

Individualism: Austrian or Keynesian?

By OSCAR B. JOHANNSSEN.

TODAY MANY AMERICANS are busy forsaking their heritage of freedom and independence, and instead climbing on the collectivist bandwagon. But not all; for some, possibly as a reaction, are actively striving not only to stop but to reverse the trend toward the specious security of the collectivity. In the main, they tend to adhere to the social and economic tenets of the Austrian School of Economics. These principles serve as a philosophical basis for their fight against the growing power of the omnipotent state.

This school of thought, which had its inception with the work of the Austrian, Carl Menger, is emerging from the obscurity into which it had fallen as a result of the rise of the Keynesian School. The Austrian School's principles revolve around the individual. This is in contrast to the Keynesian School, which appears not only to defend but to advocate collectivism.

John Maynard Keynes, the founder of this school of thought, has been accused of having presented in his magnum opus, *The General Theory of Employment, Interest, and Money*, a pseudo-scientific rationale for insinuating a socialistic economy into a nation. This, it is said, he did under the cloak of the extremely erudite and abstract scientific dogma contained in his work. But he too was as devoted to individualism as the most rabid of individualists. Such should occasion no surprise for, after all, Keynes was a maverick, and what is a maverick but one who stands apart from the crowd and asserts his independence?

Keynes turned his back on the classical thinking with which he had been indoctrinated and hewed out new paths which he hoped would preserve individualism. His apostasy was the product of his recognition that a general philosophical attachment to statism had arisen after the first World War. Also, as he said, he was well aware that "the outstanding faults of the economic society in which we live are its failure to provide for full employment and its arbitrary and inequitable distribution of wealth and incomes." He believed that "individualism, if it can be purged of its defects and abuses, is the best safeguard of personal liberty in the sense that, compared with any other sys-

tem, it greatly widens the field for the exercise of personal choice." He defended his advocacy of the expansion of the functions of government "as the only practicable means of avoiding the destruction of existing economic forms in their entirety and as the condition of the successful functioning of individual initiative."

Essentially, then, we have two schools of economic thought in the Western World which presumably wish to nurture individualism. On the one hand, the Austrian School favors the reduction of the functions of government to that of protection of life and property. It, thereby, hopes that freer reign will be given to the individual to pursue whatever aims in life he has. On the other hand, the Keynesian School subscribes to the growth of governmental functions as a solution to such problems as involuntary poverty and unemployment. It appreciates that such evils tend to induce men willingly to forgo their freedom in exchange for that "crust of bread" so necessary for life.

It is doubtful whether, if the views of either school of thought were fully implemented, the result would be a victory for individualism. Most individualists tend to favor the Austrian School for its unabashed attack on governmental interference. But within its precepts is a fatal flaw. Quite rightly, it vigorously defends the institution of private property. It recognizes that to encourage the creation of wealth, the principle that he who produces wealth owns it, is an absolute necessity. But it extends this principle to include the private ownership of land. Land is a free gift given to all mankind and, as such, has no cost of production. Thus, it must be treated differently. If the Austrian School's views prevail, the result would not be the utopian heaven of an unfettered individualism. Rather, a reversion to conditions similar to those existing before World War I would eventuate. There would be a high degree of personal freedom. At the same time, economic insecurity in the form of recurrent unemployment, persistent poverty, and the boom and bust of the business cycle would exist. The adherents of the Austrian School simply do not understand what Henry George had tried to make clear. It is that there can never be true freedom,

true individualism, until not only are men free but access to the land, the only means men have to live on and from, is also free.

It is not entirely clear whether the Keynesian School recognizes the error of making land private property. In Keynes' coolly accepting the "euthanasia of the rentier" one might be inclined to think so. But whatever its views on the proper system of land tenure, this school does not denounce the private ownership of land. Instead, it tries to alleviate the economic evils which occur by urging governmental interference wherever it is felt such action is needed.

The end result is that while both schools profess to favor individualism, yet in their basic tenets, they oppose it. The Austrian School's emphasis on the reduction of governmental powers is commendable. However, by favoring the private ownership of land, all the ills—poverty and unemployment—which this institution induces, cannot help but continue to exist. The consequences are that men voluntarily abandon individualism, for it appears to them that it merely gives men the freedom to starve.

The Keynesian School, in its attempt to draw a fine line of only enough interference by government to protect men from poverty and unemployment, does not promote individualism. Instead, it causes men to believe that if government can ameliorate such problems, it can solve others. Thus, they look to it, as they are doing today, to solve more of the dilemmas of daily life.

Until men recognize that not only men but the land must be free, individualism will tend to be submerged and statism to grow. So which individualism—Austrian or Keynesian? Neither!

The only individualism which has a chance to survive is one which Georgists try to engender. This is an individualism which recognizes that the only purpose of government is to divide up the unequal opportunities of the earth among the equal claimants to them with justice to all. Under such conditions, individualism may flourish and grow. But: only as long as men constantly guard it against the encroachments of some who wish to expand government in order to enjoy the illusionary pleasures of power.