

The Value of Freedom
by Stephen A. Cakouros

The liberty of the entire human race is not worth the life of a single human being.

Jean Jacques Rousseau, father of modern social engineering

I regret that I have but one life to give for my country.

Nathan Hale, American patriot

A visit to a museum is never without profit. On one such visit along museum row in New York City I saw a painting estimated to be worth millions of dollars. I tried to determine what there was about that painting that made it so costly. From my perspective it was to painting what John Cage is to melody.

According to the *marginal value theory* of economist Carl Menger [1840-1921] value is a subjective thing. Intrinsic value, he insisted, is an illusion. The value of something or how much we will pay for it is not determined by anything inside the thing itself. Its value is determined by what is happening outside of it.

The Austrian School of Economics, founded by Menger, placed a great deal of value on his theory of marginal value. Certainly the members of that illustrious think-tank would have rejected the socialism of Victor Hugo, but at the same time they would have accepted his dictum that “Nothing in this world is as powerful as an idea whose time has come.” The members of the Austrian School knew that the time for Menger’s idea had come. It was already incased in Scottish economist Adam Smith’s brilliant work *The Wealth of Nations* but they were determined to bring to the forefront.

Interestingly, what Menger said reaches far beyond the classroom and the comfortable surroundings of scholars. Believe it or not, economic theorizing has to do with things such as guard dogs, death camps, goose-stepping and the Soviet Gulag. Ludwig von Mises [1881-1973], often referred to as the dean of the Austrian School of Economics, understood this as well as anyone. It was to preserve his personal freedoms that he immigrated to Switzerland in 1934, and then to America six years later. Those freedoms were threatened chiefly because of his view on how the economy should be structured. The same was true of his contemporary Friedrich Hayek [1899-1992] another distinguished member of the Austrian school who came to the United States by way of England. Both men were not welcome in their native countries. They knew from firsthand experience that economics and personal freedoms bear directly on one another. They fully appreciated the fact that some governments fear economists more than they do the church.

On arriving in America both of these scholars set out on a mission. They were determined to show that Menger’s theory of marginal value goes hand in hand with the freedoms Americans have always cherished. In respect of this Hayek’s *The Road to Serfdom* should be required reading in all institutions of higher learning. He demonstrated that whenever a government takes control of the economy, setting aside the marginal value theory, that in many instances it leads to

a forfeiture of freedom. This is why an early work of von Mises sounded a similar warning, appropriately entitled the *Planning for Freedom*. These two books are not only short; they make short shrift of the idea that the value of something ought to be ascertained by a central planning committee and not by other forces over which bureaucrats have control.

In other words the Austrian School is opposed to socialism. Socialists are always planning. And as planners they are very often found to be heavy-handed. Opposing viewpoints are not welcome. As a matter of fact socialists, in order to do “good” have been known to go beyond exploitation all the way to evil. Socialists favor the idea that the economy should be planned by a central committee, a committee that does not have to answer to anyone. This is important, as author George Orwell warned of “...**the perversions to which a centralized economy are liable.**” The road that leads to a state-planned economy may be paved with good intentions, but it will in the end become the road that leads to serfdom and a return to barbarism. This is an invariable.

Hayek in his classic work traced the course of events in Prussia which led to the rise of Nazi Socialism. The Prussian state, for the sake of efficiency and in order to promote social interests, took the first step toward *tyranny* when its planners began to assume that they had the right to control the economy on behalf of the nation. Prussia became one giant factory where everyone worked for the government. This led to the forfeiture of a number of freedoms. Closer to home, it was not until President Franklin Roosevelt pushed through the New Deal, an economic scheme concocted by socialists who followed the Prussian line of thought, that Congress began to acquire powers never endowed it by the framers the Constitution. Was this a mere coincidence or is there a connection between central planning and tyranny?

Socialists believe, not as a rule but always, that the economy should be supervised, so that it can never be turned away from its stated purpose: the welfare of its citizens or its expansionist policies. Hayek says that socialists force us to choose between private enterprise which the Prussians called “English,” “commercial,” or “parliamentarian,” or its alternative, “economic administration.” Consequently a socialist believes that the government must determine the market value of goods and services, and not the market itself. Menger would have been persona non grata in old Prussia.

Socialist governments do not trust the ups and downs of a free market economy. In his heart of hearts the socialist is a control freak. A free market frightens him because it speaks to him of change and fluctuation. What he cannot control he wants to control; what he controls already he wants to continue controlling. Therefore socialists engage in price-fixing because they believe that the economy must never be left to chance. Von Mises’s dictum that we must learn to live with change, because it is inevitable, is from their standpoint madness. President Richard Nixon (to the consternation of former Prime Minister Margaret Thatcher of Great Britain) fixed the price of oil during a crisis indicating thereby that he lacked confidence in a free market economy.

Free market supporters believe that prices will be, not may be, determined by any number of factors such as scarcity, abundance, or desirability. If there is a glut of oil the price of oil will go down. If however there is a shortage of oil (real or imagined) the price of oil will be higher. Adam Smith [1723-90] in *The Wealth of Nations* says that the value of gold is determined by its

scarcity because it is not easily procured. If vast gold deposits were discovered in the Pocono Mountains of Pennsylvania, the price of that commodity would plummet.

How important is this? Hayek cites a Prussian authority who believed in economic administration, and by quoting him he shows us that price-fixing and central planning take us beyond price control to where central planners begin to control people. In the final analysis collectivists do not collect things, they collect people. Here is the road to serfdom.

In Prussia there existed a real state in the most ambitious meaning of the word. There could be, strictly speaking, *no private persons*. Everybody who lived within the system that worked with the precision of a clock-work, was in some way a link in it. The conduct of public business could therefore not be in the hands of private people, as is supposed by parliamentarianism. It was an *Amt* and the responsible politician was a civil servant, servant of the whole.¹ [*emphasis added*]

The root of the word *Beamenstaat* has to do with the way in which Prussian authorities were authorized to invest someone with an office. *Beamenstaat* meant therefore “that everybody should become a state official - that all wages and salaries be fixed by the state. The administration of all property, in particular, becomes a salaried function. As a matter of fact (or so they hoped) the state of the future would be a *Beamenstaat*.”²

German officials had come to the conclusion that socialism and central planning was a product of *enlightened thinking*, and lo and behold, that Germany had been chosen to lead the way in implementing this for all mankind. Utopianism and the Blitzkrieg embraced! Hayek wrote, “**The decisive question not only for Germany, but for the whole world, which must be solved by Germany for the world is: Is the future trade to govern the state, or the state to govern trade? In the face of this question Prussianism and socialism are the same . . . Prussianism and socialism combat the English in our midst.**”³ [*italics in original*]

One can easily discover that England (because of the intrigues of Fabian collectivists who won over British voters in 1945) has adopted an approach to trade that in many respects has mimicked Prussian Socialism. As a matter of fact Hayek watched this taking place. He was for a short time associated with the London School of Economics, the Mecca of British socialists. When the state does not own something outright in England, which is often the case, it socializes it, so that for all intents and purposes it might as well belong to the state. This helps to explain why the British economy has been so sluggish. As Adam Smith said, “**I have never known much good done by those who affected to trade for the public good. It is an affectation. Indeed not very common among merchants, and very few words need be employed in dissuading them from it.**”

More importantly this helps to explain why the Brits have lost a number of the freedoms they once enjoyed. Central planning was the culprit. As soon as the socialists took over the government various agencies were authorized to tell citizens what jobs they could have and if the government would allow them to leave their positions. In addition, no less than ten agencies or divisions of government were given heretofore unheard of powers. Now these bureaucrats can enter your home at will. The wisdom of elder statesman and parliamentarian William Pitt was

scrapped thanks to socialism. Pitt declared, **“The poorest man may in his cottage bid defiance to all the forces of the Crown. It may be frail, its roof may shake; the wind may blow thru it; the storm may enter, the rain may enter—but the King of England cannot enter; all his force dares not cross the threshold of the ruined tenement.”**

If socialism comes to America we will go the way of Britain. There is no doubt of that.

Interestingly, that same national pride that allowed Germany to think that it was a savior of sorts has taken root in America. Would you believe it, New York governor Nelson Rockefeller, grown fat on the blessings of free trade and capitalism, accepted the idea that a new world order was in the making, and that it should be modeled along the lines of a socialist state, a giant bureaucracy? Author Rose Martin traces the messianic burden of the Rockefellers, as it pertains to the role of America in the world, to John Dewey [1859-1952] the high priest of American education. In the *Fabian Freeway*, Martin reveals that utopian idealism was very much in evidence at Lincoln School where the Rockefellers attended, and that Dewey was behind it all.

There (at Lincoln) a sense of personal guilt for all the world’s ills was instilled into the young scions of wealth, who were simultaneously reminded of their duty to help fashion a new and better social order . . . In his adult years, Nelson Rockefeller often referred to the New Order that was bound to come. As late as 1962, he was praised by Left liberals as the author of a book called *The Future of Federalism*. It has been described by Supreme Court Justice William O. Douglas as a “plea for a ‘new world order’ with the United States taking the lead in a new federalism at the world level. *In other words, Rockefeller called openly for a type of World Government similar to that urged by Walt Whitman Rostow and others - where the independence of the United States, as we have known it, will be abolished.* Reviewing Rockefeller’s book for the *Washington Post* Justice Douglas wrote, rather strangely for one entrusted with preserving the United States Constitution, “He (Rockefeller) does the nation great service when he propounds the theme of this book . . . It is bold in conception and sets America’s sights high.”⁴
[emphasis added]

With the backing of Rockefeller money, modern day educators were brought under the spell of Dewey. “The Rockefeller and Carnegie foundations . . . began in the early thirties to back John Dewey’s socialist philosophy with large amounts of money. Dewey who became known as the ‘father of progressive education’ went on to influence the thinking of American educators more than any other individual.”⁵

Socialism is no mere blip on the radar screen. The Mensheviks of Leon Trotsky are moving among us. They dream of a borderless world and a new kind of federalism, brought about by “perpetual revolution.” Some are called Democrats, others Neoconservatives.

The Price of Freedom on the Open Market

How do we determine the value of freedom? I would suggest that the value of freedom can in some respects be determined in the same way that tangibles are priced. When freedom is

commonplace and found in abundance, it becomes cheap. Few set a lot of store by it. On the other hand when freedoms are curtailed, when the authorities tell us what we can say and do, when they can imprison us and not have to explain why, when they can tell us what job we must hold down, when they can tell us how many children we are allowed to have, when they can pass laws without our consent, when they can raise taxes at will, when they can take one of our cars and give it to someone who has no car, when they can do all these things and more, then we will set a lot of store by freedom. The price of freedom will skyrocket on the open market. In the Soviet Gulag men and women would have emptied their Swiss bank accounts to taste the pleasures of freedom.

At the same time I would suggest that the price of freedom does not conform to the way in which the price of a product is determined in a free market economy. I would suggest that there is a connection to freedom itself that can stabilize the price of freedom. This has to do with who is free. We cage animals and domesticate them, but should we do the same with people?

A look at precious metals will prove helpful when we try to determine the price of freedom. According to the marginal value theory, if people did not like to wear gold, because of the way it makes them look when they wear it or because it gives them recognition, the price of gold would plunge. What, if anything, could take the place of gold if it was suddenly devalued? This much is for certain; whatever we use to replace gold will have to do what gold does, and what is that? Gold is a statement. The user by wearing a costly metal like gold is saying I am valuable because I wear valuable things. This is why the people of *Utopia*, as described by Thomas More, used gold for their chamber pots. In their way of looking at things nothing extrinsic, that is nothing outside of the self, could in any way be used to determine the worth of someone, and that if we think otherwise it is proof that we have not as yet matured. More might have admitted that gold should be used to back our money, but he would never have said that it could be used to determine the value of a human being. *Utopia* offers us a lesson. All you must do is influence people to think differently about themselves and you will convince them to think differently about what they should buy or not buy, or wear or not wear. The same thing applies to the price of freedom.

Let us remember our purpose. We are trying to calculate the price of freedom, and we are trying to determine if the price of freedom can defy the marginal value theory which says that nothing has intrinsic value. Is there something that we can find that will refute the ups and downs of the free market thereby determining for us what the price of freedom should be no matter whom we are or where we are or when we are living? There is. **The moment we have fixed a price on human worth we will then be able to determine the price of freedom. We will discover that no price is too high to pay for freedom. And that there is a direct correlation between human worth and what store can be set by freedom.**

So how do we determine human worth? We need to know because human worth determines for us how valuable freedom is. There are three ways of concluding human worth. Two are wrong; one is right. Two are wrong because they assume that human worth can be verified by something extrinsic or outside of the essential self. The one that is right does not make that mistake.

First off, socialism puts forward the idea that the state is all in all, and that being the case, individuals derive their worth from the way in which they participate in the life of the state. The state is not the sum total of its individuals. On the contrary socialists believe that the state creates the individual. Therefore the state determines each person worth. It can elevate or demote the individual as it pleases.

Secondly, some people determine human worth by calling attention to the fact that human beings can reason. We can as Aristotle observed, even think about thinking. This is the ancient Greek method of gauging human worth.

This way of determining human worth is in accord with the way modern man thinks about human worth because the Enlightenment [17th century to the present] more or less a revival of Greek secularism. Echoing the poetry of Aeschylus (whose *Prometheus* places great value on the way man has learned to reason through an evolutionary process), Immanuel Kant [1742-1804] said that reason had entered a new historical phase. Secular men began to envision a millennium of sorts. Enlightenment thinkers became the prophets of a new world order, one that was undergirded by reason. Alas, this line of reasoning is only one goose-step away from Nazi Socialism. It is the assertion that socialists are more in step with what is happening to the human psyche.

Thirdly, we can determine human worth in the same way the American colonists did who signed the *Declaration of Independence*. The underlying idea in that time-honored document is that God made man; and if that is the case the worth of a human being can never be determined by the state, nor can it be appraised on our ability to reason, for both of these (the state and reason) are external to ourselves. Unless we understand this we will think that the state has the right to assess that some individuals have more worth than others, or we will think that those with greater intelligence have more worth than others. The former is socialism; the latter is plutocracy.

Now we can determine the cost of freedom. We deduce that no price is too high to pay for freedom. This is our deduction if we believe that God is our creator. Would that we could ask those men and women who paid the ultimate price for freedom even though they knew that they would never live to enjoy that freedom.

Human worth is derived from God and where this is denied, freedom is forfeited. All societies based on atheism (China, Viet Nam, Korea, etc.) are repressive. Russian philosopher, Nikolai Berdyaev [1874-1948] declared that **“Where there is no God there is no man either.”** Simply stated this means that If God has worth then so do we.

All of the above suggests that a true patriot will not vote for certain individuals in the upcoming 2008 election. They are socialists, and as such they are committed to policies that will in the end deprive us of freedom. Many of them believe in central planning, the scourge of mankind.

People like Barack Obama do not believe that the *state is the sum total of its individuals*. From his standpoint, the individual derives his value from the state. Where there is no state, the individual is still being formed. The state becomes a womb. If that is the way it is, then the state is responsible not only for the welfare of its citizens, but for the way citizens think about their

relationship to the state. That means that the state will have to establish a class of individuals like the Guardians in Plato's *Republic* who insured that everyone thought correctly about authoritarianism itself.

Are there any who give the impression that they believe that thinking must not get out of hand, and that it should be conformist rather than individualist? What does the following remark by Hillary Clinton mean? “We must stop thinking of the individual and start thinking about what is best for society.” I prefer the words of James Madison who believed in individual freedom and who would never have supported anything even resembling central planning. **“A man has a property in his opinions and the free communication of them.”**

Senator Clinton wanted to become president. However, Obama who inclines more toward socialism than even Clinton is now in the running. If Obama becomes president, we are assured that a gang of central planners will take over. Just before Woodrow Wilson was elected president, crowds were shouting “Socialism by 1912!” Now the supporters of Obama are likely to be talking in undertones about “Socialism by 2012.” Can you hear the faint barking of guard dogs coming closer?

Let us finish by taking note of the fact that Adam Smith linked central planning and market control to tyranny.

The statesman, who should attempt to direct private people, in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which *could safely be trusted to no one single person*, [and] *...to no council or senate whatever*, and which would no where be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it. [An *Inquiry into the Nature and Causes of the Wealth of Nations*, book 2, chapter 2, *emphasis added*]

Footnotes:

1. Hayek, Friedrich, *The Road to Serfdom*, University of Chicago Press, 1965, 17th edition, p. 178-9

2. Ibid, p.179

3. Ibid, p.179

The Fabian Society began in London in 1884, one year after the death of Karl Marx. Marx, a German expatriate, frequented the libraries of London for 34 years. His ideas found a home among the Fabians.

Fabians are subversives of one kind or another, many of them being disaffected middle-class Christians. Marxist Socialism or collectivism became their religion. The London School of Economics [LSE], founded by Fabians Sidney and Beatrice Webb (who at a later time joined the Communist Party along with playwright George Bernard Shaw, another Fabian leader), has

attracted students from around the world. The two oldest sons of U.S. Ambassador Joseph Kennedy were sent to the LSE because of the notoriety of Harold Laski, a dedicated socialist who had previously taught at Harvard. Others such as activist George Soros have come under LSE influence. President Bill Clinton, as a Rhodes Scholar, would have come within the shouting range of LSE propagandists.

Fabians move in the shadows. Whenever facts were not in support of Marxist theorizing, Sidney Webb would adjust the data to suit his purposes. In so doing he was taking a page from Karl Marx. Numbers were truly crunched.

Fabians had hoped to make revolution look respectable. They never realized that if something needs the cover of darkness, it is not of the light. The greatest single triumph of the Fabian Society was the takeover of the British Labor Party. Nearer to home they managed to gain the upper hand in the administration of Franklin Delano Roosevelt.

4. Martin, Rose, *Fabian Freeway*, Western Islands, 1966, p. 404

Dewey was part of a movement called postmodernism. Essentially this means that the ideas on which philosophers used to base their ideas, e.g., Aristotelian logic, are without support in a modern world. This suited Dewey who believed that society along with its ideas was evolving. There should be no doubt that he was a Marxist. At the same time it would be wrong to say that he was a communist. The Communist Party would have been too rigid for Dewey who thought of himself as a progressive.

Dewey participated in Fabian-inspired organizations such as the American Civil Liberties Union [ACLU]; and the League for Industrial Democracy. When dealing with the subject of individuality, America's most famous educator made comments that still send a chill up one's spine. He refused to believe that the state is the sum total of its individuals. Dewey says,

The individualistic school of England and France in the eighteenth and nineteenth century was empirical in intent. It based its individualism, philosophically speaking, upon the belief that individuals alone are real, that classes and organizations are secondary and derived. They are artificial while individuals are natural . . . The real difficulty (in this way of looking at things) is that the individual is regarded as something *given* something already there. Consequently he can only be something to be catered to, something whose pleasures are to be magnified and possessions multiplied . . .

Now it is true that social arrangements, laws, institutions are made for man, rather than that man is made for them; that they are means and agencies of human welfare and progress. But they are not means for obtaining something for individuals, not even happiness. They are means of *creating* individuals. Only in the physical sense of physical bodies that to the senses are separate is individuality an original datum. Individuality in a social and moral sense is something to be wrought out. It means initiative, inventiveness, varied resourcefulness, assumption of responsibility in choice of belief and conduct. These are not gifts, but achievements. As achievements they are not absolute but relative to the use that is to be made of them. And this use varies with the environment. [1921 lecture in Japan, *emphasis in original*]

These remarks should be read alongside Marx. **“Society does not consist of individuals but expresses the sum of interrelations, the relations within which these individuals stand.”**

5. Kahn, Gary, *En Route to Global Occupation*, Huntington House, 1992, p. 59-60