BUSINESS TIDES

Footnote on 'Statism'

by Henry Hazlitt

In his excellent new book, "How to Keep Our Liberty" (see Books), my colleague Raymond Moley has a prefatory "Note on Terminology." Like all of us who try to write sense on economic and political questions today, he is troubled by the strange perversions and reversals that have taken place in recent years in the meaning of words: "A 'liberal'," as he points out, "was once a person who opposed the intervention of the state in the life and affairs of the individual. Now the word is used as self-description by those who favor such intervention."

So Moley defines his own chief terms in advance. "Interventionism" accurately describes the trend toward a socialist state, but he thinks a shorter and better word is "statism." He defines it as "a policy or philosophy that advocates a progressive trend of intervention by government in economic, social, and personal life."

The term with this meaning fills a long-felt need. Moley's own book, in fact, is largely devoted to counteracting the danger of statism, and we have to identify and label a trend or a philosophy before we can effectively combat it. But as Moley points out: "Recent use of the term [statism], mainly by opponents of the trend, has anticipated the lexicographers."

I should like to supplement my colleague's remarks on the word with a few notes of my own, as I happened to play a part in its adoption. I first became acquainted with the term "etatism" in the writings of the Austrian economist Ludwig von Mises, whose great book "Socialism" I reviewed in The New York Times in 1937. He used the term to mean "the doctrine of the omnipotence of the state, and, as a policy, the attempt to regulate all mundane affairs by authoritative commandment and prohibition."

Though Mises probably did more than any other writer to establish the term and the meaning, neither was original with him, as I have since learned, but goes back some half a century. It was originally used by French critics of interventionism (*état* is the French word for state). A chapter entitled Etatism is to be found as early as 1907 in a French book on individualism by Albert Schatz.

But while a word with the same meaning was essential in English, it seemed to me that etatism would be very difficult to popularize or even naturalize. A simpler solution appeared to be to translate "*état*" into "state." But "state," in this country, is most often used as opposed to "nation" or "Federal." "Statism" might be thought to mean states' rights.

These objections did not seem too serious. But next came the problem of spelling—"stateism" or "statism"? The first involved a redundant vowel; the second ran the danger that the "a" would be pronounced, by analogy, like the first "a" in "statistician." Consulting the dictionaries, however, I found in my old edition of Webster's New International: "Statism (from State). Statecraft. *Obs.*" So it was simply necessary to revive an obsolete word with an established spelling and pronunciation and use it in the new meaning. I began using the word in that sense in this column and then in a book "Will Dollars Save the World?" published in 1947 and condensed in The Reader's Digest.

Whether I was anticipated by other writers in using the word in this sense I do not know. But there is an interesting epilogue. John Foster Dulles frequently used the term with this meaning in his New York Senatorial campaign of 1949. In the Political Science Quarterly of December of that year, Prof. Lindsay Rogers, puzzled by this use, looked the word up in the dictionary, found only such obsolete meanings as "statecraft," and assumed that people must be wrongly using it now because they did not know what it meant!

But if the enemies of liberty are allowed to pervert fine words to base meanings, surely the defenders of liberty have a much better right to develop a new word or meaning to describe and identify the great threat to liberty in our time. That threat is statism, the philosophy behind totalitarianism of every brand.

BOOKS

Estonian Venture

In the summer of 1945, when the 30,000 Estonian refugees in Sweden and Finland were under Soviet pressure to return, sixteen of them (seven men, five women, and four children) set out from Stockholm across the Atlantic in a 37-foot, 50-year-old sloop, the Erma, built by the rugged standards of an earlier time for Swedish coastal service. One of them, Voldemar Veedam, after working as a common laborer in the United States, has written an account of the voyage, "Sailing to Freedom," with Carl Wall.

Jim Taylor

After crossing the Atlantic with 16 refugees, the Erma looked like this

The food supply consisted largely of 1,000 pounds of potatoes, supplemented with generous gifts in Scotland and Ireland, and thrifty purchases in Madeira. Finally, when all supplies were exhausted and the Erma helpless after a storm, 100 miles from Norfolk and 126 days out of Stockholm, an American naval vessel poured down upon it great stores of ham, eggs, milk, coffee, cocoa, bread, brandy, and cigarettes. Most of the refugees are now American citizens, and have been soldiers, yacht captains, college students, and social workers. The Erma converted into a family pleasure boat, they sold for $500. The narrative is in a breezy patter that does not sound very Estonian, but it does not matter; nothing can spoil it. (SAILING TO FREEDOM. *By Voldemar Veedam and Carl B. Wall.* 246 *pages. Crowell.* $3.50.)

The Way to Liberty

The underlying purpose of the first half of Raymond Moley's "How to Keep Our Liberty" is to demonstrate that the policies of statism are a grim threat, not merely to the higher-income groups, but to the immense majority of the American people. The latter half of the book discusses the possible ways in which the menace of these policies may be made clear in terms of daily living and the people mobilized to use the polls to defeat them. The book is consequently the rarest kind of work of political philosophy, one combining its abstract theory with a practical handbook for political action.

The tone is moderate, the demonstration of the cost of statism unimpassioned and apparently unanswerable, and the proposed remedies simple, within reach of all voters, and seemingly as likely to succeed as any course of action in anything so uncertain as a Presidential election. After a somewhat tentative beginning, summarizing the underlying principles of the American constitutional system, Moley settles down to a factual review of the forms of government intervention in the Roosevelt and Truman Administrations—into state and local tax sources; into business, with some 100 Federal enterprises ($20,000,000,000) selling fertilizers, farm produce, and operating ships, foundries, and railroads, with 40 government agencies lending money; into medicine, in which the government's expenditures ($2,000,000,000) are greater than the expenditures for socialized medicine in Britain in two years under the Labor government; into the electrical utility business; into cooperatives which now number 32,246 ($7,182,185,001 in 1945) and handle, for example, 75 per cent of all the milk sold in the country; into welfare, which in 1950 (Federal, state, and local) cost $14,330,000,000, nearly double the amount of all corporate dividends, more than the income of all the farms, and more than the average cost of Federal, state, and local governments in the 1930s.

The analysis of where the cost falls is based on a statistical division of the whole population, the 5,010,000 employed as managers, officials, and proprietors; the 10,516,000 in clerical and sales work; the 4,944,000 professional workers; the 7,962,000 farmers and hired hands; the 7,900,000 government employes; and the 40,930,000 full-time factory workers. Property, including the ownership of stock, is increasingly diffused through the middle range of income. But in the past five years, to take only one of many examples, the per capita savings of the people have been whittled down by 17.5 per cent, and the trend of statist policies is increasingly toward appropriating the savings of the middle group.

Guardians of Liberty: The effective resistance to statist policies has come from the coalition of conservative Democrats and Republicans in Congress, and from local independent movements, like those in Illinois, Utah, and Texas. Applying the lessons and the methods nationally cannot, in the deepest sense, fail, regardless of the outcome of the 1952 Presidential election.

Moley's strategy is not solely to hammer away relentlessly at the many weak points in the Truman and Roosevelt Administrations. He is rather concerned in getting at the basic point at which the statist's claim to speak for "the people" becomes demonstrably false, the dividing line at which governmental measures supposedly for their welfare become plainly to their great expense, at the very least, always alien to the American democratic inheritance, partially coercive at the moment and potentially disastrous. In his own career he found this point in the early days of the Roosevelt Administration, in which he was active, and in the conscious substitution of vindictive and provocative policies, under humanitarian guises, for the genuine attempts to meet the social needs of that time. In the course of outlining his program he traces its growth under Truman to the transformation of the Democratic Party to the most potent political machine in American history, "hard, disciplined, ambitious, and puissant."

Intellectual Appeal: The desire to avoid emulating the provocateurs on the other side often makes Moley's arguments seem less forceful than they are. The attempt to range over all aspects of statism adds a discursive note to an argument that is most effective when it is sharply concentrated. An amateur reading Moley's book—and it is written for amateurs—may feel as a result that his program lacks some galvanizing element of intensity, an emotional appeal strong enough to sustain the spirit through the effort that it requires. One of the successful Texas amateurs wrote a letter to him explaining their trouble had been that they had abdicated to the professional

ward politician because politics were "too much trouble for us, we were too busy doing something else—more important than freedom—usually trying to make money" a failure "to carry the political responsibilities of our forefathers who spent days and weeks riding on horseback ... to discharge their political responsibilities." But there is no analysis of what happened in American education and experience that weakened the sense of individual political responsibility.

Nevertheless, if only as a political study, "How to Keep Our Liberty" is rare in American political documents—dealing with inflammatory issues at this high level of statesmanship, a handbook of doorbell-ringing written with a range of learning, evoking a monumental threat to the American system of government, and proposing to defeat it through measures so simple, lawful, and so native to the American scene that they are in themselves a testimonial to faith in democracy. (HOW TO KEEP OUR LIBERTY. A PROGRAM FOR POLITICAL ACTION. *By Raymond Moley.* 339 *pages. Knopf.* $4.)

Other Books

Hudson's Bay Trader. *By Lord Tweedsmuir.* 195 *pages. Norton.* $3. This diary of a year at the company's trading post on Baffin Island, just south of the Arctic Circle, indicates that Tweedsmuir inherited a good deal of the ability of his father, John Buchan of "The Thirty-Nine Steps." It is a warm and tranquil account of the strangeness and excitement of daily life, killing walrus, which the author found a brutal business, to feed the dogs through the winter, learning to set trap lines and tend them, handling huskies, building snow houses, and making extended and dangerous trips inland. He found it hard to kill game that was an easy mark, and several times let it escape. He learned that the nice dry cold that you do not feel can become agony when your cap is encased in ice, your hands and feet numb, and your nose frozen. Ironically, he resented, nonetheless, giving up his peaceful primitive life in 1939 to return to civilization to be measured for his uniform and to listen to talk about Munich, which didn't interest him.

Back of Town. *By Maritta Wolff.* 436 *pages. Random House.* $3.50. At the edge of a Midwestern town, in a world of weatherbeaten houses, filling stations, and rundown bars, Sherry Lockbridge returns from Hollywood with a wife dying of cancer. Things were the same as when he left with Nell, his childhood sweetheart, to set the world on fire. In those days they were something special; the town wasn't big enough for them. Nell sang, and Sherry was a fireball bright-boy promoter. Somewhere along

Perspective

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How to Keep Our Liberty

by Raymond Moley

TWENTY-SEVEN months ago in this space I presented an article under the title "Organizing for Freedom." That article said, in brief, (a) that a majority of the eligible voters in this country were opposed to current government policies tending toward socialism; (b) that this majority suffered because it had no means of organized expression; (c) that the Republican Party alone could not mobilize this majority; (d) hence citizens concerned in preserving their liberty should be organized in a group or groups outside the parties to provide the votes necessary to the election of sound and conservative candidates, Republican or Democrat, North and South.

There was an extraordinary reaction to that article. I received more letters from readers in the month that followed than in the whole preceding year. Those letters, from all sections and from all ranges among our people, made it clear that these correspondents shared my feeling that we were following a dangerous socialistic course, that the political parties alone would not save us, and that there was vital need for citizen action. But scores of them asked: "What can be done about it?"

This question, repeated over and over, was a challenge that weighed very heavily on my conscience. I decided to expand my answer in a small book. The task of spelling out the answer proved to be very, very difficult. For it involved answering in detail not one, but four questions:

Exactly how and why are present Federal policies imperiling our liberty?

What methods and policies should be substituted for them?

Who are those Americans in the great middle group who have most to lose through statism and who have potentially the major political power of the nation?

How can these people be mobilized in political action?

After six months of work, my project was only a collection of notes. Then there was another year of hard thinking, inquiring, writing, and rewriting. Then I submitted my draft, in whole or in part, to many people for criticisms and suggestions. Finally, after two years my answer was finished. Its name is "How to Keep Our Liberty."*

If those who wrote to me and all others among the readers of this column who are disturbed by present political trends will read this book, they will find the best answer that I can give.

The book seeks to show in detail how the threat of supergovernment or statism endangers most of all that great middle-income group of Americans which owns most of the property of the nation and possesses most of its potential voting power. In recent years this group has come to include the bulk of wage earners and farmers.

This group, despite its potential power, has invited the danger that threatens it by neglecting its political responsibilities. Thus, it has presently delivered itself into the hands of leaders who by sowing class antagonisms and by making irresponsible promises are seeking dominant power in the nation.

Finally and most important, I outline the means by which this great middle-income group can be mobilized at the polls in defense of its material and nonmaterial interests—in short, how it can become the most permanent and reliable defender of American liberty. It describes the sort of people who should be leaders of citizens' political movements, the relations of such movements to one or the other of the major parties, and the methods which they should use.

IN SHORT, my book is a call for militant political action to halt the impairment of our free institutions, to improve the capacity and integrity of our government, to relieve the burden of excessive taxation, to arrest the blight of inflation, and to build a sound future by safe, progressive policies.

This book should be dedicated to those who read my original column in November 1949 and who took the trouble to write to me. It is, in fact, so dedicated, in these terms: "To those Americans who share the middle interests and who can save themselves, if they will."

*See review, page 92.