

THE LIBERTY TRAIN IS COMING

Statists, Get On Board or Out of the Way



LAWRENCE (LARRY) W. REED

is the President of the Foundation for Economic Education (FEE), headquartered in Irvington, New York. He previously served for two decades as President of the Mackinac Center for Public Policy, which under his leadership emerged as the largest and one of the most effective and prolific of over 40 state-based “free market” think tanks in the country. Reed holds a B.A. degree in Economics from Grove City College (1975) and an M.A. degree in History from Slippery Rock State University (1978), both in Pennsylvania. He taught economics at Michigan’s Northwood University from 1977 to 1984 and chaired the Department of Economics from 1982 to 1984. He designed the university’s unique dual major in Economics and Business Management and founded its annual, highly-acclaimed “Freedom Seminar.”

LARA-MURPHY REPORT:

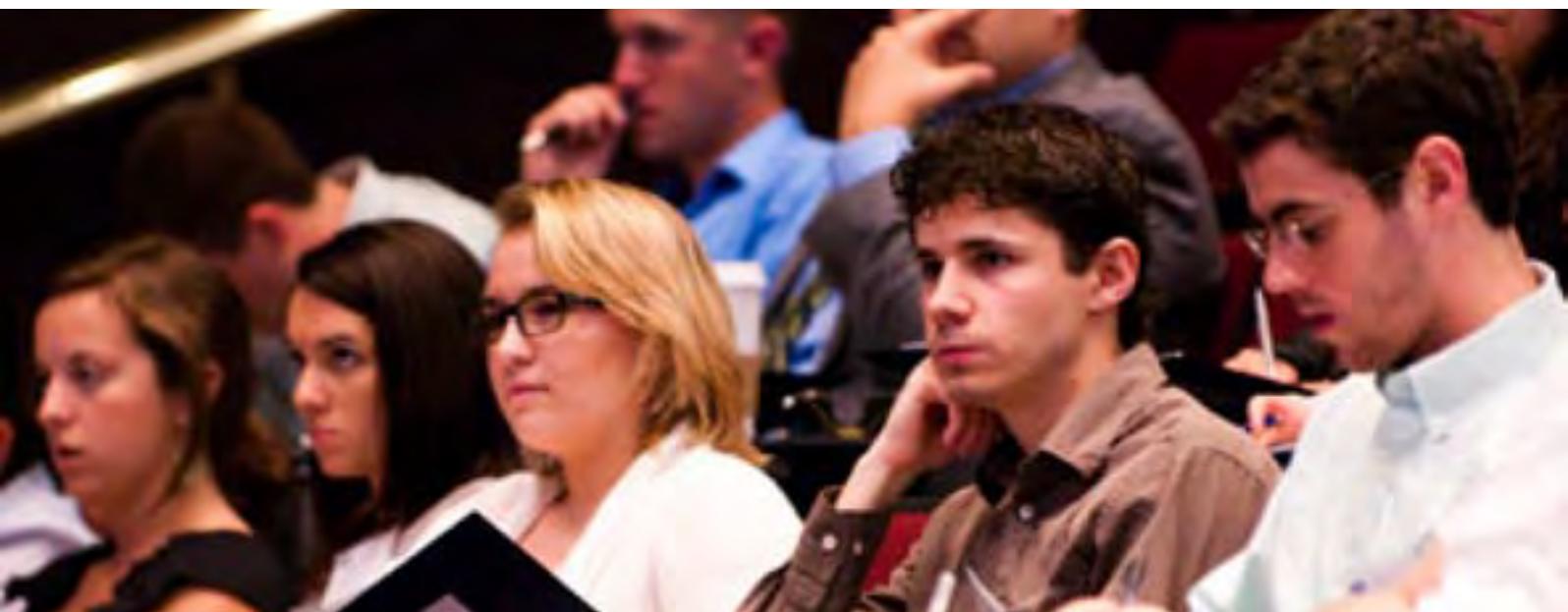
How did you discover Austrian economics?

LARRY REED: My ideological journey has its roots in a visceral (but not at first very thorough or philosophical) anti-communism. In August 1968, a month short of my 15th birthday, I participated in a demonstration in downtown Pittsburgh against the Soviet invasion of Czechoslovakia. It was sponsored by Young Americans for Freedom, which I immediately joined. That put me instantly on the mailing list for “The Freeman,” the journal of the organization I now lead, the Foundation for Economic Education (FEE). This is a story I’ve told in “The Freeman” itself, here: <http://www.thefreemanonline.org/columns/ideas-and-consequences/the-sound-of-freedom/>. When I published my first article there in 1977, it was very Austrian as you might imagine from its title, “A Critique of Mathematical Economics.”

As I read articles in “The Freeman” by Henry Hazlitt, Ludwig von Mises, Hans Sennholz, and others of the Austrian School in my teens, my interests gravitated from a narrow hostility to tyranny and oppression to an ever-deeper understanding of what makes humans tick, one person at a time. I was captivated from the start by the Austrian emphasis on rigorous methodological individualism, which has framed the way I see the world in all the 40+ years since. After hearing a lecture by Hans Sennholz

at a convention in New Jersey in March 1971, two months before my high school graduation, I made plans to transfer from the University of Pittsburgh (where I was scheduled to begin my undergraduate studies in September) to Grove City College. I attended Pitt only one semester and was able to get into Grove City starting in January 1972. For the next three and a half years, I soaked in every jot and tittle of Austrian economics I could get my hands on and my head around. Since Sennholz was one of only four people who had earned his PhD under the tutelage of Mises, it was almost like getting my Austrian economics from the great man himself. Sennholz was a fabulous inspiration and a terrific teacher.

I should mention as well that during that one fall 1971 semester at Pitt before moving on to Grove City College, I gave my Keynesian economics professor fits. I was already well-read and self-educated in the work of Mises, Rothbard, and other Austrians by that point. I recall so well the time when my Pitt prof (he was indeed the pits) “explained” the business cycle in typical, infantile Keynesian fashion. In response, I drew from Rothbard and asked him, “How do you account for the common features of every cycle, namely, a sudden and general cluster of business errors, a greater fluctuation in capital goods industries than we find in consumer goods industries, and an inflation of money and credit prior



to the downturn?” His dismissive, uninformed non-reply confirmed the wisdom of my decision to stop subsidizing his idiocy and get some real economics.

LMR: You’ve had quite a few interesting experiences in foreign lands. Care to share any stories?

LR: I could go on for many hours (and pages) but let me share a few. I’ll preface them by saying I have learned a great deal in traveling to some 81 countries since 1985. Many of those trips involved working underground with anti-communist and anti-socialist movements behind the Iron Curtain. Those visits strengthened my appreciation for the extent to which freedom-loving people will sometimes go to assert their natural rights against great odds and obstacles. What I saw and heard proved again and again the amazing power of markets and the enervating impact of political interventions, and reaffirmed in me a desire to assist in any way I can those who support the values of a free society.

In Poland in 1986, I spent most of two weeks with underground activists. When I visited with a friendly professor and a group of students at Jagiellonian University in Krakow, I was amazed that they were reading Rothbard’s *The Mystery of Banking* because it was only a few months before that I had secured a copy myself! I was also incredibly impressed with the extent of the underground printing network. At

a secret dinner party hosted for me by underground printers, I saw samples of great works of freedom and Austrian economics in particular that had been illegally translated into Polish, illegally printed, and illegally distributed around the country. At one point I asked those printers, “Where do you guys get all the paper to print these things since the government owns all the printing presses?” A young man named Pawel answered with a smile, “We get it from two places. One, we smuggle it in from the West. Two, we steal it from communists.” He meant that even in the government’s own printing plants, enough of the workers were already on the side of the opposition that they smuggled the paper out and in some cases, even printed anti-socialist stuff on the government’s own printing presses.

In 1989, I visited Cambodia with my late friend, Dr. Haing S. Ngor, who won an Oscar for his role in the film, “The Killing Fields.” Seeing the torture cells and piles of human skulls—the fruit of the Khmer Rouge collectivist philosophy—chilled me to the bone. I recommend a visit to Cambodia for anyone who is oblivious to what the concentration of power can do.

I made five visits to the old Soviet Union, the last one in August 1991, just two weeks before the coup against Gorbachev. When I learned that people were routinely using “Pravda” (the official Communist Party newspaper) for the toilet paper they often



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couldn't find in stores, I knew the days of the Evil Empire were numbered. What a shame that it took so many decades for so many to learn what Mises told us nearly a century ago—that socialism inevitably yields chaos because it cannot calculate. Where private property is nonexistent and prices are bureaucratic edicts, the result is pathetic and disastrous.

One of the many overseas friends I've made over the years is Elbegdorj Tsakhia, the current president of Mongolia. He was prime minister twice and I visited him when he was PM the second time, in 2004. I had previously learned from him when he visited me in Michigan that during his first time as PM, he privatized the entire national herd of yaks, some 25 million of the hairy beasts. Their numbers under 75 years of communism hadn't budged, and when he came into power he determined that "yaks were not a core function of government." So when I was in his office in 2004, I asked him, "What's the latest on all those yaks you sold to the herdsmen?" With great pride, he told me that in just the first three years of privatization, the yak herd had swelled to 32 million. Apparently, when the yak is yours, you take better care of him. That's an elemental principle a lot of political science, sociology, and even some economics professors in the U.S. haven't learned yet.

LMR: How do you view the roles of organizations

like Michigan's Mackinac Center for Public Policy, versus the Foundation for Economic Education (FEE)? (We ask since you've been president of both.) Is it right to say that the former focused on specific policy analysis, whereas the latter tries to broadly educate the public on economic literacy?

LR: Yes, that is essentially correct. What Mackinac does is also state-focused, by which I mean focused on one state, Michigan. However, in the 21 years I was its president, we always looked for ways to show that free market principles do apply at any level, and that the smart politicians in Michigan (as in any state) are those who are humble and honest enough to keep out of other people's business and minimize the State's intrusiveness.

At FEE, we are focused more generally on basic economic education and our audience is the world. Our focus now is on high school and college students, the relative "newcomers" to liberty who have the potential to become future activists on liberty's behalf. We think it's best to reach these young people when their political and economic ideas are not yet well-formed, then inspire and educate them with liberty and sound economics. I'm happy to report that interest in what we teach is greater than ever among this age group. We're setting records each year in the number of applications for our summer seminars, for example. I'm also happy to report that we've made great progress at

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FEE on many other things: In the four years I've been president, and with the help of a younger and wonderful team, we've developed a comprehensive strategic plan involving exciting new directions; we've fixed the organization's finances; and we're preparing to cut our operating costs substantially by moving everything from our ancestral headquarters in Irvington, New York to Atlanta, Georgia next year.

The roles of Mackinac and FEE are different but they work toward the same end—a freer society through education and better policy. We add an extra component at FEE, which is character. A free society is not possible among people who are dishonest, arrogant, disrespectful of the lives and rights and property of others, impatient, short-term-focused, or dependent upon theft through State power for their livelihoods. Hence, before we can fix the problems of overgrown government, irresponsible deficit spending, and incomprehensible debt, we have to convince people to fix their character. We emphasize that heavily these days at FEE. I like to say that anybody can be a socialist. All it takes is the desire to have what isn't yours and the willingness to use or hire force to get it. But liberty requires higher standards of us. Each of us must search our souls and ask ourselves if we can live up to those high standards or just be another one of the several billion people who have left little positive mark on humanity because of their lousy personal character.

So some groups like Mackinac work on state-level policy. Others work on national or international policy. Still others like FEE work on education. We're all necessary parts of the picture. Liberty isn't automatic or guaranteed. We all have to work for it. If we let up, or assume that liberty is just on automatic pilot, we will end up like most people in history—suffering at the hands of power-hungry zealots who love to push others around.

LMR: Following up on the last question: We know the liberty movement is divided on questions of strategy and tactics. Some people focus on getting (say) the Republican candidate in a major election to be a bit more libertarian, some people spread the word about a third-party candidate because they say the two-party system is corrupt, and others still think that voting itself is a distraction from the real task of evangelism and opting out of “the system.” What's your take on these debates?

LR: I pretty much steer clear of such political calculations. I realize that sooner or later, in order to dismantle the gargantuan, liberty-destroying State, somebody has to elect or get elected, then repeal, retrench, abolish, and reform. But I leave that to others because my specialty is to educate so as to ultimately make those political jobs easier to accomplish once there's a broad consensus in favor of them. That's not a cop-out, it's just a recognition of the division of labor. I focus on what I do best,



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which is not political calculations. I'm willing to say this much, however: the two-party system certainly is corrupt, and that's as much a reflection of the erosion of personal character in the country as it is a direct and inevitable consequence of the concentration of power in the hands of politicians. I'm for anybody who will slash the size and scope of government, the more the better and the sooner the better, and whatever the party.

LMR: What's your take on the future prospects for liberty? Should people be hopeful that the surging popularity of Austrian economics and the ease of Internet communication will make the United States freer for our children? Or do you agree with the cynics who think freedom-lovers should leave the country?

LR: I respect all personal decisions regarding how and when and where to be active for liberty because I don't believe any individual "owes it" to his country to stick around if he doesn't want to.

But as for me personally, it's almost inconceivable that things could get so bad that I would leave America. I enjoy doing battle with those whose views I oppose, and I plan to fight for mine to the very end, no matter the cost. That's in part because I am an eternal (maybe even pathological) optimist.

Being an optimist is important, maybe even critical, if the liberty movement is to succeed. If you're pessimistic, you won't work very hard. You'll concede ground to the other side, in this case, the side that wants to enslave others to the statist agenda. To give

up that fight is morally reprehensible to me. No one is going to take away my liberties without a struggle; if I became a pessimist I think I would cease to be effective at persuading others to join in. Who wants to join a losing cause?

The fact is, no matter how dark liberty's prospects may seem in the present, no one knows the future. It can change on a dime, and when that happens it will be apparent to all that it was made possible because those who held fast to the right ideas didn't run and hide when they were most in peril. I want to check out for my eternal reward someday being able to echo what the Apostle Paul said on the eve of his martyrdom, "I have fought the fight, I have finished the race, I have kept the faith." What more can one man or one woman possibly do in this earthly life?

My optimism is more than blind faith or wishful thinking. I really do think that the seeds are being planted today for a revival of liberty in the future. We may have to go through the economic ringer before that occurs but if so, so be it. I don't want it ever to be said—and more importantly, I don't want my own conscience to say it—that I ever did anything other than work for the best. If indeed our ideas of liberty are as true as we know them to be, then why on Earth would anyone ever want to give up on them?

When I see lights go on in the minds of the young people we teach, I am full of hope for the future. Statists, look out. There's a train coming at you and you better get on board or get out of the way.



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