui souhaita, au nom de tous, son quatre-vingtième anniversaire, le professeur Mises plaida la cause de la grande entreprise contre tous les régimes qui veulent l'asservir, et qui ruinent de même l'indépendance du petit entrepreneur en lui accordant une aide. "Le capitalisme, devait-il ajouter, réalise un véritable exploit, puisque malgré les gouvernements, les politiciens et les bureaucrates, il continue à rendre service au consommateur." Mais il déplorait que les mêmes individus, capables de bien juger en tant que consommateurs, se montrent si malencontreusement incapables lorsqu'ils sont électeurs. Pourquoi, notamment, expriment-ils si volontiers leur faveur pour la politique de fixation des prix?

L'année suivante, à Knokke, il démolissait avec la même assurance tranquille le planisme agricole des Etats-Unis, où "l'ondépense des millions de dollars pour parvenir à augmenter les prix". Puis il eut cette boutade à propos d'une information alors récente: "58 Etats viennent de se mettre d'accord pour rendre le café plus cher, et l'on considère que c'est un succès!" Et de rappeler que Marx considérait la baisse des prix comme l'arme la plus dangereuse du capitalisme.

Enfin, à propos de la planification, encore ceci: "Mon plan à moi? Le voici. Assurer votre indépendance, votre

liberté de choix".

\* \* \*

Ludwig von Mises prit moins souvent la parole ces dernières années. Mais je me souviens de son intervention tranchante dans un long et passionnant débat sur les questions monétaires, au cours de notre réunion de 1965, à Stresa: "Le problème n'est pas celui de la balance des paiements. Le problème, c'est de savoir comment intensifier la concurrence". J'entendais à nouveau le raisonnement qui m'avait frappé lors de mon passage à l'Université. Je savourais cet enseignement où l'appel aux réalités de la vie l'emportait constamment sur l'abstraction des théories. Ce choix délibéré en faveur de la lutte à coup de facteurs humains pour l'amélioration de l'économie, plutôt que le recours aux ajustements complexes calculés par des bureaux.

Leçons de vitalité, de jeunesse, de virile intransigeance, professées par un maître qui, aux jeunes hommes ayant grandi dans le climat d'un étatisme soi-disant rénové, apparaissait comme merveilleusement révolutionnaire. Et les incitant à s'engager: "Il ne suffit pas de faire de l'anti-collectivisme, ni de l'anti-communisme; il nous faut prendre parti ouvertement et activement pour l'économie concurrentielle, à qui nous sommes redevables d'une abondance de biens, en comparaison de quoi les âgres révolus n'ont jamais connu que la demi-misère".

Un homme intransigeant, ennemi des compromis. Mais qui a su de façon imagée expliquer: "Je ne suis pas ennemi de l'Etat. Pas plus que je mériterais le qualificatif d'ennemi de l'acide sulfurique si j'osais prétendre que celui-ci, pour utile qu'il soit à divers usages, est impropre à la consommation et au nettoyage des mains".

Et qui a trouvé une formule définitive sur la tolérance en disant que "le libéralisme doit être intolérant à l'égard de toute intolérance quelle qu'elle soit".

# En défense de l'économie libérale: réponse à quelques objections

Gaston Leduc

## 1 - L'économie libérale et la personne humaine

On ne peut pas dire du système capitaliste qu'il bénéficie aux yeux de l'opinion, même éclairée, d'un "préjugé favorable". Parmi les docteurs qui en scrutent l'anatomie et examinent la physiologie pour découvrir quelque motif de s'en plaindre, deux groupes peuvent être distingués: les uns, persuadés que le patient est à bout de souffle, consacrent des volumes entiers à la prédiction de sa mort prochaine. Ce sont les prophètes de la "fin" du capitalisme, de sa "faillite", de sa "décadence", de sa "chute", de son "agonie", etc.. sinon même de son "effondrement". Les autres, plus circonspects, se bornent à affirmer la réalité d'une "crise" du régime, sans risquer de pronostics trop absolus sur son "sort" futur et croient pouvoir constater, parfois avec regret, que la réalité contemporaine ne correspond que de fort loin aux schémas harmonieux de l'économie néo-classique.

A quoi tiennent les troubles incontestables de l'économie moderne? Constituent-ils la manifestation d'une transformation progressive dans la structure même de l'organisme? Sont-ils le signe d'un vieillissement prématuré, le témoignage de la substitution au capitalisme équilibré du siècle dernier d'une formule nouvelle, inadéquate au laisser-faire? Représentent-ils, comme le soutiennent les adeptes du marxisme, les prodromes certains de l'explosion finale, appelée nécessairement par l'aggravation progressive des contradictions internes du système?

La doctrine libérale ne pouvait pas se dérober à ces questions. Il lui appartenait de répondre à l'opinion de ceux qui soutiennent que le "capitalisme" du XXI<sup>ème</sup> siècle encourt des griefs particuliers, qui ne pouvaient valoir contre le "capitalisme du XIX<sup>ème</sup> siècle; elle ne pouvait pas répliquer par le silence au diagnostic de ceux qui, comme Werner Sombart ou comme Keynes, situent l'économie actuelle dans la phase d'un capitalisme décadent ou tardif, en perte de virilité, c'est-à-dire de souplesse et de mobilité. Elle

doit s'efforcer de réfuter la thèse de ceux qui considèrent l'ère actuelle comme celle du capitalisme monopoleur, successeur abatardi et taré du capitalisme concurrentiel de l'ère victorienne et des débuts du siècle actuel. Nous pouvons représenter en quelques mots, avant de l'analyser plus en détail, cet aspect défensif du néo-libéralisme, qui constitue d'ailleurs l'enrichissement le plus notable et le plus original de la doctrine traditionnelle. Proclamer la faillite du capitalisme sur la base du désordre actuel de l'économie ne constitue rien de moins qu'un "épouvantable mensonge" (Rueff). Aucun autre système, comme le remarquait déjà Le Trosne, ne permet de réaliser "une liaison aussi parfaite entre les lois de la justice et celles de la reproduction, dont l'accord forme l'ensemble des lois sociales". Les irrégularités constatées aujourd'hui dans son fonctionnement ne tiennent nullement à la nature des institutions libérales, mais au fait que celles-ci ne sont pas respectées. Elles ne découlent, comme on l'a dit avec esprit, en rien d'un défaut du capitalisme, mais bien d'un manque de capitalisme. Les raisons de l'évolution chaotique de l'économie moderne et de toutes les injustices humaines qu'engendre le désordre des choses ne tiennent pas à des causes inhérentes à l'économie libérale, mais sont la conséquence de faits et d'événements extérieurs au système lui-même. Celui-ci, à l'état pur, ne renferme le principe d'aucune contradiction insurmontable. De sorte que, en définitive, les critiques dont nous allons présenter une analyse sommaire reposent sur une erreur logique flagrante. Elles ne sont justifiées que par l'atrophie et la paralysie provoquée du mécanisme capitaliste, alors qu'on voudrait mettre en cause ses prétendus excès ou insuffisances.

Le capitalisme authentique, fondé sur la propriété privée généralisée et les engagements particuliers librement contractés, n'a pas à rougir du sort qu'il réserve à l'individu. Si le jeu des prix y soumet l'homme à des contraintes inéluctables, qui délimitent forcément le champ de ses possibilités, rien cependant n'y paraît contraire aux exigences d'un humanisme largement entendu: les droits imprescriptibles de la personne humaine s'y trouvent respectés. On aurait donc tort de parler, comme le faisait naguère Sombart, d'un processus progressif de "dépersonnalisation" de l'économie, ou de dresser les revendications de l'homme devant le capitalisme. Une organisation fondée sur la division du travail social et orientée vers la satisfaction la plus rapide et la moins incomplète de la masse anonyme des désirs humains implique la collaboration et non pas la lutte, la conciliation plus que l'autonomie. Le libéralisme affirme que les

antagonismes sociaux ne sont pas la conséquence des défauts inhérents au système capitaliste. Il repousse l'accusation d'immoralité portée par ses adversaires et réplique que les règles de la justice y sont très scrupuleusement sauvegardées.

## 2 - Le capitalisme et la lutte des classes.

L'affirmation du dogme marxiste de la lutte des classes, comme conséquence d'une prétendue "division dichotomique" de la société capitaliste en deux groupes d'intérêts opposés: les travailleurs prolétaires, d'une part, et les capitalistes-bourgeois propriétaires, d'autre part, est catégoriquement rejetée par la pensée libérale moderne.

A vrai dire la position des divers auteurs, devant ce problème essentiel dans le conflit des doctrines contemporaines, n'est pas toujours très nette. Le défaut de précision du concept de classe se prête à tous les abus et risque de faire verser tout débat sur des querelles stériles de terminologie.

Les uns contestent la réalité sociale des classes. Les autres en soutiennent l'existence, sans pour cela cesser de croire aux vertus de la liberté économique. Les physiocrates appartenaient à cette seconde catégorie, de même que la plupart des économistes classiques. Ils admettaient même, entre les classes sociales, l'existence d'une certaine hiérarchie, et l'inégalité entre les hommes leur paraissait constituer, au même titre que la propriété et la liberté, un élément fondamental de "l'ordre naturel et essentiel des sociétés politiques".

Nous réservant d'aborder un peu plus loin la question de l'inégalité des conditions humaines en régime capitaliste, il nous suffira de marquer ici les points sur lesquels se manifeste le plus clairement l'opposition entre le libéralisme et ses adversaires, en ce qui se rapporte tant à la formation qu'à l'évolution des classes dans l'économie moderne. L'argument essentiel de la réplique libérale à l'accusation marxiste nous paraît être le suivant: l'idée d'une division de la société en catégories dont l'unité respective serait constituée par des communautés particulières d'intérêts n'est qu'une fiction. Elle a été inventée pour les besoins de l'agitation politique des masses. Elle peut constituer un merveilleux instrument de propagande démagogique. Mais elle ne correspond à rien de positif. Il faudrait, en effet, administrer les deux séries de preuves suivantes:

1 - l'existence d'une solidarité économique entre les intérêts de tous les membres d'une même classe;

2 - l'existence d'une opposition entre ces intérêts et ceux des membres de toutes les autres classes.

Or ces deux affirmations sont en opposition flagrante avec la réalité. Si l'on considère en effet - ce qui est fort discutable - comme formant une même classe tous les individus qui occupent une position identique dans le processus social de la production fondée sur la division du travail, on n'est absolument pas autorisé à déduire d'une assimilation purement terminologique l'existence d'une solidarité entre tous les titulaires "d'une fonction sociale" déterminée. Bien au contraire, plus l'identité fonctionnelle est parfaite et plus l'exercice de la concurrence tend à différencier les conditions individuelles des différents compétiteurs. La liberté d'action dont jouit chaque individu en régime libéral lui permet précisément d'échapper à cette "servitude de classe" faussement imputée au capitalisme. Ce n'est que par le cloisonnement artificiel des activités, l'instauration des barrières à l'entrée des professions, le contingentement arbitraire du rendement, la course au monopole, provoqués par les tendances restrictives de toute nature étatiste, corporative, ou syndicale, qu'il est possible de faire échec à la mobilité sociale impliquée par l'économie libre de marché et de restaurer la nocivité des classes. Le compartimentage économique des activités, fruit de la spécialisation professionnelle et facteur de productivité accrue, n'a donc pas pour résultat de créer des catégories définies et permanentes. Le salarié d'aujourd'hui peut devenir le patron de demain et le fils du patron actuel sera peut-être à son tour un employé salarié ou un serviteur à gages. Ce grand mouvement de va-et-vient des individus et des générations entre les fonctions économiques, ce grand brassage social, qui conformément au dicton américain d'un "grand-père en manches de chemises fait un petit-fils également en manches de chemises" constitue précisément l'un des aspects essentiels du système de libre entreprise.

D'autre part, il est tout-à-fait inexact de considérer comme antagonistes les intérêts inhérents aux diverses positions et fonctions dont l'ensemble constitue la structure économique de la société. Dans un milieu libre, constate Ludwig Von Mises, "il n'existe pas de classes séparées par des intérêts inconciliables. La société, c'est la solidarité des intérêts". Les enseignements récents des théoriciens de la

répartition du produit social entre les divers groupements de collaborateurs à l'oeuvre de production tendent à prouver en effet que la part imputée à chacun ne vient pas en diminution de celles des autres, mais qu'elle en constitue au contraire la condition essentielle.

Il résulte de ce qui précède que toute considération de lutte des classes, envisagée depuis son origine jusqu'à ses fins, y compris ses moyens d'action, se situe nécessairement hors du domaine de l'économie. La lutte des classes est destructive de richesses et donc anti-économique. C'est un produit de l'idéologie. On ne saurait, en toute bonne foi, en assigner la responsabilité à l'état de choses qu'elle s'acharne à renverser.

### 3 - L'économie libérale et la guerre des nations.

La guerre des peuples, à défaut de la guerre civile, serait-elle un fruit de l'économie libérale? Ceux qui l'affirment imputeraient donc aux conflits internationaux des causes avant tout d'ordre économique. Les néo-marxistes, Lénine en particulier, ont violemment reproché au capitalisme d'étendre le champ des antagonismes irréductibles jusqu'au domaine des relations internationales et même de chercher dans les rivalités entre les peuples un dérivatif aux menaces d'explosion des économies intérieures des différents pays. L'impérialisme économique, caractérisé par la course aux matières premières, la chasse aux débouchés extérieurs, appuyés au besoin sur l'emploi de la force, la lutte acharnée pour la conquête des colonies et l'asservissement, au moins économique, des contrées sans défense ne représenterait en somme que la forme la plus évoluée, la "dernière étape", la "phase suprême", d'une organisation basée sur le principe de l'insatiabilité des chefs d'industries et des manieurs d'argent.

Le libéralisme repousse de toutes ses forces cette accusation rudimentaire. Le militarisme, le bellicisme, le nationalisme agressif et intransigeant, le colonialisme conquérant et brutal sont autant de conceptions politiques qui répugnent à la véritable nature de la société individualiste. Le problème de la guerre et de la paix ne se laisse pas réduire à l'ignoble trafic des "marchands de canons".

Les véritables responsabilités des guerres internationales ne sont pas le fait d'un système économique déterminé. Celles-ci ont des causes d'ordre entièrement politique. Comment pourrait-on considérer une organisation somme toute contempo-

raîne comme l'origine de conflits qui remontent à la plus haute antiquité? Ce n'est certes pas le "degré de capitalisme" des économies des diverses nations du monde qui permet de doser l'ampleur de leur tempérament belliciste respectif. Bien au contraire, l'organisation libérale de l'économie implique et renforce la collaboration pacifique entre les peuples. Montesquieu disait déjà de "l'esprit de commerce" qu'il représente l'esprit de paix. La pratique du libre échange et la libre circulation des capitaux et des hommes réduisent l'importance du facteur national dans la vie des sociétés humaines et préviennent automatiquement les explosions des nations les moins bien dotées en richesses naturelles ou trop bien pourvues en hommes.

Il est possible qu'un conflit armé procure l'enrichissement de quelques spéculateurs heureux. Mais il nuit certainement à l'ensemble des économies des parties en cause, même de celles qui parviennent à assurer la supériorité des armes. Toute guerre est une cause d'appauvrissement général, pour les capitalistes plus encore peut-être que pour les travailleurs. Elle ruine les classes moyennes et décourage l'esprit d'entreprise, même par sa simple menace. Il n'est pas besoin de remonter loin dans l'histoire pour trouver une vérification éloquentes d'une telle assertion.

La virulence du nationalisme au XXIème siècle aura fait davantage contre le progrès social que toutes les erreurs accumulées des tentatives de socialisation de l'économie. Mais les conséquences ont été plus catastrophiques encore lorsque socialisme et nationalisme ont conjugué leurs efforts.

4 - "Bellum omnium contra omnes".

A supposer alors que le capitalisme ne soit pas le principal fautif des luttes des classes ou des guerres entre nations, ne pourrait-on du moins lui reprocher d'instaurer entre les hommes eux-mêmes un état permanent de rivalité et de faire de l'activité économique une lutte pour la vie féroce et implacable, terminée seulement par l'écrasement des plus faibles? La concurrence n'implique-t-elle pas cet état de guerre de tous contre tous que signalait Hobbes et d'où résulterait cette mêlée désordonnée et inhumaine qui choquait tant l'âme sensible d'un Stuart Mill?

Les libéraux répondent par une distinction essentielle entre la lutte et la compétition, entre la brutalité qui

détruit et l'émulation qui ne différencie qu'en construisant. Le but de la guerre est d'écraser les vaincus: Vae Victis. Celui de la concurrence est d'aboutir à la réalisation du principe d'économie des forces en éliminant du marché les besoins insusceptibles d'être satisfaits d'une part, et en assignant strictement, d'autre part, à chaque ressource productive l'emploi dans lequel elle peut rendre le plus de services à la société. Il y a place pour tous dans la Communauté sociale du travail, à condition que chacun veuille bien se conformer aux exigences de tous, telles qu'elles sont présentées par le tableau des prix.

L'erreur qui consiste à ramener la concurrence à l'extermination provient sans doute de l'illusion qui consiste à la considérer comme restreinte au seul marché de la force de travail et comme spéciale à l'offre de cette ressource productive. Elle devient alors la sous-concurrence. Mais aucun motif quelconque n'interdit d'opposer à la sous-concurrence des employés la sur-concurrence des employeurs et d'étendre l'application du concept à toutes les autres catégories de services et de produits.

On aurait tort, au surplus, de représenter chaque initiative individuelle comme destructrice d'une possibilité équivalente pour autrui. Là où les pionniers de la vie des affaires ne sont pas protégés par des monopoles, toute création nouvelle de leur part ouvre la voie à la foule des imitateurs moins entreprenants. Il suffit souvent de la décision d'un seul pour vaincre l'hésitation des autres: c'est la "marche par grappes", si bien dépeinte par Schumpeter. Rien ne permet de considérer comme inhumaine l'audace de ceux qui savent oser. Car elle n'aboutit, en fin de compte, qu'à multiplier les richesses pour le plus grand profit de tous.

## 5 - L'individu contre la société.

On voudrait enfin trouver un antagonisme inhérent à l'économie libérale du fait que l'individu, mu par la recherche de son intérêt particulier, se trouverait ainsi en état de rébellion permanente contre les intérêts de tous ses semblables. Le capitalisme dresserait l'individu contre la société. L'économiste allemand Effertz, suivi par Landry et Oppenheimer, avait beaucoup insisté sur cette prétendue opposition. L'individu rechercherait son profit personnel. Il vise au maximum de sa rentabilité. L'intérêt social exigerait au contraire que soit toujours réalisée la productivité maximum, c'est-à-

dire la satisfaction la plus complète du plus grand nombre possible de besoins.

Cette argumentation dissimule un paralogisme flagrant. Elle assimile, pour les opposer, le terme de toute activité économique et l'un des procédés mis en oeuvre pour y parvenir. Elle confond donc le but avec le moyen. Le système capitaliste n'a pas d'autre fin dernière que la production du maximum de richesses, c'est-à-dire, comme disait Pareto, de la plus grande somme "d'ophé-limités pondérées". Il utilise, pour y parvenir, l'appât du profit personnel. Mais cette organisation n'est point la seule possible. On peut concevoir par exemple une économie dans laquelle l'orientation et la mise en oeuvre des facteurs productifs seraient effectuées de façon arbitraire par des fonctionnaires publics. Le but pourrait demeurer le même, mais le moyen différerait: ce n'est pas "l'économie de productivité" qu'il faut opposer et comparer à "l'économie de rentabilité" mais bien "l'économie bureaucratique" confiée à l'Administration publique.

Quel sens faut-il attacher à la présence du profit personnel dans un milieu libre? La rentabilité d'une entreprise n'est que la manifestation des ressources productives qui s'y trouvent engagées. Cela ne signifie pas autre chose qu'une ratification automatique d'une activité conforme aux exigences de la démocratie des consommateurs tant en ce qui concerne les besoins directement ou indirectement satisfaits que ceux qui se trouvent sacrifiés, du fait que les forces productives utilisées ne sont plus disponibles pour un autre emploi. Le profit est fait de la différence entre la valeur du résultat obtenu et son coût. Si l'on admet que celui-ci ne représente en dernière analyse que la valeur d'un résultat sacrifié on voit que l'existence du profit ne fait que donner l'assurance d'un usage rationnel des ressources productives.

La recherche du bénéfice maximum par le détenteur de ces ressources, soit qu'il les mette en oeuvre par lui-même, soit qu'il les confie à un autre entrepreneur, a précisément pour résultat de les orienter dans la voie dans laquelle leur utilisation aboutira au maximum de productivité pour la Société. Il n'y a donc pas d'opposition entre l'intérêt bien entendu de l'individu et l'intérêt bien compris du corps social tout entier. Ce mobile de l'intérêt personnel, qui semble bien être, comme on a pu le dire, "un postulat autrement solide que celui d'Euclide" suffit à diriger l'emploi des forces nouvellement disponibles et même à dériver celui des forces déjà

engagées dans une oeuvre productive, vers les activités les plus propices à la collectivité.

L'antagonisme entre l'intérêt particulier et l'intérêt social n'apparaîtrait seulement que lorsque l'accès à certaines utilisations se trouverait obstrué par suite de manoeuvres ayant pour but d'assurer le monopole de leur position aux individus déjà "dans la place". Mais le monopole ne peut pas être considéré comme un produit de la liberté économique. Ses causes sont extérieures au système capitaliste dont il est le pire ennemi. Il y a là une constatation sur la portée de laquelle on ne saurait trop mettre l'accent.

D'ailleurs les objections adressées à l'économie individualiste manquent parfois de cohésion et paraissent contradictoires. Si les uns reprochent à l'individu de s'opposer au bien commun par le monopole, d'autres lui font grief par contre de chercher à réaliser sa réussite économique en suscitant des besoins artificiels dans la masse inerte et ignare. Mais comment distinguer les besoins prétendument factices des besoins véritables? A supposer même que la foule cède à ses impulsions répréhensibles, ce ne serait pas à l'organisation économique qu'il conviendrait de s'en prendre. Si la formation des penchants du public reste parfois à la charge des producteurs, ce ne peut jamais être qu'à titre supplétif et à défaut de mieux. Un esprit libéral estimera toujours que pour l'éducation du goût, la concurrence demeure, malgré tout, de beaucoup supérieure à n'importe quelle action administrative. Quant aux gaspillages attribués aux excès de la réclame et de la publicité, ils ne représentent jamais qu'une part infime par rapport aux dépenses de production proprement dites: en suscitant l'esprit d'invention et la recherche de la nouveauté, ils constituent un facteur essentiel de progrès. Telle est, nous semble-t-il, la réponse qu'il convient de faire aux critiques des détracteurs de l'économie dite "d'abondance" (à la Galbraith). De l'économie libre ou de l'économie contrainte, on peut en effet se demander quelle est celle des deux qui implique la plus grande somme de gaspillages.

## 6 - Intérêt personnel et devoir social.

Un système qui décide des vocations professionnelles de chacun selon les perspectives de bénéfices et qui ramène les rapports sociaux à la brutale comparaison du Doit et de l'Avoir paraît difficilement conciliable avec les exigences de

la morale. Les esthètes sociaux et les champions de l'héroïsme désintéressé se sont toujours violemment insurgés contre lui. Le capitalisme aurait sanctifié l'égoïsme, selon E. Halevy, que la psychologie économique utilitaire a mise à l'impératif. En bénissant le succès personnel comme l'élément unique et nécessaire du bien-être général, la philosophie libérale ne prêcherait qu'une "harmonie des égoïsmes" et détruirait ainsi la notion du devoir social. Il n'y aurait pas d'autre but à l'existence que celui de s'enrichir, comme le conseillait Guizot aux bourgeois du roi Louis-Philippe. Peut-être même une certaine conception métaphysique des choses n'hésiterait-elle pas à considérer le succès économique comme le témoignage de la faveur divine et la marque d'une prédestination. Mais ces reproches ne touchent pas le fond du problème. Car la pensée libérale se veut indépendante de toute religion et affirme qu'aucun conflit n'est possible avec des dogmes qui distinguent de ce bas-monde le royaume de Dieu. Elle ne serait intolérante qu'avec l'intolérance.

Quant au reproche d'égoïsme, il lui paraît reposer sur une confusion habilement exploitée entre les mobiles de l'action individuelle et ses modalités. Que le premier domaine relève de la morale, rien de moins contestable. Mais cela n'a rien à voir avec l'économie: le capitalisme s'accommode de l'égoïsme comme de l'altruisme. Il se concilie même fort bien avec la pratique de l'esprit de charité. Il oblige seulement l'individu à peser les conséquences des options nécessaires impliquées par le milieu économique dans lequel il opère. Il est l'expression de la raison contre l'instinct, de la réflexion contre l'impulsion. Peut-on lui reprocher d'affaiblir les élans de l'âme parcequ'il en fait connaître le prix? Il est indifférent à l'ordre des fins poursuivies, qu'elles soient matérielles ou spirituelles, et en assure simplement la plus complète satisfaction. Il ne prive pas l'individu de la possibilité d'accomplir son devoir social. Mieux encore: il lui en facilite singulièrement l'exercice, puisque l'effort le mieux récompensé est toujours celui qui correspond aux nécessités les plus impératives.

Ainsi le libéralisme peut-il se présenter comme l'expression d'une philosophie de l'activité qui, loin de prêcher l'égoïsme, démontre, en mettant l'individu au service de la Société, qu'elle "veut réellement et sincèrement l'amélioration du sort du plus grand nombre."

## 7 - Le problème de l'inégalité des conditions.

La doctrine libérale, devant le reproche si fréquemment adressé aux institutions capitalistes d'engendrer une inégalité flagrante et injuste tant dans la répartition des revenus que dans celle des fortunes, reprendrait sans doute volontiers à son compte ces propos qu'un Renan désabusé insérait dans la Préface tardive à la réédition de son "Avenir de la Science". "L'inégalité est écrite dans la nature. Elle est la conséquence de la liberté de l'individu et la liberté de l'individu est un postulat nécessaire du progrès humain".

Mais cet aperçu des choses n'envisage qu'une des deux faces de la question. Car s'il est vrai que la liberté engendre l'inégalité, il est non moins exact, comme l'a bien vu Paul Valéry, que "dans une société d'inégaux, la masse s'insurge contre l'inégalité". L'économie libérale ménage précieusement les voies pacifiques de cette insurrection, grâce au jeu de la concurrence. De sorte que, en définitive, les privilèges n'y sont jamais que précaires et provisoires. Toute situation acquise est constamment remise en cause. Aucune autre organisation ne se prête mieux que celle-ci à cette circulation des élites dont Pareto a fait l'une des modalités essentielles du progrès des civilisations humaines.

Le succès économique viendra donc récompenser les activités qui répondent aux nécessités sociales les plus urgentes et absorbent pour ce faire le minimum de ressources productives. Le reproche d'inégalité ne saurait ébranler la conception libérale de l'économie. Celle-ci ne comporte manifestement pas la promesse de rendre tous les hommes également riches, également influents, également honorés et également sages... Elle n'exige pas que tous les participants à la course restent à la même hauteur et finissent ensemble... Elle promet simplement que, si les inégalités extrinsèques dues aux privilèges et aux prérogatives sont abolies, les supériorités intrinsèques pourront se manifester" (Walter Lippman).

L'existence d'une élite de la fortune, à laquelle l'individu doué des qualités requises aura libre accès, constitue précisément la garantie que ces qualités seront mises en oeuvre pour le plus grand profit de la société toute entière. L'inégalité des conditions n'est que le prix de la réduction de la pauvreté générale (Robbins) car "la masse à partager n'est pas indépendante de la façon dont on la partage".

On aurait tort au surplus de s'exagérer l'importance de

cette inégalité. Les recherches statistiques poursuivies jadis par Vilfredo Pareto lui avaient permis de conclure que, d'une part, l'inégalité dans la répartition des revenus semblait obéir, dans tous les pays civilisés, à une régularité surprenante, susceptible d'être exprimée dans la forme mathématique et que d'autre part, cette inégalité tend à se réduire au fur et à mesure que s'élève le revenu individuel moyen. Une répartition équivalente des revenus pour tous ne produirait donc qu'une très minime amélioration du sort du plus grand nombre, à supposer que le produit total à partager ne diminue pas du fait de l'opération. Et encore faudrait-il ajouter que l'inégalité des revenus ne se traduit souvent pas par des différences sensibles dans les niveaux de vie comparés des différentes catégories d'individus, du fait que la constitution de l'épargne est effectuée pour la plus grande part sur les revenus les plus élevés. Il y a lieu aussi, bien évidemment, de faire entrer en ligne de compte les prélèvements fiscaux.

C'est le capitalisme qui a créé et développé les "classes moyennes" au sens que l'on attribue d'ordinaire à ce terme bien plus qu'il n'est responsable du "prolétariat". Comme l'avait jadis si fortement marqué Maurice Bourguin, il serait tout-à-fait inexact de considérer l'indépendance économique comme la condition essentielle du bien-être. "Ce n'est pas la condition de salarié qui fait le prolétaire, c'est la faiblesse de la rémunération et la précarité de l'existence".

Pourrait-on imputer au capitalisme, comme une responsabilité, le fait de comporter des catégories de revenus qui ne représentent pas la contre-partie directe d'un effort de travail et font ainsi figure, dans la répartition, de "revenus non gagnés"? Est-il exact que dans la société bourgeoise, "ceux qui travaillent ne s'enrichissent pas et ceux qui s'enrichissent ne sont pas ceux qui travaillent"? Que représente donc la part du produit social qui n'est pas "imputée" au travail indépendant et celle du capital. Les profits purs d'entreprise et les rentes ne représentent qu'une part infime du total. Et encore laissons-nous de côté la question des impôts et de leur destination définitive. Cette question du rôle de la fiscalité dans une économie libre de marché est en effet d'une très grande importance. Mais nous ne pouvons l'examiner ici.

Le libéralisme prendrait, s'il en était encore besoin, la

défense de l'intérêt du capital. Il en proclame la nécessité économique. Il en reprend, après Bentham et les classiques, la justification sociale et morale. C'est le taux de l'intérêt qui ajuste la demande à l'offre des capitaux disponibles et qui détermine les investissements justifiés. Il est le prix de l'impatience (Fisher) pour l'emprunteur et rétablit pour le prêteur l'équilibre intertemporel de ses évaluations subjectives (Bohm-Bawerk). Il ne s'agit d'ailleurs pas là d'une catégorie particulière à l'organisation capitaliste, mais bien d'une institution nécessaire à toute conduite rationnelle de la vie des affaires.

Quant au profit, coût véritable du système (et dont il faudrait déduire les pertes pour le mesurer avec quelque exactitude), il ne représente pas, d'une façon générale, un bénéfice dévolu à l'oisiveté. Le socialiste Jaurès ne s'y trompait point, qui faisait du capitalisme "une force trop vivante et trop ardente pour que ceux en qui il se personnifie puissent s'abandonner à la paresse".

Cet ensemble des revenus non salariés représente au total un prélèvement extrêmement modéré. "En fournissant l'outillage nécessaire et en supportant tous les risques", le capital parvient à obtenir environ 20 % du produit total, ce qui n'a vraiment rien d'excessif. D'une façon générale, un régime libéral n'a donc point pour but d'assurer le maintien des privilèges de la richesse au détriment des catégories déshéritées de la population. Bien au contraire: les favorisés de la fortune ont tout à redouter d'une organisation bâtie sur la concurrence et dans laquelle aucune condition ne peut être considérée comme définitivement acquise. Tout avantage obtenu à un moment donné doit être maintenu par l'affirmation durable d'une supériorité reconnue par la Société, qui en tire par ailleurs bénéfice. Aucune ressource productive, détenue provisoirement, ne peut procurer à son propriétaire, une participation au "dividende national" si elle n'est pas susceptible d'assurer en définitive des satisfactions à l'ensemble des consommateurs.

En donnant "à chacun une chance" pour l'aménagement optimum de l'existence au milieu de ses semblables, le capitalisme constitue l'instrument le plus efficace de cette "capillarité sociale", qui ne cesse de stimuler l'humanité dans sa marche vers un bien-être mieux assuré et plus généralement distribué.

## L'Occident pour son malheur a choisi Keynes contre Mises

Pierre Lhoste-Lachaume

Je suis particulièrement heureux de participer aux hommages présentés au chef de file des libéraux intransigeants, Ludwig von MISES, pour son 90ème anniversaire ; car, depuis plus de 35 ans que je combats en France pour les libertés économiques, j'ai pu constater que la mentalité de compromis des milieux patronaux et le scepticisme des intellectuels sont pour beaucoup dans l'effritement des institutions de la Société libre.

Aussi lorsque notre Centre Libéral publia en 1952 la plaquette Angoisses et Espoirs de la Civilisation Occidentale, ai-je demandé au Professeur Mises l'étude de tête, qui portait spécialement sur " La chaîne sans fin des interventions économiques ", résumant ainsi ses analyses historiques de la régression contemporaine vers le collectivisme. Mais élevant le débat comme il l'avait fait dans Human Action, il montra également que l'Economie de Marché est de nos jours la base nécessaire pour sauvegarder les valeurs primordiales : intellectuelles, culturelles et morales.

En 1959, une occasion m'a été fournie de constater à nouveau notre unisson de pensée. Sous le titre alléchant de "Manifeste pour une Société Libre", un rassemblement éphémère des néo-libéraux en renom et de personnalités politiques et patronales avait tenté de formuler un programme politique "social et international quant aux buts, et libéral quant aux moyens" ; très prosaïquement il s'agissait de permettre à la population de vivre le plus possible garantie et le moins possible assujettie, sous l'égide d'une technocratie éclairée. Ayant réfuté point par point les conclusions de ce Colloque dans mon mémoire L'Illusoire Compromis de nos Démocraties Occidentales, et ayant communiqué le tout au Professeur Mises, je reçus de lui ces lignes :

" Je suis effrayé par la teneur de ce document ;  
" toutes les erreurs spécieuses qui furent jadis en-  
" seignées par l'Ecole Allemande de Sozialpolitik,  
" et qui aboutirent à l'avènement du Nazisme, sont  
" répétées par ces pseudo-libéraux. Malheureusement  
" vous avez raison en affirmant que ce programme re-  
" flète la mentalité dominante de notre bourgeoisie  
" dirigeante, car c'est aussi vrai aux Etats-Unis et  
" en Angleterre qu'en France " .

Notre grand aîné était d'autant meilleur juge  
que toute son oeuvre constitue une lumineuse démon-  
stration des erreurs collectivistes et expansionnis-  
tes, au regard des indestructibles réalités indivi-  
duelles. Constamment il s'affirme adversaire de la  
planification centralisée - autoritaire ou concertée-  
et partisan d'un rigoureux donnant-donnant, orienté  
par la confrontation universelle de l'offre et de la  
demande des biens et services de toutes sortes, et  
ce afin de limiter le domaine du Pouvoir au strict  
indispensable.

Ainsi, bien avant la vogue de Keynes, il avait  
prouvé la vanité et les dangers de tous les pallia-  
tifs faisant appel aux artifices étatiques ; à ses  
yeux, l'erreur spécifique du Keynesianisme a été de  
méconnaître les conséquences à long terme de la  
substitution du crédit inflationniste à une épargne  
réelle, qu'elle s'investisse ou qu'elle consomme.

Malheureusement ses explications méthodiques et  
sans lacune se sont heurtées à la coalition du silen-  
ce, dans les Universités, la Presse et les partis  
politiques ; alors que l'on faisait chorus autour  
des mythes qui flattent la puissance des grands, et  
jouent du désir de facilité des peuples. Telle est  
la rançon des vrais prophètes, dont le rôle est de  
témoigner de la réalité dans la mesure même où l'on  
prétend la nier ; pour moi, c'est encore le courage  
et la ténacité de Mises dans une mission aussi in-  
grate, qui me le rendent le plus exemplaire.

Au cours de ces quelques pages, diverses nota-  
tions groupées sous quatre titres tendent à montrer  
combien les enseignements de Mises restent d'actuali-  
té et commencent à porter leurs fruits.

## 1.- Substitution anachronique du Pouvoir au Marché

- - - - -

Après avoir connu le régime des castes en Economie domestique, les peuples évolués trouvèrent une véritable libération lorsque l'esprit de négoce et d'entreprise - c'est-à-dire de coopération pacifique dans la division du travail - fit prédominer l'Economie de libre-échange. Mais les souffrances qui accompagnèrent, au début du 19ème siècle, le passage de la production artisanale à la production industrielle provoquèrent une animosité contre le grand capitalisme, accusé de spolier les travailleurs et d'enrichir une nouvelle classe privilégiée.

Bien que cette révolution économique ait engendré pour tous une élévation considérable du niveau de vie, les vieux griefs stéréotypés restent exploités à des fins politiques ; et les meneurs syndicalistes en arrivent à faire croire aux salariés qu'il suffit de s'emparer des leviers de commande pour régler à son gré le pouvoir d'achat de la population.

Parallèlement, les deux guerres mondiales ont acclimaté les nationalisations, la planification et l'Etat-Providence, en même temps que la dégradation chronique des monnaies et une fiscalité de plus en plus lourde. Les " classes moyennes ", ainsi à demi prolétarisées, réclament à leur tour du Pouvoir qu'il les protège ; à la fois contre la prolifération anormale des concentrations capitalistes, et contre l'anarchie tant revendicative que subversive.

Aussi le paradoxe de notre époque est-il que la possession du Pouvoir est âprement convoitée, alors que les Gouvernants sont impuissants devant la multitude des problèmes dont ils se trouvent chargés ; on s'enfonce donc dans l'impasse, car pas plus le Marché et la Démocratie, que le Dirigisme et l'Etatisme, ne peuvent fonctionner au milieu d'affrontements généralisés.

La fuite en avant risque de conduire à la fausse issue d'une dictature communiste, ou d'une nouvelle expérience fasciste ; dans les deux cas, l'arbitraire du Pouvoir achèverait de se substituer à la

liberté de décision des consommateurs, des travailleurs, et des investisseurs.

## 2.- Du dérèglement économique-social à la revendication endémique

- - - - -

Les principes faux sont d'autant plus séduisants qu'ils donnent de prime abord l'impression que l'on peut " corriger " la nature ; malheureusement, à l'échelle de l'évolution sociale, les conséquences ne se font sentir qu'à retardement. Nous en avons l'exemple dans deux revendications-types du Socialisme : la Sécurité Sociale et la Démocratie Economique.

Le risque est lié à l'existence même ; il est par conséquent du devoir de chacun de s'en prémunir, en fonction des conditions de vie qui lui sont habituelles. L'épargne et la mutualité constituent les moyens adéquats ; alors qu'un système d'assurance collectif et obligatoire entraîne inéluctablement à un assujettissement, au surplus dispendieux et dont la charge se répercute sur tous. Or dès avant la première Guerre Mondiale et les troubles monétaires qu'elle a provoqués, Bismarck avait instauré un tel système, dont même les libéraux anglais s'inspirèrent déjà en partie ; en France, il est piquant que ce fut, après l'assainissement de la monnaie par Poincaré, le droitier Tardieu qui fit voter en 1930 les Assurances Sociales obligatoires réclamées par la Gauche. Et maintenant l'on sait le gouffre financier que représente la Sécurité Sociale, ainsi que les servitudes et les aléas du mode de retraite par répartition.

Quant à la Démocratie économique, c'est une usurpation à la fois d'appellation et de finalité. Seule l'Economie de Marché est de nature démocratique, en ce sens que toutes les décisions sont consécutives à une confrontation constante et ouverte de toutes les catégories d'intérêts particuliers ; tandis que l'objectif d'intérêt général est de satisfaire le consommateur, à travers des échanges où aucun pouvoir de contrainte n'intervient. Au mieux, la conception collectiviste devrait s'appeler " démocratie des producteurs ", ce qui équivaldrait - com-

me le fait remarquer Mises - à " une constitution sociale où les fonctionnaires et les soldats, et non l'ensemble du peuple, auraient à décider de la politique du Gouvernement " ; d'ailleurs les Syndicats favorisés par l'adhésion obligatoire, ou qui s'octroient le privilège d'employer la violence, constituent un Etat dans l'Etat. Même si les producteurs arrivent ainsi à imposer leurs vues, par exemple en matière d'arbitrage ou de lutte contre le chômage, ils n'obtiennent alors que des distorsions du Marché qui, par la suite, se retournent contre les intéressés.

Ce qui est encore plus grave, c'est que cette prépondérance donnée à la production aboutit à un non-sens dont nous subissons déjà les répercussions ; le Professeur belge Marcel de Corte vient de le souligner en ces termes : " La finalité normale de l'Economie est ainsi renversée : l'homme doit consommer afin de travailler. Sous nos yeux surgit une société appelée Société de consommation, qui est, en réalité, la conséquence nécessaire d'une Economie axée essentiellement sur les producteurs, à quelque niveau qu'ils se situent... Les besoins des consommateurs se trouvent de la sorte subordonnés, sinon sacrifiés, aux besoins des producteurs ". (Philosophie économique et besoins de l'homme).

Dans sa version humanitaire, le Socialisme aboutit à un paternalisme d'Etat qui, des citoyens, refait des sujets ; lesquels perdent de ce fait les sauvegardes que l'Etat de Droit leur conférait. Cette mutation a été moins sensible aux Russes lors de la révolution léniniste, car celle-ci succédait à un absolutisme décadent ; mais pour l'Occident c'est le renversement d'une évolution millénaire. En fait le prétexte de l'intérêt supérieur de la communauté - dont les gouvernants sont seuls juges - couvre les dénis de droits tant à l'égard des nationaux que des étrangers ; et sur cette lancée, les dictatures n'hésitent pas à recourir à la violence et à l'oppression, parfois au nom de l'eugénisme !

Même dans les meilleures conditions, lorsqu'un régime socialisant paraît bienfaisant pour les individus, il n'en fait pas moins fausse route et se prépare d'inextricables complications. La drogue

euphorisante du crédit, et à plus forte raison de la gratuité, désaxe les mentalités en accoutumant les bénéficiaires à de pseudo-droits, d'autant plus extensibles qu'ils sont sans contrepartie apparente alors que leur coût retombe sur la collectivité ; cette perversion est particulièrement nocive pour la jeunesse, dont l'éducation requiert le plus tôt possible l'insertion dans le courant des échanges de services. En outre les programmes d'équipements collectifs déclenchent une expansion qui échappe au contrôle de la rentabilité et entraîne une orientation précaire de la main d'oeuvre. Le tout concourt à multiplier indéfiniment les tâches administratives, lesquelles par nature ne peuvent se passer de méthodes rigides, entravantes, uniformisantes, qui constituent un gaspillage mais protègent l'irresponsabilité du fonctionnaire.

Toutefois les déficits budgétaires ont des limites ; l'Etat ne peut jamais tenir ses promesses, bien qu'il aggrave constamment ses prélèvements et réglementations. Le coût de la vie s'en ressent, le mécontentement s'étend et la surenchère des revendications s'accroît. Chez les étudiants, le malaise s'amplifie de l'inquiétude quant aux débouchés auxquels ils prétendent du fait de leurs études, alors qu'il leur manque d'être aguerris et mûris par l'expérience.

Finalement le Socialisme se trouve acculé à subir la contestation chronique, ou à exercer une impopulaire répression.

### 3.- La vraie Démocratie protège les droits des individus et non les intérêts des groupes.

-----

Les tenants d'une authentique République postulent la séparation des Affaires et de l'Etat, non seulement pour moraliser la Chose Publique et rendre le Pouvoir plus efficace à son service, mais encore pour que le Citoyen ait avec l'Etat des rapports d'homme libre ; il faut donc ne donner au Gouvernement que sa mission propre, et laisser à l'individu toute sa responsabilité. Et cela d'autant plus qu'avec une Monnaie réelle, l'équilibre fluide et dynamique des plans individuels est le contre-poison du

double désordre engendré par la planification globale et la monnaie artificielle ; d'ailleurs, qu'on le veuille ou non, l'ordre monétaire conditionne aussi bien l'ordre politique que l'ordre moral.

En Economie concurrentielle, le slogan du "règne de l'Argent" n'est qu'une sottise, car c'est le nationalisme économique qui affermit les monopoles et leur permet d'exercer des pressions. Dans la Société industrielle, le capital n'est pas une richesse statique qu'on puisse distribuer pour être consommée : ce serait tuer la poule aux oeufs d'or ; il représente du travail et du savoir accumulés, il ne subsiste et ne fructifie qu'à force d'invention et d'adaptation au service des utilisateurs. Quelles que soient les formes - entreprises personnelles, sociétés anonymes, coopératives - il s'agit toujours de vendre des services ; et à tous échelons les accords de gré à gré seront plus efficaces et plus humains qu'une gestion bureaucratique.

On peut objecter que les contrats qui règlent les intérêts des particuliers ne sont pas suffisants pour assurer le Bien Commun de la Société. Certes c'est à l'Etat à assurer la protection de tous et à veiller au fonctionnement correct de l'ensemble des rapports sociaux ; la Police, le Code et la Magistrature sont indispensables à l'intérieur du pays, de même que l'Armée et la Diplomatie vis-à-vis de l'étranger. Quant aux mesures de sauvegarde du patrimoine national naturel et historique, de préservation de l'environnement, de maintien de l'hygiène physique et morale, de répression et dédommagement des abus de droit des particuliers et des groupes, la participation active des citoyens et des associations d'intérêt public est nécessaire pour stimuler et soutenir législateurs et gouvernants, provoquer des accords internationaux, mais aussi pour prendre ou combiner des initiatives désintéressées adaptées aux cas d'espèce.

Quant au Bien Commun ce n'est pas un objectif déterminable a priori, par un jugement préférentiel imposant un certain ordre social ; il ne peut être que la résultante du fonctionnement normal des lois naturelles et psychologiques, dans les disciplines d'un Etat de Droit où personne ne commande exclusivement, et où chacun peut concourir à l'orientation

de l'ensemble. Mises a bien montré que le Pouvoir est nécessaire, mais qu'il est non moins nécessaire de le borner constitutionnellement ; même si par là on empêche des améliorations qu'aurait pu décider un despote bienveillant, car c'est un moindre mal en regard des risques certains de l'omnipotence.

La règle du gouvernement limité - fondamentale en philosophie libérale - trouve son application la plus catégorique dans le domaine monétaire, où l'Etat doit se borner à réprimer les contrefaçons ; alors que, depuis la première guerre mondiale, les gouvernements se sont arrogé le droit d'émettre du papier à cours forcé. Intrinsèquement la monnaie étant une tierce marchandise, sa valeur est déterminée comme celle de tous autres biens et services par la loi de l'offre et de la demande. Historiquement, la monnaie-or circulante n'a pas été une création politique, mais un produit de l'activité économique elle-même ; et en dépit de tous les efforts pour supprimer le témoin gênant de l'étalon-or, sa réalité internationale et son prestige public demeurent intacts. Nous ne sortirons de l'imbroglio financier actuel - qui fait que monnaie, prix et salaires sont mensongers - et nous ne mettrons un terme à la fantasmagorie inflationniste, qu'en redonnant à la Monnaie réelle sa pleine liberté au lieu de laisser les experts en faire leur domaine réservé.

Comme l'a écrit Mises, les gens sans convictions doctrinales déclarent utopique la restauration intégrale de l'étalon or ; il convient alors de les avertir qu'ils sont réduits à choisir entre deux utopies bien plus démontrées par les événements :

- l'utopie d'une Economie de Marché fonctionnant sans être débarrassée du sabotage monétaire gouvernemental,
- et l'utopie de la planification intégrale totalitaire.

4° - L'ultime dilemme :

Progrès-suicide ou évolutions équilibrées.

- - - - -

Certes il faut expliquer à nos concitoyens toutes les perspectives rassurantes qu'offre une Société libérale ; à ce sujet, je dois malheureusement constater que les pays latins ont beaucoup moins fait pour

cette saine propagande, que les pays anglo-saxons et nordiques. Néanmoins les gens sont tellement intoxiqués de la mythologie socialiste, qu'ils ne retrouveront la foi en la liberté que lorsque les échappatoires collectivistes seront devenues impraticables. Mais pour préparer ce redressement, il faut éclairer les esprits réfléchis sur l'option initiale entre les deux types de structure :

- la Société fluide, milieu d'échanges humains à courants divers, où chacun décide pour lui-même dans un cadre assuré par la Monnaie réelle, le Règne de la Loi et l'impératif de la Conscience ;
- la Collectivité centralisée, dont chaque compartiment a son statut ainsi que ses effectifs déterminés, et où l'autorité - qu'elle soit monarchique ou collégiale - n'est limitée que par la force des choses ou la rébellion d'un clan.

Le premier type de vie en commun est constamment vitalisé par la spontanéité imprévisible des apports personnels ; il favorise la paix intérieure par la possibilité de débloquer les antagonismes ; il atténue les agressivités entre pays par la complémentarité des intérêts privés ; enfin il permet d'autant mieux des ententes internationales, que la majeure partie des questions économiques sont arbitrées par le Marché.

Le deuxième type se sclérose inévitablement par l'inertie des masses, frustrées des initiatives individuelles ; il n'obtient la cohésion intérieure que par les hostilités de groupe à groupe ; il lui faut comme support idéologique un objectif de puissance qui ne laisse finalement de choix qu'entre l'autarcie et la conquête ; enfin toute tentative d'entente internationale est handicapée par d'impossibles ajustements technocratiques de l'Economie.

La pierre d'achoppement des prophéties étant l'appréciation du délai de leur accomplissement, je me garderai bien d'indiquer quand et comment les tensions actuelles atteindront (probablement très soudainement) leur point de rupture. Ce qui est certain c'est que l'expansion artificielle, pour toujours accroître le revenu national et les ponctions fiscales, connaît déjà un rythme fracassant que les hommes supportent de plus en plus mal ; et que la surproduction intensifie le gaspillage, sans soulager

les misères véritables. Et l'on en vient à souhaiter " arrêter le progrès ", sans d'ailleurs se rendre compte quelles en sont la source empoisonnée et l'orientation néfaste.

Cependant on peut discerner de-ci de-là des réflexions qui, sur des problèmes concrets, marquent un progrès vers la lucidité. En Allemagne, les partisans les plus résolus de l'Economie Sociale de Marché reconnaissent qu'avec d'excellentes intentions ils ont été trop loin " en essayant de remplacer, en économie, le conflit par l'harmonie, la lutte des classes par la participation, la fluidité par le statut ". En Grande Bretagne, la courageuse association Aims of Industry lance une campagne pour la création d'un Commissariat aux Dénationalisations. Aux Etats-Unis, les milieux d'affaires commencent à faire passer l'assainissement des bilans avant la croissance des investissements. En France, des socialistes de bonne volonté reconnaissent qu'il n'y aura jamais assez de militants compétents et désintéressés pour animer une société collectiviste.

Vient de paraître à Paris, sous le titre Le Temps des Esclaves, un livre où l'auteur Jean Cau (d'origine modeste, ancien secrétaire de Jean-Paul Sartre) expose l'illumination qui l'a porté d'une extrémité à l'autre de l'horizon politique. Voici deux passages qui frappent par leur similitude avec le point de vue vigoureusement libéral : " Tout " contrat social est vide s'il ne dose pas le degré " d'ordre nécessaire à la survie d'une société et " la dose de désordre sans laquelle le surgissement " de l'individu n'est pas possible... Sur le terrain " de l'ordre, une liberté est possible à condition " que celle-ci ne sacrifie pas au démon égalitariste " .

Mais les lueurs d'espérance n'aboutiront à une aurore que si elles sont transcendées par un idéal moral. Aussi notre prestigieux ami Mises ne nous reprochera certainement pas de citer après lui cette phrase de Benjamin M. Anderson ( économiste qui s'est élevé contre la politique d'argent facile avant la crise de 1929, et contre le New Deal qui l'a suivie ) : " Rien n'est plus nécessaire pour les hommes que de pouvoir se faire confiance les uns aux autres, et de pouvoir croire en leurs gouvernants...

" La bonne foi - personnelle, nationale et interna-  
" tionale - est la toute première condition d'une  
" existence décente, d'un progrès soutenu de l'in-  
" dustrie, de finances publiques saines et de la  
" paix internationale " .

---

# Das Ordnungsdenken in der Marktwirtschaft

Ludwig Erhard

## Begriffsabgrenzung

Die Darstellung, als ob Marktwirtschaft einer liberalen Wirtschafts- oder gar Lebensordnung schlechthin gleichzusetzen wäre, ist nicht absolut gültig. Der Liberalismus hat wohl den Charakter der Marktwirtschaft als einer hochentwickelten Form anonymen Abtausches von Gütern und Dienstleistungen schärfer ausgeprägt, aber wenn hier auf die "Marktwirtschaft" eingegangen werden soll, dann ist es heute leider notwendig geworden, näher zu kennzeichnen, "welche" Marktwirtschaft gemeint sei. So viele Wandlungen, Verzerrungen und Entartungen der "Liberalismus" seit Adam Smith durch mehr als 200 Jahre erfahren hat, so steht auch zu befürchten, daß der Marktwirtschaft für die Zukunft ein gleiches Schicksal droht. Es kann indessen davon ausgegangen werden, daß im öffentlichen Bewußtsein Marktwirtschaft als ein liberales Ordnungsprinzip empfunden wird, und das ist auch insofern richtig, als sich menschliche Freizügigkeit mit sozialistischen oder kollektivistischen Denkmodellen kaum vereinbaren läßt.

## Ordnungsdenken und Marktwirtschaft im historischen Rückblick

Marktwirtschaft beginnt erst dort, wo die Beziehungen zwischen Erzeugern, Händlern und Verbrauchern nicht mehr personengebunden sind, sondern einen vorwiegend anonymen Charakter annehmen. Dieser Prozeß vollzog sich im Mittelalter, wo neben dem noch immer starken Gewicht der Kundenproduktion und in einem nach ständischer Ordnung determinierten Verbrauch ein weitgehender Überblick über die Haltung der Gesellschaft gegeben war. Eine als gottgewollt empfundene Ordnung gestattete mindestens indirekt eine straffe obrigkeitliche Einflußnahme.

Aus diesen mittelalterlichen Lebensformen mit ihren starken hierarchischen Bindungen und ordnungspolitischen Vorstellungen vollzog sich der Übergang in die Ära des Merkantilismus, der in starrer Doktrin der individuellen Entfaltung ebenfalls wenig Spielraum bot. Die ständische Ordnung wurde durch ein System abgelöst, das, von stärkerem Staats- und Nationalbewußtsein getragen, zu einer Straffung der volkswirtschaftlichen Kräfte hinführte und über Dogmen, die hier nicht zu erläutern sind, erstmals die Staatsgewalt auch als wirtschaftlichen Ordnungsfaktor in Erscheinung treten ließ.

Erkennen wir an, daß nur aus einer immanenten Betrachtung des Zeitgeschehens ein jeweils gerechtes Urteil zu fällen ist, dann kann das nur dahin lauten, daß auch aus dieser Zeit, die wir überwunden zu haben glauben, gleichwohl noch Reminiszenzen übrig geblieben sind, die in oft übertriebenem nationalstaatlichen Denken Ausdruck finden. Mahnung aus dieser Zeit muß uns ein, aber auch unsere neuzeitlichen Erfahrungen müssen uns lehren, daß eine fruchtbare internationale Zusammenarbeit vornehmlich auf der Gewährleistung einer inneren ausgewogenen Ordnung beruht.

Der wirkliche Durchbruch zur Marktwirtschaft, wie wir sie heute verstehen, beginnt mit dem aufkommenden Liberalismus in Gestalt einer bürgerlich-freiheitlich gearteten neuen Wirtschafts- und Gesellschaftsauffassung. Diese setzte völlig neue Normen. Anstelle des allmächtigen Staates traten die bürgerlichen Rechte, anstelle obrigkeitlicher Befehlsgewalt die freie Entscheidung der Bürger. Die Lehren eines Adam Smith, David Ricardo oder Jean Baptiste Say leiteten eine geistige Revolution ein, die als Liberalismus die Welt nicht nur bewegte, sondern völlig umformte. Es war wohl mehr als eine bloße Reaktion auf überhandnehmendes staatswirtschaftliches Denken, das eine Neuzeit einleitete. Bemerkenswert ist immerhin, daß die geistigen Träger einer frühen freiheitlichen Wirtschaftsauffassung wohl vom "Markt", aber im eigentlichen Sinne wenig von "Marktwirtschaft" sprachen. Das schien geschichtshistorisch auch gar nicht notwendig, denn wer in der Freizügigkeit einer liberalen Ordnung dachte, konnte die Marktwirtschaft, auch ohne sie noch als eine in sich selbst verstandene Ordnung gelten zu lassen, nur bejahen.

Jedenfalls darf ohne Vorbehalt angenommen werden, daß wenn heute von Marktwirtschaft gesprochen wird, niemand mehr - es sei denn, daß damit eine bewußte gesellschaftspolitische Kritik oder Polemik verbunden werden soll - an extrem-liberalistische Formen des vorigen Jahrhunderts denkt. Die Begründer der klassischen Nationalökonomie deckten in einem theoretisch klar herausgearbeiteten System die innere Gesetzmäßigkeit einer freiheitlichen Ordnung auf; sie ließen ökonomische Zusammenhänge erkennen, die aus der Sicht der reinen Ökonomie absoluten Rang beanspruchen konnten. Aber vielleicht hat die Mit- und Nachwelt zu wenig bedacht, daß sich wirtschaftliches Geschehen im Bereich der "politischen" Ökonomie abspielt, die andere, d.h. von außen her einwirkende politische Daten setzt. Diese in bezug auf Umfang und Stärke der Abweichungen abschätzen zu können, bedarf es der Projizierung auf das reine Denkmodell der klassischen Lehre als einem in sich geschlossenen System. Die eingetretenen Wandlungen vom ursprünglichen Liberalismus bis zum marktwirtschaftlichen Denken in einem neuzeitlichen Sinn sind naturgemäß nicht zuletzt auch aus der soziologischen Gemengelage zu begreifen. Sie fallen wesentlich in die Zeit der stärker aufkommenden Industrialisierung und der aus ihr erwachsenden Not- und Mißstände. Das ist denn schließlich auch der Grund dafür, daß sich die Vorstellungen von wirtschaftlicher Freiheit und sozialer Gerechtigkeit entscheidend verändert haben.

Es ist in Deutschland in erster Linie der vor allen Dingen immer mächtiger aufkommenden, vornehmlich mit dem Namen Walter Eucken verbundenen "Freiburger Schule" zu danken, das Kernübel oder anders ausgedrückt, den Denkfehler einer liberalen Zeitepoche offengelegt zu haben. Nicht wie der Sozialismus lange glaubte, mußte eine liberale Ordnung an dem Grundsatz der Freizügigkeit scheitern; - sie krankte auch nicht an zu viel Freiheit, die den Arbeitgeber glauben lassen könnte und wohl auch glauben ließ, daß ihm kraft seiner gesellschaftlichen Stellung oder wirtschaftlichen Funktion das Recht zustünde, die Freiheit Dritter fast willkürlich einzengen zu dürfen. Die Mängel des Liberalismus lagen nicht eigentlich in Denkfehlern, sondern in der mangelnden Berücksichtigung der seinerzeit wohl gültigen, aber auf die Dauer immer unhaltbarer werden-

den gesellschafts- und rechtspolitischen Auffassungen Wenn ursprünglich die ungleiche Stärke der Marktpartner eine schonungslose Ausnutzung der menschlichen Arbeitskraft ermöglichte, so hat doch in der Folgezeit das aufkommende Gewissen soziale Schäden dieser Art erkennen und die Gesellschaft gegen sie angehen lassen.

In einer späteren Phase aber wurde nicht nur der Versuch unternommen, sondern massenhaft praktiziert, durch privatrechtliche Verträge, - über Kartellvereinbarungen oder andere Formen von Wettbewerbsbeschränkungen - gegenüber dem auf dem sozialen Felde sich lockernden Machteinfluß neue starke Macht- und Marktpositionen aufzubauen. Das liberale System wurde trotz der ihm zugrundeliegenden theoretischen Begründung von seiten der wirtschaftlichen Praxis nicht so sehr als eine Wettbewerbsordnung betrachtet oder in diesem Sinn gehandhabt, wengleich die dynamische industrielle Entwicklung im Verein mit der Verdichtung des Welt Handels dieses bewegende Element einer freiheitlichen Wirtschaftsauffassung immer mehr zur Geltung kommen ließ.

Rückblickend wäre man fast zu sagen geneigt, daß der Zwiespalt zwischen dem nicht mehr unterdrückbaren Wettbewerb und den Versuchen, ihn trotzdem bändigen zu wollen, bis zu unserer Gegenwart ein gut Teil neuzeitlicher Wirtschaftsgeschichte einschließt. Das Ordnungsdenken der Freiburger Schule - der sog. Ordo-Liberalen - hat zweifellos das Wettbewerbsbewußtsein neu belebt, aber damit auch zu einem Streitobjekt erhoben. Das Ordnungselement des Wettbewerbs hat jedenfalls dank der durch die Freiburger Schule gewonnenen Erkenntnisse wieder einen festen Standort innerhalb der freien Marktwirtschaft zugewiesen bekommen, - ja, der Wettbewerb oder genauer gesagt die sozialen Auswirkungen des nicht mehr beliebig manipulierbaren Wettbewerbs haben nach dem politischen und wirtschaftlichen Zusammenbruch in Deutschland jenem Ordnungsdenken im System der Sozialen Marktwirtschaft auch politischen Gehalt gegeben.

Und ein weiteres Element kennzeichnet trotz geistiger Verwandtschaft den Unterschied zwischen jenem ursprünglichen liberalistischen Denken und dem modernen Geist der Marktwirtschaft, - im besonderen der Sozialen Marktwirtschaft - daß für diese Ordnung nicht nur technisch automatisch wirkende Verfahren des Marktausgleichs, sondern nicht zuletzt geistige und sittliche Vorstellungen bestimmend sind. Wäre es nur dies, daß das Gleichgewicht von Angebot und Nachfrage über die freie Preisbildung vollzogen werden soll, dann würde das zur Rechtfertigung oder gedanklichen Ausfüllung einer gesellschaftlichen Ordnung nicht ausreichen. Die Obersätze sind sittlicher Art und lassen uns fragen, ob und inwieweit sich eine Obrigkeit oder ein staatlich privilegiertes Kollektiv das Recht anmaßen darf, trotz Anerkennung übergeordneter Gemeinschaftsaufgaben die individuelle Freiheit willkürlich einzuengen oder gar aufzuheben.

Die private Initiative - insbesondere das freie Unternehmertum - als konstitutives Element einer freiheitlichen Wirtschaftsordnung

Privatinitiative in der Wirtschaft kann natürlich nicht besagen, daß es immer nur die individuelle Entscheidung einer Einzelpersonlichkeit ist, die den Ausschlag für das wirtschaftliche Geschehen gibt. In Kapitalgesellschaften z.B. werden sich beschlußfassende Gremien wie Aufsichtsrat und Vorstand über die Maxime des Handelns einigen müssen. Wirklich schöpferische Gedanken aber, die neue Wege weisen, werden nicht in Kollektiven geboren, sondern tragen immer einen persönlichen Stempel. Daß solche Ideen dann bis zur Reife der Anwendung von vielen Köpfen durchdacht und überprüft werden, ändert nichts an dem Tatbestand, daß es Kollektivgehirne nicht gibt.

Um aber in den Proportionen des wirklichen Lebens zu bleiben, ist zuzugeben, daß selbst ein tüchtiger und erfolgreicher Unternehmer nicht jeden Tag Neues ersinnt, wohl aber jeden Tag wach genug sein muß, sich in einer ständig wandelnden Welt zu behaupten. Dazu gehört dann nicht zuletzt auch der Mut zu raschen folgschwereren Entscheidungen, bei denen es um Sein oder Nicht-Sein gehen kann. Der Schein, daß das vielleicht früher einmal gegolten habe, heute aber dank der vermeintlichen Rechenhaftigkeit und Lenkbarkeit des

wirtschaftlichen Geschehens dem Unternehmer diese Sorge weitgehend abgenommen sei, trägt nicht nur; - nein, dieser falsche Schein ist nicht einmal frommer Betrug. Wir haben es in Deutschland in den letzten Jahren hinlänglich erlebt, daß sich mehr oder minder alle Prognosen, die Orientierungshilfen sein sollten, als unrichtig erwiesen und im letzten jeder Unternehmer im guten und im bösen auf sich selbst gestellt war.

Welche materiellen Ergebnisse, nicht zuletzt auch welche sozialen Konsequenzen (meist Schäden) eine Volkswirtschaft ohne Unternehmerinitiative hinnehmen muß, läßt sich am Beispiel kommunistischer Volkswirtschaften nachweisen. In diesen gibt es unbestreitbar ebenso tüchtige Techniker und Betriebsleiter wie in der freien Welt auch. Aber es gibt eben keine Unternehmer, weil ohne offene Märkte, ohne freien Wettbewerb und auch bei nur sehr beschränkter freier Konsumwahl für diese spezifische Aufgabe oder Qualität kein Raum ist. Solche Länder können technische Höchstleistungen vollbringen, nicht aber nach westlichen Vorstellungen auch nur relativ primitive Bedürfnisse befriedigen.

Aus dem Gesagten ist wohl deutlich genug ersichtlich, daß es einen freien Unternehmer nur auf der Grundlage einer freiheitlich politischen Ordnung und demgemäß auch nur im Rahmen eines marktwirtschaftlichen Systems geben kann. Jede Einengung dieser Freiheiten läßt den Unternehmer unfähig werden, auch für sein Land Fruchtbares zu leisten, ohne daß mit der Preisgabe dieses Prinzips nach aller Erfahrung auch nur die geringste Hoffnung auf bessere Lösungen oder brauchbaren Ersatz winkte. Was muß sich eigentlich noch ereignen, um bestätigt zu finden, daß die Marktwirtschaft zugleich auch die leistungsfähigste soziale Ordnung begründet. Da aber Marktwirtschaft (und in ihrer moralischen Anlage vor allem die Soziale Marktwirtschaft) ein freies Unternehmertum voraussetzt, läßt sich eine unmittelbare Beziehung zwischen unternehmerischer Tätigkeit, Wohlstand und sozialer Sicherheit unter Redlichen nicht bestreiten. Es ist ja auch charakteristisch genug, daß in der Bundesrepublik Deutschland außer extremen Gruppierungen wie z.B. den Jungsozialisten keine Partei es wagt, das Prinzip einer freien Unternehmungswirtschaft öffentlich anzugreifen, - wenn vielleicht

auch manche hoffen, durch Erhöhung der Grund-, der Vermögens- und Erbschaftssteuer auf kaltem Wege eine Umstrukturierung unserer Gesellschaftsordnung einleiten zu können. Das wird sorgfältig zu beobachten sein, um nicht über viele kleine Schritte schließlich in eine sozialistische Gesellschaft einzumünden.

Immer häufiger ist heute zu hören, daß angesichts einer wirtschaftlichen Entwicklung, die zunehmend durch Konzentrationen, Fusionen und immer mächtigere Wirtschaftsballungen sowohl im Bereich der Industrie als auch des Handels gekennzeichnet ist, der Entfaltung privater Initiative nach den Grundsätzen einer Wettbewerbswirtschaft - und das ist ein unverzichtbarer Bestandteil der Sozialen Marktwirtschaft - immer weniger Spielraum bleibt. Manche Erscheinungen scheinen diese Auffassung zu stützen, obwohl es ein bedenklicher Irrtum wäre, annehmen zu wollen, daß mit wachsender Unternehmensgröße der Wettbewerb verflacht oder gar völlig ausgeschaltet wird. Soweit solche Tendenzen wahrnehmbar oder dahin zielende Handlungen nachzuweisen sind, ist es - heute unbestritten - Sache des Gesetzgebers, offenkundige Mißbräuche dieser Art zu verhindern und zu ahnden. Tatsächlich ist ja auch in Fragen der Mißbrauchsaufsicht bzw. einer Fusionskontrolle mit neuen gesetzlichen Regelungen zu rechnen.

Ich bin - wie bekannt - jedoch nicht bereit, eine private Initiative zur Unterbindung des Wettbewerbs zu tolerieren oder überhaupt als "Initiative" gelten zu lassen. Zugegeben, daß es auch heute noch Unternehmer alter Schule gibt, die einer vergangenen Kartellherrlichkeit nachtrauern, aber über sie ist die Zeit bereits hinweggegangen. Um der Gerechtigkeit und der Vollständigkeit willen sei auch gar nicht geleugnet, daß manche unternehmerischen Zusammenschlüsse nicht rein rationaler Überlegung entsprungen, sondern dem Verlangen nach Stärkung der eigenen Marktposition, womöglich auch der Erlangung von Marktmacht dienen sollen. Im Rahmen einer freien Marktwirtschaft aber sind Monopol- oder selbst Oligopolpositionen schwer aufzubauen und noch schwieriger zu verteidigen, weil mit der weltweiten Öffnung der Märkte alles noch so gute - .h. in diesem Fall "schlechte" - Wollen in sich zusammenbricht. Das Schwergewicht der Betrachtung muß heute auf Versuche überstaatlicher Wettbewerbsbeschränkung gerichtet sein.

Wenn sich private Initiative auch im Leistungswettbewerb bewähren soll, dann darf sie vor allem nicht politisch oder gar parteipolitisch behindert werden. Das sollte jedenfalls unstrittig sein, daß der private Lebensbereich im Rahmen unserer gesetzlich fundierten Ordnung von staatlicher Bevormundung frei sein muß. Niemand sollte gezwungen werden können, irgendeiner Organisation oder Institution untertan zu werden; - vielmehr ist in dieser Richtung die freie Entscheidung des Bürgers sicherzustellen. Das gehört auch zu dem Begriff der Privatinitiative, daß der Mensch nicht nur Gruppenwesen, sondern zuerst Einzelpersönlichkeit ist und bleiben soll. Wir sollten in einer gereiften Demokratie der Würde der Einzelpersönlichkeit zu höherer Geltung verhelfen. Fernab einer Illusion, das Gruppendenken überwinden oder einebnen zu können, wird es unserer Gesellschaft zum Fluch, wenn die Individualität völlig untergeht, d.h. wenn die Eigenpersönlichkeit sich nicht mehr entfalten und bewähren kann. Die Bewahrung des privaten Lebensraumes betrifft also - wie erwähnt - nicht etwa nur die gewerbliche Wirtschaft im unternehmerischen Bereich. Vielmehr ist jeder einzelne Wirtschaftsbürger angesprochen, der sich das Recht und die Freiheit vorbehalten will, sein persönliches und individuelles Leben nach eigener Vorstellung zu gestalten.

Diese Überlegungen gelten jedoch nicht nur im nationalen Raum, sondern auch im internationalen Rahmen. Es gibt keine mehr auf friedliches Zusammenleben der Völker abzielende Wirtschaftsverfassung als die Marktwirtschaft. Sie entzieht sich nach Maßgabe eines auf Leistung begründeten Wettbewerbs jedwedem Versuch eines Staates, wirtschaftliche Stärke als Instrument politischer Macht mißbrauchen zu wollen. So lange der Warenaustausch über die Grenzen privater Initiative obliegt, bleibt für eine staatliche Beherrschung dieses dem Nutzen aller Völker dienenden friedlichen Miteinanderlebens kein Raum.

Aus diesen Gründen haben wir nach dem Zusammenbruch in Deutschland diese Ordnung aufgebaut und damit weltweite Anerkennung gefunden. Wer dagegen heute in diesen Kategorien denkt, gilt nur zu leicht als altmodisch und rückständig. Progressiv ist hingegen der, der nicht mehr in Ordnungsvorstellungen, sondern nur noch in Aktionen denkt. Immer mehr prägen auch in der freien Welt ein seichter Pragmatismus

oder ein verderblicher Konformismus die politische Gesinnung. Wer den Wert der Ordnung als Lebensrahmen nicht erkannt hat, kann sie auch nicht verteidigen.

### Die gesellschaftspolitische Problematik des Ordnungsbegriffes

In unserem Aufsatz ist bis jetzt häufig die Vokabel "Ordnung" aufgetaucht, ohne sie näher zu kennzeichnen. Dieses Versäumnis soll nun nachgeholt werden.

Es war das Verdienst der Freiburger Schule, Walter Eucken's und seiner Freunde, die Volkswirtschaftslehre wieder zu strengem Ordnungsdenken zurückgeführt zu haben; - nicht allein um das Schreckgespenst staatlicher Planwirtschaft zu bannen oder die aufkommende Ökonometrie auf den ihr gemäßen Platz zu verweisen, sondern mehr noch um dem öden geistlosen Pragmatismus die Zucht geistiger Ordnung entgegenzusetzen. Ich stehe für meine Person nicht an, die heute vielgerühmte pragmatische Verhaltensweise als Kapitulation vor der Wahrheit bzw. als Feigheit vor der Wirklichkeit ins rechte aber gewiß nicht strahlende Licht zu rücken. Wer nicht mehr weiter weiß, wer vor Entscheidungen zurückschreckt, der gilt heute vielfach als klug und wird dazu noch als fähiger Politiker gewertet, wenn er "pragmatisch" handelt, d.h. dem Zufall des Augenblicks Rechnung trägt. Den Pragmatikern folgen auf dem Fuße die bloßen Opportunisten und schließlich auch noch die überhaupt gesinnungslosen Konformisten.

Das scheint denn überhaupt ein Zeichen unserer Zeit zu sein, weniger in "Ordnungen" als in "Reglementierungen" zu denken. Das manifestiert sich äußerlich in der Errichtung von immer neuen Institutionen sowohl auf nationaler als auch auf internationaler Ebene. Der Versuch, durch immer umfassenderes Eingreifen des Staats oder von Kollektivgebilden das gesellschaftswirtschaftliche und soziale Leben bis zum Ausgleich auch der kleinsten "Ungerechtigkeiten" perfektionieren zu wollen, führt nur zu leicht von einer natürlichen Ordnung fort. Der Satz, daß diejenigen die Welt zur Hölle werden ließen, die sie zu ihrem Himmel erheben wollten, schließt zweifellos

viel Wahrheit ein. Und wer dürfte sich auch anmaßen, zu wissen, was "gerecht" oder auch "sozial" ist. Unsere heutige Gesellschaft, die sich so gern modern geriert, ist fortdauernd am Werk, Gott - oder wenn Sie so wollen - die Schöpfung korrigieren zu wollen.

Ich selbst bin z.B. davon überzeugt, daß im wirtschaftlichen Leben der echte, nicht manipulierte Wettbewerb das beste und auch wohltätigste Ausleseprinzip verkörpert, während andere der Meinung sind, daß um der "Gleichheit" willen die Lebensmöglichkeiten menschlicher Individuen obrigkeitlich gesteuert werden müßten. Der Zug zu immer stärkerer Gleichmacherei tritt trotz unlegbarer menschlicher Differenziertheit als gesellschaftliche Zielsetzung immer mehr in den Vordergrund. Aber da wir bekanntlich nicht alle Engel sind odernach Idealen leben, müßte diese Methode auf die Dauer auch zu einer Einebnung der Leistung führen und unsere Kraft schwächen, den viel genannten Anforderungen unserer Zeit - man denke nur an die Fülle der ja tatsächlich immer dringlicher werdenden Gemeinschaftsaufgaben - genüge tun zu können. So sehr die Solidarität zu loben ist, jeden Menschen vor Not und Elend bewahrt zu wissen, so notwendig bleibt es doch auch, neben die Solidarität das Gebot der Subsidiarität zu stellen. In einer menschlichen Gesellschaft folgen die mit Geist, Seele und Gewissen ausgestatteteten Staatsbürger eben nicht den naturgesetzlichen Regeln eines Termitenstaates. Aber deshalb müssen menschliche Ordnungen der Freiheit und der Individualität möglichst breiten Raum gönnen.

Man möge mich der Subjektivität zeihen, wenn ich mit der Praktizierung der "Sozialen Marktwirtschaft" den Versuch unternahm, Freiheit mit Ordnung zu verbinden, um mehr Gerechtigkeit obwalten zu lassen. "Ordnung" soll hier nicht allein und nicht so sehr als Rechtsordnung in einem schematischen Sinn, sondern als Lebensordnung einer Gemeinschaft verstanden werden. Diese selbst kann enger oder weiter ausgelegt werden; ja sie reicht von der Familie bis zum Staat und wechselt dabei wohl die Gestalt, im letzten aber nicht Gehalt und Inhalt. Das heißt, daß jedwede Form menschlicher Gesellung der Anerkennung gemeinverbindlicher Spielregeln bedarf. Jenes "es kann der Frömmste nicht in Frieden leben, wenn es dem bösen Nachbarn nicht gefällt" gründet auf der

Einsicht, daß der Verzicht auf Ordnung selbst im engen Raum Unfrieden, wenn nicht gar das Chaos heraufbeschwören müßte. Nun aber wird der eine oder andere fragen wollen, wie es denn um die Versöhnung von Freiheit und Ordnung bestellt ist. Lassen Sie mich als Antwort mich selbst zitieren, wenn ich wiederholt ausführte, daß Ordnung ohne Freiheit nur zu oft den Zwang gebiert, - Freiheit ohne Ordnung aber allzu leicht chaotisch zu entarten droht. Die Geschichte bietet für beide Thesen Beispiele genug dar.

Wenn Diktaturen behaupten, daß in ihrem Raum "Ordnung" herrsche, reife Demokratien aber darauf verweisen, daß in ihrem Geltungsbereich Ordnung als selbstverständliche Ein- und Unterordnung freier Menschen in Gesellschaft und Staat zu verstehen ist, wird uns bewußt, daß Zwangsordnungen jede Demokratie zerstören müssen, während der bejahte positive und konstruktive Ordnungswille die Stärke einer wahrhaft vom Volke getragenen Demokratie ausmacht. Der tragikomische Gedanken, eine Gesellschaftsordnung unter Polizeiaufsicht stellen zu wollen, bleibt hoffentlich eine Absurdität. Es scheint in diesem Zusammenhang wieder notwendig zu werden, Ordnung nicht als befohlenen Zustand, sondern als eine auf innerem Gleichgewicht beruhende Harmonie zu begreifen. Harmonie in diesem Sinne bedeutet aber nicht erstarrte Glückseligkeit, sondern bleibt im Rahmen einer frei gewählten Lebensordnung immer noch dynamisches Geschehen.

Die daraus zu ziehende ordnungspolitische Erkenntnis lautet, daß eine nur materielle Ausdeutung des inneren Wesens der Marktwirtschaft nicht ausreicht, um diese auch schon Gesellschaftsform an sich sein zu lassen. In einer Entwicklungsphase, die das Leben immer rechenhafter gestalten möchte, kann die Gefahr nicht übersehen werden, daß eine aktive Wirtschaftspolitik die Marktwirtschaft immer weniger an Ordnungsvorstellungen ausrichten, als nach vorgefaßten politischen Plänen manipulieren will.\*) Es gibt deshalb

\*) Man denke etwa an die "Zielprojektionen," d. s. ex ante Quantifizierungen der Hauptkreislaufgrößen, auf deren Grundlage in der Bundesrepublik Deutschland eine Globalsteuerung der Wirtschaft betrieben werden soll.

keine echte Marktwirtschaft, die dem Staat erlaubt, die ökonomischen Daten willkürlich und kurzfristig nach ideologischen oder parteipolitischen Vorstellungen zu verändern. Ohne den Mechanismus der Marktwirtschaft zu beeinträchtigen, können auf solche Weise Entwicklungen angestoßen werden, die mit dem Geist einer freien Gesellschaft nicht mehr zu vereinbaren sind. Man denke z.B. an die Steuerpolitik, hinsichtlich deren Fortführung auch in Deutschland kollektivistische Gedanken vordringen: eine noch immer weiter zugespitzte Erhöhung der Einkommenssteuer zu Lasten höher Verdienender, eine drastische Erhöhung der Grund-, Vermögens- und Erbschaftsteuer werden zwar als sozialer Fortschritt dargeboten, obwohl rechnerisch und aus langer internationaler Erfahrung nachweisbar ist, daß der vermeintliche fiskalische Gewinn durch den Verlust an wirtschaftlicher Energie mehr als aufgewogen wird.

Wenn also eine freiheitliche Gesellschaftsordnung nur mit geistigem und sittlichem Gehalt denkbar erscheint, dann können auch die Normen für die einer freien Gesellschaft gemäßige Wirtschaftspolitik nicht willkürlich gesetzt oder verändert werden. Mit anderen Worten: eine Marktwirtschaft muß die Züge einer freien Gesellschaft bereits in sich selbst tragen, um als Ordnungsbegriff gewertet werden zu können. Das wiederum heißt: es gibt keinen freien Markt außerhalb einer freien Gesellschaft.

### Die Rückwirkung von inflationären Prozessen auf die Wirtschaftsordnung

In manchen Ländern sind Zeichen und Ansätze einer Desillusionierung erkennbar, dem Fluch einer fortschreitenden Inflationierung entrinnen zu können. Es gilt daher, die Geister wachzurütteln und aufzuzeigen, daß wir die Freiheit verlieren und in die Fänge des Kollektivismus geraten, wenn wir dem inflationistischen Übel nicht entgegentreten. Der immer mehr wahrzunehmende Hang und Drang breiter Bevölkerungsschichten nach Schutz in kollektiver Sicherheit, ist freiheitlich gesinnten Menschen nicht angebohren, sondern wesentlich Folge einer Entwicklung, die besonders mittelständische Existenzen und freiberuflich Tätige fragen und daran zweifeln lassen, ob angesichts des Geldwertschwundes ihre Lebensarbeit und -leistung zu einer Daseinsfürsorge ausreichen. Der relative

Rückgang der Spartätigkeit setzt eine weitere Mahnung. Unter Berücksichtigung der Einkommens- und Vermögensbesteuerung in Verbindung mit einem Geldwertschwund von 4 - 5 %, dem ja nicht nur die Zinserträge, sondern auch das Kapital selbst unterliegt, kann es gar nicht ausbleiben, daß der Spar- aber auch der Leistungswille Schaden leiden. Auf diese Weise aber treiben wir der Auflösung einer freiheitlichen Gesellschaftsordnung zu.

Wenn der Bürger nicht mehr die Überzeugung hegt - und dieses Bewußtsein muß zwangsläufig in einem inflationären Prozeß verlorengehen -, sein eigenes Schicksal aus eigener Kraft gestalten zu können, dann verkümmert auch der Mut zu einem freien Bekenntnis. Wenn das Gefühl der Abhängigkeit vom Staat und seiner Gnade oder von Kollektiven überhand nimmt, kann man auch keine Zivilcourage erwarten. Aber auf diesem Wege werden freie Bürger zu Untertanen degradiert. Wieder bestätigt ein Vergleich zwischen der Lebensordnung in totalitären Staaten und freien Ländern die Gültigkeit dieser Aussage. Es sind darum auch nicht Gutgläubige, die uns Zwischenlösungen nach Art des jugoslawischen Wirtschaftssystems anbieten und die Spannungen zwischen zwei verschiedenen Lebensformen auf Mißverständnisse reduzieren möchten, sondern reine Kollektivisten, die unser Gewissen einschläfern wollen. Kommunistische Volkswirtschaften, die über das Produktivkapital, Handelsmonopole, und das Recht der Preisbestimmung verfügen und damit eine Vielzahl von Eingriffsmöglichkeiten haben, bedürfen keines Kapitalmarktes; sie schöpfen selbstherrlich ab, bevor die Verbraucher ihre Rationen zugewiesen halten, wohingegen in freiheitlich demokratischen Ländern der Staat neben der Besteuerung seiner Bürger darauf angewiesen bleibt, daß diese durch Bildung von Sparkapital sowohl der privaten Wirtschaft als auch der Öffentlichen Hand ausreichende Mittel zur Verfügung stellen. Im Rahmen unserer Ordnung aber kann ein Kapitalmarkt weder funktionieren noch genügend gespeist werden, wenn und solange der inflationäre Trend andauert. Da keine Volkswirtschaft im Wettbewerb auf Rationalisierung und Produktivitätssteigerung verzichten kann, und die Öffentlichen Hände zur Erfüllung von Gemeinschaftsaufgaben verpflichtet sind, wird die private Wirtschaft in höhere Preise, aber selbstverständlich auch in höhere Löhne auszuweichen versuchen

- der Staat aber höhere Steuern erheben müssen, um, wenn eine Inflationsrunde abgelaufen ist, mit der nächsten zu beginnen. So gebiert die Inflation von heute die von morgen; sie nährt sich sozusagen aus sich selbst heraus. Und das soll zwingender Gesetzmäßigkeit entsprechen?

Mag da und dort auch noch der Glaube vorherrschen, es stünden dennoch Auswege offen, dann sollte in der Zwischenzeit die Wirklichkeit alle eines besseren belehrt haben. Und selbst wenn es wahr wäre, daß durch Inflation der technische Fortschritt zu beschleunigen sei - was in Wahrheit ein Trugschluß ist -, dann wäre dieser vermeintliche Gewinn durch die Zerstörung der freien Gesellschaft zu teuer bezahlt. Der Irrglaube an die Rechenhaftigkeit und Machbarkeit des gesellschaftlichen Geschehens und die Überschaubarkeit menschlicher Reaktionen hat viel zur Fehlaurichtung der Konjunkturpolitik beigetragen. Viele Staaten wollten, selbstverständlich ohne Übernahme eines Obligos, durch Zielprojektionen oder sog. Orientierungshilfen die Wirtschaft in eine von ihnen vorgestellte Richtung drängen. Wenn aber dieses "Planen" am wirklichen Leben vorbeigeht, hat sich nicht etwa der Staat geirrt; - nein, der Bürger hat versagt. Er ist schuld, wenn der Staat, um seine eigenen Fehler zu überdecken, zu Zwangsmaßnahmen greift, wie sie in Mietstopp oder Mietkontrolle, in Preis- oder Lohnstopp Ausdruck finden. Die Endstation auf diesem Wege der Unordnung muß der Verlust demokratischer Freiheit sein. Wenn als Folgewirkung der Inflation in einem Land gar nicht so sehr Steuer-, sondern Kapitalflucht um sich greift, und vielleicht gar noch die Rückkehr zur Devisenzwangswirtschaft Rettung bringen soll, dann wird in kürzester Zeit all das verspielt sein, was nach dem Zusammenbruch Hoffnung und Rettung war. Die Demontage der Weltwirtschaft und der Rückfall in nationalen Protektionismus lassen die Weltwirtschaft nicht gesunden, sondern geben sie der Auflösung anheim.

## Die Gefährdung der freiheitlichen Gesellschaftsordnung durch zunehmenden Staatseinfluß

Wurde die angeblich freie Marktwirtschaft von gestern - wie oben dargestellt - durch die Verfälschung des Freiheitsbegriffes vielfach von Unternehmerseite zu manipulieren versucht, so droht der Sozialen Marktwirtschaft durch eine falsche Ausdeutung des Begriffes "sozial" die Gefahr, durch einen immer stärker werdenden Dirigismus bzw. einen immer mächtiger aufkommenden Kollektivismus nunmehr von staatswegen manipuliert zu werden. Die Bereitschaft von immer mehr Gruppen und Schichten, ihr Leben, ihre Sicherheit und ihre Zukunft im Kollektiv geborgen wissen zu wollen, entspringt weniger einem echten Verlangen, als sogar innere Ablehnung der nur zu oft berechtigten Sorge, daß der einzelne - auf sich gestellt - gar nicht mehr in der Lage ist, den Widrigkeiten, den Zufällen und Wechselfällen politischer Entscheidungen oder auch konjunktureller Entwicklungen wirksam begegnen zu können. Wenn immer mehr Betriebe oder Unternehmungen von der Angst befallen werden, daß sie ohne direkte oder indirekte Unterstützung des Staates in ihrer Existenz bedroht sind, dann werden sie untertan und hörig, - sie werden reif zur Flucht ins Kollektiv. Daß sich über einen solchen Prozeß die Marktwirtschaft auflösen müßte, sollte allen Nachdenklichen und Wissenden noch viel stärker ins Bewußtsein gerückt werden, die oft aus Bequemlichkeit oder um des billigen Vorteils eines Augenblicks willen in ihrem inneren Widerstand gegenüber solchen Überwucherungen zu erlahmen drohen.

Das gesellschaftliche Spannungsverhältnis findet heute weniger in dem Dualismus "Sozialismus - Kapitalismus" als in der Entscheidung für Kollektivismus oder Freiheit zeitnahen Ausdruck. Dabei soll durchaus berücksichtigt werden, daß die rasch voranschreitende Technik und auch die Anwendung neuer naturwissenschaftlicher Erkenntnisse in Verbindung mit steigendem Wohlstand sowohl die Lebensformen als auch die Lebensmöglichkeiten wesentlich verändert haben. Das, was wir heute in der Bundesrepublik Deutschland unter "Gemeinschaftsaufgaben" verstehen, entspringt und entspricht nicht einer kollektivistischen Geisteshaltung, sondern dient umgekehrt dem Nutzen des Individuums, in jenen Bereichen - ich füge

beispielhaft an: Wissenschaft und Bildung, öffentliches Gesundheitswesen, Straßenbau und Verkehr -, die das menschliche Einzelwesen aus eigener Kraft nicht mehr glücklich zu bewältigen oder zu ordnen vermag. Soweit daraus zwangsläufig die Notwendigkeit einer stärkeren Beteiligung des Staates am Sozialprodukt bzw. Volkseinkommen resultiert, sollte die Gesellschaft das zu akzeptieren bereit sein.

Aber eben an dieser Stelle melden sich die Zweifel und beginnt die gesellschaftspolitische Problematik. Dient es wirklich dem Wohl der Menschen, der inneren Festigung der Gesellschaft oder der Stärkung des demokratischen Gedankens, wenn es Sucht oder auch "modern" geworden ist, dem Staate immer mehr Eingriffsrechte in die private Sphäre des Bürgers zuzugestehen? Will dieser nicht erkennen, daß er vermeintliche Wohltaten mit zunehmender Abhängigkeit und Hörigkeit gegenüber dem Kollektiv bezahlt? Ja, er zahlt es sogar auch noch in bar - ob in Pfund Sterling, US-Dollar oder Deutsche Mark -, weil kein Staat seinen Bürgern mehr zurückzugeben vermag, als er ihnen abgenommen hat; - gleichgültig ob durch höhere Besteuerung oder durch Inflation. Daß z.B. Großbritannien, das klassische Land freiheitlicher liberaler Ideen von weltumspannendem Einfluß, in den Strudel kollektivistischer Denkart geriet, ist geschichtshistorisch ebenso wenig verständlich wie die Feststellung, daß die Bundesrepublik Deutschland, die sich aus tiefstem Sturz durch eine freiheitliche Ordnung errettete, heute mehr und mehr bereit zu sein scheint, Gleichmacherei als gemäßige Gesellschaftsform anzuerkennen.

Wir haben daher den Goldenen Schnitt zu finden, der die gemäßen Relationen zwischen der wirtschaftlichen Betätigung des Staates und der der Privaten bestimmt. Wer soll in Zukunft für die Wirtschaftspolitik verantwortlich sein oder speziell gefragt: Wo liegen für eine Regierung die Grenzen, die dem Geiste einer Marktwirtschaft noch gerecht werden? Ist es so oder wird es dahin kommen, daß nicht mehr die freien Entscheidungen der Staatsbürger - gleich ob Produzent oder Konsument, ob Unternehmer oder Arbeitnehmer - in ihren eigenen Seinsbereichen die wirtschaftliche Entwicklung ge-

stalten, dann bleibt nur die Alternative, daß der Staat das Leben der Bürger seinem Reglement unterwirft. Das ist dann eine neue Art von Plan- oder Befehlswirtschaft, wenn die Menschen unter den äußeren Zeichen einer Marktwirtschaft und ihren mechanischen Gesetzmäßigkeiten noch einmal ihre Freiheit verlieren.

Es muß daher immer wieder betont werden, daß es die eigentliche und vornehmste Aufgabe des Staates ist, einen Ordnungsrahmen zu schaffen, innerhalb dessen sich der Staatsbürger frei bewegen dürfen soll. Und das wieder erfordert die Handhabung einer Wirtschaftspolitik, in der die wirtschaftenden Menschen aller sozialen Schichten dessen gewiß sein dürfen, nicht ständig unvorhersehbaren politischen Entscheidungen ausgesetzt zu sein. Es geht hier darum, die wirtschaftlichen und gesellschaftlichen Grundlagen unserer Lebensordnung nicht einem täglich auswechselbaren Instrumentarium der Politik zu überantworten.

Der Gesetzgeber kann zwar bestimmte Verhaltensweisen dekretieren, im letzten aber menschliche Gesinnung nicht unterdrücken. So gesehen ist die Marktwirtschaft nicht etwa nur ein mechanisches Prinzip, sondern vielmehr Ausdruck einer auf Gesinnung und Gesittung, auf Freiheit und Recht begründeten Lebensordnung. Und gerade das macht im politischen Leben ihre Schwäche, aber - wie ich hoffe - noch mehr ihre Stärke aus.

## Unsere Gesellschaftsordnung und die radikale Linke

Edith Eucken-Erdsiek

Wir befinden uns in einer eigentümlichen Situation. Unsere Gesellschaft behandelt niemanden mit so viel Rücksicht wie ihre erklärten Feinde. Ist sie ihrer selbst so sicher, daß sie glaubt, sich das leisten zu können, oder aber ist man seiner Sache so unsicher, daß man es nicht wagt, mit den Gegnern anzubinden? Beides ist in gewisser Weise richtig. Auf der einen Seite unterschätzt man die Sprengkraft der linksradikalen Bewegung, und auf der andern Seite überschätzt man die Kraft ihrer Aussage. Mit andern Worten: Die Gefahr, die unserer Gesellschaftsordnung von ihren Gegnern droht, wird nicht hinreichend realisiert. Aber zugleich ist man hilflos gegenüber ihren Thesen. Diese linksradikalen Thesen werden mit einer Selbstverständlichkeit geltend gemacht, die keinen Zweifel duldet und ihn eben darum herausfordert. Wie immer es um die Berechtigung dieses oder jenes Arguments bestellt sein mag, die Frage erhebt sich, ob ein so hoher Anspruch im Ganzen rationaler Prüfung standhält. In jedem Falle ist es notwendig, sich mit diesen Thesen auseinanderzusetzen, denn hinter ihnen steht - von irrationalen Kräften getragen - der Wille zum Umsturz unserer Gesellschaftsordnung.

Daß diese Gefahr im öffentlichen Bewußtsein

nicht voll erfasst wird, hat mancherlei Gründe. Zunächst sieht jeder doch vor allem ändern nur das, womit er unmittelbar zu tun hat. Wie das Wild seinen Wechsel, so verfolgt der Mensch in der Regel seinen ganz bestimmten Weg, wobei ihm immer nur ein Ausschnitt der Wirklichkeit zu Gesicht kommt. Wer mit seiner Arbeit voll im Produktionsprozess steht, hat für gewöhnlich weder Zeit noch Kraft, sich um die Problematik im geistigen Leben zu kümmern. Unmerklich kann ihm da der Boden unter den Füßen von Leuten weggezogen werden, deren schwerverständliche, selbstbewußte Intellektualität imponiert, die aber häufig nicht die leiseste Ahnung davon haben, wie es im wirtschaftlichen Alltag zugeht. Nicht wenige werden auch von dem fortreißen Schwung der Bewegung fasziniert. Andere sind weit hin verunsichert. Und die "schweigende Mehrheit"? Sie schweigt im Grunde nicht. Sie empört und beklagt sich - untereinander. Viel Energie entweicht durch dies Ventil.

Wo man glaubt, die Dinge doch nicht ändern zu können, ergibt sich leicht eine Tendenz, sie aus dem Bewußtsein zu verdrängen. Dem Unerfreulichen weicht man nach Möglichkeit aus. Für viele ist aber die Revolte nicht einmal unerfreulich. Sie empfinden sie als Happening, als vergnügliche Abwechslung von der alltäglichen Langleweiligkeit. Mit Behagen genießen sie die Verteufelung unserer Gesellschaftsordnung, die, durch schockierend-lustige Gags schmackhaft gemacht, heute im Schwange ist. Revolution ist gesellschafts-

fähig geworden, und das keineswegs nur für den intellektuellen Snobismus. Politische Unschuld läßt sich gerne weismachen, daß, wie man es von radikaler Seite hören kann, "Horror und Terror der Revolution" nicht mehr sind als "bloße Vorurteile". Wenn die Arglosigkeit auch nicht immer ein solches Ausmaß erreicht, so passen sich doch die meisten widerstandslos der bestärkenden Veränderung unseres geistigen Klimas an, die heute als ganz natürlich erscheinen läßt, was gestern noch undenkbar war.

An Argumenten, die mangelnde Abwehr zu verteidigen, fehlt es nicht. So werden die Revolutionäre als eine Minderheit angesehen, die als Minderheit harmlos ist. Man verweist auf den verschwindenden Prozentsatz der Radikalen bei den Wahlen. Übersehen wird dabei nur, daß Prozentsätze bei Wahlen für die Beurteilung von revolutionären Bewegungen ganz unerheblich sind. Revolutionen sind noch immer in der Geschichte von Minderheiten gemacht worden. Sie können auch gegen den Willen der Mehrheit siegen, wenn ihr Angriff leidenschaftlich und entschlossen ist, die Verteidigung der Gesellschaft aber kraftlos und schwankend.

Heute jedenfalls ist bei der radikalen Minorität ein wachsender Trend festzustellen. Es ist ihr in verhältnismäßig kurzer Zeit gelungen, wichtige Schlüsselstellungen zu besetzen und einflußreiche Bundesgenossen zu gewinnen. Die Jugend ist die Generation der Zukunft. Als solche hat sie von vornherein die intellektuelle Avantgarde für sich, die die Zukunft vorwegzunehmen

sucht, und verbindet sich zum andern unschwer mit denjenigen Sozialisten, die die gesellschaftliche Zukunft durch die Lehre von Marx als garantiert ansehen und in diesem Sinn zu programmieren versuchen.

Ein weiteres Argument für die Harmlosigkeit der Bewegung ist die heillose Verstrittenheit der radikalen Linken, die aber ein Zusammengehen von Fall zu Fall nicht ausschließt. Bei aller Verwirrung heben sich zwei grundsätzlich verschiedene Richtungen heraus: die anarchistische und die kommunistische. Dabei stellen die festen Vorstellungen der Kommunisten den Kern dar, gleichsam den Mond, um den die vagen Vorstellungen der Anarchisten den Hof bilden. Für den Durchbruch aber ist - wie schon im Fall der russischen Revolution - der Anarchismus für den Kommunismus sehr nützlich.

In den Anfängen der Revolte stand dementsprechend der Anarchismus im Vordergrund. Terroristische Aktionen haben Bresche geschlagen, die bürgerliche Mehrheit überrumpelt und so weit eingeschüchtert, daß wesentliche Machtpositionen erobert wurden. Inzwischen ist eine Schwerpunktverlagerung festzustellen, die die Lage ernster erscheinen läßt. Das Ziel des gesellschaftlichen Umsturzes ist das gleiche geblieben. Aber die Methoden haben gewechselt. Die anfänglichen spektakulären Aktionen erwiesen sich als zu sehr geeignet, eine breite Öffentlichkeit zu alarmieren und entsprechende Gegenkräfte zu wecken. Heute zieht man die sogenannten "systemüberschreitenden" Reformen

vor, die Bildung kommunistischer Kader, den "langen Marsch durch die Institutionen". Und das bedeutet: die Unterhöhlung der Hochschulen, der Schulen, der Parteien, der Kirchen, des Rechtswesens von innen her. Hans Magnus Enzensberger, von jeher mit seismographischem Spürsinn begabt, ist sehr bezeichnend mit seinem "Kursbuch" neuerdings von der ursprünglichen Verfechtung anarchistischer Thesen zum Einsatz für den Sozialismus leninistischer Prägung übergegangen.

Bei dem linksradikalen Angriff auf unsere Gesellschaftsordnung sind entsprechend diesen beiden grundsätzlichen Strömungen zwei Arten zu unterscheiden, die aber zum Teil in einander übergehen: die eher anarchistischen Utopisten und die mehr dem orthodoxen Kommunismus angehörenden Sozialisten. Alle sind Neomarxisten, wobei die Vorsilbe Neo andeutet, daß sie sich teilweise von Marx entfernen, besonders da, wo die marxistische Position durch die Entwicklung unhaltbar geworden ist. Das gilt nicht nur für die Verelendungstheorie; es gilt auch für die von Marx geforderten Bedingungen für eine Revolution. Denn es gibt heute weder in den hochentwickelten Industrieländern jenes Proletariat, auf das Marx als Träger der Revolution zählte, noch haben die Entwicklungsländer den Status der Produktionsverhältnisse erreicht, den Marx für unerläßlich hielt.

Durch die wirtschaftliche Entwicklung sind die Neomarxisten gezwungen, statt von den Produktionsverhältnissen vom Bewußtsein auszugehen:

von einem "falschen Bewußtsein", das geändert werden muß, - also vom Bewußtsein auf das Sein hin zu argumentieren statt umgekehrt. Für Marx wäre das ein klarer Fall von Utopismus gewesen.-Ein Axiom aber bleibt eisern gewahrt: die Vergesellschaftung der Produktionsmittel. Hier liegt das ceterum censeo. Von hier geht die immer wiederholte Forderung aus, daß unsere Gesellschaftsform zerstört werden muß.

Wie es marxistischem Denken entspricht, wird das Problem der Gesellschaftsordnung von der Wirtschaftsordnung her aufgerollt. Sie wird dabei unter zwei Aspekten in Frage gestellt: von der ökonomischen Sicht her unter dem der Verteilung, von der soziologischen Sicht her unter dem der Herrschaft. Andere Probleme treten dem gegenüber in Schatten. Aber beide Problemkreise sind vom sozialistischen Standpunkt aus in sehr wirkungsvoller Weise miteinander verknüpft.

Die Konstruktion ist folgende: Das Privateigentum an Produktionsmitteln führt zur Ungleichheit der Verteilung, die der sozialen Gerechtigkeit widerspricht. Daraus ergibt sich die Ungleichheit der Einkommen und - noch verhängnisvoller - die Ungleichheit der Vermögen. Sie erlaubt die Ausbeutung der Arbeitskraft und bewirkt dadurch die Herrschaft der kapitalistischen Schicht - eine Herrschaft, die sich vom Unterbau der Produktionsverhältnisse aus auf das gesamte soziale und geistige Leben erstreckt.

Falsche Verteilung als Wurzel allen Übels in unserm System - so einfach die Ableitung ist,

schwieriger ist die Begründung. Ein schwerer Stein, der hier gewälzt werden muß, ist die von Marx ererbte, für ihn grundlegende Verelendungstheorie. Sie wird von manchen Kommunisten, besonders in Frankreich, noch in ihrer absoluten Form verteidigt. Die Armut, behaupten sie kühn, ist heute größer als je. Im allgemeinen zieht man aber doch vor, von einer "relativen Verelendung" zu sprechen. Zwar wird zugegeben, daß Not und Mangel überwunden sind, aber das wird nicht hoch veranschlagt. Die Armut ist geblieben, die breite Masse ist noch immer benachteiligt. Eine Nivellierung des allgemeinen Lebensstandards wird dem Augenschein entgegen bestritten, obwohl die Arbeiter über Konsumgüter und Möglichkeiten verfügen, die früher den Besitzenden vorbehalten waren. Aber, so wird argumentiert, früher handelte es sich eben nur um die Befriedigung lebensnotwendiger Bedürfnisse; den heutigen fehlt jene elementare Dringlichkeit, die den revolutionären Willen zu wecken vermochte. Eine Revolution ist aber deshalb heute nicht weniger notwendig, denn das Existenzminimum ändert sich mit den geschichtlichen Bedingungen. Der Wandel der Verhältnisse hat neue Bedürfnisse geschaffen, sodaß deren Befriedigung nicht eindeutig als Gewinn zu buchen ist. Arm ist heute nicht der zu nennen, der im Elend lebt, sondern derjenige, der sich angesichts der Reichtümer einer Wohlstandsgesellschaft als arm empfindet. Trägerischer Konsum, an dem er immerhin teilnimmt, verschleiert ihm außerdem die "öffentliche Armut": die Überfüllung von Schulen, Hoch-

schulen, Kindergärten, Krankenhäusern und die Umweltgefährdung - Mißstände, die freilich mehr oder weniger alle Schichten betreffen.

Grund zur Revolution ist ferner die elende Lage der Entwicklungsländer. Wieder ist hier letzten Endes die Ungleichheit der Einkommen schuld, denn sie führt zu mangelnder Kaufkraft auf dem Markt und zu Absatzkrisen, zu deren Behebung die dritte Welt mit herhalten muß. Die Armut der Entwicklungsländer begründet so den Reichtum der kapitalistischen Mächte. Hierzu sei nur am Rande bemerkt, daß die großen Industrieländer bekanntlich für einander die besten Abnehmer sind und der Handel mit der dritten Welt demgegenüber eine bescheidene Rolle spielt. Für die in dieser Hinsicht besonders angegriffenen USA betrug in den letzten Jahren die Summe der Importe aus den Entwicklungsländern nur etwa anderthalb Prozent des Volkseinkommens.

Aus der Ungleichheit der Einkommen ergibt sich zu allem noch für den Arbeiter die Unmöglichkeit zu sparen, und damit hängt nun die Ungleichheit in der Vermögensverteilung zusammen, die in den Augen der Kritiker schwerwiegender ist als die Ungleichheit der Einkommen. Vorhandene Reformvorschläge, die Vermögensverteilung weniger ungleich zu machen, wie staatliche Sparförderung, Investivlohn, Ergebnisbeteiligung werden als Beschwichtigungsmanöver abgetan. Erstrecht schlägt nicht zu Buch, daß heute nicht das von Marx in den Vordergrund gestellte Eigentum an

den Produktionsmitteln das relevante Moment darstellt sondern die Verfügung über sie. Diese entscheidende Tatsache, die westliche Wirtschaftspolitik so sehr beschäftigt, wird von der radikalen Linken übergangen, da in ihrer Sicht Manager nur der verlängerte Arm des Großkapitals sind und die Kleinaktionäre - so weit das Aktienkapital auch immer gestreut sein mag - sowieso keinen Einfluss haben. Im Endergebnis konzentriert sich das Kapital in immer weniger Händen. Man stützt sich dabei auf Untersuchungen von Professor Krelle, nach denen u.a. 1,7 Prozent der Haushaltungen über 35,1 Prozent des gesamten privaten Vermögens verfügen.

Das Kapital wird nun - das ist sehr wichtig - nur als Monopolkapital verstanden. Unsere Wirtschaftsordnung begreift sich zwar als Wettbewerbswirtschaft, und der Wettbewerb wird an sich als das dem Sozialismus entgegengesetzte Prinzip verdammt. Erscheint als barbarisch, der humanen Idee widersprechend. Auch sein oft betonter Beitrag zum technischen Fortschritt wird als Ammenmärchen abgetan, da er einem Profitstreben dient, das nicht an echten Bedürfnissen ausgerichtet ist. Dennoch - die Herrschaft der Monopole ist dem Wettbewerb gegenüber das noch größere Übel. Denn von allen Hemmungen befreit, die der Wettbewerb ihm immerhin auferlegt, hat das Kapital durch seine Monopolstellung einen uneingeschränkten Aktionsspielraum. Es manipuliert die Bedürfnisse durch Reklame und immer neue Produkte. Es kann Löhne und Preise beliebig festsetzen. Es

nimmt schließlich den Staat ins Schlepptau und das bis zu einem solchen Grade, daß zum Beispiel in der Depression die Unternehmer den Staat mit der Drohung der Nicht-Investition erpressen können. Die Macht des Großkapitals ist total. Sie prägt damit erbarmungslos das gesamte geistige und politische Leben, wobei die einzelnen Manager nicht einmal persönlich die Schuld tragen sondern unter dem Druck anonymen Kräfte jeweils nur ihre soziale Rolle im System zu spielen haben.

Das Kapital erscheint in dieser Auffassung als einheitlicher monolithischer Block, obwohl in unserer pluralistischen Gesellschaft verschiedene Gruppen mit divergierenden Tendenzen nebeneinander stehen. Manche Autoren geben allerdings zu, daß wir keine einheitliche Führungsschicht besitzen und von einer hierarchisch gegliederten Klassengesellschaft insofern nicht gesprochen werden kann, als zumindest für die untere Mittelschicht Aufstiegsmöglichkeiten zu Führungspositionen gegeben sind. Aber im Vordergrund steht doch die Vorstellung, als ob ein einheitlicher Wille alle Bereiche unseres Lebens unterjocht.

Bezeichnend für den Stand der heutigen Sozialismus-Diskussion ist die gegenwärtig stark beachtete Schrift von André Gorz: "Zur Strategie der Arbeiterbewegung im Neokapitalismus", die das Problem besonders scharf akzentuiert. Es heißt dort: "Die reale Diktatur des organisierten Kapitalismus kann in den industriell fort-

geschrittenen Ländern ... nicht allein auf wirtschaftlicher und politischer Ebene bekämpft werden. Das Kapital übt seine Diktatur nicht nur über die Produktion aus ... Es übt sie nicht nur über die Arbeiter, die Fabriken und den Staat aus sondern ebenso über die Zukunftsvisionen der Gesellschaft, über deren Ideologie, Prioritäten und Ziele. Auch über das Bild, das sich die Individuen von sich selbst, ihren Möglichkeiten, ihren Beziehungen zum Nächsten und der übrigen Welt machen. Diese Diktatur ist zugleich wirtschaftlich, politisch, kulturell und psychologisch. Sie ist total. - Daher muß man sie auch total auf allen Ebenen im Namen einer umfassenden Alternative bekämpfen. Wird der Kampf nicht von vornherein auf dem kulturellen, "ideologischen" und theoretischen Gebiet wie auf dem Haupt gebiet geführt, so wird er vergeblich sein ... Der kulturelle Kampf für eine andere Auffassung vom Menschen, vom Leben, von der Erziehung, der Arbeit, der Zivilisation ist die Voraussetzung für den Erfolg aller anderen Kämpfe für den Sozialismus, da er deren Sinn begründet."

Bereich für Bereich wird in diesem Sinne angegriffen. Man nehme die Kirchen: von jeher obrigkeitshörig. Man nehme die Schulen: Sie vermitteln der heranwachsenden Generation die überlebten, traditionellen Vorstellungen der bürgerlichen Bildungsschicht und sind bestrebt, sie zu willfährigem Dienst an der kapitalistischen Leistungsgesellschaft zu erziehen. Man nehme das Rechtswesen: Es ist Klassenjustiz,

die Moral: Sie ist Klassenmoral. Man nehme die angebliche Freiheit der Wissenschaft. Der einzelne Wissenschaftler mag subjektiv der Überzeugung leben, eine ideologiefreie Wissenschaft zu vertreten. In Wirklichkeit ist er schon zumeist von seiner bürgerlichen Herkunft her durch die Vorurteile seiner Schicht geprägt und vertritt, wenn auch unbewußt, das Interesse der herrschenden Klasse. Ein Bezug auf die gesellschaftlichen Probleme findet bei den Einzelwissenschaften gewöhnlich nicht statt - ein Vorwurf, der sich im Kern darauf reduziert, daß alle Wissenschaft in marxistischem Sinne politisiert werden muß.

Was ist der Staat? Eine bürgerliche Demokratie? Das Beiwort bürgerlich besagt schon alles. Der Bürger wird hier nicht als Staatsbürger, citoyen, begriffen sondern als bourgeois, als Kapitalist, als Reaktionär, als satter Spießer oder, so weit er nicht selbst Kapitalist ist, als vom Kapital abhängig und insoweit korruptiert. Der Wohlstand ist die Bestechung, mit der Kleinbürger und Lohnabhängige in falschem, d.h. nicht-revolutionärem Bewußtsein gehalten werden. Die parlamentarische Demokratie erweist sich als reine Farce, da in ihr nur das Interesse der herrschenden Klasse realisiert wird. Dem liberalen Rechtsstaat fehlen alle plebiszitären Momente. Er hat der sozialen Demokratie zu weichen, denn die politische Demokratie ist nichts wert, wenn sie nicht von gesellschaftlicher Demokratie begleitet wird. Demokratisierung in diesem Sinne

bedeutet Mitbestimmung aller Beteiligten in allen gesellschaftlichen Institutionen und Betrieben - unabhängig von dem jeweiligen Standort des Einzelnen, von dem Grade seiner Verantwortlichkeit und, bei noch radikalerem Anspruch, auch unabhängig von seiner sachlichen und fachlichen Kompetenz. Dabei wird auch immer wieder der Ruf nach der Rätedemokratie laut, wenn sie sich in der Wirklichkeit auch nirgends auf die Dauer hat durchsetzen können.

Was ist das Hauptinteresse des Staates?

Die Privilegien der herrschenden Schicht durch Ruhe und Ordnung zu schützen. Unruhe wird demgegenüber als erste Bürgerpflicht proklamiert. Denn Ordnung ist in den Augen der radikalen Linken nichts weiter als Sicherheit und Ruhe auf den Straßen, Polizei. Und dieser Ordnung gegenüber als einer Gewalt von oben ist Anwendung einer Gewalt von unten gerechtfertigt. Die milder Denkenden schlagen statt einer Gewalt gegenüber den Menschen eine Gewalt gegenüber den Sachen vor, eine feine theoretische Unterscheidung, die in der Praxis meist zu weniger feinen Konsequenzen führt. Aber hier muß der Zweck mit den Mitteln versöhnen. Gegen gewaltlosen Aufstand ist erstrecht nichts einzuwenden. Politisch ahnungslose Widersetzlichkeit mit Happening-Charakter wie ein Sitzstreik der Schüler auf Straßenbahnschienen wird von Adorno als Zeichen politischer Reife gewertet. Studentische Gewalttätigkeit gar, auch in barbarisch erscheinenden Formen, ist nach ihm nicht zu verwerfen, insofern sie sich "im Dienst der Huma-

nität versteht".

Begriffe des Rechtsstaats werden hier offenbar bewußt außer Kurs gesetzt, ganz zu schweigen von dem Unverständnis dem gegenüber, was Ordnung als geistiges Prinzip uns als daseinsnotwendiger Schutz der Gesellschaft vor dem immer drohenden Chaos bedeutet. Charakteristisch für die allgemeine fortschreitende Abkehr vom Ordnungsdenken ist die Stellungnahme eines Autors wie Ralf Dahrendorf, der keineswegs selbst zur radikalen Linken gehört. Er schreibt: "Es ist eigentlich für die deutsche Politik seit langem kennzeichnend, daß nahezu alle politischen Gruppen mehr Wert zu legen scheinen auf einen Gedanken der Ordnung .... als auf Vielfalt, Interessenkonflikt und Auseinandersetzung. Bei konservativen Gruppen ist dies verständlich. Es gilt in allen Ländern, aber in Deutschland hat es auch bei der Opposition gegolten. Auch die deutsche Arbeiterbewegung hat von Anfang an nach Wegen gesucht, um die Gesellschaft zu integrieren, nach Verfahren wie der Mitbestimmung und dergleichen mehr. Und auf diese Weise eigentlich jener Auseinandersetzung geschadet, die sie dort brauchte, um selbst ihre Vorstellungen durchzusetzen. Das ist - wenn man so will - eine deutsche Krankheit, das Leiden an Ordnungsvorstellungen, eine Krankheit, der gegenüber man immer wieder die Fruchtbarkeit auch der unregulierten, auch der lebhaften, auch der bis an die Grenzen der Unordnung führenden Auseinandersetzungen betonen müßte."-

Mit solchen Vorstellungen aber stehen wir bereits an der Grenze zum Anarchismus.

Beim Anarchismus selbst aber kann von einer Sicht auf unsere Gesellschaftsordnung nicht die Rede sein. Dafür ist bei diesen Gegnern die Verachtung zu groß. Während sich die Kritiker, von denen bisher gesprochen wurde, bei aller Einschränkung des Gesichtsfeldes doch bemühen, sich mit den Besonderheiten unserer Ordnung auseinanderzusetzen, lehnen die Utopisten es ab, sich mit den Zusammenhängen eines vor ihren Augen verfaulenden Spätkapitalismus zu befassen; sie wollen sie nicht verstehen, und so verstehen sie auch nichts davon.

Es ist erstaunlich zu sehen, wie hier Glanz der Formulierungskunst und Mangel an Urteilsvermögen beieinander wohnen können und wie Fantasiespiele über irreale Möglichkeiten nicht nur die Spieler selbst verzaubern sondern auch ihre Gefolgschaft. Es herrscht da zuweilen eine Atmosphäre unglaublich leichter Heiterkeit, bei der alle Probleme sich in nichts auflösen und die zugleich durch eine sich gegenseitig steigernde Empörung über den unerhörten Zustand unserer Wirklichkeit gewürzt ist.

Als besonders unerträglich wird dabei die Tatsache empfunden, daß sich in unsern Institutionen und Betrieben Über- und Unterordnung durch "Sachzwänge" ergibt, mit denen der freie Mensch sich nicht abfinden sollte. Zwar der von den Radikalen sonst hochverehrte Engels hat sich einmal energisch gegen eine solche Verketterung sachli-

cher Autorität gewandt, wobei er am Beispiel der Baumwollspinnerei und des Eisenbahnbetriebs zeigte, wie die Verknüpfung der einzelnen Arbeitsgänge eine strenge Disziplin aller am Arbeitsprozess Beteiligten zur Notwendigkeit macht. "Stets", sagte er, "wird sich der Wille eines jeden unterordnen müssen". Ihm ist, so meint man, zugute zu halten, daß er in der Zeit der Dampfkraft lebte und die unerhörten Möglichkeiten der heutigen Technik nicht vorausahnen konnte; als ob der inzwischen noch komplizierter gewordene Arbeitsprozess heute nicht entsprechend größere Anforderungen an die Einordnung des Einzelnen stellte. Von diesen technischen Möglichkeiten aber erwartet man für die Zukunft die größten Wunder. Wie sich die von ihnen ins Auge gefaßte grundsätzliche Abschaffung der Arbeitsteilung damit vereinen ließe, bleibt offen.

Der Kampf gegen alle Formen der Hierarchisierung richtet sich in erster Linie gegen die Familie, denn "sie hat Feudalstruktur". Großen Beifall fand eine vom "Kursbuch" preisgekrönte Arbeit über den sogenannten "elastischen Familienverband". Nach diesem Vorschlag ziehen nach Möglichkeit bereits miteinander befreundete Familien in ein gemeinsames Wohnhaus, wo sich dann bald "sexuelle Querverbindungen" ergeben. Die Kinder entstammen "nicht mehr einem Ehepaar sondern einem Familienverband". Schließlich kann das Privateigentum aufgehoben werden. Es entsteht eine Kommune. Diese "konkrete Utopie", die vor

allem der Emanzipation der Frau dienen soll, ihrer Freistellung für berufliche und gesellschaftliche Aufgaben, betrifft aber nur einen Teilaspekt. Weitere Vorschläge richten sich gegen die Trennung von geistiger und körperlicher Arbeit (jeder wir einmal Künstler sein), von Lehrenden und Lernenden und gegen jede Form von Spezialisierung, wobei die Antwort auf die Frage umgangen wird, wie es z.B. unter diesen Umständen um die ärztliche Betreuung bestellt sein soll.

Im übrigen - so wird gefordert - "muß jede bürokratische Funktion so aussehen, daß sie in drei Wochen erlernbar ist." (H.M. Enzensberger) "Bestimmte Spezialistenfunktionen," so heißt es wörtlich, "muß man einfach abschaffen im Ganzen. Zum Beispiel darf es nie mehr Richter geben. Es darf nie mehr einen Justizapparat geben. (Christian Semler) Offenbar schrumpft in diesen Vorstellungen das ganze große Gebiet der Jurisprudenz zur Strafjustiz zusammen. Anderweitige Regelungen menschlichen Zusammenlebens erübrigen sich, denn es wird ja alles von Grund auf anders werden. Für die erhofften Möglichkeiten kann es Grenzen kaum noch geben, weder von der menschlichen Natur her, denn die Menschen sind von Haus aus gleich begabt und die menschliche Natur ist gut, noch von der Knappheit der Güter her, denn diese wird es in Hülle und Fülle geben, wenn die Technik weiter fortschreitet und der Verschwendung durch das heutige Wirtschaftssystem ein Ende gesetzt ist. In dieser neuen Welt werden Strafen

nicht mehr notwendig sein. Der Kriminelle, bisher nur das allzu verständliche Produkt einer Gesellschaft, die den Menschen verbildet, wird sich ohne große Schwierigkeit integrieren lassen. Wer aber durchaus nicht umerziehbar ist (so Bernd Rabehl), "ältere Leute und bestimmte Verbrecher" sollten die Möglichkeit haben auszuwandern.

Als Vorbild leuchten diesen Bestrebungen die sogenannten befreiten Länder vor: Nordkorea, Nordvietnam, Kuba und vor allen Dingen China. Dort gibt es nicht mehr die Selbstentfremdung des Menschen durch die Art seiner Arbeit. Wird demgegenüber auf die unbestreitbar harte Fron dieser Völker hingewiesen, so lautet das Gegenargument, daß hier von einer Entfremdung nicht die Rede sein kann, weil jeder dort freudig für die Gemeinschaft auch noch die härteste Arbeit leistet. Hierzu bleibt nur zu sagen: Weh' dem, der dort nicht freudig mitarbeitet!

Die Weltfremdheit dieser jungen Anarchisten springt ins Auge. Ratio und Erfahrung sind gleichermaßen ausgesperrt. Mancher wird auch meinen, ähnliches schon einmal gehört zu haben. In der Tat handelt es sich um eine irrationale Rückkehr zu dem romantischen Utopismus, der in der ersten Hälfte des vorigen Jahrhunderts seine Blütezeit hatte. Man meint in diesen Kreisen, höchst modern zu sein. Man schwört auf Marx und greift in Wirklichkeit auf antiquierte Vorstellungen zurück, die Marx endgültig zu überwinden bemüht war.

Es läge nahe, über diese Art von Anarchismus zur Tagesordnung überzugehen, wenn sie nicht durch den Appell an die Emotionen weltweiten Widerhall bei einer ganzen jungen Generation gefunden hätte. Der Grund hierfür liegt tief. Der junge Mensch fühlt sich in der heutigen entpersönlichten Welt um die Möglichkeit seiner Selbstverwirklichung betrogen, und das ist in der Tat ein sehr ernstes Problem unserer technischen Zivilisationsstufe, die aber für alle hochindustrialisierten Länder gilt und insofern unserer Gesellschaftsordnung nicht zur Last gelegt werden kann. Das aber wird nicht anerkannt. Und mit rationalen Argumenten kommt man gegen diese Überzeugung nicht an. Logik hat hier nichts zu suchen, da sie doch nach Markuse auch nur "ein Instrument der Herrschaft" ist.

So kann es sich für die Kritik nur darum handeln, zu jenen sozialistischen Gruppen zurückzukehren, die sich mit unserer Wirtschaftsordnung ernsthaft zu befassen suchen. Hier liegt nun das Hauptargument darin, daß, wie gezeigt, bei ihnen ganz einseitig das Verteilungsprinzip im Vordergrund steht, während die Frage der Produktion fast gänzlich außer Betracht bleibt. Produktivität ist aber nicht eine technische Gegebenheit sondern ein wirtschaftliches Problem.

Professor Krelle, auf dessen Untersuchungen in der Verteilungsfrage sich diese Kritiker häufig beziehen, bemerkt dazu: "Es ist notwendig festzustellen, in welchen Grenzen sich jede mögliche Gesellschaftsreform halten muß, wenn sie

die Lebensverhältnisse der Mehrzahl der Menschen verbessern soll. Zunächst einmal müssen die Menschen leben. Drei Milliarden Menschen und vor Ende dieses Jahrhunderts mehr als fünf Milliarden, müssen menschenwürdig genährt, gekleidet, untergebracht, ärztlich versorgt, gebildet, beschäftigt werden, um nur das wichtigste zu nennen, und das ist eine gigantische Aufgabe, die von den meisten dilettantischen Weltverbesserern weit unterschätzt wird. Die Lösung dieser Aufgabe hängt ausschließlich von der Aufrechterhaltung und Verbesserung der nationalen und internationalen Arbeitsteilung, d.h. der Industrialisierung ab. Ein Zusammenbruch oder nur eine wesentliche Verschlechterung ihrer Organisation, also des Funktionierens der Industriebetriebe, des Nachrichtensystems, des Verkehrs und des internationalen Handels bedeutet den Tod für viele Millionen wenn nicht Milliarden Menschen. "

Wer diese Zusammenhänge nicht erkennt, wer einseitig auf die Verteilung blickt, übersieht, daß der Kuchen erst bereitet werden muß, bevor er zur Verteilung gelangen kann. Und leider besitzt das Messer, mit dem man häufig an diesem Kuchen herumschneiden will, die leidige Eigenschaft, daß unter ihm die Substanz die Tendenz hat, zu schrumpfen. (Erich Hoppmann) Die linksradikale Kritik sieht einseitig auf bestimmte, nicht abzuleugnende Schwächen unserer Wirtschaftsordnung, ohne das Ganze ins Auge zu fassen, ohne den Versuch, das System überhaupt als ganzes zu

verstehen. Was dabei weitgehend ignoriert wird, sind die Ergebnisse der internationalen ökonomischen Theorie. Was bagatellisiert wird, ist die große Leistung, die unsere Gesellschaftsordnung auf Grund ihrer Prinzipien mit dem Aufbau aus den Trümmern der Nazi-zeit vollbracht hat. Was als selbstverständlich hingenommen wird, ist die damit erreichte Versorgung der Bevölkerung. Was unterlassen wird, ist der Vergleich mit den Ländern, in denen die Forderung nach Vergesellschaftung der Produktionsmittel erfüllt worden ist.

Und hier ist das Erstaunliche, daß dort, im Gegensatz zu unserer radikalen Linken das Produktionsproblem sehr ernst genommen wird, Interessant ist in diesem Zusammenhang eine Rede von Ulbricht zum 20. Jahrestag der DDR: "Wir haben gehandelt nach der Lehre des wissenschaftlichen Sozialismus, nach der Lehre von Marx und Lenin, daß entscheidend für den Sieg des Sozialismus über den Kapitalismus die Höhe der Arbeitsproduktivität ist."

Trotz dieser Zielrichtung ist die Produktivität in diesen Staaten weit geringer als im Westen. Hierzu liegen authentische Zahlen aus der DDR vor, die in den "Materialien zum Bericht: Zur Lage der Nation" veröffentlicht wurden. Danach ist die Arbeitsproduktivität in der DDR um ein Drittel niedriger als in der Bundesrepublik. Die Einkommen der Bevölkerung haben sich in zehn Jahren weiter aus einander entwickelt, und zwar gemessen an der Kaufkraft hat sich der Abstand

der Realeinkommen der Arbeiterhaushalte zwischen Bundesrepublik und DDR von 32 auf 45 Prozent vergrößert, ein Ergebnis, das selbst die Fachleute überraschte, die an diesem Bericht gearbeitet haben.

Was nun aber das andere große Problem anlangt, das - neben der Verteilung - in den Vordergrund gerückt wird, das Problem der Herrschaft, so wird dabei die Hauptsache nicht gesehen: der große Freiheitsgrad, der in unserer Gesellschaftsordnung verwirklicht ist. Er wird als ebenso selbstverständlich hingenommen wie der erreichte Versorgungsstand der Bevölkerung. Und doch ist es dieser Freiheitsgrad, der unserer Gesellschaftsordnung ihren großen Vorrang gibt. Paradox genug wird unsere Ordnung als unfrei angeprangert. In Wahrheit sichert sie uns neben der Freiheit der Konsumwahl, Freiheit des Arbeitsplatzes, Freizügigkeit über die Grenzen, das Streikrecht, Freiheit der Meinungsäußerung, Information und Presse, vor allem aber die Freiheit zur Opposition.

Was bietet demgegenüber die andere Seite? Ironischerweise das, was sie uns vorwirft: Ungleichheit der Verteilung - bedrückende Herrschaftsverhältnisse. Das Monopol ist in seiner reinsten Form verwirklicht, dem totalen Staat. Funktionäre bilden hier die Führungsschicht. Durch Verfügung über die Produktionsmittel üben sie eine unumschränkte Macht aus. Der ganze Katalog jener Freiheitsrechte, die wir für uns in Anspruch nehmen können, fällt drüben restlos aus,

und das unter dem Titel "Befreiung des Menschen". Eindeutig lehrt die bisherige historische Erfahrung, daß die Vergesellschaftung der Produktionsmittel nicht zur Aufhebung der Herrschaft von Menschen über Menschen führt sondern sie verstärkt.

Jedoch ist es nicht genug, unsere Gesellschaftsordnung an sozialistischen Systemen zu messen. Messen muß man sie an ihrer eigenen Idee. Und diese Idee ist, was zunächst die Wirtschaftsordnung anlangt, Freiheit und Ordnung dadurch mit einander zu versöhnen, daß die freie Initiative des Einzelnen den Antrieb bildet und der Wettbewerb unter allen die Kontrolle. An Stelle behördlichen Zwanges tritt hier die spontane Koordination. Sie wird durch den Wettbewerb ermöglicht. Sie steht und fällt mit ihm.

Die Wirklichkeit bleibt allerdings weit hinter den Ordnungsvorstellungen der Marktwirtschaft zurück. So weit sich berechnete Ansätze für die Kritik der Gegenseite bieten, liegen sie fast ausschließlich in den Abweichungen von ihrer grundlegenden Idee: so, wenn z.B. in manchen Bereichen Subventionen nicht zum dem Zweck gewährt werden, notwendige Anpassungen zu erleichtern sondern veraltete Strukturen zu erhalten; oder wenn die Kontrollfunktion des Marktes durch wettbewerbsbeschränkende Fusionen und Kartellierungen in Frage gestellt wird. Das Ringen um die Fusionsgesetzgebung ist insofern kein technisches Problem sondern greift in die Grundlagen unseres Systems ein, weil nicht der Markt schlecht-

hin sondern der Wettbewerb die gesellschaftliche Kontrollfunktion über Produktionseinrichtungen, Technik und anderes leisten kann.

Ein entscheidender Mangel unserer Ordnung ist weiterhin die Zurücksetzung, die bisher wesentliche Gemeinschaftsaufgaben wie Bildungswesen oder Umweltschutz erfahren haben. Hier sind allerdings die nicht-demokratischen Systeme des Ostens im Vorteil, da die zentralistische Willensbildung sie in die Lage versetzt, bestimmte Schwerpunkte zu bilden, wobei auch sie von einer Lösung der gewaltigen Probleme noch weit entfernt sind. Mag es für uns auch sehr viel schwieriger sein, von der Bewältigung dieser Aufgaben hängt die Lebensfähigkeit unserer Gesellschaftsordnung ab.

Inwieweit wird das eingesehen? Inwieweit wird darüber hinaus der Interdependenz der drei grundlegenden Prinzipien unserer Gesellschaftsordnung Rechnung getragen: der Marktwirtschaft, der parlamentarischen Demokratie und dem Rechtsstaat? Auch in diesen Bereichen gibt es parallele Entartungserscheinungen wie Lobbyismus oder die Tatsache, daß Abgeordnete von Interessentengruppen wirtschaftlich abhängig sind.

Wir haben kein Recht, der radikalen Minderheit vorzuwerfen, daß sie unsere Gesellschaftsordnung nicht versteht, wenn die Mehrheit selbst dieses Verständnis nicht aufbringt. Auf den weiteren Bestand unseres Systems kann man nur vertrauen, wenn der Zusammenhang: Rechtsstaat, parlamentarische Demokratie und Marktwirtschaft

richtig verstanden wird und wir bereit sind, auf kurzfristige Vorteile im langfristigen Interesse des Ganzen zu verzichten.

Pragmatisch ist unsere Ordnung nicht zu verteidigen. Wir stehen heute in einer weltanschaulichen Auseinandersetzung, die von den Gegnern mit dem Fanatismus einer Pseudoreligiosität geführt wird: drüben das makellose Bild einer utopischen Welt - und hier eine durch lange Zeiträume gewachsene Kultur, die durch eine tabula rasa ersetzt werden soll. Diese Situation wird dadurch noch erschwert, daß der oft von Idealismus getragene Glaubenskampf der Gegenseite sich mit einem Aufstand verbindet, der sich terroristischer Methoden bedient. Wie diese Verbindung sich sogar in einer Person darstellen kann, beweist die legendär gewordene Gestalt eines Ché Guevara, der unter Aufopferung der eigenen Person für eine erhoffte Erlösung der Menschheit kämpfte und zugleich den unbeugsamen Hass predigte und einen den Gegner bis in den letzten Winkel verfolgenden Guerillakrieg.

Revolution ist zum Losungswort geworden. Die Gegner unserer Gesellschaftsordnung berufen sich dabei auf ein vermeintliches Recht unserer Verfassung. In Wahrheit schützt diese aber nur den Überzeugungsgegner, nicht, wie vielfach - gerade auch in der Öffentlichkeit - mißverstanden wird, den Überzeugungstäter. Ihm gegenüber ist Wachsamkeit und entschlossene Abwehr geboten, nicht zuletzt deshalb, weil "die Ausbrüche

eines romantischen Nihilismus nur allzu leicht durch skrupellose aber zielbewußte und realistische Strategen der totalen Macht ausgebeutet werden können." (Richard Löwenthal)

Kritik an unserer Gesellschaftsordnung ist nicht nur erwünscht, sie ist heilsam, ist notwendig. Der aus ideologischem Fanatismus geborene Wille zu ihrer Zerstörung aber ist eine Kampfansage an die Freiheit.

## Privateigentum — die für Mitmenschen günstigste Lösung bei den Produktionsmitteln

Wolfgang Frickhöffer

Das Privateigentum an Produktionsmitteln hat keinen Anlaß zu Defensive und Resignation. Im Gegenteil gewinnt es mehr und mehr an sozialer Legitimität, und zwar im Zuge der Entwicklung vom Feudalkapitalismus weg zur Sozialen Marktwirtschaft hin, einer Entwicklung, die das Kapital mancher feudalen Privilegien entkleidet und es statt dessen für die Mitmenschen in strengen Dienst nimmt. Es ist nie das Privateigentum an sich, sondern nur die Einbettung in falsche wirtschaftspolitische Rahmenordnungen, die Schäden hervorrufen kann. Für die These, daß das Privateigentum als solches ablehnenswert und die zentrale Wurzel allen gesellschaftlichen, moralischen und menschlichen Übels sei, sind zwar schon Millionen Menschen geopfert worden; dennoch ist sie völlig falsch. Die Abschaffung des Privateigentums, jene Primitivparole monokausal emotionalisierter Ideologen, ist in keinem Fall und in keinem Land die soziale Lösung.

Heute ist eine Hetzjagd auf das Eigentum und die Gewinne aus Eigentum im Gange, und man muß sich wirklich oft fragen, ob die Politiker, die sich an einer derartigen Hetzjagd beteiligen, noch wissen, was sie tun. Es werden viele Klagen erhoben. Wir hören z. B. Parolen, daß die Eigentumsverteilung explosiv sei. Man spricht manchmal davon, daß die bisherige Eigentumsverteilung den größten Skandal der Nachkriegszeit darstelle. Allen solchen Thesen mangelt es an einer nüchternen und sozialen Betrachtung. Nüchtern und sozial brauchen durchaus keine Gegensätze zu sein und dürfen, wenn man wirklich sozial etwas ausrichten will, keine Gegensätze sein.

Es wird auch argumentiert, daß ein nur kleiner Prozentsatz der Bevölkerung einen sehr viel größeren Teil des Volkseinkommens auf sich ziehe. Es wird die Vorstellung geweckt, als ob man eine Umverteilung in der Weise vornehmen könnte, daß man der einen Gruppe, eben jener, die als relativ

kleiner Bevölkerungsteil einen größeren Anteil am Vermögen besitze, etwas wegnehmen und einer anderen Gruppe geben könnte, und als ob damit eine gerechtere Verteilung erzielt würde. Diese Folgerung ist falsch, und zwar nicht nur deshalb, weil schon oft vorgerechnet worden ist, daß auf den einzelnen so gut wie nichts entfallen würde, wenn man eine solche Umverteilung vornähme, sondern vor allem auch deshalb, weil ein solches Wegnehmen hier und Zuteilen dort überhaupt nichts änderte und besserte.

Hohe Gewinne bedeuten ja nicht, daß damit den Mitmenschen etwas weggenommen wird, und es kann auch keine Rede davon sein, daß es dem anderen Teil der Bevölkerung besser ginge, wenn die Gewinne geringer wären. Vielmehr sind die Gewinne stets der Quell künftiger Investitionen zugunsten der Mitmenschen. Sie sind so hoch, daß sie dem Sacherfordernis der Aufbringung künftiger Investitionsmittel entsprechen. Ist z. B. das Kapital knapp und besteht die Notwendigkeit, eine besonders große Zahl von Arbeitslosen in den Wirtschaftsprozess einzugliedern, muß natürlich, wie etwa in Lateinamerika, die Gewinnquote höher sein als in einem Land, in dem andere Bedingungen herrschen. Die Mittel für Investitionen müssen auf jeden Fall auch weiterhin aufgebracht und dem Konsum vorenthalten werden. Gewinne haben eine objektive Sachfunktion zugunsten der Mitmenschen, die so oder so wahrgenommen werden muß.

Was soeben über die Gewinne als Quell künftiger Investitionen und als unerläßliche Sachfunktion zugunsten der Mitmenschen gesagt wurde, gilt um so mehr, je mehr aus Gewinnen investiert und nicht konsumiert wird, und es gilt um so weniger, je mehr aus ihnen konsumiert und nicht investiert wird. Gerade hier liegt ein entscheidender Unterschied zwischen dem Feudalkapitalismus (und dessen Resten) und der modernen marktwirtschaftlichen Ordnung. Bei der früheren Gutswirtschaft, indischen Nabobs oder manchen Latifundienbesitzern in Lateinamerika war oder ist es tatsächlich so, daß ein großer Teil der Erträge dem persönlichen Konsum des Eigentümers und seiner Familie diente und dient und nur ein relativ kleiner Teil der Erneuerung, der Investition, sei es im eigenen Unternehmen, sei es woanders, zugeführt wurde und zugeführt wird.

Wenn aber in dieser Weise die Erträgnisse hauptsächlich dem Konsum dienen, hat natürlich die Forderung nach Umverteilung immer wieder einen gewissen Nährboden. Zwar wäre auch dann real nicht viel zu erzielen, wenn man etwa in Lateinamerika die Einkünfte der Gutsbesitzer auf die Gesamtbevölkerung verteilte. Davon würde der einzelne überhaupt nichts spüren. Dennoch hört man zumindest in der politischen Diskussion immer wieder das Argument, daß sich eine Gruppe das Produktionsergebnis ganz oder zum größten Teil aneigne. So kann immerhin argumentiert werden, wenn von den Gewinnen mehr konsumiert als investiert wird.

Je mehr nun aber investiert wird, desto mehr ändert sich auch das soziale Bild. Die Verteilung zwischen Investition und Konsum in einer Volkswirtschaft ist keine Interessen- und Konfliktfrage, sondern der Umfang der Investitionen ist weitgehend sachbedingt, insbesondere im Hinblick auf die Notwendigkeit, einen hohen Beschäftigungsgrad zu sichern. Das wiederum ist Sache der Konjunkturpolitik, nicht des Marktes. Die Gesamtverteilung zwischen Unternehmern einerseits und Arbeitnehmern andererseits kommt nicht durch den Markt zustande, sondern ist abhängig von einer richtigen Steuerung der volkswirtschaftlichen Gesamtgrößen nach den Grundsätzen marktwirtschaftlicher Konjunkturpolitik. Die Gesamtverteilung ist nicht Sache des Marktes, sondern der Konjunktursteuerung oder auch ihrer Unterlassung. Es kann sich zwar auch bei Unterlassung einer solchen Konjunktursteuerung zufällig das richtige Maß für die Investitionsquote ergeben. Es kann aber auch sein, daß die Investitionsquote zu weit greift und eine Überhitzung entsteht. Wenn sie zu gering ist, ist die Folge Arbeitslosigkeit.

Der Unternehmerkonsum dagegen ist in einer modernen Volkswirtschaft, in der der weitaus größte Teil der Gewinne wieder investiert wird, höchst unbedeutend. Er ist für eine Umverteilung eine quantité négligeable. Jene Gewinnanteile, die Investitionen zugeführt werden, müssen ohnehin vom Sozialprodukt abgezweigt und dem Konsum vorenthalten werden. So ist es z. B. eine falsche Parole, wenn Gewerkschaften zur Vermögensbildung sagen, daß der Unternehmer nicht aus eigener Leistung gespart, sondern seine Gewinne den Arbeitnehmern über Preise und Steuern aus der Tasche gezogen habe. Das ist eine Parole, die eine unberechtigte Personalisierung des Vorgangs erkennen läßt. In Wahrheit liegen die Dinge natürlich anders. Es geht darum, ein bestimmtes Beschäftigungs- und

Investitionsvolumen zugunsten der Arbeitnehmer und Verbraucher zu sichern, dazu einen Teil des Sozialproduktes abzuzweigen und dafür das Interesse der Kapitaleigner als Instrument zu benutzen, und zwar, wie ich zeigen werde, als das für Arbeitnehmer und Verbraucher billigste Instrument, das hier überhaupt denkbar ist.

In jedem Wirtschaftssystem muß ein bestimmter Teil des Sozialproduktes für Investitionen verwendet werden. Sie sind für Wachstum und Erneuerung unerläßlich. Das, was Investitionszwecken zufließt, kann ebensowenig wie derjenige Teil des Sozialproduktes, der durch politische Beschlüsse dem Staatsverbrauch zugeführt wird, für den privaten Konsum zur Verfügung stehen. Dieser private Konsum wird im wesentlichen aus den Löhnen und Gehältern der Arbeitnehmer gespeist. Dabei stellt sich die Aufgabe, Kapital stets so wirksam für Investitionszwecke anzulegen, daß mit geringstem Aufwand ein möglichst gutes Ergebnis erzielt wird. Je besser dies gelingt, desto weniger muß die Konsumquote zugunsten der Investitionen beeinträchtigt werden. Bei näherer Prüfung zeigt sich überdies, daß die Ausrichtung eines Unternehmens auf die Erzielung eines möglichst hohen Gewinns keineswegs eine einseitige Berücksichtigung des Kapitaleignerinteresses bedeutet, dem dann etwa durch Mitbestimmung in den Unternehmungen das Arbeitnehmerinteresse entgegengestellt werden müßte. Das Interesse der Kapitaleigner ist vielmehr lediglich ein Instrument für eine gesamtwirtschaftlich optimale Verwendung der Produktionsfaktoren.

Der Renditevergleich vor einer Kapitalanlage zwischen mehreren Möglichkeiten stellt die billigste und wirksamste Investitionslenkung zum Nutzen der Mitmenschen dar. Gerade weil der private Investor aus eigenem Gewinninteresse die ergiebigsten Investitionsmöglichkeiten immer wieder abtastet, schlechte Anlagen abstößt und bessere erwirbt, wird ein Höchstmaß an Rationalität der Investitionen erzielt, so daß die volkswirtschaftliche Investitionsquote relativ klein gehalten werden kann. Die staatswirtschaftlichen Systeme dagegen müssen zusätzlich investieren, um Fehlinvestitionen und mangelnde Rationalität in der Produktionsabstimmung auszugleichen. Die Investitionsquote ist dort höher, der Arbeitnehmerkonsum muß stärker eingeschränkt werden. Der private Investor hat also, wenn er rücksichtslos

seinem Profitmotiv folgt, gerade keine Herrschafts- und Ausbeutungsfunktion. Er belastet vielmehr seine Mitmenschen für Investitionszwecke weit weniger, als das in denjenigen Wirtschaftssystemen der Fall ist, die keinen privaten Investor kennen und ihre Bevölkerung durch den Begriff des Volkseigentums täuschen.

Das nach privatwirtschaftlichen Gewinnmaßstäben verwendete Kapital hat eine dienende Funktion. Es zeigt lediglich als Meßinstrument objektive Knappheitsverhältnisse an und lenkt so das knappe Kapital in die gesamtwirtschaftlich ergiebigste Anlage. So macht Soziale Marktwirtschaft mit Konjunktursteuerung und Wettbewerbspolitik das Kapital zum Diener. In der Staatswirtschaft dagegen wird das Kapital zum gefräßigen Ungeheuer. Es hat dort in der Tat Herrschafts- und Ausbeutungsfunktion, weil es viel einschneidender in das Leben aller eingreift, die Mitmenschen viel stärker für die Aufbringung der Investitionsmittel in Anspruch nimmt, und weil außerdem die über ihre Verwendung disponierenden Politiker weit größere Macht haben als ein Kapitalist. Wenn Kapitaleigner ihr Portefeuille immer wieder umschichten, wenn sich Aktionäre aus schlechten Anlagen zurückziehen, wenn Großaktionäre schwächere Titel verkaufen und ihre Mittel bei ständig erneuerter Überprüfung in möglichst ertragreichen Werten anlegen, werden auf allen diesen Wegen gesamtwirtschaftliche Rationalisierungseffekte erzielt, auf die eine Staatswirtschaft zum Nachteil der breiten Masse verzichten muß.

Es ist eine grobe Irreführung, wenn gesagt wird, Unternehmensleitungen und Aufsichtsräte nähmen durch Berücksichtigung des Kapitaleignerinteresses ein einseitiges Interesse wahr, das daher ein Gegengewicht durch Mitbestimmung erfordere. In Wirklichkeit reflektiert gerade dieses angeblich partielle Interesse ein Gesamtinteresse, weil damit die zweckmäßigste Verwendung der Produktivkräfte für die Mitmenschen gemessen wird und der Renditevergleich wie der Zwang zum Gewinn für gesamtwirtschaftliche Rationalität und Beschäftigungssichernde Investitionen unerlässlich sind. Die Mitbestimmung wäre demgegenüber nur eine ganz armselige Aushilfe für das, was eine konsequente Soziale Marktwirtschaft bietet.

Eine straffe Konjunktursteuerung, die an stabilem Geld und sachgerecht bemessenem Investitionsvolumen orientiert ist - dazu gehören auch Maßnahmen der Steuerpolitik, die Festsetzung der Abschreibungsrichtlinien usw. -, zwingt zusammen mit Wettbewerbspolitik, Sozialinvestitionen und Strukturhilfen die Kapitaleigner, die durch das Interesse an der Erhaltung und Mehrung ihres Vermögens geleitet werden, ständig dazu, einen möglichst großen Teil ihrer Einkünfte gesamtwirtschaftlich nützlicher Investitionen, nicht aber privatem Konsum zuzuführen und so das Kapital den Mitmenschen dienstbar zu machen.

Mit dieser These ist nicht etwa eine herkömmliche Selbstfinanzierung in der Form gemeint, daß die Gewinne immer wieder im gleichen Unternehmen angelegt werden müssen, aus dem sie kommen, daß also Steuerpolitik und Abschreibungsrichtlinien die Selbstfinanzierung zu begünstigen hätten. Gemeint ist lediglich, daß durch diese Maßnahmen generell ein Druck auf die Kapitaleigner ausgeübt werden soll, die dann aus eigenem Interesse ihre Mittel einer Investition zuführen, sei es im Unternehmen, aus dem sie kamen, sei es aber auch über den Kapitalmarkt. Gerade unter gesamtwirtschaftlichen Aspekten ist die laufende Kontrolle über den Kapitalmarkt wichtig und unerläßlich für die gesamtwirtschaftliche Rationalität.

Es geht also bei diesen Thesen keineswegs darum, den Kapitaleignern irgendeinen Gefallen zu erweisen oder ihnen eine Begünstigung zu verschaffen, sondern es geht darum, ihr Interesse den gesamtwirtschaftlichen Notwendigkeiten zum Nutzen der Mitmenschen dienstbar zu machen. Im System der Sozialen Marktwirtschaft haben Unternehmer und Kapitaleigner nicht eine Herrschafts-, sondern eine Sachfunktion. Die mit dieser Sachfunktion zu lösenden Aufgaben können in anderen Wirtschaftssystemen nur schlechter, keineswegs besser bewältigt werden. Nur wer sich gegen Realitäten, größere Zusammenhänge und indirekte, aber entscheidende Wirkungen blind macht, kann davon sprechen, daß das Kapital den Produktionsprozeß organisiere und die Arbeit in seinen Dienst nehme.

Ebenso unsinnig wäre es natürlich, wenn man fordern wollte, daß die Arbeit den Produktionsprozeß zu organisieren und das Kapital in seinen Dienst zu nehmen habe. Weder Arbeit noch Kapital noch Unternehmer haben ein Herrschaftsrecht oder eine Dienstpflicht gegeneinander. Sie haben vielmehr alle eine Dienstpflicht gegenüber der Gesamtheit ihrer Mitmenschen. Das Kapitalinteresse wirkt dabei lediglich als ein neutrales Meßinstrument mit. Kein anderes Instrument erfüllt diese Funktion zum Nutzen der breiten Bevölkerung billiger und nützlicher. Kein anderes Wirtschaftssystem zwingt Kapital und Unternehmer in eine ähnlich ergiebige Tretmühle.

Daß die Marktwirtschaft auf diese Weise eine kleinere Investitionsquote und eine entsprechend größere Konsumquote ermöglicht, ist ein erheblicher Vorzug der privatwirtschaftlichen Ordnung für den Arbeitnehmer, selbst wenn er nicht in den Kreis der Kapitaleigner eintreten könnte, was ihm in Wahrheit gerade in dieser Ordnung durch Sparen offensteht. Nirgends ist der Arbeitnehmer durch die Investitionsaufwendungen so wenig belastet wie in der modernen marktwirtschaftlichen Ordnung. Es ist daher einfach ein Hohn, wenn in der öffentlichen Verteilungsdiskussion immer wieder gesagt wird, die Soziale Marktwirtschaft habe das Verteilungsproblem nicht befriedigend lösen können. In Wahrheit hat sie es relativ besonders gut gelöst. In anderen Systemen ist es weit schlimmer und ungerechter. Nirgends wird das Kapital den Mitmenschen so sehr dienstbar gemacht wie in dieser Ordnung, auch wenn sie es nicht selber besitzen. Daher gilt, daß nicht Eigentum, sondern im Gegenteil Sozialismus Diebstahl ist, und zwar gerade an den Arbeitnehmern und Verbrauchern, die unter dem Sozialismus weit stärker belastet werden.

Die Konzentration des Eigentums in wenigen Händen ist nirgends so weit gegangen wie im Sozialismus. Dort ist die jeweilige Kommunistische Partei zentralistischer Privateigentümer der Produktionsmittel. Dort herrschen in bisher ungekanntem Maße Herrschaft und Ausbeutung. Auch ist der Staat als Instrument der herrschenden Klasse zur Aufrechterhaltung der bestehenden Verhältnisse, also der Herrschaft über die Produk-

tionsmittel, nirgends in der Weise verwirklicht wie im Sozialismus. Dort ist die Partei, eine einzige Institution, Besitzer der Produktionsmittel, und der Staat dient den Funktionären der Partei als Instrument.

In einer freiheitlichen Demokratie mit marktwirtschaftlicher Ordnung dagegen besteht ein hohes und sogar wachsendes Maß an Pluralismus. Es gibt immer mehr Kräfte außerhalb des Staates, unabhängig von ihm, oft gegen die jeweilige Regierung eingestellt. Die Dezentralisierung nimmt immer stärker zu, die marktwirtschaftliche Ordnung fußt ja schließlich auf der dezentralisierten spontanen Initiative von unten herauf. Sozialismus hebt die nachteiligen Wirkungen des Privateigentums in einer falschen wirtschaftspolitischen Rahmenordnung, also die Mängel des früheren kapitalistischen Systems, nicht auf, sondern verstärkt sie und monopolisiert sie.

Aus allen diesen Gründen kann mit bestem sozialen Gewissen die Feststellung getroffen werden, daß im Vergleich zu anderen Systemen das Verteilungsproblem nirgends so gut gelöst ist wie in der Sozialen Marktwirtschaft. Der Vorteil der relativ kleineren Investitionsquote ist für die Verteilung des Nationaleinkommens weitaus gewichtiger als alles, was durch Maßnahmen zur breiteren Eigentumsstreuung, über die diskutiert wird, jemals noch zusätzlich erreicht werden könnte. Privateigentum ist daher im Feudalkapitalismus anfechtbar, in der Marktwirtschaft dagegen voll legitimiert, weil für die Mitmenschen dienstbar gemacht. Gewinne sind nicht Selbstzweck, nicht Ausbeutung, sondern neutrales und für die Arbeitnehmer billigstes Meßinstrument für Investitionen.

Dennoch ist uns natürlich die Aufgabe gestellt, zu prüfen, ob man die Verteilung trotz des günstigen Stands, den wir, verglichen mit anderen Systemen, haben, nicht noch besser gestalten könnte.

Das Privateigentum an Produktionsmitteln gewährt in der Sozialen Marktwirtschaft Rechte nur als dienendes Werkzeug für die Mitmenschen, schafft auf diese Weise also vor allem Pflichten für die Eigentümer. Die wichtigste Pflicht ist hierbei,

einen möglichst großen Teil der Gewinne nicht dem Konsum, sondern - weitgehend über den Kapitalmarkt - einer Investition zuzuführen und damit den Mitmenschen nutzbar zu machen. Dies herbeizuführen, ist Sache der Konjunktur-, Steuer- und Abschreibungspolitik. Damit wird das Problem der Vermögensverteilung entschärft, und es ist dann weniger wichtig, wem das Eigentum im einzelnen gehört. Weit wichtiger ist, wie es genutzt wird. Letzteres sollte nicht durch einen Einzeldirigismus über Investitionen, sondern lediglich durch einen Druck von der Konjunktursteuerung her vorgeschrieben werden, der es den Kapitaleignern aus eigenem Interesse geraten erscheinen läßt, einen möglichst großen Teil der Gewinne generell einer Investition und nicht dem persönlichen Konsum zuzuführen.

Die Schwierigkeiten in den Entwicklungsländern auf diesem Gebiet rühren zu einem erheblichen Teil daher, daß man dort auf Grund einer überkommenen feudalen Mentalität, aber auch auf Grund einer falschen Politik gerade der sogenannten progressiven Regierungen nicht unter dem nötigen Druck steht, einen möglichst großen Teil der Gewinne zu investieren. Vielmehr besteht ein Anreiz zu hohem persönlichen Konsum, zur Korruption, zum verschleierten Kapitalexport usw.

Gewinne sind nichts unnötig Zusätzliches, nichts Entbehrliches, sondern gesamtwirtschaftlich vor allem Quell künftiger Investitionen. Die Gewinne sind in der Sozialen Marktwirtschaft das für Arbeitnehmer billigste Instrument zur Abzweigung jenes für Investitionen unerläßlichen Teils des Sozialprodukts. Profite sind im wesentlichen die künftigen Investitionsmittel. Das muß aber auch bei breiterer Streuung des Eigentums beachtet werden. Gewinne sind zum wenigsten Quelle zusätzlichen Konsumeinkommens, sondern vor allem eine Verpflichtung zur Investition.

Welche Vorschläge sind nun für die Verteilungsproblemematik kein Ausweg?

Erstens ist es kein Ausweg, die Eigentumsstreuung so darzustellen, als ob damit eine für die Arbeitnehmer wesentliche Quelle zusätzlichen Einkommens geschaffen würde. Man muß auch den Arbeitern ehrlich sagen, daß der Anteil am Produktivvermögen, den sie erwerben sollen, in der Haupt-

sache eine Verpflichtung zur Investition aus den Erträgen darstellt. Wenn die Gewinne durch irgendein Umverteilungsverfahren an die Arbeitnehmer gingen, diese aber die Erträge verbrauchten, fehlten die Investitionsmittel, die vorher aus den Gewinnen der bisher Vermögenden abgezweigt wurden. Darauf bleiben die Advokaten von undurchdachten Vermögensvorschlägen meistens die Antwort schuldig.

Es ist unter der Voraussetzung einer marktwirtschaftlichen Politik weniger wichtig, daß das Privateigentum bestimmten Personen gehört, sondern es ist weitaus wichtiger, daß die Erträge für Investitionen verwendet werden. Damit kann, je mehr die Erträge einer gesamtwirtschaftlich nützlichen Sachfunktion zugeführt werden, das Problem der Eigentumsverteilung, der Kapitalakkumulation auch politisch beträchtlich entschärft und neutralisiert werden.

Wenn man sagt: es ist dann weniger wichtig, wem das Eigentum gehört; wichtiger ist, wie es genutzt wird, könnte der Umkehrschluß naheliegen, daß man sagt: statt den Arbeitgebern kann es dann auch den Arbeitern gehören. Dieser Umkehrschluß ist jedoch falsch.

Denn erstens hätte eine diesbezügliche Übertragung eine beträchtliche Erschütterung des Vertrauens in die Institution des Eigentums zur Folge, ein Vertrauen, das wir unbedingt erhalten müssen, wenn künftig ausreichend investiert werden soll. Das liegt auch im Interesse derjenigen, die noch nicht lange über Eigentum verfügen. Sonst könnten manche unter ihnen auf die Idee kommen zu sagen: jetzt werden diese Gruppen enteignet; wenn wir mehr Eigentum haben, werden wir genauso enteignet.

Vor allem aber ist der Umkehrschluß deshalb falsch, weil die Arbeitnehmer, wenn man sie in ihrer Gesamtheit zu einer solchen Vermögensverteilung heranziehen wollte, nur relativ kleine Gewinne hätten, daraus aus den beschriebenen Gründen den größten Teil investieren müßten und für die Anreicherung des Konsums sehr wenig übrigbliebe, wenn die gesamtwirtschaftlich vor allem im Interesse eines hohen Beschäftigungsgrads wichtigen Investitionen nicht gefährdet werden sollen.

Zweitens sind auch die steuerlichen Vorschläge, die in dieser Hinsicht gemacht worden sind, kein Ausweg, sondern nur Augenwischerei. Wenn man die Kapitaleigner einschließlich der selbständigen Unternehmer besonders hoch besteuert und infolgedessen die Investitionsmittel fehlen, bleiben nur drei Wege offen. Entweder muß man dann, da weiterhin investiert werden muß, die Unternehmer auf andere Weise begünstigen, etwa durch zusätzliche Abschreibungserleichterungen, Investitionsprämien usw. Damit würde keinerlei Umverteilungseffekt erzielt. Es würde den Unternehmern zwar eine Belastung auferlegt, zugleich aber eine Begünstigung gewährt.

Der zweite Weg wäre der, daß man sagt: Jetzt müssen eben statt der bisherigen Kapitaleigner andere investieren. Das würde, wie gesagt, bedeuten, daß dann die Arbeitnehmer die Pflicht hätten, den Hauptteil aus ihren Erträgen zu investieren. Man müßte ihnen ausdrücklich sagen: ihr könnt die Erträge nicht aufzehren und dürft auch eure Anteile nicht ohne weiteres konsumieren; denn sonst ändert sich an der Verteilung überhaupt nichts.

Der dritte Weg, wenn man die Unternehmer mit dem Ziel einer steuerlichen Umverteilung belastet, wäre der, daß man sagt: statt dessen soll der Staat investieren. Damit hätte man zwar die Kapitaleigner geschädigt, aber keineswegs etwas Nützliches für die Arbeitnehmer getan, die davon immer noch nichts hätten, weil ihnen in gleicher Weise ein Konsum vorenthalten würde. Im übrigen bestünde dann die Gefahr, daß der Staat schlechter, unrationeller, weniger unter Marktdruck und Gewinnerfordernis investiert, die Investitionsquote steigt und der Arbeitnehmerkonsum noch stärker eingeschränkt wird.

Drittens wäre auch die Lösung kein Ausweg, die Staatspräsident de Gaulle mit seiner "participation" versucht hat. Das war eine Lösung, die darin bestand, daß man zwar die Begünstigten in den Unternehmungen an den Ge-

winnen beteiligte, dafür aber, damit die Investitionen nicht darunter litten, den Unternehmensleitungen zusätzliche Vergünstigungen gewährte, die natürlich von der breiten Masse der Steuerzahler aufgebracht werden mußten. Man hat also auf der einen Seite den Arbeitnehmern in bestimmten Bereichen ein bißchen Gewinnbeteiligung geboten, sie auf der anderen Seite aber als Steuerzahler um so mehr belastet.

Viertens ist es kein Ausweg, mit sogenannten gemeinnützigen Gesellschaften zu arbeiten, die angeblich keine Gewinne machen, wie wir es z. B. bei unseren großen Wohnungsbauunternehmen kennen. Abgesehen davon, daß dort eine ganze Reihe massiver staatlicher Vergünstigungen mitwirken, kann gar keine Rede davon sein, daß von ihnen keine Gewinne erzielt würden. Sie werden natürlich nicht ausgewiesen und ausgeschüttet, sondern wieder investiert. Es werden in Hülle und Fülle Kosten gemacht, und es fehlt völlig die Kontrolle über den Kapitalmarkt, was gesamtwirtschaftlich ein schwerer Nachteil ist. Aber Mittel für Investitionen müssen dort genauso aufgebracht werden wie vom privaten Unternehmer.

Fünftens ist kein Ausweg der Vorschlag der sogenannten Arbeiterselbstverwaltung, wie man sie in manchen Ostblockländern kennt. Die Idee der Arbeiterselbstverwaltung ist verteilungspolitisch einfach ein Trugschluß. Auch dort braucht man schließlich Mittel für Investitionen, und zwar nicht weniger als ein privater Kapitaleigner, sondern aus den vorhin erwähnten Gründen der mangelnden Rationalität in der Produktionsabstimmung eher mehr. Man sieht dann sofort die Bestätigung für die von mir eingangs vertretene These, daß nicht das Privateigentum an sich, sondern die Einbettung in eine falsche wirtschaftspolitische Rahmenordnung Schäden hervorrufen kann. Bei Einführung einer Arbeiterselbstverwaltung wird plötzlich für die Arbeiter sichtbar, daß aus den verruchten Gewinnen wesentlich investiert worden ist, und daß man, wenn man die bisherigen Kapitaleigner beseitigt, nun selber investieren, sich darüber den Kopf zerbrechen muß und durchaus nicht ohne weiteres mit Hilfe der Gewinne ein besseres Leben führen kann.

Nun mag man sagen, für die reinen Verteilungsfragen, für die Investitionsfunktion sei die Tätigkeit des privaten Kapitaleigners richtig gesehen. Aber es ergebe sich doch z. B. das Problem der Machtbildung und der davon ausgehenden Gefahren. Das Machtproblem ist außerordentlich ernst zu nehmen und die Wettbewerbspolitik sehr groß zu schreiben. Hier liegen Probleme, die wir keineswegs unterschätzen. Aber um diese Probleme zu lösen, müssen wir die Wettbewerbspolitik, vielleicht auch das Gesellschaftsrecht verbessern, brauchen wir die Aufmerksamkeit der Politik überhaupt sowie eine wache und kritische öffentliche Meinung. Hinsichtlich dieses Machtproblems kann die Vermögensstreuung nichts ausrichten, ebensowenig wie die Mitbestimmung hier etwas ausrichten könnte. Das sind für dieses Problem völlig falsche Thesen.

Schließlich ist es auch kein Ausweg, gewissen alten, etwas romantischen Thesen anzuhängen, die als Begründung für eine breitere Eigentumsstreuung angeführt worden sind. Es hieß z. B., Freiheit könne man nur durch Eigentum erwerben, dies sei für das Selbstgefühl erforderlich, Eigentum sei wichtig, um auch einmal eine Zeit der Arbeitslosigkeit überbrücken zu können usw. Wenn man solche Thesen anführt, um eine Eigentumsverteilung zu begründen, dann ist das Problem überhaupt nicht lösbar; denn so kann zu keiner Zeit Eigentum gestreut werden. Um diese Probleme zu lösen, bedarf es in einer modernen Gesellschaft, in der zwangsläufig sehr viele unselbständig tätig sind, ganz anderer Maßnahmen. Es bedarf aber vor allem der nüchternen Einsicht in die Gegebenheiten, Erfordernisse und Möglichkeiten.

Zu dieser nüchternen Betrachtung gehört z. B. auch die Einsicht, daß die Quoten zwischen Arbeitseinkommen einerseits und Kapitaleinkommen andererseits kaum zu ändern sind. Sie sind durch Konjunkturnotwendigkeiten sachbedingt, sie sind keine Interessenfrage, sondern dienen hauptsächlich der Aufbringung des nötigen Investitionsvolumens im Interesse der Sicherung hoher Beschäftigung. Die Aufgabe lautet daher, dafür zu sorgen, daß sich die Arbeitnehmer nicht nur in der Quote des Arbeitseinkommens befinden, sondern daß sie sich daneben zusätzlich auch in der Quote des Kapitaleinkommens befinden und auch an diesem partizipieren, daß sie also sozusagen in den Kreis der Produktionsmittelbesitzer selber mit eintreten.

Diese Probleme sind keineswegs betriebsbezogen zu lösen, weil sonst das Arbeitsplatzrisiko und das Vermögensrisiko kumuliert würden. Darüber hinaus sind die Probleme auch vom betrieblichen Geschehen her gesehen gar nicht zu beurteilen. So ist z. B. die Frage, ob die Betriebsgewinne nur den Kapitaleignern oder zu einem Teil auch den Arbeitnehmern zustehen, völlig verfehlt. Entscheidend ist nicht der Einkommenserhalt, also daß man eine zusätzliche Ausschüttung über den Arbeitslohn hinaus erhält; entscheidend ist, wie das Arbeitnehmereinkommen verwendet wird. Man kann noch so viel ausschütten: wenn diese Ausschüttung schließlich konsumiert wird, ändert sich an der Verteilung überhaupt nichts. Entscheidend für eine Änderung der Einkommens- und Vermögensstruktur ist vielmehr, daß aus dem Arbeitnehmer-einkommen, ganz gleich, ob es nur aus Lohn oder aus Lohn plus Ausschüttung besteht, ein Teil nicht konsumiert, sondern einer Anlage zugeführt wird. Das ist beim freiwilligen Sparen genauso der Fall wie beim Investivlohn. Hier besteht in der Wirkung auf die Verteilung überhaupt kein Unterschied.

Wenn z. B. aus einer Lohnerhöhung ein Teil nicht dem Konsum, sondern einer Investition zugeführt wird, hat das eine umverteilende Wirkung, gleichgültig, ob das die Arbeitnehmer freiwillig tun oder ob ihnen das mittels Investivlohns abgezogen wird. Die Wirkung ist die gleiche, wenn die Arbeitnehmer einen Teil sparen, und zwar auch, wenn es sich nicht um einen Teil aus einer Lohnerhöhung, sondern aus dem bisherigen Einkommen handelt. Dann wird in gleichem Maße die Spanne zwischen Preisen und Kosten bei den Unternehmungen, gesamtwirtschaftlich betrachtet, etwas zusammengedrückt. Es mag sein, daß - im Unterschied zum ersten Weg - die Konjunktursteuerung ein etwas höheres Lohnniveau ermöglicht, da es nicht zu einer starken Einbuße bei der Konsumgüternachfrage kommen darf. Diese Fragen lassen sich lösen.

Aber der Begriff der sogenannten vermögenswirksamen Leistung macht überhaupt nichts billiger und ist einfach ein Trugschluß. Die These, daß in dem einen Fall die Arbeitnehmer im Wege

der vermögenswirksamen Leistung etwas Zusätzliches erhielten, daß sie jedoch im anderen Fall aus eigener Tasche Vermögen bildeten, ist demagogisch verlogen und hat mit den konkreten Tatbeständen und Wirkungen nicht das geringste zu tun. Die Forderung, der Investivlohn müsse zusätzlich zum Konsum außerhalb der herkömmlichen Lohnrunde gegeben werden, ist nichts anderes als Spiegelfechterei.

Das Entscheidende bei der Vermögensstreuung ist niemals, daß den Arbeitnehmern aus irgendeiner Quelle zusätzliches Geld gegeben wird, sondern entscheidend ist, daß aus dem jeweiligen Arbeitnehmer-Gesamteinkommen, gleichgültig, ob es nur aus Lohn oder aus Lohn plus irgendwelchen Gewinnausschüttungen besteht, ein Teil nicht konsumiert, sondern gespart wird. Das ist das einzige, was eine Vermögensumverteilung zustande zu bringen vermag.

Vom Staat wäre für das Sparen zu fordern:

a) die Stabilität des Geldwertes zu sichern und überhaupt Vertrauen in die wirtschaftspolitische, möglichst auch die politische Lage, jedenfalls aber in die Zielstrebigkeit und Klarheit der politischen Führung zu wecken. Dazu gehören Vorbild und langfristiges strategisches, nicht nur taktisches Denken und eine konsequente marktwirtschaftliche Politik, damit das Wachstum kräftig ist und die Realeinkommen steigen.

b) alle bisherigen eigentumspolitischen Sünden und sonstigen Verstöße gegen die Soziale Marktwirtschaft von Unternehmerseite radikal abzubauen.

c) eine massive sozialpädagogische Aufklärung über die Möglichkeiten und Wirkungen des Sparens und eine breite Werbung für das Sparen zu betreiben mit Werbefilmen, Plakaten, Anzeigen und jährlicher Bekanntgabe der Sparleistung und des Vermögensanteils der Arbeitnehmer. Eine solche Werbung für das Sparen (ohne bestimmte Sparformen zu bevorzugen) müßte in ausreichender Stärke und Intensität betrieben werden, um neben der Konsumreklame genügend Beachtung zu finden. Die Sparwerbung könnte auch dahin wirken, dem Prestigekonsum das Prestigeigentum an die Seite zu stellen.

d) Eigensparleistung und betriebliche Sparprämien steuerlich und sozialversicherungsrechtlich zu begünstigen.

e) in der Konjunkturpolitik Investitionen und Gewinne nur in dem Maße zu fördern, wie dies für Geldwert und Beschäftigung nötig ist. Darüber hinauszugehen, überhitzt nur den Arbeitsmarkt, erhöht das Preisniveau und bringt nominelle, aber keine realen Steigerungen von Sozialprodukt, Aufträgen, Gewinnen und Löhnen.

f) jede Begünstigung der Thesaurierung abzubauen.

g) kleine Aktiengesellschaften und kleinstückelte Aktien zuzulassen, damit die Anteile leichter erworben werden können und auch das Risiko geringer wird, daß bei wirtschaftlichen Schwierigkeiten des Anteilseigners der Verkaufswunsch das Besitzempfinden übersteigt.

h) in Übereinstimmung mit wachsender Mündigkeit und steigendem Wohlstand der Arbeitnehmer den Sparentschluß auch durch Anreiz zur Selbstvorsorge, also durch Verkleinerung der öffentlichen Sozialversicherungen auf ein System zu fördern, das eine obligatorische Mindestsicherung gegen die Lebensrisiken mit steuerlicher Begünstigung individueller Höherversicherung vorsieht und im übrigen wirklich Bedürftige und schwere Sonderfälle besser bedenkt als bisher.

i) das Stiftungswesen auszubauen, um auch auf diese Weise bedenklichen Vermögenskonzentrationen entgegenzuwirken.

j) die Vermögenssteuer zu überprüfen, damit nicht eifrige Arbeitnehmersparer, deren Vermögen wächst, einen Rückschlag erleiden.

k) schließlich das Prämiensystem so umzubauen, daß es wirksam genug ist, um auch mikroökonomisch - besonders, solange erst ein Teil der Arbeitnehmer im wesentlichen Umfange spart - das Sparen spürbar vorteilhaft zu machen, wie es später bei zunehmender Sparerzahl makroökonomisch von selber geschieht. Das bedeutet eine stärkere Förderung des Sparens aus schwächeren Einkommen, u. a. gemessen am Familienhaushalt.

1) die Mittel für die verschiedenen staatlichen Aufgaben auf diesem Gebiet u. a. aus einem Subventionsabbau zu gewinnen, der außerdem die Produktivität und damit die Reallöhne hebt und dem Gedanken korrekterer Eigentumsbildung dient.

Es bleibt noch ein Problem übrig, vor allem, wenn man die Dinge in einem weltweiten Rahmen betrachtet. Den Bodenproblemen in den Entwicklungsländern muß durch Intensivierung marktwirtschaftlicher Funktionen, insbesondere durch schärfere Konjunktursteuerung und Wettbewerbspolitik zu Leibe gerückt werden. Enteignungen helfen dort überhaupt nicht, verschlechtern nur die Versorgung der Mitmenschen und führen die angeblich befreiten Bauern in nicht minder straff geleitete Kollektivsysteme, wobei sich wiederum erweist, daß ein wesentlicher Teil der Erträge ganz objektiv bei privaten Eigentümern ebenso wie bei genossenschaftlich oder staatswirtschaftlich organisierten Landwirtschaftsbetrieben die Sachfunktion von Mitteln für künftige Investitionen erfüllt.

Zu der Befreiung der Menschen, die damit erreicht werden soll, kommt es nicht. Dabei ist nicht nur an das Beispiel der deutschen Sowjetzone zu denken, wo man die Großbetriebe liquidiert, landwirtschaftliche Einzelbetriebe geschaffen und diese nachher im Zuge einer Zwangskollektivierung wieder in sogenannte Genossenschaften, die diesen Namen gar nicht verdienen, zusammengefaßt hat. Es gibt vielmehr gerade auch in Lateinamerika Erfahrungen, die deutlich zeigen, daß die Arbeitnehmer davon durchaus nichts haben, daß sich der Lebensstandard nicht verbessert, sondern sich die Versorgung der Mitmenschen verschlechtert, und daß die Bauern in eine viel straffere Kontrolle genommen werden, zum Teil aus verständlichen Gründen, weil der einzelne kleine Bauer oder Pächter oft nicht in der Lage ist, ein Urteil über moderne landwirtschaftliche Methoden zu fällen und die Mittel dafür aufzubringen.

Es kann beim gegenwärtigen Stand der Dinge nicht bestritten werden, daß das Grundeigentum in Lateinamerika oft nicht genügend jenem von

mir vorhin zitierten Zwang zu nützlicher Investition unterworfen ist, der daraus resultiert, daß es nur dann hohen Gewinn erzielen könnte. Die Latifundienbesitzer werden oft nicht durch ihr eigenes Interesse gezwungen, ihren Grund und Boden in nützlichstem Maße zu nutzen, sondern ihr Interesse empfiehlt ihnen zuweilen, ihr Land teilweise ungenutzt zu lassen. Der Boden ist zweifellos nicht so in die Gesamtwirtschaft integriert, daß damit den Mitmenschen gedient wird. Die Rechtfertigung für Unternehmerfreiheit und Gewinne liegt aber in der Tatsache, daß die Befolgung des Eigeninteresses am besten der Gemeinschaft dient.

Es kann daher nicht überraschen, daß heutzutage eine Revolution in diesen Ländern wenigstens in Form einer Landreform gefordert wird. In vordergründiger Sicht liegt dieser Gedanke auch nahe, wie ja überhaupt leider oft der soziale Impuls eine Oberflächentherapie gebiert, statt daß man sich durch richtige Weichenstellung in der Wirtschaftspolitik der viel weitergreifenden Wirkungen der Marktwirtschaft bedient. Das ist ganz allgemein manchen sozialreformerischen Bestrebungen und auch Teilen der Katholischen Kirche in Lateinamerika entgegenzuhalten. Die Oberflächentherapie hilft aber eben nur an der Oberfläche, mildert das eine oder andere Symptom, nutzt aber nicht die vielen fruchtbaren Chancen, die die Marktwirtschaft bietet. An den tieferen Wurzeln der Wirtschaftsordnung anzusetzen, bewirkt für den Kleinen Mann weit mehr. Es ist daher kein Wunder, daß manche Bodenreformen dort im wesentlichen nur einen ideologischen Effekt zugunsten des vorgefaßten revolutionären Dogmas, nicht aber eine reale Besserung ergeben. Die wirklich nötigen Reformen sind gar nicht so sehr eine Frage der Betriebsgrößen und noch weniger eine Frage der Enteignung. Auch hier muß man zu den tieferen Ursachen vorstoßen.

Die Ursachen liegen in Funktionsschwächen der Wirtschaftsverfassung. Also müssen diese Funktionen verbessert werden. Hier herrscht nicht zuviel Marktwirtschaft, sondern zuwenig. Insbesondere ist das Gewinnstreben mancher Großgrund-

besitzer unterentwickelt. Sie verwenden nicht im Interesse der Erhaltung und Mehrung ihres Vermögens einen möglichst großen Teil ihrer Einkünfte für modernisierende Investitionen, womit sie der Gesamtwirtschaft, der Gesamtbevölkerung, ihren eigenen Arbeitnehmern und ihrem eigenem Vermögen einen großen Dienst erweisen würden. Diese Tendenz ist bei ihnen zu schwach ausgebildet, weil die Wirtschaftsverfassung sie dazu nicht zwingt. Sie erneuern zuwenig und führen einen relativ großen Teil ihrer Einnahmen persönlichem Konsum zu. Sowohl ihr eigenes Vermögen als auch der Wohlstand ihrer Mitmenschen steigen weit weniger, als dies bei hochrationalem Denken, rationeller Betriebsführung und USA-ähnlichem Gewinnstreben der Fall wäre.

Der Grund dafür liegt einmal darin, daß auf den dortigen Verkaufsmärkten für Agrargüter nicht genügend Wettbewerb herrscht. Es besteht nicht genug Druck, durch niedrige Preise hohe Gewinne zu erzielen. Der zweite Grund liegt darin, daß der Grad der Beschäftigung nicht ausreicht, sondern eine teils offene, teils aus der Übersetzung der Landwirtschaft ersichtliche latente Arbeitslosigkeit herrscht. Bei hoher Beschäftigung, bei Mobilität und Dynamik in der Gesamtwirtschaft müßten die Grundbesitzer ihren Landarbeitern mit den Industrielöhnen gleichziehende Löhne zahlen, weil sie sonst abwandern würden. Die Schere zwischen Preiswettbewerb und steigenden Löhnen würde marktwirtschaftliches Gewinnstreben und Verwendung des größten Teils der Einkünfte für Rationalisierungsmaßnahmen zum Vorteil aller erzwingen.

Würden die Funktionen der Wirtschaftsverfassung nach diesen Grundsätzen verbessert, wäre die Positionsverteilung zwischen Grundbesitzern und Landarbeitern in Lateinamerika eine völlig andere. Heute wandern zwar oft Arbeitskräfte vom Land in die Stadt ab, finden dort aber kaum Arbeit, sondern vermehren das Elendsproletariat. Hier fehlen ebenfalls die Wirkungen zweier marktwirtschaftlicher Elemente, nämlich der sachgerechten Konjunktursteuerung, die genügend Investitionen für eine hohe Beschäftigung sichert, und auch der Regionalpolitik.

Dazu kommt ein spezieller Faktor bei den Landbesitzern. Gewerbliches Sachkapital kostet Geld, wenn es nicht genutzt wird: Lagerkosten, Wertminderung usw. Der Boden kostet nicht in vergleichbarer Weise Geld, wenn er ungenutzt bleibt. Er erfährt keine Wertminderung. Eine Sonderbelastung auf ungenutzten Boden, die den Boden dem gewerblichen Sachkapital gleichstellt, würde die Lage ändern und die Latifundienbesitzer aus ihrem eigenen Interesse heraus zusammen mit den anderen marktwirtschaftlichen Funktionsverbesserungen zwingen, weniger zu konsumieren, mehr zu investieren, ihre Betriebe zu modernisieren, ihren Boden besser zu nutzen oder zur Nutzung zu vergeben und ihre Arbeitskräfte besser zu behandeln bzw. besser zu bezahlen. In diesem Klima könnten sich wegen der Alternativchancen dann auch fragwürdige Pachtverhältnisse nicht mehr halten. Der Präsident eines lateinamerikanischen Landes, der die marktwirtschaftlichen Funktionen verbessert, tut jedenfalls für seine Mitmenschen weit mehr als der emotional bestimmte, für konkrete Aufgaben blinde realitätsfremde sozialistische Revolutionär.

Das gilt auch für die Eigentumsfeindlichkeit, die sich in hochindustrialisierten Ländern bei den Auseinandersetzungen über die Bodenpreise und die Städtesanierung zeigt. Wenn z. B. durch eine schlappe Konjunkturpolitik das allgemeine Preisniveau steigt, so ziehen natürlich die Bodenpreise mit, und insoweit kann von einer Schuld oder auch nur Bereicherung der Grundeigentümer nicht gesprochen werden. Dies dennoch zu tun, ist ein Ablenkungs- und Vertuschungsmanöver nach politischen Versäumnissen.

Außerdem steigen die Bodenpreise auch innerhalb des Preisniveaus relativ stark. Einmal, weil wegen der Preisniveau-Steigerung eine Flucht in die Sachwerte und damit eine stärkere Nachfrage nach Grund und Boden einsetzt, zum zweiten, weil auch die Förderung des Mietwohnungsbaus und des Eigenheimbaues sowie das Wohngeld die Nachfrage nach Boden in die Höhe treiben, zum dritten, weil z. B. der deutsche Raum dichter besiedelt ist als vor dem Kriege - 244 statt 144 Menschen auf dem km<sup>2</sup> -

und damit verstärkte Nachfrage nach Boden auslöst, zum vierten, weil die wirtschaftliche Entwicklung die Nachfrage nach Boden für betriebliche und öffentliche Zwecke steigert. Und zum fünften, weil Bauland nur sehr begrenzt vermehrbar ist.

Dieser letztere Tatbestand ist kein Anlaß zur Beseitigung des Privateigentums an Grund und Boden, sondern im Gegenteil eine Aufforderung, ganz nüchtern das Spannungsverhältnis zwischen Angebot und Nachfrage zur Kenntnis zu nehmen und die unerläßliche Steuerungsfunktion freier Bodenpreise nicht zu mißachten.

Hohe Bodenpreise in Ballungszentren zeigen an, was in der dortigen Enge angesichts der ohnehin vorhandenen Belastungen und Anforderungen, also besonders der schon konkurrierenden Bodennachfrage, neue Infrastruktur-Maßnahmen oder Bauten erfordern würden. Hier handelt es sich um Signale, die reflektieren, welche Verwendung an welchem Platz richtig oder falsch, also zu teuer ist. Setzt man die Bodenpreise in Ballungszentren künstlich heran, dann täuscht man sich eine Verbilligung nur vor und verstärkt in Wahrheit dort den Zuzug, so daß schon deshalb zusätzliche und überproportionale Infrastruktur-Maßnahmen nötig werden, die ja ebenfalls wieder Geld kosten. Außerdem werden Zuschüsse für die auf diese Weise vernachlässigten anderen Regionen nötig, eine Flut neuer regionaler Förderungsprogramme würde den Steuerzahler belasten. Man täuscht sich also eine Verbilligung oder Ersparnis nur vor und ist nicht ehrlich gegenüber den Mietern. Mieten und Bodenpreise werden vordergründig herabgedrückt, unvermeidlich entstehen aber alternative Belastungen anderswo.

Das sieht man natürlich nicht, wenn man als Politiker, Soziologe oder gar Psychologe nur Städtebauprobleme, womöglich nur in einer Stadt, betrachtet, gesamtwirtschaftliche Zusammenhänge aber außer Acht läßt. Hohe Bodenpreise sollen von den Ballungszentren abschrecken. Sie zeigen, daß Zuzug und Ausbau anderswo vernünftiger sind, nämlich gesamtwirtschaftlich richtiger, also für

die Gesamtheit der Verbraucher billiger. Wir sollten die Wettbewerbsverfälschungen bei den social costs nicht vergrößern, sondern verkleinern. Ohnehin sind diese Wettbewerbsverfälschungen durch attraktive Ansiedlungsangebote für Industrien eine der Ursachen für extreme Bodenpreissteigerungen in Ballungszentren und deren Umgebungen.

Diesen objektiven Problemen und Folgen politischer Fehler sollten ehrliche Politiker nicht durch einseitige Angriffe gegen die Haus- und Grundbesitzer, durch Generalisierung einzelner extremer Fehlhandlungen begegnen. Nichts wird verbilligt, wenn Grund und Boden in Gemeineigentum geführt wird. Sachlich rechtfertigen läßt sich nur eine einzige Maßnahme, die aber nicht von der sogenannten Unvermehrbarkeit des Bodens und auch nicht von der Meinung ausgeht, die Bodenpreise seien zu hoch, sondern ausschließlich von dem Bestreben, Grund und Boden dem gewerblichen Sachkapital gleichzustellen. Während gewerbliches Sachkapital bei Nichtbenutzung an Wert verliert, kann Grund und Boden bei Nichtbenutzung an Wert gewinnen. Hier wäre Lebenfalls eine Abgabe gerechtfertigt, die beide Eigentumsarten auf eine gleiche Basis stellt. Dies würde beim Boden wie beim gewerblichen Sachkapital einen Verwendungsdruck hervorrufen. Hierin liegt die Rechtfertigung des privaten Eigentums in der Sozialen Marktwirtschaft. Dies wäre kein Verstoß gegen die Marktwirtschaft, sondern würde das marktwirtschaftliche Prinzip der Startgerechtigkeit zur Geltung bringen.

Noch in einer weiteren Bedeutung aber hat das Privateigentum an Produktionsmitteln Zukunftschancen. Heute wird oft geltend gemacht, daß Marktwirtschaft mit Privateigentum vielleicht für den Wiederaufbau nach dem zweiten Weltkrieg nützlich gewesen sei und überhaupt für frühere wirtschaftliche Formen, jedoch angesichts des "Neulandes", das heute betreten werde, nicht mehr taue. Mit diesem Neuland ist das technische Neuland gemeint und auch die stärkere Verflechtung der Märkte mit Hilfe einer Öffnung der Grenzen, sei es innerhalb der EWG,

sei es innerhalb des GATT, sei es gegenüber Importen aus weniger industrialisierten Ländern.

Selbstverständlich wird heute weit mehr und weit rascher als früher immer wieder Neu-land betreten. Strukturwandel verschärft sich und wird immer dynamischer. Das ist aber kein Anlaß für zunehmende Planung, sondern ganz im Gegenteil erfordert dies schnellere Anpassung, und dazu wiederum ist eine auf dem Privateigentum basierende Wirtschaftsordnung weit besser geeignet als eine zentralistische Wirtschaft.

Bei der Infra-Struktur kommt zum Teil auch die marktwirtschaftliche Ordnung nicht ohne umständliche und ungenaue Rechnungsverfahren in öffentlicher Planung aus, weil dort nicht ohne weiteres der Marktmechanismus wirksam werden kann. Im Sozialismus gilt dies aber für sämtliche Bereiche. Wir haben dagegen den Vorteil, daß außerhalb der Infra-Struktur nicht so umständlich vorgegangen werden muß, sondern die Reagibilität des Marktes genutzt werden kann. Gerade weil eine Fülle von Kräften und Institutionen, gedrängt vom eigenen Gewinninteresse, ständig unter Druck stehen, sich um den Preis des wirtschaftlichen Untergangs mit größter Aufmerksamkeit immer wieder auf neue Entwicklungen einzustellen, jede neue Entwicklung zu verfolgen, immer wieder die künftigen Tendenzen und Chancen laufend abzutasten - gerade deshalb hat das Privateigentum auch für die zukünftigen Probleme eine Chance, die vom Sozialismus bei weitem nicht in diesem Ausmaß wahrgenommen werden kann. Dort macht man sich blind gegen die Marktkriterien, Willkür und Mangel an Rationalität nehmen zu.

Das Privateigentum an Produktionsmitteln hat, wie eingangs ausgeführt, keinen Anlaß zu Defensive und Resignation. Diese Logik der Dinge verwirklicht sich aber nicht von selber im politischen Raum. Dort genügt nicht nur das rationale Argument, gerade in diesem Bereich ist das emotionalisierte Urteil bestimmend. Erfolge werden wir nur dann haben, wenn wir das Eigentum in seiner dienenden Funktion realisieren, wenn wir also in der Praxis demonstrieren,

daß das Privateigentum an Produktionsmitteln mehr und mehr an sozialer Legitimität gewinnt, und zwar im Zuge der zu fördernden Entwicklung vom Feudalkapitalismus zur Sozialen Marktwirtschaft hin, weil dies eine Entwicklung ist, die das Kapital überkommener Privilegien entkleidet und statt dessen für die Mitmenschen in strengen Dienst nimmt.

Hier wurde gezeigt, daß nie das Privateigentum an sich, sondern nur die Einbettung in falsche wirtschaftspolitische Rahmenordnungen Schäden hervorrufen kann. Unser aller Aufgabe wird es sein, diese richtige wirtschaftspolitische Rahmenordnung zu schaffen, auszubauen und für sie politisch zu wirken, nicht zur Verteidigung einer überholten Institution, sondern weil das Privateigentum gerade unter modernen Bedingungen mit bestem sozialem Gewissen als die für die Mitmenschen günstigere Lösung vertreten werden kann.

# Macht oder ökonomisches Gesetz

Ernst Heuss

Als Böhm-Bawerk seinen bekannten Aufsatz 1914 schrieb 1), ging er von der Fragestellung seiner Zeit aus. Damals standen sich in der Nationalökonomie zwei Betrachtungsweisen gegenüber. Die eine bewegte sich in den naturwissenschaftlichen Vorstellungen des 19. Jahrhunderts und die andere (historische Schule) dachte in historisch rechtlichen Kategorien. Im ersten Falle vollziehensich die ökonomischen Vorgänge nach Gesetzen, im zweiten wird die Macht zur bestimmenden Größe. In seinem Aufsatz hat Böhm-Bawerk versucht, den Geltungsbereich beider Vorstellungen in der Nationalökonomie gegenseitig abzugrenzen. Das Ergebnis von Böhm-Bawerks Ausführungen - am Beispiel der Lohnhöhe demonstriert - läßt sich am besten in der Weise zusammenfassen, daß der Bereich für die Macht und ihre Ausübung zwar kurzfristig recht beträchtlich sei, aber langfristig doch sehr zu Gunsten von dem zusammenschumpfe, was den ökonomischen Gesetzen bzw. der ökonomischen Sachlogik untersteht.

Vielleicht lag es an dem unglücklichen Erscheinungsjahr - Ausbruch des Ersten Weltkrieges mit der Einführung der Kriegswirtschaft -, daß dieser Faden von Böhm-Bawerk nicht mehr weitergesponnen worden ist. 2) Es geistert daher auch heute noch wie ehemals der Terminus "Macht" in seinem amorphen Sinne (Max Weber) umher und nimmt in den Augen des Sozialismus bzw. Marxismus als Macht des Kapitals eine fast dämonische Gestalt an, die zum allgemeinen Bösewicht für alle Unzulänglichkeiten der sogenannten Gesellschaft gemacht wird. Dies gilt besonders für die Renaissance des Marxismus in der westlichen Welt, in der er seit den sechziger Jahren auf bestimmte intellektuelle Kreise und nicht zuletzt auf Stu-

dentem eine faszinierende Kraft ausübt.

Was das Ambivalente des Ausdrucks Macht betrifft, so ist es auch Böhm-Bawerk nicht gelungen, ihm diesen Charakter zu nehmen. So stellt für ihn die Macht letzten Endes das Residuum dar, mit dem alles das erfaßt wird, was mit dem Gesetz nicht erklärt werden kann. Damit kommt man aber aus der Sackgasse nicht heraus, in die man mit dem Gebrauch des Wortes Macht gerät. Soll Macht nicht die gleichsam unbekannte Größe  $x$  bleiben, in die man alles einpacken kann, was man sonst nicht erklären kann, so muß sie eine ähnlich prägnante Gestalt wie das Wort Gesetz erhalten. Dies läßt sich jedoch nicht auf dem Wege einer neuen Definition des Wortes Macht erreichen, würde doch dadurch die Lösung bereits vorweggenommen werden. Stattdessen ist ein anderer Weg einzuschlagen, indem man empirisch und zugleich analytisch vorgeht.

Man ist sich eigentlich nicht recht bewußt, daß diese Arbeit im Kern bereits geleistet worden ist, als man die Antwort auf ein ganz spezifisches Problem suchte. Allerdings hat man sich damals nicht klar gemacht, damit den Schlüssel nicht nur für die Analyse der Macht in dem ganz speziellen Falle, sondern schlechthin in den Händen zu haben.

Es ist nicht zufällig, daß diese Arbeit auf einem Sektor vorgenommen worden ist, der ganz ausgesprochen die Nahtstelle zwischen Theorie und historischer Schule bzw. Institutionalismus bildet, und zwar die Wettbewerbstheorie. 3) Sie stellt eine Domäne dar, die ihre Existenz einem wirtschaftspolitischen Entscheid zu verdanken hat, nämlich der Schaffung des Sherman Act. Auf diese Weise wurde von dem Gesetzgeber eine ganz konkrete Aufgabe an die Theorie herangetragen. Solange sich nämlich die Preistheorie damit begnügen konnte, bestimmte Grundformen der Preisbildung modellmäßig aufzustellen, ohne sie mit dem Preisbildungsprozeß in der Wirklichkeit unmittelbar vergleichen zu müssen, konnte man sich im Rahmen selbstgeschnittener Modelle bewegen, wie es z.B. das der vollkommenen Konkurrenz zeigt. Dies wurde mit dem Sherman Act

anders. Hier stellte sich die Frage, was in Wirklichkeit ein Monopol faktisch ausmacht, was realiter ein Wettbewerbsprozeß ist und was last not least Macht bzw. Marktmacht ist. Es kann in diesem Rahmen der recht langwierige Weg der Wettbewerbstheorie nicht dargelegt werden, um zu zeigen, wie hier methodisch gänzlich anders als in der üblichen Wirtschaftstheorie vorgegangen wird. (Gegenüber der üblichen Axiomatik in der Wirtschaftstheorie geht man von konkreten Marktsituationen aus und versucht, aus diesen die relevanten Bezüge gleichsam herauszudestillieren.) Was in diesem Zusammenhang von Bedeutung ist, ist die Tatsache, daß man bei der Umschreibung von workable competition als Gegenstück zu dem deduktiv gewonnenen Modell der vollkommenen Konkurrenz nach einem Kriterium suchte, das angab, wann ein Wettbewerb noch funktionsfähig ist und wann nicht, d.h. wann ist nicht mehr der Wettbewerb, sondern die Marktmacht die entscheidende Größe. Bekanntlich hat man darauf folgende Antwort gegeben.

Wenn auf einem Markt die Nachfrage ausreichende Alternativen von untereinander unabhängigen Unternehmungen vorfindet, so kann ein solcher Markt als workable bezeichnet werden. 4) Ein solcher Sachverhalt kann auch in der Weise umschrieben werden, daß die Nachfrage gegenüber dem einzelnen Anbieter ausreichende Ausweichmöglichkeiten besitzt und daher auf ihn nicht angewiesen und damit auch ihm nicht ausgesetzt ist. Folglich kann gegenüber der Nachfrage keine Macht ausgeübt werden, womit der Zustand der Machtlosigkeit des einzelnen Anbieters in dieser Hinsicht gegeben ist. Das analog Umgekehrte ergibt sich für die Macht. Die Macht eines einzelnen oder einer Unternehmung nimmt in dem Umfange zu, wie die Alternativen demjenigen genommen werden, dem gegenüber Macht ausgeübt wird. Auf diese Weise ist die Macht ihres ambivalenten und nicht fixierbaren Charakters entzogen. Mit Hilfe des Bestehens von Alternativen bzw. des Nicht-Bestehens solcher Alternativen wird die Macht gedanklich faßbar und erhält eine ähnliche Prägnanz wie das Gesetz im naturwissenschaftlichen Sinne. Selbstverständlich läßt sich dieses Kri-

terium nicht nur auf die Marktanalyse, sondern auch überall dort anwenden, wo im menschlichen Zusammenleben das Phänomen Macht auftritt. Nur ist es bis jetzt noch nicht geschehen, was besonders auffällig für eine Disziplin wie die der Soziologie ist, die in dieser Hinsicht noch ziemlich hilflos mit der Stange im Nebel herumstochert.

Umschreibt man die Macht als das, dem man mangels Alternativen nicht ausweichen kann, so ist auf diese Weise zugleich auch das Kriterium für das Ausmaß der Macht gewonnen. Wenn zur Illustration auf die Preistheorie zurückgegriffen wird, so geschieht es wegen der dort am weitesten ausgeführten gedanklichen Präzision, die es erlaubt, anhand weniger Hinweise nicht nur die Macht, sondern auch ihr verschiedenes Ausmaß deutlich zu machen.

Wenn auf dem Markt eine Vielzahl von Nachfragern und Anbietern besteht, so ergibt sich aus dieser Konstellation der übliche Konkurrenzpreis. Keiner der Anbieter und Nachfrager hat die Möglichkeit, einen anderen Preis zu setzen. Wollte ein Anbieter einen höheren verlangen, so haben die Nachfrager die Alternative, sich zum niedrigeren Marktpreis anderweitig zu versorgen. Das gleiche gilt umgekehrt, wenn ein Nachfrager einen tieferen als den Marktpreis verlangt. In diesem Falle weicht der Anbieter auf den Markt aus, wo er zu einem höheren Preis sein Produkt absetzen kann. Hier tritt am deutlichsten die Machtlosigkeit des einzelnen Marktteilnehmers zutage. 5)

Von dieser Konstellation hebt sich die des Monopols bzw. Monopsons ab. Nimmt man das einfache Monopol, so kann der Nachfrager nicht auf andere Produzenten mit weitgehend gleichen Gütern ausweichen. In diesem Falle hat er nur die Möglichkeit, mit steigendem Preis eine geringere Menge von diesem Produkt nachzufragen. Diese Reaktion wird üblicherweise mit der Nachfragefunktion für diesen Markt wiedergegeben.

Diese weist in der Regel für den unteren Preisbereich eine Preiselastizität von kleiner und für den oberen Preisbereich eine von größer als 1 auf. Im letzteren Fall reagiert die Nachfrage auf eine Preiserhöhung mit einer relativ stärkeren Verminderung der nachgefragten Menge, so daß ein Monopolist eine solche Preiserhöhung mit einem massiven Umsatzrückgang erkaufte, oder anders ausgedrückt, die Nachfrage weicht einer derartigen Preiserhöhung mit einer spürbaren Reduktion der Menge aus, was den Monopolisten zwingt, in dieser Hinsicht zurückhaltend zu sein. Es steht daher der Nachfrage zwar nicht die Alternative eines anderen Produktes, aber die der Mengenverminderung zur Verfügung.

Sehr deutlich wird die Macht des Monopolisten erhöht, wenn dem Nachfrager auch die Möglichkeit der Mengenvariation genommen wird. Auch diese Marktfiguration hat in der Wirtschaftstheorie ihre theoretische d.h. gedankliche Ausprägung erfahren. Bekanntlich handelt es sich um den sogenannten Optionsfixierer, ein Terminus, wie ihn Erich Schneider in Anlehnung an Ragnar Frisch in das deutsche Sprachgebiet eingeführt hat. Die Machtposition des Optionsfixierers ist bei weitem größer als die des gewöhnlichen Monopolisten oder Monopsonisten. Er diktiert nicht nur den Preis, sondern auch die Menge. In diesem Falle bleibt seinem Gegenüber, dem Optionsempfänger, kein Aktionsspielraum mehr. Dadurch ist es dem Optionsfixierer als Käufer möglich, vom Optionsempfänger eine Menge zu einem Preis durchzusetzen, bei dem dieser gerade noch seine gesamten Produktionskosten, u.U. aber nicht die Grenzkosten der diktierten Menge, deckt. Stünde dem Optionsempfänger nicht noch als ultima ratio die Produktionseinstellung offen, so könnte der Optionsfixierer u.U. den Preis noch tiefer setzen, also Verlustpreise durchsetzen. Da aber im Rahmen einer Marktwirtschaft diese Möglichkeit dem Optionsempfänger in der Regel noch offensteht, findet hier die Macht des Optionsfixierers ihre Grenzen. 6) Das, was man mit dem Modell der vollkommenen Konkurrenz konstruieren wollte, nämlich die Gewinnlosigkeit für den Produzenten, ist auch hier gegeben. Da-

hinter stehen jedoch zwei konträre Marktkonstellationen, und zwar die der völligen Machtlosigkeit auf beiden Seiten und die der höchsten Macht auf einer Seite.

Man würde die Bedeutung dieser Marktfiguration verkennen, wollte man sie nur als Extrem eines gedanklichen Modells betrachten. Sie spielt heute in der Marktwirtschaft eine nicht unbedeutende Rolle, und es ist daher eher erstaunlich, daß sie im gewöhnlichen Lehrbuch, wenn überhaupt, in der Regel in einen Zusammenhang gestellt wird, wo sie nicht hingehört (bilaterales Monopol von Arbeitgeber und Gewerkschaften). Hingegen tritt der Optionsfixierer an einer anderen Stelle in der Marktwirtschaft sehr häufig auf, und zwar bei der Großunternehmung. Eine solche Unternehmung ist nicht selten von einer Schar oder besser gesagt von einer ganzen Armee Zulieferer umgeben. Diese stellen gewisse Bestandteile für die Produktion in der Großunternehmung her. Soweit sie den größten Teil ihrer Produktion oder sogar die gesamte bei der Großunternehmung absetzen, sind sie diesem Abnehmer ausgeliefert. Auf andere Abnehmer können sie mit ihrem Spezialprodukt nicht ohne weiteres ausweichen, und falls ein solcher Ausweg bestände, müßte erst ein Markt dafür aufgebaut werden, was sich bekanntlich nicht von einem Tag auf den anderen bewerkstelligen läßt. Die fehlende Alternative bringt somit die Zulieferer in die Position des Optionsempfängers und damit die Großunternehmung in die des Optionsfixierers. Dementsprechend nützt auch der Optionsfixierer die Macht mit all ihren Konsequenzen aus, ohne daß die Öffentlichkeit davon groß Kenntnis nimmt.

Eine solche Analyse der Macht macht sie gedanklich faßbar und zeigt nicht zuletzt, wie groß ihr Ausmaß im jeweiligen Falle ist. Dadurch wird es erst möglich, aufzudecken, wo Macht in ihrer höchsten Ausformung besteht, aber auch, wo sie nicht gegeben ist. Da man aber Macht bisher nicht gedanklich analysiert und in ihre eigentlichen Bestandteile zerlegt hat, glaubt man heute immer noch, die ökonomische Macht und die damit verbun-

dene Ausbeutung auf einem Gebiet suchen zu müssen, wo sie faktisch bedeutungslos geworden ist. Es handelt sich hier um die Beziehung zwischen Arbeitgeber und Arbeitnehmer. In diesem Fall geht es weniger um die Institution der Gewerkschaft als der sogenannten Gegenmacht zu den Arbeitgebern, sondern um einen gänzlich anderen Sachverhalt. Für diesen ist eine andere Frage entscheidend, und zwar, wie es mit der für den einzelnen Arbeitnehmer zur Verfügung stehenden Alternative hinsichtlich seines Arbeitsplatzes steht. Hierfür sind gänzlich andere Faktoren als die Existenz einer Gewerkschaft verantwortlich. Die heutige verkehrstechnische Mobilität eines Arbeitnehmers in einer vollentwickelten Industrievolkswirtschaft erlaubt ihm, selbst bei Beibehalten des alten Wohnsitzes zwischen verschiedenen Arbeitgebern zu wählen. (Man denke an den räumlichen Aktionsradius, der im 19. Jahrhundert durch die Eisenbahn - Pendlerverkehr - und im 20. Jahrhundert durch das Auto beträchtlich erweitert worden ist.) Als weiterer Faktor tritt die seit dem Zweiten Weltkrieg allgemein betriebene Politik der Voll-, will man nicht sagen, der Überbeschäftigung hinzu. Sie sorgt nicht nur für Betriebe mit besetzten, sondern auch mit offenen Arbeitsstellen. Wie stark von diesen Wahlmöglichkeiten auch Gebrauch gemacht wird, zeigt die jährliche Fluktuationsquote, die sich während der sechziger Jahre in der Bundesrepublik zwischen 19 und 10 %, bezogen auf die beschäftigten Arbeitnehmer, bewegt hat.7) Dies ist aber nur bei Bestehen derartiger Alternativen möglich. 8)

Allerdings ist zu bedenken, daß hier auf den Arbeitnehmer in einer modernen Industrievolkswirtschaft abgestellt wird. Geht man hingegen in die Vergangenheit zurück und fragt, wie es mit den Alternativen in früheren Jahrhunderten oder im Mittelalter bestellt gewesen ist, so ergibt sich ein anderes Bild. Freilich ist eine eigentliche Durchleuchtung der Sozial- und Wirtschaftsgeschichte unter dem Aspekt der Alternativen bis jetzt nicht erfolgt. Hieraus mag sich erklären, warum auch heute noch Vorstellungen

aus der Vergangenheit vorherrschen, die nicht mehr angebracht sind. Um dies aber zu sehen, muß die Macht analytisch faßbar gemacht werden, was verbietet, sie wie bisher in einem amorphen Sinn zu gebrauchen, mit dem man alles und zugleich nichts erklärt.

Die Analyse von dem, worauf Macht bzw. Macht- ausübung beruht, ermöglicht es, einen weiteren Schritt über Böhm-Bawerk hinauszugehen. Bei einem Gesetz in naturwissenschaftlichem Sinne handelt es sich um eindeutige Zuordnungen, wie es z.B. die Ausdehnung des Eisens bei verschiedenen Wärmegraden zeigt. Ähnlich verhält es sich nach Böhm-Bawerk dort, wo nach seiner Ansicht der ökonomische Prozeß gewissen Gesetzmäßigkeiten unterliegt. Auf Grund dieser können z.B. die Unternehmer nicht auf die Dauer den Lohn unter oder die Gewerkschaften über den Marktpreis setzen. Die Interdependenz aller Marktgrößen erzwingt eine Lohnhöhe, die Ausdruck der Marktgegebenheiten ist. Noch deutlicher tritt dies bei der Marktform der vollkommenen Konkurrenz zutage. Bei gegebenen Kosten und gegebener Marktnachfrage bleibt dem einzelnen Anbieter keine andere Möglichkeit, als sich so zu verhalten, wie es diese Marktkonstellation erzwingt. Die daraus resultierende Gewinnlosigkeit der einzelnen Anbieter ist dann Ausfluß dieses "Marktgesetzes" und dagegen anzulaufen ist so wenig sinnvoll wie gegen Naturgesetze.

Um eine andere Konstellation handelt es sich jedoch, wenn die Gewinnlosigkeit auf die Ausbeutung des Optionsfixierers zurückgeht, d.h. wenn sie Resultante der Machtausübung ist. Hier ist die Gewinnlosigkeit des betreffenden Optionsempfängers nicht Ausfluß von Naturgewalten oder Naturgesetzen. Der Grund, weswegen ein und derselbe Sachverhalt (Gewinnlosigkeit) gänzlich anders gesehen wird, und zwar mit Recht, beruht darauf, daß die Machtausübung eines einzelnen oder mehrerer Menschen zusammen eine Handlungsmöglichkeit unter anderen für den Betreffenden darstellt. Es hängt von diesem ab, wie er seine Macht gebraucht und ob er sie mißbraucht. Of-

fensichtlich ist es unsinnig von Naturgewalten bzw. von Naturgesetzen zu sprechen, die ihre Macht mißbrauchen, und zwar deswegen, weil sie gar nicht anders können, als sich so zu verhalten. Dasselbe würde auch für den Menschen gelten, falls ihm kein Handlungsspielraum zur Verfügung stände und er nur das eine tun könnte. Bestände nämlich für den Menschen keine andere Möglichkeit, so gäbe es für ihn auch etwas anderes nicht, nämlich keine Ethik. Diese setzt voraus, daß von verschiedenen möglichen Handlungen der Mensch diejenige wählt, die mit dem übereinstimmt, was die Ethik postuliert. Gibt es aber solche Varianten nicht, dann gibt es für den Menschen ebenso wenig wie für das sich bei Wärme ausdehnende Eisen eine Ethik.

Damit wird eine andere Seite der Macht aufgedeckt, und zwar die des Handlungsspielraumes. Wenn nämlich jemand Macht besitzt und sie ausübt und sie u.U. bis zur letzten Möglichkeit gegen seine Mitmenschen auskostet, so stellt dies nur eine Möglichkeit unter anderen dar. So kann der Monopolist außer dem Cournot'schen Punkt auch einen höheren oder niedrigeren Preis setzen, ebenso muß der Optionsfixierer den Optionsempfänger nicht auf das Ausbeutungsniveau herabdrücken, oder anders ausgedrückt, eine solche Handlung stellt keinen Zwang, sondern ein potentialis für den Machtausübenden dar. Es ist daher die Macht ein "kann" und kein "muß", d.h. ihr liegt ein Bündel von Handlungsmöglichkeiten zugrunde. 9) Überall da, wo dem Menschen ein Handlungsspielraum gegeben ist, tritt somit das Phänomen der Macht auf, und wer wollte leugnen, daß nicht nur wenige, sondern weitgehend alle Wirtschaftssubjekte einen solchen Spielraum haben. 10) So verfügen alle über Macht, wenn auch das Ausmaß recht verschieden ist. Dies bedeutet jedoch nicht eine Umkehrung des von Böhm-Bawerk Dargelegten. Gegen was sich Böhm-Bawerk wendete, ist der Gebrauch des Wortes "Macht" als einer Allerweltsformel. Mit Recht weist er darauf hin, daß die Macht stets eine begrenzte sei. So kann ein Monopolist dem Abnehmer keinen beliebig hohen Preis diktieren, will er nicht seine ökonomische Existenz

aufs Spiel setzen, oder wie es Böhm-Bawerk selbst sagt (a.a.O., S. 217) " er kann sich mit anderen Worten doch nie dem ökonomischen Gesetz entziehen, daß der Preis an dem Schnittpunkt von Angebot und Nachfrage, dort, wo gleiche Quantitäten angeboten und nachgefragt sind, sich feststellt."

Die Umschreibung der Macht als eines Bündels von Handlungsmöglichkeiten zeigt zugleich deutlich, worin sich die Macht gegenüber dem Gesetz mit einer eindeutigen Determiniertheit unterscheidet. Allerdings ist Gesetz bis jetzt nur im naturwissenschaftlichen Sinne benützt worden. Bekanntlich wird Gesetz auch in einem anderen Sinne gebraucht, der seinen ursprünglichen Gehalt ausmacht. Es ist das von Menschen geschaffene Gesetz bzw. das vom Menschen gesetzte, also das, was Gesetz im rechtlichen Sinne darstellt. Hier handelt es sich nicht um das von der Natur, sondern vom Menschen gesetzte. Als vom Menschen Geschaffenes stellt das Gesetz kein von außen her Gegebenes dar 11), und es ist daher durchaus sinnvoll, von der Macht des Gesetzes oder von der Macht der Sitte zu sprechen. Wenn auch derartige Gesetze eine bestimmte Handlungsweise, also wie beim Gesetz in naturwissenschaftlichem Sinne eine eindeutige Zuordnung erzwingen, so stellt doch jedes spezifische Gesetz nur eine Konkretisierungsform aus dem potentialis der in den Händen der Menschen liegenden Gesetzgebung dar. 12) Gerade deswegen, weil sich andere Gesetze mit entsprechend anderen Wirkungen vorstellen lassen, empfindet man den von bestehenden Gesetzen ausgehenden Zwang u.U. auch als Macht, und zwar im Gegensatz zum sogenannten Naturgesetz. Inwieweit die anderen Möglichkeiten, die im potentialis der Menschen als Gesetzgeber enthalten sind, als wünschenswert betrachtet werden, ist eine andere Frage. Immerhin kann gesagt werden, daß die Machtkomponente eines Gesetzes, wenn es dem allgemeinen Moralkodex entspricht, also eine sonstige Alternative dazu als realis abgelehnt wird, dann weniger empfunden wird. Besteht hingegen keine Übereinstimmung mehr zwischen Moralvorstellung und dem betreffenden Gesetz, sieht man also in der Alternative das Begehrenswerte, so tritt die im Gesetz enthaltene

Machtkomponente stärker ins Bewußtsein.

Auf einer ähnlichen Ebene bewegt sich der an sich recht verschwommene Ausdruck "Macht der Verhältnisse". Gemeint ist damit eine bestimmte Konstellation von Faktoren, aus denen sich bestimmte Wirkungen ergeben. Diese sogenannten Verhältnisse stellen in der Vorstellung des Menschen nichts Unabänderliches dar, da sie von Menschen gemacht ebenso wieder von Menschen geändert werden können. Auch hier handelt es sich nicht um Naturgegebenheiten bzw. Naturgesetze. Dies wird an einem Beispiel aus der Ökonomie mehr als deutlich. Der Agrarmarkt entspricht in seiner Struktur weitgehend den Bedingungen der vollkommenen Konkurrenz. Die sich aus dieser Marktform ergebende Preisbildung kommt faktisch dem sehr nahe, was Böhm-Bawerk als Gesetz im Sinne der Naturwissenschaften auffaßt. Verhielte es sich tatsächlich so und würde ein solcher Marktprozeß von den Landwirten auch so empfunden werden, so gäbe es keine Agrarpolitik mit dem Ziel, die Preise höher als bei vollkommener Konkurrenz zu setzen. Weil aber die Beteiligten den Marktprozeß bei vollkommener Konkurrenz nicht als etwas Gesetzmäßiges, sondern als Ausfluß gewisser Verhältnisse betrachten, die veränderbar sind, versucht man, mit mehr oder weniger fragwürdigen wirtschaftspolitischen Eingriffen, die besagten Verhältnisse zu ändern. Es ist hier nicht Gegenstand der Betrachtung, inwieweit ein solcher Markt nicht eher der Gesetzesvorstellung im Böhm-Bawerkschen Sinne als den sogenannten Verhältnissen entspricht. So gleicht die weithin praktizierte Agrarpolitik eher dem Versuch, dem Gesetz der Schwerkraft entgegenzuwirken, indem sich die gesetzten Preise nicht auf, sondern über der Erdoberfläche zu bewegen haben, was selbstverständlich nicht ohne unangenehme Stürze auf die Erde abgeht.

In diesen Rahmen gehört auch die Attacke gegen das marktwirtschaftliche System, die von marxistischer und sozialistischer Seite vorgetragen wird. Als Wirtschaftssystem ist die Marktwirtschaft ein von Menschen gemachtes und kann daher durch ein anderes gemachtes ersetzt werden.

So wird der Angriff gegen die Marktwirtschaft bzw. gegen die kapitalistische Wirtschaft nicht zuletzt unter der Flagge der Machtbekämpfung geführt. Anstelle der vermachteten Marktwirtschaft solle das sozialistische Wirtschaftssystem treten, wo es auf Grund sozialistischer Produktionsverhältnisse Macht und Ausbeutung nicht mehr geben soll. Hier zeigt sich in besonders verhängnisvoller Weise, wohin es führt, wenn Macht wie bisher in einer recht undifferenzierten Weise gebraucht und damit eine Art Mystifizierung betrieben wird. Entkleidet man aber die Macht derartiger Mystifikationen und macht sie analytisch faßbar, so wird transparent, daß die postulierte sozialistische Wirtschaft das Höchstmaß an konzentrierter ökonomischer Macht darstellt und in ihr der einzelne selbst nicht mehr den Spielraum besitzt, der ihm in einer Marktwirtschaft gegenüber dem einfachen Monopol gegeben ist.

---

## Fußnoten

- 1) Vgl. Böhm-Bawerk, Macht oder ökonomisches Gesetz? Zeitschrift für Volkswirtschaft, Sozialpolitik und Verwaltung, Bd. XXIII (S.205-271), wiederabgedruckt in Böhm-Bawerk, Gesammelte Schriften, Wien/Leipzig 1924.
- 2) Dies zeigt sich nicht deutlicher als bei seinem nächsten Fachkollegen von Wieser, der in seiner Arbeit "Gesetz der Macht" die Fragestellung gerade umkehrte. Vgl. F.v.Wieser, Gesetz der Macht, Wien 1926.
- 3) Man kann allerdings die Frage noch genereller stellen, und zwar die, weswegen es gerade die Nationalökonomie ist, welcher der Durchbruch zum Analytisch-theoretischen der Macht gelungen ist. Hier ist daran zu erinnern, daß die Nationalökonomie von den Geistes- bzw. Sozialwissenschaften - beides ist allerdings nicht deckungsgleich - diejenige Disziplin darstellt, die am weitesten theoretisch durchgebildet ist.
- 4) Bekanntlich sind noch andere zusätzliche Kriterien für workable competition aufgestellt worden, die aber in diesem Zusammenhang nicht von Interesse sind.
- 5) Allerdings ist dieses Modell mit seinen zahlreichen Bedingungen, die nur in ganz wenigen Fällen in der Wirklichkeit erfüllt sind, für einen primär anderen Zweck konstruiert worden, und zwar für eine Marktpreisbildung, bei der es keine Gewinne gibt. Betrachtet man hingegen diese Konstellation unter dem Aspekt der Machtlosigkeit, so sind zahlreiche Bedingungen, die zwecks Statuierung der Gewinnlosigkeit eingeführt werden müssen, nicht erforderlich. Faktisch reduzieren sich diese auf zwei:  
a) Homogenität der Güter in den Augen der Nachfrager und b) Vielzahl der Marktpartner auf beiden Seiten.

- 6) In einem anderen Wirtschaftssystem ist jedoch dieser Fall denkbar und kommt auch vor. So werden diejenigen, die die "DDR" vor Errichtung der Mauer in Berlin verlassen und sich nach der Bundesrepublik begeben haben, gezwungen, ihr Eigentum an Häusern zu einem Preis zu veräußern, der deutlich unter dem eigentlichen Wert - weit unter dem Reproduktionskosten - steht. Dies geschieht in der Weise, daß der Mietzins aufgrund gesetzlicher Vorschriften so tief gehalten wird, daß aus dem Mietzinserlös die Erhaltungsreparaturen nicht gedeckt werden können. Da die Eigentümer zu diesen Reparaturen verpflichtet sind, haben sie nur die Wahl zwischen einer wachsenden Verschuldung der Häuser oder einer Veräußerung derselben zu einem Preis, mit dem sie wenigstens einen Bruchteil des eigentlichen Wertes davon für sich sicherstellen.
- 7) Vgl. J. Kühl, Zum Aussagewert der Statistik der offenen Stellen, Mitteilungen aus der Arbeitsmarkt- und Berufsforschung, 1970, Nr. 3, S. 268.
- 8) Hingegen liegt die eigentliche Bedeutung der Gewerkschaft auf einer anderen Ebene. Mit der Durchsetzung von Tariflöhnen schafft sie Richtpreise und gibt somit für den einzelnen Arbeitnehmer eine Ausgangsbasis für seinen individuellen Lohn, oder anders ausgedrückt, es wird dadurch für den einzelnen Arbeitnehmer eine Art Markttransparenz geschaffen, und es kann seine etwaige Marktkenntnis vom Arbeitgeber weniger ausgenützt werden. Die Tatsache, daß in der BRD die Effektivlöhne über den Tariflöhnen liegen, zeigt deutlich, daß die Marktkräfte und nicht die Tariffestsetzungen den Ausschlag geben.
- 9) Macht geht etymologisch auf mögen, können zurück. Bei potestas und δυναμις ist die gleiche Wurzel unmittelbar sichtbar.

- 10) Dieser bildet bekanntlich die Ausgangslage für die Spieltheorie. Leider verschüttet sie diesen freigelegten Ansatz wieder durch die sogenannte Lösung eines Spiels, wodurch die Handlung (Strategie) ebenso wie beim Gesetz wieder eine determinierte wird.
- 11) Man verkennt die Essenz der Macht, wenn man sie wegen Fehlens einer eindeutigen Zuordnung als amorph bezeichnet, wie es Gehlen tut. Es ist das Verdienst der Spieltheorie, das Amorphe auf Strategien zurückgeführt zu haben. Vgl. Gehlen, Soziologie der Macht, HdSW, Bd.7, S. 79.
- 12) Solange das Recht bzw. das Gesetz als göttliche Offenbarung aufgefaßt wurde, stellte das Gesetz im Bewußtsein dieser Menschen ebenso etwas Unabänderliches wie heute das Gesetz im naturwissenschaftlichen Sinne dar. Allerdings ist dann nicht das Gesetz, sondern Gott die letzte Instanz. Er erläßt das Gesetz, wofür er den Menschen als sein Instrument (Moses) benützt.

# The Reliability of Financial Statements

Ulrich Leffson and Jörg Baetge

1. Accounts give information about the economic facts, activities and transactions of a company, thus providing a basis for decisions by the owners and creditors. The accounts are closed at the end of every business year and the balances are indicated in the balance sheet (financial status) and the profit and loss account (results from operations).

Besides the task of documentation, i.e. the accurate description of the economic facts and events in the company during the past period the financial statements must indicate the success of the decisions taken by the management and the influence of environmental economic changes and provide information about the state of assets and liabilities at the balance sheet date.

The need to provide information to outsiders - investors, potential partners, creditors, and last but not least, the public - has arisen out of the so called splitting of the entrepreneur's functions. The entrepreneur of former times was a person who at one and the same time invested and disposed of capital. Nowadays the tendency is for these functions of the entrepreneurs to be split. In many cases a company is dependent on two different groups of people: one group provides the enterprise with capital, while the other group is responsible for the management.

Owing to this splitting of the owner's functions the management has to state the result of its dispositions in annual financial statements. The investors require information which will enable them to judge the manner in which the management has dealt with or is likely to deal

with capital investment and to judge the soundness of planned or already executed outlays of the money the investors have invested in the company.

The annual report, including the financial statements, is the only instrument that gives the outsider an overall information about the financial success of an enterprise. But although the generally accepted accounting principle of fairness or of fair presentation has been acknowledged throughout the world, the financial statements do not reflect the financial success of an enterprise either with a satisfactory degree of probability or with the necessary accuracy. This is due to the fact that only a small part of the financial statement is based on fully reliable data; the greater part is the result of estimation.

Oskar Morgenstern<sup>1)</sup> states that the annual report has as a cell a hard core with absolutely safe and at the same time exact figures surrounded by heaps of figures which are less reliable and more inaccurate the farther they are away from the kernel. These figures are unreliable and inaccurate because they are based on estimates. For the most part quantities in the annual report can be stated exactly by counting, weighing, and measuring; there are only a few instances where the quantities have to be estimated. Valuation, however, is more frequently based on estimates. If we consider long-term assets, for example, both the quantity and the price (value) the firm paid for them are fixed; they can be counted and added up. The economic life of these assets, and consequently the annual depreciation, must, however, be estimated.

---

1) Morgenstern, Oskar: On the Accuracy of Economic Observations, Princeton (New Jersey) 1950 (Second Edition 1963), pages 30 - 32.

The nominal amount of accounts receivable and the cost of purchased assets are parts of the hard core of the annual report, in Morgenstern's view; many of the contingency provisions and reserves, and the depreciation of assets belong to the successive surrounding layers. Ex-ante these parts can never be calculated exactly. Thus the surrounding layers of the kernel reduce the accuracy and probability of the information given in the annual report and must necessarily contravene the principle of fairness in the presentation of the balance sheet.

Up to now it has been generally accepted, in theory and practice, that the principle of fairness must therefore be complemented by the principle of conservatism. The Accounting Research Study No. 7 prepared by Paul Grady states "conservatism is not a justification for deliberate understatement. It is rather a quality of judgement to be exercised in evaluating the uncertainties and risks present in a business entity to assure that reasonable provisions are made for potential losses in the realization of recorded assets and in the settlement of actual and contingent liabilities."2)

We agree with the basic philosophy of this interpretation. But we have to ask who could and would guarantee a sufficiently high level of "quality of judgement", when the principle of conservatism itself is so subjective that even highly qualified accountants may and do disagree on the amount of a "reasonable provision" for a particular expected loss in specific business enterprise even when they have exactly the same information available. These various possibilities of evaluation show that the traditional definition of the principle of conservatism is too imprecise and gives too much space for manipulation. The principle of conservatism has to pass through a process of objectivation, where independent accoun-

---

2) Grady, Paul: Inventory of Generally Accepted Accounting Principles for Business Enterprises, Accounting Research Study No. 7, published by the AICPA, New York 1965, p. 35.

tants having the same information available agree on the evaluation of every section of the balance sheet and the profit and loss statement. This objectiveness is only possible if the generally accepted accounting principles are deduced from the main objectives of accounting.<sup>3)</sup> We believe that we can only obtain a set of consistent accounting principles by deductive logic.

2. The main objective of preparing financial statements throughout the world is to obtain a comparable profit or loss figure, which "... is to provide financial information that assists financial statement users in estimating the earning potential of an enterprise."<sup>4)</sup>

On the basis of research work<sup>5)</sup> at the Institut für Revisionswesen of the University of Münster (Germany) we believe that we are able to present a form of annual report which is more informative than the usual reports and which is at the same time in accordance with the principle of conservatism.

- 
- 3) Leffson, Ulrich: Die Grundsätze ordnungsmäßiger Buchführung, Düsseldorf, 1. Aufl. 1964, p. 41; 2. Aufl. 1970, p. 43; Grady argues "that accounting principles are not drawn from natural laws nor do they rest on inductive or deductive logic." (Grady, Paul: Inventory op.cit., p. 55).
- 4) Luper, Oral L. and Rosenfield, Paul: The APB Statement on Basic Concepts and Principles, in: The Journal of Accountancy, January 1971, p. 46 - 51, p. 48. See also: Grady, Paul: Inventory, op.cit., p. 56 - 57.
- 5) Baetge, Jörg: Möglichkeiten der Objektivierung des Jahreserfolges, volume 2 of the Schriftenreihe des Institutes für Revisionswesen der Universität Münster, edited by Ulrich Leffson, Düsseldorf 1970.

The basis for our proposal is that the principle of fairness, (also termed the principle of "truth") depends on two postulates:

- 1) the precision or accuracy of estimates,
- 2) the relative frequency of occurrence of financial events (probability<sup>6)</sup>).

Neither of these requirements can ever be fulfilled especially in the case of advance estimates. This dilemma has to be solved by the principle of conservatism.

When dealing with estimation there is either a high degree of probability as in interval estimation, or a high degree of accuracy as in point estimates. In the case of point estimation probability is frequently renounced, and in interval estimation accuracy is renounced. Therefore if data is to be estimated a compromise between the two postulates must be found. Thus the question arises how to define accuracy or probability so that annual report figures can be obtained in cases of uncertainty. It must be stipulated which factors and to what extent are to be considered, i.e. the nature of expectations, their timing and the degree of their probability and accuracy. In order to solve the problem we would like to propose the fixing of a certain degree of probability for all estimations. It follows from this proposal that we shall normally obtain interval estimates. Because the financial statements require point-figures, we need a rule which fixes the value within the range of the interval which is to be balanced.

In the case of valuations based on statistical data, it has hitherto been necessary to balance the statistical mean value as in the case of reserves for pensions. In these cases the accountants considered a conservative valuation unjustified since they knew the law of large numbers and its error compensation.

---

6) Spiegel, Murray R.: Statistics, New York 1961, p. 99.

However, in other cases values were estimated which were low in the case of assets and high in the case of liabilities. This rule of conservatism justified almost every deliberate understatement in cases of uncertainty.

This interpretation of the principle of conservatism was founded on the idea of ensuring that dividends are not higher than the real profit of the year just ended. The principle of conservatism is therefore looked upon by some people as the principle of maintaining capital. But we believe that the principle of conservatism does not force anyone to include these unreliable and unverifiable values in the annual report, thus falsifying the year's results. If the annual report is to give due information about the results from operations of the past year, we agree with those who argue that fairness or fair presentation is the one and only basic concept of accounting<sup>7)</sup>. The objective of preserving the capital cannot be a basic concept of accounting. Maintaining the capital and calculating the results of operations are two completely different things.

The question of maintaining the capital, i.e. of the non-payment of profits, is a typical investment decision which must be justified by means of an investment calculus. And the annual report is not an investment calculus. Thus it can at best give additional information for the decision on the retention of profits but cannot determine the amount of the dividends to be paid.

If one wishes to provide reliable information in the annual report, the report must actually show the "true" annual success and its components and therefore cannot be based on the principle of understatement.

---

7) Grady, Paul: Inventory, op.cit., p. 54 n.

The absolutely "true" annual income as already proved cannot be computed with the annual report because of the estimations of certain parts of the financial statements. Now the question arises whether it is not possible to introduce more objectivism into the financial statements by calculating a figure to indicate the "true" annual income. The "true" annual income is that figure which could be ascertained with the knowledge of all uncertainties and on the basis of a set of consistent and generally accepted accounting principles. This would only be possible if all "double standards"<sup>8)</sup> were eliminated from the set of the generally accepted accounting principles. "The ... double standards ... result in several methods of accounting for goodwill, and in the omission of certain liabilities from the balance sheet."<sup>9)</sup>

A "true" income figure, adequate for these criteria, would result if after the liquidation of the business enterprise all annual reports were prepared again. All uncertainties would then be eliminated, for the economic life of the long-term assets would be known and the payments necessitating reserves would already be effected. We would obtain for each year an income figure about which no one could disagree. Such a "true" income figure is only an ex-post one. But annual reports have to be presented before the liquidation of the firm, i.e. at every balance sheet

---

8) For this term, see: Spacek, Leonard: Are Double Standards Good Enough for Investors But Unacceptable to the Securities Industry? An Address before the New York Society of Security Analysts, New York City, September 30, 1964 (Nonpublished Printing by Arthur Anderson & Co.).

9) Ibid., p. 5.

date. The accountant's task can only be to calculate financial data so that the profit or loss shown in the balance sheet comes as near as possible to the "true" annual income. Then the income figure would be an indicator for the ups and downs of the business enterprise. This indicator function can be further improved by publishing previous financial statements.

If the problems of estimation could be eliminated, accounting (balancing) would be a pure ex-post matter. The principle of conservatism would be redundant, for there would be no uncertainty about the financial data. But since in reality much financial data is uncertain the principle of conservatism must be taken into consideration. But the content of the principle has to be restricted so that deliberate understatements would be impossible. Our problem can be solved by the following two rules, if in cases where precise estimation is impossible the financial data are assessed by intervals:

1. The mean value of the confidence interval must be balanced.
2. The difference between the mean value and the most pessimistic value of the confidence interval is calculated and inserted in a special "interval-reserve".

This suggestion is based on the following considerations:

Although the balance sheet is a calculus which only contains point estimates, information about the confidence intervals can be passed on without a direct accounting of the intervals.

"Interval estimates indicate the precision or accuracy of an estimate and are therefore preferable to point estimates."<sup>10)</sup>

---

10) Spiegel, Murray R.: Statistics, op.cit., p.157.

The reader of the annual report gets less information than necessary if the accountant records pessimistic values and conceals the size of the intervals.

By recording mean values we are able to calculate a mean profit of the period. As shown later this figure gives a fair indication of the ups and downs of the firm<sup>11)</sup>.

Furthermore by balancing an interval reserve the mean profit is reduced to the same degree (or even more) as in the case of balancing the most pessimistic value according to the traditional principle of conservatism.

Thus this method combines the principle of fair presentation with the principle of conservatism.

To be sure, the calculated mean values are not the "true" values (ex-post values). But the central limit theorem allows the assumption that owing to the number of accounts and to the independence among these accounts the single deviations are in summa mostly compensated if mean values are balanced. Therefore an income figure calculated on the basis of mean values seems to be a fair indicator for the success of the enterprise. The computation of this indicator does not take the interval-reserve into consideration.

Since the effect of compensation is not guaranteed entirely, the reader of the statements should be also informed about the interval estimates.

---

11) See also: Moonitz, Maurice: The Basic Postulates of Accounting, Accounting Research Study No. 1 of the American Institute of Certified Public Accountants, New York 1961, p. 48.

3. This method of balancing, however, involves a number of difficulties.

Until now we assumed that the limits of intervals can be stipulated clearly and that the frequency distribution of the estimated figure within the interval is known. In the case of symmetrical distributions - which are the most frequent distributions in accounting - the mean value is always found exactly in the centre between the optimistic range and the corresponding pessimistic range of the interval. The mean values cannot be balanced unless the extreme values of the interval can be stated objectively. For this reason we need a significant and verifiable (objective) method to state the extreme values. This method can only be developed by a convention about the degree of probability for the estimation of intervals. A hundred percent probability is not available for any one figure of the annual report except the amount of cash. Besides, the estimated intervals would be so wide that no reader of the balance sheet could deal with such information. In the case of a Gaussian Normal Distribution, for example, the confidence interval would increase indefinitely if we tried to attain a hundred percent probability. But if we are satisfied with a cumulative probability of 95 percent we get intervals which are rather short: only 1.96 times the standard deviation over and under the mean value. In this way it is possible to reduce the size of intervals considerably without noticeably diminishing the probability of estimation.

The estimation of intervals in cases of subjective credibility is extremely difficult, for the frequency distributions within these intervals are unknown.

We must establish principles which prevent these estimations from being misused for manipulations in annual reports. Thus we propose replacing subjectivity by standardized intervals in cases of credibility.

For example, the difficult problem of depreciation could easily be solved with the aid of standardization. That this is practicable is shown by the fact that German tax authorities have published depreciation tables which have to be applied by the people doing the balancing<sup>12)</sup>. The proposal of standardization does not imply that in special cases it would not be permissible to use divergent depreciations. But the amount of divergence has to be reported and notated in footnotes of the balance sheet.

If standardization is impossible the accountant has to make a subjective estimate of the confidence interval and the mean value. In cases which are not solvable by statistical methods or by standardization the reader must be informed about the subjective expectations.

4. The modification of the interval-reserve ought to be shown period by period for each item of the annual report.

The profit and loss statement should have the following scheme in order to show the "profit or loss indicator" as well as the "conservatively computed profit or loss":

---

12) In the USA we find a similar solution in the Depreciation Guidelines and Rules issued by the U.S. Treasury Department Internal Revenue Service. See also: Dietz, Horst: Die Normierung der Abschreibung in Handels- und Steuerbilanz, Köln und Opladen 1971.

operating revenues	}	on the basis of mean values
- operating expenses	}	
<hr/>		
profit or loss indicator		
<hr/>		
- addition to the "interval-reserve"		
<hr/>		
conservatively computed operating income		
+ deductions from "interval-reserve" charged to profit and loss account		
<hr/>		
+ non-operating revenues and expenses		
<hr/>		
net income for the year		

All extraordinary items of revenues and expenses should be included in the non-operating revenues and expenses and shown clearly<sup>13)</sup>.

Another method of fair presentation according to our proposals would be to show two columns in the balance-sheet as well as in the profit and loss statement. In one column mean values would be given, in the other one conservative values. Thus the reader would be able to calculate the interval-reserve.

Either of these proposals would present fair annual reports. The user of the financial statements would receive better information than hitherto (a) by the computation of the profit or loss indicator on the basis of mean values and (b) by the presentation of an "interval-reserve" on the basis of pessimistic expectations.

---

13) See Lenhart, Norman J. and Defliese, Philip L.: Montgomery's Auditing, 8 th. Edition, New York 1957, p. 113.

## Ist die Inflation unser Schicksal?

Alfred Müller-Armack

Dieser Aufsatz formuliert sehr akute Sorgen, denen sich die deutsche Wirtschaft gegenüber sieht. Wenn auch der unmittelbare Gesprächspartner die deutsche Öffentlichkeit ist, der die Probleme der Zerstörung unserer mit so viel Mühen wiederaufgebauten freien Wirtschaftsordnung durch einen permanenten Währungsverfall noch gar nicht aufgegangen sind, so ist doch der ideelle Gesprächspartner in dieser Stunde der so lebenswürdig wie strenge, so konsequente wie konziliante Lehrer einer ganzen Generation von liberalen Nationalökonomien Ludwig von Mises.

Ich persönlich betrachte es als ein besonderes Glück, daß ich - lange bevor ich praktische Wirtschaftspolitik nach dem Zweiten Weltkriege für mein Land treiben durfte - schon in meiner Studienzeit den grundlegenden Werken unseres Jubilars aus den zwanziger Jahren begegnete, die mich wie kaum ein anderes Buch geistig auf eine Aufgabe vorbereiteten, die mir dann gestellt wurde: liberale Wirtschaftspolitik zu realisieren. Häufige Begegnungen mit Ludwig von Mises auf Kongressen, vor allem denen der Mont Pèlerin-Gesellschaft, gaben Gelegenheit zu persönlichen Gesprächen, für die ich heute noch dankbar bin. In der Schule der Wirtschaftspolitik muß man zu Kompromissen, gelegentlich auch zu einem Nachgeben gegen besseres Wissen bereit sein, wenn es die übergeordnete Situation erfordert. Aber nicht minder notwendig muß sich der Wirtschaftspolitiker an den Fixsternen seines Denksystems orientieren. Sie, lieber Ludwig von Mises, haben uns mit seltener Folgerichtung in einem großen wissenschaftlichen Werk diese unbeugsame Überzeugung vorgelebt. Wir schulden Ihnen dafür unseren Dank.

Die Geldentwertung zeigt vielerlei Gestalt. Die Älteren unter uns, welche die Entwicklung seit Beginn des Ersten Weltkrieges erlebt haben, verfügen über einen Erfahrungsfundus, der der jüngeren Generation fehlt. Diese sträubt sich, die heutige Entwicklung in die Reihe der früheren Inflationen einzuordnen.

Sicher unterscheidet sich die gegenwärtige, schleichend vorrückende Geldentwertung von jener offenen, galoppierenden Inflation, die 1923 in Deutschland mit einer totalen Zerstörung des Geldwertes ihr Ende fand. Das Sinken der Reichsmark auf ein Billionstel des früheren Wertes bedeutete die Vernichtung einer Währung, in der die bürgerlichen Vermögen, die sich in der Aufbauperiode des 19. Jahrhunderts gebildet hatten und im Vertrauen auf die Stabilität in Geldwerten angelegt waren, dahinschwanden. Die Verarmung der Sparer war die Folge und damit eine gesellschaftliche Umschichtung von beinahe unvorstellbarem Ausmaß.

Die Situation, die 1936 mit dem allgemeinen Preisstopp in Form einer zurückgestauten Inflation eintrat, war von anderer Natur. Die Preise wurden eingefroren, die überschüssige Kaufkraft in Staatsanleihen absorbiert. Über den Zweiten Weltkrieg hinaus bis 1948 gelang es, das Preisniveau total zu fixieren, wenn auch die Realität sich am Ende in einem Schwarzen Markt von Kompensationsgeschäften durchsetzte. Hatte die erste Inflation die Vermögensstruktur angegriffen, so führte die zurückgestaute Inflation über die zur Fixierung der Preise immer härter zupackende Rationierung und Rohstoffzuteilung zu einer Wandlung der Wirtschaftsordnung. Die zurückgestaute Inflation zwang, die freie Preisbildung und den Wettbewerbsmarkt zu verlassen und durch zentrale Wirtschaftslenkung die Sicherung eines winzigen Existenzminimums zu gewährleisten.

Die Jahre von 1948 bis 1965 sind in der Bundesrepublik durch eine relative Stabilität und Härtung der D-Mark gekennzeichnet. Gewiß, auch in dieser Zeit ist, wenn wir im Durchschnitt von anderthalb Jahrzehnten rechnen, der Geldwert jährlich um 1,9 % gesunken. Aber wenn man die totale Preisstabilität als ein unerreichbares Ziel, ja nicht einmal als ein wünschenswertes Mittel ansehen kann, weil man das Wachstum unter den permanenten Druck restriktiver Kreditpolitik setzen müßte, dürfte eine jährliche Entwertung von 2 % die Schwelle sein, die nicht überschritten werden darf. Auch eine internastabilitätsgemeinschaft, wie sie gegenwärtig gefordert wird, wäre nur ein Lippenbekenntnis, wenn man eine Erörterung zuließe, ob nicht für andere Staaten 4 % oder gar 6 % als Stabilitätsmarge angesehen werden dürfen.

Das, was in den anderthalb Jahrzehnten des Wiederaufbaus der deutschen Volkswirtschaft seit 1948 geldpolitisch erreicht wurde, kann, wenn wir nicht utopische Maßstäbe anlegen, als Stabilität angesprochen werden, und es würde viel gewonnen sein, wenn es der deutschen Wirtschaftspolitik gelänge, diesen Zustand wieder herzustellen. Er war zugleich mit einem hohen Wachstumsgrad verbunden, die Vollbeschäftigung war gesichert, die Bundesrepublik wurde nach ihrer totalen Lähmung am Ende der zurückgestauten Inflation in wenigen Jahren zur zweitgrößten Handelsnation und zur drittgrößten Industrienation. Diese Politik braucht keine Kritik zu scheuen. Wenn vor wenigen Jahren von Bundeswirtschaftsminister Schiller eine Senkung des Inflationsgrades auf 1 % versprochen wurde, so kann eine solche Zusicherung nicht ernst genommen werden. Auch zwischen 1948 und 1965 hat es einige Jahre gegeben, in denen der Lebenshaltungsindex um 3 % stieg, aber im Schnitt des Jahrzehnts konnte die Entwertungsrate auf 1,9 % begrenzt werden.

Vor allem die Phase zwischen 1948 und 1965 sollte uns lehren, daß auch bei internationaler Verflechtung eine Stabilitätspolitik durchaus möglich und überdies mit Vollbeschäftigung und Wachstum vereinbar ist.

Die Entwicklung im Ausland verlief fast in allen Ländern wesentlich ungünstiger. Amerikanische Nationalökonomien glaubten, einen Trend zur säkularen Inflation feststellen zu können, und auch bei uns mehrten sich augenblicklich die naiven Stimmen derer, die empfehlen, den Kampf um die Währungsstabilität aufzugeben und sich der internationalen Entwicklung anzuschließen. Man übersieht dabei, daß die Stabilität, die der Dollar und auch die D-Mark lange Zeit aufgewiesen haben, den Marsch in die allgemeine internationale Verflechtung aufhielt. Wenn sich die Bundesrepublik jetzt der weichen Welle des allgemeinen Inflationismus anschließen sollte, würde - auch international - eine Barriere brechen. Die Parole "Inflationisten aller Länder vereinigt euch" ist leider kein Scherz.

Wer der galoppierenden, offenen Inflation und der zurückgestauten den Begriff einer schleichen- den, säkularen Inflation an die Seite stellt, wählt einen allzu hochtrabenden Namen. Denn keine, etwa mit 4 % Geldentwertung jährlich fortschreitende, Inflation kann durch ein Säkulum hindurch fortgeführt werden, ohne in einem sehr viel früheren Zeitraum die Vernichtung des Geldwertes mit allen gesellschaftlichen Konsequenzen zu verursachen. Allen permanenten Entwertungen ist eine Frist zugemessen, die etwas kürzer bei der galoppierenden, etwas länger bei der zurückgestauten sein kann. Um die Notwendigkeit, die Inflation zu stoppen, kommt man schon im Zeitraum eines Jahrzehnts nicht herum, wenn man nicht die Zerstörung unserer Wirtschafts- und Gesellschaftsordnung will.

Was gegenwärtig vor sich geht, sollte nicht verharmlost werden. Eine durch mehrere Jahre sich vollziehende Steigerung des Lebenshaltungskostenindex um 4 % muß schlicht als Inflation bezeichnet werden. Hier den milden Ausdruck "vorübergehende Geldentwertung" anzuwenden und damit den Hinweis zu verbinden, daß es doch trotz der 4 %igen Steigerung der Lebenshaltungskosten allen besser geht als in den Vorjahren, stimmt in bezug auf das Volumen des realen Sozialprodukts. Es wird hierbei jedoch übersehen, daß die inflatorische Geldverschlechterung ein von den Realeinkommen völlig unabhängiger Vorgang ist, so wie es einem Menschen zwar wirtschaftlich besser und besser gehen kann, sich aber

doch bei ihm eine gefährliche schleichende Erkrankung entwickelt. Gewiß ist es so, daß gegenwärtig die Dynamisierung der Löhne, Gehälter und Renten in einem Grade fortschreitet, daß rein rechnerisch bei einer Lebenshaltungsverteuerung von 4 % selbst bei Einrechnung der ja automatisch steigenden Besteuerung ein kleiner realer Einkommenszuwachs bleibt. Es wird aber übersehen, daß die Lebenshaltungskosten ja nur einen Index bedeuten. Die Industriegüterpreise sind gegenwärtig um 7 - 8 % gestiegen, die Investitionsgüter um 10 %, bei den Bauleistungen beträgt die Steigerung 15 %. Selbst wenn es gelänge, die Güterversorgung in einer Superkonjunktur noch zu steigern, so entstehen unabhängig davon die gefährlichen Sekundärfolgen der Geldentwertung. Wenn wir die Geldentwertung und die Besteuerung der Zinseinnahmen zusammenrechnen, mag auch für Sparguthaben die Höhe der Kreditzinsen eben noch ausreichen, die reale Kaufkraft zu erhalten. Der Zins ist aber nicht mehr ein Nettoeinkommen zur Ergänzung des sonstigen Einkommens oder eine Einkommensquelle für das Alter. Wer die Zinseinnahmen als Reineinkommen verbrauchen will, sieht sich dem Schwund seines Kapitals um wenigstens 4 - 6 % unter Einrechnung der Steuern ausgesetzt. Wer spart, um ein Eigenheim zu bauen oder um eine Eigentumswohnung zu erwerben, kann bei der Steigerung der Baupreise nur eine bedeutende Wertminderung der angesparten Geldbeträge konstatieren.

In dieser Lage darf es nicht verwundern, wenn sich mehr und mehr Sparer nach anderen Anlagemöglichkeiten umsehen oder überhaupt weniger sparen. Die Entwicklung der Aktienkurse in den letzten Jahren hat gezeigt, daß die Vorstellung, Aktien und Investmentpapiere seien sachwertgesichert, eine schlichte Illusion ist. So verlagert sich der Sparprozeß immer mehr auf Immobilien, deren Preise unter dem Druck der von der Inflationsfurcht genährten Nachfrage ständig steigen. Es beginnt eine Diskussion um spekulative Gewinne und deren mögliche steuerliche Erfassung, obwohl diese Gewinne zum Teil nur Kompensationen sind, die man suchte, weil die anderen Formen des Sparens der Entwertung um so stärker unterworfen sind.

Die Inflation bedeutet eine permanente Umschichtung innerhalb der Vermögens- und Einkommensverteilung einer Volkswirtschaft und führt da-

mit unausweichlich zu sozialen Konflikten, die sich in den immer härteren Gruppeneinsetzungen unserer Gesellschaft zeigen.

Dies beginnt schon bei dem Prozeß der Einkommensbildung. Die fortschreitende Inflationierung zwingt zu Lohnforderungen, die bei den Gruppen, die eine starke Organisation oder erhebliche Marktmacht besitzen, zu weit über den Produktivitätszuwachs hinausgehenden Lohnsteigerungen führen. Das allgemeine Klima der Geldentwertung erleichtert den Prozeß der Kostenüberwälzung. An sich wäre zu erwarten, daß z.B. die exorbitant hohen Zinssätze von über 10 % eine bremsende Wirkung auf das Investitionsklima ausüben. Wir konnten jedoch in den letzten Jahren feststellen, daß diese regulierende Funktion des Zinses weitgehend außer Kraft gesetzt war, weil man - nicht zu Unrecht - auf den Fortgang der Geldentwertung setzt und so die Konjunktur weiter anheizt.

Eine schleichende, permanente Inflationierung veranlaßt die einzelnen Gruppen, laufend Lohnforderungen zu stellen, die wiederum durch ihre preissteigernden Tendenzen weitere Gruppen zwingen, ein Gleiches zu tun. Wenn zum Beispiel die IG-Metall erhebliche Lohnsteigerungen durchzusetzen vermochte, ist es eine Illusion zu sagen, daß damit die anderen Lohnforderungen für die Zukunft erledigt sein müssen; denn hinter jeder mit ihren Forderungen durchdringenden Gruppe steht eine Reihe von anderen Gruppen, die ihrerseits nicht darauf verzichten wollen und können, eine Anpassung ihrer Geldeinkommen zu erreichen und womöglich noch mehr. Wer will, wenn die Bauwirtschaft oder andere große Industriegruppen vorangehen, auf die Dauer den Rentnern, den Angestellten des öffentlichen Dienstes und den Beamten einen entsprechenden Ausgleich verwehren? Es wird sich also die schleichende Inflation, je länger sie dauert, zu einem permanenten Wettbewerb der verschiedenen Gruppen entwickeln, wobei es dann schwerfällt, irgendwo Schluß zu machen und die Spitzenreiter zu hindern, erneut mit ihrem Spiel zu beginnen. Damit entsteht eine Hysterisierung der Öffentlichkeit, die für das Klima eines demokratischen Staates überaus gefährlich sein kann.

Es wäre leichtsinnig, annehmen zu wollen, daß mit einer durchaus möglichen Abschwächung der Konjunktur die Preisbewegung zum Stehen käme. Die Er-

fahrung spricht für ein anderes: Bei einem Rückgang der Konjunktur wird die Preissteigerung weitergehen, schon wegen der Schubwirkung der noch nicht angepaßten Gruppen. Sie wird dies um so mehr tun, falls man bei einer starken Abschwächung versuchen sollte, mit konjunkturpolitischen Mitteln des "deficit spending" die Konjunktur wieder anzuhetzen. Eine weitergehende Inflationierung bringt die Konjunkturpolitik in große Schwierigkeiten. Die gefährliche Situation, auf die man zusteuert, ist, daß eine Rezession mit weiter steigenden Preisen entsteht, wie wir sie aus der amerikanischen Erfahrung kennen. Die an sich notwendige expansive Konjunkturpolitik würde den Geldentwertungsprozeß in solcher Lage nur weiter vorantreiben.

In dieser Mobilisierung aller Gruppen der Bevölkerung, ihre Einkommen an den sinkenden Geldwert anzupassen, liegt ein schweres gesellschaftspolitisches Problem. Darunter, aber mehr verborgen und nicht so leicht feststellbar, vollzieht sich durch die Umwertung und Umschichtung der Geld- zu den Immobilien- und Produktiv-Vermögen eine Verschiebung im sozialen Gleichgewicht, die immer neue Konflikte erzeugen muß.

So stellen wir gegenwärtig eine ständig wachsende Beunruhigung der Mieter fest, die sich bis zu politischen Aktionen, zur Forderung von Mietstopp oder gar Enteignung steigert. Was sich vordergründig abspielt, ist im Grunde Reflex der inflationär steigenden Baukosten und Immobilienpreise. Dagegen mit Preisstopp vorzugehen, würde auf die Dauer die Bautätigkeit so treffen, daß eine Lösung vorhandener Mangelerscheinungen und Preisüberhöhungen durch ein Mehrangebot an Wohnraum illusorisch wird.

Die harte Konsequenz aller dieser Entwicklungen ist ein Wachsen des gesellschaftlichen Ungleichgewichts und die Ermutigung des aussichtslosen Versuchs, durch ein Abgehen von unserer Wirtschaftsordnung eine Änderung zum Besseren herbeizuführen. Die Wirkungen der Inflation lassen sich nur zu einem geringen Teil an Einkommen und Preisen ablesen, entscheidender sind die gesellschaftlichen Folgen, die eine permanent schleichende Inflation mit sich

bringt. Die Entwertung der Ersparnisse, die Reduktion der Zinseinnahmen auf die pure Sicherung der Gütersubstanz der Geldersparnisse, die Konzentration des Schwergewichts der Vermögen bei Immobilien- und Produktiv-Vermögen fördern gesellschaftliche Ungleichgewichte zutage, die uns in den Jahren von 1948 bis 1965 erspart blieben. Der Satz, daß Inflation Volksbetrug ist, trifft nicht nur auf die beiden Paradebeispiele der offenen und zurückgestauten Inflation zu. Er gilt auch für die permanent schleichende Geldentwertung.

Es ist falsch, diese schleichende Inflationierung als den Preis, der für die Vollbeschäftigung und das Wachstum zu zahlen ist, anzusehen. Zudem hat die Erfahrung gezeigt, daß diese Alternative nicht zwingend besteht. Es ist nicht einzusehen, weshalb das, was in anderthalb Jahrzehnten des deutschen Wiederaufbaus nach 1948 möglich war - nämlich Stabilität, Wachstum und Vollbeschäftigung miteinander zu vereinigen -, in Zukunft unmöglich sein soll.

Es nützt wenig, den Begriff der schleichenden Inflation als Volksverhetzung anzuprangern, wenn man nicht ökonomische und soziologische Zusammenhänge offenlegt. Die Bevölkerung selbst denkt realistisch und ist zum Teil dazu übergegangen, ihre Ersparnis-sicherung in Immobilien zu suchen. Das ist an sich ein höchst unrationeller Vorgang, bei dem Grund und Boden, Gebäude und Häuser nicht nur ihrer Nutzung wegen nachgefragt werden, sondern als allgemeine Sparkasse der Bevölkerung. Noch ist der Großteil der Bevölkerung durch die Optik der hohen Zinssätze bereit, Geldwertanlagen zu halten und sich damit zu begnügen, daß die hohe Verzinsung zum größten Teil für die Geldwertsicherung hingegeben werden muß. Wie lange im Vorrücken der Geldentwertung dieser Zustand erhalten bleibt, ist fraglich.

Wer, wie gegenwärtig vielfach zu hören ist, leichthin behauptet, man müsse mit der Inflation leben, verharmlost ihre gesellschaftspolitischen Folgen und huldigt einer Nationalökonomie der Illusionen. Es ist geradezu töricht zu meinen, es komme nur darauf an, daß bei Einkommensbeziehern in der Lohn-tüte unter dem Strich ein Überschuß an Realeinkommen übrig bleibe. Man übersieht dabei die Erosion der gesamten Geldersparnisse und die Umschichtungen, die

in der Vermögensbildung durchaus in der Richtung einer unsozialeren Verteilung vor sich gehen. Wenn man gegenwärtig weit über den Zuwachs der Produktivität hinausgehende Lohnsteigerungen konzidiert und, was nicht anders möglich ist, den Unternehmern einräumt, sich mit höheren Preisen schadlos zu halten, so ist dieser naive Versuch, mehr Geldbezugs-scheine auszugeben als es dem Volumen des Sozialprodukts entspricht, eine schiere Fehlspekulation. Was diejenigen, die Marktmacht besitzen, gewinnen, müssen andere Gruppen durch die Senkung ihrer Kaufkraft verlieren. Daran führt kein Weg vorbei. Besonders törricht ist das Vorhaben des Staates, seine Ausgaben erheblich zu steigern, ohne die inflatorische Wirkung zuzugeben. Sicher, der Staat braucht für wichtige öffentliche Aufgaben mehr Mittel für Bildungsinvestitionen, für Forschung, Gesundheitswesen, Umweltschutz, Straßenbau und dergleichen; aber selbst diese Rechnung geht für den Bundeshaushalt nicht auf, da der Zuwachs der Bundesausgaben in erheblichem Umfange nicht Ausgaben für die Lebenshaltung betrifft, sondern sich vor allem auch auf Bauinvestitionen der verschiedensten Art bezieht. Dadurch wird der Zuwachs von der Steigerungsrate der Baukosten, die allgemein mit 15 % angegeben wird, so betroffen, daß für den Staat letztlich unter dem Strich nicht mehr, sondern eher noch weniger übrig bleibt. Auch der Staat ist in seinem laufenden Haushalt ein Verlierer der Inflation.

Am eigenen Leibe haben wir die gefährlichen Wirkungen zweier Inflationen in Deutschland erlebt. Für die permanenten, schleichenden Inflationen sind genügend Beispiele in den uns umgebenden Ländern zu finden; aber auch diese Entwicklungen in den europäischen Staaten der Vollbeschäftigungspolitik haben sich in einer Zeit nach dem Zweiten Weltkrieg vollzogen, in der durch die internationale Kooperation und das Vorhandensein einiger Staaten mit echten harten Währungen auch die Inflationierung der übrigen Länder in gewissen Grenzen gehalten wurde.

Die Gefahr einer Inflationierung in Permanenz zeigt die Situation in den Ländern Süd- und Mittelamerikas. In ihnen ist die Inflationierung seit Jahrzehnten mehr oder minder stark zur allgemeinen Erscheinung geworden. Es handelt sich um Staaten, die seit 150 Jahren politisch frei sind und eine

Führungsschicht besitzen, die ihnen vom Unternehmerischen her eine der europäischen und nordamerikanischen Entwicklung ähnliche Stellung ermöglicht hätte. Was ihre innere Struktur jedoch bestimmt, ist - wenn man es im Ganzen sieht -, die Wirkung der permanenten Geldwertverschlechterung, die sie alle erlebten. Wenn wir in Europa und speziell auch in der Bundesrepublik nicht den Weg zur Stabilitätspolitik wiederfinden, könnte dies auch unser Schicksal sein. Ich möchte vor der Gefahr einer "Lateinamerikanisierung" warnen.

Was ist das Kennzeichnende, das in allen diesen Staaten mehr oder minder sichtbar wird? Es ist zum ersten die ungesunde Konzentration des Produktivvermögens und des Grundbesitzes in den Händen weniger, durch ihre Geldmacht auch politisch dominierender Familien. Es ist angesichts der Unsicherheit des Geldwertes die für alle diese Länder typische permanente Kapitalflucht - übrigens auch eine Erscheinung, die bereits bei uns in jüngster Zeit zu einem Problem geworden ist. Alle Länder stetig unsicheren Geldwertes schwächen die Bereitschaft des Unternehmertums, sich in investiven Anlagen festzulegen. Man bevorzugt leicht realisierbare Vermögenswerte im Handel und im Hausbesitz. Die Konsequenz ist, daß dort, wo die Privatinitiative der Unternehmer sich sichtbar zurückhält, die öffentlichen Gewalten zur Wirtschaftstätigkeit neigen. Diese Konzentration der Vermögen in wenigen Händen reicher Familien und des Staates hat zu einer nicht zu übersehenden Radikalisierung der intellektuellen Schichten geführt, die zum Teil unter kommunistischen Rektoren und radikalen Kadergruppen an den Universitäten zu einer Zersetzung der öffentlichen Meinung beigetragen hat, die sich in regelmäßigen Revolten äußert und gleichzeitig das Niveau von Bildung und wissenschaftlicher Forschung so senkte, daß ein offensichtlicher Rückstand eingetreten ist. Alle diese Tendenzen bewirkten das an sich überraschende Phänomen, daß die Volkswirtschaften dieser Ländergruppen trotz gigantischer Städte und Staatsbauten über das Niveau gehobener Entwicklungsländer nicht hinaus kamen. Daß in einer solchen Atmosphäre die Korruption blüht, die die Begleiterscheinung aller Staatsinterventionen unter so schwierigen Umständen ist, kann nicht überraschen. Fast in jedem dieser Länder wird die Notwendigkeit eingesehen.

das vorhandene gesellschaftliche System zu ändern, wobei die Gruppenkonflikte so stark sind, daß entweder der Kommunismus oder die Militärdiktatur den Ausweg bietet. Wer den gesamten Prozeß fortschreitender Auflösung beobachtet, wird sicher nicht behaupten können, daß es allein die inflationäre Politik ist, die zu diesen Erscheinungen geführt hat; aber wir kommen nicht um die Feststellung herum, daß nur auf der Basis der durch die Inflationierung bewirkten gesellschaftlichen Verunsicherung der zur Permanenz gewordene gesellschaftliche Aufbruch solche Formen annehmen kann.

Gewiß, wir sind nicht in Lateinamerika, aber die Ansätze zur Konzentration der Vermögen, zur Zerstörung der Geldersparnisse, zur Radikalisierung unseres Wissenschafts- und Kunstbetriebes und zur Linkswendung der Massenmedien sind in den letzten Jahren zu sichtbar hervorgetreten, als daß man sie bagatellisieren könnte.

Es ist daher heute dringlich, die Inflationierung in ihren weitreichenden Konsequenzen neu aus der gegenwärtigen Situation zu durchdenken. Sicherlich ist man nicht daran interessiert, das in breiter Öffentlichkeit zu tun. So schwer es auch fällt, zu einer versachlichten Analyse zu gelangen, nachdem diese Dinge zum Gegenstand der Diskussion in Parlament, Wissenschaft und Massenmedien geworden sind, es wäre falsch, dem Nachdenken über die Inflation das Stigma des Inflationseredes oder gar der Verhetzung aufzudrücken. Eine solche Diskussion hat auch ihre Gefahren. Schichten, die bisher stillgehalten haben, werden beunruhigt und ziehen ihrerseits in ihrem Verhalten Konsequenzen. Aber das ist im Grunde bereits im Gange und wird, wenn man meint, die Realität unserer Geldentwertung bagatellisieren zu können, eher weiter um sich greifen. Was notwendig ist, ist der gemeinsame Beschluß aller politisch Verantwortlichen, die Stabilität nunmehr, wo kein Zweifel daran bestehen kann, daß sie bedroht ist, an die erste Stelle des wirtschaftspolitischen Zielkatalogs zu setzen. Es muß eine wirtschaftspolitische Konzeption entworfen werden, die den notwendigen Fortschritten im Bereiche der staatlichen Aufgaben durchaus Raum gibt, aber sich zugleich der Grenzen bewußt ist, die nicht überschritten werden dürfen, wenn die Wirtschaftsordnung nicht unbedacht

gefährdet werden soll. Die Ordnung einer sozial gesicherten Marktwirtschaft, der wir das bisher Erreichte verdanken und zu der sich auch die Sozialdemokratische Partei in ihrem Godesberger Programm bekannt hat, muß erhalten bleiben. Diese Ordnung erwies sich als durchaus fähig, nicht nur im wirtschaftlichen Fortschritt, sondern auch im sozialen Bereich Schritt für Schritt voranzukommen. Das ist durchaus vereinbar mit dem Bestreben, auf der Basis dieser Ordnung auch neue Aufgaben, die insbesondere im staatlichen Bereich in bezug auf Umweltschutz, Bildung, Forschung usw. liegen, zu fördern. Gefährlich wäre es, wenn wir in dem Bestreben, zuviel zu fordern, die Kräfte lähmten, die möglicherweise den Gang unserer wirtschaftlichen Entwicklung günstig beeinflussen.

Niemand ist heute in der Lage, über die Wirkungen der Inflationierung und über die Strategie zu ihrer Bekämpfung ein abschließendes Wort zu sagen. Dazu bedarf es vielmehr eines Prozesses zunehmender Klarstellung, was im nationalen Bereich und in der Europäischen Gemeinschaft wirtschaftlich, gesellschaftlich und politisch ein permanenter Geldwertschwund bedeutet. Die Abkehr von dieser Politik kann sich nicht in wenigen Rezepten erschöpfen. Über das Ausmaß der Gefahr schlicht stillzuschweigen, wäre jedoch noch gefährlicher. Man würde die Verschiebungen innerhalb unserer Gesellschaft verniedlichen und vielleicht seine Hoffnung darauf setzen, daß eine schwächer werdende Konjunktur alles wieder zum Ausgleich bringt. Insgesamt käme ein solches Schweigen nur den Kräften zugute, die zu den wenigen Nutznießern der säkularen Inflation gehören. Was die Wissenschaft vermag, ist eine gewiß nicht bequeme Offenlegung der Verharmlosung, die man sich gegenüber der Geldentwertung erlaubt, und der Hinweis auf eine Reihe möglicher Instrumente. Der Kern einer stabilitätspolitischen Gesamtstrategie ist in jedem Fall eine politische Führung, die alle beteiligten Gruppen auf ein strenges, realistisches Konzept verpflichtet.

# Der reiche Goethe und der arme Schiller

Volkmar Muthesius

Vor dem einst großherzoglichen Hoftheater in Weimar, in der Stadt, die jetzt im Territorium des Satellitenstaates "Deutsche Demokratische Republik" liegt, steht ein Monument, das im Geschmack des neunzehnten Jahrhunderts das "Dichterpaaar Goethe und Schiller verherrlicht : Die beiden Poeten halten einen Lorbeerkrantz in Händen, als ob jeder ihn dem anderen darbringen wollte - Sinnbild kollegialer Verbundenheit, wenn eine so prosaische Ausdrucksweise erlaubt ist gegenüber der erhabenen Attitüde der "Dichturfürsten", wie die Vorliebe mancher Deutscher für ein hohles Pathos sie nannte - ohne dabei an des Zeitgenossen Napoleons Wort zu denken, wonach vom Erhabenen zum Lächerlichen nur ein Schritt ist. Johann Wolfgang von Goethe und Friedrich von Schiller posieren auf dem Weimarer Theaterplatz, als seien sie gewillt, sich gewissermaßen miteinander zu identifizieren, ja als seien sie eines Geistes, und als gäbe es kaum etwas, worin sie sich unterschieden. Eine populärwissenschaftliche Literaturkunde hat, nicht nur in Deutschland, jahrzehntelang diese Fabel gepflegt und danach getrachtet, der Nachwelt zu verschweigen oder zu verkleinern, was die beiden Geister trennte, vor allem wie sehr sich ihre Lebensläufe im Materiellen voneinander abhoben und wie sehr ihr Denken und Tun differierte, soweit es das Wirtschaftliche anlangte. Erst etwa seit den zwanziger Jahren unseres Jahrhunderts haben die Literaturhistoriker und auch einige wenige mehr universell denkende Gelehrte versucht, dem ökonomischen Verhalten der beiden Männer nachzuspüren und dabei ihre recht unterschiedliche Einstellung zu den Phänomenen und Prinzipien des Wirtschaftslebens zu klären, zugleich aber auch

einiges von ihrer Denkweise aus dem Milieu der Elternhäuser und aus der allgemeinen deutschen Situation in der zweiten Hälfte des achtzehnten Jahrhunderts abzuleiten. Dabei offenbart sich eine beträchtliche Divergenz im Denken und Handeln, Unterschiede, die ebenso interessant sind wie jene, welche im Geistigen, im Stil der Dichtungen, auch in dem unterschiedlichen Verhältnis der beiden Männer zu Wissenschaftszweigen sich konstatieren lassen, denen sie sich neben ihren "Hauptgeschäften" widmeten. Das Hauptgeschäft nannte Goethe seine Arbeiten an der Faust-Dichtung; Schiller wäre wohl kaum jemals auf einen solchen Ausdruck verfallen, und schon darin könnte man ein Symptom des Unterschiedes in den Denkweisen der beiden Männer sehen, jener Divergenz, der sich diese Studie zuwenden möchte.

Man kann diese Heterogenität nicht richtig verstehen, wenn man nicht die Ausgangspositionen der Dichter im Auge behält : Goethes Jugend in einem Elternhaus von behäbiger und für die Mitte des achtzehnten Jahrhunderts geradezu luxuriöser Wohlhabenheit, Schiller dagegen das Kind einer darbenenden Familie, die in kleinbürgerlicher Enge mit dem Existenzminimum zu ringen hatte. Zwei großväterliche Erbschaften hatten das Goethesche Haus am Frankfurter Hirschgraben zu einer Pflegestätte eines respektablen Vermögens werden lassen, vom Vater Johann Wolfgangs umsichtig verwaltet : Dies war sozusagen sein Lebenszweck, denn es schmückte ihn zwar der ornamentale Titel eines Kaiserlichen Rats, aber diesem Epitheton ornans lag keine Amtstätigkeit zugrunde, und Goethes Vater konnte sich ganz der Geld- und Kapitalanlage widmen. Er sorgte auf diese Weise für den Sohn vor, der in seinen Jugendjahren ein gutes Stück des väterlichen Vermögens aufzehrte. Der junge Dichter ließ sich weitgehend vom großväterlichen Erbe finanzieren, das aus dem Schneiderhandwerk und aus der Gastronomie samt Weinhandel stammte.

Ganz anders Schiller : Er hatte es unendlich viel schwerer als sein Kollege, sein Konkurrent, sein Antipode. Schillers Vater, von

den Großeltern zum Barbierlehrling bestimmt, einem schon damals nicht eben besonders angesehenen Handwerk, brachte es zwar schließlich zum "Feldscher", wie man ein Kompositum aus Friseur und Chirurgen zu bezeichnen pflegte, und war später als "Werbeoffizier" tätig, also in einer Art von Menschenhandel fürs Militär, mithin jedoch nur in einer Profession, die auch nicht gerade viel abwarf, so daß Frau und Kinder in ziemlich dürftiger Enge verblieben, zumal der Vater sich als Asket gerierte : Die ganze Familie mußte vom Eßtisch aufstehen, wenn es dem Vater am besten schmeckte und er, getreu dem bekannten alten Grundsatz, zu essen aufhörte. Der Knabe Friedrich konnte sich auf diese Weise nie richtig satt essen und blieb ein schwächlicher und kränklicher Mensch sein Leben lang - welch ein Kontrast zu dem an Opulenz in jeder Hinsicht gewöhnten und zeitweise geradezu ein Schlemmerleben führenden Goethe, von dem später Jean Paul schrieb: ". . . . auch frißt er entsetzlich. . . ."

"Kein guter Handel mit Goethe" . . .

Schiller kannte bis wenige Jahre vor seinem frühen Tod - er wurde nur knapp sechs- undvierzig Jahre alt; Goethe brachte es auf dreiundachtzig - keinen Wohlstand und kein sorgloses Leben. Er lebte von der Gastfreundschaft einiger Bewunderer, darüber hinaus von geborgtem Geld, das er entweder mit neuen Schulden abdeckte oder von Freunden zurückzahlen ließ. Erst spät, als er sich schon dem Tode näherte, begannen seine Einnahmen aus Theaterstücken, Prosaliteratur und Gedichten zu fließen, und erst seine Witwe und ihre Erben konnten den größten Teil der Honorare einstecken, die ihm seine Verleger, vor allem Cotta in Stuttgart, zahlten.

Wie anders Goethe ! Ihm gelang viel früher die Kommerzialisierung seines dichterischen

Genius, und er entwickelte auf der Höhe seines Lebens geradezu listige Methoden, mit denen er die Verleger gegeneinander ausspielte und fürstliche Honorare aus ihnen herauspresste - es gibt einen Brief Schillers an den Verleger Cotta, in dem der offenbar etwas zum Neid neigende Schwabe den Verleger geradezu vor Goethe warnt : "... es ist, um es gerade heraus zu sagen, kein guter Handel mit Goethe zu treffen, weil er seinen Wert gut kennt und sich selbst hoch taxiert und auf das Glück des Buchhandels, davon er überhaupt nur eine vage Idee hat, keine Rücksicht nimmt...." Ob Schiller Rücksicht nahm auf "das Glück des Buchhandels", mag dahingestellt bleiben. Schließlich tendiert wohl kein Schriftsteller dazu, das Wohl des Verlegers vor sein eigenes und vor die Wünsche des Lesers zu setzen, oder auch, um es etwas anders auszudrücken, vor all das, was er für diese Wünsche halten zu sollen glaubt. Cotta ließ sich denn auch durch diese Warnung Schillers nicht im mindesten beeinflussen, sie hielt ihn nicht davon ab, viele der Goetheschen Werke zu verlegen, und sie machten beide, Cotta und Goethe, gute Geschäfte miteinander. Goethe genierte sich ja auch nicht, von seinen Dichtungen als von seinen Geschäften zu sprechen. Mehr als eine halbe Million Gulden betrug die Summe der Honorare, die allein Cotta an Goethe und seine Erben auszahlte, so daß man, wollte man nur den heute üblichen Honorarsatz von zehn Prozent zugrunde legen, zu dem Resultat kommen würde, daß Cotta sich durch Goethe einen Umsatz von mindestens 5 Millionen Gulden verschaffte. Was man von Schillers Honorareinnahmen weiß, das erreicht nur rund ein Fünftel der von Goethe kassierten (und restlos verbrauchten, das heißt für den Lebensunterhalt und für Bücher, Kunstwerke und anderes ausgegebenen) Beträge.

Der Vergleich läßt aber bei weitem noch nicht die ganze Breite der Kluft ermessen, die im Materiellen die beiden Dichter voneinander trennte. Goethe wurde vom Herzog Carl August im Jahre 1775, als er noch nicht fünfundzwanzig

Jahre alt war, mit einem Gehalt von 1 200 Talern jährlich als Mitglied des "Geheimen Conseils" engagiert, und sein Salär stieg bald auf 1 800 Taler, später noch höher. Viele Tausende von Talern schoß außerdem der Vater aus Frankfurt zu, dessen Vermögen sich durch die Subventionierung seines Sohnes halbierte, und so führte dieser das Leben wenn nicht gerade eines Verschwenders, so doch eines keinen Luxus verschmähenden großbürgerlichen Genießers. Er verstand es, den geistigen Hofstaat, zu dem er sein Weimarer Haus ausgestaltete - der 1815 vom Wiener Kongreß zum Großherzog "beförderte" fürstliche Gönner hatte es ihm schon vorher geschenkt -, nicht nur dadurch zu pflegen, daß er Besucher aus aller Welt empfing und mit seinen Gesprächen auszeichnete, sondern auch durch ein genüßliches Leben : Er trank viel Wein, schätzte Wild und Geflügel, kaufte ständig Gemälde, Skulpturen, Bücher, ohne Rücksicht auf Ermahnungen seines vom Vater mit nach Weimar entsandten Adlatus Seidel, der, ein Mittelding zwischen Kammerdiener und Sekretär, mehrfach schriftlich in ihn drang, er möge sparsamer sein.

Wiederum : Welch ein Kontrast zum armen Schiller ! Auch er trank gern Wein, aber erst wenige Jahre vor seinem Tode konnte er sich einen Weinkeller leisten. Kein Vater subventionierte ihn, seine erste Anstellung als "Hofrat" bestand lediglich in diesem Titel, ohne Gehalt, und die Professur für Geschichte an der Universität Jena, die danach folgte, war "ohne Emolumente". Schiller mußte zuschießen; aus seinen Honorareinnahmen, die anfänglich nur spärlich flossen, mußte er für Repräsentationskosten aufkommen, wie sie einem Akademiker dieser Art erwachsen. Daß er viele Jahre lang darbt, nur kümmerliche Mahlzeiten erschwingen konnte, war wohl mitschuldig an seinem Siechtum und am frühen Tod.

## Schiller, ein kranker Bohemien

Einer von Goethes Erstlingen, die "Leiden des jungen Werther", wurde sehr rasch ein Bestseller, wie wir heute sagen würden - des jungen Schillers "Räuber" wollte zunächst kein Verleger übernehmen, und für den "Fiesko" zahlte der Mannheimer Buchhändler Schwan ganze elf Louisdor, die gerade ausreichten, um die Schulden zu decken, die Schiller im Gasthaus zum Viehof in Oggersheim hinterlassen hatte, als er inkognito in dieser Spelunke wohnte, in einem Bett mit dem Freund Streicher schlief und dem Wirt Schmidt nur Versprechungen, kein Geld geben konnte. So begann 1782/83 die Karriere des Genies mit demütigender Pumpwirtschaft. Eine Episode nur, ein Jahr lang ein Gehalt von 300 Gulden, war der Anstellungskontrakt als Theaterdichter mit dem Mannheimer Intendanten von Dalberg, der schon 1784 den Vertrag gleichsam wortlos auslaufen ließ - Schiller aber hatte 200 Gulden Vorschuß genommen und das Geld dazu verwendet, um sich mit Kleidung auszustaffieren. Der Rest reichte nicht zum bescheidensten Leben : Wieder Hunger, wieder neue Schulden ! Hölzel, sein Mannheimer Hauswirt, sprang ein und bezahlte wenigstens zum Teil die Gläubiger, als Schiller nach Leipzig und sodann nach Dresden ging, der Einladung des Oberkonsistorialrates Körner folgend, der zusammen mit Ludwig Ferdinand Huber dem schwäbischen Dichter fast zwei Jahre lang die Sorgen ums tägliche Brot abnahm und ihn noch dazu mit reichlichem Taschengeld versah. Viel später erst, von Weimar aus, zahlte Schiller die Schuld bei Hölzer zurück und verschaffte dem Sohn des Mannheimer Wohltäters eine Position am Weimarer Theater.

"... Ungeachtet meiner vielen Bekanntschaften, dennoch einsam und ohne Führung, muß ich mich durch meine Oekonomie hindurchkämpfen, zum Unglück mit allem versehen, was zu unnötigen Verschwendungen reizen kann...", so schrieb er aus Mannheim an den Freund Reinwald, als die Gläubiger ihn hinten und vorn

zwickten. Es war um dieselbe Zeit, als er in Darmstadt den Herzog Carl August kennenlernte, der neun Jahre zuvor Goethe nach Weimar geholt hatte, und der nun dem von Schulden geplagten Schiller eine schöne, aber billige Geste bot : "Mit vielem Vergnügen, lieber Herr Doktor Schiller, erteile ich Ihnen den Charakter als Rat in meinen Diensten. Ich wünsche Ihnen dadurch ein Zeichen meiner Achtung geben zu können..." Ein Gehalt war, wie gesagt, mit diesem "Charakter" nicht verbunden - Goethe bekam um die gleiche Zeit als Mitglied des "Geheimen Conseils" Carl Augusts 1 800 Taler Jahresgehalt. Es war für Schiller gleichsam die Lebensrettung, daß er fast zwei Jahre den Körners in Gohlis und Dresden auf der Tasche liegen konnte, aber auch dort stürzte er sich alsbald wieder in Schulden bei Geldverleihern, bei offenkundigen Wucherern, um Juwelen für Henriette von Arnim kaufen zu können, jener "liaison dangereuse", die ihn vom Schreiben, vom Dichten abhielt. Sein "Finanzsystem", wie er selbst seine Schuldenwirtschaft nannte, war wieder einmal in noch peinlichere Unordnung geraten.

In Jena und in Weimar, in Volkstedt und Rudolstadt schien er sich dann aber doch allmählich in eine bessere Zukunft hineinzuarbeiten. Die großen Dramen hatten ihm wenig eingebracht, zum Teil gar nichts, nun sah er ein, daß er "von der Schriftstellerei leben", also "auf das sehen müsse, was einträgt". "Eintrag" hatte er von den ersten historischen Arbeiten, von der Geschichte des Abfalls der Niederlande, und sodann besonders vom "Geisterseher", einer "Schmiererei", wie er sie selbst nannte, aber das Schmierchen brachte ihm mehr Leser als alle seine übrigen Werke zusammengenommen. Indessen blieben, obwohl er viel populärer war als Goethe, seine Honorare weit hinter denen nicht nur des Freundes zurück, sondern sie wurden auch von anderen Autoren haushoch übertroffen. Der Großverdiener dieser Zeit war Kotzebue, seine Einnahmen aus Berliner Bühnentantiemen waren viermal so hoch wie die Schillers - aber wie bald

war er vergessen, und wie dauerhafter sollte sich Schiller erweisen !

Schiller hatte nicht viel Sinn für das Wirtschaftliche. Er hat sich in seinen Dichtungen kaum je mit Fragen des wirtschaftlichen und sozialen Lebens beschäftigt, ganz im Gegensatz zu Goethe, der viel über ökonomische Fragen meditierte. Schiller lebte in den Zonen des Idealen, des Guten, Wahren und Schönen; die Problematik sozialer Beziehungen und Zusammenhänge interessierte ihn nicht. Vielleicht war dies mit ein Grund dafür, daß es ihm so schwer fiel und daß es so lange dauerte, bis er materiell überhaupt Boden unter die Füße bekam ? Er war nicht der Asket, für den man ihn zeitweilig gehalten hat, er liebte zwar den penetranten Geruch fauler Äpfel, aber das war eine winzige Spur von Perversität, nicht ein Symbol der Bedürfnislosigkeit. Er trank gern gute Weine - aber bis auf die letzten Jahre seines Lebens tat er es meist auf Kosten seiner geduldigen Freunde und Gönner oder gar seiner Gläubiger. Sein Leben war bis zum vierzigsten Jahr das eines von geldlicher Unordnung geplagten Bohemiens, eines Kranken noch dazu. Wie seltsam, wie bewunderungswürdig, daß auf solchem schwankenden und rissigen Boden ein Ebenmaß und eine Schönheit der Dichtung wachsen konnten, wie sie bis dahin unerhört waren, Jahrhunderte überdauernd. In diesem Sinne verkleinert sich uns die erstaunliche Figur des armen Schiller nicht, sondern sie wird durch sein Elend noch erhöht.

#### Goethes Hymnus auf den Kaufmann

Der arme Schiller als trübes Pendant zum reichen Goethe ist eines der interessantesten Phänomene der deutschen Kultur- und Zivilisationsgeschichte, aber ebenso reizvoll ist es, den Wirkungen dieser Diskrepanzen auf die Opera der beiden Literaten nachzuspüren. In den Werken Goethes

finden sich zahlreiche Passagen und Pointen, die erkennen lassen, in wie reicher Fülle dem Dichter Metaphern und Paradigmata aus der Sphäre des Ökonomischen zur Verfügung standen - bei Schiller wird man vergeblich nach solchen Assoziationen suchen. Sein Idealismus, geschult an Immanuel Kant, hatte etwas Abstraktes an sich, seine poetischen Gestalten schweben in gedanklichen Höhen, gleichsam unirdisch über das Elend der Fakten hingleitend. Seine Dichtungen zeichnen sich oft durch eine phantastische, jedoch gleichsam kalte Eleganz aus, die Goethe fremd war. Ein Beispiel :

Mich hält kein Band, mich fesselt keine Schranke,  
Frei schwing ich mich durch alle Räume fort,  
Mein unermesslich Reich ist der Gedanke,  
Und mein geflügelt Werkzeug ist das Wort.

Diese Verszeilen Schillers aus einem kleinen Theaterstück "Huldigung an die Künste" betitelt, sind charakteristisch für den Glanz der Abstraktion, man könnte sagen für eine blendende Erdenferne. Goethe hat niemals diesen Grad der unbeschreiblichen Eleganz erreicht, aber dafür stand ihm Schiller meilenfern in bezug auf Gemüts-Wärme und Innigkeit, ebenso aber auch hinsichtlich der Neigung (oder Abneigung), sich mit irdischer Problematik, etwa mit ökonomischen Themen und Phänomenen zu befassen. Mit welchem Eifer und mit welcher Anschaulichkeit Goethe in wirtschaftliche Fragen eindrang, in die Volkswirtschaftslehre, ja sogar in Denkbezirke, die wir heute die Betriebswirtschaftslehre nennen, dafür sind einige Passagen aus "Wilhelm Meister" bezeichnend. Man kann geradezu sagen, daß Goethe sich dabei zu einem Hymnus auf den Kaufmann aufschwang, zu einer Verherrlichung des Geschäfts des Commercium, aber nicht mit dem Abstraktionsglanz "à la manière de Schiller", sondern durchaus voller Realismus, anschaulich und doch nicht unpoetisch. Gerade weil heute die wirtschaftswissenschaftliche Literatur sich von solcher

Manier himmelweit entfernt hat, mag in dieser Skizze etwas ausführlicher zitiert werden, was Goethe über den Kaufmann sagte. Gibt es ein schöneres Lob als die wundervollen Passagen des Gesprächs, das Wilhelm Meister mit seinem Freunde Werner führt ? Jener rühmenden Überlegungen, die in die Worte auslaufen : "... Ich wüßte nicht, wessen Geist ausgebreiteter sein müßte als der Geist eines echten Handelsmannes. Welchen Überblick verschafft uns nicht die Ordnung, in der wir unsere Geschäfte führen ! Sie läßt uns jederzeit das Ganze überschauen, ohne daß wir nötig hätten, uns durch das einzelne verwirren zu lassen. Welche Vorteile gewährt die doppelte Buchhaltung dem Kaufmann ! Es ist eine der schönsten Erfindungen des menschlichen Geistes, und ein jeder guter Haushalter sollte sie in seiner Wirtschaft einführen...". "Verzeih' mir", sagte Wilhelm lächelnd, "Du fängst von der Form an, als wenn das die Sache wäre, gewöhnlich vergeßt Ihr aber auch über Eurem Addieren und Bilanzieren das eigentliche Fazit des Lebens..." "Leider siehst Du nicht, mein Freund" - so repliziert nun wieder Werner, der Kaufmann -, "wie Form und Sache hier nur eines ist, eins ohne das andere nicht bestehen könnte. Ordnung und Klarheit vermehrt die Lust, zu sparen und zu erwerben. Ein Mensch, der übel haushält, befindet sich in der Dunkelheit sehr wohl; er mag die Posten nicht gern zusammenrechnen, die er schuldig ist, dagegen kann einem guten Wirte nichts angenehmer sein, als sich alle Tage die Summe seines wachsenden Glückes zu ziehen... Wirf einen Blick auf die natürlichen und künstlichen Produkte aller Weltteile, betrachte, wie sie wechselweise zur Notdurft geworden sind ! Welch eine angenehme, geistreiche Sorgfalt ist es, alles, was in dem Augenblicke am meisten gesucht wird und doch bald fehlt, bald schwer zu haben ist, zu kennen, jedem, was er verlangt, leicht und schnell zu verschaffen, sich vorsichtig in Vorrat zu setzen und den Vorteil jedes Augenblicke dieser großen Zirkulation zu genießen !... Wo gibt es noch einen

rechtmäßigeren Erwerb, eine billigere Eroberung als den Handel ?... Wenn Du nur Deine dichterische Einbildungskraft anwenden wolltest, so könntest Du meine Göttin als eine unüberwindliche Siegerin der Deinigen kühn entgegenstellen... Sie führt freilich lieber den Ölzweig als das Schwert. Dolch und Ketten kennt sie gar nicht; aber Kronen teilt auch sie ihren Lieblingen aus..."

### Poet der Inflation

Lob des Freihandels, Lob der Ratio, zugleich auch eine Andeutung, die in die gedankliche Richtung von Kants "Ewigem Frieden" zeigt: Weltweiter Gütertausch als Basis einer Gesinnung, die Zwist und Kampf verschmäht und die daran glaubt, daß der Liberalismus als Weltanschauung und als ökonomisches Prinzip - Kant spricht vom "wechselseitigen Eigennutz" - ein ethisches Fundament schafft, ohne auf die Metaphysik zurückgreifen zu müssen. Das ist ja auch der Grundgedanke von Ludwig von Mises Gesellschaftsphilosophie.

Dem widerspricht es nicht, daß Goethe in den Maximen und Reflexionen "liberale Ideen" bespöttelt, denn er fügt sogleich hinzu, nicht die Ideen, wohl aber die Gesinnungen müßten liberal sein. Er selbst neigte wohl eher zu einem geläuterten Konservatismus, aber der Dialog Wilhelm Meisters mit dem Freund Werner rechtfertigt durchaus die Annahme, daß ihm das Liberale wenn nicht als Idee, so doch als geistige Grundhaltung wichtig und politisch gut erschien.

Auch die komprimierteste Schilderung der Goetheschen Neigung zu wirtschaftlichen Betrachtungsweisen würde unvollständig sein, würde sie nicht des Dichters Denken speziell über das Geld erwähnen. Man könnte ihn geradezu den ersten Poeten der Inflation nennen. Nicht als ob er sie verherrlicht hätte, aber er machte sie zum Objekt der Dichtung : In den berühmten Passagen im Faust II, wo Mephistopheles dem Kaiser eine neue

Währung präsentiert : Papiergeld, der "Schedel", der "Zettel, im Busen leicht zu tragen", der auf jeder Wechslerbank eingelöst wird - "freilich mit Rabatt" - es war neben der Erinnerung an John Laws monetäre Manipulationen das Disagio der französischen Assignaten, Symbol der Zerstörung des Geldwerts durch die Revolutionäre, der von der Politik initiierte Untergang der alten Franc-Währung des französischen Königreichs, es war diese große Papierwährungskatastrophe um die Wende vom achtzehnten zum neunzehnten Jahrhundert, die Goethe den Gedanken eingab, in sein "Hauptgeschäft", den Faust, gleichsam eine Inflationsanalyse einzufügen. Etwa aus der gleichen Zeit stammt eine Bemerkung, die an das Greshamsche Gesetz erinnert : "Alles Ideelle, sobald es vom Realen gefordert wird, zehrt endlich dieses und sich selbst auf, so der Kredit (das Papiergeld) das Silber und sich selbst...". Diese Reflexion enthält eine Vorahnung der Problematik, die in der deflatorischen Tendenz der Metallgeldverfassung und dem inflatorischen Wesen des Kreditgeldes ein Dilemma ohne Ausweg sieht.

Nichts dergleichen ist bei Schiller zu finden. Schiller ermangelte im Vergleich zu Goethe jenes Grades der Universalität, der den großbürgerlichen Frankfurter auszeichnete. Auch das war in gewissem Sinne ein Mangelphänomen, ein Armutssymptom, in psychischer Hinsicht verstanden. Aber dafür verfügte Schiller eben über jenes Pathos, das wie der griechische Stamm dieses Wortes aus dem Leid stammt. Zu seiner Zeit war Pathetik nicht wie so oft in der Gegenwart etwas der Unechtheit Verdächtiges - damit würde man Schiller Unrecht tun.

Es steht auf demselben Blatt, daß Goethe im Gegensatz zu Schiller das "launichte" Element liebte - so schrieb er das heutige deutsche Wort launig -, sowohl in der Dichtung wie in der Konversation. Schiller konnte eher launisch sein als launig, kein Wunder nach der schweren Jugend und nach allem, was er danach noch an Mühsalen und Krankheiten erlebte. Die

Beschäftigung mit der gewissermaßen keimfreien Luft über den Wolken, wenn man seine idealistische Philosophie so nennen darf, war ihm offenbar Gegengewicht zu seinen irdischen Kummernissen und Entbehrungen, während Goethe, der reiche Genießer, fest auf der Freude spendenden Erde stand und nach der Sentenz dachte und handelte : Nil humani mihi alienum est. Weder der "Götz von Berlichingen" noch die "Laune des Verliebten" hätten von Schiller stammen können, wie andererseits die Pathetik der "Jungfrau von Orléans" oder der "Maria Stuart" nicht auf Goetheschem Holz hätte wachsen können.

### Der Irdische und der Ätherische

Nochmals zurück zum Geldwesen und zu der Rolle, die es im Denken Goethes, nicht aber Schillers spielte : In den Maximen und Reflexionen und an anderen Stellen Goethescher Prosa finden sich mehrfach Bemerkungen über monetäre Themen, wie sie Schiller niemals hätte hervorbringen können. Als Beispiel mag hier noch der ans Surrealistische grenzende Ausspruch erwähnt werden, der das Geld mit der Zeit vergleicht : "Könnte man die Zeit wie bares Geld beiseite legen, ohne sie zu benutzen, so wäre dies eine Art von Entschuldigung für den Müßiggang der halben Welt, aber keine völlige, denn es wäre ein Haushalt, wo man von dem Hauptstamm lebt, ohne sich um die Interessen zu bemühen...". Hauptstamm : das ist das Kapital, Interessen sind die Zinsen; das war der Sprachgebrauch zu Goethes Zeit. Das Ganze ist ein Musterbeispiel Goetheschen Tiefsinns, der immer wieder auf Gegenständliches Bezug nimmt, sogar auf das Geld als auf den Inbegriff der Dinge, soweit sie wirtschaftlich betrachtet werden, um mit Georg Simmel zu reden.

Goethe der Reiche, Schiller der Arme, Goethe der Irdische, Schiller der Ätherische - wäre diese formelhafte Deutung eine unzulässige Simplifizierung ? Eine Übertreibung ist sie sicherlich, aber vieles von den

Kontrasten der beiden Erscheinungen ließe sich so interpretieren. Es lag Schiller nicht, sich mit der Ökonomie anders zu befassen als durch Klagen über seine Armut. Goethe dagegen bezog das Ökonomische in den Bereich seines Denkens ein, und zwar tat er es offensichtlich gern. Insofern spiegeln sich in den Werken die materiellen Schicksale, aber auch die Charaktere wider - was schließlich nichts Außergewöhnliches ist, was aber in der Literaturgeschichte, so viel sie sich auch mit diesen poetischen Dioskuren befaßt hat, bisher nicht hinreichend gewürdigt worden ist. In dieser Ehren-gabe für Ludwig von Mises wurde es versucht.

# Krise der Politischen Formen in Europa

Otto von Habsburg

Selten ist es einem Propheten erlaubt, die Erfuellung seiner Weissagungen zu sehen. Der Jubilar, den wir ehren, Prof. Ludwig von Mises, ist eine glueckliche Ausnahme. Das, wovor er stets gewarnt hatte, tritt ein. Gleichzeitig ist es ihm gegeben, Zeuge zu sein, wie eine wachsende Zahl denkender Menschen erneut die Loesung der Probleme der Gegenwart in seinen Grundsuetzen suchen, die ja nicht nur in der Wirtschaft, sondern ebenso in den anderen Sparten des gemeinschaftlichen Lebens Gueltigkeit haben. So ist denn der schoenste Lohn zum 90. Wiegenfest des Meisters die Erkenntnis, dass seine Gedanken, jenseits der jeweiligen Moden, dauernde Gueltigkeit haben und durch die Ereignisse immer wieder gerechtfertigt werden.

Das Unbehagen ueber politische Formen ist keine Besonderheit unserer Tage. Nur selten gab es Perioden, in denen die Menschen mit der Maschinerie zum Ausdruck ihres Wollens zufrieden waren. Das ist nicht erstaunlich, denn die Spannung zwischen Hoffnungen und Traeumen einerseits, den bitteren Tatsachen andererseits ist schon seit aeltester Zeit eine Quelle menschlicher Tragoedie gewesen. Das war insbesondere dann der Fall, wenn auf grosse Illusionen ein Zusammenbruch und damit Hoffnungslosigkeit folgte.

Wenn wir aber heute mit mehr Recht als frueher von einer Krise der politischen Formen sprechen koennen, so ist es zuerst, weil die Unsicherheit und das Gefuehl der unertraeglichen Spannung zwischen Schein und Sein ueberall gleichzeitig auftritt. Es gibt derzeit kein einziges Regime, von dem man mit gutem Gewissen sagen koennte, es sei innerlich gefestigt und unerschuetterlich. Alles wird, sei es laut wie in Demokratien, sei es gefluestert wie in den totalitaeren Systemen, in Frage gestellt. Es gibt keine bestehende Autoritaet mehr, die restlos angenommen, kein politisches System, das wirklich aus

innerstem Herzen bejaht wird. Alles ist im Flusse, in Wandlung, wobei die treibenden Kraefte meist nicht von der Politik herkommen.

Gerade das traegt viel zu dem Unbehagen bei. Der Mensch im Leben der Gemeinschaft hat das Gefuehl mehr getrieben zu werden, als bestimmend in die Ereignisse einzugreifen. Wenn wir das Schicksal der fuehrenden Staatenlenker dieser Generation betrachten, kann man von keinem mit Recht behaupten, er sei erfolgreich gewesen. Fast alle waren staendig auf der Defensive, auch dann, wenn sie nach aussen hin aggressiv wirkten. Das erklart auch den angeblichen Zynismus eines Teiles der Jugend, ihre Unlust, sich politisch einzusetzen. Denn nur ganz wenige sind bereit, eine Sache bloss ihrer selbst Willen zu tun, wenn sie nicht zumindest eine gewisse Aussicht auf Erfolg haben. Es ist bezeichnend, dass in jenen kurzen Augenblicken, in denen auf einmal die Hoffnung auf eine Loesung aufschien, die Menschen vorhanden waren. Das war der Fall im Fruehjahr 1968, in jenen chaotischen Tagen, da viele Junge wirklich glaubten eine neue, gerechtere Gesellschaft wuerde entstehen. Umso aerger war nachher die Enttaeuschung als der kurzlebige Rausch verflogen war.

Jede Betrachtung der politischen Wirklichkeit unserer Tage wird daher ueber das Gebiet der Willensbildung und Staatskunst hinausgreifen muessen, um zu den Grundelementen der Gegenwart vorzustossen. Erst aus dieser Analyse wird es moeglich sein eine Diagnose des politischen Unbehagens aufzustellen und den Versuch zu unternehmen, Gedanken zur Loesung unserer zeitgenoessischen Probleme beizutragen.

\* \* \* \* \*

Der franzoesische Denker Louis Armand hat vor nicht zu langer Zeit bemerkt, die wichtigste Charakteristik unserer Tage sei die Tatsache, dass jeder Mensch zu jeder Zeit und an jedem Ort gesehen und getoetet werden koenne. Mit dieser drastischen Formulierung wollte er aufzeigen, dass die Macht ihre natuerlichen Grenzen verloren habe.

Das ist naemlich, jenseits der Atomenergie und der technischen Revolution, jene Tatsache, die das Leben aller Menschen am tiefsten beeinflusst und noch mehr in der Zukunft bestimmen wird.

Vor noch verhaeltnismaessig kurzer Zeit war der Wirkungskreis auch des groessten Tyrannen beschraenkt. Er konnte nur einen Teil der Voelker bedrohen, da seine Faehigkeit, Krieg zu fuehren, durch die Reichweite seiner Flugzeuge, seiner Panzer oder seiner Schiffe bestimmt war. Es gab immer Orte auf der Erde, die er nicht erreichen konnte, in denen also seine Gegner sicher waren. Das hat mit dem Erscheinen der Massenerstoerungswaffen und noch mehr der Interkontinentalraketen ein Ende gefunden. Zumindest in der Theorie - und daher schon bald in der Praxis - kann eine Regierung alle Voelker gleichzeitig unter Druck setzen. International ist damit der Schrecken unbeschraenkt geworden.

Die gleiche Entwicklung hat auch innerhalb der einzelnen Staaten eingesetzt. Waehrend es noch Hitler und Stalin versagt war, die Gedanken der Bevoelkerung wirklich zu kontrollieren oder die Privatsphaere bis zu jenem Punkte einzuschraenken, wo sie fuer die meisten Menschen zu bestehen aufhoert, hat die Technik inzwischen die damals noch bestehenden Hindernisse weggeraeumt. Es gibt keinen Schutz mehr gegen die modernsten Abhoergeraete und keinen Ort mehr, an dem man nicht gesehen werden kann. Katakomben, verschlossene Fenster und verrammelte Tueren koennen nicht einmal mehr auf kurze Zeit ein Versteck bieten. Die Technik der indirekten Beeinflussung und der Gehirnwaesche wiederum hat jenen Punkt erreicht, an dem es moeglich ist, die Massen wirklich zu fuehren. Eine Regierung die keine moralischen Hemmungen mehr kennt hat die Mittel, ihre Untertanen derart zu kontrollieren, dass diese sich nicht mehr aus eigener Kraft befreien koennen. Machthaber, die entschlossen sind, alles einzusetzen, koennen kaum mehr gestuerzt werden. Der totale Staat, dessen Gefahr die Grosstyranen der ersten zwei Drittel unseres Jahrhunderts angezeigt haben, ist heute bis zu den letzten Konsequenzen durchfuehrbar geworden. Es

gibt keinen materiellen Schutz der Freiheit mehr. Die Macht hat also wirklich ihre natuerlichen Grenzen verloren. Sie zwingt uns auf dem Gebiet des Gemeinschaftslebens umzudenken, da die Probleme sich voellig anders als noch vor wenigen Jahrzehnten stellen.

Diese Entwicklung ist weitgehend die Folge der Wissensexplosion, die unserer Zeit eine neue Dimension gegeben hat.

Die Ratlosigkeit, mit der der zeitgenoessische Mensch seinen eigenen Erfindungen gegenuebersteht - die z. B. auch in dem neu entdeckten Verhaeltnis zur Umgebung einen sinnfaelligen Ausdruck findet - ist nicht erstaunlich. Wir erleben naemlich eine geradezu erschreckende Beschleunigung der menschlichen Entwicklung. Um nur einige Beispiele zu nennen:

Im Jahre 1900 gab es in der ganzen Welt 15.000 Wissenschaftler - 1970 ist ihre Zahl auf 4.100.000 angestiegen.

Zwischen dem 1. Jaenner 1960 und dem 31. Dezember 1966 wurde in der Welt mehr gedruckt und veroeffentlicht, als in der ganzen Zeit zwischen der Erfindung Gutenbergs und dem 31. Dezember 1959.

Die Bewegung wird immer schneller. Im Jahre 1969 wurden pro Minute 2.050 Seiten neuer Informationen publiziert, das sind also 2.952.000 Seiten am Tag. Im Jahr bedeutet das 1 Milliarde 77 Millionen 480.000 Seiten. Um diese zu bewaeltigen, wuerde ein Mann, der taeglich 12 Stunden im groessten Tempo liest, 6.150 Jahre benoetigen.

Diese wenigen Zahlen zeigen uns nicht nur die geradezu unglaubliche Ausweitung der menschlichen Kenntnisse durch die moderne Technik, sondern auch das Auseinanderklaffen zwischen dem Wissen und der Moeglichkeit es unter Kontrolle zu bringen. Zwar weist uns die Organisation der Wissensbanken und der Auswirkung des rationellen Einsatzes der

Datenverarbeitungsmaschinen bereits heute den Weg, auf dem auch dieses Problem gelöst werden kann. Aber bis wir zu diesem Ziele gelangen, wird es noch geraume Zeit dauern.

Die gleichen Kräfte beeinflussen auch das tägliche Leben. 50% der Waren, die in den fortschrittlichen Staaten 1978 angeboten werden, bestehen heute noch nicht. Damit wird Forschung und Entwicklung, also die Erfindung, der wichtigste Faktor in der Wirtschaft, eine gewaltige Änderung verglichen zum 19. Jahrhundert.

Im politischen Leben der Völker und Kontinente ist insbesondere die Explosion der Mittel der Information und ihre Auswirkung auf die Massen von Bedeutung. Das gilt nicht nur für Rundfunk und Fernsehen, sondern sogar für die Presse.

Rundfunk wie Fernsehen werden zwangsläufig zu Zerrspiegeln der Realität. Das sei nicht als Kritik an den Zuständen aufgefasst. Es übersteigt die Kräfte und heutigen Mittel, die Bevölkerung jeden Tag durch viele Stunden zu interessieren und ihre Aufmerksamkeit festzuhalten. Man vergesse nicht, dass das, was normal ist, was also von der Mehrheit getan wird, nicht sensationell ist. Rundfunk und noch mehr Fernsehen müssen sich daher zwangsläufig an dem Aussergewöhnlichen orientieren, wodurch die Minderheit im praktischen Leben zur Mehrheit auf dem Bildschirm wird. Um es in einer einfachen Formel auszudrücken: Ein Student der studiert, ein Arbeiter der arbeitet und ein Geistlicher, der betet und sich um das Seelenheil seiner Gläubigen kümmert, sind nicht fernsehenswert. Sie tun nämlich, was von ihnen erwartet wird. Erst wenn ihre Haltung nicht mehr dem entspricht was eigentlich ihre Aufgabe ist, werden sie interessant. Das Bild aber entwickelt eine von den Tatsachen unabhängige politische Dynamik. Von Millionen gesehen erhält es ein Eigenleben, schafft dauernde Eindrücke und insbesondere Gedanken Kategorien, die sich politisch auswirken. Hier haben wir den wichtigsten Grund des sogenannten Jugendproblems, welches vor allem eine Frage der unbewältigten

Massenmedien ist, wenn man auch darueber die sehr berechtigten Anliegen und Klagen der kommenden Generation nicht vergessen darf.

Die Explosion der Information fuehrt auch zu einer wachsenden Mobilisierung des Neides. Frueher waren ausgefallene Figuren, wie etwa ein Gunther Sachs oder Jackie Onassis, der grossen Mehrheit der Bevoelkerung unbekannt. Heute werden ihre Extravaganzen durch das Fernsehen in jedes Heim gebracht; es ergeben sich dabei Vergleiche, die zwangslaeufig zum Neid fuehren. Bezeichnend ist diesbezuglich das Bestreben der kommunistischen Machthaber, ihr Privatleben vor der Oeffentlichkeit zu verstecken. Es gelingt ihnen damit den Eindruck der Redlichkeit zu vermitteln, obwohl ihr Luxus und hoechster Lebensstandard im krassen Gegensatz zu den von ihnen verkuendeten Lehren steht.

Gefaehrlich ist die Anfachung des Neides auch in weltweiter Perspektive. Wenn in den allernaechsten Jahren das Fernsehen in die Entwicklungslaender gedrungen sein wird, muss man dort eine wirkliche Neidexplosion gegenueber den industrialisierten Staaten erwarten. Das wird sich gewaltig im internationalen Leben auswirken.

Eine der bedeutendsten Folgen der Wissensexplosion und ihrer Auswirkung in der Wirtschaft ist die rasante soziale Umschichtung unserer Zeit. Noch niemals haben im Verlaufe der Menschheitsgeschichte in so kurzer Zeit so tiefgehende Wandlungen stattgefunden. Sie haben ein Ausmass erreicht, welches das Fassungsvermoegen der meisten Menschen uebersteigt. Es ist daher zu befuerchten, dass durch die Lage gebotene Massnahmen ueber Gebuehr verschoben werden. Heute wird vielfach dem 19. Jahrhundert der Vorwurf gemacht, es sei nicht auf der Hoehe der sozialen Probleme der industriellen Revolution gestanden. Das ist zweifelsohne rueckblickend berechtigt, aber eben "rueckblickend". Man darf naemlich sachlich nicht vergessen, dass das 19. Jahrhundert weitgehend neuen sozialpolitischen Phaenomenen gegenuebergestanden ist, fuer die in Staat und Kirche sozusagen kein Vorakt bestand. Ich

wuerde sogar sagen, dass gerade fuer unsere Zeit diese Kritik unserer Vorfahren wenig berechtigt ist, nachdem wir immer noch nicht aus deren ungluecklicher Erfahrung gelernt haben. Die Tendenz vieler Sozialpolitiker, gerade auch im christlichen Raum, die Vergangenheit damit zu bewaeltigen, dass man heute versucht, die bereits ueberholten Probleme von gestern demagogisch zu loesen, ist nicht nur sinnlos, sondern schaedlich. Man verliert naemlich darueber den Blick fuer die brennenden Fragen der Gegenwart.

Zu der allgemeinen sozialpolitischen Entwicklung kommt die wachsende Polarisierung der Arbeit. Heute muessen, um es etwas ueberspitzt auszudruecken, immer weniger Menschen immer mehr leisten, damit immer mehr Menschen immer weniger arbeiten. In vielen Industriestaaten ist es schon so weit, dass das Fuehrungspersonal im taeglichen Durchschnitt fast zweimal so lange im Einsatz steht wie die sogenannten Arbeiter. Diese Polarisierung der Arbeit fuehrt zu einer parallelen Entwicklung des Einflusses. Schon heute genuegt der Streik einer kleinen Zahl von Planern, um gewaltige Werke mit einer Belegschaft von Zehntausenden lahmzulegen. Es kommt bei diesem zeitgenoessischen Phaenomen noch dazu, dass bei unserer heutigen Steuerstruktur, die vielfach durch Neidkomplexe bestimmt ist, der gerechte Lohn der ueberdurchschnittlichen Leistung vorenthalten oder konfisziert wird. Dadurch entsteht eine wachsende Unzufriedenheit dieser hochqualifizierten Minderheit; allerdings hat diese bis heute ihre Moeglichkeiten noch nicht erkannt. Sie ist auch noch nicht machtpolitisch organisiert. Immerhin sollte es zu denken geben, dass juengst von den franzoesischen Trotzlisten, einer ausgesprochen revolutionaeren Gruppe, eine Studie fuer Mitglieder verfasst wurde, die den Beweis antritt, dass heute schon einige hundert Menschen einen Staat wie Frankreich gaenzlich lahmlegen bzw. unter ihre Kontrolle bringen koennten. Es sei daher die Aufgabe der Trotzlisten, diese Schlusselemente zu organisieren und mit ihrer Hilfe an die Macht zu kommen. So abwegig dies auch noch zur Stunde klingen mag, besteht hier doch eine ganz reale Moeglichkeit, die man in Zukunft nicht uebersehen darf.

Die soeben angefuhrten sozial- und wirtschaftspolitischen Gegenbenheiten zeigen, dass die Kraefte, die wir selbst mit der Wissensexplosion freigesetzt haben, uns zwangslaeufig in das zwanzigste Jahrhundert draengen. Gleichzeitig aber verbleiben unsere politischen Formen in westlichen Demokratien, wie in autoritaeren oder kommunistisch totalitaeren Regimen, im neunzehnten Jahrhundert. Mit wenigen Ausnahmen sind die wichtigsten Strukturen unserer Staaten ein Erbe bereits verstorbener Generationen.

Das eigenartige Auseinanderklaffen zwischen den politischen Formen und dem praktischen Leben ist weitgehend die Folge der natuerlichen Traegheit. Der Mensch ist nun einmal einer der wenigst wandelbaren Faktoren in der Natur. Dazu kommt eine, man moechte sagen angeborene Treue zu den aeusseren Zeichen der Vergangenheit, die immer wieder dazu fuehrt, dass Symbole langsamer sterben als die Ideen, denen sie seinerzeit ihr Entstehen verdankten.

Unsere Epoche ist diesbeueglich besonders charakteristisch. Seit dem Zweiten Weltkrieg leben wir in einer ausgesprochen restaurativen Periode, die an die Jahre der Heiligen Allianz erinnert. Das wird ungern zur Kenntnis genommen, weil es sich nicht um eine monarchische, sondern um eine demokratische Restauration gehandelt hat.

Die Verantwortlichen des siegreichen Buendnisses 1945 haben sich niemals die Frage nach den Gruenden der Nationalsozialistischen Revolution ernstlich gestellt. Das politische Imperativ eines Massenkrieges, wie der zwischen 1938 und 1945, zwang zur Schwarz-Weiss-Malerei, zur restlosen Ver-teufelung, um die Bevoelkerung in hoechster Erregung zu erhalten und aus ihr die letzten Kraefte herauszuholen. Daher war es auch gar nicht moeglich, sachlich die Motivation der nationalsozialistischen Machtergreifung darzulegen. Im Westen wie im Osten wurde einfach behauptet, dass es sich hier um einen Ausbruch der Daemonie des deutschen Volkes, oder um eine Verschwuerung der Kapitalisten und Junker gehandelt habe. Es wurde verschwiegen, dass die Ereignisse ohne den Vertrag von Versailles, die Reparationen, die Strukturfehler des Weimarer Staates und die Feigheit allzu

vieler demokratischer Politiker nicht eingetreten waeren. Diese konspirative Erklaerung des geschichtlichen Geschehens, diese meist bewusste Fehldarstellung musste die oeffentliche Meinung zu der Auffassung verleiten, dass nach dem Sturz des Nationalsozialismus einfach der fruehere Zustand wiederhergestellt werden solle, genauso wie seinerzeit die Heilige Allianz, die einfach in der Restauration der Legitimitaet die Loesung der Probleme der Franzoesischen Revolution gesehen hat. Das sollte, wie uns die Geschichte zeigt, sich schwer raechen.

Restaurationen sind fast ausnahmslos eine Unmoeglichkeit, auch wenn alle politischen Ideen schon einmal da waren und immer wieder in einer gewandelten Form wiederkehren werden. Die aeusseren Formen der Vergangenheit aber wieder aufzustellen ist ein grosser Fehler. Diesen hat auch die UNO begangen, indem sie von der Heiligen Allianz sogar das Interventionsrecht uebernahm. Noch weiter geht allerdings die UdSSR mit der Breschnew-Doktrine. Diese restaurative Politik hat weitgehend zur Infragestellung der veralteten Systeme gefuehrt. Hierin liegt die groesste Rechtfertigung der sogenannten Jugendrevolte seit 1968. Dabei hat zweifelsohne die Spannung zwischen den Generationen zur Verschaerfung der Entwicklung beigetragen, dies umsomehr, als die Kriegsverluste die Distanzen wesentlich vergroesserten.

Die Gefahr des gegenwaertigen Zustandes liegt darin, dass zu fuerchten ist, es wuerde einmal das Kind mit dem Bade ausgeschuettet werden. Ist man naemlich nicht bereit, das eigene demokratische System sachlich zu kritisieren und seine Fehler aufzuzeigen, schafft man also so etwas wie Tabus, dann sind radikale Reaktionen ueber kurz oder lang zu erwarten. Man vergesse nicht, dass, wenn Weimar mehr Selbstkritik besessen haette, es zweifelsohne Hitler nicht so leicht gelungen waere, legal an die Macht zu gelangen. Das gleiche koennte heute eintreten, wenn auch wahrscheinlich der totalitaere Angriff von einer anderen Seite erfolgen wuerde, als es in den 1930er Jahren der Fall war.

So gesehen ist eine Diskussion ueber die Zukunft des demokratischen Staates in der Zweiten Technischen Revolution

hoechst aktuell. Sie hat allerdings nur dann einen Sinn, wenn sie vorbehaltlos gefuehrt wird und die Bereitschaft besteht, alle heissen Eisen anzuruehren, aber auch die Erfahrungen gelten zu lassen.

Es muss in diesem Sinne festgestellt werden, dass sich unsere gesamte Verfassungsstruktur in einer echten Krise befindet. Im Sinne der Montesquieu'schen Lehren sprechen wir heute noch von einer Trennung bzw. einem Gleichgewicht der Gewalten im Staate, obwohl es sich hier um eine reine, durch die Geschichte widerlegte Theorie handelt. Es hat in der Praxis immer ein Uebergewicht, sei es der Exekutive, sei es der gesetzgeberischen Funktion, gegeben; nur die richterliche Gewalt stand im Hintergrund und hatte nur zu oft nicht die Moeglichkeit, sich wirklich durchzusetzen. Vielleicht war das in der fruerehen Zeit mit ihren wirtschaftlichen Beschraenkungen nicht anders zu machen. Heute ist es aber unberechtigt.

Ein zweites, wichtiges Phaenomen in unserer Verfassungsrealitaet ist der anscheinend unaufhaltsame Vormarsch des Zentralismus. Dieser waere vielleicht im XIX. Jahrhundert und in Zeiten des Mangels vertretbar gewesen. Auch ist er bei gewissen Phasen der Wirtschaftsplanung unvermeidlich. Das ist aber nicht alles im Leben der Gemeinschaft. Vielleicht noch wichtiger ist naemlich die Erhaltung des Menschen und seiner Freiheit inmitten seiner Erfindungen. Die Praxis zeigt uns aber, dass dies weitaus am besten innerhalb von kleineren Einheiten moeglich ist. Je weiter sich die Autoritaet von ihrem Objekt befindet, desto groesser die Gefahr, dass sie totalitaer werde. Es ist nun einmal Tatsache, dass in der Gemeinde mehr Freiheit erhalten wird als im Land und im Land mehr als in dem Bund.

Eine weitere grosse Gefahr unserer veralteten Verfassungsformen ist ihre wachsende Entfremdung von dem praktischen Leben. Das fuehrt zwangslaeufig zur Macht-ausuebung durch Organe, die nicht verfassungsmaessig verankert und daher auch nicht demokratisch kontrolliert sind. Man braucht in diesem Zusammenhang bloss auf

den gesetzgeberischen Einfluss der Gewerkschaften und der Kammern hinzuweisen, um zu erkennen, dass hier faktisch eine legislative Taetigkeit durch Koerperschaften ausgefuehrt wird, die in der Verfassung fuer solche Aufgaben nicht vorgesehen sind.

Diese kritische Entwicklung fordert Umdenken und praktische Massnahmen.

Die Zeit scheint gekommen, von der Theorie des Montesquieu ueber das Gleichgewicht der Gewalten im Staat abzugehen und sie durch den Primat des Richtertums zu ersetzen. Das Wort "Richter" darf aber nicht im strafrechtlichen Sinne, sondern als Rechts- und Verfassungswahrung aufgefasst werden. Um die Freiheit zu erhalten, brauchen wir eine Struktur, in der die schuetzende Funktion grosser geschrieben wird als die befehlende.

Dem gleichen Ziele wuerde auch die konsequente Durchfuehrung des Subsidiaritaetsprinzips dienen. In unserer Verfassungswirklichkeit muesste daher der Grundsatz vorherrschen, dass die grossere Einheit nur jene Aufgabenkreise uebernehmen darf, die die kleineren Einheiten nicht zufriedenstellend erfuellen koennen.

Schliesslich muessen auch jene Organe der Machtausuebung, die heute nicht verfassungsmaessig verankert sind, in die legale Struktur der Gemeinschaften solcher Art eingebaut werden, dass ihre Funktion gesetzlich umschrieben ist. Diesbezuglich sei auf das franzoesische Conseil Economique et Social als interessanten Beginn hingewiesen. Die offizielle Vertretung der Kammern und Gewerkschaften, zumindest als Konsulenten der gesetzgeberischen Koerperschaft, wuerde viel dazu beitragen, das politische Leben mit der Wirklichkeit naeher zu verbinden.

Zu diesen grundsuetzlichen Erwaegungen kommt die konkrete Krise der Regierungsformen.

Man sagt "regieren" bedeute "voraussehen". Um das richtig zu tun, braucht man Musse, die Zeit, um nachzudenken. Wenn wir heute mehr verwaltet als regiert werden,

wie allzu oft und mit Recht unserer Politik vorgeworfen wird, ist das weitgehend auf die Tatsache zurueckzufuehren, dass wir selbst praktisch unsere Regierungen daran hindern, ihre Planungsaufgabe durchzufuehren. Man braucht sich diesbeueglicherweise nur den Tageslauf eines Ministers vor Augen zu halten, um zu erkennen, dass dieser wegen seiner verschiedenen zeremoniellen, publikumsorientierten und auch verwaltungstechnischen Aufgaben einfach physisch nicht mehr dazu kommen kann, ueber die grossen Probleme nachzudenken. Er wird soweit ueberfordert - ganz abgesehen von seiner Partearbeit - dass er am Ende des Tages nurmehr daran denken kann, erschoeepft ins Bett zu fallen. Aehnlich ergeht es den Abgeordneten, von denen man Dinge in der Verfassung verlangt, die sie einfach nicht liefern koennen. Bei unserer Gesetzesflut und bei der scheusslichen Sprache, in der viele Gesetze geschrieben werden, hat der Abgeordnete ueberhaupt nicht mehr die Zeit, die meisten Entwuerfe, ueber die er beschliesst, durchzulesen, geschweige denn sie zu verstehen. Das aber wird von ihm gefordert und das kann er, weil er nun einmal Mensch und nicht Uebermensch ist, nicht liefern. Und wie soll der Ungluecksman erst einen Staatshaushalt pruefen, der in einem Durchschnittsstaat etwa 21000 Finanzposten enthaelt ?

Dazu kommt eine Struktur der Regierungen, die wohl den Realitaeten des XIX. Jahrhunderts angepasst ist, aber nicht denen unserer Zeit. Schaut man sich heute so eine Regierung an - und das stimmt so ziemlich fuer alle europaeischen Staaten - entspricht diese wohl dem Zeitalter des Gaensekiels, kann aber mit Datenverarbeitungsmaschinen und der Informationsexplosion nicht fertig werden.

Um diesen zwei sichtbaren Schwaechen abzuhelfen, waere es vorerst geboten, die Regierungen nach den Grundsuetzen moderner Datenverarbeitung umzubauen. Die Information ist die Grundlage jeglicher politischen Entscheidung: Und doch wird in der heutigen Struktur unsere Informationstaetigkeit - Sammlung wie Verwertung - weitgehend verzettelt. Die wenigen vorhandenen Maschinen sind ungenuegend ausgelastet oder ueberhaupt falsch eingesetzt, weil die bisherige Kabinettsstruktur solches nicht erlaubt. Eine

handlungsfähige moderne Regierung müsste daher denjenigen Aufbau erhalten, der die optimale Nutzung der Information gewährleistet.

Noch wichtiger vielleicht wird es sein, in der Regierung eine Trennung zwischen den Gedanken- und Verwaltungsfunktionen durchzuführen. Ein erster interessanter Schritt wurde diesbezüglich durch Präsident Nixon in Amerika 1969 unternommen, indem er zu jeder Abteilung seiner Regierung einen Sachverständigen im Weissen Haus ernannte, der die Aufgabe hat, über die grossen Probleme nachzudenken und Pläne zu entwerfen, ohne mit praktischer Verwaltungsarbeit belastet zu sein. Ein Beispiel ist die doppelte Funktion Professor Henry Kissingers und Staatssekretär Rogers. Das ist ein Grundsatz, der sehr bald auch in allen europäischen Ländern Durchführung finden sollte.

Wir erleben allerdings nicht nur eine Krise der Regierungsform. Auch der Parlamentarismus gibt ernstliche Schwächezeichen. Es wurde bereits erwähnt, dass unsere Abgeordneten überfordert werden und ihnen die technischen Mittel fehlen, um ihre Aufgaben zufriedenstellend zu erfüllen.

Dazu kommt, dass in vielen Ländern die Distanz zwischen dem Wähler und dem Gewählten immer grösser wird. Die praktische Erfahrung zeigt, dass bei proportionellem Listenwahlrecht auf rein parteipolitischer Grundlage die Demokratie sich mehr und mehr in dem Bewusstsein der Bevölkerung überlebt. Sie wird zum Parteifeudalismus. Sie bleibt nur dort wirklichkeitsnah, wo, wie etwa in Frankreich oder USA, eine Direktwahl der Abgeordneten erfolgt, wo also die Möglichkeit eines persönlichen Kontaktes gegeben ist.

Ein weiteres Element der Krise sind die steigenden Kosten der Organisation und der Wahlkämpfe, die es kleinen Interessengemeinschaften - siehe die Kennedy - erlauben, die Demokratie in eine Plutokratie zu verwandeln. Das beste Mittel gegen diese Gefahr wurde in England eingesetzt, wo, unter schärfster Kontrolle, der Kandidat nur eine ge-

setzlich bestimmte kleine Summe pro Kopf Waehler ausgeben darf.

Um die Parlamente wieder aktiv zu gestalten, muss ein neues Konzept des Gesetzes entwickelt werden. Heute enthaelt das Gesetz jede, auch die kleinste und unwesentlichste Durchfuehrungsbestimmung und der Gesetzgeber ist nicht gluecklich, wenn er nicht Paragraphen fuer saemtliche moeglichen und denkbaren Ausnahmen in den Text hineingepresst hat. So wird das Parlament zugrunde gerichtet bzw. praktisch ausgeschaltet, denn ein in Nebensaechlichkeiten versinkender Souveraan gibt seine Funktion auf. Die wahre Aufgabe des Parlaments kann es demnach nur sein, zu den Problemen die grundsaeztliche Stellungnahme des gesetzgeberischen Willens zum Ausdruck zu bringen. Das duerfte am zweckmaessigsten in Form von Rahmengesetzen erfolgen, die die Richtung angeben, die Durchfuehrung aber der Verwaltung ueberlassen. Allerdings muesste die richterliche Kontrolle wesentlich weiter ausgebaut werden als es heute der Fall ist, um naemlich Missbrauch der neuen Gewalt von Seiten der Aemter zu verhindern.

Nachdem Politik und Wirtschaft, also auch die politischen von den Wirtschaftsstrukturen nicht getrennt werden koennen, waere noch auf einige Phaenomene hinzuweisen, die ausgesprochene Grenzfaelle sind.

Da ist die modisch-phrasenhafte Abkehr von einer gesunden Wirtschaftswachstumspolitik. Es gibt heute eine Reihe von Sozialromantikern, die in Anbetracht der Zerstoe rung, die der Mensch in seinem Lebensraum verursacht, fordern, man moege auf den steigenden Lebensstandard verzichten, um die Umwelt zu schonen. Das ist politischer Unsinn. Ein solches Ziel koennte bestenfalls ein sehr starkes totalitaeres Regime erreichen, niemals aber eine Demokratie. Wir muessen daher bestrebt sein, das Wirtschaftswachstum aufrechtzuerhalten und versuchen, die oeffentliche Meinung davon zu ueberzeugen, dass es in ihrem eigenen Interesse liegt, einen hoeheren Prozentsatz der Mehrproduktion und des Mehreinkommens auf die Umwelt zu verwenden. Dazu ist es allerdings notwendig, das wachstumshemmende fiskalische Denken der Buerokratie zu bekaempfen und endlich zu

verstehen, dass Steuern nicht dazu da sind, den Neidkomplex zu befriedigen, sondern der oeffentlichen Hand die notwendigen Mittel zu geben, ohne die Dynamik der Wirtschaft uebermaessig zu mindern. Diesbezieglich ist das Verhaeltnis des Wirtschaftswachstums zur steuerlichen Belastung bezeichnend. Der fortschrittlichste Staat der Welt ist heute Japan. Seine Steuerlast betraegt nur 18,9% des Brutto-Sozialproduktes. In den Vereinigten Staaten liegt diese Belastung bereits bei 29,9% und bei uns in Europa im Durchschnitt wesentlich ueber 30%. Es besteht somit ein sachlicher Zusammenhang zwischen der Grosse des steuerlichen Eingriffes und der Verlangsamung der Wachstumsrate.

Eine vielleicht noch negativere Auswirkung hat das kindische staatliche Prestigebeduerfnis. Dieses fuehrt nur zu oft zu massiven Fehlinvestitionen. Nur ein Beispiel. Das immerhin reiche Amerika setzt zwei Fluglinien auf den Nordatlantik ein; Westeuropa fliegt New York mit 18 Fluglinien an. Die Tatsache, dass ein jeder unserer Staaten sich unbedingt einbildet, er muesse seine nationalen Farben auf irgendein mehr oder weniger altes Blech malen, fuehrt zur Vergeudung von Milliarden, die anderweitig dringend gebraucht wuerden. Objektiv gesehen fehlt uns keineswegs das Geld, wohl aber nur zu oft die Intelligenz, die vorhandenen Summen zielgerecht einzusetzen. Hier sind wir naemlich in Wirklichkeit kaum besser als die primitivsten Entwicklungslaender.

Die Kritik des Prestigegedenkens fuehrt uns zum ueberholten Souveraenitaetsbegriff. Dieser war bereits zu Beginn unseres Jahrhunderts zweifelhaft geworden. Heute wird er wohl noch immer von den verschiedenen moeglichen und unmoeglichen Staaten im Munde gefuehrt, er entspricht aber keineswegs mehr der Wirklichkeit. Wir sind im Rahmen unserer Nationalstaaten nicht mehr souveraen. Wir koennen z. B. praktisch keine tiefgreifendere sozialpolitische Weichenstellung mehr vornehmen. Bei der gegenseitigen Abhaengigkeit der Wirtschaften kann man einschneidende Massnahmen nurmehr im Einvernehmen mit den Partnern durchfuehren. Noch eindrucksvoller ist die gleiche Tatsache

auf dem Gebiete der Finanzen. Unter dem heutigen Waehrungssystem, das seit dem Abkommen von Bretton Woods besteht, haengen die westlichen Waehrungen auf Gedeih und Verderb vom amerikanischen Dollar ab. Die Amerikaner haben die Moeglichkeit, ihre Inflation zu exportieren und uns zu zwingen, ihren innenpolitisch bestimmten Kurs mitzumachen. Auf dem Gebiete Erziehung und Unterricht ist es nicht viel anders. Eine echte Reform unseres Universitaetssystems ist im nationalen Rahmen einfach undurchfuhrbar geworden, weil die grossen Anforderungen der modernen Universitaet eine solche wirtschaftliche Belastung bedeuten, dass diese nurnmehr durch Arbeitsteilung bewaeltigt werden kann.

Trotz dieser nicht mehr zu uebersehenden Tatsachen haengen die meisten Machthaber und Buerokraten starr an der Fiktion nationaler Souveraenitaet. Wir entwickeln eine foermliche Museumsmentalitaet, die uns in dem weltweiten Wettbewerb immer mehr in den Hintergrund draengen muss. Das zeigt uns ein Vergleich Europa-Japan. Die Japaner, die trotz oder vielleicht gerade infolge ihrer starken Traditionsgebundenheit wesentlich aufgeschlossener sind als wir gegenueber den grossen Problemen der Zukunft, wissen viel besser ihre Moeglichkeiten zu nutzen, obwohl unsere Ausgangsbedingungen weit guenstiger waren als die ihren.

Diese Bemerkung fuehrt uns zu der wichtigsten Erkenntnis bezueglich der Krise der gegenwaertigen politischen Formen. Es handelt sich bei uns nicht nur darum, die Staaten von Grund auf umzubauen, die Verfassungen den Gegebenheiten des XX. Jahrhunderts anzupassen und die menschliche Freiheit inmitten der technischen Revolution zu erhalten. Genauso wichtig ist es, eine feste Grundlage in der weltweiten Entwicklung zu finden. Echte Reformen koennen nurnmehr im Rahmen eines geeigneten Erdteils durchgefuehrt werden. Unsere Staaten, ganz gleich wie gross sie seien, Bundesrepublik Deutschland, Frankreich und England, sind in der modernen Welt Einheiten, die einfach fuer Politik oder Wirtschaft zu klein geworden sind. Sie sind zwar eine geistige Realitaet und sie werden auch weiter eine wichtige Rolle spielen, sie muessen sich aber in einer groesseren kontinentalen Gemeinschaft zusammen-

schliessen, wenn sie nur halbwegs die Fragen der Zukunft meistern wollen. Daher ist die europaeische Einigung in Politik wie in der Wirtschaft und morgen auch auf dem Gebiete der Sozialpolitik ein Gebot der Stunde.

Diese Problemstellung erklart auch weitgehend das Versagen der sogenannten Jugendrebellion der Jahre 1968/69. Die jungen Revolutionaere haben leider an den falschen Tueren geklopft und versucht, die falschen Festungen zu stuermen. Ihre Kritik richtete sich weitgehend gegen Regierungen oder gegen Universitaeten, die in ihrer entwicklungsbedingten Ohnmacht die geforderten Reformen nicht mehr durchfuehren koennen. Anstatt Verwaltungssilos und akademische Gebaeude zu berennen, haette die Jugend Grenzbalken niederreiessen sollen. Denn nur durch die Abschaffung wachstumshindernder Grenzen, die heute keine Berechtigung mehr haben, wird es moeglich sein, innerhalb der einzelnen Laender und Wirtschaften weiterzukommen.

Der franzoesische Schriftsteller Jean-Jacques Servan-Schreiber hatte recht, als er am Ende seines Buches ueber die amerikanische Herausforderung feststellte: Wenn jene, die in diesem Jahre an die Schule gelangen, das Wahlalter erreicht haben werden, wird die Zukunft Europas so oder so bereits entschieden sein. Man kann diesen Satz nur voll und ganz unterschreiben. Die siebziger Jahre des zwanzigsten Jahrhunderts sind fuer die Europaer Jahre der Bewaehrung und der Entscheidung. Von ihnen wird es abhaengen, ob der Erdteil, mit seiner grossen Tradition und seinem gewaltigen Reichtum an Menschen und Wissen, morgen noch jene Rolle spielen wird, die ihm zukommt. Die Antwort auf diese Frage wird nicht zuletzt auch fuer die Erhaltung des internationalen Friedens im Atomzeitalter entscheidend sein.

\* \* \* \* \*

## The Need to Make Cognizance Available

Ulysses R. Dent

When I was honored in being invited to write an essay for the "Mises 90th Birthday Collection". I fully understood I could not possibly intend to expand on economic theory, on which I am only a student. It was my original idea to investigate further on the decisive influence of Professor Mises' writings and lectures in the organization and development of similar institutes to our "Centro de Estudios Economico-Sociales - CEES" in Guatemala; convinced as I am, from publications and contacts, that Mises has guided the thoughts of professors and businessmen.

Writing in a personal way has great disadvantages, principally because the best expressions may only be reflections of what has already been written, the result of reading such great masters. Therefore, I claim no merit for myself. Since attending a Seminar at FEE, in November, 1963, I have been guided by the writings, lectures and conversations with eminent men who have privileged me with their friendship and counsel.

After consultation and research, it became apparent that my original thoughts on this paper demanded more time. Originators like Mises influence more through the writings of their followers than they seem to do directly. Being influenced both directly and indirectly, and concentrating on the effects of his theories on our work at CEES, it is easier to understand how influential the great works are, worldwide; yet how long a time goes without making discoveries available or understood by people who could help the world in eliminating the real causes of poverty and despair.

Ignorance is probably the worst evil. Leonard Read has expressed it well. "The more one knows, the greater is the awareness of not knowing." We have all seen how in the last

decades socialism has advanced. While knowledge is always limited, ignorance of what knowledge is available is vast.

There are probably thousands of people in each region who understand the counter-effect of Government measures that increase the intervention and create the obstacles for economic development. They comprehend and object to the artificial limitations of individual freedom that go beyond the natural limitation by the freedom of others. These people could stop the bad influx and reverse the tide of greater government. Freedom has been curtailed, new controls have been invented. While constructed on sand, they stand as useless but as real as the Pyramids.

This is my own experience. I could help, if I only knew how. I have learnt a little to understand I can never learn enough. But a modest beginning is the way to start. I began to understand the reasons behind my feelings for a market economy when I started to receive a little pamphlet published by CEES - Manuel F. Ayau, editor, a great friend. I was most impressed with all the articles reproduced, principally by those written by Mises. Early in 1963 we started to study together - Ayau had already read a great deal. By the end of the same year, we attended the FEE Seminar. Lecturers were Read, Rogge, Rogers (r.i.p.), Russell, Bien, Poirot, Opitz, Petro, Curtiss, Fertig, Hazlitt, and von Mises. All have been most helpful to us, great personal friends and tutors individually and at CEES. We organized seminars in Guatemala, and have been greatly honored with the visits of Mises, Hazlitt, Rogge, Read and Russell of this group.

Mises has influenced CEES to a great extent. In case of doubt, his writings guide us. In studying his works, ideas take form, expanding into lectures, reproductions, speeches, newspaper articles. CEES has been publishing a weekly column in the most important daily paper in Guatemala. Many columns have been inspired on short paragraphs of Human Action, which could be more adequately called thoughts. Many more articles have been produced based on some of his phrases of his lectures.

---

\*Other lecturers at CEES: Hayek, Erhard, Alsogaray, Diaz, Kirzner, Velasco, Shenfield & Shenfield, Haberler, Thurn, Sennholz, Bailey, Manion, Lyons.

When definitions are clear many applications are found that relate to conditions existing at every opportunity. So, in trying to reach more people, from "The Ricardian Law of Association", Ch. VIII of Human Action, a simple comprobation of mutual gain from trade was mathematically proven and illustrated for a newspaper article by Ayau, which he could expand in the form of his pleasant book "From Robinson Crusoe to Friday."

There is no doubt that there is today considerable economic information available that is not reaching the spheres of Government and education, the bookshelves of businessmen and leaders. And many motivated men ignore that there are discoveries that can make any dedicated person understand how the market economy would benefit all the people, and do away with the obstacles that stop progress.

With the fantastic development of communications, it should not take the tremendous lapses of time to make knowledge available to more people. And yet we see decades passing by, without any advantage from these discoveries. We see the development of more Government, more controls, more socialistic measures. We witness how private enterprise organizations fiercely battle against some measures that they later on approve and even collaborate to put into effect. "Brain washing" is sometimes a slow process, requires no pressure - simply time and patience.

It is evident there is a conspiracy of silence. Lord Keynes, a most influential man, used this weapon with great sagacity. His mention of Mises and Hayek disregarded their great works as "confusing" or incomplete. Keynesians do not even bother to read, even now when disaster is manifested as a product of the utilization of Keynes' theories.

We see that all universities around the free world emphasize Keynes' ideas and refuse to incorporate, learn of and study the new discoveries that make economics a science. Central Banks use the power of money to strengthen Keynesian theories, to support their very existence and invigorate interventionism.

On many occasions there are new constitutions promulgated that enhance the free enterprise system, guarantee the property rights and limit government power, but then confuse the issue

by tergiversating definitions of freedom, rights and power.

No doubt the powerful governments would disqualify theories that would in effect demonstrate the need to limit power. To Governments, free enterprise is something to be done out of the scope of the will of government to intervene. Anything the state wants to do is not free. And of course, the natural tendency of the state is to take over completely.

We are therefore facing great obstacles. Contemporary history shows us that the greatest advances are produced after total disasters: war and defeat. Ludwig Erhard was not only capable but able to take a giant step to start with, doing away in one sweeping strike with more government controls than we can imagine existed. He was not permitted to accomplish all he wanted to do, yet Western Germany achieved a remarkable degree of market economy. The astounding recovery served as an example which some misinterpreted as being the natural result of post-war world organization.

Due to this misrepresentation of facts, the majority of nations took the opposite way, "The Road to Serfdom" as Hayek put it. Consequently, they failed, for having disregarded cognizance and good examples.

Japan has advanced very much in the same pattern after a very slow start, and according to the degree of gradualism adopted. They admit more foreign investment and technical assistance, and progress in accordance to the percentages selected. They are cutting tariffs to combat protectionism in the United States of America, becoming still more competitive. Their exports for cars and trucks are increasing constantly, even more now because of a cut of more than 50% on Japan's import duties for cars.

It follows that possibly countries need the experience of total failure to dramatically turn around, dismantle socialism and start an accelerated ascent, making use of the knowledge that is available.

#### THE LATIN AMERICAN EXAMPLE

Most of the Latin-American countries enjoy the right conditions to develop without having to deal with the problem of

devastation. They have this great advantage: no displaced persons, no ruined installations, no disembodiment of great armies, no starvation.

These nations sit on the launching platform ready for sustained and fast advancement. But they all take the sinister road of nationalism, expropriation, "social" justice, progressive taxation, minimum wages, subsidies, international cartels, price, production and exchange controls. Before they can get the capitalization needed, they start regulating foreign investment. Before efficiency of production for export, they restrict imports and thus waste the opportunity to become competitive in the international market.

Latin American countries get stuck in fallacies. They claim that international prices for raw materials, minerals, grains and food exported are lower all the time, while imports get higher prices. In fact, prices for most Latin American exports have risen while many industrial raw materials imported are subject to intense competition that forces industrial countries to become more efficient. Giant sea transportation and handling facilities have been developed, along with bigger and more economical plants, resulting in lower prices. For instance, plastic raw materials were cut in price by 75% in just one decade. An amazing result, considering that most industrial countries depend on imports of the basic raw material: oil. This achievement has been possible despite increases in wages paid, rising costs of inland transportation and port charges - and higher prices on oil produced in "underdeveloped" nations.

Of course the consumers of the developing countries fall easily into this trap. They only see rising prices for all consumer goods, whether imported or manufactured locally. This is only the consequence of acute protectionism. Not only import duties are made prohibitive, but air, land and sea transportation is monopolized by the state, so that rates increase without the benefit of competition.

In restricting imports, subsidies under many different "development" assignments operate in a growing pattern, while subsidized production gets overwhelming controls, with a constant increase in government agencies that require myriads of paper

forms to fill. The simple registration of commercial firms require legal copies of all deeds and duplicate former registration at tax, social security, labor and all other government agencies previously established. Quite an impossible control, overflowing with papers that even the whole bureaucracy can't cope with.

The tendency of paternalism is rampant as well. Wages are artificially kept low because of heavy taxation for "social benefits" and severance payments that no capitalization covers in fact. We witness now the demands of laborers in Chile, calling for more money than many times the worth of nationalized enterprises. Pressure is exerted to increase wages, and minimum wage laws produce unemployment, heavier taxation, welfare and government intervention. And of course, louder cries of unjust manipulation of international prices by the industrial nations.

Investment of the limited savings of their own citizens is restricted by fear of political reprisals, now aggravated by organized bandits, self-styled guerrillas enjoying political sanctuaries that are guaranteed no matter the nature of their crimes. Foreign investment is discouraged under the disguise of "national interests." And so, the misnamed wealth of their natural resources is only symbolic, remaining more underdeveloped than the countries themselves.

The authority of central banks move in the same restrictive direction. A new god has been created, in the form of foreign exchange reserves. Few weapons can equal the power of a god. In his name, all kinds of intervention are justified. People should not travel abroad and waste the resources of the nation. Imports weaken this god, people must be protected against the evil of imports.

Familiar arguments are: Credit must be classified. The best destination is infrastructure, followed by industrialization. Agriculture is good, but must be regulated. We cannot remain backward by exporting bananas and coffee. These are planted by the rich who use credit they do not need in detrimental fashion to the development of the country, subtracting from those involved in pioneering new production - under the enlightenment of the high priests. We must produce what we consume. We must diversify agricultural production even at the

expense of efficient production existing. Development of utilities is government field. Only government can run public services. Subterranean resources belong to the State. State monopolies must be protected against dumping by sinister international interests.

Consequently the "developing" countries suffer from classification of credit that grows in detail. "Commercial" credit is bad, it can only be used to import goods we should produce or export badly needed capital. Exchange controls must be established with heavy penalties, so that unpatriotic persons cannot keep their liquidity abroad.

Private bankers really don't know how to dispose of their resources. Definite amounts must be determined by the authorities according to destination. A cattleman should really plant cotton; when the cotton line of credit is exhausted, beans must be planted.

Industrialization is the fashion. Long term credit should be extended. Low rates from International Development banks must be taken advantage of - and then made high to users by the processing through a long chain of state banking controls and state bank intervention.

To develop industrial production, common markets must be negotiated. Without import barriers, industrial complexes can be "integrated." Integration means state controls and free trade disappears. Production planned for five countries gets restricted to four, or three or two. Industrialists are getting too much: they must pay 30% duties and 10% of normal duties must be invested to create industrial banks.

Suddenly the wise men regulating common market trade observe that one of the countries is not producing enough cotton and textiles. No more plants should be established in the other four countries. The resources of the common market bank must be used to induce the establishment of this important industry in the most "underdeveloped" country, regardless of whether entrepreneurs consider climate, labor, facilities, power and communications more adequate somewhere else. Planners should know, they are the professionals.

An application for a high tariff gets immediate response, whether production really is started or not, whether economical or not. Thus agricultural production gets taxed out of proportion and the cost of tools is artificially increased. The pattern repeats itself, just the same as in Rome or U.S.A. The farmer must get a high price for his product, the consumer must pay the lowest possible price. All get taxed some more.

Foreign investment is good, except that one under discussion at any particular time. Plants owned by local citizens should not be sold to foreign interests. Naturally those who do sell their plants invest in other enterprises that they consider more productive, but they nevertheless will be accused of the unpatriotic move to export their capital, despite exchange controls considered adequate to stop such actions.

Socialists continue in their arguments: As the best destination of credit is infrastructure and only government can do a good job about it, long term development credit must be obtained. Any amounts offered are acceptable. Foreign debt increases in an endless spiral, assuming that future budgets will also increase indefinitely.

The American taxpayer turns out paying taxes so that these long term loans or outright gifts - foreign aid - can be used to expropriate and nationalize American taxpayer investments in Latin America.

There is no need to expand too much on this paper on the effects of state investments. The state will not consider whether operations will be profitable at market prices: higher prices they will fix, and additional taxation can cover the losses. The state will invest in unprofitable projects like hydroelectric plants, spending for production three times higher than there is water available. In occasions such new plants only replace the ones that are efficiently producing the same output, with the difference that new plants run by the state suffer from unplanned stoppages. In the process, they move rivers through mountain tunnels, leaving producing farms without water. Not being government farms, no harm is done, according to this line of thinking.

The utilization of water resources is also the state right.

Government can not only move rivers out of their normal course, lakes are half-emptied, property rights are re-defined, so that the shores of lakes, rivers and oceans are reserved for the state.

The contradiction of more industrialization and hampering with the economical production of electric power, is simply not understood. Industrial plants will either depend on expensive power, or will pay hidden taxes to the same effect, or both.

Of course, all hidden expenses and taxation multiply by so many factors such as loans to pay for bigger than necessary plants, to pay increased rates and taxes that make production anti-economical.

Therefore, claiming the need to make industry competitive in the world markets, or simply within the frames of common markets, they must be subsidized, compounding problems towards the formation of one big inefficient apparatus.

Most Latin American politicians like the consideration of "underdeveloped," though they abhor the name. Some have collapsed, recovered when controls are liberated, and follow again the same route to failure. We witness the collapse in Uruguay and yet some of the measures that produced such collapse are copied by others. Regimes elected for their free enterprise ideas adopt plans previously made by socialistic planners. They must have a plan to show they know what to do.

Five year plans follow the same pattern probably originated by the Societs, except these new plans get new names. According to introductions, economic plans are to fortify the free enterprise system. But this is the end to free enterprise.

#### AGRICULTURE

All plans contemplate Land Reform Laws that result in making efficient farms inefficient, while planning for wide distribution of land. Again all the experience gained is disregarded. By distributing thousands of small patches of land legally stolen from other private owners, they condemn millions to permanent misery - for production under such circumstances can never sustain more than miserable living conditions.

The experience shows that only a small percentage really work on the small patches. Most of the "benefited" small farmers do not feel secured in land they have not bought. Easy given, easy taken away. The state can afford to make experiments with all the money given away by the industrial nations. So there would be mechanical equipment working for free so that the experiments are successful and planners can continue in the same destructive process.

All the failures are blamed on the market. The poor little producers, helped by state equipment, fertilizers and plague controls given to them for free, finally get some production going. But they get starvation prices paid by independent truckers who drive their trucks to the production zone, and bargain to purchase production at the lowest possible prices. Truckers are just as poor, but they will be called "hoarders" who exploit the farmers. Consequently, the state plans for vast expenditures in silos, and this way the farmers will get a programmed system of sales at sustained prices throughout the year. Silos built during the previous five year plan were probably never used and are covered by the jungle. This must be due to lack of up-to-date studies; "now" they know better.

Roads are built to relieve the farmers from the exploitation of hoarders, but a new philosophy is adopted, which is in itself surprising, coming from planners: What comes entirely free is not appreciated. As a result, good roads are built, but it is demanded that farmers give a cooperative effort: they must pay to pave them. In the discussion, roads get no maintenance and will not be finished until the state does it.

Planners find large extensions of land to move people to, and make it productive. It may be jungle full of mahogany that should be cultivated. Instead, planning determines it is good land for corn or cattle or whatever. It may be large sabanas good for oil companies to drill experimental wells, but without an inch of humus, just hard clay. The people moved in find themselves isolated, far away from water and supplies, hard to get out from, remembered during electoral campaigns. Nobody is surprised to find they moved out somehow.

In the process, the efficient farmers suffer from constant

vigilance to find land that can be legally taken away from them. Forest inspectors pester them with fines for cutting trees down, while the economic plan considers forest reserves as "idle" land, tagged for expropriation at planners' assessed prices.

Economic plans stipulate generally the extension of land that each owner should hold before considering it as feudal estate. Thus large economical and productive farms are threatened and thus economic plans destroy economical production.

In spite of all the threats, entrepreneurs maintain a high level of enterprise and develop as well as diversify production, in the normal market way. If development is not as fast as it could be, it is due to the bias exerted against them. Considered "rich," they should not get credit that should be available only for projects contemplated in the plan. If it takes seven years to develop production, like planting rubber or raising cattle, they will get five year loans. Expansion of coffee production is not an acceptable proposition.

Producers are constantly suffering from new taxation, from highways and high tension cables crossing through their installations and processing plants, from government interference in water resources, labor department, social security, forest, health, union inspectors, apart from other authorities and organized political banditry.

People in U.S.A. may figure that farmers get a lot of benefits. Public works in hydroelectric plants and irrigating lakes favor them. The state builds communications. Farmers have access to electric power, telephones, good highways and roads, police protection. They own the land and the subterranean resources. They get subsidized prices, subsidized production and get subsidies for not producing at all.

All this does not apply to Latin America properties. The zones under production get no phones, roads, electricity, unless they pay for these services themselves. In most countries they cannot get together in a common project to produce electricity for all. They all can produce all the electricity for their own use, but they cannot cross the limits of their individual properties. Thousands upon thousands of small gas,

diesel, steam plants are then operating. Fuel gets exorbitant taxation, well over the cost itself. They build their own roads and then the law says that all roads are for public use. Organized political bandits sell "protection" from themselves, while law and order forces can hardly cope with this new type of criminals.

Of course, there are compensations, for there would be no production otherwise. Whether it is climate, relatively low wages, family living, friends and love for country, people are struggling as all human beings do, to improve their own. There is hope and hard work. In a generation, most hard working people can look back and feel satisfied of their own achievements.

To close on the agricultural aspects of Latin American economy, I can only remark that if the free market was permitted to operate, the agricultural development would be fantastic. As it is, it is impressive. Free market is not understood even by most entrepreneurs. Sugar cane growers want high minimum prices, sugar mills want high sugar prices. Cattle ranchers want high prices on the hoof, meat processing plants want them low enough for production within the market prices. On and on, with cotton, shortening plants, textile plants, apparel manufacturers, ad infinitum. The market economy strikes them all like lightning.

#### INDUSTRIALIZATION

Economic planning of course affects in all directions. Industrialization being one of the magic words, it would be expected it would attract the attention of the planners. Of course it does, and in the same detrimental manner.

It is assumed that little industry exists, if any at all. We hear the remarks made to this effect. Naturally the industry that does exist, previous to all the economic planning, is totally disregarded by planners. The new industry is for them the only industry and it is the new industry that planners pretend to know better than entrepreneurs how to develop.

It all starts with a fancy new development law that guarantees investors freedom from taxation for periods of time estimated as needed to pay for all installations. This alone does little harm because taxes would not be paid either if there were no installations to start with. But this is about the end of all the benefits. It is only the starting point of the maze.

Intelligent planning must help the investors understand what is good to produce and what is not considered good judgment. At the beginning, confusion, or rather chaos is the pattern. There are many shoe makers who may happen to have been protected already against the invasion of mass produced shoes made in foreign countries. Entrepreneurs look at a market full of barefooted people. Hand made shoes, though priced low considering the hard and long labor - to use a marxist term - are out of reach by the mass of potential consumers. Consequently, the first mass production is started. Shoemakers demonstrate and the press blast these new - usually foreigners - exploiters who are going to drive all shoemakers out of making a decent living. After a long turmoil, the factory is permitted to operate; their laborers have also demonstrated. But they must not undersell the shoemakers, as this is called "disloyal competition."

The still high prices of the manufactured shoes attract many other entrepreneurs and more efficient plants open up, under some restrictions. They must not make leather shoes, for this would drive shoemakers out of a job. Canvass shoes are acceptable. The process continues until the turmoil weakens, and finally there are as many hand shoemakers as there were before or more, there are many new factories and the newer ones are most efficient and competitive. The consumers no longer go barefooted, they might even buy one extra pair or two, mass-made leather shoes as well.

A market that did not exist thrives to such an extent, that even some imported fine shoes find a place. Now not only the shoemakers but the factories and all the thousands of dependents will starve with the foreign competition. We must consume what we produce. The fires of protectionism raise. Patriotism is exalted. No one wants protection for himself,

it is all the people that have to be protected.

A new factor enters the field of economic planning. Not only fiscal sacrifice, long term credit and restricted production to competitors is needed. Protective tariffs must be established. At this point, no one thinks of the shoe wearing consumer that used to go barefooted. So many thousands of workers, now unionized, cast their heavy weight in the scale and weigh more than millions of consumers.

Economic planners can well see the advantage. It is through controls that power is obtained. They will not recommend higher tariffs unless they can check manufacturers will not abuse the consumers. It is time to design something new. Industries must classify, according to investment, number of employees, whether raw material is local or imported, substitution of imported goods, and a long list of requirements. Investors save so much in taxes, they should not complain for expenses. On top of all that, entrepreneurs really don't know; they must present "economic studies" signed by a doctor in economics. Local universities must expand their economic faculties to cope with the demand, as this instrument is highly productive: it is producing jobs wholesale for economic planners.

Producers should not complain. Any request to raise import duties is processed as fast as the bureaucrats can do it. Except for old fashioned methods, that all taxation has to be approved by Congress. Intents are made to be free to manipulate the tariff without so much trouble. Thunder is heard from all sources: Chambers of Commerce and Producers Associations. Tempest explodes at Congress. Presidents see the threat to executive power. Time for a pause.

Industry could be so much more efficient if only the market could be expanded. The common market idea gets all the backing from all forces. Duty free imports and exports is of course a tremendous factor of development. The setback is that all countries have a different tariff for imports from "outside the area."

Economic planners must get together to study a system for a unified tariff. The easiest solution is level all fractions

up to the highest, and with few exceptions, this is done. The tariff is no longer a fiscal tool, it is an "instrument for development." Of course, tariffs must be approved by Congresses of each nation, and considering there are many fractions where accord has not been reached, the common market nations agree to leave this to the integration authorities.

This is how, without a fight, Congresses and executive authorities of every nation lose control on taxation through an import-export tariff. In similar maneuvers, integration authorities make arrangements for common market communications systems that force private companies out of this field. American telephone and telegraph companies are invited to leave, and from their taxes in U.S.A., the common market governments get Aid to pay for nationalization.

This common market idea is a fountain of new methods to impose controls. To protect the country from exports of capital, strict exchange controls have to be established. But people can take money out to another common market country, then exchange for hard currencies. All countries must establish exchange controls. The exchange controls really open up the books for all operations. Records of all exports and imports are fed. Movement of people is controlled; in order to get exchange, complete information must be submitted, where traveling, how long. They all must be careful with expenditures: a maximum quota per day must be established.

In the process the original idea of free trade in the common market is totally lost. Balance of trade is followed with great care, forms to no end have to be filled in, border inspections make all transportation inefficient, insecure, damaging. It is enough that someone would denounce that a certain product moving across the border is not produced in the other country, or is simply assembled, or is damaging the interests of local producers, to have all transport stopped and delayed and many times returned.

The balance of trade is another interesting idea that produces more control for planners. Countries start getting classifications of "advantage" and "disadvantage." The country at

disadvantage must get more industrialization. So the planners determine that such country must make items that the other four are making and flood this market with such products. All the benefits are suspended in the four countries, and benefits are extended in a larger scale to attract a particular industry in the country at disadvantage. Statistics flood around and modernization of plants or new plants are stopped in four countries. In order not to take advantage of the poor member, plants should cultivate inefficiency.

Planners know everything about everything. Concentration of production in capital cities is really bad. Special benefits must be designed to move them out. If they are slow in doing so, restrictions can operate. Consequently, whether economical or not, it is cheaper to move than to stay.

With such manipulation, resources are wasted to a great extent. Entrepreneurs do not invest considering normal conditions but artificially abnormal ones. Based on protectionism and fiscal benefits, on elimination of competition, many investments are anti-economical. This is how getting out of the maze becomes a giant's job. Investors are the ones requesting what planners want. Protectionism is here to stay. That is, until total disaster appears.

#### FOREIGN AID

It is because of foreign aid that Latin American countries embark upon fantastic projects of industrialization, of Land Reform Laws that disrupt production, on State-owned and State-controlled communications, utilities, transportation, education, health and welfare projects. Socialism is exported through foreign aid, so that the pressure on U.S.A. comes back from abroad, as Hans Sennholz put it.

Due to the limitations of this essay, it is not possible to expand on the effects of foreign aid, except to observe that all projects outlined and many others in all different fields are financed with gifts or very long term loans marked for "development," which really means for advancing government intervention.

Foreign aid has produced gross misallocation of resources. Production turns into waste of vast proportions. Foreign aid has stopped private investments and has reversed the process. Instead of collecting taxes from investor-owned companies, governments take over production at an impossible cost to taxpayers.

When communications are taken over by government, in one decade expenses grow tenfold and services decay. Electric power run by government increases taxation and rates, so that all industrial production is damaged by stoppages and becomes anti-economical, non-competitive.

Governments get financed to take over railroads, airlines, ports, truck companies and steamship lines, so that the compounded effect of total inefficiency drives governments to total inability. By the time they try to wake up, railroad track and equipment is obsolete, steamers, truck, planes, port equipment, all needs to be renewed. But the expensive original cost is not paid yet. More loans for more waste are required. In short, nationalism is financed by foreign aid, in detriment of foreign companies that had cost not one cent to nations.

Economists should pay special attention to the detrimental effects of foreign aid. This is the fountain-head of all socialistic measures, conducive to State controlled economy. It is the foundation of confusion that discredits the real development tool of foreign investments. It inspires nationalistic policies that disrupt production and creates enmity when the lavish expenditures slovenly given were intended to make friends. Foreign aid attacks property rights by financing government enterprises that suppress or impede private investment. All Latin American failures can be traced to this factor, yet little attention has been given to it, when most other problems would not exist in the absence of foreign aid.

#### MAKING COGNIZANCE AVAILABLE

We have seen socialism advance even with the naive cooperation of free enterprisers who compromise. Centro de Estudios Economico-Sociales - "CEES" - influenced by von Mises, like all other institutes working for free market economy, realizes that the trend would be reversed and effective progress be achieved,

if only the discoveries are made available.

CEES does not compromise. We use all peaceful methods to make cognizance available. We publish our fortnightly pamphlet distributed to a selected list of over 4,000 persons. We personally review our listings to reach those who can help spread the market economy theory. We publish newspaper articles and a weekly column in the most respected daily. We have organized seminars and many distinguished lecturers have honored us with their cooperation.

CEES is now organizing a new university, starting hopefully in 1972 with the faculties of law, economics and humanities. No doubt our efforts are not enough, but we can only expect Latin American countries will eventually comprehend the benefits of the free market. When this occurs, we all know recovery will also be misnamed: "miracle."

# Growth Delusions

George Alexander Duncan

1. The essential proposition of this essay is that contemporary "Growth Economics" is a nonsense exercise, a supreme example of that kind of philosophy which, as Descartes says "affords the means of discoursing with the appearance of truth on all matters, and commands the admiration of the more simple". It might even qualify for admission as a subject in the schools of Swift's Laputa. Intellectually, the "growth" obsession has damaged the quality of economic research and understanding by its pretended statistical realism and by its mechanical assumptions. This very circumstance gives the contemporary form of dogma an attraction for the more simple (i.e. practising and aspiring politicians and civil servants and experts), who would be repelled by more austere analysis, and who naturally neglect the qualifications and conditions attached by the more sophisticated artists. The pragmatic danger lies precisely here, in that growth has become an object of policy and programmes, politicians and their servants being encouraged by an apparent exactitude and simplicity to assume tasks of government and advice far beyond their powers, even when aided by a high degree of self-deception. Dangerously, also, the prevalent mythology has distracted attention from more significant issues, has diverted an immense amount of skilled and less-skilled brain-power from the services of knowledge to the futile service of governments, has created millions of seemingly-important jobs for the verbose, has confused the debate between the liberal or humanitarian and the socialist or authoritarian views of society, and has encouraged the adoption of attitudes and actions on the part of "the authorities" consonant only with socialist-authoritarian doctrine.
2. Disillusion with the delusions of contemporary theory and practice in the matter of economic growth does not convey or imply denial of the substantive historic fact that something we can call economic growth or progress has existed in the past, does exist at present and will continue to exist in the future - so far as it has been, is and will be permitted by its enemies the politicians, whose wars -

civil and international, military and economic - have been and remain the predominant obstructor and destroyer of economic and social progress. In parenthesis, it is ironical that the chief agents of destruction are now so devoutly worshipped as, hopefully, the progenitors of progress. There is a world of difference between the more sober contemplation of growth and its causes characteristic before, say, 1930 and the more mechanical and aggressive approach of our present-day pundits. In fact, "the nature and causes of the wealth of nations" has been the central theme of systematic economic theory since it started, long before Adam Smith's time, investigations into the mechanisms and psychology of economic behaviour providing the essential groundwork for assessing economic results and criticising the behaviour in the light of results. Since Keynes' "General Theory" a profound change has undercut the old teaching, elevating the uncertainly definable and imperfectly measurable resultant of complex processes into an end-in-itself, capable of exact measurement as to both quality and magnitude, and capable also of being promoted by prescribed actions, normally of "government policy" and formulated as plans and programmes. The change in emphasis, translating a resultant into an objective, is clearly shown in university teaching schedules and in the arrangement of text-books: both now habitually begin with "National Income" and "policies" for increasing it, all in a nationalistic framework, and bring in the many aspects and determinants of economic behaviour as a kind of afterthought. Many serious economists still survive to whom this procedure seems, both pedagogically and practically, putting the cart before the horse. It is true that Keynes and his more credulous disciples, in the peculiar circumstances of the 1930's (the by-product, as Keynes himself wrote in the "Economic Consequences", of government folly and malevolence), devoted their attention chiefly to the cure of unemployment, but, for those simple enough to imagine a direct relationship between the employment proportion as shown by official statistics and the size of the national income as shown by doubtful estimates, the substitution of "growth in the national income" as the object of "policy" was an easy step. Nothing said above denies that governments and their experts have a role in economic life, or that there is a certain (or, rather, uncertain) connection between employment and aggregate production, or that calculations of national income or gross national product possess a certain interest - what is questioned is the extravagant and absurd use made of these and similar concepts in our contemporary politico-economic scene. We can examine only some of our grounds of distrust.

3. The criterion or yard-stick of economic growth in common, pseudo-scientific usage is gross national product. It has become vulgarised to the extent that it is ceaselessly bandied about with an air of wisdom by countless thousands of people who have no idea of its meaning or calculation. GNP is a debased coin, like rheumatism or nervous exhaustion. The primitive estimates of "national income" have in the past forty years been refined and expanded into our present massive calculations of G.N.P. and its appropriation, still often under the title of "National Income and Expenditure", constructed in the forms of "social accounts" and "input-output tables" - they are certainly not "accounts" recognisable by an accountant, and the relevance of "input-output" is not easy to find. It is an open question how large a part of the immense ingenuity and effort put into this research has been wasted in Laputa. As already said, such inquiries are a legitimate object of curiosity, but here the question is the validity of such computations as a basis for recommendation by an expert or action by a government. Our only answer can be that the foundation is very sandy, and for reasons well-known to the cognoscenti. Even with the best-regulated statistical police, as in the United Kingdom or the Irish Republic, the best of the vast masses of statistics now collected are inaccurate or incomplete within wide and inconstant margins of error, and many are no more than guesswork. The adaptation of this raw material, compiled for irrelevant purposes, for G.N.P. estimates, involves another range of errors. Further, the treble process of collection, publication and adaptation requires a time-lag running into many months in the best-policed societies and eternity elsewhere. The expert and his political boss fill in the gap with estimates and forecasts which rarely consist with the doubtful "actual" figures when finally published. Even when dealing with the events of, say, five years ago, the "facts" are murky. How much less dependable are they when related to last year, or even, in our present feverish taking of economic temperatures, to the current quarter? Add to this mess the circumstances that over most of the world the economic-statistical police is sadly deficient, and that in the Socialist-Communist part of the world the basic G.N.P. computations are simply not feasible, and the partly relevant data are habitually falsified for political purposes. It is hard enough, even in a relatively free world to get reasonably accurate data, but socialism denies this on principle.

4. The preceding paragraph Juvenal would have called chewing over old cabbage. Even in our company such a rehearsal is necessary from time to time, because one succumbs so easily to economeretrician "realism", and accepts too easily the critical ability of the policy-makers and their Grey Eminences. Crudely, these comments constitute a reminder to ourselves not to be fascinated by glib comparisons between a "growth-rate" of a % in economy A and Z % in economy Z, and between a rate of a - n % this year in economy A as compared with a % last year. These neat percentages mean nothing, whether as statements or targets. No word could illustrate better our contemporary substitution of metaphor for thought than this one "target". We progress still further into the realm of fantasy when we project or imply or plan or suppose a growth-rate of n % for the current or succeeding year. Most of these efforts are, naturally, of the crude 1928 Stalin-de Valera type - the boss says: "Here is the pattern I have seen when looking into my heart; go and get it". The more sophisticated ones, however, build up a vast apparatus which the rest of us take too easily on faith, dazzled by econometric expertise into overlooking the fundamentally baseless assumptions, namely:

- a) that we have anywhere a reliable record of recent economic events;
- b) that this record can be convincingly translated into the terms required by G.N.P. theory;
- c) that the statistics can be tortured into revealing a "growth-rate";
- d) that one can arbitrarily set an optimum or potential "growth-rate" of n % p.a.;
- e) that measures or policy or action can be taken by government incantation or flagellation to pull down this "growth-rate" out of the sky.

5. There is, as we know, one valid programme for economic expansion, and that is that everyone use his wits to expand his saleable production, so far as he is interested in expanding his command over other goods and services. If X is not interested, or if he can expand his command by preying on his neighbour by banditry or the social services,

he is economically negative. Then, supposing that A to Z, omitting X, are productive and ambitious, how do we sum up their efforts? The conventional answer is G.N.P., superficially criticized above. The radical question, however, was put a long time ago by Ludwig von Mises: "How can one add relatives?" The question is much more relevant today, when the unit of valuation has been made much more "airy-fairy" than it was when von Mises wrote. The quantities written into economic diagnoses and prescriptions are not quantities at all, as a natural scientist understands the term, but value-aggregates corrected by a price-index. In English the usual but ambiguous name for this monster is "volume", but many languages, both more sophisticated and more primitive than English, have no closely parallel term of art with the same delicate ambiguity. Though a "sum of values" is unintelligible, we do not need to deny ourselves the pleasures of the parlour-game, but we must preserve always in the back of our minds the realisation that the aggregates, about whose magnitudes and rates the princes rave, are simply meaningless. Queries whether, in the politicians' formula, the "nation's growth-rate" has been only  $n\%$  in 1970, when it "should" have been  $n+y\%$ , and "must" be brought up to  $n + y + z\%$  in 1971 if the "nation is to survive", and to  $n + y + z + a\%$  if "adequate provision for investment is to be made", are strictly irrelevant. Anyone can promise anything, and string up a lot of plausible data and conjectures in support; many people make an honest living under canvas by doing just that. Slowly and deviously we are coming up to the double-axe:

- a) In the quest for the Golden Fleece the laborious speculations of the econometers assist us not at all, for they are incapable of judging reasons and purposes - a mock-accounting filled out with slack variables leads only into a sans-issu (anglice cul-de-sac) bordered by aggregates.
- b) Mensuration, however technically valid, and in economic spheres it is normally invalid, cannot distinguish between cost and satisfaction - consider armaments and space-rocketry.

Here again one must refer to von Mises, though he was not the first to make the point. All economic aggregates are of the nature  $P \times Q$ , and the derivation of the component P is of the

utmost importance, because the sacred cow PQ (a lapse into metaphor) now enjoys vital statistics dictated less by nature than by art. The validity of the product PQ depends on the validity of both of its components, P and Q. Neither of these is real, in any physical or tangible sense: they are both imaginary constructs. Under certain circumstances one could persuade oneself that PQ does represent a kind of reality, but these circumstances no longer exist. The circumstances required are that P should stand for market prices, i.e. the valuations set by consumers, and Q should stand for identifiable goods. Manifestly, with most prices fixed arbitrarily by governments, and the widening ranges of complexity and quality of goods, these conditions cannot be fulfilled. However reluctantly, one must plug the crambe repetita, because fascination with statistical acromentics dulls perception.

6. The preceding paragraphs have been concerned only with "old hat" about conceptions and mensuration. Their significance lies in this, that in a parlour game an error of 15% is tolerable, if not indifferent, but it is not good enough when Big Brother is gambling with industries and livelihoods. The conventional answer of the statisticians and experts, that it is better to work from wrong figures than from none at all, has been clearly shown, both a priori and a posteriore, to be a nonsense. The self-confidence of half-knowledge is more destructive than ignorance, and our pundits are no better than mediaeval astrologers, in respect both of their "facts" and their "laws". In fact, one of the nightmares of the modern scene is the arrogance and smugness of the saints and prophets of the easy way out. It is time now to look at certain associated ideas, and then come back to the central question.
7. Economic growth, having been for centuries a happy event surviving the attacks of the politicians, has become the obsessive toy of the same politicians. That is a pity. So long as the politicians concerned themselves only with abstractions like kingdoms, powers, glory, nationalism etc., the damage they inflicted on the economic society was indirect. Now, having clothed their obsessions in pseudo-economic terms like "growth", they inflict their damage directly, through the attempt to impose patterns. The

people who pose as experts, the advisers of princes, are not free from blame, because they also gain by pattern-making and advising the easy way out.

G.K. Chesterton once observed that the world's history could have been much happier if only the actors had been kept gently tight all the time: current economic politics or political economics seems to have taken this maxim to heart, omitting the adverb. The following paragraphs will look into some of the currently fashionable patterns. Four delusions only will be picked out, associated with the cult-names Investment, Public Ownership, Nation, Aid - each of which needs to be sharply debunked.

8. The mythology of "investment" reflects clearly the neglect of the simplest rules of Aristotelian logic. It is agreed that you cannot get "growth" without people saving out of their present plenty and putting the effort into constructions that will increase their future production. This seems a simple statement, but, of the 28 words in the written sentence 10 are controversial, or, in the current avoidance of straight talk, need clarification. It is no credit to us as economists that, after three centuries of systematic thinking and teaching, an important word like "investment" still means twenty things to ten people. The Aristotelian logic comes in this way: you cannot have growth without investment (defined and procured in some way); it does not follow that investment (defined and procured in some different ways) ensures "growth" - yet this mechanical fallacy is the foundation of our glib public utterances about "development" at home and abroad, and of our clever taxation schemes. It does not seem to have occurred to our pundits that a sum of £1000 left in the pocket of a firm which has earned it, and which may plough it back, is not the same thing as £1000 taxed or inflated out of A and handed over to Z in the hope that Z will use it "productively". The height or should one say the depth? of absurdity is reached in the "capital-output ratio", suggesting that some formula, perhaps crudely derived from experience, can tell us the volume of production to be expected from a given investment. Here again is something which is worth pursuing in principle, but which has been reduced to a nonsense by the use of pseudo-mathematics. Inevitably, industries

differ in the proportion that can be found between the capital sunk in a plant, as originally valued, and the output from that plant, as currently valued. This kind of inquiry is merely historical, except in so far as business managers may find it useful for comparing plant-performance. Observe also that, from the point of view of the community as well as of the manager, it is the net output that matters, i.e. what the investment has earned after all charges. The very definition of investment depends on net output. Unfortunately, too many users of the capital-output ratio are thinking in terms of gross output. Now, whatever may be the ratio in volume terms (i.e. capital and output being both scored up at cost) of gross output, the alleged investment is zero or less (i.e. expenditure on consumption) unless it earns its keep. The valuation of the investment is the capitalisation of its earnings, so that strictly speaking the capital-output ratio is always identical with the current rate of interest. On any other basis we are doing no more than comparing two arbitrary PQ constructs, capital-input and consumer-output, which cannot be stated in commensurable terms. No amount of presumptive investment can guarantee production or growth.

9. The second great delusion is that somehow governments can foster "growth" better than the people who actually work at the desk or on the floor. It seems to spring from the idea that politicians and civil servants and experts can, by divine inspiration, pick out the "growth-points" of an economy and, by regulation or indication, procure investment and employment and product and profit at those points, to the general advantage of the economy, in a way and to a degree that people hazarding their own property and prospects would not do. There is not much foundation in experience for this idea; indeed, experience leans all the other way - there is no record of any of the governmental plans and programmes, which have proliferated by the thousand from China to Peru in the last 30 years, having been successful. Most of them have quietly dropped into the dust-bin. There are two curious ironies about this whole business. One is that professed economists have taken so large a part in what is only a form of astrology, since one of the earliest logical lessons an economist learns is that the measurement of effects by comparing what has happened with what would

have happened in the absence of the particular intervention being justified is an intellectual impossibility. It is, for example, impossible to assert that the economic welfare of the United Kingdom or the Irish Republic has been increased by the restrictions on the importation of motor-cars and wheat. The other irony is that the chief agent, pragmatically, in the spread of this false doctrine has been the Administration of the United States of America, which claims to represent a powerful free-enterprise system. "Marshall Aid" was a noble and generous gesture, which was perhaps, by no means certainly, necessary at the time - but, by handing out American money to European governments, it powerfully reinforced the trend towards national socialism. The Russians were, within their blinkers, quite right in preventing their subject states from participating, since a good whack of the American cake would have strengthened and encouraged the national-socialist independence of the subjects against the Kremlin's "international" communism. Associated with this delusion is Keynes' "pyramid-obsession" - the idea that works of such a magnitude and such a speculative character that no private firm would contemplate them ought, on some chancy "cost-benefit" principle, to be imposed upon their labour-slaves by the Pharaohs or upon their tax-slaves by modern democratic governments (examples are T.V.A., the Aswan High Dam, the Volta Dam, etc.), the cost always turning out to be a multiple of that originally projected, and the benefit, in both quality and quantity, a fraction of that originally promised. It is probable that we have to live with this double "growth-government obsession" for some years still, until the historical necessity of communism takes over the relics, and calculations no longer matter. It is a curious reflection how few people have realised the true beauty of government, which is in excelsis socialism and the police, namely that you do not need to count or compare - each thing desired by the prince is absolute. The prince's name, whether Harold or Ulbricht, does not matter. We have no reason to suppose that their ideas of what is good for the people are any better than the people's own ideas, if they were allowed to have them unchallenged by the little whiff of grapeshot (nowadays tax and rate demands).

10. The third great delusion is our old 17th century friend Mercantilism - the division of the world into artificial non-entities called "nations" and the assertion or implication that each of these can "be developed" or can "grow"

independently of its neighbours. This queer idea is most likely to be found in two very different sorts of community - the one relatively rich in national resources, like the United States of America, and the other recently taken over by terrorists, like the Irish Republic. In each of these the notion is apt to be prevalent that by some sleight-of-hand, usually tacked on to the sacred cow "credit", or to some phenomenal "there's gold in them thar hills", wealth can be created out of the local bootstraps, without the necessities of importing and exporting goods and knowledge. The simplest example is the Near East - the oil under the desert, so important a part of the world economy and politics today, would quite simply never have been discovered, let alone developed, by the local inhabitants who are now busy stealing the fruits of other men's labours. There is a whole enormous question here of who is entitled to what, which our self-styled liberals will not face, because it involves the admission that the man who has made two blades of grass grow where none grew before is entitled to at least one of them. The "nationalistic" theory, per contra, asserts that all the fruits of development are the perquisite of some mongrel tribe who conquered the country n years ago ( and you fix n to suit your own preconceptions) - or did not even conquer it. The Algerine pirates never ruled the Sahara, but they robbed the French of oil and wine, and got away with it, particularly among sentimental Americans, on the queer notion that the oil and wine were somehow more the property of Boumédiénne than of the corporations and pieds-noirs who got the wine and oil flowing. In one way, it does not matter. One always hopes that some day one will be able to do without the oil that our barbarian blackmailers are now squatting on - one cannot, of course, hope for any sense or resolution in resistance to blackmail on the part of our Western governments and corporations, partly because they have stewed themselves in their schizo-phrenic guilt-complex, and partly because they always have the Soviet gun-in-the-ribs, and do not know how to neutralise it. This paragraph has become unnecessarily long and complicated - but there is no escape: as soon as you begin to think about a matter of economics, you are landed into a question of power-politics in the crude, or in the apparently more sophisticated form of the rights of nations.

11. To use an old Dublin expression, the great gas nowadays is foreign aid for under-developed areas (or whatever other name you wish to use). There is a considerable element of delusion and illusion about current publicity on this head (of "thinking" there is too little). Those of us who are sympathetic observers of the natural scene would agree that there are many parts of the earth's surface where the inhabitants cannot escape from a poor and hard life, except by departing from Connemara or Titicaca. The pundits have called in self-deception to their aid, and in two ways. The first is really a misunderstanding of the nature of manufacturing industry. Undoubtedly, processing manufactures, especially those based on new artificial fibres and the like, are far more mobile, far less tied to particular locations, than industries using special materials like minerals or special facilities like ship-building. This release from local constraints is, however, still strictly limited, and it is just not possible, at whatever expense, to plant a new industry in an unreceptive place and atmosphere. There is more involved than simply building a factory at some one else's expense, and these other things required (enterprise, skill, labour, market, etc.) do not come down out of the sky. When the time comes for the history of Foreign Aid to be written, it will be found that three-quarters of the compulsory charity collected and transferred by governments was wasted. Waste is, of course, inherent in inter-governmental transfers, but the radical question goes deeper than that. Whether the charitable government gives or lends the principal sums to the recipient government, or even if it finances directly some "development" without the other government coming into the picture, the probabilities are that the project will be motivated more by considerations of megalomania than of consistence with the beneficiary's total economy. We have never really thought out the schizophrenia involved in exercises such as the governments of the United States and the United Kingdom and the French Republic destroying the economic basis of their Caribbean dependencies by extravagant subsidization of beet-sugar production - and then spilling out millions in "aid". It all sounds very good that the wealthy or developed populations are under a moral obligation to contribute, say, 1% of their GNP towards the relief of their less fortunate brethren.

Like all over-simplified, over-sentimentalised statements, this one overlooks a few difficult matters. First, it is not the wealthier community which is contributing "aid", but only the tax-payers within it: there is nothing of a voluntary gift about the transaction. Secondly, given our present Western ruling (not observed by the Eastern empires) that no strings be attached (except the American perversion of "buy American"), there is no way of ensuring that the money is spent as intended. No doubt, golden beds are rare, but how much Atlantic charity has been diverted into luxury and arms, and even used for the achievement of robbing us of what we created? Thirdly, it has been easy money for a lot of not-too-good and not-too-experienced administrations, with the consequences that our grandparents called "pauperisation". There is here a whole range of problems which cannot just be swept under the mat with a global approval of "aid" - we need to find out whether "aid to under-developed countries" as at present operating is actually helping their populations to raise their standards of living, and, if so, at what cost. It is not enough to be able to say only that charity has given some people more than they had before, even saved them from starvation. The "aid" is ineffective unless it has enabled the recipients to produce for themselves more of what they want - television sets are no use to people who want rice. Actually, we know next to nothing of the resultant in this sense of the countless millions of dollars taken and given in "aid".

12. In the last analysis we come back to one of the oldest queries in economics. When we ask ourselves the question: "what is economic growth?", we are only posing in another form the question: "Which is relevant, cost or value?" Strictly speaking, nothing has value except as an object of sale between a willing buyer and a willing seller. One can contort this proposition ad nauseam in respect of the buyer's and seller's degrees of freedom of choice, until you come to the ultimate socialist conclusion that only Big Brother can count, and that the rest of us are wasting our time deciding what we want at what price. The point is very important now. In even the least authoritarian of our western democracies,

more than one-half of the PQ which represents our productive actuality and potential is dictated by governments. Two interesting consequences follow. One, already suggested above, is that all definitions and measurements of national income or gross national product are meaningless because they are arbitrary and do not reflect the society's valuations. The other is that more and more of such evaluations as are permitted have to be based on cost, because there is no sale. What is the value, the addition to welfare, of a moon-vehicle which gets there, or of a Mars-vehicle which does not? One can argue that such objects possess no value at all, because nobody wants them, and all the skill and knowledge and effort embodied in them have simply gone down the drain. Per contra one can argue that the cost incurred in mounting such vehicles, whether successful or not, reflects a productive capacity which exists and might be put to other uses. As always, when we try to get behind the scruffy statistics, we meet two questions which can be answered only by judgment informed by liberal attitudes of mind - : What is the content of economic growth - an incommensurable sum of satisfactions in the hearts of millions of people, or a set of doubtful figures? and How is the balance to be weighed between one's normal desire for less taxation and more food and the "collective" desire for more rocketry? Does more guns and less butter add up to "growth"?

# Ways to Communism

Giuseppe Ugo Papi

## 1. A dynamic development theory.

In the absence of a real flowering of dynamic theories of economic development and even of a more modest bud, we hope not to be accused of immodesty if we recall an explanation of the development which tries to clarify "the inner reasons of the movement"; today we could also say the inner reasons of the "feedback." These reasons can be discovered in the fact that "external economies" and "internal economies" in the productive enterprises are mutually conditioning each other.

Starting about 30 years ago, our explanation of the economic development of a country or region has been based on a rigorous concatenation of "external economies" and "internal economies" with regard to production enterprises. A country's economic development process begins with the creation of "external economies" by the State or by international collaboration. These economies derive: (a) from the production of "general public services" - administration of justice, national defence, police, public hygiene and health, education at all levels; (b) from the production of "special public services" - that is "divisible into sales units": transports, postal, telegraph and telephone communications; (c) from the creation of "public works" - roads, ports, power stations. The production of general and special public services and the creation of public works tend to reduce the "risks" and the "production costs" of the various goods and services in the budget of every consumer, in

the budget of every producer. In this way, State activity succeeds in promoting "external economies" with regard to enterprises. State action results in the formation of a more favourable environment for the economic growth of the country or region: as indispensable premise for every "internal economy" in the production enterprises.

It is, in fact, technological progress that constantly creates the most unforeseeable economies within an enterprise: namely the "internal economies." This creation can go on only up to the stage permitted by the "receptivity of the environment" in which production activity is taking place. All further technological progress requires "other external economies" to come into being: for instance, an expansion of markets, which can be achieved by a process of integration of the economic structures of different countries and is able to ensure greater receptivity to the internal economies brought about by new technologies.

Nevertheless here again, once the creation of internal economies has reached a certain stage, other "external economies" are necessary - for example, an influx of foreign capital - for the application of further technical progress. And so on.

The two series of economies - external and internal - condition each other. They harmonize with each other in more effective combinations of production factors. They give rise to "favourable events" for production activity. And it is these "events" that ensure the increase of a country's real revenue. This, in extreme synthesis, is a dynamic explanation of economic development: quite different from most theories and models of a static or comparatively static nature.

## 2. Some examples of external economies.

"External economies," after all, are ways and means apt to remove ecological, economic, social, tribal obstacles existing in a given community. The external economies concern "man" and the "environment" in which the man is bound to live.

They concern, for example, all measures dealing with hygiene, the composition of the food diet, the state of health of the individual. They equally concern conditions in which man is sheltered, the conditions in which he works. They concern all measures to develop the qualities of a child through education - according to a specific type of civilization - and through instruction at every level: from kindergarten to public school, various types of vocational training centres, high schools, colleges and universities. All these external economies are undeclinable premise of a development process.

To dwell on any one of the external economies - for example on instruction and education - allows one to examine in depth some concepts which may help to understand the dynamic process of development.

### 3. Some obstacles to economic development.

#### Characteristics of developing countries themselves.

We have to realize there are many obstacles to economic development.

Some obstacles spring from the same characteristics of developing countries. For instance: dependence on agriculture as a means of livelihood and source of income for the greater part of population; low level of domestic savings which leads to the financing of most investment from external sources, usually foreign aid; high level of "subsistence farming"; rapid rate of urbanization due to the attraction of the towns for their far wider range of social amenities as well as for the difference between rural and urban incomes, considerably higher; lack of trained personnel and of entrepreneurships; greater importance of export in the past growth of the economies; urban requirement for food rapidly increasing, so that domestic supplies are not sufficient and increased demand is difficult to satisfy by increased imports.

Even an attenuation - if not a complete elimination - of such obstacles requires decades of "structure policy": namely decades of appropriate initiatives and of assiduous work from public authorities as well as from private individuals.

But many other kinds of obstacles have tremendous influence on the private and public economic activity. Unfortunately they are rarely denounced to the public: for instance, the population explosion; the behavior of public authorities; the misuse of macroeconomic tools; the various steps of a progressive collectivization of the economic activity.

4. Indispensable conditions to arrive at national planning of State activity.

A) Reference to a "theory of economic development.

Leaving aside the problem of population explosion - a peculiar field of economics - in what concerns the conduct of the public authorities, every government which pursues the objective of a balanced economic development of its own country - that is to say, increase in income, both total and "per capita"; better distribution of the income between the members of the collectivity; elimination of eventual income differences between the different "production sectors" and between the "different regions" of the country in order to translate into practice such a development - cannot neglect having recourse to an "adequate explanation" of the very process by which the development of a country is achieved: namely to a sequence, which the authorities must bear in mind when they adopt this or that measure of economic policy. We have just tried to offer an example of such an explanation.

B) Prior study of the problems presented by the principal sectors of economic activity.

If, then, it is necessary to broach dynamic research to explain a process of economic development and to examine by which means private individuals and responsible authorities can, in harmony, give birth to external and internal economies in each productive undertaking, it appears indispensable to seek every possibility of "creating" such economies, sector by sector of production, it could even be said undertaking by undertaking

in each sector. So the second condition indispensable to arrive at a rational planning of State activity is the prior detailed knowledge of the problems of each sector of economic production. If such a preliminary knowledge is neglected, the development of a given country remains threatened.

C) Rigorous coordination of State activity.  
The concept of an organic system of taxation.

A third condition to be respected is that any Government - which concentrates its efforts to promote a balanced economic development of a country - cannot dispense with a preliminary, rigorous coordination of its threefold activity: a) activity of raising of revenues by taxation and of savings by public loans; b) activity of public expenditure; c) activity of interventions in the most varied sectors.

With regard to taxation activity, it is well known that ordinary taxation entails a reduction of consumption on the holders of small and medium fixed incomes. It hardly encourages new investment. It sterilizes savings. It produces, on the economic structure of a country, effects of which it would be vain to make an abstraction.

To parry this damage, attempts have been made to fix some "conditions" which a taxation system should respect in order to permit an increase in the real national income. These conditions lend themselves to bringing into practice a "taxation organism" which attempts to specify the "optimum taxation": namely the minimum cost of a State taxation for the collectivity and, at the same time, the economic limit of the State activity in the field of taxation. The more a Government, under the pressure of daily vicissitudes, is obliged to draw away from these conditions, the more the cost of taxation tends to increase for the collectivity, the more the economic limit of the State activity tends to be overcome.

A parallel notion of "public expenditure organism" can be drawn. Public expenditure can be destined for the production of "general" public services. And

the notion of "public expenditure organism" exactly designates a group of expenditures the substantial part of which is able to create such "new incomes." So, as in the case of the "taxation organism", the "public expenditure organism" tends to mark the economic limit of the expenditure activity of the State. We can see, on the one hand, the receipts technique, on the other, the expenditure technique both affect the income of a country.

##### 5. "State intervention organism"

Alongside these two State activities, already so vast, there is another, of no smaller proportions: the activity of "interventions", which are neither the collection of taxes, nor the issue of loans, nor public expenditure.

Also the notion of "intervention organism" tends to achieve the maximum efficiency in the State action, the maximum compatibility between different public interventions and the economic limit of the intervention of the State.

One could ask oneself what is the usefulness of such notions of "organism." Well, it is easy for an individual, in the presence of a limitation of goods, to follow a "rational conduct" and to use the "mimumum" of the goods available to reach certain aims. But for the State, always subjected to the most diverse pressures, the notion of a "rational conduct" is rather vague. Thus an "analysis of the consequences" of vast sectors of public activity - taxation, expenditure, interventions - tends to specify the conditions of the greatest economic efficacy to which the conduct of the State should aspire and, at the same time, the economic limit of the State activity.

Diverse circumstances, multiple considerations, cause the State to deviate from these conditions. However, a farsighted Government can try to set up the "three organisms", especially when, in the interest of all the members of the collectivity, it intensifies efforts to develop the real income of the country.

Quite obviously, the rigorous coordination of the complex activity of the State should extend to the numerous private organisms in the life of which the State, directly or indirectly, participates in many ways.

In this way, the coordinated activity of the State and, at the same time, of the undertakings in which the State is interested, would give rise to a complex of public and para-state actions capable of directing - because of its weight and its very considerable width - the very action of the individuals in collectivity.

6. Constant rate of increase in real savings in the private sector.

A fourth condition is still to be filled in order to have an efficient planning of public activity: stability of the purchasing power of the currency. In point of fact the notion itself of "intervention organism" implies, for instance, that the policy of the Central Bank is not to be thwarted by the policy of the State Treasury.

As the issue of Treasury Bonds is the prerogative of the Government, the efficacy of the monetary policy of a country rests on the harmony between the directives of the Central Bank and the directives of the Treasury, insofar as the extension of public indebtedness is concerned.

At the same time the State Treasury could not engage a public expenditure always in excess of revenues, without contrasting any stabilizing directive of the Central Bank.

7. Equilibrium between the activity of individuals and the activity of the State.

At this point of the analysis, we are in position to realize that the notions of "taxation organism", "expenditure organism", "intervention organism", bring to light the economic limit of the threefold activity of the State.

If the multiple State activities go beyond this limit, to the point of gradually "invading" the sphere of private activity, the inevitable result will be a reduction in the rate of growth of the national income. And such a result should suggest at its turn the advisability for the State of re-tracing its steps and of permitting private individuals to develop more their own activity. It seems preferable for the State to find a more stable equilibrium between the sphere of public activity and the sphere of activity of private individuals, a more stable equilibrium between what a State can offer to a collectivity, without lowering too much the standard of living of its citizens, and what the collectivity can reasonably expect from the public powers.

8. Further obstacles to economic development:  
indiscriminate use of macro-economic tools.

Unfortunately the four conditions indispensable for a rational planning very rarely are satisfied, so increasingly difficult has it become to reach an equilibrium between public and private activity. At the same time the indiscriminate uses of macro-economic instruments lend themselves to hiding and blurring situations and perspectives.

It does not appear superfluous to recollect criticism of general character springing forth - for many years and from so many different sources - on the indiscriminate utilization of macro-economic tools in the development economics. Recently in a volume of essays in honour of Fredrick von Hayek, Professor Peter Bauer has authoritatively underlined incongruities of such an utilization, some of which we also had occasion of criticizing since 1952.<sup>1</sup>

---

<sup>1</sup> "Statistica e macroeconomica", "Rivista di Politica economica", Roma, 1952.

9. Consequences of the incongruities in the utilization of macroeconomic tools. Gross Domestic Product grows, but the cost of production grows faster.

For our part we would like to draw attention to certain consequences springing from such an indiscriminate utilization of macroeconomic tools, which can influence the behavior of public authorities.

One misunderstanding is very frequent. In various countries, the heads of the financial departments like to bring out the increases in the Gross National Income; sometimes even higher than those envisaged by official development programmes. A growing income is certainly a favourable sign, however, not in an absolute sense. Because if, while the income grows, there is an even greater growth in the "cost" to produce it, the possibility for the national economy of competing with the economy of other countries weakens. The rate of economic development is attenuated.

10. Rise in costs of the productive undertakings.

There are many reasons for which, in the undertaking of producing goods and services, the cost of production grows, independently from events of the productive process, and tends, to a large extent, to make deceptive the increase in the Gross National Product.

The cost of production grows, in the private undertakings, because of the recourse of the State to the capital market. In spite of the high level of fiscal pressure, revenue from taxation is not sufficient to meet the expenditure; all the other "current" revenues are required. Thus, to meet public investment, the State has to borrow a large part of the private savings flowing toward the capital market.

As the "deficits" in the budgets of the local bodies, of the social security bodies, of the nationalized undertakings are growing, so the State is obliged to take even greater recourse to the capital market in order to provide for public investment,

in order to pay the residual liabilities, in order to block the gaps in the public balance sheets.

The cost of production for the private undertakings grows because of hundred of millions of working hours lost as a result of strikes. The cost of production for the private undertakings grows because of the considerable number of paid public holidays.

In many ways the public activity directly or indirectly promotes increases in the production costs of the undertakings. It is indeed a good thing that Gross National Product grows. But it is not enough. It is "savings", "amortization" and "investment" which ensure the continuity of the rate of development. Only from a growing flow of private savings it is possible to achieve a rate of development beneficial to all categories of citizens.

11. Misunderstandings on the concept of employment.

Another example of Daltonism created by an indiscriminate use of macro-economic instrument is offered by the belief that an increase in the number of employed always represents an index of economic development of the country. Unfortunately, this is not the case. The number of employed is an index, when the employed person achieves an output higher than what he costs. If the increase in productivity is less than a half of its hourly cost, an increase in employment does not always mean an increase in income for the country. It means only increase in costs for the undertakings in which it takes place.

12. Planning is not a remedy for national imbalance.

Often planning is considered as an absolute remedy for sectorial and regional imbalances. Now the Plan - the Programme - represents only one of the possible dimensions of certain phenomena in the future: population, consumption, production, foreign trade. If, in the course of time, even one of these dimensions takes shape to an extent which differs from that envisaged by the Plan, all the others, harmonized with it, must be reviewed. So, instead of

being an unchangeable prediction, the programme is nothing more than a general and possible "point of reference" for the political conduct both of the individual and of the collectivity in the next five - or seven, or ten - years. It would be a mistake to consider the programme as something which cannot be derogated, as it often should be, in contrast to a fundamental "law."

It happens that by the circumstances political action is required quite apart from the Programme, for instance, because some forecasts in the Programme do not correspond to the changing reality.

What are the consequences of such a detachment of effective political action from the Programme?

The budget no longer gives a certainty with regard to the size of total state expenditure. The budget does not retain connection with the Programme. And the Programme more and more reveals its character of simple hypothesis. What really matters is that what is envisaged in the Plan - and whatever else, through political action, takes place outside the Plan - is inspired to the greatest possible extent, by the aims of the economic development. Unfortunately this is not a recurrent reality.

13. Planning is scarcely efficient when contrasting objectives are considered.

In the past - in spite of the absence of public Plans, in the striking forms of this second post-war period - the economic limits of public action, which today the Programme would like to make more easily visible, were assessed and gradually controlled with no less rigour in the course of time, at least up to such time that the government of the country kept to "shrewd" administration of everything public. Today, Plans are the "vogue." However, one fact remains. Plans remain inoperative if they contain contrasting objectives. For instance, it is not conceivable - with the excuse of the plan - to want, at one and the same time, the economic development of the country and the achievement of various "social" targets. Either these targets take first place - then economic development marks time - or the economic and social development takes first place - then the

social targets will be reached, and certainly in a more lasting manner, as and when the progressive development of the country makes it possible.

14. Progressive collectivization of the national economy.

What happens then? The lack of respect for the indeclinable conditions of a correct programming, the misunderstandings with regard to certain basic concepts will put an ever greater distance between public activity and the hoped-for equilibrium with the activity of the individuals. The consequence is an encroachment of public activity on that of the private individual, a progressive "publicization", "nationalization", "collectivization." The evidence is given by the following facts: the absorption of savings flowing towards the capital market on the part of the State, which issues its own securities, or offers a guarantee for the payment of the interest of securities issued by others; the "punitive" taxation of "risk capital" which drives savers away from shares and suggests their sale, bringing about the lethargy of the Stock Exchanges of the country; in some countries the continual postponement of a serious discipline of the joint stock companies; the setting aside of the creation of "savings bonds" as an instrument for the collection of even the smaller disposable sums of the families; the negligence in constituting "Investment funds", as a means of spreading shareholding among the various social classes, and in a position to compete also with those which exist abroad; the existing high cost of debenture issues on the capital market.

These factors drive the private undertakings to contract debts in the first instance with parastate bodies - IRI, the Institute of public utility works - and afterwards with the banks, not greatly inclined towards investment. The banks, overflowing with deposits and called upon to place among savers, on the one hand, the securities issued by the State or with the guarantee of the State and, on the other hand, the securities issued by the borrowing undertakings, find it convenient to sell to the Public bodies packets of private securities, which day by day become more inconvenient for the banking

organism. In this way - alongside the direct subjection of the private undertakings to public bodies for the financing of their activities - there is, to a no lesser extent, the subjection arising through the banks which sell large packets of private securities to public undertakings.

#### 15. Further factors of collectivization.

Still further factors of collectivization are the enormous increases in the Funds of the Public bodies; the considerable privileges, laid down by law, in favour of these bodies, the production and trading concessions granted to them, with the exclusion of private undertakings; the facilities granted to these bodies - for example, the guarantee of the State - never granted to individual entrepreneurs; the increasingly widespread interest of the public bodies in private productive sectors, which have nothing whatever to do with the aims of each. Frequent is the example of a public body which takes over textile undertakings with an ever bigger decrease in private investment in the sector, and which tries to invest the funds received by the State in the purchase of shares of private enterprises (chemical industry), definitely altering the proportion between public and private activity.

The process of collectivization does not even spare the sorely afflicted farmer. The intention of transforming "metayage" into renting, the proposals of Europe 1980 - the second Mansholt Memorandum, so frequently revised - are there to show it.

Recently a bill has been presented to the Italian Parliament which tries to eliminate the renting contract by reducing the rentals due to the owner at a level considerably lower than the level of taxation of the owner due to the State. So a million small owners are damaged. Investments of private savings in agriculture are definitely discouraged for hundreds of billion lire.

More and more, even in countries where the National planning is called "indicative", the Programme is no longer conceived as a simple "projection" and "forecast." National planning implies a precise indication of policies aimed at achieving

a rate of development which ensures the full employment of resources in contrast with elementary economic reasoning.

Last, but not least: under the growing domination of leftist parties, syndicates—by frequent and prolonged strikes, by every kind of violence and aggression to persons and to properties—try to disrupt and definitely crack public as well as private enterprises.

The process of collectivization of the economy of a country, exceeding the equilibrium proportion between public and private activity, promotes imbalance between costs and prices, imbalances in private as well as in public budgets, fundamental disequilibrium in the balance of payments of the country. The ways to communism jeopardise the increase in the total real income. So starts the instability in the purchasing power of the currency. A kind of instability that could never be attributed to "shortcomings" in the international monetary system which, according to some writers, does not present the degree of elasticity to absorb, or compensate, the mentioned imbalances. Affirmation naïve, if not impudent. In point of fact the instability of the purchasing power of a currency depends to the largest extent upon the uneconomic conduct of the public authorities of a country.

These are some apparently painless ways to communism which many governments are following, ways perfectly opposite to those which can favour the economic and social development of a country or of a region.

16. Increase of national income cannot be imposed by a central authority.

Secular and world experience, in its double dimension of time and space, documents that the increase in the total real income of a country is not commanded from above. The increase in the real income of a country starts from below. It starts from potentiating the human element. It starts from the creation of "external economies", which condition the degree of receptiveness of the

"internal economies", or technological progress. It starts from the efficiency of the "undertakings", in which it is necessary to reactivate the formation of the incomes for the productive factors - thus the formation of profit, saving and self-financing. It starts - the increase in the real income of a country - from the respect of the activities of the private individual, activities which constitute the "primum mobile" of the development. Activities which are all the more fruitful, the more they are left free to be carried on.

It has been, after all, this progressive harmonization between public powers and free enterprise which has assured, in the more advanced countries, the best, the most lasting result which civilization of today has ever managed to create. In the absence of harmonization between private and public activity there can be no development either of the low-income, or of the industrialized countries.

## Convergence Theories and Ownership of Property

Kenzo Kiga

In 1920, when Ludwig von Mises wrote his first critical essay<sup>1</sup> on the possibility of rational planning in a socialist economy, there were signs of economic collapse in Soviet Russia. Lenin's retreat to the New Economic Policy in 1921 seemed to reinforce Mises' theoretical predictions. Some Western observers expected a decisive failure of the Soviet experiment and the revival of market mechanisms in that economy.

Since the late 1950s there have appeared in Soviet academic and political circles reflections on the defects of the strictly centralized planning system of the Russian national economy. And again the expectation has grown among observers in capitalist countries that a socialist economy of the Soviet type -- a centralized, planned economy -- would move toward something resembling a capitalist market economy. No one predicts a return to laissez-faire capitalism, but many look for something halfway between a planned and a market economy or between socialism and capitalism.

At the same time the theory is abroad that the capitalist system has modified itself and is changing the course of its economic development, dropping some aspects of its original theory while absorbing a measure of the socialist approach. We can identify two general positions regarding this point. The first finds the causes of the trend in the technical development of production methods and management. The second sees the bases for the change in a social willingness to remold economic organizations more rationally as well as to improve their economic efficiency. We may call the former the objectivists and

the latter the subjectivists.<sup>2</sup> Of course too much emphasis cannot be placed on the distinction between the two.

Both take similar factors of economic development into consideration. For instance, both sides point to the separation of capital ownership from control in large modern corporations as a distinct characteristic of modern industrial society that has weakened the power of private owners of capital. The managers and salaried executives who exercise the day-to-day decision-making powers in industry suffer little interference from the nominal owners of capital, the share-holders. They are not necessarily motivated by profit maximization. Instead, they are more adaptable to public control, recognizing the need for increased long-range planning to promote corporate growth and security.

However, objectivists and subjectivists differ in their interpretation of this tendency. John Galbraith, whom I take to represent the objectivists, believes that the process of industrialization inevitably will decide the character of an economic system. In the United States as well as the Soviet Union, he says, the imperatives of organization, technology and planning at a highly industrialized stage of society operate similarly and demand a similar economic structure.<sup>3</sup> Modern large-scale production requires control of prices and quantities. The managers, executives and technocrats of big business, whom he characterizes as the "techno-structure," enjoy control over the corporation, are not necessarily restricted by shareholder interests and demand planning and cooperation with the State. Socialization of large industries is, according to Galbraith, inevitable.

Compared with him, C.A.R. Crosland and Jan Tinbergen may be cited as representatives of the subjectivists. According to Crosland, in modern big business private ownership of capital is no longer desirable. This leads him to assert that capitalism is evolving into socialism. However, at the same time he underlines other social and political factors that contribute to the evolutionary process. These include a keener sensitivity by business

leaders to the public interest, the aggravating importance of industry's social responsibility -- to workers, consumers, the environment -- and greater emphasis on co-operation, participation, democratic leadership and permissive management. <sup>4</sup> We could say that politically Crosland is oriented toward the Socialist goal, while Galbraith would be defined as a determinist. <sup>5</sup>

As another type of Subjectivist I would like to cite Jan Tinbergen. He believes in the convergence of the two economic systems, and in a free market for Western countries and central planning for Eastern countries. His theory is based on changes he sees being worked in both camps. Western economics have become increasingly controlled by their governments and dominated by the public sector, while the private sector and private capitalists have been becoming less significant. Socialist countries are also changing as they tend to introduce market mechanisms into their centralized economies. Tinbergen thinks of an optimum national economic structure as lying somewhere between a plan and a market system. People in both camps reflect the defects of their own economic systems, he says. They learn from each other through exchange of information and experiments in planning techniques. As they try to remold their structures, an optimum society will devolve, he says, in which the economic systems of West and East will finally converge.

Thus, the objectivist relies solely upon the historical development of economic or technical determinants to justify their predictions. They describe the process of transition as if it were moving automatically in a single direction, regardless of the popular will. The subjectivists, however, while extrapolating certain current tendencies, emphasize the popular will to a better, more efficient structure in a growing society, taking into consideration political, ethical or rational factors. It seems to me that the determinists are wrong in exaggerating certain trends while neglecting others that are also important in directing the course of economic development. An economic system is a composite of various social, political and legal organizations

adapted to human needs. Some of them are rooted in technical or emotional elements and are difficult to change. Others are instituted for given economic, social or political ends. They are deliberate in the sense that they are products of cooperation, compromise or coercion between divergent groups of people. Predicting the future of an economic system is not like forecasting the weather. Rather it has points in common with business forecasting: One can change, to a certain extent, market conditions to try to bring about stability, prosperity or whatever objectives with which one may be concerned.

The system of command economy in Soviet Russia offers an example. Communist ideology, despotic Party power, Russian traditions, the world situation as it affected the Soviet State -- all these contributed to the formation of the Stalinist type command economy. At present, we see symptoms of change in the Soviet economic system. Command seems to give way to contract. The carrot seems to replace the whip. How far the change may be extended is now a matter of growing interest among Sovietologists. In trying to predict the future of the trend, however, we might fall into serious error if we make a simple deterministic extrapolation of past trends.

What I want to try to discuss here is the directions of the development of the capitalistic and socialistic systems of economy, taking account of historical conditions. Is convergence of the two systems inevitable? If not, what are the reasons and how might convergence occur? What are its alternatives? These are difficult questions and I will be able to deal with them partially in the allotted space.

I define capitalism as an economic system based on the institution of private property and private enterprise with free competition among them. My definition of socialism is that system based on public ownership of the means of production and public enterprise subservient to a centrally planned mechanism. According to this definition, most western countries are capitalistic and the countries of the Eastern Bloc are socialistic. My

main proposition is that although there are a number of signs in the countries of both sides that tend to cloud the above definitions, these changes will not nullify the basic traits either of capitalism or of socialism. Hence, I believe the probability of convergence is very low, in spite of a growing tendency toward similarities in various aspects between two systems. At the same time the capitalistic system is, I believe, more compatible with human needs and more consistent with general economic welfare than the socialistic system. Therefore the submergence of socialism to capitalism is desirable, but the opposite is not.

- 2 -

The convergence theories are based on four fundamental observations. First, modern technology in a highly industrialized society is accompanied by large-scale corporations, and they are managed not by owners of capital but by professional managers and technocrats. Corporations under their control behave differently from traditional capitalist enterprises in that they have the power to control their market and they demand government planning. The whole climate of the capitalist system will be determined by them, while private ownership of capital, individual entrepreneurial activities and the force of the free competitive market will be powerless to influence this climate. It will impell capitalism to approach socialism.

Second, expansion of the public sector compared with private sector is one of the marked tendencies of modern capitalism. It is accompanied also by an increase of public control over the market, and this brings about capitalism's evolution to socialism.

Third, the role of governmental planning is increasing in significance in the market economy. Progress in economic knowledge and of economic planning techniques will encourage both Western and Eastern economic systems to construct a rational, optimum structure toward which both systems will

converge.

Fourth, the Eastern countries have loosened their tight central planning system and are trying to introduce market mechanisms into their planned economies. The central planning system does not work well at the present stage of industrialization. In order to improve its efficiency, the leaders of the Communist states have had to reflect upon their planning systems. Moreover, the development of scientific knowledge has induced them to become more familiar with Western techniques of economic planning. De-ideologized, they will come nearer to capitalism.

- 3 -

Regarding the first reason stated above, it is true that the development of the joint-stock company has made it possible to separate ownership of capital from its control. In modern large-scale enterprises, most individual share-holders have no direct influence on the disposition of the capital they have invested. The enterprise runs the business from its own standpoint. It may seek profit, but not merely in the interest of its share-holders but for its own sake, to insure survival. Large corporations need not depend upon individual capitalists for investment. The greater part of their capital is provided from profits that they earn and do not distribute. The advocates of convergence theories insist upon the decreasing significance of the ownership of capital. If they are right, shall we have to admit the degeneration or transmutation of capitalism?

I find it difficult to agree on two points: first, to imply that capitalists are now powerless either as owners or as investors is an exaggeration. Second, the convergence advocates underestimate the role of entrepreneurship in free private enterprises.

It is true that share-holders in big businesses have almost no influence on the daily activities of

managers. But as owners of capital they are concerned with the records of the company. As bearers of risk, investors and managers are joined by a common interest. The development of the joint-stock company has brought about the division of labor between saving, investment and management. Owners, investors, and managers can be different persons. The market for investment, credit and stocks is the organizations that connect the interests of these three functions. Joint-stock companies, however big they may be, almost without exception cannot be independent from them. They are the ties that connect owners and managers. They exist, stand and fall with the system of private ownership of capital. <sup>8</sup> There will be no such market in a socialist society, where capital and companies are owned by the State. It is an exaggeration to say that mature corporations are wholly independent from capitalists and that private ownership of capital is irrelevant to the capital formation of big business.

As to the entrepreneurial function, socialist-oriented observers suppose that it will be assumed by managers and technocrats in big businesses and that capitalists will be no more than interest-recipients. Moreover, those managers can, they assert, undertake the entrepreneurial function with less risk than the capitalist-entrepreneur because the market is governed by the power of big business. And since they work not for the sake of their investors, but for the sake of their business, the function and the behavior of the managers will not be fundamentally different from that of managers of socialist corporations.

Schumpeter once predicted the downfall of the entrepreneur as a result of automatization brought about by a "perfectly bureaucratized giant industrial unit."<sup>9</sup> In the place of the capitalist-entrepreneur, he imagined a socialist organization in which every innovation would be spread through governmental decree. He said, "In the capitalist order improvements occur as a rule in individual concerns and take time and meet resistance in spreading... In the socialist order every improvement could theoretically be spread by decree and substandard practice could be

promptly eliminated." 10 The fact is now well known that the reality is just the opposite in the Soviet Union. Entrepreneurship will be brought into full play only under the condition that "disposition over capital which permits the enlargement of existing undertakings, the contraction of others and the bringing into being of undertakings that are completely new" 11 is left to the capitalists and speculators and not to the socialist state.

- 4 -

Quantitative increase of the public sector compared with the private sector is a trend quite evident in the recent economic development of capitalist countries. At the same time, the increasing measure of public expenditure means a growing tax burden upon the citizenry. This phenomenon restrains relatively the extent of the consumer's sovereignty in the market. Similarly, increased public investment certainly restricts the sphere of resource allocation through the market mechanism. Moreover, various kinds of public control are spreading which regulate or often restrict the behavior of private enterprises in the market. It may be reasonable, or at least not strange, if one finds among these currents a tendency called "socialistic."

The problem here is whether as a result of the growth tendency of the public sector the market economy will be displaced someday by public financed and publicly managed enterprises. The answer clearly is no. In the mixed capitalistic economy, both sectors are not always in competition, but in essence complement each other. Thus the public sector relies, on the one hand, upon the private sector for its existence and growth, while the latter is nourished by the former. The public sector receives its annual revenue, with the exception of earnings from public property, through taxes, either direct or indirect, collected from wages and profits earned in the private sector. On the other hand, money spent by public authorities as social overhead capital will provide private enterprise with new investment opportunities, which may react favorably for the public sector. It will be very difficult, of course, to make clear quantitatively the degree of correlation. But we can say that

a country with a relatively high level of wages can bear a relatively higher tax burden than a country with lower level of wages. The fact that there is a correlation between the two sectors will induce the public authorities to be prudent and circumspect both in the extent and method of tax collection and with the nature of public expenditure. Moreover, it is important to note that both sectors are supplied with common denominator, the market price. The public authorities collect a certain sum of money from the population, spending it according to its own preference scale. However arbitrarily the public authority prefers one item of expenditure to others from the consumers' standpoint, and whatever satisfaction it enjoys (which is independent from that of the population), the preference itself may be right for the authority, so far as it is internally consistent. However, the cost of each satisfaction by the public authorities is expressed quantitatively by market prices. Thus, taxpayers can make some sort of economic comparison about public expenditure with their own. Market price as the common denominator works as a means of economic communication and calculation between the two sectors.

The situation is totally different in a mixed socialistic economy, where property is publicly owned and business is run by the public authority according to a centrally determined plan. The public sector is there supreme and the private sector dependent upon it. In the Soviet Union, the public sector includes the entire capital goods industries. Production of consumer goods also belongs to the public sector. The sphere not governed by the public authority is limited to the extent that consumers prefer one to another among the goods supplied by the authorities. If the government concedes more to consumers and allows production of goods by public enterprises according to consumer preference, there will then come into existence a market where consumer sovereignty will be admitted. In such a sphere the kinds, qualities, quantities and prices of consumer goods will be determined not by the public authorities but by competition of sellers and buyers. This may be called a mixed socialistic economy. The actual situation in the Soviet Union does not yet conform to this model, however.

It is extremely improbable that a private sector with its

own market can be formed inside the centralized Soviet economy. The only exception is the so-called kolhoz market, where kolhoz peasants sell their products at free market prices. Even though the total amount of eggs, vegetables, and other items sold is quite significant, its role is narrowly limited to providing city people with daily necessities. Another, more important private sector, which exists outside the Soviet Union and has a growing influence on the Soviet economy, is the world market. The Soviet Government faces here two completely different economic systems, each with its own preference scale and production possibilities. The price structure of each system is, of course, different. Determining what to import and what to export is an almost impossible task for the Soviet Government to calculate rationally. The advantages of the international division of labor cannot be calculated by the Soviet standard and cannot be used as a principle of foreign trade for the Soviet Government. The Socialist type of mixed economy will be accompanied by innate disadvantages from the standpoint of general consumer. <sup>12</sup>

Some experimentation has been seen recently in a branch of the textile industry wherein enterprises are allowed to produce items that reflect consumer preference. It is reported that the experiments have been successful. But difficulties soon occurred. The enterprises often were unable to get sufficient raw materials, which were rationed by a planning authority. Prices of the garments, which were officially determined, were not sufficiently remunerative to cover costs. This story underlines one of the basic contradictions between plan and market in the socialist type of mixed economy.

Still, is there no probability of introducing a consumers' goods market on a broader scale? If in the future affluence arrives will consumer sovereignty not be admitted as a principle of resource allocation? If so, there will have to be a market for consumer goods. To make it work effectively, a market for producer-goods will also have to come into existence. It will mean

abolition of the central planning system. This is very improbable. Present Party leaders seem to be considering trying to manage affluence not only by extending the sphere of consumer choice, but also providing them with a wide sector of collective consumption. The patriarchal nature of the latter is more compatible with socialist idea than the idea of consumer sovereignty.

The third factor that is supposed to encourage the convergence of capitalism with socialism is the trend of planning expansion in the capitalist countries. Galbraith predicts that plan will displace market because of the economic needs of large corporations.<sup>13</sup> Tinbergen foresees that the progress of scientific knowledge regarding economic mechanisms and planning techniques will tend to control the market economy while loosening the strict central planning system of the socialist countries. Galbraith's planning relates to corporation planning while Tinbergen is speaking of planning by public authorities either for the public sector or for the private sector.

According to Tinbergen<sup>14</sup> the planning of 20 years ago in Western countries was of a macro-economic nature, aiming at the adjustment of market fluctuations. Today knowledge about market behavior has made remarkable progress. Quantitative analysis of the laws of production, of demand structures and statistical research are expanding to prepare for rational planning, planning for an optimum society. Eastern countries have been reflecting on their defective planning methods and are trying to improve planning measures and techniques. Communist ideology seems no longer to be an obstacle to the introduction of mathematical economics, econometrics and other bourgeois economic methodologies. Therefore, the exchange of economic knowledge and planning techniques between West and East will make for mutual understanding by both sides, which will probably lead both systems to an optimum societal structure. Furthermore, he notes that the economic goals recently on both sides are coming nearer to each other. That is to say, he believes that national welfare with the most equal possible distribution of income will be the common goal of West and East.

It seems to me too optimistic and too simplistic to expect only a single optimum societal structure. For instance, the goals of the economic systems, that is, general welfare and the most equal possible distribution of income, are very vague conceptions. General welfare consists of a number of factors, national and individual, far-reaching and immediate, cultural and material.

How to calculate, how to measure the general welfare is an insoluble question. The progress of economic analysis and planning techniques may make comparison of economic efficiency possible with certain standards. One may compare the economic efficiency of the two systems, for instance, by the criterion of growth rate or by a military power standard. Whatever the correct conclusion, it may not induce convergence, although it may be useful for self-examination and may stimulate mutual economic improvements. 15

- 5 -

In the Communist countries the monopoly of political power by the Party is closely tied to the system of public property and central planning. The economic reforms now going on in these countries seem to be limited to the extent that they will not compromise the authority of Party or the system of central planning and public property.

Inherent defects of the central planning system have been, first, the lack of an adequate mechanism for adjusting supply and demand, second, the lack of personal incentives for innovation, third, the lack of a rational criterion to measure the economic contribution of one's performance. These deficiencies are not new to the Soviet system. Under Stalin and even under Khrushchev they were not of great political concern for the Party leaders, whose main economic goal had been rapid industrialization. The policy of a high investment rate in basic industries had been sustained by coercive saving and centrally planned allocation of resources to these industries.

Since the late 1950's the growth rate has declined, various unbalances between industries have become serious and complaints have increased among the populace about the inferior quality and the shortage of daily consumption goods. Khrushchev reorganized frequently the administrative institutions of central planning to improve the situation. But the reorganizations have not had much effect. Since early 1960's, planning methods has been the subject of serious reflection.

Then came Kosygin's reform. This will be summarized briefly under three points: (1) decentralisation, (2) the use of economic levers, (3) the adjustment by prices.

(1) Decentralization, if it is to be undertaken consistently, should lead to abolition of central planning itself. This would eliminate directives from above and each manager would be free to set his own production target, looking after the particular interest of the enterprise. What has happened, actually, has been merely a loosening of directives, so that managers have been given slightly lower indices for plan fulfillment. The reform has not in this respect changed the dependency of enterprises upon the central authorities at all. Some experiments have been reported in free sales of producer goods, but there seems to be no sign of expansion of wholesale market. 16

If Soviet managers would be allowed to trade with others, certainly decentralization in a true sense of the word would come into being. However, Kosygin's plan does not envision the realization of a free wholesale market, but rather a "shift to the planned distribution of national resources through wholesale trade," 17 where the State Planning Commission or territorial agencies of material and technical supply are in charge of allocating funded and unfunded materials to consumer enterprises. The following excerpt from a speech of Kosygin at the 1965 plenum clearly shows the character of his decentralization idea:

"The ministries will carry out planning, will guide

production and will decide questions of technical policy, material and technical supply, financing, labor, and wages. The research institutes for the branch of industry will also be under their jurisdiction. This will ease the production and economic work of enterprises, since all major questions of principle in the production and economic activities of the enterprises will now be decided in one agency -- the ministry." 18

(2) The idea of economic levers aims at improving efficiency of production through material stimulation. Instead of commanding directives, the new measures anticipate increased efficiency through economic motivation. The system of profit sharing, rewards in proportion to profits, capital supply through credit rather than through grant, production targets measured by sales amount: these all are designed to stimulate managers and officials who are responsible for the performance of an enterprise.

In the market economy, the price mechanism functions for the measurement of, remuneration for, and stimulation of management performance. In the planned economy each of these functions must be dealt with by various bureaucratic organs. There are organs that lay down plans, organs that allocate capital, organs that control resource distribution, and organs that decide prices. Each organ has its own criteria for carrying out its task. Relation between them have been inconsistent, causing confusion and contradictions. The reform was intended to improve the situation through a partial revision of the planning system. The whole commanding and directive power of the central authority is retained in the hands of the Party. And I think that the fundamental causes of this half-hearted reform program lies in the totalitarian nature of the Communist State, which shows a clear and sharp contrast to political democracy and the private property system of capitalism.

(3) One of the most embarrassing problems in the Soviet economy is to keep a balance of supply and demand at the micro-economic level. Theoretically, input and output are to be balanced for each enterprise when the plan is determined.

A shortage of supply is chronic in many capital goods sector's inaccurate and incorrect planning, over-estimation of demand, underfulfillment of plan targets and the awkward bureaucratic process of planned distribution are among the chief reasons. These reasons may be eliminated or lessened by improvements in the planning system, but it will be very difficult at this highly industrialized stage to develop a perfect plan.

But the inherent defect of the Soviet central planning system in this respect is that it lacks a price mechanism that functions as a measure to balance supply and demand. The Soviet system of fixed prices aims first of all at the calculation of production costs and seriously considers neither the adjustment of supply and demand nor criterion of preference. Officially fixed prices distort the picture more often than balance it. Because they do not express scarcity, managers prefer, so far as they are allowed, to demand scarce and low-priced goods on the one hand, and not to supply them on the other hand.

Kosygin's reform has caused a re-examination and revision of the whole capital goods price-structure since 1966. It has taken into consideration the allocative function of prices and price as a scarcity value to a certain extent. But cost calculation as the principal function of price has remained unchanged. It will be almost impossible to remove from the Soviet planning system of this function of price. To leave adjustment of supply and demand to price would mean giving up central planning. It might be possible in a very limited area to introduce the market mechanism into a planned economy so that it would not eliminate the planning system, but it would hardly play more than a subsidiary role just to cover up the shortcomings of planning.

All considered, in the foreseeable future it is very unlikely that we will see an acceleration toward convergence in the development of the centralized planning system of the USSR. One may question further whether it is inevitable, in spite of Soviet leadership's intention

to maintain its traditional system, that industrial development will displace central planning with a market economy, public with private property. I cannot be so deterministic as to answer the question. What I can say is that technical necessity or the economic efficiency demanded by industrial development are not the only factors that determine the pattern of economic society.<sup>19</sup>

### Footnotes

1. Ludwig von Mises, Die Wirtschaftsrechnung im Sozialistischen Gemeinwesen Archiv fur Sozialwissenschaften und Sozialpolitik, April 1920
2. John Galbraith may be taken to represent the objectivist point of view and Jan Tinbergen the subjectivist.
3. Galbraith, The New Industrial State, 1967, p.396
4. C.E. Crosland, The Future of Socialism, 1954, p.34-41.
5. J.E. Meade calls Galbraith a Historicist, while he himself is a Social Engineer. This distinction he borrows from Carl Popper. cf. Meade, "Is the New Industrial Society Inevitable?" Economic Journal, June, 1968, p.675
6. Tinbergen, "Do Communist and Free Economies show a Converging Pattern?", Soviet Studies, April, 1961, p.333-341. "Die Rolle Der Planungstechniken bei einer Annäherung der Strukturen in Ost und West." Wirtschaftsplanung im Ostblock, 1966, p.35-53

7. Supporters of convergence are mostly inclined to ignore the significance of the institution of property. Peter Wiles is an exception. See his lecture, "Zur Frage der Konvergenz östlicher und westlicher Wirtschaftssysteme," Kieler Vorträge, Neue Folge, No. 55, 1968.

He clearly admits a limit to convergence in respect to the rights of property. Different property systems will accompany differences in investment disposition, in bankruptcy and in the distribution of capital gains and earnings from capital. But for Wiles, who manages invested capital, not who owns capital, is the main concern. As to the behavior of these managers, he finds no distinction among the Capitalist, Socialist and Yugoslavian systems. At this point our views diverge.

8. Mises, *ibid*, English translation in *Collectivist Economic Planning* edited by Hayek, 1935, p.116f. *Socialism*, 2nd edition, 1951, p.212f. *Human Action. A Treatise on Economics*, 1949, p.292f.

9. Josef A. Schumpeter, *Capitalism, Socialism and Democracy*, 1942, p.134.

10. Schumpeter, *ibid.*, p.196.

11. Mises, *Socialism*, p.141.

12. Jan Drenowski discussed a mixed economy of the socialist type in his article, "The Economic Theory of Socialism: a Suggestion for Reconsideration," in the *Journal of Political Economy*, August 1961, p.341-54. According to him, there are two sets of preference scales: that of State and that of consumers. There are also two sets of prices. He writes, "Both systems of prices are rational and 'correct' in their particular way. The 'state' prices will be applied to all dealings between state enterprises and will be applied in all national accounting calculations. The 'consumers' prices will apply to sales by state enterprises to consumers." If both systems of prices are independent from each other, and if resources allocated to consumers are decided by the State, then it is of vital concern who judges the rationality and correctness of the State's preference. Drenowski seems to believe that state's preference function is correct because state decides it.

13. The Galbraith's conception of planning is different from that of the socialist concept is rightly pointed to by Meade. Ibid, p.378.

14. Tinbergen, "Die Rolle ...." p.36-48

15. Karl Tahlheim remarks that planning techniques such as input-output analysis and linear programming are neutral to an economic system just as the techniques of production in an ironworks are neutral to any economic system. "Bedeutung die Wirtschaftsreformen in den Ostblockländern einen Systemwandel? Wirtschaftsplanung im Ostblock, 1966, p.57.

16. Keith Bush, "The Implementation of the Soviet Economic Reform," Osteuropa Wirtschaft 3, 1970, p.190-191.

17. & 18. Pravda, Sept. 23, 1968; The Current Digest of the Soviet Press, Vol. 17, No.38, p.12-13.

19. The Yugoslavian economic system may be cited as an example of convergence. However there are many problems still to be solved. I am not sure that it has given us a final answer. See the sketchy summary and comment on the Yugoslavian economy of George Halm: "Will Market and Planned Economy Converge?" in Road to Freedom; Essays in Honor of F.A. von Hayek, 1969, p.75-88.

# Soaring Urban Land Prices and Market Economy

Toshio Murata

Whenever Professor Ludwig von Mises found any glimpse of an original idea in a student of his seminar class during discussion, he used to encourage the student by saying, "Why not elaborate on it as a thesis?" It was certainly a great honor for the student to receive such comments from him, because original ideas could occur only in a few occasions.

The works by Professor Mises, however, are filled with many original and thought-provoking ideas. From almost every paragraph, you may find a theory or idea upon which you might elaborate. It behooves us, student of Mises, to expand and develop his theories in each field of our own interest.

The purpose of the present essay is to demonstrate failures of government intervention in market prices of land and private ownership.

## Food, Clothing and Shelter

When Japan was defeated in World War II, the Japanese were suffering from a serious shortage of food, clothing and shelter. Thanks to assistance from the United States, the Japanese could escape from starvation. As the Japanese economy gradually recovered, first food, then clothing problems were solved. As far as shelter is concerned, most of the Japanese are so much discontented with the present situation that the housing problem has virtually become an Achilles heel of the market economy.

Not only socialists and communists, but some of the advocates of capitalism attribute the cause of housing problems to private ownership of real estate. Such views are well reflected in the remarks by Mitsuo Setoyama, then-Minister of Construction

of the Japanese Government - "Land is not a commodity" - in 1965. You may be surprised to learn that he is not a socialist, but a member of the Liberal Democratic Party.

"Land is not a commodity" does not make sense in the market economy, because the land is actually an object of buying and selling. If his intention was to mean that "land should not be a commodity," then he was expressing his version of value judgment on private ownership of the land. Anyhow, this will show how serious the housing problems are in Japan.

### Gone Are the Good, Old Days

Suppose that all of a sudden one half of the whole population of the United States moved to California. That will give you a fairly good idea of population density in Japan. Due to such a demographic feature and rapid urbanization, urban land prices are tremendously high in Japan. For example, the assessed value of the site of the Sanai Corner in Ginza, Tokyo, in 1970 was ¥4,800,000 per tsubo of approximately \$360 per square foot. Its market value is estimated to be at least double the figure.

This is of course the most expensive lot in Japan, but even a dwelling lot in a commutable area to Tokyo will cost substantial money. For example, a subdivisional lot in the periphery of Yokohama, about one hour and a half from Tokyo by train will cost you ¥100,000 per tsubo or approximately \$7.50 per square foot.

A typical white collar worker, earning ¥1,500,000 a year, will have to pay ¥15,000,000 for a house of 900 square feet on the site of 2,800 square feet.

In the United States, cost of a residential site will be from 10 to 20 percent of the total value of a house and the site. In Japan, land cost occupies about two-thirds of the total outlay. In other words, it is almost prohibitive for a Japanese wage earner to buy a piece of land in urban areas, unless he has a wealthy uncle to inherit an estate or to borrow money from.

In the good old days, there were many landlords who were

willing to lease their land. Rents were determined in terms of rice. They could be better off by leasing their land than growing rice on it. The mutually agreed quantity of rice times current rice price indicated the amount of rents to be collected. Such a linkage between rents and rice prices made rents fluctuate according to business cycles.

Those who retired from employment at their old age could purchase a lot and build apartments on it. Rental income was usually good enough to support the rest of their lives. In such good old days, saving meant a sure way to get future income.

### Frustrating Race after Down Payment

If you compare land price indices with wholesale price indices, you will realize a relative position of land as a commodity in the price mechanism. According to the Indices of Urban Land Prices and Construction Cost of Wooden Houses in Japan by Japan Real Estate Institute, wholesale price indices (on 1936 basis) increased faster than urban land price indices until 1953.

As the Japanese economy recovered from war damages and regained the pre-war production level, land price indices began to rise and it finally caught up with the wholesale price indices in 1955.

Since 1956, land price indices have continued to increase faster than wholesale price indices. Particularly remarkable was the period between 1955 and 1968, when land price indices rose nine times as high as wholesale price indices. The very period corresponded to economic growth years, stimulated by the Income-Doubling Plan of Ikeda Cabinet based on Keynesian economics.

During the decade, 16% of the population of the primary industries moved into urban areas. Three megalopolises - Tokyo, Osaka and Nagoya - and their peripheries occupied only 14% of the area in Japan, but 44% of the population lived in those urban areas.

In addition, special business practices in Japanese banks make real estate financing costs very heavy. For example, a prospective purchaser of land who has a deposit of ¥3,000,000 in a city bank will be able to borrow money from the bank up to the maximum of three times as much as the deposit, i.e., ¥9,000,000. However, more than 9% interest will have to be paid for the entire sum – ¥9,000,000, instead of the actual loan, ¥6,000,000 – because the bank insists on keeping the deposit in the bank as a security. The real interest rate will, thus, be more than 13.5% a year.

All these make a race after down payment (one-third of the land cost) frustrating. Many wage earners give up the saving race due to soaring land prices. Instead, they tend to spend the money freely on cars and other durable consumer goods.

Socialists and communists contend that housing problems will never be solved under private ownership of land. Exposed to such propaganda, even a very good advocate of capitalism may turn into a socialist, as far as land problems are concerned. Accordingly, it is necessary for us to consider these problems seriously.

First of all, several proposals offered or to be offered to solve the problems will be examined one by one.

#### Publication of Land Prices

In 1969, a new system of land price publication was enacted. Under this plan, Real Estate Appraisal Committee appointed by Construction Minister publishes "fair" market prices of standard sites in urban areas, as of January 1, every year.

The main purposes of the system are:

- (1) To give "fair" market prices to the general public, so that they may refer to them in their buying and selling land.
- (2) To make them standard prices in real estate appraisal computation, and
- (3) To determine the amount of compensation for condemnation.

The government authority expected that the land price publication might suppress soaring urban land prices because the public knew "fair" market prices, and that it might prevent them from being exploited by unscrupulous real estate brokers.

As a matter of fact, however, published land prices eventually became the minimum asking prices. In a seller's market, prospective buyers have to bid up land prices anyway.

It was only in 1963 that real estate appraiser licensure was first introduced into Japan. Consequently the general public is not accustomed to asking for the service of real estate appraisers. Moreover, most of the jobs, if any, tend to concentrate on large appraisal institutions. A by-product of the land price publication system was the fact that it functioned as a subsidy to real estate appraisers who had not succeeded in obtaining clients well enough to operate their offices.

#### Taxation on Vacant Land

Soaring urban land prices merely indicate that the demand for land is persistently greater than the supply of land. There are several proposals to suppress the demand. A first plan is taxation on vacant land, with a view to promoting land use. It was first experimented in West Germany, but the results were not so satisfactory as expected. In Japan, Land System Council and Tax System Council for the government have both considered the taxation, but so far they have not materialized it.

The purpose of taxation on vacant land is reported to be in promotion of land use, but the true aim of the taxation is to discourage speculative investment in land.

In order to implement the plan, it is necessary for the government to determine the area to be covered by the taxation. The border lines will always cause inequitable taxation. A vacant lot may escape from the tax, while another vacant lot, abutting it or across the street in the same neighborhood, may be taxed.

After determining the area under the taxation, the government will have to judge whether a particular lot is held for

actual utilization or for speculation. This is certainly a difficult job, and the government will be obliged to appeal to expediency such as holding periods to distinguish speculative investments from others.

Under the present price level, purchasers of residential lots may have used up most of their financing resources. They will have to wait another several years until they have saved money enough to build their houses. Low and middle income brackets which the government intends to help will suffer from the very policy.

In cases where the particular lot is for speculative investment, the burden of the vacant lot tax will be shifted, at the time of the sale, to the purchaser who wants to build his house on it. When small speculators give up investing in land because of the tax, the demand for land will certainly be mitigated to that extent. However, railroad companies and other large real estate corporations will be able to obtain the land at lower prices than otherwise. Their huge capital will make it possible for them to hold on to the land until it yields great capital gains later. Accordingly, taxation on vacant land is not so effective as expected.

#### Leasing Land instead of Condemnation

Private ownership of land often becomes a hindrance to government projects to obtain land for public facilities. As the last resort, condemnation procedures are taken. However, eminent domain often meets with severe resistance from those condemned. For example, the condemnation of the site for Narita New International Airport had to appeal to police power to eliminate protesting farmers from the cells and the tunnels dug under the site.

It is ironic indeed that socialists and communists are helping those farmers protest against eminent domain and argue that the government is confiscating their land by the police power. Those farmers utterly forget the fact that the socialists and communists will completely confiscate their land in their "utopia."

From such experiences, the Construction Minister has

suggested investigating the feasibility of leasing land, instead of condemnation or purchasing the land for public use. This plan will, he says, avoid a huge outlay to acquire the land and will secure constant rental income to the owners.

However, such a leasing contract will be obliged to be unequivocal, even if the owners should become discontented with the rents and other terms. Otherwise, the land cannot be used permanently for public use without claims from the owners. In addition, under a leasing contract, the owners will find it hard to purchase new land with rents paid by the government. Thus, leasing land instead of condemnation will make the situation far more complicated than payment at market prices.

The Japanese Government is now facing a shortage of the land available for public housing. Since the rents of public housing are expected to be low enough to make low and middle income families take advantage of it, acquisition cost of the land should also be low.

With the progress of urbanization, however, land prices on the peripheries of a metropolis are increasing remarkably. Higher cost of the land means higher rents for public housing, but the masses will demand subsidies in the form of lower rents.

If the government leases private lands for public housing and the rents are fixed, the owners will be dissatisfied with them. If the government admits a rent increase of the land, the rents of public housing should be raised accordingly. However, there will be a strong resistance on the part of tenants against such an increase of rents.

In order to make the idea of leasing land for public housing feasible, rents of the land should be flexible enough to reflect the real estate market and rents of public housing should also be flexible. Then, there are no reasons why the government should enter into apartment management where profit management is more appropriate than bureaucratic management, as Professor Mises pointed out.

## "Sale and Lease-Back" of Land

Many Japanese newspaper editorials criticize the land policy of the government for leaving private ownership of the land intact. According to their views, the only solution of land problems lies in rendering all private ownership of land to government ownership. Then, nobody needs to pay a huge amount of money for a site, before building a house on it. If only he can afford to pay the rent, he will be able to own his house. Consequently, his cost of home will be greatly reduced.

This proposal sounds like sale and lease-back which is one of the most remarkable developments in the real estate business in the United States. However, "sale and lease-back" of land is different from the ordinary sale and lease-back in a few respects.

In the "sale and lease-back" of the land, the government will pay the sellers bonds, instead of cash. Otherwise, inflation will be inevitable. Probably the governments will fix the maximum area of land to be compensated in each category of land and seller respectively, and the rest will be confiscated. Owners of land wider than the maximum area will not be able to lease-back the difference.

The relative position of the sellers will be determined by the balance between interests earned from the bonds and rents to be paid for the lease-back. If the former exceeds the latter, the sellers will have income on a continuous basis.

In the sale and lease-back of the land, the sellers will lose an excellent hedge against inflation, as is the case with other sale and lease-back contracts.

It is certainly true that home-ownership by individuals will become far easier than before, so long as financing is concerned. The same will apply to commercial and industrial properties. With the same amount of capital, three apartment houses may be built, instead of two. The resultant competition for sites or for the same site will bid up the rent.

In a free market under private ownership of land, there exists gross rent multiplier, which is the ratio of the market

price of the lot to annual gross rent from it. After acquisition of private land by the government, there will be no sale prices of the land. The rent will then lose the linkage with the market price of the land.

However, so long as a free market for rents still remains even under public ownership of land, competition will function in such a way that each lot will be utilized for the highest and best use on economic calculation twisted to some extent by public ownership of land.

As the famous preamble of the Code of Ethics of the National Association of Real Estate Boards emphasizes, "Under all is the land." Every human activity is, directly or indirectly, supported by the land. It is, therefore, frequently necessary for a tenant to improve the land, in order to make the site more suitable for his use.

Since the government owns the land, such improvements will need approval from the government. Cost of such improvements to the land by the tenant will have to be assessed by the government, and at the end of the lease term, the cost will be defrayed to the tenant. Then, a new problem will arise - whether the cost to be paid should be the original cost or the current cost.

If the rent should be determined by the government at the rate lower than that in a free market, there will be more demand for than supply of the land. The government will be obliged to select the tenants by means of lottery or some other arbitrary criteria.

Consequently, the land may be leased to those who cannot use it for the highest and best use. Moreover, government officials in charge of leasing contracts will be exposed to temptation of corruption.

It is quite possible that leasehold estate may be bought and sold. In an extreme case, the price of the leasehold interest may become a substitute for the price of land ownership.

#### Evaluation of Land without Free Market

If there are no free markets for land and rents, the gov-

ernment will be obliged to find some other basis for rent determination. Advocates of nationalization of land would contend that there will be no problems in determining rents because they have already a fine system of evaluation for taxation. Every bit of land privately owned has assessed value determined by government officials.

Under private ownership of land, assessors will use as the basis of assessment valuation (a) real market value, (b) value at a forced sale, or (c) full market value. All of them are, directly or indirectly, linked with market prices of the land.

For the time being after nationalization of land, the government will be able to refer to the past records of assessment valuation of the land, as the basis of rent determination. But the changes in social and economic data will soon make the valuation meaningless.

The government will probably multiply the rent in the basis year by indexes derived from various factors to obtain a new rent. However, since the main motive of nationalization of land lies in suppression of skyrocketing urban land prices, the rent will be naturally determined at a rate far below that to be determined in a free market.

Such rents determined by the government will not reflect the true valuation by countless buyers and sellers of land. Some tenants will become more favored than others who pay the same amount of rent.

#### Rent Determination by Appraisers without Markets

In the preceding section, we have found that assessment valuation is a poor substitute for market prices in a free market. Then, is value estimate by appraisers a good substitute?

Real estate appraisers utilize in estimation of land value (1) market data method, (2) distribution method, (3) development method, or (4) land residual method.

In the market data method, the subject site is compared with sales of similar sites. With due adjustments, the value of the subject site is estimated. Sales data, therefore, are prerequisites to market data method. Under public ownership

of land, there are no sales data which the method can refer to.

In the distribution method, a certain percentage of the market value of a property (land and building) will be distributed to the land. This method also necessitates a real estate market which is non-existent under public ownership of land.

A third method is used in the appraisal of large tracts for residential development. In the development method, the most probable price to be paid for a lot will be estimated by the income bracket of the prospective buyers of the lots. In this method, which income bracket to choose will become a new problem. The knowledge can be obtained only in a real estate market. Without the market, the development method will be more guess-work.

In the land residual method, annual net income imputable to interest on the value of the land is estimated as residual, after deducting anticipated annual net income to the building value from the estimated net income before recapture to the entire property (land and building). Then, the residual income is capitalized to indicate the land value.

The land residual method has advantage over other techniques in that it does not resort to market prices of the land. However, this method functions best when the building represents the highest and best use and when it is new or nearly new. Different appraisers may have different opinions on what is the highest and best use for the subject property. Moreover, a slight difference in "capitalization" rate will produce a great difference in the land value.

Real estate appraisal under private ownership of land is an estimation of market value in an open market. It can utilize three basic approaches, correlate the value indications derived through three approaches, and arrive at a final estimate of value. Since appraisal is an opinion, it may or may not coincide with a real market price. However, it always takes into consideration real valuations of buyers and sellers of land in the real estate market.

Real estate appraisal of the land under public ownership is merely a justification by numerical figures of a guess-work on fictitious prices of the land and its rent.

Professor Mises rightly says:  
They [neosocialists] want to abolish private control of the means of production, market exchange, market prices, and competition. But at the same time they want to organize the socialist utopia in such a way that people could act as if these things were still present. They want people to play market as children play war, railroad, or school. They do not comprehend how such childish play differs from the real thing it tries to imitate. (Human Action, p. 703)

All above discussions show that the government will be forced to play market, regardless of the means to which it resorts.

### Solution to Housing Shortage

Housing shortage is not caused by a scarcity of land, but by a scarcity of capital. Construction of high-rise apartment and office buildings will reduce the burden of heavy land cost through more intensive use of the land. An express transit system which connects suburban areas with metropolitan areas will turn the suburban land into residential sites to be offered at reasonable prices. Prefabricated and modular housing will economize the cost of houses. All these need capital.

If the government really wants to solve housing shortage, it should stop inflation and should encourage saving. Restrictions on foreign investment in the Japanese housing industry should be repealed. Instead of suppressing the demand for residential sites through various intervention in the market economy, the government should promote creative activities of developers, builders and investors, through returning to the sound economics as expounded by Professor Mises.

In this respect, Spencer H. MacCallum's proprietary community idea is excellent. It gives us a great hope to the solution of housing problems under private ownership of real estate.

In the above discussions, we have considered some failures and possible consequences of government intervention in market prices of urban land. All these reconfirm the validity of the impossibility of economic calculation in a socialist society, which is one of the immortal contributions to economics by Professor Ludwig von Mises.

# Jesus and the Question of Wealth

Alberto G. Salceda

Professor Ludwig von Mises, who with unequaled mastery has expounded economic theory and enthusiastically defended personal liberty, writes discerningly of the influence Christianity has had on the political and economic structure of our society in his book Socialism. In it, he holds that it is impossible to reconcile Christianity with a free social order based on private ownership of the means of production, adding that "a living Christianity cannot, it seems, exist side by side with Capitalism".

He declares that, "One thing of course is clear, and no skillful interpretation can obscure it. Jesus's words are full of resentment against the rich, and the Apostles are no meeker in this respect. The Rich Man is condemned because he is rich, the Beggar praised because he is poor. The only reason why Jesus does not declare war against the rich and preach revenge on them is that God has said: 'Revenge is mine.' In God's Kingdom the poor shall be rich, but the rich shall be made to suffer. Later revisers have tried to soften the words of Christ against the rich, of which the most complete and powerful version is found in the Gospel of Luke."

I consider this to be correct if Christianity is taken as a sociological reality, as a body of doctrine that has been developing and shaping itself over twenty centuries of explanation, interpretation and discussion. The following words of von Mises are also correct: "Social ethics applicable to earthly life can never be derived from the words of the Gospels. It matters little whether they are a true and just report of what, as a matter of history, Jesus taught. For to every Christian Church these, together with the other

books of the New Testament, must represent the foundation without which its essential character is destroyed. Even should historical research show, with a high degree of probability, that the historical Jesus thought and spoke about human society otherwise than he is made to do in the New Testament, its doctrines would still remain unaltered for the Church. "

I think, however, that an investigation showing that Jesus was a defender of personal liberty will be useful, even though the doctrine of Christianity remained unchanged by it. Jesus proclaimed a moral doctrine wherein man should seek his happiness here on earth, depending on his own resources and guided by his own reason. Although no political system was sustained by Jesus, he established certain moral principles from which only a system of liberty can be deduced. Since I feel this would please Professor Mises, I want to offer him, with all due respect, a synthesis of my investigations in this field, all of which have been amply presented in my book Bar-Nasha, El Hombre. Here, however, I shall only be able to present a brief summary and will have to omit many of the proofs and arguments upon which my thesis is based.

I try to show in my book that the gospels are a mixture of contradictory ideas which have to come from two distinct sources: one--the doctrine of Jesus--humanistic and individualistic, which makes reason man's only guide and happiness in this life his supreme good; the other --the doctrine of the Essenes or Qumranites--theocratic, legalistic, collectivistic, and full of guilt complexes, threats and terror. What I propose to do is to separate the authentic words of Jesus from those I believe were falsely attributed to him.

The most distinguished scholars who have studied the Dead Sea Scrolls of Qumran have reached the conclusion that the Qumranites--authors of guardians of the manuscripts --were the Essenes of whom Flavius Josephus, Pliny the

Elder and Philo of Alexandria speak, and that they were also the authors of the books called pseudepigrapha. The scholars have also pointed to the similarities existing between the ideas found in these books and manuscripts and many of those which are expressed in the New Testament or in the first Christian writings. These similarities are so great and important that some writers such as Edmund Wilson have been led to say that the monastery of Qumran "is perhaps, more than Bethlehem or Nazareth, the cradle of Christianity." This has led me to formulate the hypothesis that Jesus grew up and developed in an Essenic environment, but in radical contradiction to their ideas and those of his contemporaries; and that when Jesus died, the Essenes took over his name and personality, making of him the long-announced Messiah who had suffered and died for the atonement of man's sins, was resurrected and ascended into heaven, and would return triumphantly to judge the quick and the dead. I believe that the primitive Christian church was these very Essenes, and that the rapid evolution and the powerful and mature structure with which the emerging Christian Church appears are merely the development and organization already acquired by the Essenic community, and that it was precisely within this group that the gospel was drafted. Naturally, the Essenic writers of the gospel set down the ideas of their sect, but they could not avoid completely the influence of Jesus' ideas and, although partially and not always faithfully, they also inserted the words of Jesus which had been affectionately gathered by his direct disciples.

During the time of Jesus the Jewish people were dominated by the expectation of the Messiah, the prodigious being announced in the law and in the prophets. It was he who through his power and with divine help would liberate Israel from its oppressors, subjugate all nations and establish the kingdom of God--that is, a kingdom of justice, peace and prosperity for all.

This messianism is not only an historical fact of Israel and an element of the Jewish religion, but it is an attitude of the human spirit that can appear in all men, at all times and in all peoples. What else are the great social movements of our time but manifestations of a messianic desire? Nazism, Communism, Christian Democracy, and all the socialist systems are only so many other expressions of this same spiritual attitude. Under the guidance of a messiah (Il Duce, the Führer, Marx, the Pope), and by means of the domination that a select people comes to exercise over the world (Rome, the Aryan Race, the Proletariat, the USSR, China, the Catholic Church), a regime that presumably will bring prosperity and justice is, by force, to be established over all humanity.

The advent of Jesus happens within this situation of restlessness over the expectation of the arrival of the kingdom of heaven. And, Matthew, when he begins to speak of the preaching of Jesus says, "From that time Jesus began to preach, saying, "the kingdom of heaven is at hand." (IV, 17) Naturally, those who listen to him ask, and where is it?, and Jesus replies, "The kingdom of God is not coming with signs to be observed, nor will they say, 'Lo, here it is!' or 'There!', for behold, the kingdom of God is within you." (Lk. XVII 20-1)

This is the key text for understanding all the gospel in order to comprehend the true meaning of Jesus' preaching. Jesus tells the people to wait no longer for that kingdom they were waiting for, that it has arrived. Is that so?, they say, and where is it? It is in you, he replies, in the interior of your soul. What is it that you look for? What is it that you wait for? Is it happiness? Well, you have it within you; it is within your reach; it is at hand, here and now. The kingdom of God--that is happiness, peace, prosperity, justice--is something that cannot be given to us from outside, nor does it depend on anything external or structured. One has to attain it by oneself and for oneself.

The kingdom of God is not something visible, perceptible by the senses. It cannot be pointed to with your finger; it is not made by laws or by decrees. That is why Jesus says to Pilate, "My kingdom is not of this world." (In. XVIII, 36). It is not like the world's kingdoms; it is not a political organization nor a juridical regime, since it is something that happens to the soul of each man. This is confirmed by another text from Luke: "The law and the prophets go as far as John; from then on, the kingdom of God is proclaimed, and every one who wishes to enter it must make an effort." (XVI, 16). Beginning with the appearance of Jesus on the world scene, the spiritual kingdom is announced--intimate and personal. It is one's own affair, of each individual, and each person must exert himself to enter it. The kingdom of God or kingdom of heaven is, in the words of Jesus, happiness on this earth, that which constitutes life--the true life, life eternal. All his preaching refers in one way or another to this kingdom of God--that is, to the happiness of man and to his personal welfare. And this represents the supreme good to which man must subordinate all else. "The kingdom of heaven is similar to a treasure that lies hidden in a piece of land. A man discovers it and he covers it up and, in his happiness, he goes and sells all he has in order to buy that piece of land. It is also similar to a merchant who searches for fine pearls. When he finds one of great value he goes and sells all he has in order to buy it" (Mt. XIII, 44-6). In short, all man's problems are solved in the same way as those of a business-- by giving what is of less value for us, in exchange for what possesses a higher value. But, for happiness, what wouldn't one give! If happiness is the value par excellence--the value of values--because it is life, real life; what wouldn't one give to achieve it! "What benefit is it to man if he gains the whole world but loses his life?" (Mt., XVI, 26) But, for man, life is only life if he is happy. Therefore, what can they offer me so precious that I would give my happiness in exchange? "If your right eye brings you disfavor, pluck it out and throw it far from you; it is better that you lose one of your members before

your whole body is thrown into Gehenna." (Mt. V, 29)  
Reading the foregoing simply, it can be seen that the meaning is quite clear. If my right eye suffers from glaucoma and threatens to infect the other eye and leave me blind, what should I do? Why, have it taken out, and remain with one eye, but alive and well and able to see. Metaphorically speaking, if something is harming you, and this something is a source of unhappiness or prevents you from enjoying life fully, then you must remove yourself from it or it from you immediately, although it be something apparently important, such as your fortune, your social, economic or political, position, or even a person of your family--your wife, your children, your parents.

In all the genuine preaching of Jesus, we find the fullest individualism. Everything is centered on the individual and tends to his well-being. All arguments are based on what is to the advantage of the man addressed. "Enter by the narrow door" (Mt. VII, 13). The wide door is the one through which the masses enter--that is, those who take refuge in the crowd, those who follow the dictates of the majority, those who do not dare to deviate from established custom and only feel sure of themselves when following the opinion of others. The narrow door is that through which one must enter alone, relying on one's own resources, accepting the responsibility of one's acts, deciding and acting by oneself.

By so doing, the person who looks after his own happiness does good unto others. "No one lights a candle and covers it with a receptacle, rather it is put in a candlestick and it gives light to all in the house" (Mt. V, 15). I light my candle for myself but, in lighting it, I also give light to those who surround me. Thus, he who looks for his own happiness spreads happiness around him. In the same way, no one can enrich himself honestly without making others richer.

The question of wealth is one of those most seriously distorted in the doctrine of Jesus. Let us begin by trying to clear up the confusion that exists between two different concepts--occupation and preoccupation (worry or anxiety). Jesus recommends that, for our own good, we should not worry about wealth. But this does not mean that we should not occupy ourselves with it. By not making this distinction, it has been asserted that Jesus recommended a life of idleness, that he advised men not to occupy themselves with worldly goods and not to work. For our good, Jesus advises us not to worry about wealth. He says in his sermon on the mount, "do not fret about your life, what you eat or what you drink, nor about your body how you clothe it. Is not life worth more than food and your body worth more than clothing?" (Mt. VI, 25). This does not mean, however, that we should not occupy ourselves in obtaining food and clothing. The gospel is full of invitations to work, to occupation and to productive action, and not only for meeting immediate needs, but for providing reasonably and prudently for the future. In the parable of the dishonest steward (Lk. XVI 1-8), we find praise for the sagacity and prudence of the steward who had the foresightedness to make friends so that when he lost his job he would have persons to receive him in their houses. In the parable of the virgins, the cautious ones are presented as examples in having set aside reserves of oil. Jesus exalts storing away for future needs. Similar advice can be found in the parables of the builder and the king (Lk. XIV, 28-32).

When the collectors of the "di-drachma" tax for tribute to the temple approach Jesus, he says to Peter, "Go to the sea and throw out a line and hook and open the mouth of the first fish you catch. Inside you will find a 'stater'. Take it and give it to them, for you and for me" (Mt. XVII, 27). Peter goes to the sea, throws out his line and catches the fish. If the fish is worth a "stater" in the market, it can be said truthfully that the fish had a "stater" in its mouth. With the "stater" (which was worth two

"di-drachmas") both Jesus' and Peter's shares were paid. In other words, in order to defray their expenses, they resort to productive work--that is the intellectual work of Jesus on the one hand, and the physical work of Peter on the other, which after all, is similar in nature to the situation existing between an entrepreneur and his workers. The same may be said of the fishing incident related by Luke (V, 4-6). Jesus prompts his disciples to persevere in their work. They have not caught anything, but he encourages them to keep on trying, despite failure. His advice reminds us of the slogan: "If at first you don't succeed try, try again." Is he not recommending here that we occupy ourselves with obtaining food, directly and in the first place, and, indirectly and afterwards, clothing and the rest of our necessities, as would be possible with the proceeds from a good catch of fish? The same idea of confident and calm action is illustrated in the parable of the sower and, even more clearly, in that of the talents. (Mt. XXV, 14-29) The servant who received only one talent should have invested the capital that was entrusted to him, as did his fellow servants, courageously running the risks involved. If he was not capable of managing the money himself, he should have handed it over to the bankers, in order to earn the corresponding interest. Here Jesus preaches about productive enterprise and praises the lucrative investment of money. He is inviting to action and since the action is motivated by the payment of interest, he is justifying interest. Jesus also said "Seek and you shall find, ask and you shall be given" (Mt. VII, 7). This is exemplified by the parable of the man who asks his neighbor for bread in order to provide for his friend who has arrived at his house at night after a long journey, and by the parable of the wicked judge. (Lk. XI, 5-8; XVIII, 2-5).

Jesus points precisely to the distinction between occupation and preoccupation in these words: "The kingdom of God is like a man who sows seed in the earth and

though he should sleep or keep vigil night and day, the seed germinates and grows, without his knowing how" (Mk. IV, 26-9). Man needs to work in sowing the seed but once this is done he should retire and rest confidently and calmly. The seed will germinate and grow whether the sower sleeps or keeps vigil, so what good would it do for him to keep awake?

If we now return to the sermon on the mount and keep in mind the distinction we have established, we shall see that the only thing that Jesus tried to combat was preoccupation--that is, anxiety, worry. All this pericope is a hymn to joy, tranquility and confidence in God (which is confidence in oneself) and a warm invitation to get rid of one's worries. They are not only useless, but self-defeating for achieving the material end desired, besides preventing us from enjoying happiness. Thus, we realize that the birds in the sky and the lilies of the field are not mentioned as models of inactivity or lack of foresightedness, but of joyous tranquility and unconcern.

If by the fact that this passage mentions that the birds in the sky do not sow nor reap nor store their grain, and that the lilies of the field neither toil nor spin, one draws the conclusion that men should not work, then a most serious mistake is being made. Jesus sent Peter to fish in order to pay the tax of the "di-drachma" and, on another occasion, urged the disciples on to the catch in order to have food. He did not set the birds in the sky as an example. Oil did not rain down upon the foolish virgins who did not set aside their stores. And of the servants who received the talents, the one who best imitated the lilies of the field in not toiling was the one who was reprimanded. From all this we realize that Jesus wants us to work now for today and for tomorrow and, if possible, for the years to come. But in so doing, he does not want us to forego sleep and worry ourselves sick. Rather, he wants us to look primarily for happiness (the kingdom of

God) and he assures us that in seeking it, all else will come. If we look earnestly for happiness, we shall work in what we like best and we shall work with pleasure. With this work we shall obtain the fulfillment of our necessities as rational beings, to the degree of our capacity, our taste and rationality.

Jesus says, "Beware of coveting, because the lives of those who possess great amounts are not based on what they possess" (Lk. XII, 15). The desire of wealth is not covetousness because of the amount we seek, but because of the way in which it is desired. One can aspire to being a millionaire and work hard to be one. If the person who attempts this keeps his well-being, works happily and confidently and, while working, develops his rational being to the degree of his capacity and his way of being, and does not deprive himself of the joy of living, he cannot be called covetous. But if this person does not place his own happiness before all else, if he does not know how to use his reason and give preference to his personal values over material things, if he deceives himself by thinking that the mere possession of great amounts of goods brings happiness, then the desire for wealth becomes a source of bitterness, of deception, sorrow and pain. Covetousness consists in seeking wealth at the cost of happiness. The parable of the foolish rich man refers to this. (Lk. XII, 16-20) As in all of Jesus' preaching, the purpose of this parable is the good of the person to whom it is directed. All it means is that the rich man should not become uneasy nor take on too much work for the sake of an uncertain future. No reference is made to the poor. What is considered bad is that the rich man of the parable was not able to enjoy the fruit of his efforts, his deprivations and his ruminations.

And mark that by wealth, not a great abundance or quantity of goods is meant, but simply material things as such--few or many, precious or common. For a man of limited economic capacity, for example, a material thing

of little value on the market might become a source of worry, uneasiness, and affliction. Avoiding the pitfalls of wealth applies to the poor as well as the rich. It is precisely the former to whom the literal sense of anxiety for food and clothing applies.

"Do not accumulate treasure on earth, where moth and rust will lay waste to it, and where thieves will pass through walls to steal it . . . because your heart is where your treasure is." (Mt. VI, 19-21) This does not mean that we should not seek or possess material goods. What it means is that we should not make of them "a treasure", nor place excessive value on them, nor make them the basis of our life. We should enjoy things while we have them, but we should not let their loss or lack cause us sorrow.

The best proof that Jesus praises the rational use of wealth--in any amount and at any price--and the best proof that he does not worry about the poor, nor entitle them to demand part of the wealth of the rich, is what happened at the anointment of Bethany: "A woman approached Jesus with an alabaster flask that contained an expensive ointment and poured it over his head, as he sat at table. Seeing this the disciples became indignant and said, 'Why this waste? This ointment could have been sold at a high price and the money given to the poor.' But Jesus, aware of this, said, 'Why do you trouble this woman? She has done well with me. The poor shall always be among you, but I shall not. I truly say to you that wherever my word shall be preached, there shall this act be known, in memory of her'." (Mt. XXVI, 6-11 and 13) In the version of John, XII, 2-8, it is specified that the person who protested, saying that the ointment should have been sold and the money given to the poor, was none other than Judas Iscariot.

In the above passage, Jesus openly praises the gift of a mere luxury, and he praises it above the possibility of distributing what it would bring in money to the poor. What

can better typify what luxury is than an expensive ointment --something completely superfluous. It is true that we find concern for the poor when it is asked why the ointment was not sold and the money distributed among the poor. However, these words did not come from Jesus, but from Judas. It is Judas who takes the stand to defend "social justice", against Jesus. It is Judas who demands a better distribution of wealth. Perhaps the so-called Christian social doctrine should, with better reason, be known as the "Judasian social doctrine".

That Jesus was in favor of luxury and a good life is also surmised from the way in which the gospel compares the kingdom of heaven to feasts and banquets, and from the many feasts he enjoyed--so much so that the Pharisees accused him of being "a glutton and a wine drinker." (Mt. XI, 19) At the famous wedding of Cana, Jesus provided wine for the guests at a point where it was not necessary for them to have something to drink, but when they were already in their cups (inebriati) as described in the Vulgate edition of the Bible.

When Jesus gave answer to John's envoys, he said to them: "Go and tell John what you saw and heard--that the blind see, the crippled walk straight, the lepers are cleansed, the deaf hear, the dead are risen and the poor... (What could we expect Jesus to say of the poor, that they are enriched? No, quite differently!) ... receive good tidings" (Mt. XI, 4-5). The good news for the poor is that happiness is not based on wealth, that being poor is no obstacle to achieving happiness, and that the scarcity or lack of things--although it is a relative misfortune in itself--has the advantage of diminishing one's cares and worries.

That is why Jesus calls the poor "happy". Both the original Greek text "Makarioi" and its Latin version "Beati" mean precisely "happy", that is fortunate, blessed.

But the listing of those "fortunately blessed" is not exhaustive. It is not pretended that only those on the list can be happy. It only refers to those who apparently and by common logic, can be considered to have reason to be unfortunate. The enumeration means that they too can be happy, if they know how to benefit intelligently from the circumstances, be guided by reason and attend to their highest personal interests.

As can be seen, Jesus did not worry about the poor. How could he really worry about them if he considered them fortunate, if he brought them the good news of the kingdom and if he considered wealth to be dangerous? How can the gospel be used as proof for the now fashionable theories of social justice, of the redistribution of wealth, the need of leveling off economic inequalities, the duty of the rich to give their money to the poor, etc.? The reason for these theories is that present Christians are unduly anxious about material things and they try to accommodate their uneasiness to Jesus' teachings, which do not contain the slightest worry about those worldly goods. Whereas Jesus said that the life of the rich man is not to be based on his wealth, the supporters of the so-called "Christian" social doctrine maintain that it is, since they go around anxiously demanding that the poor be made rich with material goods. While Jesus recommends not to worry about food or clothing, his alleged disciples are not only worried but obsessed. They demand that they and the rest of humanity be guaranteed not only food and clothing, but housing, education, entertainment, profit-sharing, and freedom from all kinds of risks such as sickness, old-age, unemployment, etc. as well.

Now, I believe we can better analyze the imprecations found in Luke, VI, 24-6: "Woe to you, the rich; you have received your consolation! Woe to you who are gratified, for you shall be hungry! Woe to you who now laugh, for you shall mourn and weep! Woe to you, when men

praise you, because their fathers did the same with false prophets. "

I believe that this passage is not genuine and that it comes directly from the Essenes. It is sufficient to compare it with the text that precedes it (VI, 20-3), in order to realize that it is simply a reversal of what is said there. After referring to those who are poor and hungry, those who weep and are abused and those who are persecuted as blessed, the Evangelist turns to cursing the rich, those who are satiated, those who laugh and those who are praised. But this, as I pointed out before, implies not understanding that the list of the blessed does not pretend to be exhaustive; it only indicates that those mentioned also can be happy, if they know how to profit from circumstances. To present the matter, as Luke does in his double enumeration, would mean that it is good in itself to be poor and hungry, to weep, to be abused and persecuted, and that it is bad in itself to be rich, to be gratified, to laugh and be praised. Evidently, this is nonsense because it is sufficient to realize the gibberish into which we would fall. He says, "Woe to you who are gratified, for you shall be hungry", but if being hungry is to be blessed, then why feel sorry for them or curse them? And again he says, "Woe to you who now laugh for you shall mourn and weep". But by weeping they will be included among those of whom it is said, "Blessed are those who now weep for they shall laugh."

It is not a valid answer to say that this refers to "the other life", the life beyond the tomb. Supposing that we believe in that other life and that we believe that God will give out prizes and penalties, can we admit that He will punish those who laughed simply because they laughed, and reward those who wept simply because they wept?

Another reason for suspecting the authenticity of the passage we are considering is its similarity in style and doctrine to several texts in the Epistle of James, so clearly

Essenic, and to the book of Enoch "Woe to you, the rich, for you have trusted in your riches, but you shall lose them, because you have not remembered the Most High in the days of your riches. You have committed blasphemy and unrighteousness, and have become ready for the day of slaughter, and the day of darkness and the day of the great judgment . . . Woe to you, the mighty, who with might have oppressed the righteous; for the day of your destruction is coming" (I Enoch, XCIV-XCVI). A certain similarity also exists with the following passage from the Testaments of the Twelve Patriarchs: "And they who have died in grief shall arise in joy, and they who have lived in poverty for the Lord's sake shall be made rich, and they who have been in want shall be gratified, and they who have been weak shall be made strong". (Judah, XXV, 4)

The foregoing leads me to the conclusion that the imprecations of Luke were added by the Evangelist because of the Essenian influence which infected Christianity from its origin.

In all the teachings of Jesus wealth is not condemned, nor is poverty praised as such, nor are the rich obliged to give to the poor. In seeking the rational good of his listener Jesus denounces the harm done by covetousness, he points to the error of considering that the abundance of material things can, in itself, bring happiness and, therefore, calls our attention to the danger that wealth represents. He informs the poor that their condition does not prevent them from experiencing happiness and that, if they know how to take advantage of their freedom from care, they may easily enter the kingdom of heaven.

The above is illustrated in the parable of the guests at the banquet. (Lk., XIV, 16-21) Here, the kingdom of heaven--happiness-- is represented by a banquet to which, in the first place, the rich are called, since they are of the same class and social condition as the host. It seems

that the rich, primarily, are those who will know happiness. Their wealth serves as an instrument that, if handled well, can provide them with happiness. But if they do not know how to manage their riches, this same wealth can be an obstacle to their enjoyment of the banquet that is life. Those invited first--that is, the rich--could have enjoyed the banquet if they had wanted to, but they were very busy in their respective businesses and did not attend. On the other hand, the poor, blind and crippled of the streets, who did not have these obstacles, could enjoy the banquet. As can be seen, the happiness that many wealthy persons disdain, can be enjoyed by some of the poor who, because of this, can be called "fortunately blessed."

From what we know of the ideas of Jesus through the gospels, there is no basis for a system of economic policy that pretends to establish coercively a distribution of wealth. Jesus did not occupy himself with economic or political matters and, consequently, the solutions given to questions in this field cannot be attributed to him.

If a man is convinced, however, of the philosophical ideas of Jesus about the supreme value of happiness, of the primacy of the individual and of a regime of reason and liberty, then, when he is confronted with problems of economic policy and wishes to be consistent in his thinking, he will be forced to follow the ideas of freedom in production and commerce which make up the system of capitalism or free enterprise.

All political systems are founded on certain moral principles. Jesus did not champion any political system, but from the moral principles he preached, nothing else can be derived but a free system; and capitalism is the only system that fits the rational and free nature of human beings.

In the little we know of the life of Jesus, and in what we know of his ideas, he acts and talks like a man

with a capitalistic mentality.

The only time he has to pay any amount of money--the tribute of a di-drachma for the temple--he sends Peter off to fish, so that with the proceeds from fishing, he can pay for them both. He neither moves hand nor foot; he limits himself to supplying the idea, and it is Peter who does all the work; nevertheless, the product is divided in half. I see no reason why Communists and advocates of the Christian social doctrine do not consider him an exploiter, a profiteer.

In the parable of the foolish virgins, Jesus is decidedly on the side of the rich and not on the side of those who are "have-nots". Economic inequality does not affect him, nor does he consider the distribution of oil as being unjust. He simply presents as examples "the selfish ones" who did not want to share with their companions.

Where the moral principles from which capitalism is deducted are best expressed in the words of Jesus is in the parable of the laborers (Mt. XX, 1-15). "The kingdom of God is something like the master of the house who goes out early one morning to look for laborers to work in his vineyard. He hires some at a "denarius" a day, and sends them to his vineyard. He goes out again after three hours and saw some others who were idle in the marketplace. He said to them, 'Go to my vineyard and I will give you what is right.' So, they went. He ventured forth again an hour before sunset and found others standing there, saying to them, 'How is it that you are here all morning without working?' They replied, 'Because no one has hired us.' He answered, 'Then, go to my vineyard.' When the afternoon came, the master called his steward to have him pay the laborers their wages, beginning with those who last came and working up to the first. Those who came near the sunset received a denarius and when those who first came also received a denarius, they started complaining to the master, saying, 'Those who came last worked only an hour and you

have given them the same amount as you have given us who have borne the weight of the day and the hot sun.' And, he said to one of them, 'Friend, I do you no wrong. Did you not agree to work for a denarius? Take what belongs to you and go. I want to give the same to the one who came last as to you. Am I not allowed to do what I please with my money? Is youreye bad because mine is good?' "

It would be difficult to express more briefly, more clearly and more strikingly, within a more vital, natural and human framework, the two basic principles of economic liberalism--freedom in contracting labor: "Friend, I do you no wrong. Did you not agree to work for a denarius? Take what belongs to you and go"; and the absolute value of property: "Am I not allowed to do what I want with my money?"

Nevertheless, the same persons who profess to follow the ideas of Jesus have lent themselves to the task of erecting a tremendous structure called Christian social doctrine, which consists precisely in denying these very principles. Pope Paul VI says in his encyclical Populorum Progressio (58): "Prices which are freely formed on the market can bring unfair results. Thus, it is the fundamental principle of liberalism in the matter of trade that is in question. "

Indeed, it is the fundamental principle of liberalism that is now in litigation; but it is precisely this fundamental principle that is expressed in the parable we are considering. Those who support the Catholic, collectivist, laborist, social doctrine are in favor of the laborers who were hired first and claim a higher wage for having "borne the weight of the day and the hot sun." It is of no importance to them that Jesus, through the words of the master, had already answered this matter in no uncertain terms: "Did you not agree to work for a denarius? Take what belongs to you and go." As can be seen, the norm for deter-

mining wages according to Jesus is what is agreed upon and not the amount of fatigue or perspiration experienced.

The parable clearly shows one of the deep psychological roots in the idea of "social justice"--envy! The laborers who first arrived were content with their salary until they saw that others were obtaining proportionally more than they were, that is, receiving the same amount for less work. Thus, we see that those who claim a "just distribution of wealth" for themselves or for others are only moved by a hidden desire to deprive those who have more than they do.

In transcribing the last sentence in the parable, I have changed it somewhat in order to reinstate its original meaning. Customarily, it reads, as follows: "Is your eye evil because I am good?" I think the wording I have given it is more natural, deeper, wider and closer to the question at hand. Directly it means, "Are you near-sighted because my sight is good?" And metaphorically speaking, "Are you lacking in something because I have a great deal?" This indicates to us through a very vital and expressive comparison that the wealth or intelligence or ability or good luck of some is not the cause of the poverty or foolishness or ineptitude or bad luck of others. And for this reason, inequalities in fortune, in aptitudes or in opportunities are not the fault of those who happen to have these assets in abundance.

In conclusion, I would like to say that the ideas of Jesus, stripped of misrepresentation and subsequent deformation, that is, correctly interpreted, contain a system of humanist and individualist ethics that leads man to the achievement of his supreme goal--happiness, on the basis of his own resources and guided by reason. Jesus did not advocate any political or economic system but from the moral principles that he preached, only one system can be derived, the one which goes hand in hand with a rational and free human nature, namely capitalism.

## A Program for a Liberal Party

Gustavo R. Velasco

It is ideas that constitute the foundation on which the whole edifice of social cooperation is constructed and sustained... A lasting social structure cannot be built on the basis of false and mistaken ideas... The only way open to anyone who wishes to lead the world back to liberalism is to convince his fellow citizens of the necessity of adopting the liberal program.

Ludwig von Mises, The Free and Prosperous Commonwealth

1 - That the world undergoes a crisis has become a mere commonplace. Since the First World War and especially since the Great Depression and later the Great War, the symptoms exhibited by our age have seemed so serious that there has been general agreement in deeming them as critical. But the sickness from which we suffer has not been diagnosed by so doing. What is more alarming is that mankind shows no signs of overcoming its predicament and, once its illness disappears or becomes less violent, of again setting out on the road to health and well-being. On the contrary, the crisis appears to grow deeper and more general; the confusion in ideas and of action appears to be progressively greater; and once again we hear voices of frustration and despair such as were heard when ancient civilization fell or at the end of the Middle Ages, which vilify and repudiate what has been our pride and the cause of such progress as we have achieved, like reason and truth, science and technology, order and liberty, cleanliness and beauty, tolerance and compassion, as well as other moral principles and even the worth of the

human person and the respect that is due him.

The foregoing are evident facts and it would be senseless to close our eyes before them or to try to counteract them by opposing the several favorable aspects which in spite of them are found in the present world, such as the unprecedented accomplishments of the physical sciences and of technology, the progress of medicine, the prosperity in many countries and the improved economic conditions of others, the disappearance of social inequalities, the feeling provoked by the misfortunes suffered by our fellow-men, even if it is strangely unequal and sometimes does not manifest itself where one would most expect it. If present tendencies persist and ultimately prevail, there can be no doubt that the civilization which we have built so slowly and laboriously will collapse and that the world will enter a new Dark Age, more fearsome than the one which began after the fall of the Roman Empire, both because it will not be lightened by a new moral ideal and because the means for dominion and destruction at our disposal are infinitely greater. Justification is not lacking, therefore, for the fear that pervades those who think, as well as more or less clearly the majority of men, that we are living in great danger and that a catastrophe such as history has not seen up to now is not only possible but that an accident may occasion it. The result would be a return to barbarism and the degradation and even the destruction of our species.

The confident and secure world that existed in the latter part of the 19th century and until 1914 stands in striking contrast with the situation which I describe. The efforts of the philosophers, economists, and social scientists who flourished during the hundred years from 1750 to 1850 culminated in the formation of a doctrine which inspired the policies and social action, first of Great Britain and the United States, later of France, and that spread from these nations until it became a universal ideal and until it was adopted everywhere, except in Russia, Turkey

and Persia which remained as models of despotism. Under its influence both the material and the spiritual picture of the world was transformed. The idea of indefinite progress which was first kindled as a beacon of hope at the start of our modern age turned into a conviction. And simultaneously a feeling of confidence in its future gave heart to mankind.

Liberalism never reigned fully either in the institutions or in the minds of men. So true is this that one can assert that it is not a program that has been tested and failed but a program that has not been tried as yet. In all epochs there have existed enemies of freedom like Plato and Hegel or utopians who, turning their backs on reality and on human nature like Fourier and Marx, have exalted coercion and the state or set up the ideal of a collectivist and regimented society. Due to historical contingencies the Catholic Church became an enemy of liberal ideas, in spite of the fact that they are in no way incompatible with religious beliefs and that particularly in AngloSaxon countries many of those who have originated and propagated them have been men of exemplary piety. Lesser figures delighted in misinterpreting and ridiculing them. The fundamental difficulty arose from the fact that many people were not capable of understanding them or up to what they required on the moral side. They did not see or did not want to see that liberalism is a permanent and longterm system, and that it often requires us to sacrifice some immediate advantage in exchange for a greater and more general good but which we shall only enjoy in the future. Envy of those who were more gifted, resentment before luckier members of the same group, an exaggerated sentimentality before present evils although they would disappear in time, moreover were diminishing every day before our eyes, and finally demagoguery contributed to discredit liberalism and to present it as a materialistic and inhuman system. Some principles which were good in themselves like nationalism and democracy but which were overstated, as well as the excessive faith that early liber-

als put in the clearness and persuasiveness of their tenets contributed to the same result. Impressed by them, they thought that all men possessed the intellectual ability to reason correctly about the problems raised by social cooperation and to act accordingly. It is a pity that they forgot that a majority are lacking in the aptitude to comprehend abstract ideas and to reason logically, and that even when they succeeded in doing this, a special advantage even if it is transitory appears as more valuable in the eyes of most men than a greater and lasting gain whose enjoyment has to be deferred.

The sorry and alarming spectacle offered by the times may suggest the idea that liberalism is also going through a critical period. As a matter of fact we are living in an interventionism which lacks any principles, in a socialism which has been refuted finally in theory and which has gone bankrupt as noisily as inhumanly in practice, and a democracy which merely masks the dictatorships and tyrannies that have always been with us or in whose name the highest rights of man are being abolished daily. In contrast to this confusion and bewilderment- to this opportunism which lives from day to day of exploded clichés and magic formulas- the liberal doctrine not only preserves its entire validity and force, supposedly challenged by events and in truth owing to the incomprehension, misrepresentation, and criticism which it has met, but has rethought its teachings rigorously and in a few cases it has purified them and made them more precise. Far from rectifying or modifying them, the progress of political and social sciences and particularly of economic theory have confirmed and strengthened the essence of the liberal program superabundantly. Neo-liberalism does not therefore represent an actualization of the principles of freedom but a mere restatement in those cases in which our present forms of thinking and of expressing ourselves make it advisable, their application to contemporary problems, and the search of solutions to some that did not exist before. However,

the satisfaction we derive from having elaborated a coherent and true doctrine has no importance next to the decisive reason that makes it more indispensable than ever, namely the absolute failure of all alternative doctrines and the crossroad without hope and without issue which the world has reached by reason of embracing or of practicing them.

This essay has no pretensions of originality or profundity. In large measure it does not go beyond repeating and condensing what the classics of liberal thought have written, especially those who have expounded and developed it recently. Liberalism is not a dogma or a monolithic and completed doctrine. Within it there is an immense task for those thinkers who wish to state it in new terms or to apply it to the present situation of the world as I pointed out, and to complete, refine, and polish it, as well as for the work that never ends in social matters of refuting and exhibiting the errors that oppose it. My purpose is much more modest and limits itself to gathering together in a relatively brief and simple document the essential minimal elements of liberalism, which in my judgment can and should serve as the basis for a liberal party. This party would not be new in Mexico: it is the great party which although it still lacked a name inspired with its ideas and aspirations the movement which gave us our independence; which after a heroic struggle, first in the field of ideas and later and unfortunately after an armed struggle, introduced the reforms that our community required indispensably and defended our nationality against foreign aggression, and which after incorporating its program again in a new Constitution which was fundamentally similar to the former one of 1857, dominated both the thought and action of the responsible elite and of those who have governed our country until a few decades ago. Before the demands of the people, past realizations were valueless; the justification of those who will take up the standard of our great Liberal Party which now lies abandoned, must be the promise and the ability of fulfilling the ambitions and ideals of freedom, prosperity,

justice, and peace of our country.

2 - The starting point of liberal thought is the recognition of the value and importance of human cooperation. Therefore, the measures that it advocates tend to maintain existing cooperation and to increase it in every possible way. For these purposes it seeks to have conceded to reason in the spheres of social and political sciences the same recognition that is granted to it in other fields and that has led natural sciences to such spectacular progress. Although it is deliberately limited as I shall explain later on, it offers a complete plan for political and social life, which is capable of being developed and detailed as far as may be necessary. In spite of this, reflection will disclose that the essence of liberal doctrine can be condensed, as I shall attempt to do in the following lines, into two prerequisites without which it is impossible that any people will rise to be acquainted with liberalism and to practice it, that is, in a certain level of intelligence, morality, and culture, and in a minimum of external order; into three means which are the rule of law, a market economy, and democracy, in a supreme end which is freedom; and into three products, which will consist in prosperity, justice, and peace. The combined result of this design will make a good society possible. This society will provide favorable conditions and the atmosphere for the final end which we should pursue and which is no other than to realize and develop all the potentialities that lie in man and to allow him to be happy on this earth.

3 - Of the foregoing points the last one will require fewer explanations. It is obvious that in a human group in the primitive conditions of the Australian aborigines or of the Bushmen in South Africa, it will be impossible for the institutions which characterize liberalism to function. In similar situations, the only alternative will be to wait until the slow development of such peoples enables them to practice them. As regards more advanced societies, the

fact is that the security and other conditions favorable to an exchange economy on an important scale have only been present during the first two centuries of the Roman Empire and gradually, beginning with the 17th century, first in the Low Countries and England and later in other parts of the world. As indicated before, liberalism is an exacting system, which demands of those who pursue it a certain level of intellectual capacity, at least in the governing classes, and a morality that will accept the sacrifices that it imposes, in the sense that it may compel us to forego the satisfaction of our desires or to postpone it, in order to avoid greater evils either to ourselves or to our fellow-men, or to render possible the achievement of a more important good. Consequently, if men refuse to engage in the mental effort that is imperative to acquaint themselves with liberal doctrine and to understand it, although they may possess sufficient intellectual powers in general, or if as is now the case, they consider the immediate gratification not only of their needs but of their whims as more important than their rightly-understood interests, the necessary conditions for liberalism to operate and render its fruits will have ceased to exist.

The other prerequisite that must be fulfilled before one can go on to the means that the liberal system puts into play is the prevalence of at least external order and of an absence of disturbances and violence. In the absence of such tranquility, even though it should be purely extrinsic, no progress will be possible and even social cooperation will disintegrate and end up by disappearing or by being imposed by authoritarian regimes from the right or the left as we have seen all too often. This points to the vital importance of order as a basis or take-off platform for the erection of the liberal edifice.

4 - Although it may last a long time, the order imposed on a community from without will always be artificial and consequently will not allow the rich variety of

social relations that a spontaneous order does, or provide by itself a security that it will endure indefinitely. If we wish to attain this second kind of order it is necessary that we cease to be at the mercy of the inconstant and arbitrary will of the men who exercise power, and be subject exclusively to the permanent, general, and impersonal commands of the law. In other words, the primary guarantee that in a given society the order that is the result of internal equilibrium will come into being, consists in the supremacy or rule of the law.

The complex of requirements and institutions for good government that experience has assayed and that writers on political science and constitutional law have explained, have grown up in the AngloSaxon world and are therefore known as "the rule of law". This expression has no adequate translation or even equivalent in other languages, although the concepts of the *Rechstaat* or *état de droit* and of the principle of legality, which were elaborated by German and French writers and from them passed to the laws and legal thought of other nations, correspond approximately to it. One must emphasize, nonetheless, that the ideas and institutions which are condensed under the rule of law go farther and have a wider content than the concepts which I mention, and that like others of British origin it is not easy to grasp them thoroughly. That is why I shall attempt to summarize them as clearly and precisely as possible.

For the rule of law to exist in a country it is necessary, in the first place, that law should be expressed or instituted through general and abstract rules. This means that they should contemplate a hypothesis, that is, a plurality of acts or cases which may take place or arise, and not concrete cases or acts. As a result of this, laws should be enacted for the future and in principle should be permanent in character. Another essential requirement consists in the equality of the law, namely that it should

apply equally to all men and that such distinctions and classifications as it may make should also be of a general nature and besides being founded on relevant considerations should of course be justified on the ground of their benefit for the general public. Finally, legal norms should be certain, that is, capable of being known by those persons who must take them into account when planning their future conduct.

The requirements that I have mentioned so far may appear to be obvious as well as present in any civilized nation. Nonetheless, they are forgotten so often or circumvented in such clever ways that it is important to insist on them and to state that if they are absent there will be no rule of law. More concretely, this system manifests itself in certain political institutions, to such an extent that it is frequently declared that it is the equivalent of constitutionalism or constitutional government, that is, of a government that is subject to rules of a higher nature than ordinary laws, whether written or customary, which make up the constitution of a country. Before examining rapidly the institutions which characterize the rule of law, I must mention some other conditions which are frequently omitted due to the emphasis on its relation with constitutionalism. These are that the general and equal rules, established for an indefinite period and known or certain, to which I have referred, should not limit themselves to delegating on some authority or to empowering it to decide freely what it shall say, without the possibility of comparing its acts with some rule or standard and of passing judgment on them. This implies that the law is binding on all men, whether private individuals or public officers, with the result that the latter may not conduct themselves as they wish but only in observance of general preexisting rules.

On entering the field of constitutional law we find fundamentally the same idea in the demand that government should be a government of laws and not of men. This

means that it should be conducted under general and impersonal rules and not through orders specially issued for each case, of a discretionary nature. As a consequence of the foregoing, the functions of government should be differentiated according to whether they are legislative, executive or judicial, and their exercise entrusted to separate organs. Although we do not find it in countries which have been unified by their long history like England, federalism achieves great importance in others such as Switzerland and the United States because it prevents the abuse of power through its division between the central government and those of the states or other parts that make up the federation. Another essential feature consists in the recognition and delimitation of a sphere of freedom and property for all the inhabitants of a country, which public authorities are compelled to respect and which they can not invade or restrict except in those cases which comply with the conditions laid down by the fundamental law. The duty of insuring that this guaranteed sphere of freedom is respected and of maintaining other authorities within their orbits and powers devolves on the judicial department, which is granted a special position and considerations so as to enable it to fulfil this task. Finally, experience has shown the advisability of embodying the rule of law in laws which are considered to be of a higher rank and value than ordinary ones and which it is desirable to write down for the sake of clearness and stability.

The tendency that prevails to extending the activities of government without limit and then to granting public officers extensive powers so as to conduct them, makes it necessary to state that the rule of law can not endure in a collectivist and authoritarian state. Since this has led some to speak disrespectfully of the liberal-bourgeois state, it must be admitted candidly that the system we are discussing corresponds to a government that is limited both extensively and intensively and that it can not survive when it ceases to be limited. This implies that public authorities

must engage only in certain tasks, namely those which it is considered are incumbent on them but must not try to encompass and to rule all of social life. It means as well (although this derives from what I said before) that the powers of those who rule must be specific and restricted and not indefinite and all-embracing.

We have now outlined the essential features of the government or rule of law. The complex of doctrines which it comprises and which have been formulated over a long period of time, have as a common practical objective the protection of individual liberty by insuring that coercion by the power of the state is exercised exclusively in the cases specified by true laws, by authorities empowered to do so and through a legal process, and with the possibility of a judicial review, that is, a review by authentic courts, which will extend to the substance or content of the act in question. As may be seen, the rule of law is something more than mere constitutionalism and goes beyond it, since it involves certain requirements with respect to the contents of the constitution. Consequently, the rule of law is not one more rule or strictly speaking a legal norm. It is a rule of rules, a certain conception of what these should be. We can therefore describe it as a meta-legal doctrine or, if one wishes, as a political ideal. And it is unnecessary to explain that it is not a principle of natural law in the sense that it may exist elsewhere than in the conviction or will of men or possess objective validity apart from them.

5 - By safeguarding freedom and by guaranteeing to each individual a known sphere of action within which he may decide at his convenience, the rule of law enables him to use his knowledge in the fullest and most productive way, particularly his special, concrete and often unique knowledge, including that of circumstances of time and place. In this way the formation of a spontaneous order of human activities becomes possible, of much greater complexity than the order which could be produced by virtue of

deliberate arrangement. The market provides us with an example of this sort of order in which the different and sometimes opposite purposes of those who take part in it are adjusted and reconciled for their reciprocal benefit. That a market economy depends on the rule of law and on the security and freedom which it brings is proved by the examples mentioned before, of the economic development achieved during Rome's golden age and by the Netherlands and England beginning with the 17th century and the Industrial Revolution, as well as in the United States of America under the protection of a constitution which for the first time in history incorporated the basic principles of liberalism.

The institutions and mechanisms which are characteristic of a free economy are well-known and their exposition, the conditions for their existence and operation, and their results are found in the books that deal with economic theory. I would therefore refrain from calling them to mind if it were not for the fact that it is frequently believed that one can do without one or more of them, forgetting thereby that they are all connected and that they form an aggregate or system which can only render its maximum yield when its operation is not hampered. In my opinion, we can speak of a market economy when we find:

freedom to consume or, more precisely, to wish and to form new wants and to search for new means of satisfying them;

freedom to work, to invest, and consequently to produce;

freedom to exchange and to trade;

freedom to acquire, and to use and enjoy the things produced or acquired, that is, to exercise that variety of freedom which is property, and both in the case of con-

sumer and of capital goods;

a stable and reliable money;

the price system;

free competition;

profits and their counterpart losses;

and economic calculation, with its companion, a rational economy.

The fundamental and indisputable argument in favor of a free economy is that there exists no viable and acceptable alternative for modern man. Division of labor has created the world in which we live by increasing incalculably the productivity of the efforts of isolated men or groups. A market economy represents the system of production and distribution that corresponds to the division of labor and everything that is against it harms the division of labor and is a step backward in the long road that man has traversed. It is undoubtedly possible to abolish a free economy, as communism and nazism have done, or to accumulate such a number of difficulties that its functioning will become impossible. But this will mean a return to the world of periodic famines, plagues and epidemics, destitution, narrowness, and strife of all against all, in which our ancestors lived, not in some remote time or in barbarous countries but as recently as the Middle Ages.

On more concrete grounds the objections to the two economic systems which offer themselves as alternatives, namely to socialism and to interventionism, are that the first one is impracticable and that the second one is unstable and therefore does not amount to a true alternative. Without private property, without money, without a price system, without profits or losses, economic calculation

is impossible under socialism. Unquestionably it is possible to produce physically in a socialist regime, that is, to make shoes or produce wheat. But it is impossible to produce economically, that is, to know what is more productive, whether to produce wheat or to make shoes. Now the essence of the process of production consists in furnishing what consumers want most, in the optimal possible quantities, through the best combination of the factors of production, that is, of natural resources, labor, and capital. Putting it more plainly, the productive efforts of man should be exerted in those fields where their yield will be greatest. In a free economy this problem is solved almost without our being conscious of it through the institutions and mechanisms which I enumerated before. In a complete and world-wide socialism, not in the Russian kind which is not complete and which guides itself although imperfectly by the prices formed in other countries and in world markets, production would take place blindly and distribution would be arbitrary, not according to the contribution of each individual to the productive process but to the notions and dictates of those in power.

One can understand socialist economists breaking their heads over this demolishing attack, which exhibits their system as irrational and condemns it to an incurable inferiority. When their attempts to refute it or to contrive ingenious devices which would enable socialism to operate at least with the same efficiency that a free market does, end in failure, the procedure that has been followed is that of secrecy, as in the case of those diseases which are called secret or of the insanity in a member of a family which is never mentioned by the rest, not to speak about the radical flaw in their system, not to discuss it, to ignore it, in the hope that people will not learn about it or that in the meanwhile they will come up with some answer. Whoever remains silent consents, says a Spanish proverb. With this behavior socialists not only admit patently the deficiency pointed out by the thinkers to

whom mankind owes the discovery of the impossibility of economic calculation in a socialist commonwealth; they also lose all claims of a moral nature to bringing it about, since it is evident that they pretend that we adopt socialism without knowing its essence and consequences, worse still, as the result of a deception.

With the scarcity and backwardness that prevail in them, the economic organization of socialist countries has furnished us a preview of the situation which awaits us a hundredfold worse in a world in which socialism ruled absolutely. What is difficult to understand, to such a degree as to make one suppose that men prefer to indulge the envy and resentment they feel toward others, to their own interests, is why this failure, evident to everybody, which confirms what theoretical thought had announced, this scandalous unfulfillment of the promise to establish a paradise on earth, has not opened the eyes of all who have suffered under collectivism. The same question must be asked with respect to interventionism, with its train of restrictive measures, its contradictions, and delusions. As we well know, it diverges from socialism whose central idea is the transfer of the ownership or control of productive goods to the state, in fact to the governing group, thereby doing away with private property and necessarily preventing the existence of a price system, money, competition, and profits. Instead, interventionism does not aim at abolishing a competitive economy or at substituting it with some other kind. Its purpose is more modest and apparently more reasonable and feasible: to guide it, correct it, improve it, and to obviate what it considers to be its undesirable consequences. The action that it advocates is not the study and perfecting of the institutions and mechanisms which pertain to a free economy; neither is it in favor of modifying the facts which economic laws or regularities presuppose, so that only those which produce the effects one desires will operate and so that the ones which result in unsatisfactory consequences will cease to do so. In-

stead of this, its means of action, its only resource, is the direct and coercive intervention of public officers by way of orders, prohibitions, permits and licenses, privileges, exemptions, etc. More specifically we find price control so that prices will not go up or go down, the prohibition of establishing new industries because existing ones are considered to be sufficient, obligatory licenses in order to engage in certain activities or to buy some goods or to import or export, franchises of various kinds, exemptions from the taxes due from other taxpayers, etc. Laying aside the huge and costly administrative apparatus that this sort of measures brings into being, the control that it imposes on the entire life of the inhabitants of a country, and the corruption that necessarily accompanies it, the decisive argument against interventionism is that it does not achieve the ends that it sets itself. It can not be denied that it favors some special individuals or groups but it does this to the detriment of all the rest. If we consider it as a whole, instead of abundance it brings about scarcity; instead of low prices, dearness; instead of order, confusion and disorder. Finally, interventionism does not amount to a third road, or to a solution that will be neither liberalism nor socialism. Once its failure is recognized as well as the deterioration in the conditions that it sought to improve, there are only two ways out: either forego all interventionist measures, at the same time trying to occasion the least possible harm, and stop hampering the operation of a market economy, or sink into the abyss of collectivism, not only with the economic inferiority that I have shown, but with its tyrannical rule and its denial of all the things that make life attractive and worthwhile. This is possibly the greatest danger that interventionism entails: that it facilitates and prepares the way for socialism, both because it disorganizes economic life and through the intellectual and moral confusion and frustration which it engenders.

6 - Democracy represents the third and final means

of liberalism. Through the first one, the coercive activities of the state are limited and the formation of a spontaneous order in the economic realm becomes possible. The results of such an order can be superior to all our expectations, as they have been in effect, since they have transformed the conditions in which humanity lived and put an end to the poverty which was its lot until two centuries ago. However, a lasting economic improvement can not exist if the peaceful course of affairs is interrupted by internal struggles. To prevent this a form of government is required that will insure that government responds to the wishes of the ruled. Democracy is that form. Its essential function is to establish peace and prevent violence by making it unnecessary to change the persons in power and the policies they follow by means of revolutions and armed conflicts.

Secondarily to this paramount reason, there are other grounds for preferring a democratic regime. To begin with, it is obviously expedient that if laws are to be binding, the people who will have to abide by them should have a voice in their preparation and agree to them. Next, democracy offers better prospects than any other kind of government of putting into practice the ideas of liberty and equality. Lastly, democratic institutions hold out greater hope and perhaps the only effective method of interesting the majority in public affairs and acquainting it with them, and of educating it in the virtues of tolerance, a disposition to compromise in practical matters, and patience which are indispensable for its successful exercise.

The undoubted advantages of democracy should on no account lead to overrating it or to minimizing the difficulties involved both in establishing it and in its effective operation. Still less should they cause us to accept contemporary democratism with its monstrous superstition that what the majority decides should be above further

discussion. Most emphatically we must proclaim that the will of the people is not the will of God and that popular election does not guarantee the selection of those who are most capable of directing public affairs. The heart of the matter is that democracy is only a method for deciding how a state is to be conducted and about the contents of laws. Consequently it must be judged by what it achieves, but is neither an absolute value nor an end in itself.

Democracy degenerates both in its theoretical conception and in practical application when the attempt is made of setting it up as the supreme standard for deciding social questions, as unfortunately happens today. Once again we must hold firmly that the powers of a majority are neither unlimited nor unlimitable. In the first place, for the amendment of the rules which make up a constitution a special majority should be necessary, as well as a procedure that insures that the will of the whole nation has the opportunity of expressing itself and that the majority is not moved by temporary fads or passions. Secondly, every community is held together by beliefs common to its members of so fundamental a character that it is conceivable that nobody should have the power to alter them. Among them is the principle of democratic government itself, with the possibility for what is only a minority today to become a majority, just as the latter may have been made up formerly of a minority of the citizens. It is admittedly very difficult if not altogether impossible in a general discussion such as the present one to be more specific in the matter. I therefore limit myself to reiterating that from the fact that whatever the government does must be approved by a majority it does not follow that the majority is morally entitled to do what it likes. The opposite claim is based on the idea that the state can do everything it wishes and that no obstacles should stand in the way of the will of the people. But democracy which originally intended to prevent all arbitrary power, turns into the source of a new and unlimited power in this manner. Essentially there is

no difference between the unlimited power of the democratic state and the arbitrary power of an autocrat. That is why democracy can fulfil a useful function only within the framework of liberalism. Apart from liberalism it becomes a mere form, as hollow as it is dangerous.

History teaches us that democracy is probably the most difficult form of government. Both in order to forestall the danger against which the preceding paragraph warns, to insure that the real will of the people is expressed, and to achieve that it works effectively, it is necessary to solve with the greatest care a number of difficult and far-reaching questions. Merely as an example I mention the one relating to who should have a vote, since this by no means represents a right that every man can claim but is a function for whose exercise it is necessary to prove that one meets the requirements of age, good judgment, capacity, independence, and responsibility that each country may judge to be appropriate. Another most important point relates to the form of insuring that public officers, especially the members of legislative bodies, are not regarded as having the duty of promoting and patronizing special interests, for example those of the district that elected them, instead of respecting their freedom to decide in accordance with their knowledge and their conscience. However, after admitting the faults and especially the dangers that democracy presents, there is no alternative to striving to implant and perfect it because it represents the only method of peaceful change that man has discovered up to now.

7 - In one sense the three means that we have examined are a manifestation of freedom and find their inspiration in it. In another sense all tend toward liberty by protecting and exemplifying it and pursuing that it should endure. The insistence on freedom is a result of the conviction that it is the highest political end and that it not only provides the proper atmosphere but is an indispensable condition for the attainment of the most valuable

objectives of civil society and private life. Only in liberty can human society flourish and produce its best fruits. Even more, it is freedom alone that gives meaning to life, to such a point that without it life loses its human quality and becomes unbearable.

Freedom must therefore be the central idea, the permanent ideal, and the spirit that should vivify and guide both the institutions that I have described and all the others in society, as well as the action of rulers and citizens. To give an example, the rule of law provides a necessary but not a sufficient condition for the existence of individual freedom. In other words, the laws and determinations that depart from it are objectionable in principle, but those that conform to it will have to be judged according to their advantages or disadvantages. Besides all relevant considerations, a decisive one should be whether their effect is favorable or unfavorable to freedom. Similarly, in order to decide in the case of a market economy regarding the difficult problems presented by its different mechanisms and institutions and more in general with respect to the legal framework within which economic activity takes place, the chief criterion or guide that should be followed is that of its effect on freedom. To operate successfully democracy is in need of liberty even more intensely if possible, owing to the difficult conditions it requires and to the propensity that I mentioned, to cease being a safeguard for liberty and to become its destroyer.

In order to achieve all this, freedom must be the over-riding principle and the permanent goal of the activities of a liberal party. In this way it will honor its name and will not be one more party which defends special interests, but the party of everybody. For liberty, in the final instance, is only another name for humanity.

9 - When the means of liberalism, animated and guided resolutely by the spirit of liberty, are put into action

the consequences are momentous and sweeping. As the countries in which liberalism has prevailed, even if imperfectly and for a limited time, show by their examples, a market economy produces prosperity, the rule of law results in justice, democracy brings about peace. If this is true, and the facts are before us for everyone to see, the disappearance of the three great scourges which have caused most suffering to humanity, namely poverty, injustice, and war, depends exclusively on us.

A free market constitutes the most perfect instrument, up to now the only instrument, that man has discovered for satisfying his needs and desires. In the first place a market economy provides what is demanded by consumers, not what the rulers in a collectivist or interventionist system consider in their wisdom or because it is advantageous to them, that the people should consume. In the second place, it does this more economically, rapidly, and fully than any other system, as may be confirmed objectively by the abundance and variety of goods and services that are offered for everyone to choose from.

It may be worthwhile to spell out what this implies for the well-being and material, cultural, and spiritual development of man since a free economy is being attacked today with unprecedented hypocrisy and impudence for the very success it has achieved in enriching the possibilities of all kinds that contemporary man finds before him. Let us begin by pointing out that the increase in population, whatever the annoyances and even problems that it originates, is due to large-scale production and to the present world market. The reason is that the market provides not only high-priced automobiles and intoxicating drinks (which it would not do if we refrained from demanding them) but the doctors, medicines, surgical instruments, and equipment which have abated the mortality of children, almost eliminated contagious diseases, and lengthened human life considerably. In the countries which have

enjoyed freedom in economic matters both capitalists, property owners, and high officials as well as unqualified workers, that is, the common man, can not only eat and drink at their pleasure, live in a comfortable house and enjoy the amusements formerly considered as exclusive of the upper classes, but provide their children with a good education, and if they have sufficient talent and energy, rise without hindrance in the social scale. Economic liberalism spreads prosperity and well-being. Truly through liberalism common man has come into his own and achieved equality both in production and in consumption.

9 - Justice has also been an aspiration of mankind since earliest times. We demand that the laws in force should be just, that is, that they satisfy a certain sentiment that we experience on knowing about them and especially when they are enforced. This sentiment cannot be innate to man or the result of an intuition or a revelation because in that case it would be the same in all human beings and it is a fact that some of them lack the sentiment of what is just and unjust while in all others it differs completely. We can also confirm that it is impossible for different persons to agree not only on whether a certain legal determination is just or unjust but on the criterion that should be employed to the effect and on the concept of justice itself. The proof of this statement is found in the fact that philosophers and jurists have debated untiringly for over 2000 years without reaching an agreement on what justice is.

It is not the purpose of this essay to investigate how that segment or substratum of ideas is formed, on the basis of which we judge at a given moment if a certain conduct is just or unjust. It seems more useful to determine if it is true that a notion of justice exists independently of a given set of norms and of the situations in reality to which they refer, which possesses validity by itself and, as some pretend, for all eternity. We must begin by

affirming that justice or injustice can only be present in society (therefore, to speak of social justice is to incur a pleonasm which immediately denounces that what one has in mind is something other than justice) and only make sense when they refer to a definite system of norms. Reflection does not permit us to discover any other standard for designating such norms as just or unjust than that of whether they are conducive or not conducive to the conservation and promotion of social cooperation. In other words, it is not possible to pass judgment on the contents of a law *de lege ferenda*, in accordance with the postulates of a pre-conceived idea of justice. The only possible guide consists in whether they tend or do not tend to maintain and favor that great means of maximizing the well-being and happiness of each one and consequently of all of us, which is social cooperation. The resulting conclusion is that "just" is the name we apply to law, that is, to those rules whose observance is enforced through coercion, when in effect they tend to organize society for the best possible realization of those ends which men try to achieve through their voluntary cooperation in society.

It cannot be denied that the sentiment with which we are dealing manifests itself more acutely in the presence of injustice, to such a degree that it is held that injustice constitutes the primary concept. Whatever one may think about this, observation indicates that there are two chief reasons for describing a law or act as unjust. This takes place when the law in question departs from equality or when it is applied unequally. A law or act are also considered unjust when they infringe on the recognized and protected sphere of freedom and rights of a given individual or when they deprive him of them in other than permitted cases or when they do this without complying with the process established for that purpose.

Under the rule of law, laws must fulfil the conditions of generality, equality, and certitude. Another of its

characteristics lies in the delimitation and guarantee of a sphere which each man can consider as his own. Besides these qualities, we find the great advantage of allowing the formation of spontaneous orders, far superior to an imposed organization in the richness and complexity of the relations which arise in them and, consequently, through the opportunities which they present for extending and perfecting social cooperation. By favoring the latter, the rule of law makes it possible for a fuller justice to exist in a liberal society.

It is true that the specific spontaneous order which we describe as a market economy is attacked as being unfair in the name of a so-called social justice. But however much one exerts oneself, the only thing one discovers behind this offensive is a disagreement with the system of distribution which is a result or, more precisely speaking, which is coessential with a free economy, and the request that the returns that go to certain factors of production, especially to labor, be increased. These kind of claims do not even make a pretense of being based on some common or general principle and the only trait that unites them is the attack on the existing system and the contention that it ought to be rejected in obedience to a subjective idea, or more exactly speaking, of a subjective emotion of justice. It is clear that if we are to concede to reason the same function in social matters as in other fields of human action, this method is not only unacceptable but would lead us to chaos. The distribution effected by the market is based on each participant's contribution to the productive process. Needless to say we can conceive of other systems, such as an equal distribution irrespectively of any other consideration, a distribution according to need (individual or family?), a distribution according to merit, etc. Each one gives rise to conclusive objections, both of a theoretical and a practical nature, due first and foremost to the fact that "need" and "merit" are concepts on which there is no universal agreement, so that their

definition would necessarily fall on the government, with all the attendant drawbacks that can be imagined. But it is unnecessary to enter into a discussion of those systems because alleged social justice does not advocate them. Therefore, the assertion that the rule of law and the market order to which it opens the doors provide the best opportunity for justice, still stands.

10 - The consequence of democracy is the elimination of violent conflicts and the establishment of internal peace. For liberal doctrine there is no opposition between domestic policy and foreign policy and the ideas that it seeks to realize within a limited area are valid also for the whole world. And just as it proscribes domestic violence because it upsets the division of labor, it considers war between nations as fatal, especially at present that none is self-sufficient and that the world is on the road to becoming a single economic community.

Consequently, liberalism adds the powerful reasons of expediency and necessity to the arguments advanced by many eminent thinkers in favor of the ideal of perpetual peace. And not content with espousing and strengthening this ideal, liberal thought points out the way in which it can become a reality. The system it urges is essentially peaceful, so that if all nations adopted the institutions which form it, the disputes and clashes that result in war would not arise, or they would not be so acute, or in the last resort they would be settled amicably.

Liberalism not only brings tranquillity to the nations that adopt it; it also establishes the necessary conditions for world peace and leads us to it.

11- The means, end, and results that we have gone over will conduct us to the good society that man has dreamed since ancient times. This is the opportunity of recalling that the program I have outlined is purely politi-

cal and that it limits itself to what the state should do or allow to be done. And since the state is only a part, or more correctly speaking an aspect of society, side by side with the legal institutions that it may establish or with the other institutions for whose formation and proper functioning it should also take the necessary steps, still others will be necessary so as to achieve a good society and to make the life of man truly full and amiable. I refer to good manners, which are so important in order to ease and smooth relations between men, to the qualities and virtues which we include under the name of morality, such as truthfulness, good faith, tolerance, prudence, responsibility and charity or love for our fellowmen. Their importance is so great that I have been tempted to consider them as a complement both of the libertarian legal order and of the economic one. If I have abstained from doing so it is because of the reason I mentioned before and because government should not impose certain ethical norms or even promote them directly. I also have in mind all esthetic manifestations, from the highest to those which make even the most modest things and our daily activities more agreeable. And last but not least, to religious beliefs and practices, of a sublime value that nothing can substitute for those who hold them and who find in them a fullness and consolation greater than any science or other earthly creation can provide.

As I have insisted, liberalism is a doctrine exclusively of this world which does not promise anything which can not be achieved in and through society. It is not a religion or even a world-view. The mistaken belief that it involves a certain conception of the world with regard to the meaning and purpose of human existence is refuted by pointing out that it has nothing to say on these subjects and that men who differed radically in their views of the nature of man, his ultimate destiny, and his goals have partaken of the same liberal ideas. To sum up, liberalism is an ideology, a doctrine of the mutual relationship of the members of a society and

of the application of that doctrine to their actual conduct.

Liberalism does not offer to transform man or to turn him into a superior being. It merely believes that it furnishes an opportunity for the development and realization of all our aptitudes and abilities. Neither does it promise to make us happy because happiness, like other graces such as spiritual peace and exaltation, is purely internal and must be sought by each man within himself alone. Finally, liberalism does not prophesy or describe the shape of the future, because this is unpredictable and because we can not deny that there are forces and phenomena, either natural or willed by a Divinity, to which man is subject and which we do not know if he will be able to master. Besides, one of the greatest advantages of freedom is that it is the only ideal which faces the future without proposing to mould it to some particular or preconceived form. Liberalism awaits it fearlessly and confidently because it is sure that in the society erected on its bases man will find the best way of solving the problems he encounters, of rising as high as his purpose, and of achieving the happiness that is attainable on this earth.

# On the Entrepreneur

Andries de Graaff

There is no need to say that a free society is essentially based on a free economy. As a free economy means a market economy in which competition is a basic element, it is obvious that such an economy can only exist by the activity of the entrepreneurs. So by consequence the entrepreneur is the central point of both, a market economy and a free society.

We have a few definitions of the entrepreneur and his tasks, developed by von Mises, Schumpeter and Knight. But whereas many books have been written on competition and perhaps still more on the needs of and the ways to maintain competition to keep a market economy alive, literature on the entrepreneur himself is rare. It may look amazing, that the central figure of our economic system is not studied so extensively as other subjects. However, it is not so astonishing as it may look at first glance. Scientists have nearly never been entrepreneurs and on the other hand entrepreneurs neither find the time to think about theoretical problems nor have the mentality to fit into a discipline.

We have schools of management, but an entrepreneur is born and you cannot train or educate him. One can teach him, like a chess play, certain rules; one can teach him to prepare better tools of judgment; one can extract lessons from history and show where entrepreneurial decisions were right or went wrong. But you cannot teach him mind or judgment. We can even go to the contrary; the more a man knows, the better he can evaluate possible risks, the slower will be his entrepreneurial decision.

I remember one of my friends who was a really distinguished economist working for a very big company. One day he was studying the question how to reduce the amount of capital the company needed in its daily operations. By a perfect statistical analysis he came to the conclusion that the stocks of raw material taking into account the consumption and the time needed for provisioning were quite illogical and that many millions could be saved by

setting up provisioning and stockholding standards. Two days after he had delivered his report, he met his boss, who complimented him with his report and then added: "but today I have bought copper" and he mentioned a tremendous amount. Needless to say that my friend was strongly disappointed. Six months later, however, - the story took place in the prewar-years and the danger of war was approaching - he had to admit that the entrepreneurial judgement of his boss had brought the company more money than he could have saved in many years.

Back to the definition of an entrepreneur. It has been said that the entrepreneur is an innovator. Well, to a certain extent and under certain circumstances, this is true. But he has to be far more. The best proof is that an inventor who is an innovator by definition seldom is a good entrepreneur. In fact, the entrepreneur is combining elements. At a certain moment innovation may be the most necessary point; at other moments it may very well be that his main activity looks like that of an administrator. There are many examples in the history of companies where a very aggressive president had to be succeeded by a more balanced administrative type because the company was running into danger of lack of consolidation and equilibrium of resources.

We have to acknowledge that the task which the entrepreneur has to fulfil in our eyes will differ with the time in which we are living. This is a logical consequence of the fact that the entrepreneur is working with uncertainties, that he has continuously to take and evaluate risks. At one moment his main job will be anticipating the future state of the market; at another moment he will have to find a solution for an equilibrium between investments and available financial resources; at again another moment it may be necessary for his survival to press on technical innovation or to ameliorate efficiency in his own organisation. In theory both the president of a big company and the owner of the retailshop at the corner of the street are entrepreneurs. It is correct that they both are combining the factors of production. But it is also very clear, that although in a very broad sense we can reduce their activities to the same denominator, their day-to-day decisions will vary widely.

It is obvious that in taking risks the entrepreneur

evaluates good and bad chances. He may not only rely on the possible development of the market, he also has to take into regard possible actions of his competitors, changes in production technique, changes in the labour and capital market and changes in government policy, just to mention a few, which may be decisive for the outcome of his decisions. He does not take this risk just for fun, but as every human being he is looking for success. And he knows or will learn that the secret of success is to find a certain equilibrium of good and bad chances.

The possibility of creating this equilibrium is in fact the basis of existence of our market economy and our free society. I feel really sorry that some of the most fervent defenders of the market economy don't understand that the existence of this equilibrium is most essential. When they get the impression that possibilities of competition are diminishing, they want anti-trust laws and similar measures to keep up competition and to prevent developments that could do harm to free competition. They don't understand that they are asking for the impossible, that they are ruining the free society far more by the consequences of their policy than the diminishing of competition in fact could do.

The entrepreneur by his character is an individualist. This means that even if he is in contact with his colleagues in his branche, he is certainly not in favour of giving up independence, as he does partially when entering into trust-agreements and more or less totally when entering into mergers. The history of mergers clearly shows that after some time one of the partners takes the lead and the other leaves or loses his identity.

Much to the contrary of what is normal belief, only a few entrepreneurs are really out for direct maximum profit. The wide majority is so proud of its own creation that expansion is the prime goal which the entrepreneur is after. It is well known that especially in small private business profits are seldom used for private purposes, but mostly for investments in the business. This is the way many enterprises, which started as a small business, went when growing to some size.

The essence of the functioning of a market economy is

that those who want to work under these conditions have to look for optimal solutions. The entrepreneur, who in his co-ordination of production factors did not reach an optimal or nearly optimal solution, will in the end be driven out of business by his competitors who did better.

There is no doubt that many elements are influencing and continuously changing the optimum. Some examples may illustrate the impacts of developments on optimal solution. When during the last century steam was introduced as a primary source of power in production plants, people were forced to go in for - in the dimensions of that time - relatively big production units as steam could not be produced in small quantities in an economic way. The introduction of electricity as a source of power completely changed the picture. The cost of electricity was exactly or nearly the same in a big or in a small plant. So electricity strongly favoured the rise of small business units which could not have existed if we had remained in the steam-age.

In this case new technology favoured the small production unit; in many other cases just the opposite takes place. The continuous rise of wages and stiffening of other labour conditions has in itself the tendency that the costs of the production factor labour is increasing faster than its productivity. By consequence people are looking for machinery which by means of automation reduces the number of manhours in the final product. This development has far-going consequences in a market-economy. Many times we experience that the new production tools can only be used efficiently in bigger units. So the entrepreneur of a smaller unit - for example because his market-region is not big enough - has to come to a decision. He knows that if he continues to produce in the present way, he may struggle for another couple of years but finally will have to leave the market. So what he may do is to look for a combination with somebody else in order to arrive at a turnover figure which enables the use of the new machinery. Some people may say that if the combination takes the form of a merger, the entrepreneur is reducing competition. In fact he is not; he is looking for optimal dimensions to survive. If we want him to live in a free society and to bear himself the risks of his entrepreneurial activity, we cannot forbid him to

look after the optimum and to take the consequences of technical development and the changing of the ratio of relative costs of production-factors.

There is no doubt another very important element in this technical development. The amounts involved in investments are getting relatively bigger and bigger. This creates problems for the entrepreneur. He needs flexibility in order to live with his risks and the less flexible his position for technical reasons is getting, the bigger will be his risks. The man who is carefully evaluating risks will have to take care that the risks are not going beyond what is supportable for his enterprise. If he forgets he is starting to gamble, mostly left with bad chances. And even if he himself is fully confident that his gamble will be successful, it may be that his banker has quite different ideas.

There is in my opinion no doubt that at present we are once again going through a period of sharply increasing risks as a consequence of diminishing flexibility in the production factors. This is partly due to technical development, partly to the social environment in which we live. There have been in the industrial countries more periods of this kind and these have exactly been the periods of the rise of trusts and kartels. If the entrepreneur gets the feeling that his flexibility is in danger, that the equilibrium of the risks he is running is no longer present, he will look for ways and means to reduce the risks and to restore by that way the optimisation of the equilibrium.

It may be that he arrives at the conclusion that it is wise not to put all eggs in one basket. He may look for diversification, knowing as experience has shown that the up and downs in the different branches of industry dont occur at the same moment. The diversification may allow him to take bigger risks in one of his branches, risks which should be too big if this specific branch was his only field of activity. It may be that anti-trust legislation forbids him to do so, but in most cases the legislator shows then a considerable lack of knowledge of the functioning of the free society. In the name of the maintenance of free competition, its pillars are destroyed.

It is correct that there are giants where giants are really a necessity and there are other cases where a giant is not an absolute economic necessity. We have to realize that in modern technology the costs of design and tooling are becoming out of proportion to the price of the product. The car-industry is still able to pay for its own new models, because the costs of design and tooling can be depreciated over many units bought by nearly the same number of customers. In aircraft-industry, however, the costs of designing, for example, a new supersonic passenger-aircraft are so gigantic that they are far beyond the riskbearing-capacity of even the giants, especially when taking into account the small number of potential sales. What then happens is that governments are called in to subsidize or minimize in some way or another the risks involved in the new development. In the case of the aircraft-industry the absolute size of the amounts involved is decisive. There are, however, many other cases wherein the government in the name of "industry-policy" takes away some of the entrepreneurial risks. Shipping is heavily subsidized, shipbuilding favoured with low interest credit and in a lot of countries many other industries get government-guaranteed loans and other forms of facilities, specially to promote capital acquirement. In general, where profit fails to enable the enterprise to make the necessary capital-accumulation for the next step, governments are too willing to aid business enterprises with the production-factor capital. In many cases, however, this aid proves to be not sufficient to create a successful enterprise. It looks as if an entrepreneur who is not able to create the necessary capital funds; nor to acquire them from banking or other financial resources, is not the type of man who is able to run an enterprise.

Daily experience shows that when risks are running out of proportion, people are looking for ways and means to reduce these risks. This shows that an entrepreneurial society can only exist where risks are bearable and can only survive where there is an equilibrium of opposite forces in economic development.

Coming back to the entrepreneur himself, it is obvious that the picture one draws up will differ with the time in which we live and the prevailing circumstances.

When Schumpeter was creating his concept of the entrepreneur, economic life differed widely from what it is today. He could stress the innovator-character just because the economic society was of a relative stability. At the same time the quantities of the production factors the entrepreneur needed to bring together to start his business were small and most business was and could be run as a privately owned firm.

Today this is considerably changed. The privately owned business is losing its place. Even in the retail-business and the hotelbusiness - two branches of traditionally family business - the corporation has entered and is progressing rapidly.

With the corporate organisation a new figure entered the field of business, the manager. Unfortunately our democratic society, which is fond of titles, has created a complete mess around the word "manager". We nowadays have managers everywhere, using this word for department-heads, shop-bosses etc. Where, as a consequence, no common-sense opinion exists about what is a manager, it gets very difficult to use this word.

Nevertheless, when the shareholders of a corporation, who by buying shares show that they want to run a risk, appoint somebody to run day to day operations of a company, they are looking for an entrepreneur. They want somebody who with the capital made available to him can create a business and who can originate profit. There is no doubt that this manager has to be an entrepreneur at the same time. While the classical entrepreneurship has disappeared to a certain extent, a new kind of entrepreneur has taken the place.

The new type of entrepreneur is still a decision-maker, he is an employer of production factors, he lets his company take risks because of the uncertainty under which he is working. Mostly it will not make for him any difference whether he is risking his own capital or the capital made available to him for his operation by shareholders. So in many respects he is acting in the same way as the classical entrepreneur was supposed to do.

It is not the fact that in many fields of activity the corporation has taken the place of the former private ownership that has changed the work of the entrepreneur. Far more important is that the size of the need for and the availability of resources has changed with the industrial development. As a consequence the innovation-element, when still existing, is to a certain sense diminishing. Not only because the preparations for an innovation take more time, but far more because a long period of operation is necessary before one can say that an innovation really was a success. The amounts involved are mostly relatively so high that there is no way back. A continuous change is rarely possible. This means that the entrepreneur after launching his ideas has to give a long aft-care in order that his baby can grow up. The execution of his ideas gets more and more important for their final success or failure. Here is the link in today's economy between the entrepreneur and the manager. The man in the shop at the corner may change overnight from selling icecream to selling chips, just because not much more than his own labour is involved. In modern industry, however, the capitals employed are so big that a change gets really difficult and thus it takes a rather long period before one can say that his idea was a success. We can pick up innovation-ideas nearly every day from scientific institutes, publications, etc., but it is a long and difficult way to bring these ideas to a positive result. In order to be successful the entrepreneur needs to be a manager; too often just the way of execution determines failure or success.

It is certainly not a degradation to say that a big part of the entrepreneurial activity is in the managementfield. The big number of management consultants which have come up, clearly prove how difficult management can be and how much entrepreneurial skill and vision is necessary to be a good manager. To give just a few examples. Whether the decision to build a new aircraft or a new computerserie was right or wrong will not be known before perhaps ten years after the decision is made. During that period it is the managerial type who by his decision and by his way of conducting the business has the answer in his hands.

Another example: It was not so difficult to foresee the possibilities of application of semi-conductors and

integrated circuits. Nevertheless only very few of those who entered this field succeeded. In nearly all cases the innovation-entrepreneur failed when he had to be the management-entrepreneur.

And perhaps we got a very good lesson of what an entrepreneur has to be from the president of one of the biggest concerns. For a vision of the future, he said, when retiring, it is not sufficient to do planning with very clever people, to solve technical problems with excellent technicians, to have smart finance people and marketing people with great experience. As the head of his company, with production facilities and organisations in 71 countries of the world, he had learned that the entrepreneurial task in to-day's world asks for far more vision than just the combination of production-factors like capital and labour. Here indeed is shown that there is a big gap between the entrepreneurial tasks at the time of Schumpeter and our present age; that there also is big gap between the small entrepreneur and the man who is heading a big group which is spread worldwide. The small entrepreneur, if we may call him so notwithstanding the fact that many times he is a bright character, may still be the innovator, the combinator of production factors in a limited field. For the "big" entrepreneur, if we may speak of him in such a way, the combination of production factors has become a kind of routine business. He has to make decisions on world-development, he has to look after national aspirations, he has to sacrifice today's profits for a position in the future, surely without knowing what this position will be. One may call him the innovator type; but his innovation is something completely different from a successful combination of production factors or a fine nose for what the consumer-market will be in the very near future.

It is quite true that our world still has millions of small entrepreneurs against only thousands of the big entrepreneurial type. But we have to realize that our theoretical concept of the entrepreneur is somewhat outdated, that time has come for its innovation and adaptation to the greater dimensions of our present society. When we succeed in creating a more up-to-date picture of the entrepreneur, his problems and his motives, we will also be able to get a better understanding about his reactions. When we look upon the entrepreneur

as the man who is willing to take risks and who by doing that acts as the motor of development in a free society, we need a better knowledge of the kind and size of his risks, and not less of the limits beyond which the risk-bearing function cannot be fulfilled.

Here are some basic tasks of the entrepreneur of today.

1. He has to combine the basic production factors.  
In doing so, he has to decide on the quantities he is going to use of each of them. For example, to what extent he will use labour to perform some job or to what extent he will let the job be done by machinery, which to him means the production-factor capital.
2. He has to attract the production factors he decides to use.  
In a small shop he may use his own labour and his own capital, perhaps renting a building. If the business is bigger and his private funds are not sufficient, he has to make up his mind whether to use shareholders-capital and/or to use loans and bank credits. Once he is deciding on credits, he will have to evaluate his possibilities to pay the interest due and to repay the loans he has got. He also has to make up his mind which ratio between his own (including shareholders) capital and loans is acceptable in view of the risks involved in his operation.
3. He has to control the efficiency of his operation.  
It is not only necessary to attract the necessary production factors, but once having them to let them work continuously efficient. In every organisation there is a tendency that tradition creeps in and that by consequence the organisation gets less efficient. The struggle for efficiency is on many occasions the biggest worry for the entrepreneur and will be decisive for success or failure. Not only the internal efficiency is involved but also the make or buy decision of certain parts of the product.

4. He has to watch his market.

Watching a market depends strongly on the kind of product he is producing. If he makes an article for the consumer-market, he will have to look after fashion, after pricing, after distribution methods, but he will also in a more general and long term way have to keep an eye on consumer habits, on the most likely movement of consumable incomes and the way of spending. It is obvious that there are no fixed ratios how the consumer will spend his money and the producer of consumer-articles needs to have a common sense feeling about the modifications to be expected in the spending pattern. If the entrepreneur is not in the consumer field, but is producing semi-manufactured articles his attention to the ultimate consumer-market may be less but may be focussed on the production methods of his buyers or their possible use of other materials.

5. He has to pay attention to the raw material market. This is easily understandable when he uses raw materials depending on crops. But in the longer term this is also true for produced raw materials. The textile manufacturer has to decide whether and to what extent he will use wool or cotton or man-made fibre. The producer of pipes will have to decide on iron and steel or plastics. The producer of electrical wire may choose between copper or tin and his decision will not depend on the consumer-market, but on the development of availability and price. In many cases a change in raw material does not simply mean an act of purchasing, but heavy investments due to manufacturing changes may be involved.

6. He has to look after technological development. The influence that technological development can have may be completely different. It may be that he has to decide on buying new machinery or tools in which case he will have to weigh increased speed or saving of labour against costs of investment. But it may also be, as was the case when tubes were replaced by semi-conductors and integrated circuits, that his decision is related to a completely different production-technique. In this case he has to decide whether

or not technological development will outdate his product.

7. He will have to give consideration to his field of activity.

This does not only mean that he has to make guesses about his competitors. But once having invested considerable amounts and running an operation at high fixed costs, he may come to the conclusion that he has to compensate the decrease of flexibility by vertical integration in order to stabilize his turnover and to get a better ratio to the flexibility of his costs structure. This may as well mean that he tries to acquire sources of raw material as that he will enter into the next stage of production. And it may even be that he is interested in a completely different field of activity, hoping that through the diversification the overall flexibility of the totality is more favourable than that of his field of origin alone. But it can as well be that he comes to the conclusion that some of his activities don't fit any longer in his production set-up.

8. He has to understand general development.

There are numerous elements in the development of our society that have a big influence on entrepreneurial activity. When the standard of living is ameliorating this certainly does not mean increased purchasing of everything that was bought before, but a change in the consumption-pattern will follow. The same may happen when population changes or when for example the youngsters get relatively higher pay. In the international field the entrepreneur has to guess about the slower or faster development of the economy of the different countries. In his own productioncenter he may have to watch the development of the labour-market and he may arrive at the conclusion that he will have to change his location or that he has to buy automatic production equipment not because it is cheaper now, but because in the near future he will not be able to find labour willing to do dirty jobs or sufficiently skilled for the jobs he has to perform. Or to take quite a different

point: If the entrepreneur is living in an unstable environment, his view on the way the value of money goes may have great influence on his decisions how to finance his investments and sometimes even on the question whether he will invest now or to-morrow.

9. Crystal ball looking.

Unfortunately the answer to the problems the entrepreneur is facing is seldom black and white, but mostly grey. If the choice between black and white was in fact the problem, we would not need an entrepreneur. A planning office should be sufficient. However, if we look at the results of the best planning offices, we only can say that the deviations between their predictions and reality are so big, that an enterprise could hardly live with them.

The market economy in principle is unstable because of the many decisionmakers. These are not only all the consumers, but also the weather, the development of technology, the policy of governments, the influence of pressure groups and so on. The grey which the entrepreneur is facing only gets black and white if he uses a number of ifs as the basis of his assumptions. Whether he is successful or not, depends on the question whether the ifs turn out rightly. The entrepreneur may be aware or unaware of the ifs in his assumptions. But if he is aware, he will understand the risks he is running, he will try to evaluate them and to come to a calculated risk. It will depend on his character and the size of his resources, whether he judges this calculated risk to be supportable or he comes to the conclusion to abstain from action. And it may very well be that before taking the decision he looks for ways and means to make the outcome of his risk calculation more favourable by trying to increase either stability or flexibility.

Some people may say that all this - and much more - is part of the "job-description" of the innovator-type. But even if so, for better understanding it looks preferable to elaborate the conception of the entrepreneurial task.

# La Integración Económica de América Latina

Romulo A. Ferrero

En los últimos 10 años o poco más ha habido gran interés en América Latina para constituir agrupaciones económicas entre los países de la región, sobre la base principalmente de la liberación del comercio que llevan a cabo entre ellos, y con el propósito de acelerar su desarrollo. Se ha constituido así cuatro agrupaciones, que son: La Asociación Latinoamericana de Libre Comercio (ALALC), el Mercado Común Centroamericano (MCCC), la Asociación de Libre Comercio del Caribe (CARIFTA) y, finalmente, el Acuerdo de Integración Subregional Andina (Pacto Andino), que, aun cuando reúne países que son miembros de la ALALC, tienen características propias y está desarrollando su actividad en forma muy dinámica, por lo cual merece ser tratado por separado. Estas agrupaciones tienen particular interés en vista de que ya cubren prácticamente toda la región, que tiene una población total de 275 millones de habitantes, un producto bruto de más de 130 mil millones de dólares a los precios de 1960 y exportaciones que pasan de 13 mil millones de dólares.

El propósito del presente trabajo es: 1) Explicar las razones que han impulsado a los países latinoamericanos a buscar estas formas de asociación económica; 2) recordar las condiciones que deben satisfacer estas agrupaciones para efectuar una contribución positiva al desarrollo económico y bienestar de la población de los países participantes; 3) enumerar las características económicas de los países latinoamericanos, para apreciar si ellas ofrecen perspectivas favorables para una integración económica beneficiosa; 4) resumir brevemente, y con el mismo fin, el Tratado de Montevideo, que dió nacimiento a la ALALC, y el Pacto Andino o Acuerdo de Cartagena, que resultó en la constitución del Grupo Andino; y 5) finalmente, reseñar la evolución que han experimentado estos dos proyectos, que agrupan a países responsables aproximadamente de las nueve décimas partes de la población, del producto bruto y del comercio internacional de la región, para terminar examinando sus perspectivas de éxito.

## Razones o Móviles de la Integración

Estas razones pueden resumirse en la forma siguiente: a) El crecimiento económico de América Latina en las dos últimas décadas no ha sido en conjunto satisfactorio (alrededor de 5%), aun cuando ha habido sustanciales diferencias entre los países que la integran. De acuerdo con la doctrina formulada por la Comisión Económica para América Latina (CEPAL) bajo la dirección e inspiración de Raúl Prebisch, esto se debe a la reducida tasa de aumento de las exportaciones, motivada a su vez por la baja elasticidad de la demanda mundial por los productos primarios que constituyen la mayoría de aquellas; y por el deterioro, que considera continuo y secular, de los términos del intercambio; b) este "estrangulamiento exterior", como ha sido llamado, ha reducido notablemente la capacidad para importar obligando a los países a adoptar políticas de "crecimiento hacia adentro" caracterizadas por un proceso de industrialización forzada dirigido al mercado interno para sustituir a las importaciones, tratando de aliviar así la presión sobre la balanza de pagos; c) esta política ha mostrado haber llegado en la mayoría de los países grandes y medianos de la región a su límite, determinado por la insuficiencia del mercado interno por la baja capacidad adquisitiva de la población en casi todos los países, y la ineficiencia e incapacidad de las industrias para competir en los mercados internacionales; d) en consecuencia, hay necesidad de continuar la expansión industrial en escala más amplia, regional o subregional, para contar con mercados más grandes que permitan obtener las economías de escala, y abandonar a la política de industrialización individualista y autosuficiente de cada país. Ha reforzado este movimiento hacia la integración el ejemplo de la creación y rápido crecimiento de la Comunidad Económica o Mercado Común Europeo, aún cuando las condiciones sean muy diferente en los dos casos.

No es este el lugar ni la oportunidad de analizar y criticar esta doctrina, lo que ha sido hecho en numerosos escritos de autorizados expertos en materia de desarrollo económico y comercio internacional, en lo que se refiere a las posibilidades de incremento de las exportaciones primarias, en cuanto al deterioro fatal de los términos del intercambio, a los inconvenientes de la política de industrialización al amparo de aranceles sumamente elevados, a las consecuencias del descuido y aun castigo de la agricultura y a los efectos nocivos de la inflación intensa y de los tipos de cambio sobrevaluados mantenidos por épocas prolongadas. Basta referirse a los escritos, por ejemplo, de Haberler, Campos, Johnson, así como a anteriores trabajos del pre-

sente autor. Tampoco es necesario subrayar la experiencia sumamente diversa que hay entre los distintos países latinoamericanos en materia de tasas de desarrollo económico y de crecimiento de las exportaciones, tomando por ejemplo entre México y Perú de un lado, y Chile y Argentina de otro lado, porque ello también ha sido hecho en numerosas oportunidades y por distinguidas autoridades en la materia. Pasaremos más bien a recordar los requisitos que debe reunir un Proyecto de Integración Económica basado fundamentalmente en la Liberación del Comercio entre los países miembros, en cualquiera de sus distintas formas, a saber: Unión Aduanera, Zona de Libre Comercio, Mercado Común o Unión Económica. Estaremos así en condiciones de apreciar si existen o no en el caso de América Latina, y por ende sus posibilidades de éxito.

### Condiciones para el éxito de la Integración Económica

Hay que comenzar por recordar que todos los proyectos de liberación del comercio entre un grupo de países equivalen al establecimiento de un sistema de preferencias comerciales entre sus miembros, lo cual constituye una segunda opción o solución (second-best) respecto a la solución óptima constituida por la liberación del comercio entre todos los países, siendo de advertir que, como ha expresado Meade, es posible que el óptimo no sea una liberación o eliminación total de los derechos sino tan solo una parcial.

Como han expresado Robbins<sub>1</sub> y Röpke<sub>2</sub>,

1 " Desde el punto de vista internacional, la unión aduanera no es una ventaja en sí misma. Sólo lo es en cuanto, en balance, conduce a una mayor división del trabajo; y se justifica sólo por argumentos que justificarían aún más su extensión a todas las otras áreas con las cuales se podría mantener relaciones comerciales".

" La ganancia que se obtiene de los agrupamientos regionales no se deriva de una mayor auto-suficiencia en las partes que se agrupan".

2 " Es obvio que los beneficios de liberalización del comercio dentro del área serán neutralizadas en la medida de la cual se eleven las barreras contra otros países".

Entendiendo así que la constitución de uno de estos sistemas de preferencias es un caso de la segunda opción en ausencia de la primera, debe recordarse a Viner, quien advierte que por esta misma razón tiene dos efectos distintos y aun opuestos sobre el comercio internacional, de cuyo equilibrio depende que resulte siendo conveniente o nó. Así, la liberación del comercio entre los países miembros de la agrupación fomenta el comercio entre ellos, y por ende la división internacional del trabajo con un mejor aprovechamiento de los recursos del conjunto, al sustituir en cada país artículos que anteriormente se producían en él por otros que pueden producirse más económicamente en otros miembros. Empero, por otra parte, al existir una preferencia a favor de las importaciones procedentes de los países miembros debido a la eliminación de los derechos, se desvía las corrientes de importación de fuentes ajenas al proyecto y más baratas (abstracción hecha de los derechos) hacia importaciones más caras procedentes de los otros miembros. Este efecto es tanto más apreciable cuanto mayor sea el grado de preferencia otorgado y el campo cubierto por ellas y, por lo tanto, aumenta a medida que se rebajan los derechos dentro del sistema, y más aún si se elevan los derechos para las importaciones procedentes de fuera de él. De esto se derivan algunas consecuencias muy importantes para determinar si tales agrupaciones resultan en realidad beneficiando a los países miembros, sin hablar de los efectos sobre el comercio internacional global.

En consecuencia, no es posible adelantar a priori un juicio acerca de la conveniencia de uno de estos proyectos de integración ya que ello depende del balance entre estos dos efectos opuestos, pero sí puede decirse por adelantado: 1) que cuanto mayor sea el margen de preferencia otorgado entre los miembros, mayores son las probabilidades de que se presenten efectos desfavorables; 2) por tanto que los derechos cobrados a las importaciones de terceros países deben ser lo más moderados posible, y 3) que la forma de integración que permite a cada país fijar su propio arancel frente a terceros (Asociación de Libre Comercio) disminuye este riesgo. Más adelante se verá la aplicación de estos principios al caso de América Latina.

## Características Económicas y Comerciales de América Latina

En su clásica obra sobre "La Teoría de una Unión Aduanera", Meade, expresa que las condiciones más favorables para que un proyecto de esta clase aumente el bienestar económico son las siguientes: a) que las economías de los países participantes sean inicialmente muy competidoras o semejantes, pero potencialmente muy complementarias o desemejantes; b) cuanto más elevados sean los derechos de importación iniciales que se vayan rebajando hasta eliminarlos c) cuanto más alta sea la proporción del comercio total de los países miembros que ellos llevan a cabo entre sí; y d) cuanto mayor sea el campo para las economías de la producción en gran escala. A todas estas condiciones, que naturalmente señalan las ventajas de la mayor especialización y división internacional del trabajo, cabe agregar una más, a saber: la posibilidad de que haya transporte económico, o por lo menos que no sea excesivamente costoso, entre los países participantes, lo cual tiene mucha importancia en el caso de América Latina como se verá más adelante. También, que haya una razonable estabilidad monetaria reflejada en los niveles internos de precios y en los tipos de cambio.

En el análisis que vamos a efectuar nos ocuparemos tan solo de la Asociación Latinoamericana de Libre Comercio (ALALC), y dentro de ella, del Grupo Andino, las que reúnen como se dijo el 90% de la producción, de la población y del comercio exterior de la región.

La población de América Latina a mediados de 1970 se estimaba en 275 millones de habitantes, y su superficie total en menos de 20 millones de kms<sup>2</sup>, lo que da una densidad de sólo algo menos de 14 habitantes por km<sup>2</sup>; la producción económica total se estimaba en 130 mil millones de dólares (de 1960) con un promedio de 465 dólares por habitante; y las exportaciones ascendían a unos 13,500 millones de dólares, o sea casi 50 dólares por habitante. La mayor parte de la población (60%) y del producto bruto (67%) se encontraba concentrada en sólo tres países, a saber: Argentina, Brasil y Chile. Las exportaciones estaban constituídas en cerca de 90% por productos primarios o en primer grado de transformación (azúcar, metales refinados), y constituían solamente un 10% del producto bruto de la región. El comercio dentro de ésta misma era a su vez sólo el 10 a 11% del comercio total, y estaba concentrado en más de las dos terceras partes en Argentina (trigo, carne y otros cereales), Brasil (café, algodón), Chile (cobre) y Venezuela (petróleo); el transporte es costoso y se verifica casi todo por vía marítima debido a las dificultades geográficas, (Cordillera de los Andes, desier-

tos y Selva tropical), la falta de vías de comunicación por tierra y las distancias muy largas, habiendo así una baja densidad demográfica y económica; la industria, que constituye el conjunto cerca de una cuarta parte del producto bruto total, no es eficiente y está protegida por derechos sumamente elevados que promedian 100% y aun más; hay en algunos países importantes un alto grado de inestabilidad monetaria, con tasas de inflación internas elevadas, devaluaciones frecuentes y muy fuertes, y desequilibrios casi crónicas de la balanza de pagos. En el anexo estadístico se presenta algunos cuadros ilustrativos de estas características.

Como puede verse, las condiciones de América Latina son muy diferentes de las que predominaban en Europa Occidental cuando se constituyó el MCE, hecho que ya subrayara el autor de este estudio en 1959 cuando comenzaron las primeras conversaciones para constituir la Asociación Latinoamericana de Libre Comercio. Así, en Europa los países del MCE tenían en vísperas de la constitución de esa agrupación una población de 163 millones de habitantes, que hoy día es de cerca de 200 millones, con una densidad de 140 habitantes por km<sup>2</sup> que hoy día es de 215; su producto bruto total ascendía a 156 mil millones de dólares que hoy es 305 mil millones, correspondiéndole a la producción industrial en promedio el 45% del total. A esta alta densidad demográfica y económica se unía la existencia de sistemas de transporte por ferrocarriles, caminos y ríos, fáciles y baratos; un comercio entre los países miembros que ya era el 31% de su comercio total, y finalmente, menores diferencias en el grado de desarrollo económico e industrial, y sobre todo un alto grado de estabilidad monetaria.

En aquella época habían terminado el proceso de recuperación y de estabilización de sus monedas que siguió a la segunda guerra mundial. Desde entonces han experimentado un notable crecimiento económico que ha promediado alrededor del 5% anual; el comercio entre ellos ha crecido más rápidamente que el comercio total, es de alrededor del 50% del total. Los tipos de cambio han experimentado pocas variaciones, entre ellas las devaluaciones del franco francés y las revaluaciones del marco alemán y del florín holandés, pero en grado mucho menores que las devaluaciones latinoamericanas, como también la estabilidad de los precios internos se ha mantenido mucho mejor que en el caso de esta región.

Después de exponer estas diferencias, veamos los instrumentos forjados para lograr la integración económica de la región.

## El Tratado de Montevideo y el Acuerdo de Cartagena

Para dar idea de la forma como se está tratando de realizar en América Latina la integración económica, es conveniente resumir brevemente los principales proyectos de esta naturaleza que existen; y luego examinar su evolución y sus posibilidades de éxito.

En el mes de febrero del año 1960 se firmó el Tratado de Montevideo que dió nacimiento a la Asociación Latinoamericana de libre Comercio (ALALC), que agrupó en un principio a siete países, número que luego se elevó a diez (Argentina, Bolivia, Brasil, Colombia, Chile, México, Paraguay, Perú, Uruguay y Venezuela). Ellos comprenden prácticamente el 90% de la población, del producto bruto y del comercio de la región. Las características esenciales de este Tratado pueden resumirse en la forma siguiente: Su finalidad es establecer en un período de 12 años una Zona de Libre Comercio, eliminando entre ellos las restricciones aduaneras y de otra clase. Para este fin cada país debe negociar anualmente con los otros miembros de la Asociación una Lista Nacional, que incluye los productos sobre cuya importación está dispuesto a otorgar rebajas a cambio de concesiones que le hagan los otros países. Tales rebajas deben hacerse de tal manera que el promedio de los derechos que cada país cobra a las importaciones provenientes de los demás miembros se reduzca respecto de los que cobra a las importaciones semejantes de fuera de la región a razón de 8% por cada año de funcionamiento del Tratado, aumentando así progresivamente el margen de preferencia. Además, se prevía que cada tres años después de entrar en vigencia al Tratado (1964, 1967, 1970 y 1973), todos los países miembros de la Asociación deberían convenir en una Lista Común conteniendo productos que constituyeran en 1964 el 25% de los comerciados dentro del conjunto de la Asociación, el 50% al terminar la segunda etapa, el 75% al terminar la tercera y finalmente "lo esencial" del intercambio dentro de la Asociación, al terminar el período de 12 años en 1973.

Como se puede ver, este Tratado no ha adoptado el sistema de la rebaja general o lineal (across the board) y automática para todos los productos, sino más bien el de la negociación selectiva producto por producto. No ha tendido así a la liberación general del comercio actual o potencial entre sus miembros sino tan solo al establecimiento de un sistema de preferencias dentro de la Asociación, ya que las negociaciones no se han hecho discutiendo entre todos los países rebajas sobre los mismos productos, sino intercambiando cada país rebajas sobre algunos productos por rebajas sobre otros productos de parte de los demás paí-

ses. El compromiso de liberar proporciones crecientes de los productos materia del intercambio en la zona tiene un valor muy limitado, y desde luego muy inferior al compromiso de liberar las mismas proporciones de todas las partidas del arancel, haya o no actualmente comercio. Como consecuencia, no se puede conocer por anticipado cuáles productos quedarán liberados de restricciones, cuál será el nivel de los derechos que paguen durante el período de transición y por lo tanto no existe seguridad sobre el campo final de liberación del comercio dentro de la Zona. No hay por lo tanto, condiciones propicias para planear inversiones con la mira de llevar a cabo una producción para ser colocada en todo el mercado de la región. Estas críticas fueron hechas por el autor de este trabajo desde antes que se firmara el Tratado de Montevideo, siendo compartidas también por otros autores.<sup>5</sup>

La experiencia recogida en los 10 años que tiene de vigencia este Tratado justifica las críticas que se le hicieron y los temores que se abrigaba acerca de su efectividad. Es verdad que se ha otorgado un elevado número de concesiones o rebajas arancelarias, pero muchas de ellas no han tenido importancia por versar sobre productos de escaso interés sin herir intereses creados. Ciertamente el comercio entre los países de la región ha aumentado en proporción mayor que su comercio total, pero esto se debe fundamentalmente a la desviación de las importaciones desde otras fuentes, ya que los márgenes de preferencias para las provenientes de la región son sumamente elevados habiendo reconocido la propia Comisión Ejecutiva de la ALALC que es muy difícil desplazar importaciones de otro origen si los márgenes no son por lo menos de 50%. Además, la proporción del comercio total llevado a cabo entre los miembros ha subido de 6% a 11%, pero solo ha regresado a los niveles que tenía antes de constituirse la Asociación cuando regían una red de convenios bilaterales, principalmente en Argentina, Brasil, Chile y Uruguay.

Por otro lado, no ha cambiado apreciablemente la composición del comercio intrazonal por no haber aumento notable de productos industriales como se deseaba; los aranceles frente a terceros países continúan siendo muy elevados y lo que es peor los miembros que los tenían a menores niveles los han levantado para igualar a los más proteccionistas; el comercio intrazonal continúa altamente concentrado; y no se ha podido acordar la segunda Lista Común en 1967 ni mucho menos la tercera en 1970. Por lo contrario, a fines de 1969 se aprobó en Caracas un Protocolo que amplía el período de transición en siete años hasta fines de 1980; dispone que debe efectuarse estudios para establecer un Mercado Común y nuevas normas sobre los sistemas de

desgravación y negociaciones así como para constituir la Lista Común; y que hasta 1980 la obligación de reducir anualmente la media ponderada de los derechos a las importaciones que cada país efectuó de los otros miembros no sea ya de 8% sino solamente de 2.9%. Por consiguiente, quedan confirmadas las dificultades para resolver los problemas básicos, reducida la velocidad de la Liberación del Comercio a una forma limitada por su campo y postergadas las decisiones definitivas. En consecuencia, este Proyecto ha entrado, por decir lo menos, en un compás de espera, y los temores sobre su fracaso final no solamente persisten sino se acentúan.

Han sido precisamente estos temores los que han conducido a la constitución dentro de la ALALC del Acuerdo de Integración Económica Subregional Andina firmado en Cartagena, dentro de la ALALC, aprobado por ésta y en plena marcha en su etapa inicial. Este Acuerdo comprende cinco países, a saber: Colombia, Ecuador, Perú, Bolivia y Chile, no habiendo sido ratificado por un sexto país, que es Venezuela. En conjunto, comprende 56 millones de habitantes con un PNB de 21 mil millones de dólares (promedio, 381 dólares per capita), producción industrial que asciende en promedio al 21% del PNB y exportaciones por un valor de 3 mil millones de dólares. Viene a representar así la quinta parte de la población total de América Latina, la sexta parte del PNB y la cuarta parte de sus exportaciones. El comercio que llevan a cabo entre ellos asciende a una proporción baja de su comercio total: alrededor del 4%, contra 11% en la ALALC y 31% en la CEE cuando se constituyó, proporción que ha subido ahora al 50%.

Las características de este Acuerdo son fundamentalmente dos, a saber: un Programa de Liberación del Comercio entre los países que integran, y la Programación o Planeamiento Conjunto del Proceso de Industrialización de la Subregión Andina. Su meta es constituir un Mercado Común en 1980, para lo cual deberá establecer un Arancel Externo Común progresivamente a partir de 1975, y, como etapa previa un Arancel Externo Mínimo Común que vaya otorgando margen de preferencias a favor de las importaciones procedentes de los países miembros.

El Programa de Liberación del Comercio no es uniforme para todas las importaciones variando según que ellas se produzcan o no actualmente en la subregión, y, también, según se proyecte hacerlos objeto de Programas de Producción acordados entre los países. Las distintas modalidades son las siguientes: 1) Liberación rápida, ya producida en 1970 de los productos incluidos en la primera Lista Común de la ALALC; 2) liberación el 28 de febrero de 1971 de los que no se producen ahora en la subregión y cuya producción futura no haya sido reservada para Colombia, Chile

o el Perú; 3) los productos que sean reservados para ser objeto de Programas Sectoriales de Desarrollo Industrial (los que deberán ser formulados a fines de 1973 a más tardar) serán liberados según el mecanismo de rebajas que establezca cada Programa; y 4) los productos no incluidos en ninguna de las tres categorías anteriores serán liberados en forma automática y lineal, a razón de 10% cada año a partir de 1971, tomando como punto inicial el derecho más bajo existente en Colombia, Chile o el Perú, pero sin poder exceder del 100%; esta categoría comprende alrededor del 60% de las partidas del arancel. En todos los casos la liberación deberá terminarse a fines de 1980. Bolivia y el Ecuador, que son los países menos desarrollados del grupo, recibirán un tratamiento especial más ventajoso. Además, se emprenderá una acción conjunta para mejorar la infraestructura física y para armonizar las políticas comerciales, cambiarias, tributarias, de tratamiento al capital extranjero, etc.

Como puede verse, se ha combinado un proceso de liberación automática del comercio entre los países miembros por medio de la rebaja de los derechos a razón de 10% por año con un intento de Planificación Conjunta del Desarrollo Industrial de la Subregión mediante la preparación de planes sectoriales para industrias básicas como las metalúrgicas, metalmecánicas, químicas básicas, petroquímicas y de bienes de capital. Se pretende, pues, reemplazar el mecanismo del mercado y de los precios, así como la libre competencia, mediante la asignación a priori de las industrias a los diferentes países cuidando de procurar, según el Acuerdo, "un desarrollo armónico y equilibrado de la subregión". Tales Programas Sectoriales deberán determinar en cada caso la localización de las plantas entre los diferentes países, la financiación de ellas, los mecanismos de liberación dentro del Grupo de los productos a los cuales se refieren, etc.

En nuestra opinión, esta Planificación Conjunta no debería ir más allá de ciertas cuestiones generales y evidentes, como por ejemplo, evitar la duplicación de industrias semejantes en distintos países estableciéndolas en aquellos que evidentemente no tienen condiciones apropiadas; o la ampliación de industrias que han probado ser ineficientes constituyendo verdaderas sangrías para el presupuesto y para la balanza de pagos, al mismo tiempo que elevan el costo de insumos básicos para el desarrollo industrial. Tal Programación Conjunta debe ser entendida así no como un sustituto del mecanismo del mercado y de los precios, ni de la competencia, sino sólo en la forma que se acaba de indicar.

Como expresó Haberler en sus conferencias sobre la integración económica de los países subdesarrollados, en Río de Janeiro,

"ningún economista o econométrista, aun armado de las mejores estadísticas y tablas de insumo-producto (de las cuales no se dispone) puede determinar a priori cuáles son las industrias más apropiadas para un país. Son éstas las cuestiones que deben ser resueltas por el mecanismo del mercado, de los precios y de la libre competencia". En cambio, una planificación del tipo considerado en el Grupo Andino exige o, mejor dicho, constituye una dirección de las inversiones y de la actividad económica de los países participantes, en detrimento del funcionamiento de la empresa privada, de la libre competencia y del mecanismo del mercado.

Contrastando con la semi parálisis que viene mostrando la ALALC en los últimos años, éste proyecto de integración ha dado muestras de gran actividad y dinamismo, adoptando importantes decisiones conforme lo previsto en el Acuerdo de Cartagena. Así, se ha liberado el comercio para las dos primeras categorías de productos anteriormente mencionadas, se ha determinado cuáles productos quedarán reservados para ser objeto de los Programas Sectoriales de Desarrollo Industrial; se ha adoptado un Arancel Externo Mínimo Común; y se ha aprobado un régimen o tratamiento común para las Inversiones Extranjeras. Para el presente año 1971 se prevee un programa de trabajo sumamente intenso que comprende propuestas sobre los siguientes asuntos: Programas de Desarrollo Industrial Conjunto para algunas industrias básicas; Armonización de la Legislación de Fomento Industrial en los países miembros; Reglas para eliminar la competencia desleal entre los miembros; Tratamiento uniforme de Compañías Multinacionales; Estudio de Políticas Económicas y Sociales.

A pesar de esta innegable actividad, cabe hacer algunas observaciones a este Proyecto, tanto en lo que se refiere a los conceptos en los cuales está inspirado cuanto a las decisiones que se han venido tomando, y a las perspectivas que presenta de contribuir en forma eficaz a acelerar el desarrollo económico de la subregión. Tales observaciones pueden resumirse en la forma siguiente:

1) Las características de los países participantes en este Proyecto de Integración no son las más favorables para que lleve a convertirse en un factor importante para su desarrollo económico. En efecto, la población total no es muy grande y se encuentra repartida en una superficie muy extensa, con grandes dificultades de transporte y comunicaciones. El Producto Bruto tampoco es elevado, lo que significa que no hay ni densidad demográfica ni densidad económica. Si bien existen posibilidades de una complementación futura, estas resultan en la práctica obstaculizadas por las distancias, las dificultades de transporte y los fuertes intereses creados en las industrias establecidas.

2) Como consecuencia de las características naturales y del grado de desarrollo alcanzado por estos países, el comercio entre ellos es muy reducido ascendiendo tan solo alrededor del 4% de su comercio total. Por consiguiente, lo que puede esperarse de la liberación del comercio entre estos países no es mucho ya que, aun cuando dicho comercio aumentara a un ritmo dos veces mayor que el de su comercio total (por ejemplo, 10% anual contra 5%), se demoraría 14 años para llegar a duplicarse y constituir solo el 8% del comercio total, y otros 14 años para constituir el 16%. En cambio, se forzaría la desviación de las importaciones desde fuentes más baratas de fuera del Grupo a fuentes más caras de dentro de él con perjuicio de toda la población y de manera especial de los países menos desarrollados y de mercado interno más reducido.

3) El Arancel Externo Mínimo Común aprobado en 1970 establece elevados derechos de 40% a 100% y aún más para los artículos manufacturados, lo que viene a representar una protección efectiva de más de ciento por ciento. Es natural suponer que el Arancel Externo Común definitivo, que deberá a comenzar a aplicarse gradualmente en 1975, considere derechos de una altura más o menos semejantes, y por lo tanto de igual grado de protección, tratando de desviar las importaciones desde terceros países hacia los miembros del Grupo. Desde luego, ello no será posible sino en cierta medida, pero conducirá al encarecimiento de las importaciones repercutiendo sobre el nivel interno de los precios. Se repetiría así en escala subregional el intento de autarquía que ha caracterizado en cada país el desarrollo industrial; y la forma de liberación escogida: Mercado Común en lugar de Zona de Libre Comercio, aumenta los peligros de esta naturaleza porque quita libertad a los países miembros de tener tarifas externas más bajas.

4) Además de los efectos perjudiciales que esto tendría internamente al empujar los costos y los precios hacia arriba, las industrias que se establecieran o expandieran no serían eficaces, por la ausencia de competencia; y por lo tanto no estarían en capacidad de salir a competir a los mercados de los demás países de la ALALC, ni mucho menos a los mercados internacionales, lo que debería ser una meta principal. Se lograría como resultado una menor autosuficiencia de cada país pero con una mayor autosuficiencia regional al precio de elevar las barreras frente al resto del mundo y encarecer los precios.

5) Se ha aprobado un Régimen o Tratamiento Común para las Inversiones Extranjeras que es bastante restrictivo, y cuyas características esenciales son las siguientes: a) Sólo podrán aprovechar del beneficio de la liberación del comercio las empresas mixtas (con 51% a 80% o de capitales de la subregión) o naciona-

les (con 80% o más de esos capitales), quedando excluidas las empresas que tengan menor proporción de capitales nacionales; b) éstas últimas empresas, a las que se consideran como extranjeras, tienen la opción de convertirse en mixtas o nacionales en un plazo de 15 años para gozar de dichos beneficios; c) en ciertas actividades, como son: la banca, los seguros, los servicios públicos, el comercio interno, los medios de difusión, las empresas extranjeras deberán convertirse en nacionales (con un mínimo de 80%) en un plazo de tres años; d) las remesas de utilidades se limitan a un 14% de la inversión extranjera; e) habrá un control de estas últimas bastante estrecho, y además se restringirá su acceso al crédito interno y al crédito externo. Estas disposiciones no favorecerán la venida de capitales del exterior que son necesarios para completar el insuficiente ahorro interno de los países integrantes, y dificultará el aporte continuo de tecnología, que es tan importante como el de capitales.

6) Finalmente, hay numerosos indicios que señalan como otro de los resultados de este proyecto un aumento excesivo de la intervención del estado en las actividades económicas por ejm., en el funcionamiento de los organismos del Acuerdo (Comisión y Junta) en los cuales el sector privado tiene una participación prácticamente nula; en la programación industrial, donde probablemente sucederá lo mismo, siendo de mencionar el hecho de que el sector privado no haya intervenido en la determinación de los productos que serán objeto de dicha programación; en la preferencia que se otorga al estado o a las empresas estatales, para adquirir la participación del capital de las empresas extranjeras que éstas deben transferir a los nacionales de la subregión; etc.

En nuestra opinión hubiera sido preferible que, en lugar de adoptar este ambicioso proyecto de integración, los países participantes hubieran acordado rebajar entre ellos sus elevados derechos de importación en forma automático y general sobre todo el arancel, y en plazos algo más largos para los países menos desarrollados (Bolivia y el Ecuador), para aprovechar las ventajas de la división internacional del trabajo y gozar de las ventajas de un mercado más amplio, hasta donde lo permitieran las dificultades geográficas y de transporte. Tales rebajas no se harían extensivas a terceros países, para mantener un margen de preferencia que constituyera una protección razonable para sus industrias (digamos, 25% a 30% en promedio) pero rebajando los muy altos derechos actuales para llegar a ese nivel gradualmente. Se fomentaría así la competencia dentro de la subregión o grupo, sin entrar en un planeamiento de conjunto que trata de reemplazar la asignación de recursos por la vía del mercado, por las directivas de los gobiernos. También se trataría de adquirir progresiva-

mente mayor eficiencia, rebajando gradualmente la protección del arancel externo hasta prescindir eventualmente de casi toda ella y poder competir en los mercados internacionales, como ya lo han logrado otros países subdesarrollados como Hong Kong, Taiwan y Corea del Sur. Desde luego, siempre subsistirían las dificultades derivadas de las grandes distancias y deficientes transportes. Sensiblemente, las corrientes dominantes en la actualidad, no solo en el Grupo Andino sino en toda América Latina, no son favorables a una solución de este tipo, a pesar de la experiencia recogida en 30 años de industrialización forzada en la región.

### Bibliografía

- 1- I. Robbins : "Economic Planning and International Order", 1937
- 2- W. Röpke : "Political Enthusiasm and Economic Sense" 1957,  
10th Meeting of the Mont Pelerin Society
- 3- J. Viner : "The Customs Union Issue", 1950
- 4- J.E. Meade : "The Theory of Customs Union", 1955
- 5- R. A. Ferrero: "El Mercado Común Latinoamericano", Cámara de Comercio de Lima, 1959
- 6- G. Haberler : "Problemas de Integración Económica en Países Subdesarrollados", 1965

ALGUNOS INDICES ECONOMICOS DE LOS PAISES ANDINOS

<u>País</u>	<u>Población</u>	<u>Producto Bruto (1969)</u>		<u>Exportaciones</u>
	<u>Millones</u> <u>(1970)</u>	<u>Total</u> <u>millones</u> <u>dólares</u> <u>de 1960</u>	<u>Per capita</u> <u>dólares</u> <u>de 1960</u>	<u>Millones de</u> <u>dólares(1969)</u>
Bolivia	4,658	913	196	181
Colombia	22,160	7,933	358	608
Chile	9,780	5,800	593	1,145
Ecuador	6,028	1,730	287	183
Perú	<u>13,586</u>	<u>5,054</u>	<u>372</u>	<u>866</u>
Sub-Total	56,212	21,430	381	2,983
Venezuela	<u>10,755</u>	<u>7,862</u>	<u>731</u>	<u>2,857</u>
A. Andina	66,967	29,292	437	5,840
Argentina	24,352	21,966	902	1,612
Brasil	93,244	31,564	338	2,310
México	<u>50,718</u>	<u>32,916</u>	<u>649</u>	<u>1,430</u>
A. Latina	274,935	127,536	464	12,400

Nota.- Las fuentes de los datos contenidos en el cuadro precedente son las siguientes: Población y Producto Bruto Per-capita, "Notas sobre la Economía y el Desarrollo de América Latina" (CEPAL) No. 62; Producto Bruto Total, obtenido multiplicando los dos datos anteriores; Exportaciones de 1969, International Financial Statistics del Fondo Monetario Internacional, salvo para Brasil, que es el promedio de los tres primeros trimestres llevado a base anual, y para Chile, que es dato preliminar.

Procedencia de las Importaciones del Grupo Andino (1969)

	<u>En millones de dólares</u>				
	(1)	(2)	(1/2)	(3)	(1/3)
<u>Grupo Andino</u>	<u>Toda la</u>	<u>ALALC</u>	<u>%</u>	<u>Mundo</u>	<u>%</u>
Bolivia	5.8	24.3	23.9	134	4.3
Colombia	17.6	60.5	29.1	677	2.7
Chile	28.7	217.7	13.2	888	3.2
Ecuador	17.2	37.9	45.4	266	6.5
Perú	<u>21.8</u>	<u>106.4</u>	<u>20.5</u>	<u>601</u>	<u>3.6</u>
Total	91.1	446.8	20.4	2,566	3.55

Fuentes: "Notas" de la CEPAL No. 50, fecha 16 de Julio de 1970

Desvalorización Monetaria

	<u>Interna</u>		<u>Externa</u>		
	(Indice Coste Vida)		(Tipo de cambio con dólar)		
	1959-69		Unidades monetarias de cada país		
	<u>Total</u>	<u>Promedio Anual</u>	<u>1960</u>	<u>1970</u>	<u>¿ Aumento</u>
Argentina	87	18.4	83	400	382
Brasil	98	31.4	205	5,000	2,340
Colombia	64	9.8	7.2	19.3	168
Chile	89	19.7	1.05	14.3	1,262
Ecuador	33	3.8	17.5	25.0	43
México	23	2.5	12.50	12.5	--
Perú	61	9.0	26.8	43.4	62
Venezuela	11	1.1	3.35	4.5	34

## Problems of Economic Responsibility and Initiative Re-emerging in Eastern Europe

Ljubo Sirc

The problem of economic responsibility in large corporations is being intensely discussed in the Western market economies, but there the direct consequences of mistaken decisions fall, in the final instance, on the owners of shares. The question is, therefore, posed, but it goes less deeply than in East European economies where it remains unresolved in principle.

Here the impact of economic responsibility on economic development has become obvious only with the gradual transition of some East European economies from centralised planning towards decentralised markets although in a planned framework. As long ago as 1959, a Yugoslav economist, the late professor of the University of Zagreb, Mijo Mirkovic, underlined the pivotal role of responsibility. In his work Introduction to the Economic Policy of the FPR of Yugoslavia (1), published in Croat, he wrote in conclusion: "A mistake by the capitalist is immediately passed on to him. Therefore, he is very careful not to take decisions which are not in accordance with circumstances and possibilities. Under socialism that does not exist. Wrong decisions do not fall on those who are responsible for them. Most probably such a sense of responsibility will develop in the long run." Certainly, Professor Mirkovic exaggerated the directness of consequences for the responsible in the limited company, but, seen from Eastern Europe, the consequences of economic responsibility appear rather clear-cut since the situation there has been so far entirely obscured. On the other hand, it should be stressed that, on the whole, responsibility is not a question of psychological development, but a result of institutional arrangements.

## Responsibility under centralism

When all decisions are taken centrally, the responsibility can only lie with the central bodies who take them. A small number of persons is involved, so that personal economic responsibility is ruled out, since - almost by definition - individuals or the entire group do not possess sufficient personal belongings to compensate for the losses on the enormous sums involved. What remains is political or criminal responsibility. Those having taken the wrong decisions can be demoted or sent to prison.

But it is difficult to apportion either kind of responsibility between the Central Committee and government who lay down the general lines, the Planning Commission which works them out in detail, possibly the Parliament which adopts the plan, and finally the executive organs. What usually happened was that, in the case of major blunders, somebody low in the hierarchy was punished - one can safely say as a scapegoat.

These punishments were so erratic that their main result was to deter people from decision making altogether and encourage them to refer even the most trivial problems up the ladder of authority till they reached somebody with a sufficiently strong political backing not to be afraid of the prosecutor. People that high up were hardly ever called to account for economic mistakes, except as a pretext, but perished in internal struggles for power, if they perished at all. Although at the moment "responsibility" ranks high among the slogans in the first half of 1967, the Yugoslav paper Borba came out against political "responsibility" for communist leaders who mismanaged the project of a central gas distributing system for the whole of Slovenia at Velenje which was finally dropped with the loss of very large resources. Be that as it may, we have it on the authority of Viktor Novozhilov that, as the experience of centuries shows, fear is a less effective incentive for production than economic or moral interest. (2)

However, even if fear were less whimsical, it could be applied, under a centralised command economy, only to technical and hardly to economic mistakes. An economic decision about what to produce or how to produce it can be shown to be wrong when it does not pay, which can be measured only if prices are flexible and active, which they are not. Without doubt a centrally administered system can pursue aims different from those of a pure market system, but then the execution of the appropriate operations has to be centrally supervised under imposition of political or criminal responsibility, or the lower echelons must be guided by prices which are fixed by the government as planning indicators, which should make economic responsibility possible. It must be underlined that prices in this sense were hardly used in East European countries, as their planning authorities normally relied entirely on quantitative indicators. In principle, a government could partly guide even a market economy by fixing certain prices, without abolishing economic responsibility.

Furthermore, it is only the profitability of existing enterprises that can be compared with each other, whereas the potential profitability of enterprises which the authorities have not thought of, is as important. These enterprises would alter the profitability of existing enterprises, but they have been left out of plans because there is only one decision-making body or group of bodies with the result of lower efficiency throughout the economy. This loss can be remedied only if there are other centres of decision-making, in other words if there is competition.

True, there has always been local initiative, but it was severely circumscribed on the same hierarchical basis as at the centre, so that local decision-making bodies could also overlook important lines of production.

## Responsibility under decentralisation

The shortcomings enumerated above were undoubtedly among reasons which prompted the change to decentralisation in some communist countries. Decentralisation means that at least a part of decision-making is shifted from the centre and from local authorities to the enterprise, i. e. production units.

It turned out that the only rational, although not perfect, criterion was profitability based on goods produced and sold, not on goods produced and added to unsaleable stockpiles. It also proved that incentives, paid to managers or workers, had to be based on profitability. Under centralism, there had been a system of material stimulation but based on various technical indicators, which led to the most incredible distortions of production. (3)

This kind of decentralisation certainly improves the situation, but still leaves us with some unresolved questions. Whoever is put in charge of an existing factory, be they managers or workers councils as in Yugoslavia, can be responsible for current production exclusively because they have obviously had nothing to do with the original decision to found the production unit. This being so, the fixed capital should not be handed down to the new management at historical book prices possibly multiplied by some factor to take account of inflation. It is patent injustice if the management has to pay interest on the full grossed-up cost value of capital instead of on the value derived from future proceeds, or better proceeds as expected at the moment of the take-over. If the current value, based on discounted proceeds, is lower than inflated initial cost of investment, this is the fault of the original investor, but not of present management. In Yugoslavia, this has already led to frustration and a feeling of injustice, while other communist countries will run into similar problems when the system gets underway.

More than that, the value of capital should be, if justice is to be preserved, adjusted to the circumstances every time a new team takes over the management, particularly as all countries foresee ploughing back which can be profitable or unprofitable; if the present value is higher than the initial value, this is the merit of the former management; if it is lower, it is its fault. It is not clear how this distinction can be taken into consideration in a system of social ownership.

It would seem that, according to the system now in force or planned to be introduced, both managers and workers are placed in an economically favourable or unfavourable position by appointments which have little to do with economics. They are placed in charge of an enterprise by a political body which can do it for political reasons or for nepotism, or elected by workers who were themselves employed for no strictly economic reasons. It is true that a capitalist owner can also hire and fire for non-economic reasons, at least if the trade-unions do not intervene, but if he does, the economic consequences of his irrational behaviour will be reflected in a fall of his capital value.

Under social ownership, there is no such close link between capital and person or persons who should bear the ultimate responsibility. For the planning authorities which have taken the decision on the establishment of a production unit and the corresponding investment, there is no economic responsibility. On the other hand, anybody, manager or worker, can take a decision or participate in making a decision today, and then escape any ill-effect for himself by leaving the enterprise in question the next day to find another job; in fact, there is high probability, particularly for managers, that they will be, as a matter of course, transferred to some other post in a few years at the latest.

A case described in a Yugoslav publication<sup>(4)</sup> is an illustration in point: one director offered to borrow at the interest rate of 17 per cent; when asked how he could hope to pay interest and repay the loan at this rate, he said that what mattered to him was to secure the credit; repayment was not his concern since he would no longer be in charge of the enterprise when it became due. Under social ownership, there is thus no ultimate responsibility except the community's.

Professor Ronald Meek wrote a letter to The Times,<sup>(5)</sup> some years ago, wondering whether nationalised enterprises in Britain should be asked to maximise returns on capital invested rather than returns on some other factor, in particular on labour employed. Theoretically, an enterprise should not maximise returns on any factor - these returns should be considered costs - but profits tout court. In practice this turns out to be maximisation of returns on capital because equity capital receives the residual of the total enterprise revenue and the good or bad working of an enterprise is reflected in the rise or fall of its capital value. The incomes of employees will not be reduced and, if the worst comes to the worst, in a fully employed economy they are able to leave and find employment elsewhere.

Even if responsibility for current decisions could be separated from responsibility for the original decision on founding the enterprise, there would be considerable differences in degree to which various members of the enterprise could be held responsible for the economic results of current decisions. This is particularly important in the case of workers' management where the entire personnel is supposed to manage and be responsible for management, but it is important also in other more limited cases; witness The Resolution of the Central Committee of the Hungarian Socialist Workers Party concerning the Reform of the Economic Mechanism of May 1966 which states: "Supplements to wages from the profits made by the enterprise, or more precisely from its profit-sharing fund, should represent a larger part in the total income of persons whose efforts can have a greater influence on the profitability of the enterprise."

The profits of an enterprise, in so far as linked to current decisions, largely depend on the correct assessment of the future development of demand. The right choice of technique which also helps to determine profits is a part of the original decision to invest at all, if not connected with ploughing back, i. e. the re-equipment or expansion of an existing factory. But assessment of future demand and the choice of technique can be intelligently considered only by management or even a part of management, while the rest of a factory's personnel has neither the expertise nor the information required to participate in this decision. To them profits or losses - which acquire more importance if connected with cuts in wages - seem to be the result of forces over which they have no control. Distributed profits are accepted as a gift from heaven, while losses are resented as an injustice. On the other hand, profits which can be distributed to all and everybody are as a rule far too small a part of their incomes to be a serious incentive to take an active part in the management of an enterprise.

### Economic initiative

While East European countries have at least begun to discuss problems of economic responsibility for current production decisions, there has not been, so far, much consideration of the question of economic initiative and responsibility for investment in new enterprises.

All reforming countries consider that existing enterprises should preserve a part of their profits for re-investment as a part of their responsibility. In Yugoslavia, the conclusion has even been reached that ploughing back is not always the best policy because profits as a confirmation of the validity of past decisions are not always the best guide to future directions of production. Therefore, Yugoslav enterprises are now allowed not only to deposit their surplus funds in banks but to invest them in other enterprises, although this presents considerable problems as it conflicts with the principle of self-management that an enterprise should not derive an income from another enterprise.

But even in Yugoslavia, the question of initiative of founding new enterprises has not been resolved. This initiative still remains in the hands of political bodies. The same is true of all other countries, which is paradoxical because one of the main reasons for decentralisation was the misallocation of resources in the past due to the fact that new investment was also then decided upon by political bodies whose decisions, it is claimed, were not economic but "political" or "subjective" under the impact of various pressure groups which were not concerned with economic results. Investment by political bodies can also be wrong because bodies are territorial and their decisions will, therefore, be limited to the area under their jurisdiction which can lead to wrong locations.

Most communist countries seem to be aware of this paradoxical situation because they are trying to shift initiative from political authorities to banks which are supposed to act exclusively on the basis of economic criteria, i. e. profitability. However, banks nowhere, least of all in capitalist countries, function as prime movers of new investment and certainly not as exclusive or predominant prime movers. The idea of founding a new enterprise usually comes from an individual or group of individuals, probably with some capital of their own, who then submit the project to a bank which backs them if it is satisfied that the project will be profitable. Banks can act as selectors but not as initiators on a large scale. If banks are charged with the overall responsibility for new investment, the behaviour of the bank apparatus in this respect will be probably indistinguishable from and no more efficient than the behaviour of political apparatus, in particular as in many cases the same people will be in charge of the banks who were previously in charge of political investment departments.

Of course, if a person or group of persons develops an idea, they can contact a political authority or a bank and submit their project to them, but will anybody listen to them if they do not have the necessary political connections? And will the individuals be interested in taking such an initiative and be possibly blamed in the event of failure, if it is no way certain that they personally will derive any advantage in the event of success?

To some extent, omissions by political bodies and banks regarding the foundation of new enterprises can be remedied by small enterprises run by individuals, which are now allowed in some communist countries. However, their activity is narrowly circumscribed, so that they cannot fill in more than a part of the gaps which are left - one can say by necessity - by the vast political or banking apparatus which cannot have a sufficient grasp of and cope with detailed needs and conditions.

### Conclusions:

The limited decentralisation in Eastern Europe has brought to the surface the problems connected with economic responsibility. In many respects, these problems are similar to those concerning the large Western corporations. But there are important differences:

1. Although in the case of big concerns the shareholders do not participate in the management, the consequences of their decision to buy their shares fall, in the last instance, on them - in Eastern Europe, there is not even such a limited responsibility.

2. In the West, there exists a multitude of smaller enterprises beside the big corporations and in these former the link between management and capital ownership is much closer, so that economic responsibility is far more direct - in Eastern Europe, there is no economic responsibility of any sort for investment decisions, except in the very small private workshops of marginal importance.

3. In the West, there is still the freedom of economic initiative, although it may have lost much of its importance in practice - in Eastern Europe, it does not exist in principle and is in practice limited to small private workshops.

4. In the West, hardly any enterprises have been established without any regard for economic criteria - in Eastern Europe, the so called "political" enterprises were almost the rule.

For these reasons, it is perhaps little useful to carry the comparison between the problems of enterprises in East and West very far.

#### NOTES

- (1) Uvod u ekonomiku FNRJ, Zagreb 1959;
- (2) Quoted by Professor A. Nove in The Times of 27 June, 1967;
- (3) See Edward Lipinski, "Some Unsettled Problems of Planned Economy", paper submitted to the CESES-seminar in Rapallo, 1967;
- (4) Ekonomaska Politika FNRJ, proceedings of a seminar organised at the University of Belgrade, Belgrade 1957;
- (5) Published on 9th January, 1964.

March, 1971.

**Rent Control in Sweden:  
Lessons from a Thirty Year Old  
Socio-economic Experiment**

Sven Rydenfelt

Economics does not say that isolated government interference with the prices of only one commodity or a few commodities is unfair, bad, or unfeasible. It says that such interference produces results contrary to its purpose, that it makes conditions worse, not better, from the point of view of the government and those backing its interference.

Ludwig von Mises<sup>1</sup>

A Temporary Emergency Regulation Made Permanent

When rent control was introduced in Sweden in 1942 in accordance with an almost unanimous decision in the Parliament, the decision was founded on a conviction that it was a matter of an emergency regulation which would be cancelled as fast as possible after the end of the world war. It was believed that the war time inflation would be followed by a deflation with sharp declines in prices — in the same manner as after the first world war. If rents were frozen at the 1942 level, which by and large corresponded to the prewar level, inflationary and later deflationary convulsions would be avoided, and the rents would after the end of the war smoothly and painlessly be only slightly above the prewar level.

But history seldom repeats itself. The strong deflation which followed after the first world war did not appear after the second. For this reason the rents in Sweden after 1945 remained at a level far below the prices of other commodities. The implication of the rent

control was, above all, that rental costs in apartment houses for a long period remained almost unchanged, while salaries and wages rose at a rapid rate.

Table 1. Rental Costs and Wages 1939 — 1950

	1939	1940	1941	1942	1945	1947	1949	1950
Rental costs	100	107	114	121	125	127	128	126
Wages	100	107	114	125	135	172	195	202

Sources: "Rental costs" include rents, fuel and light according to the cost of living index of the Board of Social Welfare. "Wages" are wages paid to workers in industry, communications, public services, etc. according to the wage statistics of the Board of Social Welfare.

In spite of all good intentions to abolish rent control soon after the war, we are still living with it in 1971, and it will remain through 1972 when its 30-year anniversary can be celebrated. The moral of this story is that a rent control is easy to introduce but hard to get rid of.

### A Housing Shortage Develops

For any person with an education in economics it seems self-evident that a price control like the Swedish rent control must lead to a demand surplus, i. e. a housing shortage. For a long period the general public was more inclined to believe that the shortage was a result of the abnormal situation created by the war, and this even in a non-participating country like Sweden. The defenders of rent control, of course, were quick to adopt this spontaneous opinion of the general public. All attempts from critics to point out the rent control as the villain in the housing drama were firmly rejected.

The foremost defender of rent control in Sweden was for many years Alf Johansson, Director General of the Royal Board of Housing, a man named "the father of the Swedish housing policy." In an article in 1948 he described the development of the housing shortage as follows: "An acute shortage of dwellings developed

already in 1941. In the following year the shortage was general and reached approximately 50,000 dwellings in the urban communities, i. e. somewhat more than the house construction during a boom year." 2

In a lecture Alf Johansson described the situation in 1948 as follows: "We have the same shortage as at the end of the war, but the situation has not deteriorated in spite of a very great increase in demand." 3

According to Alf Johansson's free-hand drawing the housing shortage in Sweden had already reached its peak in 1942 — 50,000 dwellings — and remained practically unchanged in following years.

The real development was quite different as exposed in the reports of the public dwelling exchange offices. Only Malmö — the third largest city — had an exchange of this kind during the first war years, and its reports provide a detailed account of the development.

Table 2. The Development of Housing Shortage in Malmö

	Apartments to let	Remaining Applicants	Total Without Own Dwellings
1940	1,144	-	58
1941	1,047	-	129
1942	593	-	138
1943	165	-	205
1944	44	301	247
1945	41	390	288
1946	22	323	221
1947	8	539	418
1948	-	2,409	1,698
1949	-	6,693	3,472
1950	-	9,939	4,803
-			
1960	-	24,091	4,254
1970	-	34,478	10,660

Source: Reports of the Dwelling Exchange Office. In 1946 non-topical applications were cleared away from the records.

Stockholm, the capital city of Sweden, got a Dwelling Exchange Office for the first time in 1947. The reports from this exchange give an illuminating picture of a rapidly deteriorating situation in the housing market. Families with two children which in 1950 obtained a dwelling through the Exchange Office, had had an average waiting period of 9 months. The development during the following years were as follows (in months):

1950 = 9	1953 = 24	1956 = 30
1951 = 15	1954 = 26	1957 = 35
1952 = 21	1955 = 23	1958 = 40

Conclusion: The defenders of the rent control, of course, eagerly added fuel to the popular opinion, according to which the housing shortage was a product of the war. This opinion does not, however, stand a confrontation with reality. The Malmö data clearly indicate that the shortage during the war years was insignificant compared to the shortage that developed after the war. It was only in the postwar years that the housing shortage assumed such proportions that it became the most serious social problem of the country.

### Dwellings and Population

The rapid increase of the shortage volume after 1945 soon ripened into a situation which no longer could be attributed to the abnormal conditions during the war years. New explanations were needed. Nearest within reach for the general public was the assumption that the shortage was a consequence of an insufficient construction activity. If population increased at a faster rate than the number of dwellings, and a shortage developed, people thought and assumed that construction — without testing the assumption — was lagging behind. Among the defenders of the rent control this "demographical" explanation for a long time became the most cheered one.

They were anxious to stress that special consideration must be given to the increased frequency of marriages after 1940, since most dwellings are occupied by married couples. The following quotation from an article by Alf Johansson is significant: "During 1945 - 46 the number of marriages in the cities was 50 percent higher than the average for the 1930's. Under such conditions it is not difficult to explain why the addition of new dwellings, even though large, has been absorbed and the shortage left unaltered."<sup>4</sup>

Let us confront this explanatory model with statistical data concerning dwellings and population as shown in table 3.

Table 3. Dwellings and Population in Sweden

	Number of Dwellings	Total Population	Married Couples	Number of Dwellings per 100 Inhabitants	per 100 Marr Cpl
1940	1,960,000	6,371,000	1,330,000	31	147
1945	2,102,000	6,674,000	1,463,000	32	144
1960	2,675,000	7,498,000	1,783,000	36	150
1965	2,875,000	7,773,000	1,869,000	37	154

Sources: Number of dwellings in 1940 according to official estimates in SOU 1945: 63, p 226; data for other years according to official censuses.

During the war years housing construction was relatively small, but still large enough to cause an increase in the number of dwellings per 100 inhabitants. The number of dwellings per 100 married couples, however, declined slightly during this period — from 147 to 144 — due to the exceptionally high marriage rate during the war years. During the years after 1945, when the great shortage developed, the number of dwellings in Sweden increased at a considerably faster rate than both the total population and the number of married couples.

We have already been forced to write off an explanatory model according to which the housing shortage should have been a crises product from the war years. As we have now found the "demographic" model does not stand the test either.

### Model and Forecast

Human life is a walk into a future filled with darkness, dangers and uncertainty. The meaning of knowledge is to illuminate — like a searchlight — the road in front of us.

Therefore, the touchstone of all knowledge is its ability to anticipate the future — the forecast. When our astronomers

hundreds of years ahead can forecast the moment for an eclipse of the sun, they prove that their conception of reality, their "model" of the universe is a good one.

The famous sociologist Florian Znaniecki has expressed this thesis in the following way: "Foresight of the future is the most conclusive test of the validity of scientific theories, a test perfected in experimental science. 'Prediction' is thus the essential link between theory and practice."<sup>5</sup>

For all human work and strivings, forecasts are of fundamental importance. If you hope to achieve the results you want to achieve, you must be able to anticipate the consequences of your actions. In order to be able to do correct forecasts you must possess knowledge. Without knowledge — and without correct forecasts — you will grope in the dark like a blind man.

But the need for knowledge and forecasts about the society must be far greater in a centrally directed "planned" economy than in an economy of liberal type, a market economy. The British economist Roy Harrod has formulated this conclusion in the following words: "Lack of economic comprehension may not matter so much if the system is largely self-working. But when the working of the machine necessitates the constant vigilance of the supervisor, and the supervisor does not understand the mechanism, there is bound to be serious trouble."<sup>6</sup>

Judging from different forecasts the decision makers behind the Swedish rent control had a highly imperfect knowledge concerning the structure and function of the housing market. For several years they held the opinion that the housing shortage was a war product, and for a great many years later on, they thought it to be a product of demographical changes. From such models of the housing market they made very optimistic forecasts, according to which the shortage after the end of the war would have quickly disappeared.

The following forecast shows how the foremost Swedish official expert on housing policy judged the future development: "The liquidation of the housing market shortage is a one-time affair, which ought to be accomplished in a relatively short time, however, not over a period of one year."<sup>7</sup>

The road of rent control and housing policy in Sweden is strewn with the whitened bones of a series of erroneous forecasts.

A forecast of an entirely different quality was published by Professor Eli F. Heckscher, the Swedish nestor at that time in economic history and economics: "It is probably a general opinion that the housing shortage is due to insufficient construction activity. But this is, by and large, an enormous mistake. In a free housing market no shortage would exist at the present rate of construction. On the other hand no rate of construction activity can eliminate the shortage under the present order. It is like the tub of the Danaids, from which water was constantly flowing out at a faster rate than it could be poured in." <sup>8</sup>

A forecast of similar kind had been published by the author of this essay already a few months earlier: "The cause of the housing shortage is to be found entirely on the demand side. As a consequence of the rent control and the relative reduction of the rent — the manipulated low price — the demand has increased to such an extent that an ever widening gap between supply and demand has developed in spite of the high level of construction activity. Our great mistake is that we always seek the cause of a shortage on the supply side, while it as frequently is to be found on the demand side. The housing shortage will be our companion for ever lest we prevent the demand from running ahead of production." <sup>9</sup>

It will be convenient to conclude this section with a now classical statement by Frank H. Knight, the "grand old man" of the Chicago economists: "If educated people can't or won't see that fixing a price below the market level inevitably creates a 'shortage' (and one above a 'surplus') it is hard to believe in the usefulness of telling them anything whatever, in this field of discourse." <sup>10</sup>

### Single Persons Invade the Housing Market

You need not eat the whole egg to  
feel it is rotten.

Russian Proverb

As indicated in table 3 the number of dwellings in Sweden during the period 1940 - 65 showed a net increase of 915,000, while

at the same time the number of married couples increased by only 540,000. Even if every married couple had obtained a dwelling of their own, 375,000 dwellings would have been available for the need of the other groups. Would not this have been sufficient?

Which are those groups in the society that have increased their consumption of dwellings to such an extent that a serious shortage has appeared?

There are three groups of consumers in the housing market: married couples, previously married persons (widows, widowers, and divorced) and unmarried adults (20 years or more). Table 4 shows the size of each group at various years and the percentage in each group which lived in dwellings (homes or apartments) of their own.

Table 4. Number of Persons by Groups and Percentages Holding Dwellings of Their Own.

	Married		Previously		Unmarried	
	Couples	%	Married	%	Adults	%
1940	1,330,000	97	435,000	75	1,453,000	23
1945	1,463,000	97	457,000	75	1,337,000	25
1960	1,783,000	97	575,000	80	1,107,000	44
1965	1,869,000	97	628,000	80	1,072,000	52

Source: The official housing and population censuses.

All housing censuses indicate that married couples with few exceptions always have acquired dwellings of their own. But it happens — also in a free housing market — that, e.g., young married couples live with their parents for a while.

Also the majority of the group of previously married resided in dwellings of their own already in 1940. Their share has increased by only 5% from 75 to 80%.

The largest changes have occurred in the group of unmarried adults, where in 1940 only one in four held a dwelling of his own. A quarter of a century later more than half lived in this way.

Actually the supply of dwellings has been greatly improved for the group of unmarried adults during the period concerned. In table 5 this is clearly evidenced.

Table 5. Persons Without a Dwelling of Their Own (in absolute and relative numbers).

	Married		Previously		Unmarried	
	Couples	%	Married	%	Adults	%
1940	40,000	3	109,000	25	1,119,000	77
1945	44,000	3	114,000	25	1,003,000	75
1960	53,000	3	115,000	20	620,000	56
1965	56,000	3	126,000	20	515,000	48

Sources: The official housing and population censuses.

As regards the distribution of the dwellings the big changes have occurred within the group of unmarried adults. In 1940 and 1945 more than one million of the members in this group lacked dwellings of their own. The reason why the housing shortage -- the demand surplus -- was relatively small as late as in 1945 in spite of this enormous demand reserve was that only a small part of these persons were actively seeking dwellings of their own. They lived -- and were satisfied to live -- with their parents, or, they rented furnished rooms.

The explanation of the housing shortage must be sought among the group of unmarried adults, in the fact that the great majority of this group from the beginning passively accepted living without dwellings of their own. This majority later on successively was transformed into active dwelling seekers that invaded the housing market and with great energy and success hunted up and occupied dwellings. As indicated in table 4 the share of residents with their own dwellings in this group has increased from 23 percent in 1940 to 52 percent in 1965. This strongly increased demand for dwellings means that this group in 1965 occupied 311,000 more dwellings than it should have if only 23 percent -- as in 1940 -- had resided in dwellings of their own.

The number of dwellings in Sweden has during the period 1940 - 1965 increased by a net amount of 915,000. More than a third of the increase has thus been disposed of exclusively for the purpose of satisfying the added demand of the unmarried adults.

Why this violent increase in the appetite of single persons for private dwellings?

Because the normal relation between income and rents has been entirely upset by the rent control. In the period 1942 - 1970 income doubled many times while rental costs somewhat more than doubled. The distortion is particularly marked as regards income and rents in apartment houses built prior to 1942.

The fact that the share of persons with dwellings of their own in the unmarried adult group increased from 23 percent in 1940 to 52 percent in 1965 by no means implies that the dwelling appetite of this group has been satisfied. By far the longest queue at our housing exchange offices is still made up of unmarried adults. If the supply of dwellings had been sufficient to meet demand the share of residents belonging to this group in 1965 would have increased far above 52 percent.

### The Price Elasticity of Dwelling Demand

Would not, even in the absence of rent control, a strong reduction in the rent-income ratio have occurred and the demand for dwellings have increased as a consequence?

Certainly. But the demand increase would have been less accentuated and, in particular, it would have been less in the unmarried adult group.

This depends on the price elasticity of demand. According to common experience the price and income elasticity of demand for dwellings is low as is the case for necessities like food and clothing. The supporters of rent control have attempted to build up a defence on this basis. If the demand for dwellings has a low elasticity a relative reduction in the rent level could not have increased the demand to any great extent.

This general reasoning, however, is valid only as regards the married and previously married groups. For members of these groups private dwellings are a necessity and, as a result, the price and income elasticity is low.

The situation is different as regards the group of unmarried adults. For the majority in this group a private dwelling is somewhat of a luxury, a non-necessity, which may be desirable but also dispensable without great inconvenience. Young people are often perplexed whether to go on living cheaply and comfortably with their parents or to move out and acquire a dwelling of their own.

The fact that the unmarried adults always to a lesser extent than the married have acquired dwellings of their own is not due to lower income. If a comparison is made with families with support obligations — number of persons which must live on an income — the income of the unmarried has been fully on the level with that of the married. But the unmarried demanded dwellings to a lesser extent because they assigned a higher priority to other things — clothing, amusements, travels, education, etc.

For the majority of the unmarried adults a dwelling is a relatively dispensable commodity and the demand for a commodity of this kind is normally highly sensitive to changes in price or income. The strong relative reduction in rents resulting from the rent control has, for this reason, greatly stimulated the dwelling demand of the unmarried adults.

According to table 5 more than a million unmarried adults lacked dwellings of their own in 1945, a very large potential demand reserve which the rent control has activated into seekers of their own dwellings. It is the invasion of this million in the housing market which has created a demand which, by far, has exceeded supply.

#### Housing Production Gross and Net

In many cases rent control appears to be the most efficient technique presently known to destroy a city - except for bombing.

Assar Lindbeck<sup>11</sup>

It is well known and documented that rent control results in poorer maintenance, less renovations and modernizations and, therefore, in the long run to a serious deterioration in the quality of the dwellings.

In spite of all, rent control in Sweden has been applied with some more moderation than in many other countries — certain clearly motivated rent increases have been permitted. Because of this the defenders of the control have constantly contended that deterioration and slum development have not occurred. This argument is not correct.

As a result of the control and lower rental income the ability of the owners to keep up the apartment houses has declined. Especially, their interest for such upkeep which is motivated from an estetic or comfort point of view has dwindled.

In a free market there is always a surplus of dwellings and flats to let. If the owner in such a market does not keep his property in good condition he runs the risk of losing his tenants and being left with empty flats and losses in rental income.

In a controlled market with severe shortages the owner is not under such compulsion. No matter how badly maintained his property is, there are always long queues of homeless people who are happy to rent his dreary and poor flats.

Since no economic incentives stimulate the owners to repair, even such upkeep is dropped which in the long run is necessary in order to prevent serious quality deterioration — slum development.

A development of this kind is difficult to catch and describe in quantitative terms. However, thanks to the detailed Swedish statistics concerning the number of new dwellings and the periodic housing censuses an important aspect of the development referred to above can be caught in figures and documented. These data can be studied in table 6.

Table 6. Gross and Net Housing Production

	New Built Dwellings	Stock of Dwellings Net Increase	"Disappeared" Dwellings	"Loss" c/a
	a	b	c	
1941 - 45	180,000	142,000	38,000	20 %
1946 - 60	825,000	573,000	252,000	30 %
1961 - 65	415,000	200,000	215,000	50 %

Sources: Housing Construction (Swedish Official Statistics) and the housing censuses.

What is striking in table 6 is the rapid increase in the "loss." During the period 1941 - 45 the net increase in the stock of dwellings was about 80 percent of the new production and the "loss" only 20 percent. During the last period 1961 - 65 the net addition was hardly 50 percent and the "loss" more than 50 percent.

The "loss" has in recent years assumed such proportions that the authorities have appointed a special committee with instructions to try to explain "the mystery with the disappeared dwellings."

If the natural and necessary incentives of producing dwelling by private enterprise — the anticipation of profits — are destroyed by regulations, and if it is made more profitable for the owner of apartment houses to let his dwellings for commercial purposes, then it is not possible to prevent — in spite of prohibitions — a conversion of dwellings to offices, stockrooms or shops. If both letting and maintenance become unprofitable, they will disappear.

It is of no avail how much we pour into the dwelling bag if we do not patch up the holes of the bag. It is of no avail that we since 1945 built more dwellings in Sweden than in any other country (according to the Statistical Yearbook of U.N.). It is of no avail that we in later years have built more than 100,000 dwellings per year, when the "loss" at the same time probably has been 60,000. A construction of 60,000 dwellings and a loss of 20,000, would have given us the same net addition. The present system obviously implies an enormous waste of resources.

### Questions and Answers about Rent Control

People complain that housing policy has become so complicated that they no longer understand it. But just imagine their complaints if they had understood it.

The Economist.

1. Is it really true that the abolishment of rent control would create a balance on the housing market? Is the problem so simple?

— Yes, certainly. According to a general experience the price in a free market automatically creates a balance between supply and demand. The consumption in Sweden of automobiles, TV-sets, summer houses and foreign trips has increased at a

much faster rate than the consumption of dwellings. Yet, no sign of shortage have been noticed on these free markets.

That this fact can perplex even a Swedish Minister of Finance is evidenced by the following question: "How is it possible that we can solve the economic problems when we wish to acquire a car or a TV-set but have such great difficulties with a need which is so morally wellfounded as that of a dwelling." <sup>12</sup>

2. According to the critics rent control creates a shortage and a socially unacceptable distribution of the dwellings. Unmarried persons with small needs for dwellings of their own frequently knock out married couples and families with strong needs. But is not such a distribution even more characteristic for a free market, where wealthy persons with small needs knock out poor people with strong needs?

— This objection can be met with a reference to the housing censuses which were undertaken in 1940 in the five cities of Norrköping, Västerås, Gävle, Kalmar and Kristianstad (see Sociala medd 3/1951). These censuses show how the dwellings available at that time — when the market was free — were distributed among the several groups of residents.

At that time only 25 percent of the unmarried adults — with the smallest need — resided in dwellings of their own, while the share for married people — with the strongest need — was 97 percent, and for previously married — with the next strongest need — 78 percent.

If omniscient housing distribution councils had handled the distribution with social justice as the criteria, the figures should reasonably have been about the same. The distribution mechanism of the free market is perhaps not so crazy.

3. Would not the people in the old centrally located residential areas be unjustly hit if the rent control were abolished?

— No, these people have been privileged for decades. Abolishment of the privileges means a change but no injustice. The wasteful disposition of the housing space in these areas is the principle cause of the housing shortage. A better economy with this space would have given room to the homeless as well.

4. Would not rent increases mean a standard reduction by compelling people to crowd up in smaller and cheaper apartments?

— The housing shortage has developed because certain groups, privileged by the rent control, have been able to increase their consumption of dwellings more than permitted by the supply. A return to a free market would compel these privileged to give up some of their "luxury space," and as a result, dwellings would be made available for the homeless. A free housing market, therefore, would mean a general reduction for those who are now privileged, but at the same time a very great general increase for those who now lack dwellings of their own. The housing shortage is essentially a distribution problem.

5. In a free housing market an available reserve of empty flats always develops — approximately 2 percent of the total number of dwellings. Does not an empty reserve of this magnitude — in Sweden about 40,000 dwellings — mean an enormous waste?

— On the contrary, it is the absence of a reserve of this kind which is wasteful, because it prevents a free mobility and a free choice of the citizens. If we had had the same situation in our shops, their shelves would have been empty. The customers would have had to form a line, note their wishes on lists and then wait for years on delivery.

6. Would not an abolishment of the rent control result in unjustified profits for the property owners?

— The possibility of profits is the driving force behind all private enterprise. Normal development and expansion in the private ownership and free enterprise areas is braked and prevented to the same extent as the possibilities of making profits are curtailed.

The profits are in practice to a great extent reinvested and function as a dynamic force for development and expansion. As a result of the official attempts in Sweden to prevent private profits in the housing area, self-financing in this sector has gradually dwindled. The share of self-financing had in 1960 declined to 25 percent

and in 1970 to 10 percent. It has been possible to provide the housing sector with necessary capital only by means of compulsory measures by the Government. The sector has become parasitic and can manage financially only by drawing capital from other sources.

7. Are not all plans of abolishing rent control unrealistic as long as the housing shortage persists? Must not this shortage first be eliminated by means of an increased volume of housing construction?

— This reasoning can in our opinion only be compared with the thought that a robbery epidemic must be fought by all available means. However, with one exception: the thieves must not be searched for or caught!

### Rent Control — Dream and Reality

Rent control has in certain western countries constituted, maybe, the worst examples of poor planning by Governments lacking courage and vision.

Gunnar Myrdal

1. "It is not for single persons that we have created our housing policy but in order to give the families better dwellings."  
Gustav Möller<sup>13</sup>

The ignorance of the authorities concerning the mechanisms of the housing market explains their inability to lead the development toward directions they themselves desire. They never desired to favour the group of single persons, the unmarried adults, with their policy. Judging from the practical results, however, one is led to believe that a favouritism of this kind has been the primary objective. Earlier we have shown how the share of persons with own dwellings within the unmarried adult group has increased from 23 to 52 percent.

The unmarried adults have always been given the opportunity to invade the housing market and occupy a gradually increasing share of the dwellings. At the same time tens of thousands of families with children have not been able to find dwellings of their own.

A free housing market always has a surplus - an available reserve of empty apartments. We call such a market a buyer's market because the buyer has the upper hand. The normal situation in such a market can be said to be that a hundred house owners compete for each tenant. In such a market even a poor family has opportunities of finding and renting a flat. According to a housing census from the free market of 1940 (see above) 97 percent of all married couples had dwellings of their own at that time. In such a market landlords are often put in a choice situation with only two alternatives: to leave apartments empty or to accept poor families with children as tenants. Under such conditions the last is often chosen.

A deficit market, on the other hand, is always a seller's market. The normal situation in the present Swedish housing market is that a hundred homeless potential tenants compete for every vacant dwelling. These hundred include both families with children and single persons. Heavily squeezed between the demands of the tenants for repairs on the one hand and the reduced rental income due to the rent control, it is understandable if the landlords in many cases show a preference for single persons. Wear and tear — and repair costs — will be smaller with single tenants than with families.

2. "The aim of our housing policy is to favour the many poor and small people, not the few rich."

As wealth and income grow people demand more living space. Therefore, the official housing experts believed that the demand for small apartments with 1 - 2 rooms would gradually decline. According to one of the several false forecasts a growing surplus of such dwellings would develop. Actually the shortage has always been most pronounced as regards small apartments. The authorities, however, have looked upon small apartments with aversion and contempt as something unworthy of the wealthy Swedish welfare state. They have, therefore, directed the construction towards large apartments. While the share of newly built dwellings with 4 rooms or more was 14 percent in 1941 - 45, this share had been raised to 37 percent in 1966.

As a consequence of this policy, surpluses of large — and expensive — dwellings are to be found everywhere in Sweden today.

Only high income families can afford to rent these dwellings. At the same time there is a crying need for smaller apartments which families with limited income can afford. Judging from the practical results one gets the impression that the policies pursued have had a primary aim to favour the rich and few, not the poor and small people.

3. "In a free housing market the distribution of dwellings is determined by income. Through our 'social housing policy' we have attempted to invalidate this rule. Not the volume of the wallet but the strength of the need shall decide the allocation of dwellings."

Never before have people with lean wallets found themselves in so weak and inferior a position as in the Swedish housing market today. He who can only afford to rent a small dwelling must be prepared to wait for a very long time. The shortage of such dwellings is so crying and the queues so long that the waiting time normally amounts to several years. Even families with children have had to wait for years on dwellings of their own.

Fat wallets have, of course, always given advantages on the Swedish housing market, but never such enormous advantages as today. The rich can practically at once solve his housing problem. He can buy a house of his own. Or he can become part-owner of a cooperatively built and owned property requiring a high investment in cash. Or he can rent a newly built large and expensive flat (available in surplus). And, finally, he has the opportunity of acquiring an apartment in the black market (always possible but very expensive).

### Footnotes

1. Human Action. A Treatise on Economics. Yale Univ. Press. New Haven 1949, p 758.
2. Svensk sparbankstidskrift 2/1948.
3. From the minutes kept at the Congress of the Swedish Real Estate Owners' Association in Malmö.
4. Svensk sparbankstidskrift 2/1948.
5. American Journal of Sociology, May 1945, p 516.
6. World Review, Dec. 1951, p 13.
7. Alf Johansson in the book "Ett genombrott" (a dedication volume in honour of Gustav Möller, Minister of Social Affairs, 1944).
8. Dagens Nyheter, May 15, 1948.
9. Handelstidningen, Dec. 16, 1947.
10. The American Economic Review, Dec 1949, p 1274.
11. In the book "The Political Economy of the New Left" (1970). Lindbeck, who is professor in economics in Stockholm is – like Oskar Lange and Abba P. Lerner — both socialist and (partly) supporter of a market economy.
12. Gunnar Strang at the Conference of Riksbyggen ( a construction company) in June 1958.
13. Statement in the 1st Chamber of the Parliament, January 20, 1951. At that time Möller was Minister of Social Affairs and had, within the Government, the principal responsibility for the housing policy.