

Free vs. Planned Economy—Two Views

The question of the free versus the planned economy has never been more crucial than today. Many emerging nations, for instance, have found that U.S. aid, in abundance, is available to support steps toward socialism; that America, the bastion of free enterprise, seems mildly unconcerned about fostering such principles elsewhere. Perhaps, many might reason, even America questions the efficiency of the system. That there are some in the land who do, and emphatically, is plainly true. There are others, however, who hew to the free market concept as still the best. On this page are two striking examples of the differing opinions.

For a Planned Economy

By W. H. FERRY

National planning is indispensable if the U.S. is going to make sense out of its future.

For those willing to acknowledge that free enterprise is not a divine dispensation and capitalism not a dictate of natural law, the need is evident everywhere.

Interests Abroad Should Be Public

The interests of the U.S. abroad have to be publicly planned and directed. They should not be left to the vagaries of private arrangements. Perhaps the dreamiest idea now current is that the emerging nations are waiting anxiously to adopt American-style free enterprise.

Our policy should be that of promoting the general welfare through a mutually beneficial exchange of goods and services and talent, and not that of sustaining capitalism.

Federal intervention will also have to go far beyond defense contracting in depressed areas if structural unemployment is to be dealt with. This means planning, too. Attempts thus far have amounted to little more than unimaginative patchwork.

The advice of the economic advisers is that consumer demand be built up; the nature of the demand makes no difference. The name of Keynes is invoked here, and wrongly.

Keynes would have been among the first, in an age of abundance, to jettison the idea of consumer insatiability. There is little doubt that he would today join Prof. Gomberg in

inquiring: "Why must we depend upon a whirling dervish economy keyed to compulsive consumption?"

Consumer Can't Make Rational Economic Choices

It is not that the citizen as consumer is stupid but that the institutional arrangements today are such that he cannot make rational economic choices. He has been raised on the doctrine that his selfish interest is paramount.

He is the object of billions of dollars' worth of advertising and publicity. He has been told by two Presidents that it is his patriotic duty to buy, buy almost anything, it doesn't matter, as an act of public welfare.

It displays the poverty of our political imagination and institutional arrangements when the highest office in the land is used
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The author of the article that finds the market concept inadequate to today's demands, W. H. Ferry, is vice president of the Fund for the Republic and economics-study staff director of the Fund's Center for the Study of Democratic Institutions.

The author of the article supporting the free market and private enterprise, Dr. Ludwig von Mises, is visiting professor of economics at New York University. His remarks are excerpted from a discussion that originally appeared in "Ideas on Liberty," a publication of the Foundation for Economic Education, Inc., Irvington-on-Hudson, N.Y.

For a Free Economy

By LUDWIG VON MISES

The market economy—capitalism—is based on private ownership of the material means of production and private entrepreneurship.

The consumers, by their buying or abstention from buying, ultimately determine what should be produced and in what quantity and quality. They render profitable the affairs of those businessmen who best comply with their wishes and unprofitable the affairs of those who do not produce what they are asking for most urgently.

Profit Puts Control Into Best Hands

Profits convey control of the factors of production into the hands of those who are employing them for the best possible satisfaction of the most urgent needs of the consumers, and losses withdraw them from the

control of the inefficient businessmen.

In a market economy not sabotaged by the government, the owners of property are mandatories of the consumers as it were. On the market a daily repeated plebiscite determines who should own and how much. It is the consumers who make some people rich and other people penniless.

Inequality of wealth and income is an essential feature of the market economy. It is the implement that makes the consumers supreme in giving them the power to force all those engaged in production to comply with their orders.

It forces all those engaged in production to the utmost exertion in the service of the consumers. It makes competition work. He who best serves the consumers profits most and accumulates riches.

The Ford enterprises would not exist if Henry Ford's profits had been taxed away as soon as they came into being.

Profit and loss tell the entrepreneur what the consumers are asking for most urgently. And only the profits the entrepreneur pockets enable him to adjust his activities to the demand of the consumers.

If the profits are expropriated, he is prevented from complying with the directives given by the consumers. Then the market economy is deprived of its steering wheel. It becomes a senseless jumble.

People can consume only what has been produced. The great problem of our age is
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McClanahan—Dallas News

The Man Who Came to Stay

The FBI Checked Newsmen; McNamara Withheld Data; Congress Retaliated

Pressures on Press

The press has not been overlooked by the New Frontier. Privately, many Washington newsmen are grumbling over White House "leaks" to reporters or papers favorable to the Administration.

Members of the press have learned the pressures which an angry Administration can bring to bear.

✓ Word that threat of anti-trust action led a large newspaper chain to sharply curtail any criticism by its columnists of the President or his Administration came to light recently with announcement by Walter Winchell that he would cease distribution of his column through the Hearst syndicate. Winchell claimed publicly that his column had been censored whenever it criticized the New Frontier.

✓ Newsmen were aghast when, after filing stories during the Kennedy vs Big Steel controversy, agents of the Federal Bureau of Investigation awakened them in the wee hours of the morning for what was called routine questioning.

✓ There was the cancellation of New York Herald Tribune subscriptions by the White House, presumably to spread geographical basis of newspapers received but, newsmen say, actually in protest against news and cartoons unfavorable to the Administration.

Soon, the Herald Tribune disappeared from the Speaker's Lobby of the House until Rep. John Lindsay (R-N.Y.) protested on the House floor. It happened at the time a long-time White House employee was fired, presumably for failure to keep accurate account of the President's "rapid bursts of speed" on his stenotype machine. Some bird-dog reporters found it may have happened because he kept too-accurate records, once headlining a Kennedy story, "Dictated from the swimming pool."



N.Y. Herald Tribune

"Mr. Khrushchev said he liked your style in the steel case."

Pressures on Congress

A House subcommittee is looking into the Defense Department's withholding of non-classified, public information from a member of Congress who has been critical of waste in defense procurement.

Secretary of Defense Robert McNamara, in a letter to Rep. Earl Wilson (R-Ind.), confirmed he had ordered Wilson's name off a department mailing list to receive announcements of competitive bids on proposed purchases and on non-classified contracts to be let through negotiation.

McNamara said Wilson has used the public information to point to unnecessary expenditure of public funds. McNamara, in explaining removal of the congressman's name from the list, said keeping it on was too great an "administrative burden."

Wilson, calling the action a "reprisal, pure and simple," noted names of manufacturers' agents and other public officials remained on the list.

The Moss subcommittee of the House Government Operations Committee will look into the legality of McNamara's decision.

Wilson's recent disclosure of an overpayment of \$1.3 million on a Navy contract, was cited by the House Armed Services Committee in its successful bid to tighten up defense buying.

Congress Rebels

Congress has rebelled against the pressures exerted by the Kennedy Administration to obtain votes for pet pieces of legislation.

This is the feeling of one congressman, who has himself felt the arm-twisting and doesn't want to invite anymore by use of his name.

"The President's record with this Congress is dismal," he said, "and you can lay the blame right on the blackjacks at the White House. Members of Congress are prima donnas, in the main, and they want to be persuaded, not pressured."

This legislator even doubts that President Kennedy knows all that is going on in the Administration's attempt to round up votes in Congress. "The President served in the House and Senate. He knows how we think. He either doesn't know or doesn't approve of some of the tactics.

"Why one of the boys from Larry O'Brien's (the President's chief liaison man with Congress) walked into the office of a committee chairman one day and flatly said to vote 'yes' on an upcoming vote or the three post offices planned in his district would disappear. This was to a committee chairman, mind you!"

The Congressman says, "This high-pressure, shin-kicking stuff doesn't pay off—and the President's poor legislative record has been the result."

Food Stamps Are 'Payola' For Politicians

Who would play politics with human misery?

That question was asked, in shocked despair, by Frank Holman, syndicated columnist for the "New York Daily News," when he reported last month some political payola in the food stamp program.

Rep. Durward Hall (R-Mo.) has kicked up a howl about the stamp plan, which cost \$25 million last year and has been budgeted for \$50 million this year. Hall says the Department of Agriculture-administered program has "become a brazen political slush fund," parceling out money to congressional districts represented only by Democrats.

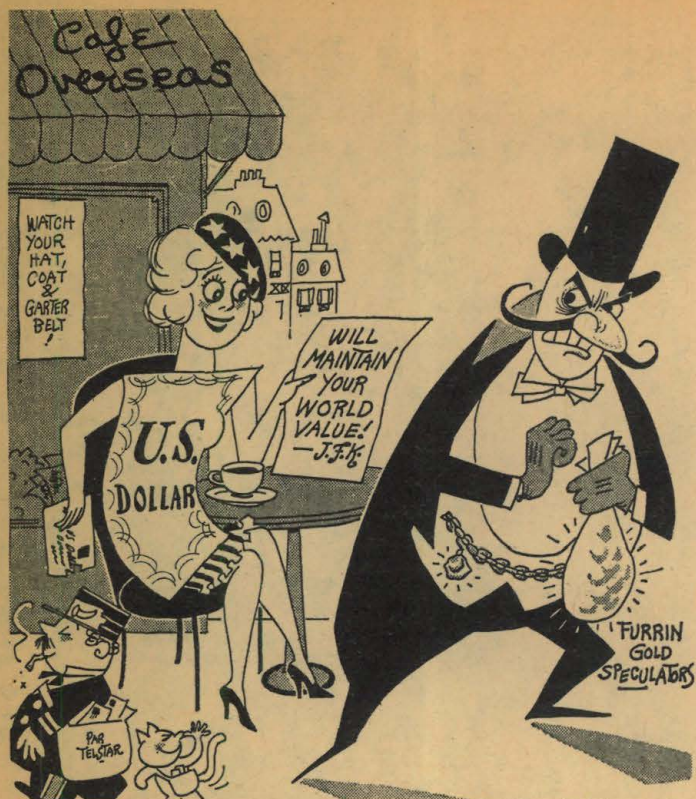
The plan was set up in April 1961 on a pilot basis in eight areas of chronic unemployment, selected by Agriculture Secretary Orville Freeman. All eight areas were represented by Democrats. The Department announced last month that 18 more congressional districts would receive food stamp aid. Only one is represented by a Republican.

Under the program, families are given food stamps instead of government surplus food.

The score of 25 to 1 is disturbing when considering many depressed areas which have been overlooked. In Pennsylvania, eight depressed areas represented by GOP legislators—including Johnstown, which the Department of Labor says has the highest unemployment rate in the country—were disregarded. Two other Pennsylvania districts, represented by Democrats, were selected.

Rep. Paul Findley (R-Ill.) thought the matter was peculiar and wrote Agriculture Committee chairman Harold Cooley (D-N.C.), asking for an investigation.

Findley received this one-sentence letter from Cooley: "Your letter of 10 August requesting that the House Committee on Agriculture conduct an investigation . . . is utterly ridiculous."



Yardley—Baltimore Sun

A Welcome Letter from Home

Private Shipbuilders Gain More Work With Navy

The nation's private shipbuilding industry has won a long fight with the Navy's Bureau of Docks for more government contract business, but the congressional vessel that carried the day may spring a few leaks.

The recently-signed defense appropriations bill provides that private yards may carry out 35 percent of the Navy's repair, alteration and conversion work during the current year. Previous fixed ratio: 20 percent to the private sector, 80 percent to Navy yards.

But Edwin M. Hood, who as president of the Shipbuilders Council of America is chief spokesman for private yards, fears much of this increased work may be siphoned off by "fly-by-night" operators. Explains Hood:

"... there is nothing in the bill to prevent 'opportunists and promoters' from diverting a substantial share ... from the established yards." Result: a reduction in the number of "lasting" skilled-worker jobs Congress hoped to create.

Hood wants to see "minimum requirements" imposed on applicants for naval ship work, to provide "clear evidence of financial responsibility and performance capability."

He can be excused for looking in a government gift horse in the mouth, when the industry's commercial contract work is sinking faster every year. As of 1 Aug. only 60 merchant ships were under construction in American private yards, compared with 67 at a comparable time in 1961.

Other foundering figures: Tonnage in hand is down 20 percent, while in the past month the number of yards engaged in large commercial shipbuilding has dropped from 10 to eight. Concluded Hood:

"It is ironic that with many segments of our shipping industry in desperate need of modern, efficient tonnage, their financial situation prevents them from taking advantage of the rock-bottom prices that continue to be offered by our shipbuilding industry."

Cliché of the Week . . .

President Kennedy has warned that "too often we hold fast to the clichés of our forebears." He had in mind clichés about free enterprise. But there is another side. Many of the most widely accepted clichés today are aimed against such enterprise. One is presented here, along with an answer.

"The free market ignores the poor."

Once an activity has been socialized, it is impossible to point out, by concrete example, how men in a free market could better conduct it. How, for instance, can one compare a socialized post office with private postal delivery when the latter has been outlawed?

To illustrate the dilemma: During recent years, men in free and willing exchange (the free market) have discovered how to deliver the human voice around the earth in one twenty-seventh of a second; how to deliver an event, like a ball game, into everyone's living room, in color and in motion, at the time it is going on; how to deliver 115 people from Los Angeles to Baltimore in 3 hours and 19 minutes; how to deliver gas from a hole in Texas to a range in New York at low cost and without subsidy; how to deliver 64 ounces of oil from the Persian Gulf to our Eastern Seaboard—more than half-way around the earth—for less money than government will deliver a one-ounce letter across the street in one's home town. Yet, such commonplace free market phenomena as these, in the field of delivery, fail to convince most people that "the post" could be left to free market delivery without causing many people to suffer.

Imagine that our federal government, at its very inception, had issued an edict to the effect that all boys and girls, from birth to adulthood, were to receive shoes and stockings from the federal government "for free." Imagine one of our contemporaries—one with a faith in the wonders that can be wrought by men when free—saying, "This activity is appropriately a free market activity."

Based on what we hear on every hand, once an activity has been socialized for a short time, the common chant would go like this, "Ah, but you would let the poor children go unshod."

However, we are able to point out that the poor children are better shod in countries where shoes and stockings are a family responsibility than in countries where they are a government responsibility.

True, the free market ignores the poor precisely as it does not recognize the wealthy—it is "no respecter of persons." It is an organizational way of doing things, featuring openness, which enables millions of people to cooperate and compete without demanding a preliminary clearance of pedigree, nationality, color, race, religion, or wealth.

—Leonard E. Read

Postal Clerks Want Raise, Not Uniforms

Window clerks in the nation's post offices will soon, in the words of the Post Office Department, be sporting a "natty new look." They'll be in uniform.

The announcement of the new dress wasn't so startling, but Postmaster General Day is likely to be startled by the reaction. Some samples:

✓ "It's ironic that when we are trying to get a reasonable wage increase, they come up with an idea to doll up the clerks at the window," said John W. MacKay, president of the National Postal Union.

✓ "I'm sure our people would rather have more pay than a uniform. They have enough problems on the job without worrying about uniforms," says Charles Braxton, administrative assistant to Ashby Smith, president of the National Alliance of Postal Employees.

And a watchdog of government spending, Rep. H. R. Gross (R-Iowa) said:

✓ "Don't you know when you walk up to a Post Office counter that the person behind it is a postal employee—without his being in uniform? In view of the postal deficit, I question this outlay of public funds. Besides, what about laundering? Who's paying for that? And won't the clerk need a second uniform to wear when he's out having his laundry done?"

All comment wasn't adverse.

A postal department spokesman claimed he was "tickled pink."

He wasn't quite correct. Male window clerks will have a jacket of peking blue. The ladies will wear a matching blue fitted jacket.

An assistant to E. C. Hallback, president of the United Federation of Postal Clerks, said that organization, in the main, supports the move to uniforms. Neat appearance was the aim, he said, unwittingly criticizing the attire of present clerks.

Exactly how the clerks—30,000 of them—will receive the uniforms is still up in the air. The postal department will negotiate with employee groups to determine procedure. Best bet: Clerks will get a \$45-a-year clothing allowance. Presently, the department has about 175,000 uniformed employees, including carriers who receive a \$100 annual allowance. Department expenditures for uniforms were \$16.4 million last year.

Postmaster Day said the clerks will be supplied with an extra jacket, extra blouse and shirts, and ties in the case of the men. The jackets will be fitted out with the official department seal and a name tag.

Postal officials are hopeful the uniforms will be in use by Christmas — just the season when the department hires thousands of extra, non-uniformed employees to handle the holiday crush of mail.

Police Use Electronic Computers In 32 States to Nab Scofflaws

Electronic computers now track down lawbreakers.

Thirty-two states are presently cooperating with the Bureau of Public Roads in Washington in maintaining the National Drivers Register Service. This service puts a computer on the trail of a driver who applies for a license in one state after his license has been revoked in another.

The name and descriptive information of a license applicant

of one state is fed into the computer, and compared for a "match" or "near match" with the list of suspended drivers furnished by other states and stored on the computer's memory drum.

The state is notified of the results of the check within 24 hours. The computer can even spot phony names. It is able to detect jumbling of established name components, which is the most common method of forming aliases.



SPORTY LOOK—Two Post office clerks display the new uniforms which will cost about \$1,350,000 a year.

Congress Has Many Cures For U.S. Postal Deficit

Most congressmen have their own pet solutions to the U.S. postal deficit which seems, like Topsy and the national debt, to just grow.

Most would either raise overall rates, heavily tax "junk" and propaganda mail, or reduce the scope of Post Office responsibility.

But few of Capitol Hill's franking fathers would agree with the common American letter-writer that postal rates might even be reduced.

Thus members of the Senate Post Office Committee may have been surprised at Jack R. Cole's recent argument that third class postage could and should be cut. Or they may have been cynically skeptical. Cole is president of the Mail Advertising Service Association International.

After eight months of study, Cole is convinced that lower rates will not only increase Post Office revenues—by encouraging greater mail volume—but will also act as a business stimulant upon the entire

economy. Third class direct mail advertising, he says, is:

✓ Actually netting large profits for the Post Office.

✓ A powerful selling force capable of stimulating buying, production and employment. Besides, more than five million citizens depend on such advertising for their livelihood.

✓ Popular with businessmen, housewives, politicians, newspapers and magazines—and even postal employees. Publications especially, says Cole, are "creatures of circular mail."

But postal workers, whose salaries feed upon rate increases, are creatures of Congress. Or perhaps Congressmen are creatures of them. It is hard to say.

Strong(er) Drink

U.S. fermenters sold 258,230 fewer gallons of wine during the first six months of 1962 than during the same period in 1961, but sold 1.6 million more gallons of material for distilling brandy.