
The Entrepreneur

The Belden Center for Private Enterprise
Education

Summer 6-1-1985

The Entrepreneur (vol. 9, no. 4)

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Recommended Citation

Diffine, D. P. (1985). The Entrepreneur (vol. 9, no. 4). Retrieved from <https://scholarworks.harding.edu/belden-entrepreneur/38>

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The Belden Center for Private Enterprise Education
Harding University School of Business
Searcy, Arkansas

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This issue courtesy of Steve Phillips, Phillips Lumber Co., Inc., Cedar Hill, Texas.

Can A Free Society Survive?

Economics Team Judged Best In U.S.

The Harding University Economics Team has captured their fifth National Championship in the Students in Free Enterprise (SIFE) competition at the 1985 International Exposition conducted at The Chase Park Plaza Hotel in St. Louis April 28-May 1. The student team and faculty sponsor, Dr. Don Diffine, were awarded a First Place trophy and a check for \$4,000 by the Holiday Inns, Inc. at the Awards Banquet. Team members included Glenda Collier (co-chairperson) of Memphis, Tenn., Debbie Garrett of Brookston, Ind., Bruce Picker (co-chairperson) of Searcy, Ark. and Kevin Thompson of San Diego, Calif.

The competition, which was hosted by the National Free Enterprise Center in Boliver, Mo., involved 165 colleges and universities and some 4,000 students during 1984-85. The national SIFE competition brought 25 regional winners together for two days of intensive competition. Forty judges from business and industry across the United States evaluated each collegiate finalist.

Three of the Team's projects drew special praise — **LOCATING IN SEARCY, ARKANSAS — A Facts Book for Business and Industry — Individuals and Families**, a joint project with the Searcy Chamber of Commerce; the 1985 "FREE MARKET CALENDAR — A Daily Chronicle of Enterprise" and the Personalized Employee Economic Program (PEEP). The PEEP program was designed to assist employees to become more knowledgeable and aware of the American Incentive System in which they work.

This year's Championship, combined with national trophies in 1980, 1981, 1982 and 1984, establishes Harding's "Capitalism Corps," as Dr. Diffine calls them, as the winningest Economics Team in the country. Harding was National runnerup in 1979 and 1983.

by
Scott Kennon
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Editor's Note — Competing with over 2,000 essayists, Senior Scott Kennon of El Dorado Springs, Missouri, and a member of our collegiate business organization, Phi Beta Lambda, has won \$1,500.00 cash prize in the Americanism Educational League's National Essay Contest on the theme, "Can a Free Society Survive?" Dr. Milton Friedman, Nobel Economist, was chairman of the blue-ribbon panel of judges. The following is Scott's award-winning essay.

Over two hundred years ago, Thomas Jefferson warned that, "the natural process of things is for liberty to yield and government to gain ground." Freedom, by its very nature, is a fragile creature. Government, on the other hand, tends to grow and grow and grow. The threat to America's freedom is two-fold. Russia, the most obvious, has blatantly shown its opposition to freedom both through its words and its actions. Freedom's other enemy is far more subtle. Ironically, this second threat comes through the actions of our leaders, neighbors, fellow workers, and even ourselves, when we allow or ask government to substitute its programs for our free choice.

It seems that men often fight for freedom and then commence to accumulating laws which take it away. History shows us that isolated islands of democracy have risen through the centuries only to crumble after their brief moment in the sun, often as a consequence of their own actions. Can the United States, democracy's brightest paragon, survive after two centuries, or will it self-destruct through its own ignorance and self-indulgence? Only by realizing the precarious situation our country is in, and understanding the actions necessary to preserve it, can we have reason to be optimistic about America's future as a free society.

When our forefathers wrote the Declaration of Independence, they were primarily protesting too much

government in the wrong spheres of activity. King George III did not intend to be a cruel tyrant. He intended for the British government to watch over and guard the young colonies. No doubt there would have to be taxes, regulation, and control, but this would all be for the colonies' benefit. Americans soon revolted under the increasing tax burden, and after a bitter war, set themselves free from the King's control, confiscation, and regulation. They believed that all men were born equal and should be free to build their own lives without interference from other individuals or their government. Jefferson saw a bright future for Americans if, "we can prevent the government from wasting the labors of the people under the pretense of taking care of them."

How far have we departed from Jefferson's standard? Americans today pay over forty percent of their earnings to government through taxation. We have erected a vast array of regulatory agencies with an army of bureaucrats to carry out their directives. Red tape and double-talk rule the day. Young Americans are inheriting a debt which has now reached a staggering 1.5 trillion dollars and is growing at an ever increasing rate. We are burdened with a welfare program which has proved to be not only unworkable, but has created more problems than it has solved. After having hundreds of billions of our tax dollars spent on welfare problems, we are now told that the percentage of Americans living under the poverty level is increasing. Our lives are being increasingly controlled by our leaders, both elected and non-elected, who believe they are competent to run every aspect of our society. Our friends in Washington believe they should control our farms, restaurants, airlines, gas stations, barbershops, and nursery schools.

Instead of being the principle means of protecting individuals' freedom, government has become the means by which freedom is most often infringed. If the patriots who fought and died to grant themselves and their posterity freedom could see how far our country has traveled down the socialistic path, surely they would conclude that their sacrifice for freedom had been in vain. Shall we continue down the road to serfdom or will we turn back before it is too late? Can we turn back? Just as the price of obtaining freedom was high 200 years ago, it will not be easily regained today. It will come only if America's citizens are convinced that freedom is in their best interests.

Americans must stop and ask themselves why socialistic practices are being embraced presently when the United States has reached its high level of prosperity through socialism's opposite — free enterprise. The answer is obvious. Socialism is deceptive. When have you ever heard one of our politicians present a new program and announce that if enacted it will take us one step closer to a socialistic society? Never! Invariably, they portray themselves not as the enemy of freedom, but rather as the champion of the masses setting right a great injustice done by cold-hearted capitalism. Few Americans would vote for someone running on the Socialist ticket, but unfortunately many vote for deceptive politicians who promise the moon, while concealing the cost. These men must be identified and rejected as the frauds that they are.

Nikolai Lenin once boasted to his followers that western businessmen would eventually compete with each other for the privilege of selling the communists the rope to hang them with. This prophecy has proved all too true, both through our businesses willingness to supply our enemies with technology and through their apparent complacency when seeing our freedom being dismantled from within. Instead of being the protector of our free enterprise system, our business community has been all too ready to destroy it. Today, we find many businessmen criticizing the growth in our nation's welfare system while simultaneously asking for a handout themselves. Government has been asked to guarantee loans to auto manufacturers, bail out banks, subsidize farmers, purchase commodities, and protect inefficient industries from imports. Ralph Waldo Emerson once said, "What you are stands over you and thunders so I cannot hear what you say to the contrary." By espousing the merits of free enterprise with their lips, while seeking government intervention at the same time, business has forfeited much of its influence.

If our free society is to survive, our business leaders must stop asking for or allowing government intrusion into the marketplace. In addition to asking for special favors from the government, American businessmen have also contributed to the undermining of our free enterprise system by financing its critics. American business has been all too supportive of newspapers and magazines that slander and attack free enterprise, commentators who belittle calls for less government and more private initiative, and academic institutions whose professors denounce the supposed unfairness of capitalism and glorify socialism. The business community has not only the right, but the obligation to refuse to sponsor its own destruction. American business must commit both its intellectual and its financial resources toward presenting the public with a more positive approach to free enterprise.

As a young nation, we had many obstacles to overcome in achieving our independence. Great men like Thomas Jefferson, Benjamin Franklin, John Adams, and Alexander Hamilton carefully structured our constitution so as to limit the power of government and maximize the freedom of the individual. They sought to give each person the opportunity to do the very best with his God given talents. The question facing us today is whether we will return to this foundation of economic freedom and free choice our country was built upon, or will we continue down the path leading to government control of our lives and ultimately tyranny. Irresponsible and apathetic citizens who choose to ignore the danger signs will, by default, become slaves of the very government they assumed was protecting them. Thomas Paine perceived the inherent danger government presents to freedom when he wrote, "Government, even in its best state, is but a necessary evil; in its worst state, an intolerable one."

Properly restrained, our government can be friend and protector of the American people. It can protect our lives and our properties. However, it cannot protect our freedom. That we must do for ourselves. The Tenth Amendment states that we are a federation of sovereign

states. It says, "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people." We know all too well that our government has been chipping continually away at these rights expressly granted to us by our Constitution. If freedom is to survive, we, as Americans, must rise to our calling and regain our freedoms once again.

Edmund Burke once wrote, "All that is necessary for evil to triumph is for good men to do nothing." We owe it to the patriots who gave their lives to obtain our freedom, our soldiers who gave their lives defending it, and our descendants whose futures we hold in our hands. The pursuit of freedom has been a relentless quest. If freedom is to survive in America, it will be through our concerted actions rather than by accident. In the words of Williams Jennings Bryan, "Destiny is not a matter of chance; it is a matter of choice. It is not a thing to be waited for; it is a thing to be achieved."

Can a Free Society Survive?

by
Melissa Brenneman
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Editor's Note — It is most unusual that there would be two top Essayists from the same University among the nation's finalists in such a competitive National Essay. Melissa Brenneman, still only a freshman and from Spartanburg, South Carolina, won a \$500.00 cash prize for her excellent entry.

In 1984, George Orwell gave to free societies a grim warning of a trend he saw in 1948 — a trend leaning away from freedom toward totalitarianism. Today, we are concerned about whether this trend is actually gaining momentum in the relatively free societies of the world. Out of the desire for greater security, stability, and comfort, comes a strong temptation to pass more laws, issue more regulations, and expand the scope of government. Yielding to this temptation may obscure the realization that as government expands, individual freedoms are reduced. Can a free society survive? It can, but only as long as it is supported by responsible citizens who guard and protect their freedom.

There are two groups who present the highest danger to a free society. One is the group which wields the power of manipulating public opinion, through the spoken and written word and through educational institutions. These intellectuals make themselves the heroes of small, so-called disadvantaged groups; they often gain public support, by pointing an accusing finger at business. These intellectuals seek the growth of government to limit the freedoms of the private sector, while blaming the private sector for the problems that every society faces.

Businessmen themselves are the second threatening group. Too often they accept the blame of the intellectuals, because they, the businessmen, have lost their

belief in the ethics of the free market system. Businessmen may believe their anti-capitalistic leanings by giving empty praise to free enterprise. They may preach the value of the system that supports them, but often at the first sign of trouble they will pressure their congressman for bail-outs, price floors, or trade restrictions that protect their own interests. It may be easy for businessmen to agree that free enterprise benefits society, but generally they avoid responsibility when market forces stop acting in their favor.

Another threat to a free society is the trend toward democracy. Pure democracy cannot co-exist with freedom, and is sure to fail. Before the American Revolution, Professor Alexander Fraser Tyler wrote:

(A democracy) can exist only until the voters discover they can vote themselves largess out of the public treasury. From that moment on, the majority always votes for the candidate's promising the most benefits from the public treasury with the result that democracy always collapses over a loose fiscal policy always to be followed by a dictatorship

When the votes of the majority violate the rights of the minority, a society is no longer free. This is the tyranny of a democracy.

This danger is especially threatening to the American republic. The intellectuals play upon the temporary distress of business cycles. They persuade the hurting populace that there should be more equality in the distribution of income and that the government should be the means of redistribution through transfer payments. Politicians take up the position that they can buy the support of voters with promises of programs that will simply spend the population's own tax money, yielding less satisfaction than the people could spending it for themselves. In the process, the freedom of individuals to decide how to spend their income is given over to government.

These dangers to freedom are frightening. How can a free society survive? Its people must support their system and cooperate together to make it work. They must not give in to the temptation to ask the government for greater artificial stability from business cycles. If the people give their problems over to government to solve, the people surrender their freedom to work out their own solutions. In doing so, the people lose their individual freedom of decision making. We, the people, must not expect government to take care of us; rather, we must work through our limited, Constitutional government to achieve our economic goals. Then, we will earn our free society and keep it strong.

A free society can survive as long as it is supported by a strong work ethic and morality. Its citizens must be moral enough to pull their own weight, respect the rights of others, and absolutely demand that government be limited. Our citizens cannot be forced or coerced into upholding these morals; our citizens must voluntarily adopt these morals because they have faith in the system.

The American republic was built on such a foundation of ethics. The framers of the Constitution gave specific limits to the power of the central government, on faith that future generations would keep their government within those limits. Our founders specifically listed all of the purposes for which government could tax and spend, hoping to preserve the individual's property rights. Later, Andrew Jackson stated that "(the General Government) has power to raise a revenue or impose taxes except for the purposes enumerated in the Constitution . . . Every attempt to exercise power beyond these limits should be promptly and firmly opposed." Thus, the greatest strength of the Constitution is that it places the power of the government in the written laws rather than in the hands of the politicians in power at any given time.

Furthermore, what power the politicians may have is separated into the three branches at the national level, with checks and balances between each. The powers not specifically delegated to the national government by the Constitution are reserved for the state and local governments; this removes power even further from a central government. However, the most efficient separation of power occurs when decentralized economic decisions are made by consumers in the marketplace. This separates economic power from political power and disperses it among a multitude of people. The "invisible

hand" of the market coordinates this decentralized system; it insures that all participants, and indeed society as a whole, are benefited to the extent of each participant's contribution to the marketplace.

Such checks and balances are absolutely necessary to preserve a free society. George Washington warned about the "love of power and proneness to abuse it which predominates in the human hearts." This vice is the danger of having any one level or branch of government become more powerful than the others which would keep a check on it. This love of power could simply be the flip side of the inherent apprehension of man to compete, even though competition is the great regulator in free markets. Thus, without the Constitutional safeguards, this undesirable side of human nature may prevail over the good effects of the desirable side.

A free society is faced with several threats. It can survive, but its citizens must act responsibly. The people must not be tempted into expanding government and trading freedom for an artificial stability in business cycles. If the people fail to preserve that vital link between personal liberty and private property through limited, constitutional government, the day may come when it will be a total misnomer to call our enterprise system "free."



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Summer 1985

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