



## Review and Reflection

BY

ROBERT CLANCY

J. EDGAR HOOVER (whose reappointment as Director of the Federal Bureau of Investigation was as predictable as the celebration of the mass next Sunday), was interviewed on television and asked what he thought was the most important issue confronting America. He replied unhesitatingly: "Law and order." The interviewer then asked if Mr. Hoover did not think this issue hinged on the deeper question of social injustice. No, Mr. Hoover was sure that every other problem came under the heading of law and order. The interviewer gave up.

It is understandable that in an era of lawlessness and disorder this should be regarded as the paramount issue—and not only in the U.S. Indeed it would be hard to find a country not beset by civil unrest. There are Catholic-Protestant disturbances in Northern Ireland; confrontation with the police in England, where people formerly had more respect for the police; internecine civil war in Nigeria; and uprisings even in Communist countries with all their "law and order."

A lot of ordinary "decent" citizens would agree with J. Edgar Hoover. They just want to live their lives and go about their business, and those nasty people who make trouble should be put down hard. People do not like to be interrupted in their round of daily life, and do not want the obligation of stopping to figure out why we have so many riots, strikes, demonstrations and insurrections. It just shouldn't happen, that's all, and should be stopped.

There was a widespread undercurrent of sympathy with George Wallace of Alabama, when he was a candidate for President, by people exasperated with riots. One of his gambits was that he would establish law and order when he got to Washington, even if he had to station armed guards every few paces in the streets. This always aroused frenetic applause. His supporters, thinking only of the troubles in the cities, evidently did not stop to think of the terrible consequences of jumping from the frying pan of disorders into the fire of the police state. To say nothing of the repressions, these tax-weary people did not stop, either, to consider the finances of the thing!

We got a frightening glimpse of the possibilities of a police state in Chicago during the Democratic convention last August, when the Mayor and the police

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were determined that "disorder" should not get the upper hand. The result was legalised disorder on a massive scale. Guilty and innocent alike were brutally mauled by upholders of "law and order."

The concept of "law and order" itself has been so mauled, in the theory and practice, that the danger is that it will become discredited. Already a Quaker publication, *War-Peace Report*, with the sub-title "Fact and Opinion on Progress towards a World of Law and Order," has recently changed the last three words to "Peace and Justice," explaining: "the phrase 'law and order' . . . has recently come to be associated with the idea that social problems can be solved through the use of more police rather than by dealing with the roots of the problems." The editors of this publication are unfortunately right about the vulgarization of "law and order," and are to be commended for wanting to go to the roots of the problems.

George T. Tideman of Chicago writes: "Law and order, law and order—over and over again we are hearing this couplet . . . Deep in human nature is the feeling that, over and through all, we are governed by a supreme law of justice which each one discovers in the inner voice called conscience. Indeed, by our endowed moral sense we are aware of the law of equity, which, if violated, brings on certain retributions in our social environment. We reap involuntary poverty and a train of evils that grow out of inequity. Inequity becomes iniquity."

This gives us a clue as to the way of tackling the problem other than carting off protestors in paddy wagons. If we start from there, we might wind up with something better than police clubs cracking skulls. We would then see that we have to start from first principles and that applications all along the line have to be in accordance with these principles.

By all means let us deal with disturbers of the peace. But when there is no more peace, when unrest becomes universal, let us search more deeply—let us look for "the roots of the problems," as *War-Peace Report* counsels.

The "outside agitators" who are often blamed would not gain such success unless they found fertile ground in a widespread sense of injustice and frustration. Nor should we limit our attention to the issues that are

usually brought forward, such as civil rights, the colour question, military conscription. There is a whole world of economic freedom to learn about and apply.

The attitude of many good people to disorders — don't bother me, and give them hell—becomes something more sinister in countries where a very few are very rich and the mass of the people suffer extreme poverty. In such countries the privileged minority protects its interests with a repressive police force on a sharp lookout for signs of discontent. Let us beware of such perversions of justice.

While we are properly indignant at unruly demonstrators, let us be careful that we do not unwittingly become dupes of monopoly and privilege. Let us rather be concerned to remove monopolies and privileges (and who will be the protestors then?), and we will therefore be in a stronger and more principled position to defend society from disruption.

## Now Will They Get the Message?



N. K. GARDNER

AT THE END of his main work, *The General Theory*, Keynes complained that: "Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist." There is a rich irony in the reflection that the truth of this is more apparent today than ever it was, and the defunct economist to whom the practical men in the Treasury are enslaved is none other than John Maynard Keynes.

It will be a relief to those readers who never got round to understanding what Keynes had to say about the money supply that now they need not bother. Hardly any modern economist would now regard it as having more than historical interest. The importance of Prof. Walter's new paper\*, lies not so much in its contribution to economic theory, therefore, as in the hope that it may lead to the final liberation of those practical men who are in control of the money supply in the United Kingdom. A recent speech by Lord Cromer may be taken as an indication that Britain's bankers are already shaking themselves free.

Until the early 1950s it was thought by most economists that Keynes' analysis of "liquidity preference"

in the effect of monetary policy on the economy had disposed of the quantity theory of money, which had indicated that the quantity of money was a decisive influence on the level of prices. The quantity theory had indicated that increases in the money supply, whether by the printing press or by the open market purchase of securities, would lead inevitably (other things being equal) to all round price increases. The followers of Keynes had been saying that since, in practice, other things are not equal, one cannot be sure what would be the effect upon prices of an increase in money supply. Government policy should therefore (they argued) be to use the money supply purely to regulate interest rates, and should use budgetary weapons to control inflation. The "re-instatement" of the quantity theory into respectable economic thought by Prof. Milton Friedman of Chicago in the early 1950s went unnoticed by Treasury economists, and in 1959 the Radcliffe Committee re-asserted the "money does not matter" attitude to inflation.

In 1968 a study by the Brookings Institute showed just how disastrous had been the enslavement to Keynes. Their now-famous conclusion was that the effect of the efforts of post-war British governments to "stabilise" the economy by means of fiscal policy had on balance been de-stabilising. One has only to compare the state of the British economy with those of countries whose governments appreciated the importance of controlling the money supply (as West Germany and Japan) to appreciate what this has cost Britain.

Against this background we now have a statistical study by Prof. Walters and his colleagues which demonstrates that over most of the period between 1881 and 1968 the effect of the supply of money on prices has been significant, and that is was in the direction predicted by the quantity theory. Particularly interesting is their study of the years 1967 and 1968 during which the economy experienced "a dramatic increase in the quantity of money" together with "a policy of tight budgetary constraints." The author concludes (somewhat mildly, I thought) that "the monetary stimulant was more powerful than the budgetary depressant." The main recommendation of the paper is, unsurprisingly, "that the government should stabilise the quantity of money."

I doubt whether many readers of *LAND & LIBERTY* will wish to pay seven and sixpence for an authoritative statistical demonstration that an increase in the money supply leads to inflation! Some might perhaps wish to keep a copy to show to their grandchildren so that they can say, "I remember the days when the British Government pursued a Keynesian monetary policy."

It is fairly certain, I think, that we shall be able to look back on 1969 as the year of the emancipation of Britain from the tyranny of Keynesian monetary policy. If I am right, then Prof. Walters will be entitled to a modest share of the credit.

\**Money in Boom and Slump*, by A. A. Walters. Hobart Paper 44, Institute of Economic Affairs, 7s. 6d.