

**A SOCIALIST EMPIRE: THE INCAS OF PERU**, by Louis Baudin, 442 pages, D. Van Nostrand Company, Princeton, \$8.

Reviewed by PALMIRA VALENTINE

**T**ODAY when Latin America is tugging with a new cycle of evolution, this book by Professor Louis Baudin, eminent representative of French economic science, is of great interest. After many years spent in study of the social and economic conditions in South America, he became imbued with the spirit of the ancient Peruvian empire of the Incas and presented it with a palette rich in tones and hues from its beginning to its grandiose destiny. "Everything here was inferior except man himself," he wrote.

Three successive philosophies form the political history of Peru—the socialism of the Incas, the democratic republicanism of the present and the Cuban "Castroism" and Argentinian "Justicialism" with which it is contending. The latter received their impetus as the result of a movement born in 1923, known as APRAism (Alanza Pro Revolucion Americana). The leader of the APRA party, Victor Raul Haya de la Torre, bases his revolutionary theories on the ideas of Pachacutec, the first organizer of the proposed Union of Pre-Columbian empires, which was to have included the Incas, Aztecs, Mayas and the Sciry of Ecuador.

Basing his description on extensive scholarly research, Professor Baudin reconstructed the rigidly hierarchized static society of the ancient empire in a study tied rigorously to historic truth. He describes the collectivist regime of the Incas as a source of admiration to the civilized world, an empire which was to be taken as a model by many writers of Utopian socialism.

Here we can see the intellectual and moral consequences of an economy planned to the smallest detail and despotically co-ordinating all material and spiritual forces in a minutely detailed regimentation. Result: the gradual effacement and degradation of the individual, the paralysis of initiative, the strangulation of ambition, the drying up of charity, the devitalization of art, the killing of inventiveness, and economic stagnation.

The author examines in detail the elaborate apparatus by which the authority of the state was made to extend to every department of life, harsh discipline, compulsory marriage, obligatory labor service, the regulation of leisure, establishment of production quotas, stockpiling of reserves, the forcible uprooting and transplanting of whole populations, and the building under state control of cities, fortresses, roads and canals.

This book is fascinating even for the layman. "It is difficult to draw the line between the free man and the slave in an almost socialist system," the author states. Freedom of the individual is the central theme, but Professor Baudin concludes, "there is no such thing as historical inevitability. It is incumbent upon us to take action if we do not wish to become the subjects of a new Inca empire."

At a time when the advance of statism, socialism and centralization all over the globe is increasing, this study offers an instructive lesson for all of us. If we look calmly at the political chaos through which we are passing, the prospect of what may be in store for us awakes in us new and strange feelings. This volume supplies for us an enlarged magnifying glass through which we can more clearly interpret the catastrophes to come.

(Continued from page 1)

several respects, these effects duplicated those experienced several times during the nation's history. (Government-sponsored "theft" via inflation has taken nearly \$200,000,000,000 worth of real wealth—goods and services—from holders of life insurance and savings bonds, savings depositors, etc., since 1940.)

By no means the least of inflation's effects has been the subsidizing of that proficient spendthrift, the federal government, with increasing taxes seemingly almost painlessly extracted from continually increasing personal incomes and business profits. The huge sums so easily obtained have fostered national delusions of economic grandeur.

That something had gone wrong with the nation's money-credit system was so apparent that President Eisenhower recommended the formation of a Monetary Commission to investigate and report, as did the earlier Monetary Commission prior to World War I. Congress did not see fit to authorize such a commission financed by the government, but the Council for Economic Development undertook the task with funds contributed by a few foundations. That commission (loaded with Keynesian advisers) now has reported, and the report provides little reason to hope that money-credit problems will soon be solved. It fails to describe the present situation—fails to explain how the huge volume of purchasing media was created—and fails even to discuss, to say nothing of recommending, any remedy for the the money-credit system. The administration advisers evidently intend to continue inflating on a large scale if they deem that expedient.

The dedication of these economists to the Keynesian perpetual-inflation notions apparently accounts for blindness to the facts that refute their theories. For example, Dr. Walter W. Heller, Chairman of the President's Council of Economic Advisers, partic-

ipated with other Keynesians in recommending to European nations features that are repeated in their advice to the United States today. This includes more spending and less concern about inflation. West Germany chose to disregard that advice, to do the opposite in fact; and the results are evident for all to see: a "miracle" of economic recovery, sustained prosperity, and economic growth at a rate not approached in the United States since our nation applied similar policies in the decade and a half after resuming the gold standard in 1879.

Some economists in Washington appear to be Socialists determined to create a "welfare state" managed by themselves (or as they advise) instead of the constitutional republic originally created as the United States. How the form of a republic might be preserved while the substance changed should not require detailed explanation to anyone who has studied the rise and fall of ancient republics, nor even to anyone who has watched developments in the United States during the past 30 years. The "general welfare" clause of the United States Constitution has been so broadened by Supreme Court interpretation that the Constitution would provide little defense against determined political opportunists supported by those who could be aroused by their demagoguery.

Not less significant is the fact that the nation's system of higher education has been infiltrated by the Keynesian-Socialist economists to such an extent that many colleges today are teaching American youth that the Keynesian notions are sound.

The facts that many in government positions appear to be Fabian Socialists and that most of Mr. Kennedy's economic advisers were trained at Harvard are disquieting, when one remembers that the principal Communist cells exposed in government agencies were composed largely of grad-

uates of the same university, as also were Alger Hiss and Harry Dexter White.

Many Harvard students became indoctrinated with the belief that the capitalist system was dying and that it would be superseded by the "wave of the future," a form of government socialism or government intervention and "planning." The evidence suggests that some of those youthful idealists were so thoroughly "sold" on such notions that they were induced by the promises of revolutionary socialism (communism) to become traitors to their country.

Of course, the fact that the government has been infiltrated by Fabian Socialists and dedicated Keynesians does not prove conclusively that their efforts will be decisive during the 1960's. However, present indications are that the next few years will see the establishment of socialism, the half-way house to communism, unless our nation's policies can be reoriented with a view to making progress again toward the goals of the Great Revolution. In short, the counterrevolution will push on to domination of the world, or it will pass its high-water mark in the decade of the 1960's and subsequently will recede if progress toward freedom and equality of opportunity are resumed.

If this estimate proves to be correct, yours is a rare privilege. You will be exerting your influence on human affairs during one of the infrequent periods when the future of mankind, or at least of an entire civilization,

**Colonel E. C. Harwood, director and founder (in 1934) of the American Institute for Economic Research at Great Barrington, Massachusetts, and a member of the Board of Trustees of the Henry George School, was a guest speaker at the annual conference at Hartford on July 15th. His address contained, in addition to the portion given here, a detailed analysis of the steady march down the primrose path of government spending. The Institute at Great Barrington is an independent scientific and educational organization supported only by its sustaining members and subscribers, for the purpose of providing dependable information on economic and financial subjects. Many Georgists in the audience were among the 500,000 readers of the Institute's publications and enjoyed meeting Colonel and Mrs. Harwood.**

will be making a decisive turn for better or for worse. The effects of such a choice of future paths almost surely will affect your descendants for several generations, perhaps even longer.

For nearly 40 years, I have had the benefit of fundamental education in economics familiar to you all, and during much of that time I have labored to dispel the economic illusions, largely attributable to money-credit vagaries, that have clouded the view and hindered more widespread recognition and correction of economic maladjustments well known to you. I sometimes wonder how much progress is being made; nevertheless, I am convinced that there are sufficient grounds for hope to justify your untiring and most constructive efforts.