1999

The American Experiment: Guaranteed in Writing, 1999

Don P. Diffine Ph.D.

Harding University, ddiffine@harding.edu

Follow this and additional works at: https://scholarworks.harding.edu/belden-monographs

Part of the Political Economy Commons

Recommended Citation


This Book is brought to you for free and open access by the The Belden Center for Private Enterprise Education at Scholar Works at Harding. It has been accepted for inclusion in Belden Center Monographs by an authorized administrator of Scholar Works at Harding. For more information, please contact scholarworks@harding.edu.
The American Experiment

Guaranteed in Writing

by

D.P. Diffine, Ph.D.
Professor of Economics
Director, Belden Center
for Private Enterprise Education

Harding University
Searcy, Arkansas
A Commemorative Issue of The Entrepreneur a quarterly journal of the Belden Center for Private Enterprise Education

All rights reserved Copyright September 1999

Requests for permission to reproduce this publication should be addressed in writing as follows:

D. P. Diffine
Harding University
Box 12245
Searcy, Arkansas 72149-0001
(501) 279-4470
Fax: (501) 279-4195
e-mail: ddiffine@Harding.edu
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I .  The Way It Was .................. 1</td>
</tr>
<tr>
<td>II . Dawn's Early Light .............. 7</td>
</tr>
<tr>
<td>III . Our Founding Fathers Had A Strong Constitution ...... 11</td>
</tr>
<tr>
<td>IV . Time to Retake the Pledge? .... 13</td>
</tr>
<tr>
<td>V . History's Amazing Constitutional Achievement: America .... 17</td>
</tr>
<tr>
<td>VI . Enterprise -- It's Another Word for America ............... 23</td>
</tr>
<tr>
<td>VII . A Democracy or a Republic? ... 27</td>
</tr>
<tr>
<td>VIII . De Ja Vu All Over Again ...... 29</td>
</tr>
<tr>
<td>IX . But It Couldn't Happen Here, Could It? ................. 33</td>
</tr>
<tr>
<td>X . Twilight's Last Gleaming? ...... 37</td>
</tr>
<tr>
<td>XI . Three Cheers for the Red, White and Blue .............. 41</td>
</tr>
<tr>
<td>XII . Epilogue--A Prayer to the God of Our Fathers ........... 45</td>
</tr>
</tbody>
</table>
THE AMERICAN EXPERIMENT
GUARANTEED IN WRITING

by
D. P. Diffine, Ph.D.

I. The Way It Was

It is the latter days of what shall be called "The American Century." And is this a great country, or what? It started out like any other day in yesteryear. However, on July 4, 1776, our Founding Fathers, pledging their lives, fortunes, and sacred honor, made it official with a one-page Declaration that said, in effect, "We're in charge here!"

The comforts most Americans enjoy today and at the turn of another century might make life over 200 years ago seem like hardship. Yet closer study shows that the colonists generally were a prosperous and contented people -- already turning America into the "land of opportunity." By 1780, there were only 2.5 million Americans -- excluding Indians -- about the population of the state of Arkansas today.

However, we were a different kind of people back in the 1780's. According to the American Economic Foundation, nearly half the citizens were 15 or younger. Most people farmed the land for a living. Life was rigorous and tough. Work was a sun-up to sun-down regimen six days a week. Little wonder that the average male could look forward to only about 38 years of life, compared with almost 75 years today. Only one in 1,000 had completed college in 1776, compared with one in seven today.
Inflation was rampant during the War for Independence. By 1780, paper money authorized by the Continental Congress was practically worthless and was replaced by a new currency at an exchange rate of 40 to 1. Hence the expression "... not worth a Continental."

The ceiling price on turkeys was 9 cents a pound, on milk 9 cents a gallon, on rum 63 cents a gallon. Lodging at local taverns was frozen at 5 cents a night. Two examples of typical wages were a maximum of 70 cents a day for carpenters, 42 cents a day for tailors. Barbers were prohibited from charging more than 3.5 cents for a shave. Top pay for a soldier or sailor was $8.00 a month.

Average yearly income per person (measured in 1974 dollars) was $634 in 1776. That's double the average yearly income in some Third World countries today. And the gross domestic product (the value of all goods and services produced) came to $1.6 billion in 1776, a tiny drop in the bucket compared with today's $8 trillion. It cost 10 cents to mail a letter, but that was good for delivery only within a radius of 100 miles. The fee rose to a maximum of 25 cents for a letter going 450 miles or more.

Americans also plunged into privateering -- operating private commerce raiders, authorized by the Continental Congress. A group of merchants would fit out a heavily-armed schooner, each buying one or more shares. In keeping with the spirit of economic freedom, a man might own half the shares or only one-fiftieth. In addition to the shares, prize money went to owners and crews -- a true incentive system.
For years, the privateers thrived, taking some 2,000 British vessels and a vast amount of needed goods. But it was a high-risk business, and there was no guarantee a privateer would return at all, much less return a profit. Then, toward the end of the War for Independence, the British Navy swept most of our privateers off the seas. Many an owner suffered disastrous losses -- illustrating the economic fact that high profits are apt to be temporary.

There are companies today that have been doing business since the founding of the republic. So far, the names of two score firms have been uncovered that were in existence when George Washington was president between 1789 and 1797 and are still doing business.

One notable example is the Pratt & Whitney division of Colt Industries Inc. Pratt & Whitney, which also gave its name to the engine division of United Aircraft Corporation, was founded by the noted inventor, Eli Whitney, father of the cotton gin, of modern high power gunpowder and of accurate gauges for metal fabrication.

American Bank Note, which has printed money for many nations, has been around since Washington's time. Curiously, two of the firms made pencils in George Washington's day and still make them, Koh-I-Noor Co. of Bloomsbury, NJ and Faber-Castell Co. of Newark NJ.

The War for Independence brought new monetary difficulties. The Continental Congress, powerless to impose taxes, was forced to print massive amounts of currency to finance the war. This flood of paper
money caused the Continental currency to rapidly depreciate.

The currency of the times reflected the times themselves, according to Historical Documents, Co. In 1776, the New York 10 dollar bill contained the phrase "Tis Death to Counterfeit" at the bottom right corner. Counterfeiting of currency was a major problem in the colonies. In 1777, the Georgia 4 dollar bill, one of many issues intended to finance the war, contained the words "For the support of the Continental Troops and other expenses of Government."

In 1778, the United States 20 dollar Continental commemorated independence. Currency printed before 1777 contains the words "United Colonies"; issues after that say "United States." In 1778, the North Carolina 4 dollar bill contained the motto "A Lesson to Arbitrary Kings, and Wicket Ministers." It is an interesting example in print of rebellion against the British government.

In 1780, the Massachusetts-Bay 8 dollars signified that Massachusetts-Bay, the first colony to issue paper money in 1690, had its name changed to "Commonwealth of Massachusetts" in 1780. In 1781, the Virginia 250 dollar bill cited the rate of "One for Forty" on the bill as the value in gold or silver and indicates the severe inflation caused by the War for Independence.

America's first economist, a fellow named Webster (not Daniel or Noah, but Pelatiah) warned that too much money being printed and issued resulted in useless currency. By 1777, the Continental Congress had imposed price controls. The reason? To decrease the cost of feeding and supplying...
Washington’s army. The result? Farmers refused to sell, except to British, who paid in gold.

Hoped for plenty at low prices resulted in scarcity and misery for the Continental army. General Washington sent very critical messages to Congress saying (paraphrased): “... troops always have to have two days provisions so when opportunity presents itself, they won’t be continually obstructed. We have 2,898 men unfit, barefoot, and unless something changes, the army will starve, dissolve, and disperse in order to subsist ....”

The price controls were dropped by the Continental Congress; supply and demand began to work toward natural, mutually-agreed upon market prices. Washington’s army was supplied for rest of year and following winter. Good economics saved the day!

Or, as Webster (not Daniel or Noah, but Pelatiah), the economist put it, “Trade, if let alone, will ever make its own way best, and like an irresistible river, will ever run safest, do least mischief, and most good, suffered to run into its own channel.”
II. DAWN’S EARLY LIGHT

Although America was conceived on July 4, 1776, the actual birthday of our nation was September 17, 1787, when our Constitutional Convention produced its historic document.

The era between the end of the War for Independence and adoption of the Constitution was difficult and the outcome was in doubt. The favored colonial privileges in British markets were lost to American commercial interests. Capital for investment was scarce, and competition with British manufacturers was severe. American entrepreneurs survived by turning to state governments for tariff protection and by successfully seeking new markets overseas.

States continued the regulative mercantilist policies of the prerevolutionary period, which hindered the flow of trade and commerce among the states. Monetary problems could not be solved as long as state governments retained the power to issue paper money. The need for a strong central government to establish a political and economic framework for a unified national American economy became increasingly evident.

Fast forwarding to today, there remain many unanswered questions. Even the first verse of our National Anthem ends with a question mark:

Oh, say does that Star Spangled Banner yet wave O'er the land of the free and the home of the brave?

Why bother, late in the 20th century, to commemorate a piece of faded parchment?
Consider this haunting mandate from yesteryear by John Quincy Adams: "Posterity - you will never know how much it has cost my generation to preserve your freedom. I hope you will make good use of it."

Need more reasons? It is the world's oldest living Constitution. Commemorating its anniversary each and every year is one way to encourage the American people to get enthusiastic about it. In the process, we get in touch with our heritage, through a renaissance of patriotism. What a wonderful opportunity to place greater emphasis on citizenship education. We can make the Constitution an immediate part of our lives and forestall the day when it could become ancient history to us.

Thomas Jefferson, in acknowledging that governments are made up of fallible people who tend to abuse power, penned this profound observation: "In questions of power... let no more be heard of confidence in man, but bind him down from mischief by the chains of the Constitution." Even today, after 26 amendments, the Constitution doesn't guarantee us a full life, a long life, a happy life, nor a prosperous life. It guarantees the protection of life; we make of our lives what we will.

The Preamble to the Constitution is indeed a fitting summary of the entire document. Therein are presented the basic responsibilities and limitations of civil government in our country:

We the people of the United States in order to form a more perfect Union, establish justice, insure domestic
triumph, provide for the common defense, promote the general welfare and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America.

What an amazing document. The American Constitution was the first of its kind to be prepared by "the people" through their delegates in convention. It was the first Constitution to recognize the right of a people to self-government. It was also the first Constitution to secure the rights of people from government's power, by securing government so that its several constituent parts were the means of keeping each other in their proper place.

And what a refreshing notion. The American approach was that government should serve the people. They were not to be a people of, by, and for their government. The only powers any government could have were the powers that people willingly gave to it. Having successfully won the Revolutionary War, the Americans meant to live by free will. There would be freedom of choice and freedom of action.
III. OUR FOUNDING FATHERS HAD A STRONG CONSTITUTION

This new American government was to be as close to the people as possible. Thomas Jefferson had long regarded government to be dangerous when it was remote from the people:

_The true theory of our Constitution is surely the wisest and best... that if all government... shall be drawn to Washington as the center of all power, it will render powerless the checks provided of one government on another, and will become as... oppressive as the government from which we separated._

_What has destroyed the liberty and the rights of man in every government which has ever existed under the sun? The generalizing and concentrating all cares and powers into one body... the way to have good and safe government is not to trust it all to one, but to divide it among the many... is by dividing and subdividing these republics, from the great nation on down... that all will be done for the best._

As the Declaration of Independence marked the conception of our Republic and set forth our "inalienable rights" to life, liberty, and the pursuit of happiness, so the Constitution outlined our style of government and defined the rights that are protected from intrusion by government. As the American statesman, Henry Clay, said, _"The Constitution of the United States was not made merely for the generation that existed,"_
but for posterity -- unlimited, undefined, endless, perpetual prosperity."

Americans of all ages should have a greater understanding for that noble plan for our great nation. We are stakeholders in its preservation. The Constitution sets up a plan for our Republic composed of several states. And it never forgets that each of these states is made up of people of diverse origins, interests, and perspectives.

What we obtain too cheaply we esteem too lightly; it is dearness only that gives everything its value. Heaven knows how to put a proper price upon its goods; and it would be strange indeed if so celestial an article as "freedom" should not be so highly rated.

Thomas Paine

In just over 200 years, our country, through freedom and hard work, has changed the world. In agriculture, industry, education., medicine, law, transportation, services, etc., no country can match America's record. Our religious freedoms, civil freedoms, human rights, and the importance we place on the dignity of the individual - all these set us apart.

Although we often have our differences, we still join together in times of crises. Especially at those times, our strength is awesome. Among all the world's nations, America still stands out in front. We should never forget that we are Americans, first, last, and always.
IV. TIME TO RETAKE THE PLEDGE?

In 1969, the year that Americans first walked on the moon, the Dean of American entertainers, Red Skeleton, made this touching televised tribute to "The Pledge of Allegiance:"

. . . Getting back to school, I remember a teacher that I had. Now, I only went through the seventh grade. I left home when I was 10 years old because I was hungry. I'd work in the summer and go to school in the winter. But I had this one teacher at Harrison School in Indiana - to me this was the greatest teacher, a real sage in my time, anyhow. He had such wisdom.

We were all reciting the Pledge of Allegiance one day. And he walked over, this little old teacher, Mr. Laswell was his name, and says, "I've been listening to you boys and girls recite the Pledge of Allegiance all semester; and it seems as though it's becoming monotonous to you. If I may, may I recite it and try to explain to you the meaning of each word:

I - Me, an individual, a committee of one;

Pledge - Dedicate all my worldly goods;

Allegiance - My love and devotion;

To the Flag - Our standard, Old Glory, a symbol of freedom. Wherever she waves
there's respect, because your loyalty has given her a dignity that shouts, 'Freedom is everybody's job;'

United - That means that we have all come together;

States - Individual communities that have united into 48 great, 48 individual communities with pride and dignity and purpose, all divided with imaginary boundaries, yet united to a common purpose - and that's love for country;

And to the Republic - A state in which sovereign powers are vested in representatives, chosen by the people to govern; and government is the people, and it's from the people to the leaders, not from the leaders to the people;

For which it stands, One Nation - Being so blessed by God, individuals incapable of being divided;

With liberty - Which is freedom, the right of power to live one's own life without threat, fear, or some sort of retaliation;

And justice - The principles or qualities of dealing fairly with others;
For all - Which means, Ladies and Gentlemen, it's as much your country as it is mine."

Red Skeleton concluded, "Since I was a small boy, two states have been added to our country and two words have been added to the Pledge of Allegiance - 'under God.' Wouldn't it be a pity if someone said that is a prayer and that it would be eliminated from school, too?"

Frankly, as long as there are teachers giving exams, prayer, in some form, will always be found in schools.
V. HISTORY’S AMAZING CONSTITUTIONAL ACHIEVEMENT: AMERICA

It has been said that living in America is like going to a movie in the middle of the picture. A lot of action has already occurred, and it takes some time to find out what the picture is all about. In order to understand the picture of our Constitutional Republic, we need to know what has already happened.

The story of our American incentive system is the story of all the people in it -- ourselves and others. We need to know how we fit into the story, what our part is, and what we can do to make the picture better. Americans have been described as hard-working, optimistic, impatient, materialistic, practical, idealistic, adventuresome, patriotic, nationalistic, humanitarian, and believers in fair play, equal opportunity, and individual responsibility.

And yet, as we are so cosmopolitan in personality, we certainly are not of one mind on the issue of free, private enterprise. Even Winston Churchill observed that: "Some see private enterprise as a predatory tiger to be shot, others as a cow to be milked, but few are those who see it as a sturdy horse pulling the wagon."

Why has the American incentive system performed so well? Are we better than other people in other lands? Are we smarter? Are we better looking? What is our competitive advantage? We started with a rather large land mass and a rather small, but well-educated population. Our land is buffered from most conventional wars by two oceans.
We live in a temperate zone in a climate that stimulated accomplishment.

Generally, the land has not been overused. We discovered and developed our natural resources. We offered rewards to workers for ingenuity and determination. We insisted upon personal economic freedom.

As the American Colonists would not put up with the interference of the British Government in trade and commerce, so the colonies created a government of their own which would not be given the power to interfere too much in the lives of the people. Here was to be a country where every man and woman should be free to pursue his full measure of happiness and prosperity and where the government should exist only to serve the people.

It was the idea of personal freedom and protection of private property that then made our industrial revolution possible. And so, what is our freedom worth? Our freedom is our most priceless possession. It was not won from King George III for good. It has to be earned over and over again every day of our lives. We must work for it all the time.

Let's put things in their historical perspective as we continue our civics lesson. Between the time of the Declaration of Independence in 1776 and the United States Constitution in 1787, the separate states operated under the Articles of Confederation, drawn up in 1781.

Under the Articles of Confederation, the United States government had two fatal weaknesses: It had no power to raise money and no power to prevent trade wars among
the states. Trade wars were causing states to retaliate by imposing internal tariffs, import duties, regulations of commerce, and other obstructions which were clogging interstate commerce and actually leading to hostilities that bordered on open warfare between the states.

Hard times have a way of compelling people to pull together. The Revolution did just that, as it produced a workable common denominator for people of different races, creeds, and widely different economic circumstances. But when the war was over a confusion and discouragement crept in.

---

The American Republic and American Business are Siamese Twins; they came out of the same womb at the same time; they are born in the same principles and when American business dies, the American Republic will die, and when the American Republic dies, American business will die.

Josiah W. Bailey

---

Revolutionary leaders not only had to negotiate a peace treaty and to try to hold the Continental Congress together, they also had to constrain the states from open warfare. Additionally, a way had to be found to pay sizable war debt owed to the French government.

So it was that the leaders of the revolution, with state constitutions in hand, attempted to develop an overall Constitution which would mold the separate states into a cooperative federation. It would be designed
to work on the principles of individual freedom, liberty, and law. The United States Constitution was, therefore, born out of dire necessity.

Under the Articles of Confederation, the Congress was unable to tax, and it lacked the power to regulate domestic and foreign commerce. As would be expected, those persons whose economic interests were endangered by political confusion led the movement for the new Constitution.

There were land speculators who believed that the value of their holdings would be increased. There were domestic merchants who desired stable currency and unrestricted interstate commerce. There were merchants and manufacturers who wanted protection against foreign discrimination. There were owners of paper money, bonds, and certificates of indebtedness who also agitated for a stronger government.

And so, the economic provisions of the Constitution dealt with those glaring weaknesses of the Articles of Confederation. Congress was given the authority to regulate both foreign and interstate commerce. Congress was given the authority, "... to lay and collect Taxes, Duties, Imports, and Excises to pay the Debts and provide for the common Defense and general Welfare." Congress was given the sole authority to coin money, determine its value, and to punish counterfeiting.

Through the Constitution, the Founding Fathers tried to make sure that the natural right of Americans to use their own energy for their own self-advancement would not be interfered with by the government. It was
that personal economic freedom -- freedom of choice and freedom of action -- that has allowed Americans to release their energy in a way that no other nation has done. Personal economic freedom has always been a prime reason for the greatness of America.

Thomas Jefferson put it this way: "Agriculture, manufacturers commerce, and navigation -- the four pillars of our prosperity, are the most thriving when left most free to individual enterprise." This country has built a unique economic society based on individual freedom, initiative and responsibility in operating private, competitive enterprises.

Although America's Constitution did not mention the freedom of enterprise by name, it did set up a system of laws to secure the idea of freedom applied to the marketplace. Free enterprise means that any person in this country is free to start, own, and operate a lawful business, with a minimum interference by government.

Our Constitution guarantees that. The only governmental regulations contemplated under the Constitution were the minimum necessary to protect the property, livelihood, and life of each citizen.
Free enterprise is a way of meeting our needs and wants, by providing them ourselves or by freely entered-into transactions with others. The individual is "free" to be anything he wants if he is "enterprising" enough to do it. Perhaps we often put too much emphasis on "free" and too little emphasis on "enterprise." It is a package deal of individual liberty and private property. They stand or fall together.

Free to earn your keep and to keep what you earn is what it is all about. The most basic institution of free enterprise is private property. A second ingredient of free enterprise is free access to the market. The motor of free enterprise, indeed, of all enterprise, is individual initiative. The great regulator of free enterprise is competition.

At the same time, there are many things that free enterprise is not. It is not the freedom to seek profit by any and all means. It is not the right to profit at the expense of the welfare of the community. It is not the freedom of any man to exploit any other. It is not the freedom to waste the natural resources of the country. It is not the right to monopolize, which impedes or prevents the establishment of new business, creates scarcity, and imperils the spirit of enterprise.

It is not the opposition to necessary and appropriate government regulations, often for no other reason than that they are governmental. It is not the appeal to government for subsidy or protection whenever adversity appears. These distortions have never belonged in a properly
functioning system of free enterprise. They can pull democratic government down on top of them.

The blessings in private property are built into American capitalism. To paraphrase Shakespeare, private property used for production is thrice blest -- it blesseth those who are the owners, those who make their living using it and those of the general public who, as customers, benefit from the goods and services produced. Payments for the use of existing tools, profits, provide money that is used to create additional tools.

Liberty means responsibility. That is why most men dread it.

George Bernard Shaw

Legal recognition and protection of free man's natural right to acquire, hold, use, or get paid for the use of private property is one of the essentials of any economy that is striving to achieve the best possible life for its people. As a stimulus for hard, sustained, imaginative, constructive work, it has no equal. Any society that tries to get along without it will never make the best use of its natural resource, manpower, and tools.

Many Americans seem to assume that free enterprise is a natural condition - that it appears as naturally as buds in springtime and that it will continue to bloom forever. But the fact is that throughout most of history, there has been little freedom of enterprise. No great nation enjoyed a full measure of economic freedom until it was nurtured here under the U.S. Constitution.
We know that the chief concern of man's government should be to establish and protect the highest degree of personal freedom possible within the framework of law and order -- to make him a better producer, if his government truly is one "... of the people, by the people and for the people." Americans, according to their Constitution, are free to dream, play, try, fail and try again.

Freedom, of course, is not the only thing required for economic progress, but it is indispensable. Americans have accepted it and have prospered beyond all other peoples.
VII. A DEMOCRACY OR A REPUBLIC?

As Benjamin Franklin departed from Independence Hall that September in 1887, after having completed the task of drafting then signing the Constitution, he was asked that very thing. "What form of government are you giving us," the spectator asked. Mr. Franklin replied, "A Republic -- if you can keep it."

The newly agreed upon Constitution incorporated the idea of "people's" government, a democracy with that of representation, a republic with frequent elections, making representatives responsible to the people. There were to be carefully enumerated and separated government powers, along with built-in checks and balances.

Samuel Adams had warned, "Remember, democracy never lasts long. It soon wastes, exhausts and murders itself! There never was a democracy that did not commit suicide. Keeping that in mind, the Founding Fathers gave us what we could today call a representative democracy, or a democratic republic."

So, our Constitutional Republic originally consisted of the 13 sovereign states and a subservient central federal government consisting of the Executive, the Legislative, and the Judicial divisions, with no one division having absolute power to govern. Further, the first 10 Amendments passed by Congress in its session became a Bill of Rights, declaring that, "... the power is not delegated to the Federal government by the Constitution nor prohibited by it to the states,
or reserved to the states respectively, or to the people."

Of course, today, the word "democracy" is used extensively among the people. But "democracy" cannot be found in the Constitution. Why were the Founding Fathers so reluctant to give us a pure democracy? In a democracy, any individual or groups of individuals who are part of the minority have no protection against the power of the majority.

A bare democratic majority of 51 percent can take away the life, liberty, and property of the minority 49 percent. In its extreme form, a lynch mob is a militant type of democracy. Minorities usually don't fare well against that type of majority. But it is the Republic which has provided us a free, stable and prosperous system with orderly transfers of power for over 200 years.

A republic is very different in form. Its constitution guarantees the inalienable rights of everyone -- rights that are basic to the God-given nature of man and cannot be taken away by any government. A constitutionally limited representative government, with a written constitution, adopted and changeable by the people through amendment -- this is a republic.

Certainly our Founding Fathers saw a difference between "equality before the law" and "equality of results." To them, when government uses force to transfer property or wealth from one group of citizens to another, under the guise of promoting equality, then the liberty of all is endangered.
VIII. DE JA VU ALL OVER AGAIN

The following summary of history, capsulized by Ronald Reagan in 1980 in a book review titled, Once There Was A Great Nation:

It was founded by pilgrims, who decided to leave their own country, which didn’t encourage freedom of religion, they migrated to an uncivilized land inhabited only by savages. The rock, where they landed was to become a national shrine. They drove off the natives, built crude shelters and houses of worship, setting aside a special day to give thanks.

These pilgrims believed in their god, and they also believed in work. They established schools, that in a way became the first public free education in the world. Other colonists came and established other communities, and some of the noblest words ever written, began to surface. The sides of our modern buildings bear some of them: liberty, justice, freedom of worship.

Then, an older nation sent tax agents to exploit the colonists. The colonist sent their greatest men as representatives to a general assembly. They chose a gentleman farmer as their leader, and he united them and won the war against the old world. Now that farmer is known as the father of his country, and a famous U.S. city is named after him.
Ultimately, a civil war divided this fledgling country. Its leader, who tried to keep the republic united, was assassinated. His murder has been immortalized by one of the greatest playwrights of all time.

After the wounds of the bloody civil war healed, the nation became a world power. But then, the citizens began to think of security paid for by tax money. Farmers petitioned for price supports. The government bought up crops and stored them in warehouses. Industrialists were the next to ask for tax benefits. The middle class declined under the added tax burden. Crime became so commonplace; it was dangerous to walk the streets at night.

A crippled man led this nation into a war, and foreign entanglements. A general, who had been victimized by government, pleaded with the nation to return to the principles of the founding fathers. He died bitterly thinking his anguished thoughts. An honest senator dared to speak out for a halt to foreign aid and foreign subversion; he was branded a reactionary.

The nation fell deeper into debt; it joined a league of the world and increased taxes to send wheat to its enemies. It devalued its currency, substituting base materials for silver in its coins.

Sound pretty familiar, doesn't it? Well, I happen to be talking about Ancient Rome, and I skipped a couple
of lines that the historian in that capsule version had used for summing up. The lines were, "Roman being totally corrupt and its middle class dead, the barbarians moved in and destroyed it civilization."

The parallel to our own history is almost eerie. That pilgrims rock--well, that's what they call it, not Plymouth Rock. And it became the foundation of the temple of Jupiter. The gentlemen farmer was Cincinnatus, the assassinated leader--Julius Caesar, the crippled leader--Claudius, the general--Mark Anthony, and the honest senator--Cicero Shakespeare, of course, the playwright who immortalized the death of Caesar.

Mr. Reagan concluded: "I've taken your time to tell you this because, really, there is a parallel between that other great civilization that's now lost in the dust bin of history, and what could happen to this country. If I have my way, and if we, the rest of us, are true to what he has been learning, we'll never have to add those last couple of lines to the story."
IX. BUT IT COULDN'T HAPPEN HERE, OR COULD IT?

Is it possible that liberty itself has eroded our understanding of freedom? Alexander Solzhenitsyn, the Russian dissident, upon the occasion of receiving the American Friendship Award from the Freedoms Foundation, had these harsh but necessary words for Americans:

_I boldly direct your attention to some aspects of freedom that are not fashionable to talk about--freedom to put commercial rubbish in mailboxes and telecasts... freedom of editors to seduce younger generations with their miscreations... freedom of adolescent to immerse themselves in idleness instead of invigorating tasks... freedom for healthy adults to avoid work and live at the expense of society... freedom for politicians to please voters today but not farsightedly providing for his safety and well-being... freedom of indifference to a distant alien trampled freedom... freedom even to not defend one's own freedom..._

Mr. Solzhenitsyn concluded, "Genuinely human freedom is inner freedom, given to us by God: freedom to decide upon our own acts as well as moral responsibility for them—that which was called in an age-old, and now quaint, word—_honor_."

Are there some clearly defined stages through which we evolved in the 20th Century? Again, the answer is, "yes". Our redistributive society has evolved through three stages. First, we taxed the wealthy,
stealing from the rich. Second, through
deficit spending and inflation, we used
unbalanced red-ink budgets to steal
purchasing power from the middle class.
Third, through over-consumption caused by
producing less and demanding more, we
stole from our children by providing
insufficient capital for economic growth. This
has undoubtedly been a sure way to
discourage ancestor worship.

At this time, can we be good students and
learn from history? As a history professor
colleague of mine said recently, "If we don't
learn from history, we are destined to repeat
it -- next semester." Thomas Jefferson was
cautiously optimistic for us: "I predict future
happiness for Americans if they can prevent
the government from wasting the labors of
the people under the pretense of taking care
of them."

Have we forgotten that it was Jefferson
who also wrote, "If a nation values anything
more than freedom, it will lose its freedom -
and the irony of it is that if it is comfort or
money that it values more than freedom, it
will lose the comfort and the money too."

Today, as ever, the key to individual
freedom is the type of government under
which man lives. The chief concern of good
government -- one that stimulates the
productivity needed for a high standard of
living -- is to establish and protect the highest
degree of personal freedom possible within
the framework of the law. A government that
does not guarantee this freedom severely
retards the improvement of the material
welfare of its people.
Some thoughtful observers are deeply concerned that the late 20th century may not mark another opportunity to observe the anniversary of the American Constitution, but rather the end of the age of the American incentive system. If we want it to be the former, we had better step up our efforts to understand and preserve the documents which are the basis for the most productive economic system in the history of man. Unless we take stock, it may soon become a gross misnomer to call our enterprise system "free."

We refer again to Thomas Jefferson, the philosophical member of our American experiment. In 1801 he wrote: "Every man wishes to pursue his occupation and to enjoy the fruits of his labors and the produce of his property in peace and safety, and with the least possible expense. When these things are accomplished, all the objects for which government ought to be established are answered."
"Downsizing" is a popular buzzword today. Word has it from Cato Institute's Stephen Moore, that 200 years ago, and on the eve of Thomas Jefferson's election as President, our nation's capitol was relocated to Washington, D.C. on the south bank of the Potomac. This was accomplished in part, to placate southern legislators. All federal government reports, documents, etc. that existed were filed into 12 crates for the journey by road to the new, permanent nation's capitol.

Back then, there were 3,000 federal employees, compared to 18,000,000 governmental employees at all levels today. The bare bones budget was equivalent to $100 million in current dollars, compared to a $1.6 trillion federal budget today. Indeed, "... provide for the common defense ...," was given more priority then; it was far less expensive and expansive than to "... promote the general welfare...."

What then should we do regarding economic policy? We can fiddle around or go back to the policies of former civilizations. If we do that, we will most certainly be drawn further to the left, any hope of reversing fiscal irresponsibility will be lost. Our taxes will soar. Government, the bureaucracy, and regulations will continue to gobble up the American ingenuity, that enterprising spirit that once was the hallmark of our nation's success.

But there is another alternative. We can muster up the courage, gird up our loins, and resolve to make some hard decisions. Further, we can stick with these decisions
and repair the damage that big government has done to our economic and individual freedoms. Only in that way can we then expect people to work, save, produce, and invest. If we can do that, it will mean a growing economy, more jobs, more taxpayers, less poverty, and less demand for government handouts and subsidies.

If the American incentive system, rooted in the principles of the Constitution, continues to survive and flourish, it will be due to the greater sense of objectivity among our opinion leaders, the reasoned arguments of business leaders, the unbiased research of economists, and the more responsible actions of educators and public officials.

Then, we can with reason and good conscience continue to operate on the principle that the market economy and the limited Constitutional government stand or fall together, because both are deeply rooted in the nature of man. Let's get back in touch with our heritage and celebrate the Constitution of our remarkably durable Republic.

Initially we asked "... does that Star Spangled Banner yet wave....? The answer is a resounding, "Yes." Here are the rest of the lyrics of the last three verses of our National Anthem, courtesy of Francis Scott Key:

On the shore, dimly seen through the mists of the deep,
Where the foe's haughty host in dread silence reposes.
What is that which the breeze, o'er the towering steep,
As it fitfully blows, now conceals, now discloses?
Now it catches the gleam of the morning's first beam,
In full glory reflected now shines on the stream:
"Tis the star-spangled banner!
O long may it wave
O'er the land of the free and the home of the brave!

And where is that band who so vauntingly swore
That the havoc of war and the battle's confusion
A home and a country should leave us no more?
Their blood has washed out their foul footsteps' pollution.
No refuge could save the hireling and slave
From the terror of flight, or the gloom of the grave:

And the star-spangled banner in triumph doth wave
O'er the land of the free and the home of the brave!

Oh! thus be it ever, when freemen shall stand
Between their loved homes and the war's desolation!
Blest with victory and peace, may the heaven-rescued land
Praise the Power that hath made and preserved us a nation.
Then conquer we must, for our cause it is just,
And this be our motto: "In God is our trust."
And the star-spangled banner
in triumph shall wave
O'er the land of the free and
the home of the brave!
XI. THREE CHEERS FOR THE RED, WHITE AND BLUE

"What have you done for liberty?" said William Jennings Bryan a century ago. "If nothing, what can freedom mean to you?" It seems that no generation of Americans has talked as much about freedom as the present one, and yet some have shown greater readiness to abandon it.

How far we have come from a time when patriots like Nathan Hale who, before going to his death on a British gallows in our War for Independence, spoke the undying words: "I only regret that I have but one life to lose for my country."

We may not all remember the dates we learned in our history courses, and we will most certainly forget much of the details of our national development. However, each and every American should try to live up to the ideals that have become our American heritage: self-reliance; personal courage; love for country; faith in God; responsible freedom; limited constitutional government; fiscal integrity; and free, private enterprise.

As Woodrow Wilson penned it, "The things that the flag stands for were created by the experiences of a great people. Everything that it stands for was written by their lives. The flag is the embodiment, not of sentiment, but of history."

Why do we knock ourselves, when we are the envy of the world? We have so much to be thankful for:

A country of unbounded beauty; almost unlimited natural resources; a standard
of living beyond the dream of kings; a judicial system that is the envy of the rest of the world; food so plentiful overeating is a major problem; food processing advances which give us all-season menus; clothing that is more durable, longer lasting, and easier to maintain; a press nobody can dominate; a ballot box nobody can stuff; churches of our choice; 120 million jobs; freedom to go anywhere we want, with the planes, cars, and highways to get us there; automobile tires that last as long as some cars; Social Security; Medicare; hybrid synthetics, metals and plastics that can even replace some body parts; near-miracle drugs which can help us live longer and feel better; unemployment insurance; public and private schools, plentiful scholarships, etc. Yes, we literally are a people "free" to do anything we want, if we have the "enterprise" to do it.

Will we get in touch with our heritage through a renaissance of patriotism? Will we use the opportunity to place greater emphasis on citizenship education? Will we make the Constitution and our flag an immediate part of our lives and forestall the day when each might become ancient history to us? "Eternal vigilance," said Thomas Jefferson "is the price of liberty."

Truly, the Star Spangled Banner is still a comforting and inspiring symbol. It is comforting to know that the flag is still there, still whole, still preserving. "Let it rise! Let it rise! 'Til it meets the sun in his coming," said Daniel Webster. "Let the earliest light of the morning gild it, and the parting day linger and play on its summit."
Alas, this will remain the "... land of the free ..." only as long as it is the "... home of the brave." So, isn't it a good time for Americans to rethink our goals, reinvent ourselves, restructure our processes, reassess our priorities, and redouble our efforts?

Can we put these current matters into historical perspective and do our homework about our America? Even as he referred to his own English roots, Edmund Burke dutifully observed, "With all of her faults, she is my country still."

Finally, Theodore Roosevelt was right on target in observing that, "The man who loves other countries as much as he loves his own stands on the level with the man who loves other women as much as he loves his own wife."

Let's get back in touch with our heritage and celebrate our remarkably durable Republic. Remember, it's our First Amendment right to speak out about the good things, too. It's guaranteed in writing.
XII. EPILOGUE
A Prayer to the God of Our Fathers

Former Chaplain of the U.S. Senate, Peter Marshall, once delivered this prayer:

God of our Fathers, whose Almighty Hand has made and preserved our Nation, grant that our people may understand what it is they celebrate.

May they remember how bitterly our freedom was won, the down payment that was made for it, the installments that have been made since this Republic was born, and the price that must yet be paid for our liberty.

May freedom be seen not as the right to do as we please, but as the opportunity to please do what is right. May it ever be understood that our liberty is under God and can be found nowhere else. May our faith be something that is not merely stamped upon our coins, but expressed in our lives.

To the extent that America honors Thee, will Thou bless America and keep her as Thou has kept her free, and make her good as Thou hast made her rich....
The ENTREPRENEUR is a quarterly journal and newsletter addressing contemporary economic issues from a moral perspective. One may not agree with every word printed in the ENTREPRENEUR series, nor should feel he needs to do so. It is hoped that the reader will think about the points laid out in the publication, and then decide for himself.
ACKNOWLEDGMENTS

The Entrepreneur is a quarterly journal addressing contemporary economic issues from a moral perspective. One may not agree with every word printed in the Entrepreneur series, nor should feel he needs to do so. It is hoped that the reader will think about the points laid out in the publication, and then decide for himself. Hopefully, the material herein will motivate people to further study and also toward a greater understanding of God's will on life's issues.

Many sources have been consulted in the preparation of this material, and credit has been given to various sources as they were available. The Reference section gives due credit and enables those who desire to do further study to consult those sources. If any such acknowledgments have been inadvertently omitted, the author would appreciate receiving information so that proper credit may be given in any future printings. The author would welcome knowing about any possible errors.

Special thanks go to Jimmy Jones, Bob Kelly, Marcella Bailey, and Susan Tripp for their perseverance with me, especially on matters of form and style. May their tribe increase. Care has been taken to trace authorship of select quotes, with gratefulness to past writers and collectors for their preserving and supplying us with such a valuable literary heritage. Every effort has been made to include only reliable information.
References for Additional Information

“A Prayer to the God of Our Fathers” by Peter Marshall, Chaplain of the U.S. Senate.


The Living Constitution, edited by Saul K. Padover, the New American Library of World Literature.


“Our Unconstitutional Congress” by Stephen Moore, Imprimis, Volume 26, Number 1, July 1997.


Rebels and Red Coats, by George Seheer and Hugh Rankin, The New American Library of World Literature.


There is No Such Thing as a Free Lunch, by Milton Friedman. Open Court Publishing Co., 1975.


ABOUT THE AUTHOR

Dr. Don Diffine is currently Professor of Economics at Harding University in Searcy, Arkansas, and Director of the Belden Center for Private Enterprise Education. Senior Research Associate of Harding's American Studies Institute, Dr. Diffine is listed in the Heritage Foundation's Guide to Public Policy Experts. He has seven books and 20 monographs in print and presently serves on the Board of Directors of the Arkansas Council on Economic Education.

The recipient of the $7,500 Freedoms Foundation Principle Award for Excellence in Private Enterprise Education, Dr. Diffine has received 16 additional Freedoms Foundation awards in the categories of Non-profit Publications, Economic Education, Public Affairs-Advertising, Public Address, and Published Works. He is the faculty winner of a $1,000 First Place prize in a national essay contest judged by Nobel Economist Milton Friedman.

In 1995, he received the "Champion of Enterprise" award and became the first inductee into the National Students In Free Enterprise Hall of Fame in Kansas City. The First Annual Distinguished Scholar Award was also presented in 1988 to Dr. Diffine in Cleveland, Ohio, by the Association of Private Enterprise Education. A member of the Governors Council of Economic Advisors, Dr. Diffine has provided Congressional testimony on business problems, economic impact statements, and inflation-recession dilemmas.

Dr. Diffine is married to the former Dion Hillman of Kailua, Hawaii. Dion is a math teacher in the Searcy public schools. The Diffines have two children: David, 28, who is a medical doctor; and Danielle, 26, who is an accountant.