



## THE BUSINESS OF BUSINESS *by Thomas Fleming*

Jefferson was of the opinion that the tree of liberty was not a hardy perennial that could be safely neglected. Once planted by a revolution, it needed to be periodically “refreshed by the blood of patriots and tyrants.” Jefferson’s radical vision of revolutionary violence was muted, in later years, by his conservative skepticism, but the two principles are not all that far apart. There is a point at which radicalism and reaction converge, and that point is a moral resentment against entrenched mediocrity. Except in a few rare and fortunate cases, “the powers that be” in this and any land are a remarkably uniform set of real estate swindlers, market manipulators, and well-oiled office-seekers. Decent men, whether they are radical editors, conservative philosophers, or hardworking men of business, cannot always suppress their natural disgust with the cor-

ruption of a system based, in principle, on liberty.

Americans continue to speak of their country as the land of the free, and few of us—on the right or the left—would exchange our system of liberal socialism and two party elections for any current alternative (e.g., state socialism and one party). It remains true that the generation growing up after the Second World War is less free than their parents, who were less free than theirs. In three generations we have seen the creation of a tax on labor (“income tax”), the assertion of government’s prior right to a worker’s income (“withholding”), and the rejection of family responsibility (“Social Security”). These things may all be as good as leftists claim—although some of us have our doubts—but there is no denying the erosion of our liberties.

At least we would have *thought* there was no denying it. A Princeton political scientist, Benjamin Barber, writing recently in *Harper’s* (November ’86) is calling for a progressive vision based on “the idea that liberty is not the enemy but rather a product of government institutions.” One hundred years ago, such a statement might have seemed a witty paradox. After nearly 70 years of appalling tyranny exercised by Soviet government institutions, even liberals will find it hard to smile at Prof. Barber’s warmed-over New Leftism.

Throughout this century one standard argument on the left has run along these lines: Individual (or communal) freedom doesn’t work because unscrupulous businessmen amass huge fortunes at the expense of the working classes. The Virginia reactionary George Fitzhugh made the same case: Left to itself, a society based on “freedom and equality” will result in a tyranny of the unscrupulous over the principled. There is some truth in this reasoning. Unfortunately, the examples generally used to make the case—the robber baron industrialists at the turn of the century—are not really relevant.

Those “evil capitalists” of legend, Jim Fisk, Jay Gould, Andrew Carnegie, and J.P. Morgan, were not, by and large, representative of the bourgeois men of business who transformed the social and economic life of Europe and the United States. Of these four, only Carnegie actually built a successful industrial empire. The rest got rich in what is now being called “the old-fashioned way”: watering stock, jiggering freight rates, colluding with friends in the government. Morgan, who specialized in takeovers, is usually said to have improved no company by his management. On the contrary, once he had made his money on the stock deal, his interest waned.



It was a time in American history bounded by the administrations of Grant and Harding, from the great silver conspiracy described by Henry Adams to the Teapot Dome Scandal chronicled by Upton Sinclair. Mark Twain (with Charles Dudley Warner) caught the tone in *The Gilded Age*: speculation, deceptions, and a reckless willingness to sacrifice everything for the chance to make millions. Col. Sellers, a sanguine plunger modeled on one of Twain's relatives, is the prototype of the get-rich-quick American. (Jackie Gleason's Ralph Cramden was a more recent blue-collar avatar.) In one memorable scene, Sellers waxes eloquent over his "enormous" speculation. Despite a cheery fire in the stove, the room gets progressively colder. The mystery is solved when the stove door is accidentally kicked open to reveal a lighted candle. Sellers hastens to point out all the ill effects and inconveniences of an actual fire: "What you want is the *appearance* of heat, not the heat itself—that's the idea."

Until his bankruptcy, Twain enjoyed railing against the deceptive appearances of the speculators, including the Standard Oil Trust. But after he was bailed out by one of the chief architects of the trust, Henry Huttleston Rogers—otherwise known as "Hell Hound" Rogers—Twain became a sort of friend (and court jester) to Rogers and Andrew Carnegie, of whose philanthropy he observed, "He has bought fame and paid cash for it." He did, however, have the decency to keep his benefactors away from his family.

Owen Wister never had to moderate his opinion of the new Plutocracy. His novel *Lady Baltimore* is a superb defense of the older America, or what was left of it in Charleston, against the immorality and bad manners of "the yellow rich." His good friend President Theodore Roosevelt was annoyed by Wister's blanket condemnation of Northeastern society, but Teddy believed there was nothing wrong with America that a little regulation couldn't cure. And here is the rub: The evils done by certain industrialists and financiers were enough to insure the rise of adversarial labor unions and progressive big government, but it was not the ruthless dialectic of free enterprise which brought the yellow rich to power—far from it. It was, rather, their cozy relationship with government officials.

After the Civil War and the rise to power of the men who had done well in it, free enterprise was not an important issue for Wall Street (although it was and is for Main Street businessmen). Like Christianity—the proverbial good idea that's rarely tried—a free-market economic system has had to take the blame for many evils for which it is only minimally responsible. Perhaps "capitalism" would never have fulfilled all of the expectations it aroused in the 19th century, but this much seems unfair: An unhealthy collusion between dishonest financiers and corrupt officials has been the excuse for tying up businessmen in general in a mare's nest of agencies, regulations, and overpaid snoops.

The one important writer who best appreciated the peculiar qualities of the American business class was "the gentleman from Indiana," Booth Tarkington. In his most successful novels, Tarkington attempted to portray an agrarian society coming to grips with its commercial destiny. The softer ideals of old gentility were forced to give way to a go-ahead Babbitry that was not without virtues. Both Alice Adams and the protagonists of *The Magnificent Ambersons*

and *The Turmoil* learn to appreciate the merits of self-reliance, but it is in *The Plutocrat* that Tarkington went the furthest in contrasting pretentious Yankee aesthetics with the solid reliability of a Midwestern industrialist. Without being blind to the boorishness of the henpecked captains of industry, Tarkington managed to convey some sense of their heroic struggles. (They weren't always boorish either, as the author realized. In a minor novel, *The Young Mrs. Greeley*, the heroine is astonished by the capitalist's polish and devotion to the arts.)

Tarkington's public-spirited plutocrats were not Wall Street tycoons. Their business was not offering bribes to government officials. Even today, we are more likely to find such men in smaller (often family-held) corporations. While corporate raids, takeovers, and mergers attract the headlines, their main effect seems to be to reward the managers (*not* the investors) on both sides. J.P. Morgan would feel right at home in the 1980's.

Morgan would also know how to take advantage of all the environmental and consumer protection regulations that seem inevitably to favor corporate empires with vast legal and accounting departments. There are others who can write far more intelligently and persuasively on how government regulation seems to favor monopoly (and only accidentally protects consumers). I can, however, tell the tale of my own small venture as an entrepreneur in "the seafood business."

It was summer, and I was faced with the prospect of another session of beating first-year Latin into the unyielding heads of upperclassmen desperate to fulfill their language requirement. When a friend who owed me a favor offered a partnership in commercial crabbing, I jumped at the chance: all those hours of light work on the water, no students, no registrar, no exam cheaters to report. The best part was that I would be working with an experienced hand. Bobby had owned his own shrimp boat and had worked in the creek all his life. (The down-side was his M.A. in English and his, worse, literary aspirations.)

With little or no help from me, Bobby redid an old flat-bottomed boat and got us a deal first on a set of 50 traps, then another almost 50 (if memory serves). All I had to do was the paperwork. First, as insurance, I had to license and title a boat a relative had made for me. (We never did use the little 14-footer, but it might have come in handy.) Then we had to title and license the "new" boat, the motor, and the trailer. You could either send the half-ton of paper to the state capitol or drive an hour to the nearest city. Unwisely, I tried the postal route, which meant weeks of delay as forms crossed in the mail and collided with requests for more information. There was also the matter of commercial fishermen's licenses.

Eventually, somehow, the forms got completed, numbers were put on the boat, and we were bona fide commercial crabbers. There's not much to the business. You buy a load of bait fish, stick a big handful into a receptacle in a wire trap, and throw the trap into the water. The next day, you find the trap by its buoy marker (a Chlorox jug) attached with a rope, pull up the now much heavier cage, dump the blue crabs into the boat, rebait the trap, and drop it back in the water. Repeat that maneuver 50 or a hundred times and you're in business.

There are a few complications I hadn't anticipated. Going up a shallow tidal creek on a hot and windless July day exposes you to more than the chance of heat prostration: mosquitoes, gnats, big brown cowflies that sting like bumblebees, and the taste of rotting fish dumped accidentally into your mouth. There is also this affair of pulling, dumping, and replacing 50, 75, or 90 traps while your partner runs the boat and gives advice. (I later found out that this division of labor was not exactly typical.) My partner also liked to sit up late listening to Elvis Costello records and working on one of many still-unpublished novels. If we hadn't caught the tide by 7:00 in the morning or if it was too blowy or too rainy, well then, "let's wait until later," which sometimes meant two days later, by which time the crabs were eating each other, and the bait (what was left of it) was something worse than rotten. You've got to have tasted three days' rotten fish (in hot weather, remember) to know what it's like.

I shouldn't complain or try to shift the blame. He had, after all, virtually built the boat (which seemed to drain away most of his ambition), and after a few days of pulling traps, my own enthusiasm began to wane. Finally, in a desperate burst of energy, we put in a couple of hardworking days. When we pulled up to the dock to sell our huge boatload of big, beautiful blue crabs, the crab company owner greeted us with a "sorry": The market was flooded

and he wasn't taking any more, maybe for weeks.

My wife and I spent the day chasing crabs across the kitchen floor and counting our losses. I forget how much it was, totaling up the cost of all the traps, the gas, and the licenses. Not more than a few hundred dollars in total—a pretty meager loss for a month's work. Like many small businessmen, we had gambled and lost. Unlike most of them, we had been shiftless and lazy. We got what we had coming to us—the market had sifted us out.

My only complaint was the hours of paperwork and the mass of regulations which increasingly make small-time commercial fishing unprofitable. The law concerns itself with such details as: How many claws can you break off a stone crab? What's the minimum size of a legal blue crab? How can you identify a she-crab with roe (illegal)? What does a shrimper do with the turtles that destroy his valuable nets? When can you pick oysters off a bird sanctuary? In which channels can you use an oyster dredge?

Some of the rules make sense; others are just silly. But the net effect of all of them (especially the tax regulations) is to convert commercial fishermen into bureaucrats (many of them seemed to marry very bright girls who keep the books for them). As for me, every year the state sent me a tax bill for my 14-foot homemade boat. Being motorless and only 14 feet, it didn't really have to be licensed, but once inside the state's computer, my boat became a legal entity. Every year I protested the tax and threatened to destroy the boat with an ax, and every year the state told me what it could do to someone who didn't pay his \$10 or \$20 marine property tax bill. When I left the state, I sold the boat to a carpenter, but up until last year I still was receiving a tax bill.

My own difficulties were trivial (although I might have had to pay \$500 for the second stone crab claw I broke off by accident). But all the paperwork made me feel less and less like a free man and more and more like a ward of the state. If otherwise sensible Americans end up voting libertarian, I suspect it is not so much out of commitment to freedom in the abstract as it is an affirmation of their own existence against the oppressive forces of an anonymous state. Two recent Presidents have tried to control the Federal bureaucracy: The first, Richard Nixon, found himself lynched by a coalition of bureaucrats and senators on the make. (Is Howard Baker still running?) Six years into the Reagan Revolution, we have learned to be content with "checking the growth." There appears to be no hope of cutting out the malignancy.

If bureaucratic regulation only managed business, if its depredations were limited to our pocketbooks, we might learn to endure what we cannot change. But the whole process of adjusting to bureaucracy corrupts all of us. Gabriel Marcel observes, in *The Mystery of Being*, that the act of filling out forms diminishes the sense of who we are: name, last name first, address, number. Street numbers, by the way, were not introduced in France until the French Revolution attempted to reduce people from men and women down to mere citizens to be kept track of. Now we hear conservative politicians recommending a national identity card for practically the last country on earth where people do not have to show their papers. We may as well be in Canada.

—Thomas Fleming

In the forthcoming issue of *Chronicles*:

## Midland America

"Here is a cornucopia of disinterested goodwill towards oddities, an amused politeness at the tender psyches of the genius and the *artiste* and the sometimes unbalanced (often indistinguishable); here we have both the security of being part of a sane, humdrum community and the stimulation of observing, or perhaps acting, the occasional eccentric."

—from "Paradise Enow: A Midwestern Perspective"  
by Jane Greer

### ALSO

Russell Kirk tells tales of his Michigan grandfather

John Chalberg looks for Father Greeley in Chicago  
but finds him water-skiing in Arizona

Thomas Fleming takes a second look at the Midwest's  
greatest novelist, Booth Tarkington



## Economic Ideology and the Conservative Dilemma *by William R. Hawkins*

From Edmund Burke's distrust of "sophisters, calculators and economists" to Calvin Coolidge's boast that "the business of America is business" on to George Gilder's "economy of heroes" has been a long journey that conservatism has not weathered well, either intellectually or politically. What was once a robust philosophy concerned with all of humane culture has been reduced to a few slogans in behalf of the "conservative opportunity society" and "democratic capitalism." No need to worry about moral philosophy or social traditions: Tax reform will solve the nation's ills.

Some observers believe that the pressures of competing for political power in a democracy could only produce this kind of degradation of our public discourse. But people seldom pledge their loyalty to a party or a movement solely out of economic motives, and the attempt to build political movements on these motives will prove counterproductive in the long run. The business cycle follows its own pattern, uncoordinated with the election cycle. A governing party that ties itself primarily to economics is betting that the business cycle will always be up in the fall of every even-numbered year. Yet no school of economists has devised a way to ensure that this happens. Defining elections as plebiscites on the business cycle is not just nonsense, it is dangerous nonsense.

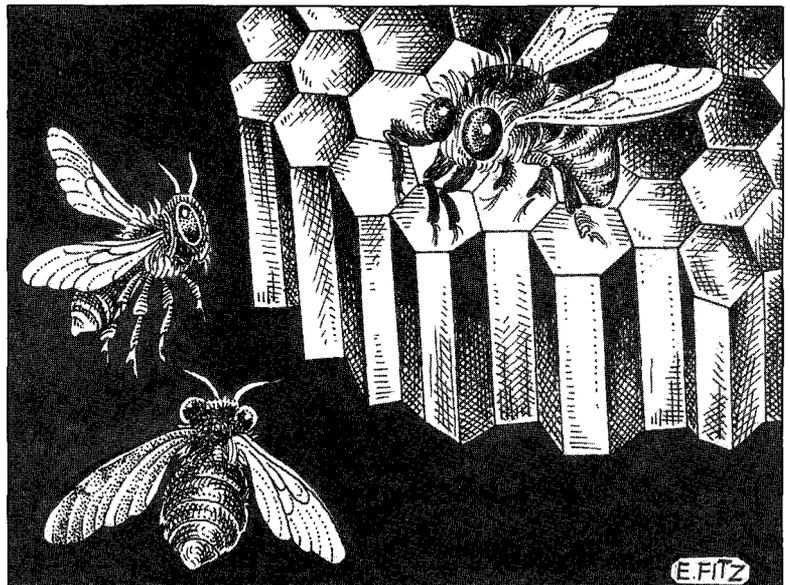
Loyalty to a party, movement, or philosophy must be built on foundations that will survive an economic downturn. Will the "yuppies" to whom so much of the political rhetoric about "opportunity" is now pitched remain loyal to the GOP—or even to free-market principles—when their stock portfolios start losing money?

A great deal of effort has been spent on attempts to expand economic doctrines into a rationale for all of civilization. Marxism is one such attempt. To Marx, all of society was merely a superstructure based on the organization of the economy and the distribution of property. Conservatives have long denounced this as a gross distortion of the patterns of human life.

Of course, it is easier to see the flaws in an opponent's case than in a friend's. Yet, too many conservatives have made the same fundamental error as Marx. In the attempt

to combat Marx's economic determinism, they have developed an economic determinism of their own. They have taken an economic theory and turned it into an all-encompassing ideology. Trying to fight ideas with ideas and to refute John Stuart Mill's charge that conservatives were "the stupid party," the champions of the right have latched onto the wrong ideas—ideas taken from the very school that Mill pioneered.

Since socialism was the enemy, the obvious counter-theory must be capitalism. And the group that developed a positive, intellectual theory of capitalism were the classical economists. Classical economics was, however, only one facet of the larger doctrine of classical liberalism. The task of separating the wheat from the chaff turned out to be difficult. Unwisely, many on the right went from using selected economic arguments in support of traditionalist positions to total ideological conversion. This conversion has produced two major distortions in conservative thought. First, it has led not only to a preoccupation with economic issues but also to fruitless attempts to apply the simple demand-supply model of classical economic theory to social problems that require a different approach. Second, it has allowed other tenets of classical liberalism to



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