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insight and outlook

in this issue . . .

Lessons From An Election

James M. O'Connell

Elbie's Man On The Go

Cy Butt

Ne'er Buck The Establishment

Richard O. Wright

The Hidden Harshness Of The Minimum Wage

James E. Blair

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insight and outlook

Conservative Club
Young Americans for Freedom

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... And a Happy 1965 To You Too!

"And suddenly there was with the angel a multitude of the heavenly host praising God and saying, 'Glory to God in the highest, and on earth peace among men of good will.'" (Luke 2:13-14)

This issue of **INSIGHT AND OUTLOOK** appears during the Christmas holidays, and the editors joyfully extend to our readers the ancient greeting first heard in a miracle by the shepherds on that hill in Judea. "God," "peace," "good will"—impossible to conceive nowadays unless one believes in miracles? Hardly. Deeper thought and a sense of moral continuity make God, peace and good will as credible and inseparable as the modern "miracles" of atomic phenomena and radioactive half-life. **INSIGHT AND OUTLOOK** will continue to beat one wing in the past, the other in the future, and sharpening its sense of the continuous present, steer its conservative course through the Happy New Year ahead.

In this issue we're recovering from an election. James O'Connell starts out analyzing the reasons for LBJ's electoral "mandate." The fault, he concludes, was partly due to circumstances beyond Goldwater's control, was partly Barry's personally, and was mostly due to the dumping of the intellectuals from the Goldwater team. A new, totally new approach is needed for the future, adds Dick Wright, and goes on to suggest one. There is nothing whatsoever wrong with sneaking sound policies in through the back door—and it might be the only way to implement them before it's too late. There are many lessons to be learned from the Left, he reasons, and they just might be successful. Dale Sievert considers the implications of the civil rights law and discovers a basic change in the sociological-economic picture, introducing discrimination by hook or by crook. James Blair, in a revealing expose, turns his mighty guns on the whole concept of the minimum wage. In the light of labor's new and outrageous demands in this area insight into the problem again becomes essential to any thinking citizen: do minimum wage laws help or hurt the labor force as a whole? Blair notes that if history and previous legislation have anything to say about it, labor suffers the harsh consequences of the law.

You may notice that in this issue the book review section has been omitted. Next month our issue will feature reviews of an assortment of recently published books as analyzed by **INSIGHT AND OUTLOOK's** adept reviewers.

The "Good" Society

There was a time when the very words, "federal control," provoked deep consternation among Americans. But no more. People have accustomed themselves to the omnipresent bureaucrat, and regard "federal control" as a bogey, dangled before voters by obstructionist right wingers.

But federal control has more meaning today than ever. Virtually every business and recreational activity falls under the unblinking, watchful eye of the government. Not even in the privacy of our homes are we free from the intrusions of the state, nor in the wilderness can we fully escape the authority of Washington.

Federal control is external authority. It was once resorted to with great reluctance. When it was painfully clear that the internal discipline of the citizens was insufficient to preserve justice and order, then, and only then, was external authority considered.

Such control was imposed with full awareness that increases in external coercion tend to weaken internal discipline, which in turn leads to a demand for still more external law. The degenerative impact of government control upon the American character was recognized as a central reason for minimizing government.

The ultimate danger in transferring responsibility to the omnipotent state is precisely this: as the sands of responsibility are poured from countless private vessels into the public one, self-restraint dissolves. The degenerative process is not rapid, nor is it visible in the affluent society. Yet it exists.

Ideally, the good society would consist of a populace in which moral, ethical and charitable responsibilities have been thoroughly internalized by each adult citizen. Each person would govern his behavior in a manner that would respect the rights and burdens of others. He would compete hard, but within the framework of an inviolable moral structure. He would regard the poor and dispossessed as his personal responsibility. He would do his utmost to avoid a life of parasitism.

Plainly, under such circumstances, a large government would be superfluous. Except for the adjudication of disputes, and the maintenance of order, the state would remain benign and limited.

Of course, the good society will forever fall beyond the grasp of fallible man. But the model can serve to guide our energies and establish our ideals. It permits us to see that nearly every step toward the federal superstate is a tacit admission of the failure of free men to govern themselves.

There are a few exceptions in those fields where technology has created a gulf between layman and producer. One could scarcely say, for example, that the safety regulations of the Food and Drug Administration are entirely the result of the declining character of the American citizen.

Unfortunately, contemporary liberalism has long since ceased to regard compulsory federal programs, such as medicare, as a last resort. Quite the contrary. Liberals are so entranced by the power of government that they habitually exaggerate the extent of poverty, greed or business skullduggery in order to "prove" the need for federal intervention.

The conservative alternative depends less on government programs than it does on strengthening the sources of non-governmental moral authority in American society, such as the church and the family. The elimination of federal controls becomes a feasible and noble ideal when accompanied by heightened self-restraint in business and labor leaders. Voluntary charity becomes a feasible means of caring for the helpless when accompanied by a deepening sense of charitable responsibility within individuals.

Before the church itself became the principal lobbyist for collectivist and egalitarian programs, it stood as a great bulwark of liberty. It had a unique capacity to internalize the Western moral code within its individual communicants. It helped establish the character which made American liberty a viable and exalted ideal.

If conservatives can succeed in their mission of steering the church back to its original concern with individual souls, then perhaps liberty may yet survive in America. With greater value placed upon personal character, the close-knit family, and the individual soul, super government will become irrelevant to our times.

—Aetius

Where Now, G.O.P.?

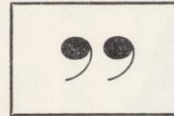
After noting the steam being generated in the council rooms of the Moderate Republicans, we can only stand in awe of their remarkable recovery capabilities. That campaign was rough. We are exhausted. We also note the same condition of the people we know to have assisted our efforts. Now we don't intend to suggest...

But, as to the matters at hand, we grabbed their party out from under them in San Francisco. Now, as they wave the election returns in our face, they demand its return. May we point out that we are in complete agreement with their recently voiced, and often repeated, contention that the G.O.P.'s leaders should not exercise control against the wishes of the majority of party members. Indeed, this was precisely our pre-convention argument. It was the pressure from the party's rank and file which compelled the moderates to cater to the platform demands of, and ultimately to the nomination of Barry Goldwater.

But, they have yet to proclaim that because of the defeat of the party's choice, there is supposed to be a reversal in the rank and file's wishes as to who should direct their party. Rather, they now tell us, the rank and file never desired Goldwater's leadership.

It seems that they have been misled by their own propaganda. They, for four years, were continually compelled to quell the rumblings of the conservatives drive. They were, after all, on top; and the Draft Goldwater Committee could only seek to make advantageous use of their wide support amongst the small people in the party. As part of the vicious pre-convention anti-Goldwater campaign, which had the willing cooperation of the same Republicans causing the present commotion, the Goldwater forces were portrayed as a well organized, well financed, secretive and, of course, small group of professional politicians. Generally speaking, that was a total misrepresentation.

Subsequent events, while giving further substantive proof of the nature of Goldwater's support from within the party, also have naturally tended to place the party even more firmly under his control. To their detriment, most of the Republicans who had opposed Goldwater's nomination failed to participate in the campaign. The persons of influence in the party are those who prove themselves, and become known through their active participation in battle against Democratic office seekers. Even when unsuccessful at the polls, those locals responsible for the national campaign increase their influence within the party—simply because they come to represent the party. Further, the post-election rank and file of the party tends to become partial to the national candidates, largely due to the fact that many who opposed before nomination leave the party in one degree or another, while another



STATEMENTS BY PROMINENT PRESIDENTS REGARDING GOVERNMENT OPERATIONS

"Government is not reason, it is not eloquent — it is a force. Like fire, it is a dangerous servant and a fearful master." —

GEORGE WASHINGTON

"If we can prevent the government from wasting the labors of the people, under the pretense of caring for them, they will be happy." —

THOMAS JEFFERSON

"I believe there are more instances of the abridgement of the freedom of the people by gradual and silent encroachment of those in power than by violent and sudden usurpations." —

JAMES MADISON

Lincoln stated that "capital is only the fruit of labor", and that "capital is as worthy of protection as any other rights". He warned free men against, "surrendering a political power" which would "close the door of advancement and fix new disabilities and burdens upon them till all of liberty shall be lost."

ABRAHAM LINCOLN

Vetoed a give-away bill stating "though the people should support the government, the government should not support the people." —

GROVER CLEVELAND

"The history of liberty is the history of limitations of governmental power, not the increase of it". He did not "want a group of experts sitting behind closed doors in Washington, trying to play Providence to the American people." —

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...PLUTARCH

Rare indeed is the man who can hold steadfastly to his basic beliefs in the face of unreasoning opposition. This is as true today as it was nearly 19 centuries ago when the venerable Greek philosopher first discussed the virtues of determination.

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portion, out of their favoritism for that national ticket, decide to join.

With respect to the G.O.P., the magnitude of this phenomenon in the year 1964, was magnified tremendously by the public airing of the intra-party squabble. The Moderate and Liberal Republicans, in their constant uncontained attack on their own party's candidate, must be held responsible for the publicity their maneuvers received. As well as the loud distorted bearings, of the so-called Republican press. They are, thereby, responsible for the magnitude of the debacle. The irony is this: that even though they defeated the conservative candidate, they also solidified the conservative hold gained in San Francisco. Behind every cloud there is, after all, a silver lining.

More Sifting and Winnowing

In a recent issue of the *Daily Cardinal*, we find Professor Walter Rauschenbusch, a member of the so-called Human Rights (sic) Committee, commanding the fraternities to "adjust to freedom." Mr. Rauschenbusch, whose grandfather was the Rauschenbush of "Social (i.e. — socialistic) Gospel" fame, has long borne a strange animosity to the fraternity system. The reason why, we shall leave to the psychotherapists.

When faced with the first solid opposition to the University's ill-considered "60 Clause," Rauschenbusch fumed and sputtered threats across the landscape. According to the *Cardinal* report, the "University's only alternative was non-recognition," the ultimate result of which, according to Rauschenbusch, would be the "investigation and suppression of non-registered secret societies."

Whether the University has the power to "suppress" organizations it does not recognize nor which use University facilities or take part in University activities is hardly worth debating; the fraternities are protected by the laws which, thank heaven, still pertain to private property. Whether the University should continue to permit Professor Rauschenbusch to teach law after such a statement is another thing. A professor of history who denied the historical evidence of Columbus' landing, or a professor of mathematics who argued against the Pythagorean theorem would not long remain here. Why is our non-legal law professor thus privileged?

Even deeper than this is the idea, first suggested by Richard Wheeler in this magazine, that Liberalism and Fascism are philosophical bunkmates. Perhaps Mr. Rauschenbusch should examine his own philosophy; it smacks of the black shirt and the jackboot. It has no place on this campus.

Red China and the Bomb

The Red Chinese nuclear blast has at long last jolted a great many Americans into questioning the readiness and capability of our national defense. The knowledge that it will take the Chinese a period of time to convert their nuclear technology into a potent military threat is little consolation.

Even that breathing spell is no consolation because the truculent Chinese might choose to cause nuclear trouble long before their capacity equals that of the United States or the Soviet Union. For example, what would the American response be if the Red Chinese suddenly launched just half a dozen missiles at key targets? Would this country strike back at the Chinese, the Russians, or not at all?

Undoubtedly the question which now stands at the forefront of security issues is why the Kennedy administration nearly abandoned its effort to build an anti-missile system. After some initial successes at intercepting missiles, the program was permitted to languish. It was described as too costly, too improbable, and too complex.

An anti-missile program is predicated on the belief that an enemy missile can be intercepted and blown out of the sky with a stratospheric nuclear blast. Signing the nuclear test ban treaty effectively foreclosed further work on such a defense, and all but eliminated the possibility that an effective umbrella of anti-missile missiles could be built over the continental United States.

The test ban treaty also stays American nuclear development and testing while the Red Chinese, who

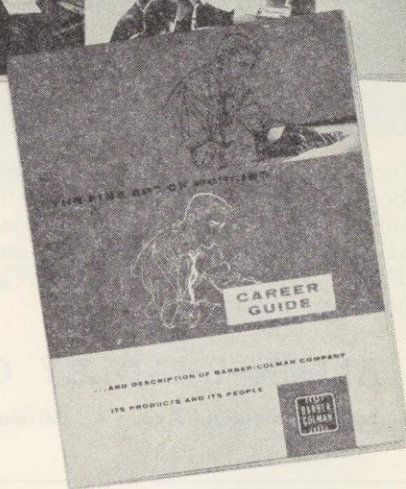


are not signatories, can continue to develop their weapons year in and year out. So long as this nation is bound by the treaty and the Red Chinese are not, this nation can only stand helpless while the Chinese acquire nuclear parity. That was one of the stark reasons why some people opposed the treaty.

Other developments along the national security front are no more heartening. The administration has virtually abandoned new weapons development, and has placed national security almost entirely in the



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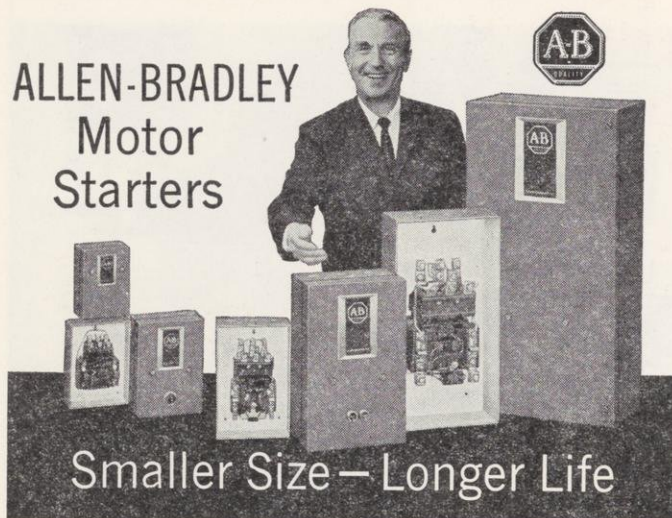
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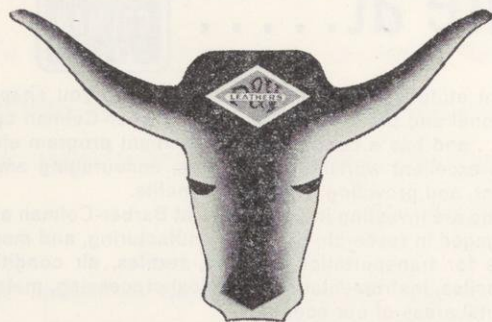
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missile basket. According to the report of the task force headed by former Secretary of Defense Neil McElroy, the Eisenhower administration developed 57 new weapons systems while the Kennedy-Johnson administration produced only eight.

The dilemma now is how to protect ourselves against a ruthless and unscrupulous enemy. There is still time to develop an anti-missile defense before the Chinese perfect a delivery system, but the test ban treaty prevents effective testing of such a defense system. Nonetheless, the Johnson administration ought to revive the development program at once, whether or not it can actually be tested.

The one political figure who foresaw the ominous consequences of the test ban treaty and spoke up against it was Barry Goldwater. He fought it as best he could, but was unable to rally enough votes to defeat it in the Senate.

Until now, Goldwater's concern for preparedness was his political cross, because it opened him up to mean-spirited accusations about being a warmonger. But all that has suddenly vanished as the Chinese move into the nuclear era.

Regulating the Regulators

The growth of vast, and sometimes oppressive bureaucracies is one of the most important phenomena of the 20th century. In Europe as well as the United States governments have increasingly resorted to bureaucratic regulation of business. There is little prospect that there will be appreciable diminution of bureaucracies in the future.

Bureaucracies are the traditional source of incredible injustices—arbitrary tax levies, baffling business regulations, buck-passing, unbearable delay, and odious expense. Bureaucrats who are barricaded into their jobs by civil service laws, who expend endless tax revenue, who have captive consumers, and who lack the profit motive, can unwittingly ruin helpless citizens.

As bureaucracy expands, so do the chances that innocent citizens will be victimized by the Leviathan. Over a century and a half ago, the Swedes found the answer to bureaucratic oppression by establishing their Ombudsman, or Parliamentary Commissioner for Civil Liberties.

The task of Ombudsmen, who now exist throughout Scandinavia and in New Zealand, is to protect citizens against the bureaucracy—to iron out the sometimes frightening muddles that snare hapless citizens.

The Ombudsman is not a super-bureaucrat who polices other bureaucrats. On the contrary, he is a representative of the legislative branch of government.

In the United States, he would be accountable to Congress, not the President.

At present, representatives in Washington spend much, if not most, of their time interceding against the bureaucracy in behalf of their constituents. A federal Ombudsman would relieve congressmen of much of this burden and enable the legislators to spend more time legislating.

Experience elsewhere indicates that the Ombudsman idea works well, and helps humanize impersonal bureaucracy. Only a tiny staff is needed to handle complaints. Congressman Henry Reuss, a Wisconsin Democrat, had introduced legislation creating an American Ombudsman staff. We think the idea merits careful consideration by Congress.

Readers, Please Note

INSIGHT AND OUTLOOK has been operated, these past years, by students who have given up their time because they felt (and feel) that the goals and objectives of this magazine are worth preserving, and worth sacrifice on our part. At the present time we are attempting a revision of our mailing system as well as our on-campus distribution. Meanwhile the costs and expense of printing and mailing INSIGHT AND OUTLOOK have forced us to put the magazine—for individual mailings—on a subscription basis. We would ask that readers on our mailing list (and others) who would like to continue to receive INSIGHT AND OUTLOOK at your home or office please send two dollars (\$2) along with your name and address to the address on the blank below. There are others of you, certainly, who feel as we do, that INSIGHT AND OUTLOOK is worth the time and effort put into it and would be willing to send contributions of five dollars, ten dollars or more to insure its preservation. We would be humbly grateful.

insight and outlook

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—EDMUND BURKE

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Elbie's Man on the Go

Cy Butt

**Always busy, Fremont Guilfoyle
Skips around the country
Serving his leadah**

It was getting on toward three o'clock in Joseph Troia's Steak and Martini Emporium and the proprietor, handsome, dashing, and rated by his tailor as a stylish stout, was talking at the bar with Chicago's Robert Konovsky. They had gotten through blonds and brunettes and were well into redheads when in marched Fremont Guilfoyle. At his side his amanuensis, Fifi, tripped in on pointed tread. Fremont was gotten out in a clawhammer coat and Fifi had poured herself into a Balenciaga that stimulated the imagination but left nothing to it. As always, they were welcomed.

"Martinis?" asked Mr. Troia, whose memory is superb.

"No," said Fremont. "I have been tapped for Elbie Jay's Cabinet and have given up ardent waters for the duration. Just give us some black coffee with three jiggers of brandy to counteract the caffeine."

Mr. K. was ogling Fifi with a dexterity that comes only after long practice, and he kept saying ahem, ahem, ahem until Mr. Troia introduced the pair against his better judgment. Then turning to Fremont he said, "Tell me about your new spot on the Cabinet."

"Well," said Fremont, "I'm Secretary of Aspirations, Needs and Supplies. Elbie thought up the job on our way back from Africa and he handed it to me."

"Africa!" marveled Mr. Troia, serving the fourth round of coffee.

"Yes," said Fremont, "He has done so well with his radio and TV monopoly in Austin that he decided to branch out with some stations in the Congo and he thought that this was the time to do it. The Billy Sol mess was hanging fire and that lollypop Jenkins had to go and get caught just before they dragged in Bobby Baker to recite the Fifth Amendment. I really don't know why the Republicans should pick at Bobby. They're always yelping for private enterprise, and if little Bobby doesn't have it, nobody in the world does. I except Elbie, of course."

"Of course," said Mr. Troia.

"Anyway," Fremont continued, "people started to talk about hi-fi's and that 25 G's from McCloskey that crept into the '60 campaign fund, so Elbie had a monkey skin tuxedo made up and we took the big jet to Stanleyville. We greased a couple of witch doctors and the Tulwar of Tumbaroo and we wrapped up

that broadcasting business tighter than a drum."

"I didn't know they had either TV sets or stations in the Congo," said Mr. Troia, opening another case of Christian Brothers.

"They haven't" said Fremont. "That's where the new Cabinet post comes in. The Congolese *aspire* to absolute equality, for which it is decided that they *need* TV sets, and my outfit *supplies* them with money funneled out of foreign aid. All I have to do then is to make the caper look reasonable to the American taxpayer."

"That'll be about as easy," said Mr. Troia, "as selling navels when everybody's got one."

"Not any more," said Fremont. "Since 1960 we have been conditioning the public to the proposition that the Establishment always knows best, and that all things should be decided in Washington. They're getting used to it. We tell the farmer just how much he can grow of what, we decide what securities DuPont can hold, and we have steel and transportation under our opposed thumbs. We're in like Flynn."

"It looks that way," said Mr. Troia, gagging slightly.

"On top of that," Fremont went on, "we have a new project in the making. We decided that there are too many John Smiths and Henry Johnsons in the country and so we are doing away with names and replacing them with numbers. It will be so much simpler and all. We have 76,235 William Browns whereas we could have but one guy called 167,241,389. We gotta have order. We once thought that we would put people with names beginning with A in agriculture and auto repairs, the Bs in banking, broadcasting and butcher shops, the Cs in carpentry and crane operating, and so on. But this is better. Everyone will have his red, white and blue suit of coveralls with Elbie's picture embroidered front and rear, and his number will be stitched across his shoulders just like a deer hunter's."

"Just like a convict's, too, wouldn't it be?" asked Mr. Troia.

"Perhaps," said Fremont. "But I prefer the deer hunter simile. But where is Fifi? She gets lost so easily these past few years. The last time it took her three days to find her way from the Pub to the Park Hotel and it's only seven blocks. Some sort of amnesia, I suppose. Good gracious, Mr. K. has disappeared, too. I do hope he hasn't contracted the malady."

Fifi and Mr. Konovsky appeared at the top of the stairs leading to Mr. Troia's private office. "Mr. K. tells me that he was once a professional wrestler," said Fifi. "And I believe him. But even so, he's gentle, so gentle. As gentle, I suppose, as Charmin."

Lessons From an Election

James M. O'Connell

Vox Populi, Vox Dei—or *Vox Diaboli*, depending on your view of democracy—and the voice of the people was indeed devilish on November 3rd. The conservative, standing hip deep in the waters of the Liberal deluge, can only shake his head in pessimistic bewilderment; has the morality of the American populace so declined that integrity can be brushed aside for expediency, patriotism for fearful accommodation, and freedom for a welfarist security? Have the waters run out, and is there no hope of turning them back? Must we, in the end fall silent, or, if we are to be heard by those in command of the major parties, must we sing hallelujah to the river gods?

If we listen to those “moderates” who infest the ranks of the Republican party and their intellectual bedfellows in the Democratic organization, we are told that conservatism is dead. The Republican Party must abandon “Goldwaterism”—i.e. conservative ideas and principles—if it is to survive as a workable alternative to Lyndon Johnson’s Liberalism. In short the political expediency of Lyndon Johnson and Hubert Humphrey is being offered to the Republican party as a substitute for the integrity of conservatism.

The principled conservative will reject such counsels; nevertheless, he is faced with a dilemma: either he must abandon his principles and become a moderate—a solution he rejects—or face a long drought of Liberal election victories. Yet, the dilemma is unreal; it exists only in the minds of those who believe the prevailing opinions and analyses of the election returns. A more judicious evaluation might well suggest to the conservative a means to end the advance of Liberalism without drifting over to “moderation.” Let us, then, analyse the

Goldwater defeat—not as a result of a “dead conservatism”—but as a result of poor political campaigning and of forces running strongly either against the Republican candidate or in favor of the Democratic one.

First of all, we must consider the memory of John F. Kennedy. Even though almost a year had passed since his assassination, his memory was kept alive in the minds of the American people by the politicians of the Democratic party. The picture behind the stand at the Democratic convention, the theme of the campaign “Let us continue . . .”, the constant references to the late President’s program all served the cause of the Democratic party well. In the later years of the Nineteenth century, the Republicans kept themselves in power by much the same means—“waving the bloody shirt”—and calling up the memory of Abraham Lincoln and damning the “party of rebellion.” Against this political spiritualism, few candidates of the Democratic party survived, even in the face of Republican corruption; it is easily understandable why Barry Goldwater was defeated by a ghost rather than an idea.

Secondly, the very circumstances of the Kennedy assassination tended to work against the Goldwater candidacy. John F. Kennedy was allegedly killed by a person who was a *political extremist*—a member of the Communist party—and the stigma of “extremism” was branded deep into the Goldwater candidacy by the Liberal publicists. One pamphlet, put out by CORE, begins with the assassination in Dallas—which, it is hinted, is overflowing with extremist groups—and goes on to damn various *right-wing* groups even though they had no connection with the alleged assassin. Other material on “right-

wing extremism” runs in a similar vein.

Goldwater did not help his own cause by his speeches in this area; his famous remark on extremism, made during his acceptance speech, would have been better understood had he quoted it directly from Cicero and gave the circumstances of the quote, rather than offering a paraphrase as his own ideas on the subject. Nor were his supporters helpful. We do not know who dreamed up the phalanxes of Goldwater Girls and flag-waving individuals who hovered around the Senator; we do know, however, that there was an impression of the type of activity found in the old Nuremburg *Parteitage*. The “pros” who surrounded Goldwater erred badly in this case.

Finally, we had the “bloc” voters: the Negroes, who turned away from the Republican party because of the Goldwater vote on civil rights, the workingmen who were afraid of Goldwater because of his labor stands, the farmers who disliked his agricultural policy. These, together with various people who misunderstood Goldwater’s stands on foreign policy, social security and other questions, served to defeat the Senator and many of those associated with him.

Need for Education

If there is any move to be made by the conservative, it must take these factors into account. Any recommendations for the future actions of conservatism must follow from these facts of American politics. And one fact comes through over all: *the American people do not understand the conservative philosophy*. When the public can be swayed by commercials showing a torn up social security card or a small lass going up in radioactive smoke while picking daisies in pristine innocence, then there is a strong need for further education. The Madison Avenue approach to elections, *as practiced by both parties*, has prostituted the “democratic process”—if I may use a Liberal God-term—to a popularity contest. All we needed was the now in-

famous film depicting the rise of the topless bathing suit and the decline of America.

Unless the politicians of the Republican party realize that a more mature approach to the electorate is needed, unless logical reasoning is substituted for emotional commercials and baseless innuendoes, then the electorate will continue, as one wry observer noted, to "vote for Santa Claus." Of course, if the electorate cannot understand logical reasoning, if it continues to be led by emotionalism and semantic catchwords, then a good case might be made for doing away with democracy altogether. But such an end will mean the end of America as we know it. So the conservative must maintain his belief in American institutions, even though they go against his beliefs in what is right. The conservative who observed, on November 3rd, that democracy wasn't worth a damn, may well be more realistic than his more idealistic friend who retains a belief in the validity of democratic processes, but he has far less to offer for the final triumph of the libertarian conservative ideal.

The Task Ahead

The conservative faces an awesome task, then: to convince the American public that the only sound way to consider the affairs and events is to consider the long-run views. He must point out that social security, as run now, will eventually end up paying out inflated dollars, damning the retired to lives of penury and quiet desperation, thus defeating the entire rationale of the program. He must point out that our present foreign policy of "containment" and "co-existence" can only lead, in the light of world Communism's avowed aims, to the eventual subjugation of America. And he must point out the grim lesson of history: any society whose customs and habit undergo moral decay will fall, no matter how firm its government seems, nor how strong its laws.

The educational end of conservatism has long been viable; the

workings of such groups as I.S.I., F.E.E., and others who offer the basics (and the advanced portions as well) of conservatism to the public must be remembered. The appearance of student conservative magazines have helped to spread the word—the ideas of conservatism—on American campuses. But, during the last campaign, the "pros" around Goldwater ignored, for the most part, the intellectual approach to conservatism; the prancing figure of the Goldwater Girl became the symbol of conservatism, and the contributions of such men as William F. Buckley and Russell Kirk were pushed into the background or ignored altogether. In such an atmosphere, the person who volunteers to stuff letters or ring doorbells is valued more highly than the person who, by his writing or speaking, had brought the campaign to its position; the party-worker, and not the "philosopher king"—to use a phrase once tossed at conservative intellectuals by a Republican party hack—is glorified. No one disputes the usefulness of the party workers, but the doorbell-ringers, and such people remain doorbell-ringers no matter what their position in the party, ought not be entrusted with strategy.

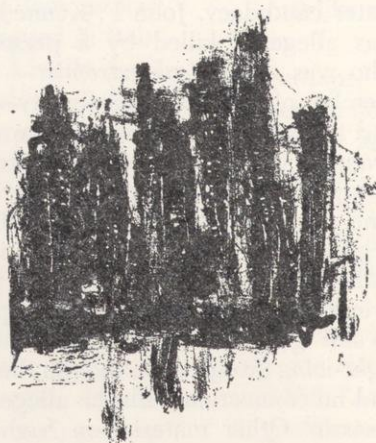
Were a Buckley or a Kirk in charge of a campaign, would the candidate be merchandized as if he were the latest model car, complete with testimonials from movie actors? We can admire a Raymond Massey or a John Wayne as actors,

but why should their endorsement be a reason to elect Senator Goldwater, any more than Gregory Peck's endorsement should be enough reason to support Lyndon Johnson? The logic of such an endorsement is on a par with the logic of a ballplayer's endorsement of razor blades or hair tonic—sound and fury devoid of real meaning. The resignation of the National Chairman ought not be called for because he is a conservative, but because he is not an intellectual conservative.

Finally, we must consider the question of organized right-wing activity. Many organized right-wing groups, such as the Americans for Constitutional Action (ACA) or the Young Americans for Freedom (YAF) are solidly in the mainstream of conservative-libertarian thought. Others, such as Ayn Rand's Objectivists, Robert Welch's John Birch Society—whose beliefs have already been repudiated by most respectable conservatives—Robert Lefevre's anarchistic libertarians are on the fringes. Other groups might be considered as having no real connection with conservatism, or capable of making any lasting contribution to it. Such people should be re-examined and, if necessary, disconnected from the conservative movement. They cannot help the conservative cause—their doctrinaire attitudes often make any legitimate compromise on a given course of action impossible—and their ill reputation makes them a hindrance. A meeting of major intellectual groups in the conservative movement seems to be called for.

There, fellow conservatives, lies our real course of action, not in surrendering to apathy or following the siren song of moderatism. Conservative ideas must be spread, conservative intellectuals must control the political apparatus, conservative groups must be purified of the doctrinaire. If we are to face 1966 and 1968 with any hope of regaining control of the government and restricting its activities to constitutional limits, we must act now.

Let us begin . . .



Ne'er Buck the Establishment

Richard O. Wright

The Need To Rethink Our Tactics In The Great Struggle

Were Barry Goldwater and his partisans flattened by the steam rolling inevitable in the election November third? America answered Goldwater's challenge to again stand upright and dedicate our nation to world freedom with a resounding "No!" From the landslide emerged a dominating alliance of the willing appeasers and the many times more numerous, self-seeking anti-crusaders. Are they not the symptoms of a decadent society incapable of ascertainable direction? Has the urbanization of America created an environment which no longer nurtures the spirit of freedom? Is the sickness of the system fatal?

Something inside cries no. But a severe look at the world reveals odds heavily favoring the ultimate victory of the world socialist movement. Are not the sons of the century old socialist family tree within reach of world domination? The control of the only western nations capable of countering the onslaught rests in the hands of unassuming allies of that movement. In America, as elsewhere, we find the "socialists-at-heart" in complete control of the mechanics of government. They haven't the will to combat communist tyranny; for, with their pink eyeglasses steamed from the bitter breath of socialism, they find more fault with anti-communist governments than with Moscow.

Who, then, is to defend against the aggressiveness of the new Soviet leaders? How much further advantage can we donate to the communists without plummeting beyond the hope of serious resistance?

The gloom is deep. Freedom is cornered. A change of tactics appears in order. The Liberal Establishment has proven too powerful for a frontal encounter. It is unreasonable to expect a sweeping conservative comeback in either '66 or '68. Sure, conservatives will bounce back, but control of the government is destined to remain in the hands of the Left.

Must we, then, forget the elections? Definitely not. The sandbagging effect of any conservative we can elect to office is vital. They delay the dreaded flood—perhaps long enough for our cause to gather the needed force for the frontal attack.

But, we haven't the time to again stake our fortunes wholly on the whims of the electorate. Barring depression or large scale war, control of Congress and the White House is too far in the future.

Cause for Hope

The mere fact that we, in a matter of months, attempted to overthrow fifty years of constant laboring to socialist ends exemplifies the simplicity of the notions of social-political struggle embedded in the minds of conservative leaders. The success story of the Left ought to serve as a pattern for our own plans. Take note of how they manipulate the unassuming population—how they establish ideas in the minds of men without suspect. They battle not in the political area alone. Indeed, the open political campaigns serve only as the cumulation of the assault they direct in every aspect of our lives. This is the way the Left has pounded and will continue to pound the socialist dogma into the foundations of our nation. And these are the lessons we have failed to learn.

Serious thought must be given to new means by which we may develop a similar approach to the ultimate victory of our own concepts. Conservatives must mount a counter offensive for freedom. To remain on the defensive—to react to the thrusts from the Left without ourselves thrusting—is a stratagem destined to eventual collapse. Further, the attack must be directed to the roots of the weed, lest we find ourselves struggling to regain guardianship of a sinking ship.

Freedom's army must learn battle in non-political areas as well as to improve their strategy in that theater. Partisan conservatives must inform themselves of the vast number of sociological problems and learn to recognize their relation to the ideological dispute raging between the two political camps. But this is for our information. Our public arguments must aim for a debate on the merits of our position without relating it to the conservative-liberal struggle. It is the subtle approach, aimed at those who have been led away from freedom's pastures by our opponent's own successful use of that method. Americans reject conservatism per se because they are convinced of the merits of the programs conservatives recognize as dangerous to America's freedom. In addition the basic individualism which fertilizes freedom's growth is not shared by a large portion of Americans—like it or not. Their minds could not be won by debat-



ing the dangers to freedoms which they have not developed desire to keep. Rather they may be convinced with the use of surface arguments based on more materialistic, common ground.

Conservatives must develop their influence in the churches, the mass media, the schools, and other non-political battle grounds. More important, conservatives who do, after all, hold high positions in many places must learn how to use their influence to enhance their ideals. In that event, we can initiate our own offensive for the minds of Americans.

Yes, conservatism's area of activity must be enlarged; however, a massive counteroffensive on the political issues must remain a major objective. I have indicated the possibly fatal dangers of the frontal encounter which befall the freedom loving minority. That stratagem being closed to us, let's explore some alternative tactics.

The advantage which can be gained from control of a major party is obvious. Besides contributing to the delay of freedom's total collapse, the G.O.P., under conservative control, can be the rallying point of our partisans and the major vehicle in achieving our objectives. The past year gave us that advantage. Initial action should be directed toward solidifying the conservative hold on the G.O.P., locally and nationally.

However, the outward image of the national party cannot be one of the conservatism which you and I wish to proclaim. The 26 million votes we garnered in '64 will not in that way be increased to the 35 million we will need in '68. Where congressmen and lesser candidates can raise the hue and cry of freedom and still find themselves in office come January, may they forever campaign on their conservatism. In areas where our cause is less popular, I propose that we nominate articulate conservatives and run them as moderates. That tactic, with the ideological adjustments, has been so very successfully employed by the Left that our ignoring it up to now has nearly been

fatal. How many liberals do we catch campaigning on the principles and platforms of their beloved ADA?

The G.O.P. candidates are compelled to court that great unthinking and uncaring mass populating the middle ground. However, lest Messrs. Rockefeller and Romney (and the rest of the "between election Republicans") look upon my statements as conceding their right to control the party, let me state clearly that I would sooner boot them out. The difference with their position is that I purpose to run believing moderates.

The problem with this approach is that if the G.O.P. can not afford loud conservative clothing, where will the articulate young conservatives, who rise out of the past campaign, perform the task logically



theirs, that of developing a comprehensive conservative program? May I suggest a conservative counterpart to the A.D.A. (The J.B.S. wouldn't do). There the theory and methods may be developed—to be inherited by the G.O.P.

The need for a conservative organization outside the Republican Party is not obvious. I am contending, however, that the rising conservative awareness and activity could very well spend itself in a continuing pitched battle with the Establishment — unless conservative leaders can organize these

aroused people and direct them into a more rewarding fracas. Yet, a complication emerges if the party is to effectively perform that function. Looking from one angle, compromise with the unenlightened invariably dulls the attacking knife wielded by a minority. On the other hand, a complete and unbending rule of a major party by one group naturally reduces its effectiveness at the polls. The required mechanical unity of the G.O.P. is incongruous with the ideological unity vital to an organization which could effectively promulgate an effective assault on the Liberal Establishment. We've got to organize our own A.D.A.

With that, I leave the organizational details to those more schooled in the correct procedure. Take the suggestion for what it may be worth. However, the central proposal, the strategy innovation, requires further discussion.

The Direct Encounter

Consider these points. We conservatives have, up to now, been standing on our soap boxes, orating our profound truths and identifying ourselves solidly with minority positions. We lost. We lost big. Why? Our strategists aimed for the total victory in one glorious crusade for the minds of men. And what happened? The public relations department of the Establishment (i.e. the mass media) easily identified the danger to their reign. When the situation demanded, the House Guard proved its willingness to misuse the power at its disposal. They mauled Barry Goldwater to such an extent that the "grand finale" of the crusade, that liberal-conservative contest, was never realized.

Of course, the stratagem of previous years has greatly advanced the cause of freedom. Contemplate the 26 million persons who identified with our position. That's nice. Now we've got 26 million people who weep for America. In the absence of alternative direction, that's all they can do — weep.

The soap-box technique must be phased out of the front line. It

served its purpose. We know now who we can count on. We gained control of a party. Now, the pressures of urgency demand the diligent use of our advantage. And, a continuance of the open clash of Liberal-Conservative forces, if it remains the chief recipient of our energies, can only result in adding finality to the '64 debacle.

A more effective approach avails itself; "Creeping Conservatism," if you would (or worse yet, call it "Fabian Freedom.") The Lords of the Liberal Castle have developed no comprehensive mechanism to guard against the eroding effect of an attack whose danger to the House cannot easily be identified by the faithful serfs. Indeed, only when the danger is apparent will the Establishment react effectively. It is possible to undermine the very foundations of their influence, as they have ours, while precipitating no effective reaction.

Several proposed conservative programs have touched on this concept in that they advocate a gradual approach. But we haven't been using our heads. These programs have been easily identified with our cause. The fact is proudly proclaimed by the authors!

And, as has long been a contributing factor in our downfall, these programs remain essentially defensive in nature. Until we banish from our minds the notion that we, the enlightened, are destined to defend the traditional good in America, the trend to socialism will continue. What, pray tell, are we defending? The present miserable status of freedom of choice? And if we turn back an attack, has our cause been enhanced? Total destruction is delayed, perhaps, but even then the succeeding clashes will eventually reduce our resistance. Our forces must be redirected to a counter attack. We must enlarge freedom; we must aim, not for the status quo, but for a forced pendulum swing in the direction of freedom.

No, we haven't been too ingenious in our approach. Are we incapable of manipulating the base de-

sires of the populace? Why can't we frame legislation, for example, in a manner which only the well informed can perceive the ulterior motivation behind it. Certainly, we can develop a program which we can sell on its sex appeal. Instead of complaining that the Federal Government is usurping state powers, the conservatives should work for proposals which would serve to limit and regulate that government. Just as Federal Aid to Education usurps State Rights, our proposals could usurp the powers of the central government.

For Example . . .

Development of a well concealed, yet effective, campaign against "Big Government," reaping considerable backing from unwary moderate-Liberals certainly shouldn't unreasonably tax our mental capabilities. For instance, we could nurture agitation for requiring public disclosing of all activities of agents acting in the name of the U. S. government (with special fines and prison terms for evasion or falsification.) Whoa, there! I didn't say blast 'em with a bill requiring all Government agencies to report all activities; pick 'em off one at a time, a particular agency's particular activity this time, maybe two agencies similar operations and operators the next.

Meanwhile, a subtle campaign should be directed at the more vulnerable guard posts of the Liberal Castle. We should initiate expert study committees who report on extensive concealing of government activities. Other methods, which capture the same air of non-partisan, altruistic fact-finding ability, when they are developed by ourselves as they have been by our adversaries, could chime in with the same approach. The public could be maneuvered into demanding public disclosure of agency activities — and the door could be thusly opened to eventually regulating these agencies to death.

Generally, Federal Government's powers can be similarly and simultaneously attacked. The possibili-

ties of "freedom by regulation" are entrancing. It has often been noted that the socialists are not actually achieving socialism but do create the identical effect through regulatory measures. Now we can, in turn, regulate their regulatory powers.

Other ideas stream into mind once thoughts have been directed to mounting this offensive. Under a moderate smokescreen, conservatives could labor towards tax and Federal Government spending reforms which would tend to graduate income taxes on a "as the state receives it pays" basis. The popular appeal in many areas, making it politically advantageous for local Republicans and Democrats alike to support such a measure, is obvious. Why shouldn't those who live in states which receive more federal aid pay a higher proportion of taxes? An effective campaign, so motivated, would seriously crimp the vote buying, pork barrel style of the Liberals.

Then, we could push "clean up the Federal Government" reforms, sneaking in further regulations on their powers under that banner. New areas of state checks on Washington would be laid open by creating state controlled investigating committees of federal activities (or state representation on like bodies and/or special trial courts consisting of state officials with jurisdiction over federal graft and corruption cases.

Under the "clean up" guise conservatives could direct an onslaught upon the operations of the executive branch, presently enjoying a bureaucratic protective blanket of immunity. Influence on government activities could thusly be shifted to Congress and simultaneously to the States.

Perhaps the foregoing examples portray in shortened form the basic divergence of the approach contained in them from our previously ineffective methods. As the idea embeds itself in one's mind, the candlelight transforms into a powerful searchlight, illuminating the countless possibilities of a conceptually new conservative offensive.

As a minority, conservatives couldn't expect immediate successful completion of the campaigns which they direct. But the approach has an inherent aura of positivity which acts to envelop the uncommitted middle of the road—without the self defeating aspects of the me-too approach.

These, I suggest, should be the areas of concentrated effort on our part. Barry Goldwater aroused for us an enormous army of loyal and intelligent people. It is my sincere desire that we, if we may be called the field generals of the conservative movement, will not be called upon to sacrifice this legion in another defensive frontal encounter. I hope that persons of influence in conservative circles will seek, not to transform the G.O.P. into the partisan voice of uncompromising conservatism, but rather to use it as the major vehicle in effectuating the program of "creeping conservatism" which should be developed. I suggest that an outside organization be formed in which conservatives can promulgate and direct the counterattack, unhampered by the unenlightened meddling of the moderates which the G.O.P. must court. Further, the conservatives must enlarge the scope of their participation in the battle. Our offensive, to be effective, must be directed to every aspect of the populace's thinking.

It remains to be seen whether, under the pressure of urgency, 50 years of work can be undone in ten. Twenty-five million people certainly create a time advantage never enjoyed by the left at the time they were in a historically similar period. The external danger, I fear, doesn't seem to avail to us the same hope of a counter-move until our forces gain more influence on foreign policy. If it becomes apparent that the socialist-communist alliance has gained a decisive advantage over free peoples and our national leaders prove incapable of coping with the situation, we will be compelled by our convictions to resort to more direct methods. But that will be decided when and if that time comes.

Civil Rights Bill - A Remodeling of Society

Dale Sievert

Upon enactment of the new civil rights law this nation entered a new epoch. Subsequently, new relationships between classes, factions, and individuals will result with the entire sociology of our society changing, structurally, as well as in performance. The law deals with two basic *granted* rights that are diametrically opposed. It effectuated a shift in the public respect given each of these rights and consequently a change in our economic and sociological structure.

These rights are: 1) that the owner of a private enterprise, one serving as any public market, has the prerogative to serve or not to serve anyone he wishes, and 2) that any person can transact business in any market he pleases. True, the new law does not presently include all markets, but it could be conceivably extended to that degree. Immediately stressed were the markets of labor and public accommodations, e.g., restaurants, hotels, personal service shops, etc.

Which of these rights would receive a mandate of the American public—that is, Congress—lay at the crux of the issue. During these past years riots, harangues, and demonstrations obscured the real issue. Demands for expediency from pressure groups coupled with their threats were the bill to fail, tax the rationality of any legislative body (the United States Congress included)—a somewhat shameful product of "minorities rule."

Congressional debate supporting the civil rights bill stressed the latter right—the consumer's liberty to choose his market—as the more important. Meanwhile the attack of the bill's opponents missed the issue, with descriptions of the deplorable state from which this nation might suffer with this aggrand-

izement of the central government's position. This, however, was a side issue and greatly overemphasized. Southern congressmen described the condition as a defense of the entire white race in the United States against a pervasive and inspired Negro minority. Because the central government was called on to assist the Negro in his plight, a strong identification was made with an encroaching Federal Government. While the identification has merit at various levels, Congress became subject to a gross exaggeration of the argument. Needless to say, it somewhat plagued any attempt to achieve logical reasoning.

Freedom the Issue

But on the real issue, it is evident that the private enterpriser's right of discretionary service arises implicitly from the free market economy. "Free" in this context may mean either 1) free prices fluctuating with supply and demand, or 2) growth and contraction of liberty. Less realized but very important is 3) freedom from economic association (ranking high, sometimes highest in value, among a great many enterprisers). Often, for example, an enterpriser uses the principle of personal discretion when attempting to build an above average enterprise, commensurate with his own blueprint. If he desires an exclusive clientele he may use economic discrimination through prices or advertising. Using valid inference, it is apparent that *social* discriminating at the market originates through this very guise. Another example may occur in selection of employees. In both of these cases the enterpriser argues that because he owns the business, pays taxes on it, and is subject to unlimited liability by it he can also make personal preferences

with respect to his clientele and his employees.

Denied the principle of discretionary service, an enterpriser may very likely sustain financial loss. He cannot serve the market sector he desires and is circumstantially placed in a less profitable sector of the market. But is this not also economic discrimination, only this time against the enterpriser? To cite another example, consider the result when a consumer refuses to contract business with a particular enterprise, only to do so with a competitor. The two enterprises are equal in every respect except personal character. The consumer then made a preference choice between enterprises on the very same principle of personal discretion as in the case of the enterpriser. Essentially the former business no longer serves the public, but a private sector. The enterpriser's argument, then, is that he should as well reserve the right to serve a private sector, as well as seeing personal discretion being legal in one case and illegal in another. In each case the discrimination is economic, but may be a source for social discrimination.

Ducking the Problem

A satisfying solution is elusive. Enterprisers exist as a minority, clinging to a position that lacks public understanding. Resulting from this was the loss of the right of discretionary service with the labels "inhuman," "ruthless" and a host of others. But it should be recognized that free enterprise, like any other economy, is not perfect as an economic or social mechanism. However, it begs no apologies; rather, it asks that through study of its history insight be gained of the countless merited objectives derived through it—especially, and ironically, those earned for minorities.

Whether or not this law will prove to be the panacea prophesied will become evident with time. However, it is doubtful that the problem was really eradicated, for it evolved from the abrogation of a minority's right. If the right of

freedom from economic association will henceforth suffer further abrogation, the possible results may prove disastrous for our society. Frustration results from denied rights and goals; the new law denies some of their rights and goals. But this is not the worst result, for in the law's present sphere of influence, relatively little frustration and dismay will result. Stronger, more expansive, and more interfering laws, laws close to each of us are envisioned, and herein



lies concern for the future. On a law of this type, where central regulation of the society takes place, there should and must be concern on the part of the citizenry for their liberties encompassed. History, human nature, and rationality teach us that political and social control, when left unchecked, knows no bounds. The principles of federalism, states rights, and checks and balances were instituted in this light.

The Price of Apathy

The American Negro is a victim of another society's oppression; he lacks an effective method of self-control or self-propellment in respect to his white associates. With sufficient validity, a prevalent argument is that our entire citizenry may as a result fall subject to the central government. Any people may suffer similar circumstances if their methods of control are relegated to mere remnants of earlier and more effective control tech-

niques, or if they are slowly but entirely delegated to those of higher power. In our society much of our position and especially our lack of it is due to apathy and less than full utilization of our control techniques. The kernel of the matter is that we need to prevent any such entire subjugation of people to *any* one individual, group, or society. In the long run, rigorous study will show that free individuals endowed with techniques for exercising countervailing power, can best maintain their liberties and achieve their goals *while detrimentally affecting their compatriots at a minimum*. It may be safely argued that the Negro does not possess sufficient control techniques of this type, and this makes the entire question one of choosing the most desirable balance for operation of the principle of countervailing power. However, in antecedence, it would be wise to examine the degree of relegation and delegation occurring in this case before a shift in the balance of power is made. To avoid such a subjugation and the consequent shift in power requires that we be aware of our destination in transit, indeed, that we have a destination at all, and that we possess the means for arrest and control of those in whose hands we are.

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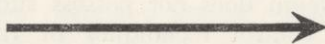


Time To Join Young Americans for Freedom

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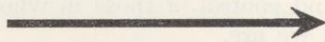
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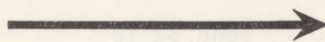


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RONALD REAGAN

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The Harsh, Hidden Effects of the Minimum Wage

James E. Blair

Has This "Humane" Legislation Hurt More Than It Helped?

Government regulation of wages is, of course, an old practice. In Western Europe there existed a wide range of wage regulations prior to the rise of classical liberalism in the nineteenth century. The North American continent was largely free from government manipulation of wages during the period which saw wages here become the highest in the world. However, from 1912 to 1923 a humanitarian concern for the poor resulted in the establishment of minimum wage laws in fifteen states, Washington D. C., and Puerto Rico. These laws, when tested in the courts, were declared unconstitutional as violations of the fourteenth amendment.

The idea of a minimum wage law was revived with the Fair Labor Standards Act of 1938, based on the Federal Government's power to regulate inter-state commerce. The legal minimum wage was set at 25¢ an hour in October 1938, raised to 30¢ in October 1939, and to 40¢ in 1945. The rate went from 40¢ to 75¢ on Jan. 25, 1950, then to \$1.00 on March 1, 1956, and was raised to \$1.15 on Sept. 3, 1961, at the same time extending coverage to additional persons at \$1.00 an hour. In September, 1963 the minimum wage was increased to \$1.25 in all jobs covered prior to 1961 and to \$1.15 in jobs added in 1961. New York City unsuccessfully attempted to establish a \$1.50 minimum wage law in 1964, and "progressives" today are advocating a federal minimum wage of \$2.00 an hour. Indeed, if it is possible to raise wages to any

desired level by governmental decree, one wonders why large segments of the population, especially those in lower paying jobs are usually excluded from minimum wage coverage and also why the level is held down to what a typical low income worker is thought to need.

Before presenting the results of empirical studies made on the effect of minimum wage laws, it is desirable to review the classical theory of economics to determine what results would be expected if the theory is actually valid. In this way one knows what to look for in the mass of data published by the Dept. of Labor's Bureau of Labor Statistics. (Let me hasten to assure the reader at this point that it is scientifically sound procedure to use theory as a guide in the decision as to which data is significant. Indeed, I hope to show that failure to consider data deemed important by theory has led many people to overlook some of the harmful consequences of our present minimum wage law.)

Simple application of the law of supply and demand suggests that employers forced to pay higher wages will employ fewer workers. This indicates that the industries affected will respond to minimum wage law increases by either laying off existing help or hiring fewer new workers than they otherwise would have done.

As a consequence of reduced employment opportunity in industries "protected" by the minimum wage coverage, one would expect an influx of workers into industries *not* covered by the law—workers who would normally have been employed in the protected industries. Thus theory predicts that unprotected industries should show in-

creases in employment, or unemployment, or both, depending on the particular industry's ability to absorb the new workers as the minimum wage is raised. As a result, one would also expect that wages in the non-protected industries would either fall or rise more slowly than normal, when the federal minimum wage is increased.

As the legal minimum is extended to more workers, or is raised higher above the market value of the worker (as determined by his productivity), the non-protected industries will be less able to absorb the workers precluded from employment in the protected industries. Hence, one would expect (all other factors being constant) an increase in the number of persons structurally unemployed. This should be greatest among persons with little skill, or who for one reason or another are likely to seek employment in the low wage jobs most affected by the minimum wage law.

Theoretical Consequences

In the normal operation of the market economy, if unemployment develops in a given location (due, for example, to decreases in the demand for a product produced in that area), then wages paid in that region tend to be reduced, at least relatively. The lower wages serve as an inducement for industry to move into the area, particularly industry such as textile and light manufacturing plants which do not require highly specialized skills in their workers. In so far as minimum wage laws tend to reduce the wage differential between "depressed areas" and areas of normal employment, they would be expected to retard the movement of

industry into depressed areas.

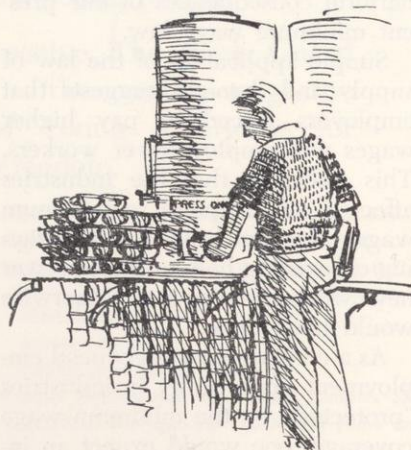
Another consequence of minimum wage laws is discussed by Ludwig von Mises.* This is the "Ricardo effect," i.e., a high minimum wage causes employers to substitute machinery for labor, because of the increased cost of labor. One would expect this to happen, and studies of the effect of these laws should look for this effect. It has been suggested by some that the Ricardo effect is desirable because it promotes automation. But this neglects the fact that a lack of capital is a prime factor which checks a business man's endeavor to improve the equipment of his firm. Since the minimum wage law does not create additional capital, the forcing of more capital expenditures in one industry leaves less for other industries where it would have been employed more efficiently, i.e., would have yielded a higher return on investment. Thus the economy as a whole does not benefit from the Ricardo effect. And while the worker in the protected industry who has higher pay and increased productivity due to the machinery does benefit from the law, the worker who is laid off or replaced by the machine may see things in a different light.

To summarize then, classical economics predicts reduced employment opportunity in protected industries, lower wages and increased employment in non-protected industries, and more unemployment in both types of industries than would have been the case had the law not been passed. In addition, a shift of capital expenditure from the rest of the economy into some protected industries would be expected. The decreased employment opportunity in the protected industries would cause an increase in structural unemployment and would contribute to the development of "depressed areas," if the unprotected industries could not absorb the influx of workers precluded from the protected industries. The classical theory does not claim that no worker will bene-

fit or even that wages in the protected industries cannot be raised for those workers fortunate enough to remain employed.

Most proponents of minimum wage laws base their support on the assumption that the classical theory is invalid (if indeed they indicate having heard of it at all) and that employment opportunity will not be adversely affected. In addition, they stress the humanitarian purpose of the law. On this point I offer two observations: (1) since a law is not animate, we should rather talk about the "purpose" of the legislators who supported it. But this is impossible to determine without telepathy or perhaps a truth serum. Perhaps a congressman voted for it because he thought it would help the poor, or perhaps because it would aid in his re-election, or perhaps because he wanted to reduce the likelihood of industry moving into depressed areas instead of into his state or district. And (2), the "purpose" is not relevant to the actual effect.

When the federal minimum wage law was passed in 1938 there was no data available (from this country at least) on the effects of such a law. Then one could claim that he knew in his heart the classical theory was wrong. Then there was only logic but no data. Now, however, there is both logic and data.



It is sometimes suggested in jest (and even in earnest) that since average wages in this country have increased, and the legal minimum wage rate has increased, the latter has caused the former. This ar-

gument does not even qualify as *post hoc ergo poster hoc* since the increases in the legal minimum in each case followed the average national increase. I for one find it difficult to believe that the national average wage rose past the 75¢ per hour mark in the 1940's due to the minimum wage boost to 75¢ per hour in January of 1950. Studies on minimum wage law impact have to be done a bit more carefully than this.

Supporting Studies

For one thing, since most workers are not directly affected by any given boost in the legal minimum, either because they already earn more than that level or because they are excluded from coverage, the effect can be seen only by studying those industries or geographic areas where a relatively large portion of workers receive low wages. An intelligent study must consider employment as well as wages, and must study the effect on industries excluded from coverage of the law as well as those included.

Support for the law comes from a series of studies printed in the Department of Labor's Bureau of Labor Statistics' publication *Monthly Labor Review*, so let us consider these carefully. The May 1960 issue* contains the most recent such study entitled "Effects of the \$1.00 Minimum Wage in Six Areas 1956-59." The six areas were selected in low wage regions of the South where the law has a measurable effect. The survey reports average hourly wages in the areas before and after the legal minimum was raised to \$1.00 on March 1, 1956, and shows that in the industries covered by the law, average hourly wages jumped by around 10% in most of the six regions. But no data is given on employment and unemployment figures in these regions at this time, and nothing is said about possible reductions in the work force. Indeed, to take an extreme example, the average wage in an industry can be raised by simply firing everyone whose

**Human Action* (pp. 769-799 of the Yale edition).

*(v. 83, no. 5, pp. 472-8)

wage is less than a given amount. Hence, this Bureau of Labor Statistics study is almost completely useless as an attempt to test the predictions of the classical theory of economics.

The study does contain some interesting figures however. Wages in the industries in these six areas which were not covered by the minimum wage law showed an average reduction in one of the areas (Dothan, Alabama), and they either stayed the same or increased by only a per cent or two in the other five areas. This was during an upswing in the economy as a whole, when wages would normally be expected to rise. Thus it appears that the theoretical prediction that wages in unprotected industries will either fall or rise more slowly than usual appears to be supported. It should also be noted that this study shows that in all six areas wages in covered industries were already higher than in uncovered industries before the \$1.00 legal minimum went into effect. Thus the law produced an even greater difference in wages between the "high" and "low" pay jobs in these areas.

As a consequence of studies such as the above, *Monthly Labor Review* in a later article* concludes that we know from experience that it is possible to raise the average pay for workers in low paying industries by minimum wage laws. But classical economic theory doesn't dispute that.

America magazine of April 4, 1959, at least deals with an actual prediction of the theory when the editors observed: "In the halting progress of the legal minimum wage from 40¢ an hour in 1939 [Sic.—it was raised from 25¢ to 30¢ an hour in 1939 and to 40¢ an hour in 1945—JEB] to \$1.00 today, none of these dire predictions has been fulfilled. There has been no erosion of jobs. . ." It should be noted in connection with this observation (made with no evidence cited to support it) that the successive business cycles through the

1950's and early 1960's each left an increased residue of unemployment.

In the years since World War II, with the federal minimum wage law in operation, we have seen a steady cyclic increase in unemployment, interrupted only recently (probably by the tax reduction). We have also witnessed a "depressed area problem." Both are in accord with the theoretical predictions of the effect of minimum wage laws. Since there are many factors working in the economy, we cannot say with certainty that the above are caused by the minimum wage law. However, detailed studies of the effect of the law have been made, and the results are enlightening.

Dubious Humaneness

The effect of raises in the legal minimum on employment in various low wage industries covered by the law is summarized in *Manpower, Productivity, and Costs* by Professor Yale Brozen of the University of Chicago. In the two years following the establishment of the 25¢ per hour minimum wage rate in October, 1938, 14 per cent of the workers in seamless hosiery plants lost their jobs. Likewise, when the rate was raised to 75¢ an hour employment in southern pine saw mills dropped by 17 per cent. Similar employment drops occurred in the cigar, fertilizer, shirt, footwear, and canning industries. The Bureau of Labor Statistics found an 8 per cent decline in total

employment during the year following the increase to \$1.00 in the five low wage industries it chose for detailed examination. The application of the \$1.00 minimum wage in 1961 to a certain sector of retail trade brought an 11 per cent decline in employment to that part of retail trade, while retail trade employment in the other sectors and in the nation rose. In each of these cases cited above, while employment in the protected low wage industries dropped, sales, production, and employment were rising in the United States as a whole as a result of a cyclical upswing.

Another study of the economics of the minimum wage law is the Ph.D. thesis of David E. Kaun of Stanford University.* Kaun studied fourteen low wage industries, with large segments located in the South (where the direct effects of the minimum wage are greatest). He considered the behavior of wage distributions, employment, and labor force composition, among other things. His list of findings include "relative adverse employment effects occurring where the impact of the minimum wage is greatest," and "increases in the minimum wage appear to have adversely affected employment opportunities for certain classes of labor, namely, Negroes, females, younger workers, and workers living in rural farm areas." He concludes that his analysis "results in conclusions generally in agreement with the implications derived from the competitive hypothesis."

Classic Results

A Cornell University study of the \$1.00 minimum wage law on New York retail trade, some of the results of which are given in *Monthly Labor Review*, March, 1960, pp. 238-42, found that the law resulted in (1) lower profits to stores, (2) reduced hours for part time help, (3) the laying off of workers, especially "inefficient" ones (which, the study explains, means elderly, handicapped, and part time help), (4) reduced store



*"Results of U.S. Minimum Wage Laws" (March 1960, pp. 238-42)

*summarized in *Dissertation Abstracts*, 25, no. 2, p. 881.

hours, and (5) "more careful recruitment of employees" which is explained to mean exclusion of the elderly, Negroes, and other "less acceptable" employees.

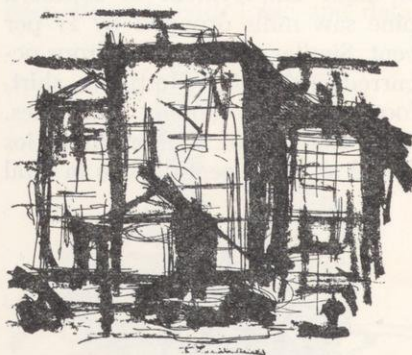
The Ph.D. thesis of M. A. Malik of the University of Michigan* reports that of twelve low wage industries studied in the United States, eleven experienced employment declines in the immediate period of two or three months after the establishment of the \$1.00 minimum (during a general economic upswing). Of these, ten continued to show employment declines a year later. Since there are many other constantly changing factors which influence the employment situation in any given industry, Malik tried to find alternate explanations for the employment reductions in these industries. But in at least five of the industries he could find no other reasonable explanation—the employment decline was apparently due to the minimum wage law. As one might expect, the industries where the law had the greatest impact registered the largest declines in employment.

The final study that I shall refer to is a study of the effect of minimum wage law increases on a non-covered industry, in this case, household workers.** Studying the period from 1950 to 1963, Professor Brozen's figures, show that "in each instance when the minimum wage rate rose, the number of persons employed as household workers rose. The rise was not the result of unemployed household workers finding jobs since there was also a rise in the percentage of household workers unemployed in each instance (except 1961-2, when the decline in unemployment percentage accounts for only 15% of the rise)." This increase in both employment and unemployment in the non-covered industry with raises in the legal minimum wage is exactly as predicted by classical economics, and indicates that workers driven from or precluded

from jobs in covered industries by the law must seek work in non-covered industries, like household work. Figures given on wage rates in household employment indicate that wages are lower than they would have been without the Fair Labor Standards Act.

. . . and the Sweatshop

As the evidence of the curtailment of employment in low wage industries as a result of the minimum wage law has mounted, some proponents of the law have adopted a new rationale for their position—they say the law is good because it helps to eliminate "sweatshops." Since some industries are covered and some exempt from coverage by the Fair Labor Standards Act, if some "sweatshops" have been eliminated, it has caused people employed in them to find jobs in others, generally at even lower wages. If the law covered *everyone* in the economy, (including baby sitters and the like) most of those who were "saved from sweatshops" would have no where to go to find jobs. It is all very well for the Liberal theorist to claim that a man is better off unemployed than working in a "sweatshop," but shouldn't the final decision rest with the man in question? The law



would protect the unemployed against being offered a job by anyone that pays only \$1.20 an hour. Now they are protected only against this offer being made by some employers.

One additional observation on this point: often a low paying job in an industry gives a person the chance to learn the business or to

demonstrate his ability, so it can often lead to advancement and to a higher paying position. Consider the number of company presidents and high officials who started their careers in low paying jobs, and imagine where they might be today if they had been protected against being offered their first job by a minimum wage law.

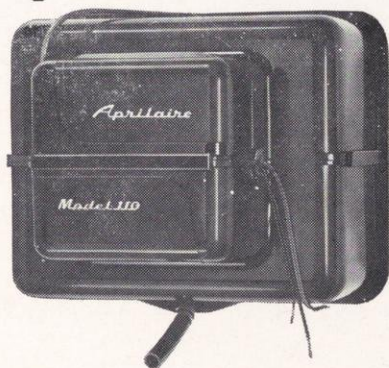
Thus we see that the minimum wage law can raise *average* wages in an industry by reducing the employment of low wage help. In some respects the effects are like that of a tariff—it is easy to recognize those who benefit from the law, but harder to determine those who suffer from it. We can see the worker who is given a raise because of the increased minimum, but the worker who is laid off when he otherwise would not have been, and the man who is not hired who otherwise would have been, are harder to identify. But while the harmful effects of the tariff are spread over the whole economy, those harmed by the minimum wage law are mostly the very poor, the unemployed, the elderly, and the unskilled.

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*summarized in *Dissertation Abstracts*, 25, no. 3, p. 1616.

**Y. Brozen, *Journal of Law and Economics*, 5, pp. 103-109, October, 1962.

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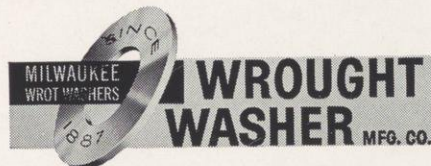
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hindsights

The heat is finally subsiding. Neighbors whose vote cancelled out yours are again cheerfully greeting you upon meeting; the number of nasty referrals to the bumper sticker on your car become negligible; you find time to read the sports page in the *Daily Bugle*; and you can even find sprints of factual, objective reporting on T.V. Oh, but it's nice.

President DeGaulle motions thumbs down on our idea for a multilateral nuclear force. The neutralist nations scream at us for our humanitarian mission in the Congo. Great Britain says we are all wrong about Red China. Cambodia claims that we threaten her continued existence more than the Communist bloc does. It seems that nobody thinks that the United States is right about anything—but then we don't really believe in our own cause either, do we.

"A revolution is taking place which will leave the people dependent on the government . . . finding markets will develop into fixing prices and finding employment will develop into fixing wages. The next step will be to furnish markets and employment, or in default, pay a bounty and dole. Those who look with apprehension on these tendencies do not back humanity, but are influenced by the belief that the result of such measures will be to deprive the people of character and liberty."

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For interest's sake, we note along with everyone else that Indonesia's pulling out of the United Nations marks a milestone of a sort. For Indonesia used to be the first example (shown on all those "Back Your UN" films) of how the United Nations was turning savage colonials into peace-loving Liberals, and solving their problems of independence as well. Spell the UN's success in Indonesia D-E-F-E-A-T.