



"Big business and big labor require big government."

LIKE ALL SOCIALISTIC CLICHÉS, this bromide is born of socialistic beliefs. For, if one believes in socialism (state ownership and control of the means of production), or that

"the complexity and interdependence of the scientific-industrial state calls for national planning. The individualism of the eighteenth and nineteenth centuries is a casualty of technology, as are old theories of private property. Government must intervene more and more in the nation's industrial life . . ."¹

then it is plausible to assume that big business and big labor require big government. The bigger the industrial operation, the bigger must be the political apparatus which owns, controls, and manages it. Under socialism all business and all labor and all government are but parts of one and the same thing.

However, if one believes that the group is secondary to the individual and his emergence, that all men are equal before the law as before God, and that men are endowed by their Creator (not by the state) with the right to life, liberty, and the pursuit of happiness, then the above proposition is a non sequitur. The conclusion has nothing more to do with the postulate than does the claim that a big man requires more policing than a small one. If man is created for his emergence, then government is but a police power organized to defend and free productive and creative action from destructive action.

The size of private and voluntarily organized effort, be it business or labor, is unrelated to the amount of governmental restraint or control needed. A single thief or a lone pirate or an individual killer or a one-man kidnapping project may properly put hundreds, even thousands, of governmental agents on the trail while a peaceful, self-disciplined organization of enormous size needs no inhibitory or defensive action whatsoever on the part of government.

It is the amount or prevalence of violence, fraud, misrepresentation, predation, spoliation—not bigness—that should affect the size of the police apparatus. A society of people who never injure each other would need no government at all, but the more thieves, liars, ruffians, seekers of something-for-nothing, the bigger must be society's police force.

One of the reasons for believing that "big business and big labor require big government" is the strong tendency to equate corporate and labor union size with "economic power." Economic power, however, is only purchasing power, a form of power for which most of us quite properly strive. Actually, the more economic power others have, the more can each of us receive for what we have to offer in exchange. Economic power is a good, not a bad, power.

Now, there is a type of power related to size, which is to be feared: namely, political power—the power to force or compel compliance. This power shows forth in business and labor organizations as monopoly power—price and wage and production control—armed protection against competition.²

Monopoly or political power is always associated with force. There is no such thing as monopoly without coercive backing.³ Now and then organized coercion is of the criminal type such as Al Capone employed to monopolize the Chicago beer market; but, for the most part, private organizations accomplish similar results only by forming an alliance with the compulsive force of government. All laws restricting competition and willing exchange of either goods or services are examples of political-monopoly power.

Little as well as big businesses or labor unions, if they succeed in gaining special privileges by the force or largess of government, will expand the bureaucracy, add to governmental expense, quicken inflation, and lead to political corruption. Organizations in the private sector, whether large or small, require of government only that it be incorruptible. A failure to grasp this distinction will burden us with a private-public combine in big corruption, an unscrupulous and irresponsible "partnership"—the people's ruler.

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¹Excerpted from "Caught on the Horn of Plenty" by W. H. Ferry, Vice-President of the Fund for the Republic, Inc.

²See "Two Kinds of Power" by Paul L. Poirot. *The Freeman*, February 1960. Copy on request from Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.

³See "From Whence Come Profits?" by John Chamberlain, and "Incompetent Employers" by Francis Amasa Walker. *The Freeman*, October 1959. Copy on request from Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.