

BOOK REVIEW RETROSPECTIVE

Reviews of Richard C. Cornuelle's

Healing America: What Can Be Done About the Continuing Economic Crisis

New York: G.P. Putnam's Sons, 1983.

Richard C. Cornuelle

Healing America: What Can Be Done About the Continuing Economic Crisis

Reviewed by John Chamberlain

***The Freeman*: October 1, 1983**

In 1965 a young man named Richard Cornuelle, who had studied with Ludwig von Mises and worked for Garett Garrett, wrote a book called *Reclaiming the American Dream*. With its plea for voluntarist solutions to our social problems, it should have had wide acceptance as a landmark work. But it was manifestly ahead of its time. I remember talking with Senator Vance Hartke of Indiana in his office about it, and telling the Senator about Cornuelle's efforts to get Middle Western bankers to establish a fund for boys and girls who needed funds for a college education. The next time I saw Hartke he said, "Tell your friend Cornuelle not to worry about the kids. We've taken care of it." Meaning, of course, that the government was about to put up the money for indigent college students.

The tide, in 1965, was still running heavily in Statist directions. No Achilles, Richard Cornuelle did not sulk in his tent, but his subsequent efforts to sell voluntarist projects to and through such organizations as the National Association of Manufacturers came to little.

Eighteen years later, in a different economic climate, Cornuelle has returned to the wars with *Healing America: What Can Be Done About the Continuing Economic Crisis* (Putnam, 208 pp., \$14.95). With almost two decades of socialist and semi-socialist failures on a world scale to provide him with horrible examples, Cornuelle's new book, though it repeats the theme of the old, comes to us with a tremendously augmented authority. This time it should be a landmark for the many, not the few.

With a perception that has been sharpened by the years, Cornuelle can deal with Herbert Hoover and Franklin D. Roosevelt as two representatives of an older America who were humbled in the same way. Hoover, as the leading voluntarist of his time, had had tremendous success in rallying the independent sector to surmount disaster, whether in war torn Belgium and Russia, or during the unemployment crisis of 1921, or in the Mississippi flood of 1927. He had no reason to suppose that the shocks of 1929 and 1931 could not have been met by voluntarists pooling their funds and concerting their actions. Puzzled when foreign banking and monetary disasters combined with the Smoot-Hawley tariff to snuff out promising upturns, he turned to such devices as the Reconstruction Finance Corporation and the Farm Board, which were negations of his own basic philosophy.

The New Deal

Roosevelt did not disagree with Hoover. He accepted a “supply-side” Democratic platform in 1932, promising to keep the dollar sound and the destructive power of government contained. But once in office he acted as Hoover had acted. “We didn’t admit it at the time,” so Rexford Tugwell said forty years later, “but practically the whole New Deal was extrapolated from programs that Hoover had started.”

Things broke better for Roosevelt individually than they had for Hoover, but it was not because the first New Deal really worked. Despite heavy outlays for welfare, despite putting young men to work in CCC camps, and despite the efforts to jockey price and wage levels and deal with farm surpluses, unemployment remained high. As late as 1940 there were 1,239,000 Americans on welfare.

The war bailed Roosevelt out, but if it hadn’t been for the resourcefulness of the American industrialists, whose virtues had been nourished and flattered by Hoover in his long years as Secretary of Commerce, the war might have had a different end. Ironically, the war seemed to sustain the reputation of John Maynard Keynes, who could point to government-financed war production as a type of “pyramid-building” that could substitute for true ingenuity in opening up new lines of industrial endeavor.

The war saved Roosevelt, but it obscured the nature of the problems raised by “Keynesianism.” When the Keynesians freed the government from what Cornuelle calls “the discipline of cost consciousness,” it tilted the balance between the public and independent sectors “in favor of centralization.” It loosed inflation upon the world as the prime tool for supporting pyramid-building. Keynes himself saw the fallacy involved; he admitted to Hayek that a new serfdom might be down the road.

But Americans, who still sang the praises of “pluralism,” lost sight of the fact that we had become a society “with two important sectors and the vestige of a third.”

When Galbraith wrote *The Affluent Society* in 1958, he made no mention of a third sector—and “no one noticed the omission for years.” With no independent nonprofit sector to serve as a cushion, there was nothing to prevent government from trying to push its taxing and inflation powers to the limit. We had, as Macaulay had said in another connection, become “all sail and no anchor.”

New Institutionalism

In pushing for a return to “independent action,” Cornuelle finds that numerous efforts are being made to by-pass the State. He does not advocate that we go the route of Italy, where thousands consider taxation a form of theft. But he notes the growth of a “new institutionalism.” Governments are slipshod when it comes to maintaining bridges, but there is no complaint about the privately owned and operated 7,490-foot span that connects Detroit with Canada; and in Pittsburgh the city officials are negotiating with U.S. Steel to build a bridge and then rent it to the city. The Audubon Society leases natural-gas rights on its land in Louisiana to three oil companies with the assurance that the oil companies will do nothing to hurt wildlife. This sort of thing could do wonders for protecting the whooping crane.

Cornuelle’s “anatomy of the independent sector” is far-reaching, done in the Tocqueville manner. We all know about Blue Cross and Blue Shield medical insurance. And private schools continue to flourish. But how many people know about the twenty-week course in spelling, punctuation and grammar that the Continental Illinois National Bank and Trust Company gives to all its new employees?

Philanthropy is only a small part of the independent sector. Some 10 million Americans are now involved in 700,000 to 800,000 mutual-aid groups. There is the Portland Friends of Cast Iron Architecture, the Theatre for Revolutionary Satire, the Guild of English Handbell Ringers. There is even a Flat Earth Society.

C. William Verity of Armco Steel headed a task force for Reagan on Voluntary Activities. The task force set up a Data Bank. Cornuelle thinks this is all very well, but he bemoans the fact that the Verity bank is “at least the sixth such . . . clearing house of independent projects.” None of them “has led to any significant imitation of the listed programs.”

It won’t stay that way for very long if Cornuelle remains in a writing mood.

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Richard C. Cornuelle

Healing America: What Can Be Done About the Continuing Economic Crisis

Reviewed by Richard M. Ebeling

Laissez Faire: January, 1984

It is rare to find a book that is simultaneously insightful, informative, and entertaining. It is even rarer to find one that is libertarian in its outlook and voluntarist in its prescriptions. Yet, just such a book is Richard Cornuelle's *Healing America*.

For the past fifty years, Cornuelle argues, America has borne the burden of government monopolization of the provision of social welfare and assistance. The fruits of this statism have been a growing and ever-more powerful bureaucracy, an increasing tax cost on the shoulders of the productive private sector, and a decline in the quality of community services.

But if the government is not the answer, in which direction can we move both to free society from political control and to enable the provision of social requirements commonly outside the purview of the marketplace. The frontier to a free tomorrow, says Cornuelle, can be found in the voluntarist paths of the past and in the social interstices of the present.

The first 150 years of America's history is the story of a wide and diverse structure of voluntary societies and associations for mutual assistance that touched every corner of community life. Today in the twilight of government failures, a new "underground" society is spontaneously emerging to solve the social problems that government has only made worse. What is required, Cornuelle declares, is a coherent and cohesive philosophy of voluntarism that can intellectually and ideologically defeat the case for government provision of social and community services.

In telling the stories of voluntarist successes and statist failures Cornuelle fills practically every page with such a wealth of knowledge and wit that one can only wonder how much longer the government can continue to say with a straight face that it serves the good of society.

At the time of this review Richard M. Ebeling was a Post-Doctoral Fellow in the Economics Department at New York University. This review has been republished by permission of Laissez Faire.