# GOD AND MAN AT YALE

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#### FOREWORD

nemselves want it prior to their indoctrination by Keynesian rofessors?

That is the question, as Mr. Buckley sees it. He has taken no iallup Poll of the alumni, but he rather guesses that Yale is giving a sources of its endowment something they wouldn't vote for if any were consulted in advance. His book is a ringing call to the numni to exercise their right to customers' choice. If they should atte for collectivism Mr. Buckley would admit defeat. But he is other inclined to think that they wouldn't vote for any such thing. It believes the traditional values of the Christian and individualt twest are still the predominant American choice. It could be, ut the choice will never prevail if people, including the alumning ody of Yale, refuse to stand up on their hind legs and fight.

## Author's Preface

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Yale University. I arrived in New Haven fresh from a two-year stint in the Army, and I brought with me a firm belief in Christianity and a profound respect for American institutions and traditions. I had always been taught, and experience had fortified the teachings, that an active faith in God and a rigid adherence to Christian principles are the most powerful influences toward the good life. I also believed, with only a scanty knowledge of economics, that free enterprise and limited government had served this country well and would probably continue to do so in the future.

These two attitudes were basic to my general outlook. One concerned the role of man in the universe; the other, in all its implications, the role of man in his society. I knew, of course, of the existence of many persons who had no faith in God and even less in the individual's capacity to work out his own destiny without recourse to the state. I therefore looked eagerly to Yale University for allies against secularism and collectivism.

I am one of a small group of students who fought, during undergraduate days, in the columns of the newspaper, in the Political Union, in debates and seminars, against those who seek

never more bitter than when the issue concerned educational tinues even though little headway was made. The struggle was to subvert religion and individualism. The fight we waged con-

as our educational overseers, to guide the teaching at Yale toward fore concluded that it was the clear responsibility of the trustees, and a recognition of the merits of our economic system. I thereare committed to the desirability of fostering both a belief in God the trustees of Yale, along with the vast majority of the alumni, adjustment to the community and to the world. I contended that opinion will enable the American citizen to make the optimum wisdom, insight, and value judgments which in the trustees alumni, and thus duty bound to transmit to their students the ble to the trustees of Yale, who are in turn responsible to the that the faculty of Yale is morally and constitutionally responsi-As opportunity afforded, some of us advanced the viewpoint

tent." Here the argument rested when I left Yale. fit-provided, of course, he is "honest" and "professionally compedom of the faculty member to teach what he sees fit as he sees what they call "academic freedom," by which they mean the freeemeritus Charles Seymour to a host of students, have upheld of persons affiliated with the University, all the way from President-The reaction to this point of view has been violent. A number

of controversy, seldom has the energy to fight his battles, while myself: that the so-called conservative, uncomfortably disdainfu spend the necessary time. I finally decided to make an attempt, to deal with it adequately, in part because I was unwilling to disposed to do this, in part because I lack the scholarly equipment largely because I fell victim to arguments I have so often utilized urged me to deal at greater length with the problem. I was not A number of persons sympathetic to this point of view have

> tionate influence because of his dedication to his cause the radical, so often a member of the minority, exerts dispropor-

I have confined myself to the university that I know firsthand. observations would be based on an exhaustive study of the curriccal portion of this book, to confine myself to Yale. Ideally, my pretension to it. As witness to this, I propose, in the nontheoretibest said of me that I have the profoundest respect for it, and no a professional scholar. As far as pure scholarship is concerned, it is ula and attitudes of a number of colleges and universities. Instead, to have approached this project with the diligence and patience of I am dedicated to my cause. At the same time, I cannot claim

these supporters to be atheistic socialists. ists and then addresses itself to the task of persuading the sons of derives its moral and financial support from Christian individualmost extraordinary incongruities of our time: the institution that protective label "academic freedom," has produced one of the extraordinarily irresponsible educational attitude that, under the my concern. I propose, simply, to expose what I regard as an amiss at Yale is more drastically amiss in other of our great instiwith many others, I believe it is. This would suggest that what is tutions of learning. Yet on this point I will not insist. It is not here conservatism," as Time magazine recently put it. By comparison deservedly, has earned a reputation as a citadel of "triumphant I do this confidently, let me add, because Yale, I judge

a few sentences of Arthur Koestler remedied. So it is that for consolation I have turned frequently to servative gives me few grounds for hope that this paradox will be purposefulness and tenacity of the mid-twentieth-century con-I ought to add that what little experience I have had with the

should either write ruthlessly what one believes to be the truth, Art is a contemplative business. It is also a ruthless business. One

becomes defeatist propaganda and hence an immoral influence fight is hopeless.... And on this plane my contemplative truth to believe in the ethical imperative of fighting evil, even if the This is so to speak my contemplative truth.... But I also happen or shut up. Now I happen to believe that Europe is doomed. . . .

antagonism that this essay will evoke from many quarters, but rather from the knowledge that they are winning and we are that, after each side has had its say, we are right and they are wrong; and my greatest anguish is not in contemplation of the over present-day educational practice stems from my conviction will inspire. But I am through worrying about it. My concern I have some notion of the bitter opposition that this book

winner must have help from the classroom present subordinated, will emerge to the foreground. And the when the menace of Communism is gone, other vital battles, at same struggle reproduced on another level. I believe that if and that the struggle between individualism and collectivism is the and atheism is the most important in the world. I further believe Communism. I myself believe that the duel between Christianity totally irrelevant any fight except the power struggle against even in the context of a world-situation that seems to render tle of educational theory important and worth time and thought I shall insert here what may seem obvious: I consider this bat-

Adam Smith strate the contemporary applicability of the principal theses of with reference to divine sanctions. Nor shall I attempt to demonity of Christ or to defend the advantages of conducting our lives That is to say, this essay will not attempt either to prove the divinwriting an apologia either for Christianity or for individualism. I should also like to state that I am not here concerned with

> freedom are "good,"\* without ever worrying that by so doing, I am being presumptuous Rather, I will proceed on the assumption that Christianity and

ate school, even though some of the graduate departments, the does not exist. I shall document this opinion. What is more, for vidualism versus collectivism. My belief is that such impartiality day, that is, Christianity versus agnosticism and atheism, and indiant copy Yale Law School in particular, would provide far more flamboypractical reasons I have restricted my survey to the undergraduimpartiality with respect to the great value-alternatives of the whether or not there exists at Yale an atmosphere of detached The first duty, of course, is to arrive at a judgment as

to those of her alumni. is that on the contrary, the emphases at Yale are directly opposed if there is not impartiality, does the net impact of Yale education encourage those values probably held by the alumni? My opinion with the bias of the educational trustees of Yale? In other words, The question then arises: If there is a bias does it coincide

acknowledged in theory by the University, has never been practhat pleases him most. I hope to point out that this attitude, tially," that the student should be encouraged to select the side namely the proposition that "all sides should be presented imparticed, and in fact, can never and ought never to be practiced. go on to question what so many persons consider axiomatic, desirable in classroom treatment of conflicting ideologies. I shall I shall then ask if impartiality—assuming it to be possible—is

In point of fact, the argument I shall advance does not even require to be "good." educational overseers of a private university should consider them that free enterprise and Christianity be "good," but merely that the

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In one respect, I have spared no pains. Although some of the matter that appears in this book is elusive, I have made every effort to be accurate. In fact, several friends, intimately associated with Yale over the past few years, believe I have bent over backwards almost grotesquely in my effort to avoid distortion. Be that as it may, I have worked with the clear realization that exaggeration would bring only unwarranted damage to an institution of which I am almost irrationally fond, and personal humiliation to myself.

Nor should this book be interpreted as a comprehensive indictment of Yale life. Volume after volume, each many times the bulk of this one, could justly be written commending the virtues of countless aspects of Yale's education. But it is not the diligence or patience of her scholars, or the kindness and understanding of her administrators, or the joys and sustaining pleasures of the friendships she makes possible that are the subject matter of this book. These deserve tribute, and I give mine without reservation. Notwithstanding, something greater, I think, is at stake: the net impact of Yale education. It is to this problem that I address myself.

I have made extensive use of Appendices for documentation, for theoretical but pertinent digressions, and for references of various kinds. It is naturally the hope of every writer that the Appendices should be consulted fastidiously. Notwithstanding, many, including myself, must admit that an understanding of the thesis does not require familiarity with appendix material.

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Finally, I must ask indulgence for the frequent references in the text to myself and my personal experiences at Yale. If there were a way out, I should willingly have taken it. But a great deal of the material that I have summoned, and of the insights that I have received, has been a result of personal experiences. To avoid mention of these would be not only coy, but restrictive. For these

reasons I ask patience; and further, I approach my thesis with profound humility and with the desperate hope that even those who disagree emphatically will acknowledge that I could have no motive other than a devotion to Yale, a recognition of Yale's importance, and a deep concern for the future of our country.

August 1951

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which was founded by churchmen, whose trustees for two hundred years were exclusively ministers of the gospel, whose corporation meetings are even today opened by prayer, whose every symbol commits it to furthering God's fight.



Chapter Two

#### Individualism at Yale

n June of 1949, William C. De Vane, dean of Yale College, addressed the graduating class roughly as follows:

Several periodicals of national circulation have described the graduating classes of 1949 as "primarily interested in seeking security." The journalists tell us that security and the avoidance of risk are ends that loom foremost in your minds.

I would remind you that it was just one hundred years ago that Americans of every type and description invaded the West Coast in search of their fortunes, and formed the vanguard of a vast colonial movement which increased immeasurably the health and strength of this country. I would remind you that it was they and men like them that have brought this country to greatness. It was not men who sought security first, adventure and enterprise next, who built Yale.

I should say that if these periodicals are correct, if it is true that your attitudes lent weight to their conclusions, then Yale has failed. For Yale expects of her graduates something more than a sodden search for security. She would see in you something of the spirit and the drive of the forty-niners.

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and discourage self-reliance. parage the individual, glorify the government, enshrine security only because he has turned his back upon his teachers and texts It is because he has not hearkened to those who assiduously disyears, exhibits enterprise, self-reliance, and independence, it is exposed himself to Yale economics during his undergraduate spirit of the forty-niners. But if the recent Yale graduate, who Perhaps Yale, traditionally, has engendered something of the

is surely his privilege. I shall make every effort to avoid distortion nomics to be thoroughly collectivistic. If the reader disagrees, that I have no interest in painting a picture of a situation that does not charges is interpretable. I believe the net influence of Yale eco-Much of the matter that I shall present to substantiate these

inspiring philosopher has not been thereby vitiated. theless evident that the prescience of their most systematic and Communists have come to scorn the latter method, but it is nevercould be effected from an individualist to a collectivist society. The ices, taxation, and regulation, to a point where a smooth transition other, a slow increase of state power, through extended social servadopted to destroy the bourgeoisie: one was violent revolution; the his lifetime, envisaged two broad lines of action that could be ultimately, the same transformation. Marx himself, in the course of little of this at Yale; but this approach is not needed to accomplish in favor of an ironclad, comprehensive socialist state. There is very the overthrow, violently or otherwise, of all vestiges of capitalism I could conjure up a list of professors and textbooks who advocate At the same time, no one should be so naïve as to expect that

unquestionably in similar departments in many colleges through but relentless transfer of power from the individual to the state that has roots in the Department of Economics at Yale, and It is a revolution of the second type, one that advocates a slow

out the country. The documentation that follows should paint a

vivid picture

point up the collectivist nature of the policies that are being propto rebut the arguments of the collectivist. For the present I shall books, and listening to the majority of the lecturers on economics. reading a half dozen of the most frequently used economics textcan be fully appreciated only after spending several years at Yale, agated, and to expose the bias and innuendo, the impact of which confine myself to inserting in this section only what is necessary to Let me add that my remarks in this chapter in no way attempt

day, lamenting the collectivist drift of our government. nothing more to say to him-unless, of course, I find him, some accord with the values that are being fostered at his college, I have pursuing a personal investigation, the alumnus finds himself in rent Yale policies only if there exists a disparity between the valtaught in the field of economics. If, after digesting this section or ues the alumni of Yale want taught, and those currently being I cannot repeat too often that I have cause to object to cur-

of the average class-take this course every year, while only a tenth students. ies, and affects the attitudes of the greatest number of economics the elementary course that provides the framework for future studas many major in economics. Many students not majoring in the Approximately three hundred and fifty students—over one-third marily on the basic course-Economics 10, Elementary Economics. field elect one or two additional courses in economics; Even so, it is With economics as with religion, our attention must focus pri-

mary interest especially in so far as they treat with problems of articles and pamphlets, are used as standard reading matter in the are most reasonably considered the basic texts. These are of pribasic course. However, one or two books dominate the course, and As many as two or three texts, and usually as many or more

public policy, for it is in this area that value judgments are brought sharply to bear on the genuinely controversial economic issues of the day. A professional socialist is as competent as a classicist to explain the price system, the laws of supply and demand, the cost curves of the business firm, and the myriad details and background knowledge that must serve as the basis for any well-conceived course in economics. The elementary textbooks selected at Yale do this job well enough. It is when the author begins to talk about desirable government action, appropriate social policies, just economic goals; it is when he discusses the obsolescence of individualism and the waning of free enterprise and capitalism, that he reveals his biases. And these biases are readily espoused by the average student.

A student who entered Yale in the fall of 1946 and elected Economics 10 (whether out of interest or to discharge a distributional requirement in the Social Sciences) was issued, as a principal textbook, Economic Analysis and Public Policy, by Professors Mary Jean Bowman and George Leland Bach (New York: Prentice-Hall, 1946). The following year, Bowman and Bach was replaced by two textbooks, The Elements of Economics by Professor Lorie Tarshis (Boston: Houghton Mifflin Company, 1947), and Income and Employment, by Theodore Morgan (New York: Prentice-Hall, 1947). During the next two years, the department used Professor Paul A. Samuelson's Economics, An Introductory Analysis (New York: McGraw-Hill, 1948).<sup>1</sup>

The bias of these books prevailed in the basic economics course during these four years. Nor has there been a change in the academic year 1950–51: the department has gone back to the text of Bowman and Bach.

All of these textbook authors take some pains to assure the student that they have in mind the "strengthening" of the free enterprise system. Not one of them, I am certain, would call him-

self a socialist or even a confirmed collectivist. Witness, for example, Morgan's eulogy:

anything which individuals or voluntary associations can more efficiently do for themselves [p. 184]....Capitalist, or dominantly free-enterprise, economies have succeeded very well in the Western World in raising tremendously the volume of production [p. 176]....Obviously, the American public does not want a nationalized economy or a totalitarian unity. We want to give up no segment of our area of freedoms unless there is clear justification [p. 177]....There are both economic and non-economic reasons for preserving a dominantly wide area of free enterprise [p. 193].

Tarshis states that "the pattern made by the individual flows from the millions of firms in our economy is one that broadly reflects our wants" (p. 239), and the others generally agree.

# THESE ARE CHANGING TIMES

The authors in question are apparently ready to point up some of the shortcomings of individualism, and to remind us that we must face the fact that these are changing times and that we must fashion our economic thinking accordingly. After all, write Bowman and Bach, "nineteenth century individualism...in its extreme form" is as "impractical of application" as "the philosophy of totalitarianism" (p. 346).

Samuelson tells the student that

A cynic might say of free competition what Bernard Shaw once said of Christianity: the only trouble with it is that it has never been tried. There never was a golden age of free competition,

and competition is not now perfect in the economist's sense; probably it is becoming less so every day, in large part because of the fundamental nature of large-scale production and technology, consumers' tastes, and business organization [p. 36].

As far as changing times and the welfare state are concerned, he adds that "'Cradle-to-grave' security has great popularity; if the private economy cannot supply it naturally, people will insist upon getting it artificially from governments."

There is not a word about the *wisdom* of this sort of economics, which is surely something that a professional economist is supposed to pass judgment upon.\* Can there be, over the long run, cradle-to-grave security served out by the government? But it is not surprising that Samuelson withholds adverse judgment, for his reliance upon the state is complete.

These changing times—requiring a reorientation of our concept of economics—were brought about by the inadequacies of free enterprise and by the highly dubious humanitarianism of this economic philosophy. Bowman and Bach remind us that

... equality of opportunity in the theory of rugged individualism is not the same as equality of opportunity in fact; and the most expert of consumers is inadequate to protect himself in the complexities of the modern market. The rugged individualism of

a pioneer country is giving way to changing concepts of what is meant by true equality of opportunity in economic affairs.... Government is viewed as playing a far more positive role today than formerly. Democracy as expressed in current American ideologies appears to be taking on a more collective character.... American ideology and the American economy itself appear to be moving along a path towards a middle ground.... [In short], the direction of movement in recent decades in America is clearly further away from the extreme of atomistic individualism and in the direction of increased central planning of the economic life of the country [pp. 346–47, italics added].

It may be interjected that after all it is a historical fact that we are moving away from individualism and toward central planning, and that Bowman and Bach have done nothing more than to chronicle this changing emphasis. This is all true, but the balance of their book will amply demonstrate that the changing emphasis is taking place with the hearty support of the authors. And besides, let me repeat, is the changing emphasis sound economics? Is it economically desirable? Is it not the duty of the economist to reveal that a political trend may not be a wise economic trend? Has economics become nothing more than a subsidiary branch of political science?

Bowman and Bach's palliatives are mild by comparison with some of their brethren textbook writers who have molded the attitudes of so many students. Professor Tarshis, for one, comes right out and says it:

We must be prepared to accept new ways of doing things as well as old, for the problems we face are new and alarming [p. 686].... As the nature of our economy has changed and as the problems that it has been compelled to face have altered and grown in gravity, we have been compelled to call upon the government [p. 54, italics added].

<sup>\*</sup> It is seen here, and throughout, that I look upon economics as a science of adjustment between the appetites of man, which are limitless, and the resources of nature, which are limited. I am, further, committed to the classical doctrine that the optimum adjustment—private property, production for profit and by private ownership, and regulation by a free competitive economy—brings not only maximum prosperity, but also maximum freedom. I therefore consider any infringement upon the component parts of the free economy to be unsound economics. It goes without saying that I consider such infringements as militating against maximum freedom,

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For the government, we are told, is the new protector against the excesses of an antiquated system.

As individualism found expression in the nineteenth-century American economy, it was a philosophy for the strong man, rewarding strength. It was ruthless in its destruction of the weak [p. 345].... The story of American "big business" over the last century is a dramatic one. It is a story of the growth of great business empires, of ruthless cut-throat tactics, and of "gentlemen's agreements," of a shifting pattern of organization arrangements and business policies to meet changing legal and market conditions, and of a repeated use of political pressures by large business groups [Bowman and Bach, p. 351].

due to government subvention) of the free enterprise system because no one can bring prosperity to tribute is paid to the support of the weak that is an automatic result room house with hot-and-cold running water and a garage. No grocer, the dress manufacturer, the newspaper owner, the himself without bringing it to others (except where prosperity is street; nothing of the log cabin that blossomed out into a sevenfarmer—all the millions who attained ratings in Dun and Bradnothing is said of the growth of a world of little capitalists, the structure of the country and how it was built out of wilderness; services; we are not told of the mammoth increases of the capital teenth century was one of unparalleled production of goods and desk and told coarse stories." It is nowhere recorded that the ninewere to condemn Lincoln as "that man who put his feet up on the heavily slanted and unbalanced. It is as though a political scientist This is in part true. But it is special pleading nevertheless—

By no means all the serious criticisms of individualism that one hears about at Yale are historical: the effectiveness of free enter-

prise is today substantially vitiated by inequalities of income, and because of the prevalence of noncompetitive conditions (Tarshis, pp. 240, 243).

Does our economy provide the ideal output judging it by its correspondence with consumers' wants?... We have developed... reasons for thinking not...income inequality... is as though we gave some people 100 votes, others 50, and still others only 1, and in addition permitted some tampering with the ballot-boxes [Tarshis, p. 246].

In other words, optimum output is impossible under individualism, because of income inequality. But there is a remedy: the state, of course:

In short, we, acting through our government, have not been disposed to accept as perfect the composition of output that would have been produced in a completely *laissez-faire* economy. By various kinds of government regulation, we have interfered with that result in an effort to make the pattern of our output conform more closely to our wants [p. 249].

The coldness and self-interest of business, which we are not to forget is essentially antihumanitarian, may be seen in a study of the role of an accountant, who after all, says Samuelson, "... is a practical man who must make a living without concerning himself unduly over social welfare" (p. 149).

Thus it is that redistribution of income becomes a major goal of the economist. Although an economic justification for such a redistribution is occasionally supplied (the Keynesian insistence that more money go to that group which has a higher propensity to consume, that is, the lower middle and lower income groups).

the principal argument for redistribution seems to be in terms of ethics, which these economists have embraced as their province.

# UNFAIR DISTRIBUTION OF INCOME

"The division of the output among members of the society must be compatible with the society's standards of justice," Tarshis tells us in his Introduction (p. 3). And as far as the United States is concerned, "The distribution of income is very uneven, and it is questionable whether the maximum social well-being is achieved with this unequal division" (p. 157).

For Morgan, the redistribution of income is a sacred goal:

A spirit of general good will is likely to exist if, as a result of measures like those we are suggesting, the society attains [among other goals] the diminishing inequality of income and wealth [p. 194]....greater equality of wealth brings non-economic advantage in greater social and political democracy [p. 187].... [Our] guiding principles... are to move in the direction of lessening inequalities of wealth and income... [which] are generally accepted objectives [p. 183].

In short, "avoidance of great inequality of wealth and income" is a "goal which a healthy democratic society must keep in view" (p. 198).

Bowman and Bach have no quarrel, economic or ethical, with the distribution of wealth as it is carried on in a socialist society (p. 575), although they concede that some economists offer up two arguments against complete equality of income, namely:

(1) that some income inequality is a necessary incentive to get goods produced efficiently, and (2) that unless some people have

> very high incomes there will be insufficient saving and a society will tend to use up resources without accumulation and possibly even without replacement [p. 566].

They go on to say that,

Experiments in Russia seem to prove the truth of the first of these arguments against income equalization... the Russians have been forced to introduce income differentials.... How great these differentials would need to be to get efficient productive activity remains an open question, though it is clear that they need not be as great as the inequalities currently existing in the United States [p. 567, italics added].\*

And how to bring about "just" redistribution? The answer is obvious:

... the government can go far towards achieving this end through the public economy.... The obvious method of approach is through heavy taxes on the high income groups with the funds transferred directly or indirectly (through free or subsidized services) to the low income groups [p. 714].

There is no disagreement among these economists as they condemn the present distribution of income. For reasons "economic, political, and social" something must, they say, be done about it. It is

<sup>\*</sup> No mention is made of the fact that in many activities in Russia today, the realities of economics have prevailed upon the classless society, to the extent that the disparity in incomes is far more accentuated than in the United States. Twenty years of failure have brought about almost total desertion of the Marxian motto, "From each according to his ability, to each according to his need."

not enough that *they* believe something must be done about it: we are assured that "most Americans insist on it." No proof of any kind is given to support the contention that "Americans insist" on greater redistribution. But even if such proof were available, the authors of these textbooks in basic economics refuse to address themselves to the question: *Is what most Americans want sound economics?* Obviously, there is no limit to what everyone wants for himself. Since no society can escape the dilemma of an insatiability of human wants on the one hand and a scarcity of economic resources on the other, an adjustment has always been made. The individualist tips his hat to the notion that man should enjoy the fruits of his labor; and since free enterprise displaced mercantilism, he has presented incontrovertible empirical evidence that no other adjustment in the history of the world has brought so much to so many.

But no mention is here made of the inescapable dilemma. Nothing is said about the *insatiability* of human wants.

income even if such points of view are, in the opinion of a formi expressed will of the people? I can understand these economists the greater part of this sum, who is thwarting the most directly of any description, elect to pay Joe DiMaggio \$100,000 a year for entertaining their own points of view about redistribution of wages), and the government promptly turns around and absorbs it is the people who, in their role as ultimate employers, pay the the privilege of seeing him at bat (and of course in a free economy him. If several hundred thousand people, acting without coercion from someone what the people in the first instance decide to give to the highly respectable doctrine that it is anti-democratic to take reputable economists. Not one of them so much as pays lip-service States. Not one of them mentions contrary observations by highly to a far greater degree than is already being done in the United (to say nothing of political and social) policy to redistribute income It is clear that these economists believe that it is good economic

> dable array of economists, unsound economics; but it is more difficult to excuse them for assuming further redistribution of income to be an unassailable goal of modern economics.

### THE INCOME TAX

As to specific measures to bring about this income equality, the best of all possible ways is, of course, the income tax. Bowman and Bach write:

Many economists believe it would be desirable to place almost complete reliance on income taxes as the source of federal revenue. [As it now stands], the personal income tax, equitable as it is, presents to the wary taxpayer several avenues for escaping the rates apparently applicable to his income, ... [and] as long as such invitations to tax avoidance exist, serious inequities as between individuals, to say nothing of tax revenue losses to the government, are certain to result [pp. 766–67].

As to "the extent to which high income tax rates reduce the incentive to work and to assume investment risks in periods of relatively dull employment,"

Much evidence indicates that as long as any substantial portion of increased earnings remains after taxes, little reduction in productive activity results, since relative incomes apparently are at least as important in providing the incentives as are absolute dollar levels [p. 768].

This is an important argument of the socialist, and it is seen applied in Russia, where Stakhanovite medals, decorations, extra ration cards, and the like have been presented to deserving workers

in lieu of additional income—with diminishing success, as the increasing income differentials of the past few years would indicate.

At any rate, in spite of some avenues of escape in the present

general agreement among economists remains that the personal income tax is the best of all taxes [p. 768].... A "model" tax system might have four major revenue sources. First, and of major quantitative importance, there would be a progressive personal income tax plus progressive death and gift taxes... [p. 788, italics in original].

The other economists mentioned are of the same general persuasion. Morgan advocates, generally, that 60 percent of federal revenue ought to come from income taxes (p. 188), that exemption for capital gains ought to be eliminated (p. 197), and that a tax of 42–49 percent on incomes between \$20,000 and \$100,000, and a tax of 75–99 percent on incomes over \$100,000, would seem equitable (p. 197).

It is significant that all these tax suggestions are not made in consideration of extraordinary government expenses such as defense or war-waging. They are intended to apply to the normal peacetime situation.

## THE INHERITANCE TAX

Inheritances come in for a broadside. Samuelson introduces the matter with his typical glibness and rank, soap-opera appeal, by comparing Barbara Hutton to a Woolworth salesgirl:

A naïve and uninspired physician in examining the two women in question might find little to choose from with respect to

physique, I.Q., or temperament. But, although each was equally endowed by her parents as far as arms and legs, one was not so generously treated with respect to lockboxes and property. Under our common and statute law, any owner of private property has the right to give, bequeath, or sell it to whomever he pleases (subject only to taxation), and few will criticize pere Hutton if he felt that "blood is thicker than water." But everyone will be curious about the workings of an economic society which enables a few individuals to amass such large accumulations of wealth and power and to perpetuate them by inheritance [p. 72, italics added].

Morgan is unequivocal about the viciousness of inheritances:

With respect to the subject of inequality, we should note that it is no part of the logic of private enterprise that family dynasties should exist and continue parasitically over the generations to draw tribute from the flow of production [p. 175].

"The prescription is plain," he concludes:

Estate taxes (on the entire property of the deceased) and inheritance taxes (on the amount bequeathed to individual heirs) should be consciously aimed at the goal of ending transmissions of hereditary fortunes. Beyond the modest aims of securing to the widow and dependents unable to work a sum adequate to maintain them and of completing the full education of all children, the justification for bequests tapers off rapidly. It is not allowable in a democracy to set up the goal of establishing a family dynasty [p. 198, italics added].

There follows a list of recommendations as to how to eliminate the "notorious loopholes" which allow some families to salvage

money for their heirs. With the implementation of his program, Morgan assures us that "there is no reason why we should not achieve at least the level of success of the British in increasing the productivity of death taxes" [p. 199]. A possible alternative to immediate first generation confiscation is that,

the first inheritor might be taxed at the rate of 50 per cent; at his death the tax might be at the rate of 80 per cent on the portion he inherited; the next death tax on the remainder of the original estate might be 100 per cent [p. 199].

And Morgan adds a remarkable observation:

[Death and inheritance taxes] are unimportant as revenue producers, having as justification only our desire for less inequality of income and wealth [p. 199, italics added].

Bowman and Bach make the same comment:

Death taxes are obviously of little significance for fiscal stabilization purposes because their yield is so slow and uncertain... For their justification death duties must rest primarily on the desire for the redistribution of wealth and income [p. 771, italics added].

In other words, there is little or no economic value attached to such confiscation. It simply advances the "social welfare" as these "economists" define social welfare. That social welfare, for them as for all collectivists, is egalitarianism.

## PRIVATE PROPERTY RIGHTS

What has happened to the doctrine of private property rights which emerged during the Enlightenment as an indispensable ele-

ment of personal freedom? What about the right to go into business for one's self? Scarcely any reference is made to these rights even though these economists anxiously embrace morality and justice as proper subject matter of their investigation. Morgan, alone, breaks silence when he tells us:

Probably, majority opinion agrees with our own national policy that the right of a man to engage in business for himself is not a basic freedom, like freedom from fear, want, freedom of speech and of worship. It is a right which only about one in five of our working force finds himself able, or finds it worth while, to accept [p. 175].

It seems, then, that the volume of indulgence in any given freedom is a relevant factor in determining whether or not it is, properly, a "basic freedom." If, that is to say, only one of five persons goes into business for himself, then the right of man to engage in business for himself is not basic. One out of tens of thousands of men chooses to get up in public and make a speech. Therefore freedom to address assemblies is not basic. Only one out of a hundred thousand decides to start a newspaper. What happens to freedom of the press? And one out of a million will write an economic textbook. Ought Mr. Morgan to have been allowed this privilege?

Besides, Mr. Morgan, who says our "national policy" does not admit as basic the freedom to go into business for one's self? Does the Constitution say it? Does the Republican national platform so declare? Or the Democratic National Committee? Has the exsmall business man, Mr. Truman, ever said anything of the sort? And by what authority do you offer yourself as a spokesman for "majority opinion" in this matter?

Morgan's pragmatic attitude is easily extended to include free enterprise itself:

If free enterprise is not a basic freedom, then it must be justified as a central principle of organizing production, or fail to be justified, primarily on the ground of whether it has "delivered the goods" [p. 175].

## PRODUCTION AND EMPLOYMENT— RESPONSIBILITIES OF THE STATE

It is apparent by now that these economists invariably have recourse to the state to resolve economic and social difficulties. All of these authors, whose economic texts have been and are being used in the basic course at Yale, are slavish disciples of the late Lord Keynes, and follow his basic program religiously. They do not so much as acknowledge the existence of economists who violently dispute Keynes's conclusions, and who warn against them alike in consideration of national prosperity, individual freedom, and public morality.

The basic problem of the free enterprise economy, the Keynesians agree, is periodic unemployment. This comes about as a result of insufficient private consumption or private investment, the latter a hallmark of an advanced, mature economy. The only methods by which stability at full employment may be achieved are through the transfer of money to that group which has the highest "propensity to consume," and through government "investment" (spending) to make up whatever difference is needed in order to maintain national income at the full employment level. The individualist, counter-Keynesian theory that an untrammeled free market, mobile wage rates, and decentralized, non-political credit policies, can in the long run cope with economic fluctuations far more efficaciously than can the government and with far fewer ill effects, if mentioned at all, is scorned. For economics has become a matter of public policy, not individual action

(witness the title of Bowman and Bach's book, Economic Analysis and Public Policy), and, after all, "To set the responsibility for attaining and maintaining full employment on the shoulders of individual consumers or individual businessmen, is absurd" (Morgan, p. 169).

Times, we must remember, have changed, and

Unfortunately, there is no reason to suppose that the economy is a self-adjusting mechanism, that it has a governor which insures stability at full prosperity [Tarshis, p. 507].

So far as total investment or purchasing power is concerned, ours is a system without a steering wheel.... As far as total investment is concerned, the system is in the lap of the gods.... The private economy is not unlike a machine without an effective steering wheel or governor [Samuelson, pp. 256, 412].

We are thus introduced to the necessity of accepting "drastic action" by the government, for without it we must face the fact "that it is as hard for wealthy nations to avoid unemployment... as it is for a camel to pass through the eye of a needle" (Samuelson, p. 17).

Let us bear in mind that unemployment is a *public* problem, and the inadequacies of individual action to cope with such problems are best understood by contrasting

the situation in our economy with that in a socialist economy, such as the Russian or Czechoslovakian. In the Russian economy the decision to produce, let us say 20 million tons of pig iron, is made by the Central Planning Board, which presumably takes into account the needs and resources of the Russian economy before it comes to a decision. The same board determines how many automobiles to

secure as large a profit as possible [Tarshis, p. 29, italics added]. one interest in mind-that of the owner. The owner's interest is to produce, or of the price to be charged for the product, is made with is owned by private individuals. The determination of how much to whether a partnership, a proprietorship, or a corporation, the firm this country is privately owned. No matter what its form this question is to be found in the fact that the business firm in business firm determine the amount it will produce? The answer to sions are made separately by individual firms.... How does the so on are planned collectively. In a capitalist economy, these decieconomy, important questions of output, price, employment, and companies make their decisions independently.... In a socialist determines how much steel it will produce, and the other steel much steel it will produce, the Bethlehem Steel Corporation in cotton. The United States Steel Corporation determines how produce, how many tractors to make, or how much land to plant exists. No one group or person determines how much steel to acres to put into wheat. In our economy, no such institution produce, how many pairs of socks to manufacture, and how many

But the individual firm, the individual himself, is powerless to cope with the complexities of the economy in times of stress. The government must step in. For the government, as Bowman and Bach point out (pp. 715–16), has four unique powers which render it capable to discharge responsibilities that the private economy cannot assume. First, the state has the power of compulsion, "which is necessary for regulatory action, for effective redistribution of income (by taking from some and using the funds to aid others), for restricting production and consumption of particular commodities, and so on." Second, the state can undertake to provide "many goods and services that are generally desired but not marketable under a price system in the private economy." Third,

because of its long life and great resources, "the state is able to undertake long-run, expensive projects, which, though desirable, would not be feasible for private enterprise." Finally, "the state, being free from the 'profit motive' and having the power of compulsion, is able to make its revenues fit its expenditures (within limits) rather than the reverse."

With such an introduction, the wisdom and indispensability of government action to regulate the economy becomes the inexorable next step. Thus, in all four of the textbooks under discussion, we are launched into a doctrinaire collectivist program. Government-directed "compensatory fiscal policy" must harmonize the economy. "High taxes for redistribution.... Public spending to close the gap between consumption and private investment and full production.... Regulation of production.... Social service.... If necessary, let the government guarantee full employment" (Morgan, p. 189).

During depressions, government spending of any sort is wise because, in the long run, "wise domestic investment is no more powerful than ultimately foolish investment...because of the favorable respending effects on those who receive government expenditures" (Samuelson, pp. 371, 434). Morgan tells us that "it is better to employ men in digging holes and filling them up than not to employ them at all; it is better to employ men to make products which we thereupon dump in the middle, of the ocean than to leave them idle" (p. 182). He quotes Keynes: "Pyramidbuilding, earthquakes, even wars may serve to increase wealth..."

Why did not "compensatory fiscal policy" work during the '30s? Because it was "too little and too late" (Bowman and Bach).\*

<sup>\*</sup> I am careful not to imply that large-scale government spending will not relieve unemployment. It is indisputable that it will—for the short run. "All I know about the long run," Keynes once quipped, "is that we are all dead." One of Keynes's most distinguished critics,

#### NO LIMIT TO GOVERNMENT SPENDING

What about the perils of deficit financing? Prior to understanding this subject, certain superstitions about money must be overcome. First to be dispelled is any untoward faith in gold or the gold standard, which Tarshis compares, by no means favorably, to a limburger cheese standard (pp. 332–33, 635). It is a good thing that gold certificates no longer exist, Samuelson tells us (p. 286), because the gold standard "made each country a slave rather than a

durable than those that are sustained by encouraging the unhamand the harmful effects of government intervention are far more ment policies. And so it is that the "long run" is very soon a-coming only be counteracted by more coercive and paternalistic governinvestment, and sets off a new deflationary spiral which can in turn pered free market to work out its own destiny such as price controls and tariffs. The inflation that comes inevitably wipes away any real increase in his wages, discourages private with government pump-priming soon catches up with the laborer, ties, burdensome taxes, and restrictions on trade and production the result of government intervention through inflation, wage rigidivated unemployment, the individualist insists that it is exclusively direct government action or by government influence. As for aggra-Keynesians have it), which at all times in history has been caused by are the results of credit inflation (not excessive savings, as the greater prosperity. The individualist insists that drastic depressions pay for a secular trend toward maximum freedom and greater and inevitable in the free, expanding economy. It is the price one has to obstructed by any consideration of private property, freedom of The former recognizes that some fluctuations in employment are production, freedom of investment, or freedom of job selection. ment as the first goal of any society, and its realization is not to be the individualist and the collectivist, for the latter sets full employ-Union. We can, then, distinguish more clearly the line that divides the sacrificial offering; unemployment is unknown to the Soviet realized that unemployment is never a problem if freedom is to be declaration of the neo-British Cambridge school." But it must be Professor Ludwig von Mises, retorted that this was "the only correct

master of its own economic destiny" (p. 380). And in support of "compensatory fiscal policy," deficit financing, and welfarism, Morgan italicizes "the basic truth that money is the servant and tool of the economy and not its master" (p. 244).

Let the student constantly bear in mind that there is no practical limit to government debt:

The government may be said to exhaust its credit only if it is unable to borrow; and, as we have just seen, its ability to do so can never be seriously in question... The only question, then, is whether the government can always find a lender or someone who will accept government bonds. In the final analysis this is no problem, for the simple reason that the government controls the Federal Reserve Banks and can always compel them to buy government bonds... There is no sign that a high debt exhausts the credit of the government of the United States. And since as a last resource "it can borrow from itself," there need be no fear on this account.... There are no grounds for believing that a high public debt destroys the nation's credit or leads to a marked fall in the value of the dollar [Tarshis, pp. 535, 541, italics added].

Samuelson underscores this, as he concludes his analysis with the statement: "In short, there is no technical financial reason why a nation fanatically addicted to deficit spending should not pursue such a policy for the rest of our lives, and even beyond" (p. 433).

There is no disagreement from Bowman and Bach, who assert: "The fear that increasing the public debt will make the nation go bankrupt is almost completely fallacious" (p. 697).

But is a high national debt desirable? It is of course an inevitable by-product of Keynesian policy, and as such, acceptable to the economic textbook authors at Yale. Tarshis asserts unequivocally that deficit spending is the best means of coping with modern economic

problems (p. 534 et seq.), and asks, "Why should it be better to increase the private than the public debt?..." Can anyone find a "clear answer" to this problem, he asks rhetorically?\*

The policy of government deficits and government credit is extended, without difficulty, into the realm of international loans. In fact, considering the desirability of increased foreign investment, we ought to encourage foreign nations not to repay us what they owe us, for "the only cost four economy really sustains] is that which we face when the loan is repaid" (Tarshis, p. 632, italics added). In fact, once money becomes the slave not the master of the people, many of our economic problems could easily disappear. For one thing, "If we could only export one of the printing presses used for the manufacture of Federal Reserve Notes to, let us say, China, our foreign investment would be enormously higher" (Tarshis, p. 391).

As for the bugaboo that an element of internal debt is being passed on to future generations, it is "unmistakably false." "Can it truthfully be said that 'internal borrowing shifts the war burden to future generations while taxing places it on the present generation? A thousand times no!" (Samuelson, p. 427).

Bowman and Bach (pp. 798–99) and the rest agree—as does the individualist, but only if he agrees to look upon the American people as an indivisible entity, instead of as one hundred and fifty million individuals. Note the interesting reservation that appears both in the Tarshis and in the Bowman and Bach analyses of passing debt on to future generations. Bowman and Bach include a

footnote (p. 799) to the effect that "if the war generation borrows funds *outside* the United States, and the future generation has to pay foreign bondholders, then it is justifiable to speak of a burden of payment being placed on the future generation in the United States." Tarshis makes the same observation (p. 427).

Herein, it seems, lie the differences:

If, after a generation has gone by, a million Americans who hold \$50 billion in war bonds wish to cash them in, the government must indeed honor their decision. Now, if the government were to tax nonbondholders \$50 billion to retire these bonds, it could surely be said that the nonbondholding citizens of the country were forced to shoulder a tax burden that would never have existed but for a war that was waged before they were born.

But such a direct manner of discharging government debt is never seriously considered. How much easier to refund the debt, thereby satisfying not only the war-bond holders who wish to sell their government securities but also other elements of the population who may wish to buy government bonds. And a final ace in the government's hole: if a substantial number of bondholders should simultaneously determine to cash in their bonds, the government could formulate special tax legislation aimed at such persons, thereby, in effect, taxing all or most of the funds derived from the sale of their bonds. Thus, if the individual cashed his bond, the money would flow from the Treasury and immediately back to the Treasury in payment of new taxes. If he decided not to cash the bond, we are back where we started, with only the small interest on the bond to concern us.

So it is that "we owe it to ourselves," and "any given generation owes the money to the contemporaneous generation."

But the government cannot play this game with foreigners. The state must be prepared to redeem foreign-held bonds and has

<sup>&</sup>quot;Here is one clear answer, Professor Tarshis," wrote Rose Wilder Lane in her review of the Tarshis book for the National Economic Council, August 1947. "There is a limit to debt, fixed by the debtor's ability to pay it. This limit operates on private debt, because private borrowers have no means of compelling lenders to lend them money...."

no recourse to any of the stratagems that can render internally held bonds valueless.

Thus, the government can forswear or circumvent bona fide obligations to its own citizens, but must deal honestly with foreigners.

It is through this sort of logic that the collectivist shrugs off as naïve any concern about financial burdens imposed on future generations. And it is not surprising that he should do so, for to the collectivist, *individual* ownership of bonds, which represent claims to future production on the part of other persons, poses no problem whatever. For to him the individual means nothing; he pauses only to consider society as a whole, and thus he can generalize that internal debt is no burden, for "we owe it to ourselves."

What about the danger of a large national debt? This, we are assured on all sides, is simply not a very grave problem. "... there is never any possibility that the government—which has complete powers to issue new currency—would ever be unable to pay off the holders of government bonds in full" (Tarshis, p. 164).

That is one way to do it—simply run the printing presses a few hours more every day. Alternative methods of coping with the debt are described by Morgan (pp. 242–44). First, "The debt might be reduced by achieving an excess of taxes over government expenditures."

But this plan has limitations, not to speak of grave deflationary drawbacks. Therefore a second method could be examined.

The debt might be repudiated.

From this alternative, however, Morgan recoils—not so much out of moral indignation as out of sheer funk: the commercial banking system would collapse, and government credit would be destroyed. A much better alternative looms:

The debt is expressed in terms of dollars. Hence, monetary and other policies aimed at higher price levels in the economy would

diminish its relative size. If average prices rise by 25 percent, then the holder of a bond (or other obligation expressed in dollars) can buy only four fifths as much as he could if prices had not risen. The *real* debt, in terms of goods and services, has obviously diminished in size. There is much to be said in favor of a gradually rising price level, say 1 to 2 percent a year.\*

In other words, whereas it may be immoral and otherwise unwise for the government to repudiate the debt, there remains the completely honorable alternative of simply reducing the value of the debt through government-caused inflation.

A final alternative is listed: let the government "borrow" directly from the Reserve Banks, and let the interest be "only a service fee to cover the expense of the banks." Or, for that matter, let the government "issue new currency itself."

There appears to be no cause for concern over government debt—or over a stable currency.†

to roost. The purchasing power of the 1932 dollar now wavers at forty cents. If Yale's capital funds, a substantial portion of which are invested in fixed income-bearing securities, had kept pace with inflation, they would today be worth well over \$275 million, and yield, at prevailing returns, \$12,375,000 yearly. Instead, the University must struggle along with a \$141 million endowment with its \$5,038,000 return. This has necessitated drastic educational curtailments and, can was ans dire, desperate appeals to the alumni, who are, it seems, to make up the difference, and to continue to support Yale's economic professors and texts in their cries for more and more inflation.

These economists might well have quoted Lord Keynes in one of his more sober moments. Fifteen years before he published his General Theory he wrote, in his book The Economic Consequences of the Peace, "There is no subtler, no surer means of overturning the existing bases of society than to debauch the currency. The process engages all the hidden forces of economic law on the side of destruction and does it in a manner which not one man in a million is able to diagnose."

# **BIG BUSINESS AND MONOPOLY**

A major scapegoat of the collectivist is the business firm—and most particularly the big business firm, to whose policies are attributed some of the major evils of our economy. The monopolist (in most respects, properly) receives a great share of the blame for the vicissitudes of the free enterprise system; but at the same time, these writers convey an utterly distorted impression as to the power and the predominance of monopolies in the United States.

In our matured economy, "Giant industries have grown up, and in most sectors of the economy small firms are no longer very important" (Tarshis, p. 53).

In this connection, it is important to understand just what a monopolist is. He is not, indeed,

...a fat, greedy man with a big moustache and cigar who goes around violating the law. If he were, we could put him in jail. He is anyone important enough to affect the prices of the things that he sells and buys. To some degree that means almost every businessman... [Samuelson, p. 39, italics added].

As a reputable figure in public life, the businessman suffered great deal during and after the depression. In fact,

The businessman has never returned to his previous position of prestige. Shaken of self-confidence by a decade of considerable losses, harassed by government and labor, pounced upon by the courts for violation of antitrust laws he had forgotten existed, it is little wonder that he was dyspeptic before the war. But like the unemployed, he experienced during the emergency a feeling of being wanted and needed. With the return of strength, humility and inarticulateness are ebbing away [Samuelson, p. 91].

These economists' exaggerated notions about the pervasiveness of monopoly darken even their lighter moments, as, for example:

For good or evil, American labor has declared itself in as a silent partner in every business. With the acquiescence of the public and the government, workers ask for, and usually succeed in getting, some fraction of corporation profits. The moral for the self-interested laborer is to apprentice himself to a profitable quasi-monopolistic industry which has plenty of gravy to share [Samuelson, p. 531].

The authors' animosity toward big business is outspoken, and indications are abundant that large business and free enterprise are irreconcilable:

We want to attain them [our economic goals] through the means of free enterprise, by which we mean an economy whose dominant tone is set by numerous small enterprises. It is not reasonable to include under the term firms with much monopolistic power, including huge businesses: these furnish a field for the application of sophisticated public policy [Morgan, p. 179–80].

We are to face the fact that

The policies which are needed for maintaining high production and employment are those which affect the environment in which business decisions are made [Morgan, p. 179].

As also, we must recognize that

Huge private enterprises are obviously on trial. They have lost their case in the current general opinion of Europe and of England [Morgan, p. 179].

And, of course, nationalization:

If there is an extension of public ownership...it may often be more economic to own "monopolies" than to carry on a running warfare of regulation and suits [Morgan, p. 194].

## THRIFT AND WELFARISM

It is a basic plank of the Keynesians that ours is a "low consumption" economy that cannot sustain itself at a level of full employment without recourse to the state. A major concern of government, then, must be policies aimed at increased consumption. It follows that *saving* (except in periods of inflation) is evil, and ought to be discouraged by government action. Tarshis announces: "Since, as consumers, we are willing to purchase only five-eighths of our full-employment output, we have a low-consumption economy. And that, from one point of view at any rate, is one of the main sources of our difficulty" (p. 521).

It follows that Tarshis should announce as one of the goals of government "reducing incentives to thrift" (p. 522).

Since the people are not to be encouraged to attend to their own future security, the government, naturally, must take over this function. Morgan laments the inadequacy of present government welfare policies, and calls for extending them substantially in several directions:

Evidently, we have made only a good start toward the obvious target of protecting everyone against all the hazards that might leave him without minimum necessities and comforts.... The social-security program, with the cooperation of state and local governments, should, therefore, be made universal in coverage, and its benefits increased to the end of assuring at least the new higher minimum standard of living [p. 190].

Morgan goes on to recommend obligatory separation wages—
"a lump payment made to anyone who is discharged." As has been previously indicated, he also believes that "A simple and direct measure for increasing private consumption is a guarantee by the Federal government, in cooperation with the states, to employ anyone who cannot get a job elsewhere" (p. 189, italics added).

Samuelson adds family allowances to the responsibilities of government:

Canada, England, France, Sweden, and other governments have begun to give "family allowances" every month, the amount varying with the number of children in the family. This is done both for humanitarian reasons and to try to stimulate population growth. It is not hard to see why the government, rather than private industry must make these payments; for if corporations had to pay higher wages to men with large families, they would soon begin to discriminate in their hiring in favor of ancient bachelors and against the heads of large families [p. 206].

In dispatching the entire subject of government welfarism, Samuelson deals with the opposition by simply stating that "if the private economy cannot supply cradle-to-grave security," which throughout his book he maintains it cannot, why then the "people will insist upon getting it artificially from governments" (p. 76).

It would require many additional pages to transmit with any fullness the collectivist character of these four textbooks. All the society's ills—the economic, the social, the ethical—can be ameliorated by Bigger and Bigger Government. No consideration of private property or individual economic freedom is to deter the government from spending "up to the point where the marginal loss of satisfaction to those providing the revenue is just equal to the marginal gain in satisfaction derived by those benefiting from the expanditures" (Bowman and Bach, p. 720); and no doubts are

expressed as to whether even the wisest government can know where this point is. The government, it seems, is to weigh numerical losses and gains in satisfaction; and just so long as there is a net gain (an intangible which the government is to interpret), any government policy is justified. Individual rights of the sort that for generations were never supposed to be prey to government action are cheerily disregarded as unjustifiable *impedimenta* in the way of purposive and enlightened state policies.

The reader's attention is always fixed upon the "social good" (as though this could be anything but the sum of individual goods), and even here the private enterprise system breaks down because social costs don't tally with money costs (Bowman and Bach, p. 714); the individual cannot protect himself, given the complexities of our economic system; hence the government (against whose tyrannies the individual is presumed always to be able to protect himself) is invariably called to the rescue (Bowman and Bach, p. 346).

The point of inquiry for the economist, then, is not whether the government should control the economy, but to what extent (Bowman and Bach, p. 705). Certainly the scope of government is to lie well "beyond regulatory duties," "somewhere between 19th century liberalism and Karl Marx" (Bowman and Bach, p. 705). There is no longer any question that "some of the mistakes that a flock of independent competitors make... would be lessened in an economy characterized by planning" (Samuelson, p. 39). Since "the contributions of government have come to be regarded as more and more necessary, even aside from such emergencies as war" (Bowman and Bach, p. 716), "freedom in the choice of a job or business," whatever this means, "must rest largely on government regulation of the private economy" (Bowman and Bach, p. 714).

State action alone can decrease friction and bring more of everything to everybody; and, up against the unique powers of the

government, the individualist is to satisfy himself with the knowledge that "the remarkable fact is not how much the government does to control economic activity...but how much it does not do" (Samuelson, p. 35, italics in the original).

to which, it is to be assumed, we all aspire. cannot believe in minimum government and be a "modern man," Samuelson states (p. 152); or, to put it the other way around, one able to believe 'that government governs best which governs least,'" gram is sometimes forthrightly savage. "No longer is modern man economists and individuals who repudiate the collectivists' prowhat little recognition is given to that barely noticeable corps of Opposition to their brand of collectivism is simply untenable, and utable economists have read Keynes and disagreed with him! Morgan nor Tarshis nor Samuelson ever intimates that some repthat they are of purely historical interest. For the rest, neither always framed in the nineteenth century-with the implication any reference to individualist notions on economics. But these are they do not so much as call "loyal." Only Bowman and Bach make under consideration is their treatment of the opposition, which A remarkable and appalling aspect of all four of the books

Samuelson is more explicit in the following page as he states that "where the complex economic conditions of life necessitate social coordination and planning, there can sensible men of good will be expected to invoke the government" (italics added). And so we are not only to contemn the superficiality of the treatment of economics of such men as Jewkes, F. A. Hayek, Röpke, Anderson, Watt, and von Mises, we are also to doubt their motives.

As for these men, and the hundreds and thousands of others who disapprove of Keynes's "compensatory fiscal policies," we are told that "the real opposition is to certain characteristics of prosperity itself rather than to a particular way of securing it" (Tarshis, p. 507). Had the New Deal engaged more thoroughly and on a

larger scale in applying the remedies of Keynes, says Tarshis, corporation profits during the period would have been more than three times what they were. It seems, then, that those businessmen who disapprove of large-scale deficit financing, the welfare state, and the planned society are actually opposed to maximizing their own profits, which they could readily do by sanctioning the Keynesian formula.

Although the businessman is painted in so many passages as a blind and ignoble profit-seeker, it is never quite explained why it is that this same businessman, as a general rule, opposes measures that Tarshis assures will bring him greater profits.

Throughout, we are assured that the measures necessary to government-directed economic stability constitute no violation of freedom or democracy (e.g., Morgan, p. 172). No credit is given—not even a footnote—to the serious works of serious students who insist that abridgement of freedom is an inescapable by-product of government planning. And when Morgan assures us that his central policies "are compatible with democracy," we must remember that he does not consider private property or private enterprise essential to democracy or even to freedom. And neither he nor his colleagues acknowledge that a democracy can itself be as tyrannical as a dictatorship, since it is the *extent*, not the *source*, of government power that impinges on freedom.

And so the story goes in the basic economics texts at Yale. Ours is a mixed economy. "The word capitalism has become increasingly useless" (Morgan, p. 172), since all modern economies have come to recognize that increasing elements of socialism serve the public welfare. All nations now have mixed economies—even Great Britain, for "When the British Labor Government completes the socialization program underway...some 80 percent of national production will still be in private hands, only 20 percent in the hands of the government" (Morgan, p. 172). In other words in

Great Britain, where the government owns outright coal, steel, transportation, and the utilities, where the government controls credit, travel, agriculture, construction, and employment, we still see a nation that is 80 percent free enterprise; thus the United States can go a *long* way before it ceases to be basically a capitalist country.

What is the net effect of the textbook treatment of Elementary Economics on the thinking of the average young graduate of Yale and of the scores of colleges and universities that utilize one or more of the books in question?\*

The college graduate is a potential entrepreneur. If he decides to start a business of his own, he must bear in mind the warnings of the economists at Yale. The first of these is that to enter business is not a basic right. Whatever business he contemplates must be justified in terms of the "social good." He reasons that the social good, as seen through the price system, is determined by whether or not consumers will buy his products; and this seems reasonable, since if no one buys his products—if he isn't, therefore, working for the social good—he'll go broke anyway.

But this is not good enough, for he must remember that money costs do not tally with social costs, and that therefore it is quite possible that the enterprise he is considering, regardless of its financial success, will militate against the social welfare. Since he already knows that private property and entreprengurship, not being individual rights, must be justified in terms of the "social good," and the social good cannot be affirmed by the existence of satisfied consumers, he must proceed cautiously. For some planner, better equipped than the consumers to evaluate the social

See Appendix G for a partial list of American colleges and universities that have adopted the texts of Samuelson, Tarshis, Morgan, and Bowman and Bach.

good, may order him to desist from his business, even though he may have invested time, thought, and money in the enterprise.

Assuming, however, that he is an inveterate, dauntless gambler and decides to run all these risks and launch his business anyway, there are further considerations that his economists have enjoined him to keep in mind. There is the matter of profit. For reasons of justice and general social harmony, he cannot allow the consumers to set his profits in accordance with their desire for his product and their satisfaction with it. This decision is for a third party to make, with an eye to something called the social good.

Those persons who are going to determine his profit are aware that absolute dollar income is not the only incentive to offer up to the entrepreneur. High relative income will do. That is, just so he makes more money than his neighbors before taxes, he will enjoy his prestige and continue to work hard, exploit his ingenuity, and take risks. So he must determine, before he goes any further, whether or not this fits him. It may become a question of whether he will be satisfied with the knowledge that the money he might earn would be enough to buy a Cadillac before taxes. In other words, will he be satisfied with the knowledge that he earned enough to buy a Cadillac, even though the government won't actually let him go out and buy a Cadillac? Will the knowledge make his Ford any the less a Ford?

A major incentive might be that he wants to leave his children a sizable nest-egg when he dies, perhaps so that they can enjoy opportunities he never had, perhaps so that they may enjoy the opportunities he himself had. But this is out of the question. The economists stated unequivocally that there is no justification for sizable inheritances. Whatever incentive this sort of thing has provided for men in the past must now be written off. Assuming then, that he is successful in the swing of middle age, his major concern will not be to maintain or increase his productivity, but

rather to call in the actuaries, pore over their statistics, and attempt to calculate just exactly when he could stop working and die just about broke. Because it's a cinch he is not going to work to amass a sizable legacy for the government.

There is something else that as a civilized and educated human being he should realize; and that is that entrepreneurship is only dubiously humanitarian. He has read about the excesses of business, about the coldness of money costs, about the friction that arises out of unequal incomes. He must decide whether or not, if he decides to start a business, he can escape the conscience which was so delicately refined at Yale...

So he finally decides to go down to Washington and get a job with some government bureau. Or maybe tie in with AT & T. (His first question to the personnel officer of either place will be about pension provisions.)

And Dean DeVane was astounded, puzzled, and shocked in 1949 when he read that the graduating class seemed more interested in security than in enterprise.

## THE TEACHERS OF ELEMENTARY ECONOMICS

To an important degree, the textbook is only the tool of the teacher. It is true that in some classes lecturers do not treat, the material covered in textbook reading assignments, but this is not the case in Economics 10 at Yale, where classroom sessions follow closely the assigned textbook reading material. Therefore the collectivist inclinations of the textbook writers can be either encouraged or discouraged by the teacher. It is clear from the unanimously collectivistic attitude of the textbooks, though, that even if the teacher were inclined to question the conclusions of the Keynesians, this would be awkward in that it would demand constant

repudiation of the conclusions arrived at in the texts. It is nevertheless interesting to ask whether the teachers of the basic economics course are inclined to agree with the statists or not.

It is difficult to generalize about this because the basic course is split into a great number of sections (eleven in 1950–51), each of which, while subscribing to departmental schedules, examinations, and texts, is otherwise conducted independently. Moreover, in the past four years in particular, there has been a tremendous turnover in instructors of the basic course. Most of the teachers have been young men, in large part graduate and law students.

I am best equipped, of course, to relay my personal experiences with Economics 10, which I studied in the academic year 1947–48. During this period our class had three teachers, all of whom were students at the Yale Law School. One of these (Alexander Brooks) was an outspoken socialist; in fact, he energetically promoted Wallace's Communist-dominated Progressive Party in the spring of 1948. He never lost an opportunity to disparage the free enterprise system.

The other two instructors were doctrinaire Keynesians. At least in this class, and in the other classes taught by these instructors, there was no disparity between the attitudes of the teacher and those of the textbook writers in regard to public policy.

and those of the textbook writers in regard to public policy.

There have been too many teachers of Economics 10, as I have already conceded, to admit of facile generalizations about them.

But it is safe to say that at least at the basic level, the department is Keynesian. If there are graduates of the elementary course who were taught by teachers who sought to deflate the Keynesian brand of collectivism, I have not met any of them. This is not surprising, as a glance at the staff members of the Department of Economics will reveal later.

I did attempt, over a period of several weeks, to collect sample examination papers written by students in Economics 10. For

by matching questions and average answers, significant generalizations can be made as to the dominant values promulgated in the basic course. I knew that to satisfy my own teachers, I was expected to regurgitate the Keynesian formulas; and I am fairly certain that similar answers are expected in other divisions.

But I was totally unsuccessful in my search for papers. Several people whose help I enlisted in collecting the examination books ran into a stone wall no matter what avenue they followed. One was finally told that examination books were not to be released without the special permission of the department chairman, since "too many people are trying to get hold of them." I cannot understand why the department should be reluctant to withhold these papers from anyone. But since it is not feasible for me to ask why. I shall keep to myself my guess as to its motives.

## THE DEPARTMENT

A large number of economics courses are available to the student who wishes to pursue his studies beyond the elementary course. As I have already stated, conversance with economics is to a substantial degree a matter of mastering noncontroversial subject matter—technique, historical methods, and the like. For the purposes of this survey, our interest is with those courses that engage heavily in discussions of public policy, and that attract—and presumably influence—a sizable number of students. Thus, I shall omit discussion of any of the courses that deal with statistics, accounting, or marketing, or with international or regional finance. It is, needless to say, impossible to review all the textbooks used by the department during a given year.

Except for Economics 10, the course which attracts most students (in large part because it is required of majors in Applied Economics) is entitled the Economics of the Business Firm. It is

heavily subscribed to by engineering students and deals to a great extent with technical and financial theory and detail. It is described in the official Course of Studies Bulletin as follows:

The nature, functions, and forms of the business firm; its acquisition and management of capital funds; relations between owners, creditors, employees, and management; and the economic and social implications of the large corporation.

It should be noted that no student is admitted to this course unless he has taken an elementary course in the principles of accounting; a large number of students whose interest in economics is nontechnical are thereby excluded.

But the course is nevertheless of interest because its teachers, Mr. Hastings and Mr. Saxon, are individualists in the classic tradition. Mr. Saxon is particularly vocal in his defense of the free marketplace.\*

Aside from Elementary Economics, I believe that the most influential course in the undergraduate department is Professor Lindblom's combined Comparative Economic Systems and Economic Security and Labor Legislation, which attracts approximately two hundred students. I believe it to be indisputable that

Mr. Lindblom is, in undergraduate circles, the best known and most frequently quoted economist on the Yale faculty, despite his relatively junior rank (associate professor). Professor Saxon's name is probably bandied about as often, but he is not taken seriously because, of course, as an individualist, his ideas are "generally considered out-dated." But there is nothing dated about Mr. Lindblom, that is, if we are willing to forget that collectivism is as old as tyranny.

It is difficult to categorize Mr. Lindblom's values. He himself repeatedly discourages the use of general classifications to label either his own economic philosophy or that of most other people. Like Morgan he finds the descriptive terms "capitalist" and "socialist" quite useless, since, let it be remembered, we are living in an age of mixed economies.

Mr. Lindblom dislikes a doctrinaire attitude toward anything. He incessantly encourages the pragmatic approach to economics (and, for that matter, to everything else). It naturally follows that any reliance on absolutes, or any reference to indefeasible "rights," is unwarranted and anachronistic. Early in the year, Mr. Lindblom initiates his classes in his pragmatism with respect to both ends and means.

It was in his second or third lecture in the fall of 1948, when I was enrolled in his class, that Mr. Lindblom stated that one of his foremost ambitions in teaching the course was "to disabuse as many of you as possible of 15th century [sic] notions about capitalism." The first subject of his assault was the concept of the right of private property, which, he stated, no enlightened society, no reputable philosopher, can uphold.

My abbreviated lecture notes read somewhat as follows:

"After all, let's take the Ford Motor Company. What sort of success would Henry Ford have had if he had built his plant in the middle of the Sahara Desert? None, of course. It is seen,

<sup>\*</sup> The Course Critique of 1950, published by the Yale Daily News as a consensus of undergraduate opinion on the various courses in the curriculum, says of the Economics of the Business Firm: "...Mr. Saxon was criticized [by his students] for his very opinionated point of view. His ideas represent those of the last century and are generally considered out-dated....Mr. Hastings also is very conservative and his interpretation of the material covered reflects his biased thinking. Most of his ideas are considered out-dated." I know of no more eloquent testimony to the success of the collectivists and the thoroughness of the basic course in economics than this bland dismissal of individualism as "out-dated."

therefore, that his wealth is only partly attributable to his own enterprise and ingenuity. These qualities would have availed him nothing had it not been for the community—whose services and labor he enlisted, whose materials he used, and whose citizens gave him his profits. It is easy to see from this that it is not the community that is indebted to Mr. Ford for his contributions to their standard of living, but rather Mr. Ford who is indebted to the community for making possible his success. Hence, the rewards that he reaped properly belong to the community, which must now determine, through legislative policy, to what extent Mr. Ford should be rewarded."

From this illustration, it is a short step to the subservience of the individual to the society, whose wishes are, of course, uniquely expressed through the mechanisms of the state.

I have material for page upon page of discussion of Mr. Lindblom's philosophy which is, manifestly, collectivist in the extreme. But for lack of space, I shall limit myself to a few additional illustrations.

Mr. Lindblom recognizes as indispensable to a successful economy a price system of one sort or another, and thus he devotes several weeks to discussions of alternative price systems. He uses as the basis of discussion a pamphlet on the price system written by Karl de Schweinitz Jr. and published by the Yale Department of Economics (1948). Mr. de Schweinitz describes at some length the competitive price system and the socialist price system. In comparing the two, he arrives at a decision as to their relative merits:

If we assume that consumers can compel their representatives through observances of the rules to allocate resources for maximum want satisfaction, the socialist price system becomes less vulnerable to criticism than other price systems [p. 41, italics added].

Mr. Lindblom does not dispute this conclusion, although he stresses the fact that reliance on "discretionary political control" is a gamble.

At one time or another during his course, Mr. Lindblom advocated progressively higher income and inheritance taxes, and nationalization of all noncompetitive industry; in discussing social security, he investigates sympathetically some of the "social dividend" theories (one version: everyone in America to relinquish to the government all or practically all of his income, and to receive, from the state, annual stipends). In the field of labor relations, he suggests that "collective bargaining" cannot be fair unless plants are forbidden by law to operate when a union calls a strike. In reply to the suggestion, often heard during the depression, that workers on public relief be denied the franchise, he asserts it as far more reasonable that the unemployed workers be allowed a double vote, and the industrialists none at all, because, after all, "who caused the unemployment?"

ing. Edmund Wilson (To the Finland Station) discusses the historical inadequacies of the Marxian movement, but does not conceal his own sympathy with the socialist ideal; Schumpeter (Capitalism, Socialism, and Democracy) believes that capitalism gives birth to political developments and public attitudes that must spell its own destruction; Loucks and Hoot (Comparative Economic Systems) discuss various economic systems without revealing any particular bias; Pritchett (T.V.A.) extols the accomplishments of the mammoth government enterprise; Childs (Sweden, the Middle Way) enthusiastically surveys the socialist experiments in Sweden; Golden and Ruttenberg (Dynamics of Industrial Democracy) are two union leaders who plead earnestly for closed shops, the Wagner Act, profit sharing and egalitarianism; Gregory's (Labor and the Law) is a fairly impartial review of the judicial history of

labor disputes; Kaltenborn (Government Adjustment of Labor Disputes) analyzes, dispassionately, the history of mediation and arbitration; Mills (New Men of Power) explains the dynamic opportunities that beckon to union leaders, and disparages conservatism and free enterprise.

outright federal ownership of the Federal Reserve Banks, (8) climany two corporations engaged in the same line of business, (7) of property which any single corporation may own (suggested: no tising and selling activities, (5) limitation upon the total amount on the basis of fractional reserves, (4) legal limitations to adver-"other industries in which it is impossible to maintain effectively cific proposals include (1) reduction of inequality by heavy gram for the destruction of the free economy. Mr. Simons's spewhich would give to the state unprecedented power. He equates probably in a fit of pique), but promptly outlines a program indicts the state as bearing heavy responsibility for the evils that extent than anyone else has done in so few pages, Mr. Simons pamphlet an extraordinary document, for perhaps to a greater senting the "only intelligent conservative position." I find this for Laissez Faire, which is introduced by Mr. Lindblom as pre-Simons, of the University of Chicago, entitled A Positive Program foregoing list: a 37-page pamphlet by the late Professor Henry C increased government welfarism ination of all special tax treatment for capital gains, and (9) enactment of laws to prohibit any person's serving as an officer in more than 5 percent of the total output of that product), (6) competitive conditions," (3) abolition of private deposit banking taxation, (2) nationalization of all railroads and utilities and freedom with free enterprise, and proceeds to outline a sure pro led to the great depression (the pamphlet was written in 1934 One item from the reading prospectus is omitted from the

> This, we are led to believe, is the conservative alternative to even greater statism and socialization.\*

It is true that Mr. Lindblom is not doctrinaire, and some of his asides (as witness his recent book, *Unions and Capitalism*, New Haven: Yale University Press, 1949), are unorthodox from the point of view of doctrinaire collectivism. But it is enough for our purposes to stress that Mr. Lindblom strongly supports the socialist government of Great Britain, and that his teachings are consistent with such support. His influence and popularity are also in point. His personal appeal is brought to light by the enrolment in his course this year. Mr. Lindblom is on leave of absence and a substitute took over. Enrolment plummeted down from 195 to 26 students.

Economics 36, Private Enterprise and Public Policy, does not seem to be a very influential course. Its attendance is small (approximately 55) by comparison with the courses previously mentioned. Its instructors have not excited undergraduate attention in the manner of Mr. Lindblom or Mr. Saxon.

Taught by Professors Miller and Tennant, Economics 36 is a frontal assault upon monopoly, as also against big business. The textbooks that have been used over the past few years insist that monopoly looms as a serious problem because it is destructive of free enterprise. Some of the volumes attack monopoly and bigness

<sup>\*</sup> Simons's pamphlet is now (1950-51) also being used in the basic economics course,

L. S. Lyon et al., Government and Economic Life (Brookings, 1939); Arthur R. Burns, Decline of Competition (McGraw-Hill, 1936); H. Leslie Purdy, Corporate Concentration and Public Policy (Prentice-Hall, 1942); John M. Clark, Social Control of Business (McGraw-Hill, 1939); Corwin D. Edwards, Maintaining Competition (McGraw-Hill, 1949).

indiscriminately. Both the textbook authors and the class instructors call upon the government to regulate free market violators.

Professor Bakke's courses on labor unions are well attended. There is a great deal of variety in reading assignments from year to year. Mr. Bakke at one time found himself well to the left of his present position, which is now more or less middle of the road, although retaining a heavy pro-labor union bias (e.g., his opening statement to his classes: "You sons of rich capitalistic fathers aren't going to like this course...").

The alumnus is entitled to wonder what's going on.

How is it that a Department of Economics that once upheld individual self-reliance and limited government is—but for a few exceptions—now dedicated to collectivism in various degrees? The answer is not easy, but a great deal of evidence points to the influence and policies of one man, Edgar S. Furniss, provost of Yale University.

The duties and powers of the provost are vast and were enlarged as recently as in 1950. The Yale Corporation By-Laws describe him as follows:

The Provost is the chief educational officer of the University after the President. He shall be elected by the Corporation for a definite term on nomination by the President. In the event of the death, disability, or prolonged absence of the President until some Provost shall perform the functions of the President until some other appointment or arrangement is made by the Corporation.

Subject to the authority of the President, the Provost shall direct educational policies and activities throughout the University. He shall prepare the educational budgets of the University on the basis of the estimated income furnished by the Treasurer, and shall present such budgets to the President. The Provost shall be ex officio a member of every Faculty and Coverning

Board, and of all committees or other bodies concerned with educational policy or with appointments or promotions in the teaching staff. All Deans, Directors, Division and Committee Chairmen, and other educational officers, other than the President, shall report to the Provost. The Provost shall attend the meetings of the Corporation and of its Prudential Committee. He shall serve as Secretary of the Committee on Educational Policy.

Although he is listed in the Yale faculty directory as "Pelatiah Professor of Political Science," Mr. Furniss is a professor of economics and is a member of the Department of Economics.

When the Lorie Tarshis textbook, The Elements of Economics (analyzed at length in connection with the basic course in economics), was published in 1947, it was under the editorship of Mr. Furniss, who said of it in the Introduction, "This book contains the best that the expert economist has to offer regarding the economic problems of our times."

This is the book that places total reliance for economic welfare on government. This is the book that decries "inequities" in wealth, that mocks individualist philosophy, that discourages thrift, deplores the gold standard, and encourages deficit spending on the part of government, whose credit is inexhaustible.

When this book, generally classified as "the most frankly Keynesian of all full-length elementary textbooks," was published, it was immediately put to use as the basic textbook in Economics 10. It

<sup>\*</sup> This marked a dramatic departure from notions about economics that Mr. Furniss once held, as witness the textbook, *Economics* (New York: Macmillan Co., rev. ed., 1940), which he coauthored, and its adherence to the classical line.

See, for example, Economic Council Review of Books, August 1950.

was withdrawn after a year due in large part, I am certain, to the ire its use evoked in so many alumni.\*

But Mr. Furniss's influence did not lapse with the displacement of Tarshis. He remains the "chief educational officer of Yale after the President"; and, what is of crucial importance, the man who passes on "educational budgets." This, of course, allows him decisive power to exercise his discretion in faculty appointments and promotions. With his supplementary role as a professor in the Department of Economics, his vise-like grip on Yale economics becomes clear.

Since the outset of Mr. Seymour's administration (1937), and Mr. Furniss's appointment as provost, the chairman of the Department of Economics has been appointed by the president. Formerly, he was elected by vote of the full professors of the department. The switch consolidates the domination of the administration.

Today, of the nine full professors in the department, only four are forthright defenders of individualism. Of these four, one (Mr. Westerfield) is about to retire; another (Mr. Hastings) has been transferred to the School of Engineering (where, due to the more technical nature of the subject matter, personal attitudes toward economic philosophy have less sway); and a third (Mr. Saxon), who is himself nearing the retirement age, has been urged to transfer to the School of Engineering. A fourth (Mr. Buck) is hale and hearty and seems likely to survive for some time. Recently, after prolonged absence from the classroom as a result of his duties as Dean of Freshman Year, he decided to teach one section of the basic course. Apparently he refused to adopt the department-prescribed textbooks. Instead, he uses the text that for many years,

and in a happier age, was used by the entire department, Economics—a book which he coauthored with Professor Fairchild and, mirabile dictu, Professor Furniss.

The Department of Economics is not alone in deifying collectivism. A complete survey would take us into the departments of political science, history, sociology, and others. But to canvass these fields here, even lightly, is a practical impossibility—for all that the job should be done, and soon. Should anyone undertake such a project, he might start with a textbook that was used by the Department of Political Science in the academic year 1949–50—again, in the basic course.

states rights, and our traditional separation of power. functions of the federal government, the remaining vestiges of icism are the present constitutional limitations on the power and of government have long been obscured." The chief objects of critof "the whole elaborate system of fictions with which the realities that so often obscure a clear view of the realities of American some of the generalizations, abstractions, and conventional fictions ship." "It is time to square off and take another look at our gov-Government" (p. vii, Preface). The student is enjoined to beware ernmental system and in that way attempt to free ourselves from must and is not to be obstructed by bigoted "constitution worauthors contend, are "inescapable." The planned economy is a in the political and economic structure of this nation which, the Moos, of Johns Hopkins. This "grammar" is a plea for basic changes fred E. Binkley, of the Ohio Northern University, and Malcolm C. National Government (New York: Alfred A. Knopf, 1949), by Wil-I refer to the infamous A Grammar of American Politics-The

Increased government control of the economy is both inevitable and desirable. Indeed, "with the possible exception of military preparedness, the most important functions of the Federal government are those which lie in the field of economic activity"

In answer to one critic of the use of the Tarshis text, President Seymour wrote, incredibly, "I do not understand that it is advocating the doctrines of Keynes as desirable for the American economy." In his book, Tarshis admits himself to be a disciple of Keynes in so many words (p. 346).

(p. 573). Effusive enthusiasm is shown for the Tennessee Valley Authority, the expansion of presidential power ("the president is in fact more representative of the people as a whole than is Congress"), and the like; sympathy is extended to the British in their "mild nationalization program."

On the other side of the ledger, the Taft-Hartley Law has, we are told, "restricted some and abolished other labor prerogatives" (p. 4, italics added); the Republican Party, as the spokesman for entrenched big business, is "on the side of wealth" (pp. 177, 193) (the Democratic Party is "pronouncedly the party of the underdog"); and the nation must think twice about the man it elects as president, for

It is of importance whether a Coolidge or a Roosevelt occupies the White House....One man may be obsessed with an obstinate faith in an outmoded economic or social ideology while another is a crusader for the good life by increasing the social services of the government [p. 309].

The Economics Department is by no means the only pleader for statism in the United States.

A half-hearted effort has been made to pass off Yale's American Studies Program as a concerted effort by the administration to restore the balance, to imbue students with respect for the free enterprise system. The program is heavily subsidized by Mr. William Rogers Coe, who donated to Yale first his unique collection of Western Americana and then, in the spring of 1950, a capital gift of \$500,000 which, in the words of ex-president Seymour, "now puts us in a position to launch our whole program of American studies."

Mr. Coe is an unflinching individualist, and demanded of Yale that the "Professor to head the Program of American Studies shall

always be one who firmly believes in the preservation of our System of Free Enterprise and is opposed to a system of State Socialism, Communism and Totalitarianism, and that the portion of the income of the fund which is set aside for the Program of American Studies shall be used for the furtherance of the System above referred to."

Mr. Coe was satisfied that the administration would so orient the program. In fact, the preamble to the program, as it appears in correspondence from the administration to Mr. Coe (November 14, 1949), reads: "A program based on the conviction that the best safeguards against totalitarian developments in our economy are an understanding of our cultural heritage and an affirmative belief in the validity of our institutions of free enterprise and individual liberty."

However, the program, now in operation, serves no such purpose. The official description of American Studies, as listed in the Bulletin of Undergraduate Courses of Study, reads as follows:

The aim...in American Studies is to assist the student to gain an understanding of the civilization of his own country. The principal institutions of American political, economic, and social life, the ideas and policies surrounding them, and the achievements of American literary and artistic expression are studied both historically and in terms of the present in an effort to present the total cultural picture.

Thus, on the face of it, the Program is no more committed to upholding the virtues of individualism vis-à-vis the current struggle between free enterprise and collectivism than a course in British Studies would imply a commitment to mercantilism.

And this is not a theoretical analysis. The major course in the American Studies Program is taught by Ralph H. Gabriel. The catalogue describes it as follows:

Lectures and readings on religious, social, political, and constitutional thought. Folk literature and music of the frontier and the importance of American thought to the rise of science are considered.

—and this is an accurate picture of the course, which has been taught a good many years, and which I took in my junior year. Mr. Gabriel is a fine scholar and his course is of vital scholarly interest. But in no way does it attempt to persuade the student to line up on one side or the other of the collectivist issue. In fact, Mr. Gabriel lectures so dispassionately as to make highly reckless, on the basis of this course, any guess about his personal convictions on current issues.

Other courses in the program deal with American art, philosophy, and prose. There is clearly no bias—for or against free enterprise—in these courses. As with Mr. Gabriel, the instructors examine various fields of American culture. The catalogue requires prospective majors to study the basic course in American History, and in the basic course in economics.

Mr. Coe's generous gift to Yale has made possible highly interesting studies in American cultural history. But it is nonsense to assume that the instructors of the courses dedicate themselves to affirming a "belief in the validity of our institutions of free enterprise and individual liberty."

It may be asked why it is that the current situation in Yale has not already been exposed by some of the professors listed above, or by others recently retired, who are relentless enemies of collectivism? This question baffles me as much as it does the man who asks it. In the course of collecting data for this section, I found that although there has been much moaning in recent years over the ascendancy of collectivism in the classroom, the professors who

might have helped me chose instead to pass me on the other side of the road. They offered a variety of reasons for doing so; most often, they satisfied themselves with the explanation that this book was not the "proper channel" for criticism. It remains to be asked, what do these professors consider the proper channels to be? And how long are they willing to wait before a decorous opportunity presents itself for exposing the steady drive in the direction of collectivism that has gathered so much momentum at Yale over the past dozen years?

There is a ray of hope: the small group of individualist-minded professors in the Economics Department presented their complaints forcefully (I understand), in the fall of 1950, to Mr. Frank Altschul, chairman of the University Council Committee on Social Sciences.\* Whether or not something will come of this I do not know. But I am certain that these professors were able to paint a far more vivid, convincing, and complete picture of the fate of individualism at Yale than I have been able to do without their help.

# EVIDENCES OF COLLECTIVISM IN EXTRACURRICULAR LIFE

It is interesting to note that the dominant ideological attitudes of the Department of Economics, and other departments also, bear some fruit even in undergraduate extracurricular life. Though a brief survey of those activities that lend themselves to student expression of ideas is relevant and significant, rigid generalizations about student opinion are impossible, as the great majority of Yale undergraduates do not take part in organizations of this kind. At the same time, it is likely that those who are articulate

The University Council is discussed later in this book.

as undergraduates will also be articulate as citizens, and thus their attitudes are of some interest.

### THE YALE DAILY NEWS

The Yale Daily News, the oldest college daily in America, is unquestionably the most influential student organization at Yale. As such, it commands an almost 100 percent reading audience, and active reader participation through its "Communications" column.

The editorial policy of the News is created by the chairman of the board (whose duties are also those of editor in chief). In the circumstances, the editorial page is an exact impression of the chairman's philosophies, which, as those of one man, are not important except for the fact that they elicit in the Communications column campus-wide reactions to his editorials on international, national, and community issues.

The chairmen of the 1948 and 1949 boards of the News were, roughly speaking, noncommittal, neoconservatives. As chairman of the 1950 board, I was classified as a good number of things, the most charitable being "conservative." The chairman of the 1951 board, Garrison Ellis, is a pronounced, emphatic, undeviating left-winger.

With recourse to these extremes, then, some generalizations as to the political temperament of the articulate members of the student body can be made by comparing reader sentiment to my year of editorial writing with that during Ellis's year. For Ellis (as also his successor) sits, broadly speaking, as far to the left of "center" as I do to the right. We are, in a manner of speaking, roughly equivalent. That is to say, if we should single out a dozen or more controversial figures or issues that serve, generally, to separate the "conservative" from the "left-winger," a fairly clear line would divide Ellis and me. Where he sympathized with Truman, Acheson, Hiss, Humphrey, and Bowles, I contemned them. Where I

backed the McCarran Act, the Taft-Hartley Law, the Committee on Un-American Activities, the autonomy of private clubs and associations, and restriction of government activity, he deplored them. On the issues of a Fair Employment and Fair Educational Practices Laws, on the Brannan plan, and on the Labor government in England, we again parted company.

Now: for every letter that appeared in the Communications column of the Yale News berating Ellis, I was excoriated many times. And the attacks directed at me were far more splenetic. To a score of correspondents I was a "black reactionary." To one professor, I was possessed of "twisted morality." Not so with Ellis. No one—and rightly so—called him a Communist. "Idiot" was about as far as anyone went. In a word, Ellis's collectivism elicited far less protest than my individualism.

This is of some importance, it strikes me. For where public criticism is vocal and intense, it is because the minority has offended the majority. Even discounting the disproportionate addiction of the collectivists to propagandize their doctrines at every opportunity, I am forced to conclude from my experience with the Yale Daily News through several years, and from other evidence also, that at least at this college level, the great transformation has actually taken place. The conservatives, as a minority, are the new radicals. The evidence is overwhelming.

### THE POLITICAL UNION

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The largest undergraduate organization at Yale, with a membership of about two hundred students, is the Political Union. Its purpose is organized debate of public issues, and it is currently divided into four political parties—from left to right, Labor, Liberal, Bull Moose, and Conservative. With the exception of the Labor Party, which is composed of a small, militant group of doctrinaire leftists

and socialists, the other party labels reflect only marginally the political persuasions of their members. The Liberal Party is the most numerous and, politically, the most heterogeneous. It attracts its members in part because of the noncommittal and pleasant connotations of its title, as also because its sprawling membership is uncannily mobilized come election time. The Liberal Party is thus the most important ally of the ambitious office-seeker.

I must here repeat that no effort is being made to pass off the Union as a rigidly representative political sample of undergraduate Yale. Such a generalization would not stand up under examination for several reasons, not the least important being that the student body as a whole seems to be apathetic to politics. Moreover, the inordinate emphasis the Union places on its own politics, which are heavy with deals, coalitions, stuffed ballot boxes, and haggling of the most fruitless and extravagant sort, has discouraged from membership a number of students who are politically articulate but unwilling to cast their lot with an organization that devotes so much of its effort to time-consuming and frivolous politicking.

Nevertheless, the Union is composed of vociferous and politically interested students who run the ideological gamut. As such, while the attitudes of its members are not conclusive, they are to some degree indicative of those of the interested and articulate members of undergraduate Yale.

The routine of the Union is fairly consistent. Each party, meeting in caucus, debates a proposed issue and determines, by majority vote, a party stand, though individual members are always free to oppose their party and vote as they will. Each party selects one of its members to represent its stand by delivering a short speech when the resolution faces the Union.

Each meeting of the Union features a guest speaker who upholds one or the other side of the resolution before the house (a few who spoke between 1946 and 1950 are: Robert Taft, Norman

Thomas, Henry Wallace, Eleanor Roosevelt, Irving Olds, Lee Pressman, Tom Clark, Warren Austin). He is followed by the party speakers, and the question is then turned over to the house for floor debate. It is interesting to note that the principal speaker seldom seriously affects the outcome of the Union vote. Students have generally made up their minds before arriving at the meeting.

called for socialized medicine. In October 1947, over one-third of is by and large in consonance with the orientation of Yale's teachnationalization of basic inclustries.) By more than 2-1 the Political olution of the Progressive Citizens of America calling for the the United States." In April 1947 and March 1950, the Union house voted overwhelmingly for "a greater degree of socialism in the Political Union was heavily collectivist. In October 1946, the argued did the house stand against it. On the basis of previous and meeting during the years 1946-50 at which the welfare state was British Labor government should be returned to power.' votes (79-74) stood in the way of passing a resolution that "the December 1949 and in March 1950. In October 1949, only five Federal Authority." The Fair Deal was ratified again, both in bution of our major hydro-electric power resources by a system of Union encouraged, in October 1948, the "development and distrilace." (This was several weeks after Wallace had endorsed the resthe house voted to approve "the domestic policies of Henry Walfollowing meetings, it is safe to generalize that during those years ing. Reliance for all that is good is on government. At only one There are few individualists in the Political Union. The voting

These resolutions are significant, but they are not nearly so revealing as the arguments that are leveled in their behalf on the floor of the Union, arguments that in some cases patently stem from such textbooks as those used in the course in basic economics, arguments that are sometimes clearly recognizable as personal favorites of this or that Yale professor. It is true that

much of what is said and thought is traceable to newspapers, magazines, national political speeches, and even, on occasion, original thought. But, from time to time, observing the heated debate that takes place in the Political Union, a spectator can get a vivid, dramatic picture of the short, short path between the classroom and the national legislature.

## THE NATIONAL STUDENTS ASSOCIATION

A fairly inconspicuous organization which operates at Yale, as it does in 289 American colleges and universities, is not an inconspicuous case in point. The National Students Association was founded in the summer of 1947 largely as a "service organization for all college students."

Primarily, it promised such services as would facilitate exchange students, curriculum comparisons, textbook-discount plans, foreign travel at reduced rates, and the like. Its highly political constitution was given little publicity, and a last-minute effort on the part of a few students to alert the Yale campus to the full implications of this body was of no avail. Yale joined up with it in December 1947, after a close, campus-wide vote. Even today, the vast majority of Yale students are unaware that they are being spoken for as constituent members of the NSA by an alert pressure group and on behalf of leftist policies.

I reprint here a communication received by the Yale News in May 1949, which inquired into the political machinations of the NSA:

To the Chairman of the NEWS:

A letter in last week's News referring to the NSA as "nonpolitical" has revived a question that has been bothering me for a couple of weeks.

The Daily Worker of April 5 included an article saying: "The executive committee of the National Students Association yesterday took a firm stand against the dismissal of college professors for alleged membership in the Communist Party.

"The Committee, representing 730,000 students in 289 American colleges, empowered its national staff to investigate... (three cases of dismissal or expulsion listed)."

Granted, the Daily Worker is not above editorializing, but the statement seems to imply that the NSA is political in nature and that Yale students are among those "represented" as upholding this point of view.

I would appreciate it if someone would clarify the political stand of the NSA, since I, for one, have no desire to be represented politically by any group which I did not personally desire to join.

GORDON MILLIKEN, 1949E

Mr. Milliken's concern is well founded. Early in its career, the NSA set up a subcommission on legislation which is bent on applying political pressure for the furtherance of NSA "goals." Because these goals are so loosely described in the NSA Constitution, the National Executive Committee has been able to pass resolutions, and press for legislation—always, of course, in the name of 730,000 students, a figure which includes every student of evgry member college—which have little or no relevance to the "service functions" of the organization. For example, as of 1949, the NSA had, to mention a few of its stands, (1) supported the entire Merchant Marine Bill (because a minor provision of the multimillion-dollar bill would have allocated several ships for student travel to Europe), (2) called for the repeal of the DP immigration bill on the grounds that it was discriminatory against Catholics and Jews (no apparent connection with students), (3) opposed pending state bills forbidding

the hiring by state educational institutions of Communist teachers, (4) advocated Fair Educational Practices Laws, (5) pleaded for passage of the Federal Aid to Education Bill, and more besides.

My prediction is that it will be a long time before the Yale student body disaffiliates from the National Students Association. We have, again, testimony either to a majority sanction of left-wing national policies, or else evidence of deft, left-wing manipulation of an insensate and tractable student body. Either spells the same thing: the predominance of leftism in undergraduate Yale.

#### MISCELLANEOUS

Of other politically minded undergraduate clubs, nothing very conclusive can be said. The Young Republican Club was vigorous and energetic during the Republican jag in the spring, summer, and fall of 1948. It collapsed as emphatically as Thomas Dewey on November 2. That summer saw, also, a Young Democratic Club and a Young Progressive Club. Since the election, sporadic activity has been maintained by these groups. In addition, the small but vigorous chapter of the Americans for Democratic Action has retained an energetic cadre. The Young Progressives also continue their activity, but are suffering from the increasing antipathy to Communism in this country.

Of the undisguised Communist groups, only the semi-intellectual John Reed Club maintained its existence over the years. It commands little attention and loyalty only from the fanatic fringe. An attempt in 1946 to establish a Yale Chapter of the American Youth for Democracy, a straight-forward Communist group, listed on the attorney-general's subversive list, met with so little enthusiasm that it disbanded several meetings after its inception.

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Other groups marginally or directly interested in politics include the American Veterans Committee, which was extremely

vigorous during the academic year 1946–47, but fizzled shortly thereafter. A similar fate befell the World Federalists, who succumbed to apathy by the middle of the year 1948–49. An organization known as the Dixwell Group, which operates under the aegis of Dwight Hall and was referred to above, in connection with religion at Yale, maintains activities which are dedicated to "bettering interracial relations." It becomes interested in politics only when legislative measures to curb discrimination of various sorts are under consideration.

Individualism is dying at Yale, and without a fight

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