
The Voluntaryist

Whole Number 36

"If one takes care of the means, the end will take care of itself."

February 1989

Private Money Firsts

By Carl Watner

[Editor's Note: One of the purposes of THE VOLUNTARYIST is to promote free market and non-statist alternatives to public services. When we see companies operating in a voluntaryist fashion, we think it is important to call them to your attention. Two such firms are mentioned in this article. We urge you to contact both of them, investigate their reliability, integrity, and the services they offer.]

Voluntaryists believe that every area of human activity should be open to market-place competition, since no one person or group (not even the State!) has a monopoly on the truth. This entails the right of individuals to question and change the established ways of doing things. It is the right to put forth ideas, scoffed at by the "experts," and watch them catch fire among the people. Nowhere in American history is this more readily observable than in the story of United States coinage.

Prior to the establishment of the United States Mint in Philadelphia in 1792, and its subsequent production of coinage for circulation in 1793, money in the American colonies came in a wide variety of forms. Although many colonial governments authorized the minting of coins, there were numerous issues of private tokens and coins to meet the demand for a circulating medium.

One of the most interesting is the Higley copper coinage which was struck from 1737-1739. Dr. Samuel Higley was a medical doctor with a degree from Yale, with commercial interests in blacksmithing and metallurgy. Sometime around 1728, he purchased property near Granby, Connecticut, from which he mined copper. Much of the copper was exported to England, but in 1737, Higley and his son, John, began producing copper tokens. Legend has it, that drinks in the local tavern sold at the time for three pence each, and that Higley was in the habit of paying his bill with his own three-pence tokens. When protests arose against the acceptance of these pieces, Higley redesigned his coinage so that in place of "value of three pence," they read, "value me as you please." The other side of the coin had the legend, "I am good copper."

Another well-known numismatic rarity is the Brasher gold doubloon, minted in New York City by Ephraim Brasher. There were many foreign coins in circulation at the time (in fact, much of it had legal tender status until 1857) and Brasher, a jeweler, goldsmith, and silversmith, was often called upon to assay, test, and evaluate many of these foreign gold coins. Once this was done, he counterstamped the coins he had checked; by punching his initials, "EB," on them. In 1787, Brasher produced gold pieces weighing about 408 grains (there are 480 grains to the troy ounce), which was about the same value as the Spanish doubloon (then worth about \$16). The interesting thing about the Brasher doubloons is that, like the Higley coppers, they bore no mark of value, whatsoever. This was not an unusual situation for the times. Even when the United States Mint began producing its first gold coinage in 1795, the pieces bore no mark of denomination. The same characteristic extended to most of the foreign gold coins then in circulation. The value of gold coins was determined by their metallic purity and weight; they didn't require a face value.

The honor of minting the first gold dollar in the United States goes to the Bechtler family of Rutherfordton, North Carolina. The dollar was first coined in 1832. The Philadelphia mint did not strike its first one dollar gold coin until 1849. During the early 1830s, Christopher Bechtler, and his son, August, operated one

of the two private mints in the southern part of North Carolina. The Bechtler coinage extended over a period of twenty years and was successful in every respect. It was investigated by the United States Treasury around 1834, and it was found that the gold content of the coins was higher than that of federal coins (the Bechtlers also minted gold coins of \$2.50 and \$5.00 denominations). The government made no effort to close their mint down, as the Bechtlers had every right to engage in their trade, so long as they did not imitate the coinage established by law. The Bechtler coinage circulated widely all over the southeastern part of the United States. Based upon the records of the mint, it is probable that at least a million coins were struck bearing the Bechtler imprint. Their widespread acceptance (even after the mint closed in the late 1840s) is attested to by the fact that the monetary obligations of the Confederacy and other Southern specie contracts were specified as payable in "Bechtler gold." An old citizen of Rutherfordton County told an early 20th Century researcher that he was sixteen years old before he ever saw any coins other than those minted by the Bechtlers!

As the above examples from American numismatic history demonstrate, the free market has always been ahead of the official Mint in developing new products and meeting consumer demands. During the 20th Century, this is most apparent in the operations of the Gold Standard Corporation of Kansas City, Missouri. Founded by Conrad Braun in 1976, with \$5,000 in savings and \$10,000 in borrowed funds, Gold Standard is the largest private money experiment in history and is currently the oldest "continuing" gold and silver mint in the United States (the U.S. Mint in Philadelphia did not resume striking gold coins until 1986). Braun began his money business by purchasing a 100 ounce gold bar (then worth about \$12,000) and using the balance of his capital to run small, one-inch ads in THE WALL STREET JOURNAL, that read "How to Put Yourself on the Gold Standard." He offered a Precious Metals Deposit service and customers bought about 1,000 ounces of gold which he then held in safekeeping for them. This was the beginning of Gold Standard's success.

Two years later, on October 30, 1978, Gold Standard Corporation minted its first gold coin, the Harwood Ounce, containing an ounce of fine gold. During 1979, Braun followed up his initial success (in January 1979, alone, over 10,000 Harwood pieces were produced and sold to the general public) by producing the Adam Smith Tenpiece (which contains one-tenth ounce of gold), the Hayek Half Ounce, and the Hazlitt Quarter Ounce gold pieces. In 1980, the Deak Fivepiece (containing one-twentieth of an ounce of gold) was minted.

To Conrad Braun and his Gold Standard Corporation goes the honor of producing the first decimalized troy ounce gold coinage in history. For many years, it was believed by economists and gold advocates that gold gram coinage would be the most ideal way of introducing gold coins to the public. The South African government, as well as several private companies, actually produced gold coins in metrically denominated weights, such as the Baby Kruggerand, and coins of 5, 10 and 20 grams. None of these coins were widely accepted since the public could not easily calculate their worth. Few people knew the value of a 10 or a 20 gram gold piece since there was no ready conversion factor between one troy ounce and its metric equivalent, 31.103 grams. Braun found the solution to this problem by decimalizing the troy ounce, and since 1980, this format has been used by many of the nations now producing gold coins.

In 1982, Gold Standard added another innovative feature to its gold coinage program. It began minting interchangeable gold coinage. While the concept of decimalized gold coinage provides

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A Man, A Book, and A Philosophy: "How Bob LeFevre Found Me A Wife"

By Carl Watner

(Editor's Note: The following talk was delivered at a Champagne Brunch to announce the publication and first public release of ROBERT LEFEVRE: "Truth Is Not a Half-way Place." The affair was sponsored by The Freedom School Library, Box 6100-161, Costa Mesa, California 92628, and took place on October 16, 1988. Harry Hoiles (former publisher of the Colorado Springs GAZETTE-TELEGRAPH), Butler Shaffer (lecturer at the original Freedom School, 1966-1968), and Kevin Cullinane (graduate of the original Freedom School and now instructor of the new Freedom School in South Carolina), participated in a panel entitled "What Bob LeFevre Meant to Me.")

In the Feb. '88 issue of THE VOLUNTARYIST there was a little blurb entitled: My 1988 New Year's Resolution. My resolve was to get Bob's biography published during the year 1988, and here it is! I would like to publicly thank all those who contributed to the book fund. Without their support we all would not be here for the brunch today.

I'd also like to thank Harper McClellan who organized this affair and made it possible. Let's give her a hand of applause.

And I'd also like to thank the panelists who agreed to participate today, as well as those of you who thought this affair important enough to attend.

Bob BeFevre meant a lot of things to me, but foremost in my mind right now would be that he meant lots of hard work and a wife and family. Lots of hard work at the computer, writing and editing—in fact there are probably at least a 1000 hours of concentrated work put into the writing and production of the book. The second thing that Bob LeFevre meant to me is a wife and family. Let me explain. As some of you know, Kevin Cullinane and his wife, Patricia, established Freedom Country in South Carolina after Bob turned his Freedom School seminars for Roger Milliken over to Kevin. While I was doing research for the book, I met the Cullinanes and learned about Freedom Country. Bob and I decided to meet there, since I wanted to take Freedom School, and Bob wanted to hear Kevin's presentation. It was at Freedom Country that I met Julie, my wife-to-be. I'll let Julie tell you about that.

(Julie described the time at Freedom Country when Bob, Loy, Carl and she were seated around the lunch table. Kevin had been talking about the importance of family in Freedom School. Loy turned to Carl and asked him if he was ready to go out and find himself a wife. Carl looked right at Julie, and said, "I hope she is sitting next to me!")

Thanks Julie — As I mention in the acknowledgements in the book, Bob called Julie "the bonus that couldn't be foreseen" because neither he nor I ever expected that one of the spin-offs of the book would be my getting married.

My intellectual acquaintance with Bob goes back at least as far as 1972, when I first ordered a copy of his book, THIS BREAD IS MINE. But Bob never had any significant effect on me until the 1980s. I was first introduced to Bob by George Smith and Wendy McElroy at the Future of Freedom Conference in October 1983, and that is where we all concocted the idea of publishing

NEITHER BULLETS NOR BALLOTS. We got along fine; not only did we share a common libertarian philosophy, but we were both vegetarians. That cemented our relationship from the start!

During the year following that initial meeting, Bob and I worked together on getting that book published. We corresponded frequently and one of the ideas we came up with was that I would do an interview for THE VOLUNTARYIST about the evolution of Bob's own libertarian development. Right after the Future of Freedom Conference in October 1984, I spent a few days with Bob and Loy. It was during that time, that Bob approached me with the idea of writing his biography. He had a phenomenal memory about what had transpired during his life and voluminous files of correspondence and records which I could consult. Much of the book was based on this material, as well as a research trip out to Colorado in June of 1985, to visit the site of the old Freedom School and to meet Marji Llewellyn, Edith Shank, and Link Romack.

From Colorado, I went on to visit Bob at his home in Orange County. One of the purposes of the visit was to go through Bob's files, and toss away items that had no permanent value. I think Bob pulled a fast one on me! Nobody told me he wanted to go through and pack up a garage full of papers! Bob was something of a pack rat! He not only had papers from his Colorado Freedom School days, there were papers and correspondence dating back before World War II. It was a monumental task to sort through his collection of documents. But I was glad for the insights and to be of help. What was left, when I finished was what Bob turned over to the University of Oregon for their LeFevre collection.

I found out a lot about Bob from going through his files. For most of you who know something about Bob's checkered past, you realize that he really didn't start propounding freedom philosophy until the mid- 1950s, when he was well past the age of 40. What did Bob do during the first four decades of his life? Well, I won't repeat the story here, (you'll have to buy the book to find out!) except to say that his mother and a man named Guy Ballard both were very profound influences on Bob's life. It was certainly from his mother where he got the idea that the truth—whatever that was—was the most important thing in life. And it was both from his mother and Guy Ballard that he got the idea that self-responsibility, self-government, and self-control were all important and possible to the individual.

I'd say it was from Baldy Harper, a former associate of Leonard Read's at FEE, and Harry Hoiles, and Harry's father, R.C., of the Freedom Newspapers that Bob picked up on the idea that involuntary political governments are unnecessary and counter-productive. And I should not fail to mention Rose Wilder Lane, from whom he picked up the concept that "freedom is self-control, no more, no less."

Bob was one of those inquiring souls: whatever he did he looked for truth and tried to learn from his experiences. Underlying all his careers, from aspiring politician to teacher of thousands, he was constantly searching for a truthful, and consistent position. He was always trying to sift out the important from the unimportant and discover the proper principles by which to live.

Bob LeFevre described himself as a Stoic, and his emphasis on personal responsibility and self-discipline made him one. I'd also say that Bob LeFevre was a voluntaryist. That was a term that R.C. Hoiles used during his lifetime and one that Bob would have been comfortable with in the sense that it implies being non-state, pro-free market, anti-electoral, and non-violent. The term that Bob popularized during the mid-1960's was "autarchy" which Bob defined as meaning "self-rule." He thought that this term was more accurate than the term "anarchy," which meant "no rule." According to Bob the fundamental premise of autarchy is rooted in Stoicism: "The Stoics understood that each man controls his own energy and his own person. Because of this observable fact of nature, and because of the added fact that man has a rational ability to foresee the results of his actions, it follows that each man is responsible for his choices and actions. The preachment of the Stoics can be summed up in this phrase: 'Control yourself'." (RAMPART JOURNAL, Summer 1966, p.4)

I believe that it was Bob's interest in Stoicism that led him to develop his position on non-violence, especially in the face of theft and/or trespass. Bob thought that you could measure the

real character of a man, at least in the Stoic sense, by observing his response to molestation. "The man who refrains from molesting another when he is not being victimized, attains no special moral position. The real question of character emerges under provocation. Will the individual hold himself above molestation when he is being molested himself? Although none of us can answer this question until we are in the line of fire, the individual who refuses to retaliate even when he is being victimized, raises himself to a level above his tormentor." (JUSTICE, p. 15) This is what Bob meant by maintaining the higher ground.

In the Foreword to the book, Karl Hess has made a very important point about Bob's philosophy of nonviolence. Bob's brand of pacifism was quite distinct from what we would call conventional pacifism. While Bob was concerned about how acts of violence might injure the victim, his primary concern was with the damage that acts of violence would do to the person who manifested them, even if such behavior was justifiable under the rules of self-defense or restitution. Bob stressed the fact that ONLY you can determine what your response will be to invasion and coercion, and that the greater your protection, the less chance you will be victimized. If your protection fails and you fall prey to crime, you still need not resort to violence. This was the message Bob derived from the Stoics. In short, you can control yourself, so that you don't become a trespasser upon the thief. This is one aspect of what both Bob and Rose Wilder Lane meant by saying that "freedom is self-control."

I think that Bob's stoicism comes out most clearly here. To Bob there were some values that were so important that he wouldn't give them up even if death were the result. One of these values was the principle of non-molestation. He did not intend to be a murderer or thief, whatever situation he found himself in. This meant that he would prefer to die rather than to live contrary to his principles. As Bob stated it, the problem is not how we die, but rather how we live. To Bob and the Stoics, to choose to live by immoral practices was to destroy the value of living, while at the same time, only delaying the moment of death. The classic Stoic outlook was that life is temporary anyway, and we all must die sometime. Therefore it was more important to live a life of honor than to prolong life dishonorably.

While Bob and I were in basic agreement on most issues we did have disagreements involving the question of property ownership. In his book, PHILOSOPHY OF OWNERSHIP, first published in 1966, Bob put forth his idea that there are three characteristics of all "owned" property. First—it must be valued by the owner; second—it must have a boundary that is recognizable by others; and third—each property must be subject to the control of its owner. (p.34) In this book, Bob also stated that when one loses control over one's valued and identifiable property, one's ownership ceases. (p.78) This is the point at which Bob and I disagree. Is ownership something that is dependent on other people's attitudes and behavior? According to Bob, since you lose control over your property when a thief steals something from you, the thief comes to own the stolen property. ("To Catch A Thief," LEFEVRE'S JOURNAL (Summer 1975), p.6) In short, I disagree with Bob's theory of the derivation of property titles because I believe that wrongful possession does not confer a rightful ownership upon the possessor.

While we shouldn't make light of this disagreement, we need to remember that Bob once wrote that "one of the great merits of the libertarian movement is that there is no catechism or body of tenets to which allegiance must be sworn. The open debate continues because no one has all the answers." (LEFEVRE'S JOURNAL, Fall 1976, p.1) I hope that my book and the discussion this afternoon contributes to and keeps alive this "open debate" to which Bob contributed so much himself. Thank you—

The Criminality of the State (1939)

By Albert Jay Nock

As well as I can judge, the general attitude of Americans who are at all interested in foreign affairs is one of astonishment, coupled with distaste, displeasure, or horror, according to the individual observer's capacity for emotional excitement. Perhaps I ought to shade this statement a little in order to keep on the safe side, and say that this is the most generally—expressed attitude.

All our institutional voices—the press, pulpit, forum—are pitched to the note of amazed indignation at one or another phase of the current goings-on in Europe and Asia. This leads me to believe that our people generally are viewing with wonder as well as repugnance certain conspicuous actions of various foreign States; for instance, the barbarous behavior of the German State towards some of its own citizens; the merciless despotism of the Soviet Russian State; the ruthless imperialism of the Italian State; the murders and executions of the Spanish Red State; the bombings of civilians by the Spanish Fascist State; the "betrayal of Czecho-Slovakia" by the British and French States; the savagery of the Japanese State; the brutishness of the Chinese State's mercenaries; and so on, here or there, all over the globe—this sort of thing is showing itself to be against our people's grain, and they are speaking out about it in wrathful surprise.

I am cordially with them on every point but one. I am with them in repugnance, horror, indignation, disgust, but not in astonishment. The history of the State being what it is, and its testimony being as invariable and eloquent as it is, I am obliged to say that the naive tone of surprise wherewith our people complain of these matters strikes me as a pretty sad reflection on their intelligence. Suppose someone were impolite enough to ask them the gruff question, "Well, what do you expect?"—What rational answer could they give? I know of none.

Polite or impolite, that is just the question on which ought to be put every time a story of State villainy appears in the news. It ought to be thrown at our public day after day, from every newspaper, periodical, lecture-platform, and radio station in the land; and it ought to be backed up by a simple appeal to history, a simple invitation to look at the record. The British State has sold the Czech State down the river by a despicable trick; very well, be as disgusted and angry as you like, but don't be astonished; what would you expect?—just take a look at the British State's record! The German State is persecuting great masses of its people, the Russian State is holding a purge, the Italian State is grabbing territory, the Japanese State is buccaneering along the Asiatic Coast; horrible, yes, but for Heaven's sake don't lose your head over it, for what would you expect? Look at the record!

NO STATE EXCEPTED

That is how every public presentation of these facts ought to run if Americans are ever going to grow up into an adult attitude towards them. Also, in order to keep down the great American sin of self-righteousness, every public presentation ought to draw the deadly parallel with the record of the American State. The German State is persecuting a minority, just as the American State did after 1776; the Italian State breaks into Ethiopia, just as the American State broke into Mexico; the Japanese State kills off the Manchurian tribes; the British State practices large scale carpet-baggery, like the American State after 1864; the imperialist French State massacres native civilians on their own soil, as the American State did in pursuit of its imperialistic policies in the Pacific, and so on.

In this way, perhaps our people might get into their heads some glimmering of the fact that the State's criminality is nothing new and nothing to be wondered at. It began when the first predatory group of men clustered together and formed the State, and it will continue as long as the State exists in the world, because the State is fundamentally an anti-social institution, fundamentally criminal. The idea that the State originated to serve any kind of social purpose is completely unhistorical. It originated in conquest and confiscation—that is to say, in crime. It originated for the purpose of maintaining the division of society into an owning—and—exploiting class and a propertyless dependent

"The history of our currency is little else than a repeated story of the interference of the State with the functions of money and of abortive efforts to counteract natural monetary laws."

—J.K. Upton, MONEY IN POLITICS, 1884

class—that is, for a criminal purpose.

No State known to history originated in any other manner, or for any other purpose. Like all predatory or parasitic institutions, its first instinct is that of self-preservation. All its enterprises are directed towards preserving its own life, and, second, towards increasing its own power and enlarging the scope of its own activity. For the sake of this it will, and regularly does, commit any crime which circumstances make expedient. In the last analysis, what is the German, Italian, French, or British State now actually doing? It is ruining its own people in order to preserve itself, to enhance its own power and prestige, and extend its own authority; and the American State is doing the same thing to the utmost of its opportunities.

A SCRAP OF PAPER

What, then, is a little matter like a treaty to the French or British State? Merely a scrap of paper—Bethmann-Hollweg described it exactly. Why be astonished when the German or Russian State murders its citizens? The American State would do the same thing under the same circumstances. In fact, eighty years ago it did murder a great many of them for no other crime in the world but that they did not wish to live under its rule any longer; and if that is a crime, then the colonists led by G. Washington were hardened criminals and the Fourth of July is nothing but a cut-throat's holiday.

The weaker the State is, the less power it has to commit crime. Where in Europe today does the State have the best criminal record? Where it is weakest: in Switzerland, Holland, Denmark, Norway, Luxemburg, Sweden, Monaco, Andorra. Yet when the Dutch State, for instance, was strong, its criminality was appalling; in Java it massacred 9000 persons in one morning, which is considerably ahead of Hitler's record or Stalin's. It would not do the like today, for it could not; the Dutch people do not give it that much power, and would not stand for such conduct.

When the Swedish State, was a great empire, its record, say from 1660 to 1670, was fearful. What does all this mean but that if you do not want the State to act like a criminal, you must disarm it as you would a criminal; you must keep it weak. The State will always be criminal in proportion to its strength; a weak State will always be as criminal as it can be, or dare be, but if it is kept down to the proper limit of weakness—which, by the way, is a vast deal lower limit than people are led to believe—its criminality may be safely got on with.

So it strikes me that instead of sweating blood over the iniquity of foreign States, my fellow citizens would do a great deal better by themselves to make sure that the American State is not strong enough to carry out the like iniquities here. The stronger the American State is allowed to grow, the higher its record of criminality will grow, according to its opportunities and temptations. If then, instead of devoting energy, time, and money to warding off wholly imaginary and fanciful dangers from criminals thousands of miles away, our people turn their patriotic fervor loose on the only source from which danger can proceed, they will be doing their full duty by their country.

Two able and sensible American publicists—Isabel Paterson, of the New York HERALD TRIBUNE; and W.J. Cameron, of the Ford Motor Company—have lately called our public's attention to the great truth that if you give the State power to do something for you, you give it an exact equivalent of power to do something to you. I wish every editor, publicist, teacher, preacher and lecturer would keep hammering that truth into American heads until they get it nailed fast there, never to come loose. The State was organized in this country with power to do all kinds of things for the people, and the people in their short-sighted stupidity, have been adding to that power ever since. After 1789, John Adams said that, so far from being a democracy or a democratic republic, the political organization of the country was that of "a monarchical republic, or, if you will, a limited monarchy"; the powers of its President were far greater than those of "an avoyer, a consul, a podesta, a doge, a stadtholder; nay, than a king of Poland; nay, than a king of Sparta." If all that was true in 1789—and it was true—, what is to be said of the American State at the present time, after a century and a half of steady centralization and continuous increments of power?

POWER CORRUPTS

Power, for instance, to "help business" by auctioning off concessions, subsidies, tariffs, land-grants, franchises; power to help business by ever encroaching regulations, supervisions, various forms of control. All this power was freely given; it carried with it the equivalent power to do things to business; and see what a banditti of shirking political careerists are doing to business now! Power to afford "relief" to proletarians; and see what the State has done to those proletarians now in the way of systematic debauchery of whatever self-respect and self-reliance they may have had! Power this way, power that way; and all ultimately used *against* the interests of the people who surrendered that power on the pretext that it was to be used *for* those interests.

Many now believe that with the rise of the "totalitarian" State the world has entered upon a new era of barbarism. It has not. The totalitarian State is only the State; the kind of thing it does is only what the State has always done with unfailing regularity, if it had the power to do it, wherever and whenever its own aggrandizement made that kind of thing expedient. Give any State like power hereafter, and put it in like circumstances, and it will do precisely the same kind of thing. The State will unfailingly aggrandize itself, if only it has the power, first at the expense of its own citizens, and then at the expense of any one else in sight. It has always done so, and always will.

II

The idea that the State is a social institution, and that with a fine upright man like Mr. Chamberlain at the head of it, or a charming person like Mr. Roosevelt, there can be no question about its being honorably and nobly managed—all this is just so much sticky fly-paper. Men in that position usually make a good deal of their honor, and some of them indeed may have some (though if they had any I cannot understand their letting themselves be put in that position) but the machine they are running will run on rails which are laid only one way, which is from crime to crime. In the old days, the partition of Czecho-Slovakia or the taking-over of Austria would have been arranged by rigamarole among a few highly polished gentlemen in stiff shirts ornamented with fine ribbons. Hitler simply arranged it the way old Frederick arranged his share in the first partition of Poland; he arranged the annexation of Austria the way Louis XIV arranged that of Alsace. There is more or less of a fashion, perhaps in the way these things are done, but the point is that they always come out exactly the same in the end.

Furthermore, the idea that the procedure of the "democratic" State is any less criminal than that of the State under any other fancy name, is rubbish. The country is now being surfeited with journalistic garbage about our great sister-democracy, England, its fine democratic government, its vast beneficent gift for ruling subject peoples, and so on; but does anyone ever look up the criminal record of the British State? The bombardment of Copenhagen; the Boer War; the Sepoy Rebellion; the starvation of Germans by the post—Armistice blockade; the massacre of natives in India, Afghanistan, Jamaica; the employment of Hessians to kill off American colonists. What is the difference, moral or actual, between Kitchner's democratic concentration camps and the totalitarian concentration camps maintained by Herr Hitler? The totalitarian general Badoglio is a pretty hard-boiled brother, if you like, but how about the democratic general O'Dwyer and Governor Eyre? Any of the three stands up pretty well beside our own democratic virtuoso, Hell—roaring Jake Smith, in his treatment of the Filipinos; and you can't say fairer than that.

THE BRITISH STATE

As for the British State's talent for a kindly and generous colonial administration, I shall not rake up old scores by citing the bill of particulars set forth in the Declaration of Independence; I shall consider India only, not even going into matters like the Kaffir war or the Wairau incident in New Zealand. Our democratic British cousins in India in the Eighteenth Century must have learned their trade from Pizarro and Cortez. Edmund Burke called them "birds of prey and passage." Even the directors of the East India Company admitted that "the vast fortunes acquired in the inland trade have been obtained by a scene of the most tyrannical and oppressive conduct that was ever known in any

age or country." Describing a journey, Warren Hastings wrote that "most of the petty towns and *serais* were deserted at our approach;" the people ran off into the woods at the mere sight of a white man. There was the iniquitous salt-monopoly; there was extortion everywhere, practiced by enterprising rascals in league with a corrupt police; there was taxation which confiscated almost half the products of the soil.

If it be said that Britain was not a sister-democracy in those days, and has since reformed, one might well ask how much of the reformation is due to circumstances, and how much to a change of heart. Besides, the Black-and-Tans were in our day; so was the post-Armistice blockade; General O'Dwyer's massacre was not more than a dozen years ago; and there are plenty alive who remember Kitchener's concentration camps.

No, "democratic" State practice is nothing more or less than State practice. It does not differ from Marxist State practice, Fascist State practice, or any other.

Here is the Golden Rule of sound citizenship, the first and greatest lesson in the study of politics:

You get the same order of criminality from any State to which you give power to exercise it; and whatever power you give the State to do things for you carries with it the equivalent power to do things to you.

A citizenry which has learned that one short lesson has but little more left to learn. Stripping the American State of the enormous power it has acquired is a full-time job for our citizens and a stirring one; and if they attend to it properly they will have no energy to spare for fighting communism, or for hating Hitler, or for worrying about South America or Spain, or for anything whatever, except what goes on right here in the United States. (from the AMERICAN MERCURY, March, 1939)

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an easily used unit of account, it has its shortcomings as a means of trade. Individual decimalized coins are not interchangeable (two half-ounce pieces are worth more than one one-ounce piece). As coin size decreases machine tolerance (the extra gold put into a coin to guarantee its weight) increases and labor costs for minting are fixed, regardless of the size of the coin. Thus, smaller gold coins normally carry a higher premium, than larger ones.

Braun's idea was to buy and sell the new interchangeable gold coinage at face value, based on their gross weight, instead of maintaining a spread of several percentage points between their buy and sell prices. This was to be accomplished, not by adding the premium to the coin when it was sold, but by building the premium into the coin. Gold Standard holds itself ready (as a matter of policy, not as an all-time guarantee) to both buy and sell these coins at their gross weight or face value, as well as interchange these coins at face value. Thus, all buy and sell spreads are eliminated. The company makes its profit from circulation, attrition (coins which are lost, damaged, or destroyed and thus never returned to their issuer), and marketing proof editions (if the numismatic value of 19th Century private gold coins is any evidence, 100 years from now Gold Standard issues should be valuable collectibles). For example, its Milton Friedman Gold Ounce interchangeable coin has a face-value and gross weight of one troy ounce, but actually contains only .91146 of a troy ounce of fine gold. (This amount of gold is actually the equivalent of one avoirdupois ounce!) Gold Standard offers to buy and sell it at the spot price for one ounce of gold, with no premiums or discounts.

The latest development at Gold Standard occurred in 1988, when it began marketing its Gold Standard Certificates denominated in one, five, ten, and twenty units. One Gold Standard unit has a face value of 1/100th troy ounce of gold. One hundred Gold Standard units equals one troy ounce of gold and is redeemable in one one-ounce interchangeable gold coin. Conrad Braun has plans for establishing a number of branch offices that would act as redemption centers for the certificates, for establishing an independent clearing house, and for providing travel and fire insurance protection (much like American Express traveler's checks) for the Gold Standard Certificates. His idea is

that the Gold Standard unit will provide a convenient and easy way for the public at large to make both large and small payments based on a gold accounting unit. Braun also expects to mint token coins based on fractions of one Gold Standard unit and to offer a check writing program denominated in Gold Standard units.

Anthony Hargis, a Los Angeles-based author (his books include LAW VERSUS FREEDOM, CAPITAL PRESERVATION WITH GOLD ACCOUNTING, and A MEASURE OF GOLD) and entrepreneur, has been offering another kind of service since 1976. He calls it Current Gold Accounts, which are like accounts at other financial institutions in that money can be deposited and withdrawn, bills can be paid out of an account, and interest (1 per cent a year) is paid on balances within a limited range. The distinction from most other institutions is that gold is used for reserves, transactions, and balances. The unit of account is the gold gram.

A current Gold Account works much like an ordinary commercial checking account and payments may be made in either gold grams or Federal Reserve units. The depositor presents Hargis with any given number of Federal Reserve units (via conventional check or cash), at which time the Federal Reserve units are sold for gold at the current spot price. The amount in grams of gold is credited to one's Current Gold Account. The account holder may then write transfer orders (similar to conventional checks, except that they cannot be cleared through the Federal Reserve clearinghouse) denominated either in gold grams or Federal Reserve units against the account. If in grams, the amount is simply deducted from the account balance; if in Federal Reserve units, conversion is made into gold grams on the day of clearing the check and that corresponding amount of gold is deducted from one's balance. Hargis also offers a bill-paying service in conjunction with the Current Gold Account. Thus, one need not have his/her own conventional checking account. For example, suppose you want to pay your electric bill, but the power company does not have an account with Hargis. You would send Hargis a transfer order authorizing him to write his check in Federal Reserve units to the electric company. (See the article, "Know Your Grocer," by John Kreznar in THE FREE MARKET YELLOW PAGES 1987-1988. There are many other ideas for using "alternative" money.) The sum would be charged against your account. Since a third party check (Hargis') is being used to pay your bill, your own financial privacy is assured.

In an unpublished interview, Hargis makes a number of interesting points about the need to escape the tyranny of a government based unit of account. He recommends the use of private money based on non-statist units of account because he thinks that one of the ways the government enslaves us is by getting us to think in terms that it defines. "Most people's chains are chains of thought. These are more effective than chains of iron, even though people can't see them. As long as we think in U.S. currency units, that constitutes a chain around our necks that is held by the State." Since most people think in statist monetary units, the State is able to take advantage of their confusion between money and real wealth. By the simple act of either printing or borrowing more Federal Reserve units, and then distributing them, the State can erroneously lead people to believe that they are better off than they were (ignoring the fact that the purchasing power of those statist units of money has diminished). This is what the Austrian economists call "the mirage of inflation." The voluntarist nature of his Current Gold Account or any other private money system is, Hargis says, "You don't have to vote for it. You don't have to write your legislator and wait for a law to be passed. Essentially what I am offering is a chance for those interested in the free market to vote for the free market every time they move, because that is what voting is—every time you spend your money, you vote for something. And as long as you are using the Federal Reserve unit, you're voting for the government. To vote for the free market, you have to use free market mechanisms."

In conjunction with his private monetary services, Hargis also acts as a consultant in the formation of private business trusts, or contractual companies, as he calls them. He avoids the franchise type of business organization since it is regulated by the State. Corporations must be organized according to state regula-

tions and receive a state charter. Hargis points out that when you form a corporation, you contractually agree to abide by all past, present, and future statutes. "For those who value liberty and integrity," he says, "establishing a corporation is like entering into a compact written by the devil. You own the property, but lose control of it to the State. If you operate a free market business trust, you are expanding the free market." In contrast, the free market contractual company is not a creature of the State. It is based on long-established legal principles that enable one to conduct business without personal liability for the actions of the company and at the same time enables exchange of ownership via easily transferred shares.

Hargis' overriding goal is to make it easy and economical for his customers to use their new unit of account and to organize their business dealings independent of the State. The deeper dimension of the services Hargis provides, though, goes beyond the mechanics of Current Gold Accounts and free market contractual companies. It is to encourage and facilitate viewing gold not as an investment, but as money, for use now by anyone who voluntarily chooses to use it as an alternative to money provided by the State. Hargis asks, "What is money, after all? It is a medium of exchange, a unit of account, and a store of value." That gold is a store of value is attested to by its long use by the human race. Hargis promotes the use of gold as unit of account by urging that the free market contractual companies with which he is associated, use it in their financial statements and other records. Shares of the company should be issued and valued in, and dividends issued in, gold grams. Income and expenses should be calculated in gold grams, and if the company issues notes, the principal and interest should be computed and paid in gold grams. The use of gold as a medium of exchange is supported primarily through the use of current gold accounts, which are a convenient and economical way of converting between gold and any other currency. Hargis believes that only by using the gold gram as a medium of exchange and a unit of account can we divorce ourselves from the tyranny of legal tender.

Interestingly enough, the government's own interpretation of legal tender laws seems to be strengthening, rather than weakening, the moves toward free market money. Both COIN WORLD (April 6, 1988) and THE WALL STREET JOURNAL (April 12, 1988) reported the case of an Ocala, Florida man, Jared S. November, a 38-year old currency buff, who tendered a 1914 \$10 bill to a pharmacy clerk to pay his \$6.43 bill. The clerk refused the note, fearing it was counterfeit, as it was about 25% larger than an ordinary \$10 bill, and carried the likeness of Andrew Jackson, rather than Alexander Hamilton. Mr. November left the note and walked out of the store with his purchase. He was later arrested and charged with retail theft. Michael Frosch, chief counsel of the Treasury Department's Bureau of Engraving and Printing, said that the government would redeem the note, but added, "stores can still decide what money they'll accept." Another Bureau of Engraving and Printing attorney, William Colbert, said that people "have the right, under contractual relationship, to limit the method or form of payment. They are under legal obligation to comply with the terms of the contract as they set it. The money is still legal tender and the government will redeem it as such, or the store(s) can accept it as such, if they choose to, but they're not under legal obligation to do so." In short, as stated in COIN WORLD, "there are no federal statutes that (say) a merchant has to deal with (U.S.) currency, old or new, as payment, even if it's legal tender."

The November case demonstrates that specific performance can only be determined before a debt is incurred. Had Mr. November already owed the pharmacy \$10, he could have used his 1914 \$10 bill in payment of his debt. Instead, he wanted to use his \$10 bill before a debt was incurred. A seller may always determine the mode of payment, whether it be dollars, or gold, or chickens, before a debt is incurred. Legal tender is only for debts measured in dollars. Under the law of contract, so long as two parties to a transaction agree on a measurement standard—whatever that standard might be—there can be no question as to the legality of either their bargain or standard. If two private parties decide they will trade in gold grams or in Gold Standard units their contracts are legal and enforceable (ex-

cept under "emergency" conditions defined by the United States government).

The specific performance doctrine was abrogated by the Gold Clause decisions of the 1930s because Congress and the Supreme Court alleged that contracts payable in "gold, or a particular kind of coin or currency of the United States" affected the "public interest." Although this experience proves that "he who holds the guns rules the gold," there is a chance that the government would not be able to debase a private medium of exchange because such a money would not be coin or currency of the United States government.

The socialist monetary history of the United States points out how utterly compromised the free market is without a totally private money system. The following quote appeared in Gustav Stolper's book, THIS AGE OF FABLE, published in 1942:

Hardly ever do advocates of free capitalism realize how utterly their ideal was frustrated at the moment the state assumed control of the monetary system. ...Yet without it, the ideal of the state-free economy collapses. A free 'capitalism' with governmental responsibility for money and credit has lost its innocence. From that point on it is no longer a matter of principle but one of expediency how far one wishes or permits governmental interference to go. Money control is the supreme and most comprehensive of all governmental controls short of expropriation.

Few libertarians, even today, realize that the government that has the power to maintain a monetary system already possesses the power to weaken or destroy it. Hence, it is futile and useless to devote efforts towards reforming the governmental monetary system. The history of "private money firsts" gives us some encouragement that free market experiments might be successful. The trail-blazing examples of Hargis and Braun illustrate how the free market operates. One by one, free market entrepreneurs test out new and different services. Those serving the needs of the consumers are accepted, while those not fulfilling their needs fall by the wayside. Of course, the market dictum, *caveat emptor* applies, but this is exactly why market solutions provide such satisfying answers.

The exact opposite is true of a socialist system of government money control. There is little innovation or change. A government monopoly over money insures us that we get what suits the government, not what we as consumers want. Let us hope these free market money experiments are successful, for at the moment they are one of the best hopes for the future.

Contact Information

If you investigate and/or invest with either of the firms mentioned in this article, please let them know you were prompted to do so by reading this article. (Gold Standard, in particular, offers a bonus program for "new" customer referrals.)

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Gold Standard Corporation, 1805 Grand Avenue, Kansas City, Missouri 64108. Tel. 1-800-VIA-GOLD.

A "Pis Aller"

Continued from page 8

The political world of make-believe mingles with the real world in strange ways, for the make-believe world may often mold the real one. In order to be viable, in order to serve its purpose, whatever that purpose may be, a fiction must bear some resemblance to fact. If it strays too far from fact, the willing suspension of disbelief collapses. And conversely it may collapse if facts stray too far from the fiction we want them to resemble. Because fictions are necessary, because we cannot live without them, we often take pains to prevent their collapse by moving the facts to fit the fiction, by making our world conform more closely to what we want it to be. We sometimes call it, quite appropriately, reform or reformation, when the fiction takes command and shapes reality. (p. 14)

Morgan automatically assumes that political fictions are necessary. But are they? It is actually only in the context of political societies—where the State or some sort of ruling class

exists—that fictions are necessary. Without them the governing few would be unable to shape and control the opinions of the governed many. In societies with no other form of governance than self-government there is no need for such fictions. Nevertheless, both political authority, and what Morgan terms “modern liberty” depend on political fictions because the latter was invented in the Anglo-American world, where these fictions were rife.

Lest any of our subscribers think that this book is a voluntaryist critique of political fictions, let us continue to quote:

It is not the purpose of this book to challenge them, and my use of the word fiction has no such intention. I have been troubled by the pejorative connotations attached to the word, but I have been unable to find a better one to describe the different phenomena to which I have applied it. I can only hope that readers who persevere to the end of the book will recognize that the fictional qualities of popular sovereignty sustain rather than threaten the human values associated with it. ...My purpose is not to debunk, but to explore the wonder that Hume points to, the fact that most of us submit willingly to be governed by a few of us. (p. 15)

Part I of *INVENTING THE PEOPLE* opens with a discussion of the theory of the divine right of kings during the reigns of James I (1603-1625) and Charles I (1625-1649). It was primarily during the first half of the 17th Century that the theory of representative government evolved and was put into practice. While Morgan delves deeply into the history of this era, let us simply note that he concludes that the representatives in Parliament, during this time, “invented the sovereignty of the people in order to claim it for themselves - in order to justify their resistance, not the resistance of their constituents singly or collectively, to a formerly sovereign king. The sovereignty of the people was an instrument by which representatives raised themselves to the maximum distance above the particular set of people who chose them. In the name of *the people* they became an all-powerful government, shedding as much as possible the local, subject character that made them representatives of a particular set of people.” (pp. 49-50)

Any voluntaryist who has read Lysander Spooner’s *NO TREASON* appreciates the fictional quality of *the people*, as well as their supposed sovereignty. Morgan points out that the Royalist critics of Parliament often observed that there was no such entity as *the people* nor any one spokesmen who could represent all the people. While Morgan mentions Sir Robert Filmer (1588-1653) as author of *PATRIARCHA* (which furnished a rationale for hereditary succession of the kings) it is a shame that he did not delve further into Filmer’s works. For Filmer saw through these fictions and was the one of the most poignant critics of consent theory and consensual government—of representative government and popular sovereignty—during the 17th Century.

It was Filmer’s primary contention that “stable governments could not be based on consent” because they would always be in danger of having that consent withdrawn. In short, Filmer recognized that free submission to government or government by consent was an open invitation to anarchy because it recognized the right to secede from political authority. In his *THE ANARCHY OF A LIMITED OR MIXED MONARCHY* (1648), Filmer recognized that Englishmen had never gathered together (either in some historical past or during his lifetime) and consented to their government. But even if this were so, what prevented a man from withdrawing his consent once he had granted it? What bound future generations to such an agreement? Filmer even went so far as to deny the legitimacy of majority rule, and said that “it cannot be showed or proved that all those have been absent from popular elections did ever give their voice to some of their fellows.”

But Filmer’s most insightful commentary was that all government, by its very nature, is arbitrary. Had Morgan understood this point, he would have seen why the more political fictions

change substance or content, the more their form and purpose remain the same. According to Filmer, it really makes no difference what form (monarchy or republic) the government takes.

We flatter ourselves if we hope ever to be governed without an arbitrary power. No: we mistake; the question is not whether there shall be an arbitrary power, whether one man or many? There never was, nor ever can be any people governed without a power of making laws, and every power of making laws must be arbitrary.

Thus Filmer totally rejects the idea of a lawful government; “he repudiates at one fell swoop the idea of a ‘government of laws, not of men’ and its historical but not logical concomitant, the belief that a popular government cannot be arbitrary” because it is based on the will of the people. For as Filmer questions, “if it be tyranny for one man to govern arbitrarily, why should it not be far greater tyranny for a multitude of men to govern...? It would be further inquired,” Filmer wanted to know, “how it is possible for any government at all to be in the world without an arbitrary power; it is not power except it be arbitrary. ...” Hence, in Filmer’s opinion, all government, no matter what form it takes, is arbitrary, and he identifies “the law-making feature” of government as the essence of its arbitrariness. It was this point that Morgan was groping for when he observed that the new fictions of the 17th Century, “by placing authority and subjection, superiority and inferiority in the same hands, could deprive people who were actually subjects, of effective control over a government that pretended to speak for them—a form of tyranny that popular sovereignty continues to bring to peoples all over the world.” (p. 83)

Chapter 8, “The People’s Choice: Elections and Electioneering,” reinforces the voluntaryist contention that the electoral process is largely a legitimizing tool. After outlining the history of popular elections in England and the United States (with analyses of political bribery, payoffs to the voters, displays of violence, and electioneering festivities) Morgan concludes that elections in the 18th Century were very similar to carnivals. “The carnival provided society with a means of renewing consent to government, of annually legitimizing (in a loose sense of the word) the existing structure of power. Those who enacted the reversal of roles, by terminating the act, accepted the validity of the order that they had ritually defiled. By *not* carrying the make-believe forward into rebellion, they demonstrated their consent. By defying the social order only ritually they endorsed it.” (p. 205)

Chapter 11, “Inventing an American People,” deals with the evolution of the political forms of government in the thirteen colonies, once they declared their independence from Great Britain. Under the Continental Congresses and the Articles of Confederation, the thirteen states had been sovereign. But just as the House of Commons in Parliament in the 1640s had to invent a sovereign people to oppose a sovereign king, American politics had to invent a sovereign American people to overcome the sovereignty of the states. This was epitomized by “We, the people of the United States,” in the Preamble of the Constitution.

The fiction of “*We the people*” is nowhere more apparent than in the old cliché, that government must do for the people what the people are unable to do for themselves. What is the State but people like you and me? They have no magical powers to produce goods and services. The fact of the matter is that the State is not, and never can be, a producer of goods and services. Everything that the State gives to the people, it must first take from the people. Hopefully no voluntaryist would fall for a fiction as simple as this, but as Morgan’s book amply proves there are a host of political myths that millions of British and American citizens have accepted for centuries. While Dr. Morgan may not wish to debunk them, he has at least not tried to cover them up or hide them. And we hope that by holding them up to the light and identifying them as “fictions,” his efforts will spark an inquiry into their alleged necessity. After all, there may be some people besides voluntaryists who do not believe in selecting the lesser of two evils. And if that is true, political fictions may eventually come to be rejected ‘in toto’. That is our goal.

A "Pis Aller"

By Carl Watner

Book Review: INVENTING THE PEOPLE: The Rise of Popular Sovereignty in England and America, by Edmund S. Morgan, New York: W.W. Norton and Company, 1988.

The Author of INVENTING THE PEOPLE is candid if nothing else. "Because representative government," he writes, "rests on conflicting fictions or on a single fiction with glaring contradictions, it has often required ...left-handed defenses. It is a *pis aller*, better than the alternatives." (p. 51) According to THE AMERICAN COLLEGE DICTIONARY, *pis aller* is French for "the last resort" or "the worst going." From the very inception of his study of the exercise and authentication of power in the Anglo-American world, Morgan realizes that the theory of popular government in the English-speaking world is riddled with weaknesses. Hence his labelling it as the least bad of the alternatives.

There is perhaps no better way of stressing the significance of this book than by quoting extensively from its opening pages. Morgan begins his book by citing remarks about the voluntarist insight taken from David Hume's (1711-1776) essay, "Of the First Principles of Government":

Nothing is more surprising to those, who consider human affairs with a philosophical eye, than to see the easiness with which the many are governed by the few; and to observe the implicit submission with which men resign their own sentiments and passions to those of their rulers. When we enquire by what means this wonder is brought about, we shall find, that as Force is always on the side of the governed, the governors have nothing to support them but opinion. 'Tis therefore, on opinion only that government is founded; and this maxim extends to the most despotic and most military governments, as well as to the most free and most popular.

Morgan then continues,

We may perhaps question today whether force is *always* on the side of the governed or even whether it always has

been, but by and large Hume's observation commands assent. Put it another way, all government rests on the consent, however obtained, of the governed. And over the long run mere force, even if entirely at the disposal of the governing few, is not a sufficient basis for inducing consent. Human beings, if only to maintain a semblance of self-respect, have to be persuaded. Their consent must be obtained by opinion.

The few who govern take care to nourish these opinions. No easy task, for the opinions needed to make the many submit to the few are often at variance with observable fact. The success of government thus requires the acceptance of fictions, requires the willing suspension of disbelief, requires us to believe that the emperor is clothed even though we can see he is not. And, to reorder Hume's dictum, the maxim extends to the most free and popular governments as well as to the most despotic and most military. The popular governments of Britain and the United States rest on fictions as much as the governments of Russia and China. (p. 13)

Political fictions are fabrications ("a carefully invented statement or series of statements, in which some truth is interwoven, the whole usually intended to deceive") which persuade the many to submit to the government of the few. The idea of the divine right of kings, that the king can do no wrong and represents the voice of God on earth, is one such fiction. Others that Morgan lists are: "Make believe that the people *have* a voice or make believe that the representatives of the people *are* the people. Make believe that the governors are the servants of the people. Make believe that all men are equal or make believe that they are not." (p. 13) "That all men...owe obedience to government only if it is their own agent, deriving its authority from their consent." (p. 14) In practically every case, it is inherent in the nature of political fictions that they are impossible to prove. In many cases the facts support the fiction's opposite rather than the fiction itself. But the suspension of disbelief is part of the fiction.

But this in no way weakens the fiction.

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