

## Economics as a Bridge for Interhuman Understanding

We intend to deal with the achievement of Utilitarian Philosophy and Classical Political Economy as far as they constitute a theory of peaceful human cooperation. One of the fundamental theses of Classical Economics is the theory of the harmony of the *rightly understood*—we prefer today to speak of the *long-run*—interests of all individuals and groups of individuals within a society of private ownership of the means of production and free enterprise.

### Conflict of Interest Philosophies

Older social philosophies saw only conflicts of interests. They were prepared to assume that every individual is impelled by his own selfish interests to prejudice the interests of his fellow men. A nation cannot thrive but by damaging other nations. If every individual were to look only after his own well-being, no social cooperation would be possible. If every nation were intent only upon its own national prosperity, no peace could last. Peace, both within a country and in international relations, is therefore possible only if individuals and nations are prepared to renounce their selfishness for its sake. State and Church, it was held, are disciplinarian institutions whose aim it is to subdue the selfish and antisocial instincts of man. Civilization and social cooperation and the moral law are not of human origin. They are instruments by means of which God or Nature directs human action according to inscrutable design. The individual, in forsaking some selfish advantage for the benefit of society, and the king, in forsaking some conquest to avoid dis-

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turbing the peace, will be rewarded in the beyond, and they may find an earthly reward in the quiet of their conscience. The just should abide by the moral law. But this obedience is, from the point of view of his selfish interests, a burden. It is true that Heaven as a rule blesses the just citizen and the fair king in their earthly pilgrimages. But this is not always the case. In many instances the unjust, precisely on account of his wrongdoing, fares in this life better than the just.

What is needed to make social life satisfactory is, therefore, a powerful state which forces its citizens to behave in a fair way and does not covet what is rightly the domain of other states. For the inescapable laws of nature result in irreconcilable conflicts between the selfish interests of various men and groups of men. Nature has limited the means for human subsistence. Equally distributed, they are sufficient for all. However, they are not rich enough to quench entirely the appetite for more. Hence, covetousness, the propensity to appropriate other people's portions, originates. If men or groups of men take more than their fair share, they rob others of as much of their welfare as they increase their own portions above the mean.<sup>1</sup>

From the point of view of "natural law" the only just state of affairs is equality of income. The unfathomable decrees of Heaven have brought about inequality. It would be tantamount to a rebellion against divine and human law for the underprivileged to resort to violence in order to abolish this injustice. By such methods they could profit on earth, but they would imperil their spiritual salvation. On the other hand, the rich have only one means to atone for their questionable riches. They must make the proper use of their wealth, that is, they must be charitable and must subordinate their greed to justice and fairness.

The selfish earthly interests of individuals and of groups of individuals are antagonistic. If left alone, they would result in violent conflicts. Social cooperation and peace are possible only where men are motivated — either by voluntary obedience to the moral law or by compulsion on the part of the powers that be — to curb their egoism.

### Social Cooperation and the Division of Labor

Utilitarianism and classical economics have entirely overthrown this philosophy.

1. Cf. Kant, *Fragmente aus dem Nachlass*, Collected Works, ed. Hartenstein, vol. 8 (Leipzig, 1868), p. 622.

Their reasoning runs this way: The means of subsistence are scarce, and their limited quantity puts a check upon the number of animals that may occupy the surface of the earth. But, while the beasts know no method of improving their own conditions other than to snatch food away from their rivals, man is in a much more propitious position. Reason taught him the advantages of social cooperation and its corollary, the division of labor. Labor performed under the system of the division of tasks is much more productive than the isolated efforts of self-sufficient individuals. Every step forward to a higher degree of the division of labor directly and immediately improves the material well-being of the individuals and groups concerned. The advantages of social cooperation are so manifest that nobody can ignore them. Their acknowledgment is the motive that pushes man toward social behavior.

It is, therefore, a mistake to assume that an individual in adjusting his conduct to the requirements of life within society and a nation in renouncing war to avoid endangering the international division of labor, sacrifice, for the sake of a heteronomous morality, their own selfish interests for reasons not open to rational explanation. What pushes a man toward social behavior and law abidance is his own *rightly understood* selfishness. What speaks in favor of international peace is precisely the consideration of a nation's own *rightly understood* selfish interests. If a man abstains from robbing a fellow man or if a nation abstains from aggression against other nations, each forgoes a smaller immediate gain in order to reap a bigger indirect profit. Society is for every individual the foremost means for the attainment of all ends sought.

It is furthermore erroneous to believe that individuals, in renouncing the alleged blessings of a fabulous state of nature and entering into society, have forgone some advantages and have a fair claim to be indemnified for what they have lost. The idea that anybody would have fared better under an asocial state of mankind and is wronged by the very existence of society is absurd. The natural condition of man is extreme poverty and insecurity. It is romantic nonsense to lament the passing of the happy days of primitive barbarity.

It is no less vain to deplore the inequality in the distribution of income and wealth. The notion of "distribution" is itself preposterous. There is in the framework of a market society no such thing as an apportionment of shares out of a fund accumulated before. Goods are not produced into a common chest from which they must be doled out to various people. The mode of production is such that they already come into existence as somebody's property.

It is a fallacy to assume that society is responsible for the fact that not everybody enjoys the advantages that riches give to a small number of people. The relative poverty of the poorer members of society is not the corollary of the relative abundance of the richer members. Poverty is precisely the condition of all in the state of nature. Society has not only created wealth for those who possess it; it has also immensely improved the material well-being of those who are considered poor when compared with the richer.<sup>2</sup> Those whose income is lower than the average would prejudice their own rightly understood interests if they were to overthrow a social system which makes them much more prosperous than any other realizable organization of society.

The eulogists of the social institutions of ages gone by can easily be dismissed. A return to the social conditions of the Middle Ages would require both a drastic decrease in population and a tremendous lowering of the standard of living for those surviving. Mankind is not free to go back with impunity from a higher degree of the division of labor to a lower degree.

It is different with the schemes drafted by the interventionists and the socialists. These schools do not suggest an abandonment of the division of labor. They pretend that the realization of their plans would increase the productivity of labor to an unprecedented extent and, at the same time, distribute income among the citizens in a way which they consider fairer than the distribution of incomes within a market society. To investigate the soundness of such suggested reforms is one of the main tasks of economics.

Now the economists are convinced that their careful scrutiny of the socialist and interventionist utopias has proved in an irrefutable way that all these schemes are impracticable and unfeasible and that every attempt to realize them must result in social disintegration and in misery for all. The champions of the doctrines exploded were at a loss to find any argument for the invalidation of the economists' devastating criticism of their plans.

Karl Marx and his disciples do not waste any words upon the hopeless tasks of proving the soundness of socialist ideas and of refuting the pertinent critique of these ideas by the economists. They declare taboo all discussions and investigations concerning the economic and social problems of a socialist society as "utopian" and utterly "unscientific."

2. Cf. Bentham, *Principles of the Civil Code*, Works, ed. Bowring, vol. 1 (Edinburgh, 1839), p. 309.

Finally, Marx renders these and other arbitrary and fallacious statements proof against any objections by establishing the principle of polylogism.\* The logic of those who do not blindly accept the Marxian dogmas is disparaged as a spurious logic of the bourgeoisie. This bourgeois logic cannot produce truth, but only “ideologies” hatched merely for the defense of the unfair claims of an exploiting class. Thus Marxians appear to be relieved of the necessity of refuting by discursive reasoning the theorem of the harmony of the rightly understood interests of all members of a market society. They simply ridicule it as a piece of bourgeois ideology.

### Critics of Liberalism

The foes of Liberalism (i.e., classical liberalism) view the nineteenth-century achievements of the natural sciences and especially Darwinism from two different aspects. Liberalism, says one group of these adversaries, is an outcome of the doctrine of natural law. All men are created equal and are by God or Nature endowed with certain inalienable and imprescriptible natural rights; one of these fundamental natural rights is the right to existence or even to affluence.

Now, observe these critics of Liberalism, it is an undeniable fact that men are not born or created equal. There exist very remarkable differences in the innate physiological and mental equipment of various individuals and groups of individuals. The basic assumption of Liberalism is thus exploded as contrary to fact. Furthermore, these critics reject the idea of natural rights. They go on to say, it is a fact that nature does not grant any rights to any living being, much less a right to existence or to a life in affluence. In limiting the means of subsistence nature condemns to death by starvation many of those who are born. In nature there is only a merciless struggle for survival. Nature does not accord to man more rights than to an amoeba. The whole doctrine of natural law and all conclusions drawn from it are illusory.

The second group of anti-Liberals maintains that no social philosophy can avoid acknowledging the fact that there exist among men irreconcilable conflicts of interests. Scholars differ, they say, only with regard to the determination of the roots of these conflicts. The racists

\* The doctrine that members of different “classes” reason on the basis of their class’s own unique logic.

see the conflicts among various races, the nationalists among various nations, the Marxians among various social classes. But all agree that conflict and not peace is the normal pattern of interhuman relations. Liberalism, they say, is inconsistent in its assertions. On the one hand, it establishes that ruthless competition is a fundamental principle of the social order and may therefore be called a forerunner of the Darwinian doctrine of the struggle for existence. But, on the other hand, it indulges in illusions concerning a fabulous harmony of the rightly understood interests of all men, classes, nations, and races.

All these anti-Liberals are mistaken because they are not familiar with the Liberal doctrine they want to refute. They do not realize that in the political movement of the eighteenth and early nineteenth centuries two quite different strains of thought were merged: the doctrine of inalienable natural rights, on the one hand, and the Utilitarian philosophy of the economists and of the champions of parliamentary government, on the other hand.

The doctrine of natural rights can be traced back to ancient and medieval philosophy. It was easy to coin this natural rights doctrine into popular catchwords which appealed to the masses. It supplied the revolutionaries with fanatical fervor. But its illusiveness again and again frustrated the initial success of the reforms inaugurated, and resulted in terrorism and tyranny.

### Utilitarian Liberalism

The Utilitarian doctrine also can be traced back to an almost forgotten and generally loathed school of ancient philosophy, Epicureanism. But the teachings of classical political economy radically altered its application to the problems of social utility. The essence of the teachings of Utilitarian Liberalism is that the market system based on private property is the only workable pattern of social organization. Its operation results in a steady improvement of the material well-being of all individuals and groups of individuals. What is needed is a system of government that safeguards the undisturbed working of this beneficial mode of production. As violent conflicts disintegrate the division of labor, a system of government is required which prevents as far as possible both civil war and foreign war, namely, representative democracy. If all citizens, no matter how different they may be in their bodily and mental abilities, are equal under the law and are in a position to determine by majority

vote who shall rule and according to what principles, there is no longer any cause left for revolution and civil war. Within a world of private property a democratic nation cannot derive any advantage from conquest, war no longer pays, and peace becomes durable. Thus reason and the consideration of each individual's and each nation's rightly understood selfish interests recommend Liberalism. The economic democracy of the consumers and its corollary, the political democracy of the voters, will bring about prosperity for all and durable peace.

In this cool reasoning there is no reference to the ideas of natural law and innate rights. The Utilitarians were vehemently hostile to them. The Utilitarian philosopher, Jeremy Bentham (1748–1832) opposed to the “terrorist language” of the champions of natural rights “the language of reason and plain sense.” He shouted: “*Natural rights* is simple nonsense: natural and imprescriptible rights, rhetorical nonsense.”<sup>3</sup> Both the nineteenth-century school of Historicism and the sect of Social Darwinism boast that they have demolished Liberalism by exploding the illusiveness of the ideas of natural law and of the origination of governments from a contract. However, Utilitarian Liberalism had nothing to do with these natural rights fictions. The Utilitarians themselves must be credited with the merit of having once and for all refuted them.

It is furthermore a grotesque mistake to consider competition among individuals in a market society as tantamount to the extermination of adversaries in wars and revolutions. Under capitalism, competition is the peaceful method to assign to every individual that place in society in which he renders the most valuable services to his fellow men. It is not a variety of struggle, but a mode of selecting the individual best fit for every assignment. One speaks of the “morality” of firms and of the “conquest” of markets. But the “death” of a firm is not a death; it is the elimination of an individual lacking entrepreneurial abilities from a position for which he is unfit and his transfer to a place which better fits his qualities. Neither is the “conquest” of a market a conquest; a newcomer offering better and cheaper commodities supplants a less efficient rival.

The short-run interests of the competitors are antagonistic. But the long-run — i.e., the rightly understood — interests are not. All people would be worse off under a social system that discriminates against more efficient competitors and thus grants privileges to the inefficient.

3. Cf. Bentham, *Anarchical Fallacies; Being an Examination of the Declaration of Rights issued during the French Revolution*, Works, ed. Bowring, vol. 2 (Edinburgh, 1843), p. 501.

The general aversion to any occupation with problems raised by the classical economists is best demonstrated by the oblivion into which Ricardo's law of association has fallen.

The economists deal with this law as the law of comparative costs only as far as it concerns problems of international trade. In fact the law is much more universal. It proves that cooperation under the division of labor always results in the mutual benefit of all individuals participating, even if one partner or group of partners is in every regard superior and more efficient than the other partner or group of partners. Ricardo's law is the fundamental law of human cooperation, the formation of society, and the inherent tendency of history toward a progressive intensification of the division of labor.

The law of association is extremely unpopular. It is assailed by all those anxious to be safeguarded against more efficient competitors. However, it provides, of course, the most powerful argument that can be advanced against discrimination and privilege.

### The Montaigne Fallacy

The *Leitmotiv* of social philosophy up to the emergence of economics was: The profit of one man is the damage of another; no man profits but by the loss of others.<sup>4</sup> This is not a philosophy of social cooperation, but of dissociation and social disintegration. For the sake of expediency, we call this doctrine after its proponent, essayist Michel Eyquem de Montaigne (1533–92). In the light of this Montaigne fallacy, human intercourse cannot consist in anything but the spoliation of the weaker by the stronger.

There were, of course, philosophers who spoke of an exchange in which neither party profits or loses because the objects given away and received are of equal value. This Aristotelian idea was the core both of the Scholastic doctrine of the just price and of the tenets of Marxism. But what is the sense of exchanging things if both parties assign to the thing received the same value they assign to the thing given away? Why do they bother about exchanging if they do not improve thereby their own condition — i.e., if they do not derive any profit from the transaction?

4. Cf. Montaigne, *Essais*, book 1, chap. 22, ed. F. Strowski (Bordeaux, 1906), pp. 135–36. For the role played by this idea in social doctrines, cf. A. Oncken, *Geschichte der Nationaloekonomie* (Leipzig, 1902), pp. 152–53; E. F. Heckscher, *Mercantilism*, trans. M. Shapiro (London, 1935), vol. 2, pp. 26–27.

Contemporary foreign-trade policies provide a striking example of the logical consequences of the Montaigne fallacy. It is easy to explain why this fallacy when applied to the problems of merchant-consumer relations results in the belief that only selling is profitable while buying is tantamount to a loss. The businessman's profit becomes manifest in the entries of the books recording his transactions, while the consumer does not keep such books and records. In the field of international trade the Montaigne fallacy consequently leads to the statement that only exporting is profitable while importing is disastrous. Only a few people realize that restricting imports must concomitantly restrict exports and that protectionism, when carried out to its ultimate consequences, must bring about autarky [self-sufficiency]. People criticize only the protectionism of other nations and are slow in discovering the flaw in their own country's protectionist policy.

In the light of the Montaigne fallacy the mere fact that a nation imports merchandise is the proof that it is exploited by foreigners. It is hardly possible to exaggerate the role played by this idea in the domestic propaganda of the German Nazis, the Italian Fascists, and the nationalists in all other countries.

With regard to the employer-employee nexus it is not the employee-seller but the employer-buyer of labor whom the Montaigne fallacy brands as profiteer and exploiter. Here again the reason is that the profit of the employer appears in the books of the firm while the employees do not keep such books.

There are, of course, special conditions, as during an inflation or deflation, when the source of the buyer's or the seller's profit is the other party's loss. The main feature of an inflation or deflation is that the prices of various goods and services change neither at the same time nor to the same extent. But this is a special instance which unfortunately is not taken into consideration by those fanatically advocating an easy-money policy, credit expansion, and other similar inflationary measures as a patent medicine.

It is not correct to say that the doctor's profit is derived from the patient's disaster. The ailing man's misfortune is his illness. The doctor's profit stems from his relieving the patient's suffering. The source of the baker's profit is not the hunger of the buyers of bread, but his providing a merchandise which can remove hunger.

The source of the businessman's profits is always his successful foresight in providing for future needs. If the entrepreneur has correctly

forecast the future needs, he earns a profit. If he has failed in this task, he suffers losses.

In a hypothetical world without economic improvement, the profits made by one group of entrepreneurs would be equal to the losses suffered by the other group. In such a world no part of the national income would go into profits. Our actual world is, however, a world in which there is improvement. Its most characteristic feature is its inherent tendency toward the production of more, better, and cheaper goods. As long as this tendency prevails, there is, in the whole of society, an excess of profits over losses.

The error of the Montaigne fallacy is that it looks at events as if they were isolated acts of God and does not judge them from the point of view of the working of the whole social system of production. It sees only the remedy which the pharmacist sells to a man who suffers from kidney trouble. It does not see that decades before the patient concerned was afflicted with his malady, a whole branch of business was eager to prepare an appropriate remedy and to furnish all pharmacists with it in order to supply without delay those who might one day need it. It does not see the entrepreneurs who established in some far remote corner of the earth plantations for the growing of one of the raw materials required for the production of this drug. Nor does it see the other entrepreneurs who built railroads and ships for the transportation of this raw material to the place in which the patient lives.

### Social Cooperation

The economists do not fail to realize that in the short run there is a conflict of interests between buyer and seller. What they say is that these short-run conflicts are superseded by the harmony of the long-run interests, i.e., the rightly understood interests.

The only relevant question is whether any other system of the social organization of human cooperation could possibly succeed better in the satisfaction of human needs and wants.

The answer to this question can be provided only by economics. In the debates concerning society's social and economic organization, only people fully conversant with the most difficult and intricate problems of economics are in a position to form an independent opinion. To establish this fact does not mean to indulge in the habit of scientific specialists who overrate the importance of their own branch of knowledge

and want to assign to themselves, as the representatives of this specialty, a controlling position in the conduct of all human affairs. Neither does it mean an acceptance of the Marxian materialist conception of history.

It is not the economists but the immense majority of our contemporaries who consider economic matters the most important thing. All political parties regard material interests as the primary problem; their programs promise their followers higher incomes and a higher standard of living. All political conflicts refer to antagonisms concerning economic issues. Present-day parties are fighting for prices, interest rates, and wage rates. Present-day wars are fought for raw materials and markets. The churches of all denominations are today speaking more about these problems than about questions of creed and Christian doctrine.

But while everybody's main concern is economic problems, nobody thinks it necessary to pay any attention to serious economic studies. The Montaigne fallacy is the universal substitute for economic knowledge. The logical outcome of this state of affairs is the popular conviction that the best method to further one's own interests is to inflict as much damage as possible on other people. Hence, domestic conflicts and foreign wars.

Blinded by the Montaigne fallacy, people are completely at a loss to see in the problems of social organization anything but the struggle for greater portions of a cake whose magnitude does not depend on the mode of social organization. Nobody seems to doubt that to prevent some people from acquiring riches is a policy extremely beneficial for the rest of society. Everybody is sincerely convinced that technological progress is an act of God not conditioned by the methods of social organization. Enjoying all the new products which free enterprise provides, they are tormented by one thought only: that some people have become rich in creating these new things.

### A Consumers' Democracy

It is a faulty way of dealing with the subject to look at it as if it were a matter of ethics. People ask: "Why should the entrepreneur not be satisfied to sell his product at a price that does not allow for any profit at all or, at best, yields him not more than the average income of an employee?"

The social function of business profits and losses is to place the material factors of production in the hands of those men who are best fitted to use them in the most efficient way for the satisfaction of the wants of

the consumers. The market of a capitalist society is a *consumers'* democracy. The consumers decide by their buying and their abstention from buying who should own the material factors of production. In a perfect market society, i.e., in a social system where there is no government tampering with commodity prices, wage rates, interest rates, and profits, the only method of acquiring and keeping wealth is to satisfy the needs of the consumers in the best and cheapest way. Business profits shift the means of production to those who have succeeded in these endeavors, and business losses take them away from those who have not. Profits and losses are instrumental in making the consumers sovereign and in forcing the entrepreneurs to adjust production to their wishes. In the absence of profits and consequently of losses, the entrepreneurs would lack any orientation concerning the desires of the consumers. There would be stagnation, not because the entrepreneurs are selfish, but because they would not know whether projected changes would suit the public.

The incessant tendency toward technological progress, which is inherent in the capitalist system, is the outcome of the fact that profits enlarge the sphere of action of the efficient entrepreneur and that losses restrict the influence of the inefficient. The confiscation of business profits does not benefit the masses. It prevents the efficient entrepreneur from expanding his efforts to supply the consumers in a better and cheaper way, and it shelters the less efficient against the competition of more efficient newcomers. It substitutes rigidity and immutability for progress and continuous improvement.

The inequality of wealth and income has a definite social function within a free-market society; it is the dynamic element safeguarding a permanent progress toward a better supply for the consumers. But when government interference curtails profits, this function ceases. Then the inequalities of wealth and income become privileges of those who have inherited wealth from preceding generations and are no longer useful to the whole of society and to each of its members.

The question is not whether it is just or not that a man who has succeeded in supplying his fellow men in the cheapest and best way should become rich. The question is not whether this man merits his affluence from any metaphysical point of view. The question is only whether any system other than that making the successful servant of the consumer's wishes rich could be more conducive to the constant progressive improvement of the masses' standard of living.

It is true that some of those rich today are the heirs of men who did not acquire their wealth by serving the consumers but by robbing people. Many aristocratic families of Europe are the descendants of expropriators or of men whom the expropriators presented with gifts out of their booty. However, in a free-market society these people too can preserve their wealth only by serving the consumers. If they succeed in this endeavor, they legitimize their wealth through the vote of the consumers. What is needed is only to deny them privileges which could protect them against the competition of other citizens more efficient in serving the consumers.

One of the poorest tricks of the champions of government omnipotence and of totalitarian methods of economic management is to stigmatize all their opponents as defenders of the vested interests of those who happen to be rich today. In fact, the advocates of the free-enterprise system are the most radical foes of any kind of protection of vested interests. The defenders of the vested interests are precisely those asking for tariffs, “parity” prices, price stabilization, and similar measures.

Economic liberalism does not fight for the interests of those who are rich today. On the contrary, what economic liberalism wants is a free hand left to everybody who has the ingenuity to supplant today’s rich by providing consumers with better and cheaper products. Its main concern is to remove all obstacles to a future improvement of mankind’s material well-being, or, in other words, to attain freedom from want.

It is therefore irrelevant to argue against those who recommend the free-enterprise system as the most appropriate method of removing want and raising the general standard of living by saying that the capitalists and entrepreneurs are themselves not blameless. Of course, capitalists and entrepreneurs are sinners too. But the economists do not advocate a market economy for the sake of these people. They do not intend to reward an alleged virtue on the part of the businessmen by allocating to them larger portions of wealth and income. They simply establish the fact that the free-enterprise system is better fitted to promote the well-being of the masses than any other social order.

### The Conclusions of Economic Analysis

The logical deficiencies in the popular treatment of economic matters are really amazing. The most characteristic feature of the economic policies in the years between the two world wars was restriction of out-

put of basic raw materials and foodstuffs. There were international agreements concerning the restriction of the production of rubber, tin, sugar, cocoa, coffee, and many other necessities. Domestic policies aimed at the same end. We cannot help recording the astonishing fact that the governments, statesmen, and politicians responsible for these restrictions could publicly boast that they are intent upon substituting an economy of plenty and abundance for what they disparaged as an economy of scarcity.

What is needed most seems to be a return to common sense and logical consistency.

It is not the aim of the foregoing casual observations to suggest any comprehensive answers to the most fervently discussed questions of our age. Their only aim is to make the conscientious reader realize that at the bottom of all these issues there are very intricate problems, which require a thorough and searching scrutiny.

In the field of economic studies no specialization is feasible. In the same way in which it is impossible for a mathematician to specialize in triangles and to neglect the study of circles, it is impossible to be an expert on wage rates without at the same time mastering the problems of profits and interest, commodity prices, and currency and banking. All the elements of the economic system are closely interconnected and influence one another. There are only economists and laymen. There are no such things as labor economists or farm economists.

Nobody is in a position to acquire an intuitive knowledge of economics from the mere opportunity provided by his vocation. Neither businessmen nor statesmen may pose as economic experts if they have not acquired special information by troublesome effort.

Economics is called inhuman because it shows what the inextricable consequences are of protecting less-efficient producers against the more efficient and of preserving by various means outstripped modes of production. However, the economists do not say: Thou shalt wear rayon and nylon stockings and thus hurt the cotton growers. It is the consumers who prefer rayon and nylon goods and thus restrict their demand for cotton.\* Neither do the economists say: Thou shalt not subsidize submarginal cotton growers, i.e., those for whom producing does

\* Since 1945 when nylon and rayon reigned supreme, chemists have developed blends of natural fibers—cotton, wool, and silk—with synthetics—nylon, rayon, polyester, lycra, spandex, etc.—creating new “miracle” textiles that are stretchable, washable, and wrinkle-proof. As a result, the market for cotton has been revived.

not pay at the lower market price of cotton. The economists merely point out on whom the burden of such subsidies falls and what the social consequences of generally espousing the policy of such subsidies must be. They dispel the fallacious belief that these subsidies could be granted by the *State* without any burden to the citizens and without lowering the productivity of labor and the general standard of living. If to say this is inhuman, then so is every expression of truth. If to say this is inhuman, then the physicians who exploded the myth of the healing power of mandrake were inhuman, too, because they hurt the people employed in gathering mandrake.

The main achievement of economics is that it has provided a theory of peaceful human cooperation. This is why the harbingers of violent conflict have branded it as a “dismal science” and why this age of wars, civil wars, and destruction has no use for it.