

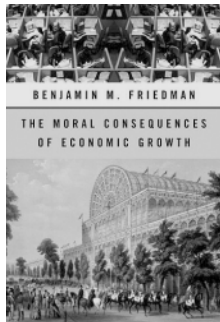
# Book Reviews

## The Moral Consequences of Economic Growth

by Benjamin M. Friedman

Alfred A. Knopf • 2005 • 570 pages • \$35.00

Reviewed by Richard M. Ebeling



Benjamin Friedman is a professor of political economy and a former chairman of the economics department at Harvard University. He is also an unswerving advocate of the interventionist welfare state. His recent book, *The Moral Consequences of Economic Growth*, is meant to demonstrate what is necessary to

assure that the majority of the people will continue to support economic regulation and coerced redistribution.

Friedman's starting point is the idea that when people experience rising incomes and economic improvement, they tend to be both more generous and more benevolent toward their fellow men. On the other hand, when they view their present and future economic prospects as either stagnant or regressive, they tend to be stingier and less sensitive to others.

Friedman then translates this into a policy prescription for government to foster increasing economic growth, without which, he contends, many in society will be less open to "tolerance," "fairness," and "democracy." To demonstrate this, he takes the reader through a lengthy, and often disjointed and meandering, account of American and European history during the last 300 years.

Long periods of sustained economic growth, Friedman argues, provide people with a psychology of economic security and confidence that makes them less fearful that continuing social change may undermine their material status. In other words, high economic growth makes people view change as a "positive-sum" game in which everyone can be better off at the same time. Low or no economic growth makes people feel

that change is a "zero-sum" game in which others must be getting ahead at their or somebody else's expense. Low growth, therefore, creates a culture and politics of mean-spiritedness.

He tries to show that it has been during periods of sustained economic growth that people have been less racist and sexist, more willing to pay taxes for the social "safety-nets" of the welfare state, and supportive of "activist" government steering society toward desirable "social ends." During periods of prolonged slow growth, people become "anti-government," wanting to hold on to what they have and not "share" with those who are less well off.

To prove this Friedman must perform a variety of interesting intellectual contortions. For instance, the expansion of government during FDR's New Deal in the "bad times" of the 1930s becomes, supposedly, the "exception" that proves the rule. He also contends that people turned against Keynesian economics in the 1970s because they felt worse off during the decade's inflation. The unstated presumption, therefore, is that Milton Friedman must not have received sufficient raises from the University of Chicago in the 1960s and 1970s. Why else would he have been so "negative" about society that he devised the monetarist case against discretionary macroeconomic policy?

And we have an internationally known Harvard economist bemoan the fact that during the "uncaring" and clearly "cruel" years of the Reagan administration, the national minimum wage was not increased. One can only conclude that the laws of supply and demand, and the harm from pricing people out of the market by mandating a wage above where the market would have set it, are fundamental truths that have been forgotten by at least some of the members of the Harvard economics department.

Benjamin Friedman rationalizes government intervention to foster continuing economic growth by arguing that such growth is a "public good" that would be "undersupplied" if left to private decision-making. Since growth generates the morally desirable side effects of "tolerance," "fairness," and "democracy," for which there are no market prices, private individuals may choose to save, invest, and educate at levels below some rate of "optimal" economic growth. (The mantra of "toler-

ance,” “fairness” and “democracy,” which is repeated throughout the book, is merely Friedman’s Orwellian “newspeak” for all the welfare-state policies he likes.)

Friedman admits that government deficits are “bad” because they divert some of society’s resources away from future-oriented private-sector investment. But rather than cut spending so the government would borrow less, he wants those recent tax cuts for “the rich” reversed to pay for increased federal largess. The supply-side economists’ arguments over the last 30 years that raising marginal tax rates reduces the incentives for work, saving, and investment seem not to have penetrated the walls of Friedman’s office at Harvard.

And what exactly does he want government to do? He wants it to foster more college education through student loans and tuition subsidies; and private employers should be induced through tax-breaks to offer more on-the-job training. He does concede that the quality of public education is less than desirable and could be improved through competition. But he wants any “school choice” to be limited to government-run schools. Better-educated and -trained young people, you see, will generate the economic growth in coming years that will provide the wealth to support the continuation of Social Security and government health care.

Through all the hundreds of pages in Friedman’s book, there is one word that rarely appears: liberty. The only freedom that matters to him is that old New Deal notion of “freedom from want.”

That individuals should be free to retain the income they have honestly earned in the marketplace to make their own choices concerning work, saving, and investment never even enters the discussion as a serious option. That individuals should have the freedom to decide for themselves the degree of benevolence and charity they wish to undertake is treated as something supplemental to government’s responsibility. Nor does Friedman even conceive of the possibility that education can and should be left to the market.

Friedman’s mindset is typical of the social engineer who views the members of society as puppets to be manipulated through government “pro-growth” policies in order to generate the wealth needed to fund the welfare state and to induce the right psychology so they will be willing and happy to be taxed to pay for it.

At a deeper level, therefore, Friedman operates on the basis of an almost crude “materialist” philosophy of history. How individuals think about freedom, society, and the nature and role of government is assumed to depend almost completely on their perception of whether their standard of living is rising, falling, or stagnant. Change the rate of economic growth, and you modify people’s beliefs and attitudes about the size and function of government. Get the economy moving along a faster growth path, and “the people” will want and support big government, like some version of Pavlov’s dog under the right stimulus.

Maybe if we could get Harvard University to cut back on Benjamin Friedman’s pay raises he would become disgruntled enough to write a new book, this time in defense of less government and more individual liberty!



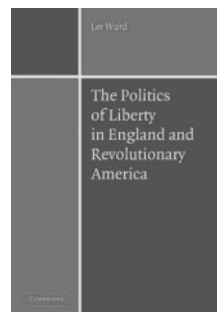
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## The Politics of Liberty in England and Revolutionary America

by Lee Ward

Cambridge University Press • 2004 • 459 pages • \$90

Reviewed by Becky Akers



Explaining and, worse, legitimizing the state occupied sixteenth- and seventeenth-century philosophers in England and Europe. Even as the beast they dissected exiled or imprisoned them and ravaged their countries with civil war, they worried about the intricacies of absolute monarchy.

How exactly did God ordain it, and do men owe obligations beyond abject submission to their king? Is a monarchy not only absolute but unified, or does the sovereign share his power with “lesser magistrates”? If the latter, does the king’s authority move with him from palace to Parliament, so that his partners in crime bask in the reflected glow? Is there room for contractual relations between a sovereign and his subjects? And is that contract voided when the sovereign becomes tyrannical?

Is it even possible for a sovereign to be tyrannical? After all, if law proceeds from the sovereign and is to be obeyed rather than questioned, how can we mere mortals call some dictates just and others, well, dictatorial?

Not only did these policy-wonk questions intrigue pundits, they inspired such events in British history as the Long Parliament, the Puritan Revolution, the Commonwealth, and so on. In *The Politics of Liberty*, Professor Lee Ward, who teaches political science at Campion College, University of Regina (Canada), correlates his philosophical history to the political one and coincidentally proves how very much ideas really matter. He traces the development of thought, repellent though it is, on the extent and morality of the state's authority from Sir Robert Filmer, Hugo Grotius, and Thomas Hobbes through Samuel Pufendorf and such Whig philosophers as James Tyrrell, Algernon Sidney, John Locke, and Cato (that is, John Trenchard and Thomas Gordon, authors of *Cato's Letters*). His book concludes with the transformation of these ideas by James Otis, Thomas Paine, Thomas Jefferson, and other Americans.

And thank heaven they were transformed. Filmer argues unabashedly that the monarch is *sovereign*. Indeed, his king sits so far above the law that the royal nostrils may bleed. Filmer credits the biblical account of Adam's creation for this. Supposedly, when God gave Adam dominion over the earth (Gen 1: 28–29), Adam became a literal and utter dictator.

Never mind that the context of these verses is dominion over the *natural* world, not the political one. God is not establishing Adam as a sort of primeval Stalin; rather, Adam is humanity's representative, with God offering nature to mankind so that we may harness it for our advantage.

Ward next shows how Hobbes and Grotius fine-tuned Filmer's points. For example, they debate endlessly whether subjects have any right to rebel, even under the worst of conditions, including the threat of imminent death.


The early Whigs don't offer much refuge from such lunacy. James Tyrrell wastes time and energy proving that Adam's authority over his sons was a general one common to all fathers, rather than a specific right granted to Adam alone. He frets over whether human liberty is alienable and decides it is, though no man would be

foolish enough to give away his freedom. Perhaps not, but some philosophers are foolish enough to abet those who steal it.

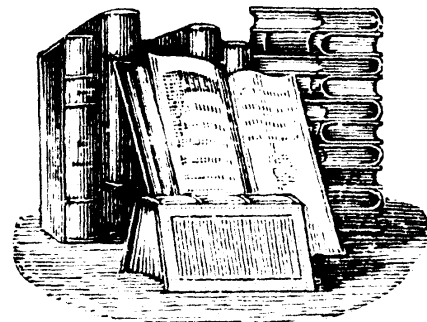
To this point, the quibbling resembles that between modern Republicans and Democrats, with all the non-sensical nuances of the argument over Social Security, for instance. And just as the parties don't step back from the trees long enough to recommend clear-cutting the forest, neither do these philosophers. Bit by bit, they feed off and slightly temper the others' enthusiasm for government. Along the way, almost accidentally, they take baby steps toward stifling the state.

With Algernon Sidney, however, comes a giant leap for mankind. He slashes and burns Filmer with a point-by-point refutation from the Bible. Locke, Cato, and the Americans take an even bigger leap into territory more familiar to us and far more palatable.

Professor Ward tells a tale that begins so sickeningly it makes tough reading for anyone who loves liberty. But hang in there: things improve in the middle and wax positively rosy by the time Locke and company ride to the rescue.

*The Politics of Liberty* explains some of the baffling reverence for government plaguing us today. Much of it can be traced to Filmer, Hobbes, and the other apologists for government whom Ward discusses. Their pernicious presuppositions still stalk among us like vampires. Understanding these presuppositions allows us to track the vampires to their lairs so we can drive stakes through their hearts. This book provides not only a map to the lairs, but the stakes as well. 

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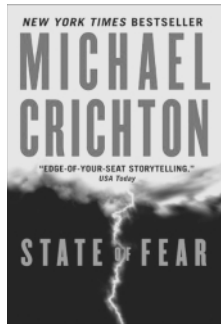


## State of Fear

by Michael Crichton

Harper Collins/Avon • 2004/2005 • 603 pages • \$27.95  
hardcover; \$7.95 paperback

Reviewed by George C. Leef



*State of Fear* is a didactic novel, teaching while telling a story. Author Michael Crichton is attempting here to do more than just to make a general statement to the reader, such as Upton Sinclair did in *The Jungle* (“capitalism is bad”) or Ayn Rand did in *Atlas Shrugged* (“capitalism is vital”). He is attempting to enlighten the reader in great detail about the subject of global environmental change. Specifically, Crichton wants to disabuse people of the carefully cultivated notion that we face inevitable global environmental catastrophe unless we immediately adopt a program of radical economic contraction to stop the emission of “greenhouse gases.”

Equally important, Crichton wants to tear away the curtain of sanctimoniousness that hides the self-serving nature of the main “green” organizations. Their disregard for science and truth already imposes costs on people, with the heaviest costs falling on the poorest people. If the United States were ever so foolish as to embrace the “green” agenda in full, the result would be economic disaster of monumental proportions. Crichton accurately sees the radical greens as self-interested groups whose officers irresponsibly push fear and pseudoscience to drum up financial support.

When you put such an ambitious product in the hands of a bestselling novelist, you have the makings of a book with strong impact. That’s just what Michael Crichton delivers.

It’s important to bear in mind that while Crichton has made his career writing fast-paced “technothriller” novels, he has a strong scientific background that includes a medical degree from Harvard. Clearly, he has not lost the ability to think analytically about scientific claims. The greens’ incessant use of alarmist rhetoric, disinformation, and junk science has caused many scientists to speak up in protest. Crichton wants the general read-

ing public to understand what scientists do and that environmentalists often play fast and loose with the scientific method.

The action in the novel centers around a fictitious (but very realistic) environmental organization called the National Environmental Resource Fund (NERF) and its unpleasant, maniacal leader Nick Drake. NERF has been spending huge sums of money to covertly acquire some esoteric technology, a fact that comes to the attention of John Kenner, a cross between an MIT professor and a swashbuckling adventurer. Kenner gradually figures out what Drake is up to—the deliberate staging of environmental disasters, human casualties and all, for the purpose of hyping a big environmental conference and lawsuit NERF is planning. Kenner uses all his brains and guts to foil the plots.

Naturally, there is plenty of suspense, mystery, and action. What Crichton hopes is that readers won’t just go bouncing along with the plot, but will absorb some of the scientific information he frequently includes in the form of dialogues between Kenner and some environmental true believer. For example, Kenner responds to a flip comment by an environmental lawyer that Antarctica is melting due to global warming by printing out a list of scientific papers (all of them genuine) in which the researchers have found evidence for Antarctic cooling. The lawyer merely responds by saying that the studies were probably financed by the coal industry.

Kenner counterattacks by asking if the lawyer holds his views merely because his salary is paid by environmental groups. The lawyer becomes angry at the implication that he is just a paid flunky, and Kenner then bores in.

“Now you know how legitimate scientists feel when their integrity is impugned by slimy characterizations such as the one you just made. Sanjong and I gave you a careful, peer-reviewed interpretation of data. Made by several groups of scientists from several different countries. And your response was first to ignore it, and then to make an ad hominem attack. You didn’t answer the data. You didn’t provide counter evidence. You just smeared with innuendo.”

*State of Fear* is chock full of important lessons like that.

Once he gets rolling, Crichton is like a guy who, now that he has his chain saw out, figures he might as well cut

up not just the downed tree branch in his backyard, but all the rest of the dead wood around. He goes after lots of other environmental pseudo-issues (such as that power lines cause cancer) and emphasizes the high cost of some environmental policies (such as the resurgence of malaria since greens managed to have DDT banned). By the book's end, there's a big pile of sawdust that used to be the environmentalist thought-world.

Of course, the book has been blasted by the greens and big-government interventionists who don't want to see one of their prize justifications for the expansion of the state called into question. Their ire alone is almost enough to recommend *State of Fear*. Crichton's brief essay "Why Politicized Science Is Dangerous" (included as an appendix) is certainly enough to recommend it.

Sample this rarity—a best-seller that has something very important to say.

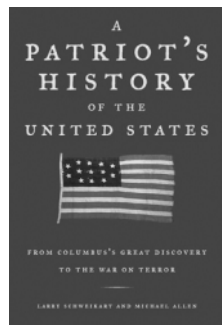


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### A Patriot's History of the United States: From Columbus's Great Discovery to the War on Terror

by Larry Schweikart and Michael Allen  
Sentinel • 2004 • 928 pages • \$29.95

Reviewed by Burton Folsom, Jr.



U.S. history textbooks are important because they are a benchmark of what we as a nation value in our past and what we envision for our future.

After thumbing through a recent batch of texts, David McCullough, winner of the Pulitzer Prize, concluded that "most of them, it appears to me, have been published in order to kill any interest that anyone might have in history." What's more, he discovered that "they're often hilariously politically correct and they are not doing any good." Not surprisingly, students hate them and refuse to read them; used book stores often refuse to buy them, or even to put one on their shelves.

Larry Schweikart and Michael Allen, authors of *A Patriot's History of the United States*, observed this trend and tried to do better in writing their own text. The result is a magnificent achievement—a readable narrative that persuasively explains the rise of America, and directly challenges the endemic political correctness in texts today.

Schweikart and Allen start by praising character and hard work as the building blocks of American success. Because Americans had a Christian culture, they took the right to life, liberty, and property seriously. The Founders, Schweikart and Allen remind us, wanted limited government, and that limited government, born in the 1700s, gave free rein to the triumph of entrepreneurs in the 1800s, which helped build the United States into a superpower in the 1900s.

Most history texts are weak in analyzing economics and economic development. Few historians understand how capitalism works and how government intervention often stifles growth and hinders the very groups targeted for benefits. Schweikart and Allen, by contrast, have published widely on banking, entrepreneurship, and economic development. Rather than indulging in the usual "robber baron" line of attack, they describe how Carnegie and Rockefeller out-produced the world in steel and oil—which then drew millions of hard-working European immigrants to America's shores.


In writing on the twentieth century, Schweikart and Allen are critical of the growth of government. Many U.S. history texts are a thousand pages that can be condensed into ten words: Businessmen created problems; government repeatedly moved in to solve them. Schweikart and Allen, however, conclude that the Progressive movement, the New Deal, and the Great Society were often harmful to most groups of Americans, rich and poor alike. The progressive income tax is described as "irrational antipathy toward wealthy Americans." Antitrust laws produced "a burden of regulations [that] fell on unintended groups." By contrast, the tax cuts under Coolidge, Kennedy, and Reagan boosted economic development and sparked the creation of new industries.

This non-mainstream, economically literate treatment of business and regulation is the book's greatest strength.

In foreign policy, Schweikart and Allen are controversial, but always interesting. For example, they call actions in Mexico and Oregon in the 1840s “a pair of the most spectacular foreign policy achievements in American history.” (A good case can be made that our policy in this era was unnecessarily bellicose.) The authors also denounce communism (“just another political system”) and laud Ronald Reagan for his Strategic Defense Initiative (SDI). They quote approvingly Vladimir Lukhim, former Soviet ambassador to the U.S., who said, “It's clear SDI accelerated our catastrophe by at least five years.”

On the Civil War, Schweikart and Allen praise Lincoln for his unionism and for promoting emancipation. They disagree with the libertarian school, led by scholars such as Jeffrey Rogers Hummel in *Emancipating Slaves, Enslaving Free Men*, which argues with some validity that the Civil War set dangerous precedents for transferring authority to the central government.

Schweikart and Allen avoid the tendentiousness and simple-mindedness of most texts. People are complicated, and the authors let us know that: Calvin Coolidge encouraged limited government, but at the same time supported high tariffs; Reagan was on target with SDI, but “made a serious error” when he sent peacekeeping troops into Lebanon; our Declaration of Independence enshrined natural rights, but we denied them for a century or more to most black Americans.

In explaining the success of the American experiment, Schweikart and Allen, unlike many others, point not to vast fertile land and abundant raw materials, but to “more important qualities: initiative, inventiveness, hope, optimism, and, above all, faith.” Also, ever since the arrival of the Puritans, Americans have had the vision that they were to be a “city on a hill,” or to a later generation that broke from England, the “last best hope for mankind.” Such a vision, the authors argue, help make America greater than the sum of its parts, its resources and its people—“a beacon of liberty.” 

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