The Essential
WOMEN OF LIBERTY

Foreword by Virginia Postrel

Donald J. Boudreaux and Aeon J. Skoble, editors

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Foreword

by Virginia Postrel

The thinkers discussed in this volume are a remarkably diverse group. They were born in the eighteenth, nineteenth, and twentieth centuries, and their work extends into the twenty-first. Some are economists primarily addressing other scholars, others popular writers aiming at the general public. Their educational backgrounds range from entirely informal schooling to PhDs from major universities. They include a former telegraph operator, a one-time Hollywood wardrobe department manager, and a graduate of secretarial school. Some were shaped by the frontier, others by the city. They are storytellers and data collectors, committed Christians and confirmed atheists, devoted to family life and resolutely single. Two are recognized here as the intellectual partners of their illustrious spouses.

The work introduced in these essays exemplifies numerous strands of thought within the classical liberal tradition, from feminism and abolitionism to the Chicago School of economics. These thinkers include some of the most significant figures in the development of mid-twentieth-century American libertarianism, with its emphasis on the autonomous individual, alongside some of the most influential analysts of how social interaction brings forth order without top-down design.

Some of these writers emphasize empiricism, others theory. Addressing why the West grew rich, one has written a three-volume history informed by literature, culture, and massive amounts of data. Another developed the metaphor of mechanical energy to argue for the freedom of creative individuals. One blamed the Great Depression on contractionary monetary policy, another on Americans "declining resilience" in the face of hardship.

Why put such a heterogeneous group in the same volume?

The obvious answer is that they are women. They are not the norm for scholars or public intellectuals or, for most of history, thinking human beings. However dissimilar their work may be, they seem to belong together. Anna Schwartz's data-rich monetary economics may appear to have little in common with Ayn Rand's popular novels, but their differences are overwhelmed by the social conditions of gender.

It is no accident that there are more journalists here than professors. Since the eighteenth century, commercial publishing has been more open to women writers—and their readers—than universities have been to female students or scholars.

Publishing also rewards generalists while academia largely deters them. The description of Jane Jacobs as "an amateur in the professional's den" could apply to many of these figures. Schwartz's intense specialization is the exception, Rand's autodidacticism the rule. Even within the academy, Elinor Ostrom and Deirdre McCloskey represent cross-disciplinary researchers, with Ostrom achieving the highest honors in both political science and economics and McCloskey holding simultaneous appointments in economics, history, and English.

For all its practical disadvantages, there is something intellectually liberating about being an outsider. If you don't belong, you are free to think in fresh categories. When Jacobs declared that there is "no virtue in conforming to the dominant opinion of the moment" and that "progress has been largely owing to the opportunity for experimentation," she could have been speaking for all these thinkers—and for classical liberalism as a whole. These convictions represent both liberal principles and liberal methodology, both philosophy and culture.

The same is true of Isabel Paterson's declaration that "It's expensive, but I like to own myself." As an abstract concept, self-ownership underlies some versions of libertarian political theory. But Paterson's expression seems more practical, rooted in the historical experience of women. The ability to earn and control one's own money, long denied to women, entails the ability to control one's own life. Without economic independence, individual autonomy and intellectual integrity are difficult to maintain. As Sylvana Tomaselli writes, reflecting on Mary Wollstonecraft's thought, "To be financially dependent was to be liable to be corrupted, to be unable to think for oneself, and thus to cease being one's own person. She wanted all men and women to be freed from such

dependence." The resolutely independent David Hume, excluded from university posts by his unflinching religious skepticism, would have understood.

As Keeper of the Advocates Library in Edinburgh, however, Hume enjoyed the kind of research-friendly job denied to most of these female scribblers. To pay their bills, Mary Wollstonecraft, Isabel Paterson, Rose Wilder Lane, and Jane Jacobs ground out forgettable, and largely forgotten, articles and stories along with their political writings. (Rand's bestselling novels funded her philosophical enterprises and a grant from the Rockefeller Foundation allowed Jacobs to escape constant deadlines to write her classic *The Death and Life of Great American Cities*.) Famous and intellectually well-connected in her day, Harriet Martineau wrote didactic fables for a mass audience and thousands of newspaper columns. Although influential in Victorian Britain, her work was ephemeral and is today known only to specialists. She enjoyed financial independence and a public voice, but not the liberty to craft enduring work.

Given greater academic opportunities and the discipline of scholarly interactions, might such thinkers have developed deeper explications of their ideas? Would Lane have completed her magnum opus *The Discovery of Liberty* rather than writing a popular book on needlework? Would Paterson have exercised broader influence through her writing rather than primarily through her immediate circle of admirers? Perhaps. But it's likely what these women left behind was shaped as much by their restless personalities as by their social circumstances. The choices they made were driven not just by necessity but by an eclectic curiosity. That curiosity was well-suited to journalism, ephemeral though its products might be, and it fed their more ambitious works as well. In a world of highly specialized thought, they preserved the tradition of classical liberal interest in wide-ranging questions exemplified by Scottish Enlightenment thinkers like Hume and Adam Smith.

The diversity of its subjects makes this volume a particularly good introduction to themes within classical liberalism. Driven by curiosity, passion, and love (the root of both *amateur* and *philosophy*), the thinkers represented here illustrate both the breadth of the classical liberal tradition and its enduring appeal to independent minds.

About the author

Virginia Postrel is a visiting fellow at the Smith Institute for Political Economy and Philosophy at Chapman University, a Bloomberg Opinion columnist, and the author of four books: *The Fabric of Civilization* (2020), *The Power of Glamour* (2013), *The Substance of Style* (2003), and *The Future and Its Enemies*. Postrel has an AB in English Literature from Princeton University with heavy coursework in economics.

Mary Wollstonecraft (1759–1797)

By Sylvana Tomaselli

Mary Wollstonecraft is one of the essential contributors to conceptions and discussions of liberty. Influential since the publication of her *Vindication of the Rights of Woman* in 1792, she was and continues to be read and cited both within and beyond the English-speaking world (Botting, Wilkerson, and Kozlow, 2014). Frequently seen as the first English feminist, her philosophy is receiving increasing attention, thereby placing her views on the rights of women in the wider context of her economic, social, and political views. Most important in relation to the subject of her reflections on liberty is the close link she maintained between rights and duties, and her insistence that artificial hindrances to the development of all human beings violated natural law and

divine justice. Liberty, for Wollstonecraft, had to be enjoyed by all, regardless of gender and race; it was her belief that gross inequality was incompatible with the well-being not just of the unprivileged, but also of the privileged.

The second of seven children, Mary Wollstonecraft was born in Spitalfields, London, on April 27, 1759, in a house on Primrose Street. Her father, Edward John, mismanaged his share of a sizeable legacy from her paternal grandfather, who had been a successful master weaver. Wollstonecraft's father tried to establish himself as a gentleman farmer in Epping. It was the first of several moves, each of which marked her family's financial and social decline. Only Mary's elder brother, Edward (Ned), was to receive a formal education; he became a lawyer. He had also inherited directly from his grandfather a substantial part of the latter's legacy. This is noteworthy as Mary Wollstonecraft was to have much to say about inheritance, and male primogeniture in particular (i.e., the firstborn male's exclusive or principal inheritance of a family estate).

Wollstonecraft's informal education was not unusual for someone in her position, but she made much of every learning opportunity that came her way. Her published writings show a true command of the Bible and a good knowledge of Plato as well as early modern philosophers. They also draw on a variety of authors most notably Shakespeare and Milton. Through her writing for the *Analytical Review* she was to become widely read in the literature of her period, and she was to translate several works: Jacques Necker's *Of the Importance of Religious Opinions* (1788) from French, Rev. C.G. Salzmann's *Elements of Morality, for the Use of Children; with an Introductory Address to Parents* (1790) from German, and Madame de Cambon's *Young Grandison* (1790) from Dutch. Nevertheless, her prospects were very limited. In relatively rapid succession, she entered the few occupations open to someone of her sex and circumstances: a lady's companion, a schoolteacher, and a governess. In 1784, she established a short-lived girls' school in Newington Green, where she met the leading members of its Dissenting community, including the Reverend Richard Price, whom she defended in a *Vindication of the Rights of Men* (1790) contra Edmund Burke; it was through her connections to members of this community that she gained an introduction to her future publisher, friend, and patron, Joseph Johnson.

After a brief sojourn in Portugal, which partly inspired her first novel, *Mary, A Fiction* (1788), she returned to England and, with the help of

an advance from Joseph Johnson, produced her first book, *Thoughts on the Education of Daughters: with Reflections on Female Conduct in the more important Duties of Life* (1787). It consists of brief discussions on such topics as Moral Discipline, Artificial Manners, Boarding-Schools, The Benefits Which Arise from Disappointments, The Observance of Sunday, and On the Treatment of Servants. She was to return to these and related topics in her more famous works of the 1790s. Following the collapse of her school, Wollstonecraft became a governess to the family of Lord Kingsborough for a brief period. The position took her to Ireland, where she completed *Mary, A Fiction*. Its short chapters tell the tale of its eponymous heroine, who becomes "a mere nothing" following an arranged marriage to "a vicious fool," and of her friendships, loves, and encounters with a number of characters whose lives are made wretched by ignorance, poverty, illness, and social conventions (Todd and Butler, 1989: 7). These were subjects that Wollstonecraft would continue to explore in her non-fictional works as well as in her last, unfinished novel that was published posthumously, *The Wrongs of Woman: or, Maria. A Fragment* (1798), whose aim it was, in the words its author, to exhibit "the misery and oppression, peculiar to women, that arise out of the partial laws and customs of society," relating to the status of women in marriage, being chained to an inescapable brute, their inequitable treatment, and dependency (Todd and Butler, 1989: 83).

On her return to London, she obtained some literary employment thanks again to Joseph Johnson. In 1787, she also began, but never completed, *The Cave of Fancy, A Tale*. The same year, she wrote her only complete work of children's fiction, *Original Stories from Real Life; with Conversations, calculated to Regulate the Affections, and Form the Mind to Truth and Goodness* (first published in 1788, republished in 1791, and illustrated by William Blake for another publication in 1796). Wollstonecraft's anthology, *The Female Reader; Miscellaneous Pieces in Prose and Verse; Selected from the Best Writers and Disposed under Proper Heads; for the Improvement of Young Women* (1789) followed.

For the *Analytical Review* Wollstonecraft reviewed poetry, novels, travel accounts, educational works, collected sermons, biographies, natural histories, and essays and treatises on subjects such as Shakespeare, happiness, theology, music, architecture, and the awfulness of solitary confinement; the

authors whose works she commented on included Madame de Staël, Emanuel Swedenborg, Lord Kames, Rousseau, and William Smellie. Until the end of 1789 her articles were mostly of a moral and aesthetic nature. However, in December 1789 she reviewed a speech by her old friend, Richard Price, entitled *A Discourse on the Love of our Country, delivered on Nov. 4, 1789, at the Meeting-House in the Old Jewry, to the Society for Commemorating the Revolution of Great Britain. With an Appendix, containing the report of the Committee of the Society; and Account of the Population of France; and the Declarations of the Rights by the National Assembly of France* (1789). This address to the Revolution Society in commemoration of the events of 1688 partly prompted Burke to compose his famous *Reflections on the Revolution in France, and on the Proceedings in Certain Societies in London Relative to that Event* (1790); Burke feared Price and others would incite a revolution in England that would put an end to its rule of law and liberty.

Burke's attack on Price in *Reflections on the Revolution in France* led Wollstonecraft to leap to Price's defence in her *A Vindication of the Rights of Men* (1790), the first of many responses to Burke's now famous work. Initially published anonymously at the end of November, the second edition of *A Vindication* in mid-December bore Wollstonecraft's name and marked a turning point in her career; it established her as a political writer. In September 1791, Wollstonecraft began *A Vindication of the Rights of Woman: with Strictures on Political and Moral Subjects,* which elaborated a number of points made in the previous *Vindication*, not least that in most cases marriage was nothing but a means to maintain or acquire property, and that the education women received ensured that they could not meet the expectations society had of them and almost certainly guaranteed them an unhappy life. They would be kept in perpetual childhood, ignorance, dependency, and forced into marriage whatever their wishes. As they were not educated, they were unable to provide for themselves should they not wish to marry or find themselves in widowhood. Raised to think only of appearances, they were not prepared for the duties that society nonetheless demanded of them as wives, mothers, and neighbours. Wollstonecraft was adamant about the unbreakable link between duties and rights. She thus argued that the duties expected of women had to be conditional on the recognition of their right to the education necessary for them to

be cognisant of the nature of such duties, and for them be able to fulfil them. She also believed that those who did not strive to meet their duties forfeited their rights.

Following the publication of her second *Vindication*, Wollstonecraft was introduced to the French statesman and diplomat Charles Talleyrand on his mission to London on behalf of the Constituent Assembly in February 1792. She dedicated the second edition of *A Vindication of the Rights of Woman* to him. In December 1792, she travelled to France where she met Gilbert Imlay, an American merchant and author of *A Topographical Description of the Western Territory of North America* (1792) and *The Emigrants* (1793). While there, she composed *An Historical and Moral View of the Origin and Progress of the French Revolution; and the Effect it has Produced in Europe* (1794). As British subjects were increasingly at risk under the Terror, Wollstonecraft passed as Imlay's wife to benefit from the greater level of safety that American citizens enjoyed at the time, though in fact they never married. Imlay was probably the source of Wollstonecraft's greatest unhappiness. Her *Letters Written During A Short Residence in Sweden, Norway, and Denmark* (1796) were addressed to him. She had gone to Scandinavia in search of ship with which its captain had absconded and in which Imlay had a large investment.

Wollstonecraft travelled with Fanny, her daughter by Imlay, who was born at Le Havre in May 1794. A year after Fanny's birth, Wollstonecraft twice attempted suicide, first in May, then in October 1795. Her relationship with Imlay finally ended in March 1796. In April of the same year, she renewed her acquaintance with William Godwin, whom she had first met in 1791 at a dinner attended by Thomas Paine, which was given by her publisher Joseph Johnson. Wollstonecraft and Godwin were married at St. Pancras Church in March 1797. On August 30th of that year, Mary Wollstonecraft Godwin, future author of *Frankenstein* and wife of poet Percy Bysshe Shelley, was born. On September 10th, Wollstonecraft died of septicaemia.

Wollstonecraft's first overt intervention on the subject of liberty was in her attack on Burke in her *Vindication of the Rights of Men*. Reading his *Reflections* one could not but come to the simple conclusion, she claimed, that far from being the self-declared "friend of liberty," Burke was in fact "the champion of property" (Tomaselli, 1995: 12). She further accused him of being

a client of his Whig patrons, the beneficiary of a pension, and therefore that his pen was effectively up for sale. As is uncontested within Burke scholarship, such accusations were neither true nor fair of Burke; one need only recall his efforts to open free trade with Ireland (which cost him his parliamentary seat), his support for the American pleaders for representation and fair taxation, his stance on the Quebec Bill, his prolonged campaign to have Warren Hastings impeached, and so forth, and it is clear that Wollstonecraft's portrayal fits very ill. Nor was Burke in receipt of a pension at the time of her writing so in *Vindication* (Bourke, 2015). But Wollstonecraft was not in the business of doing justice to Burke, and the important points to note in this work is Wollstonecraft's conception of liberty and the importance she placed on financial independence. To be financially dependent was to be liable to be corrupted, to be unable to think for oneself, and thus to cease being one's own person. She wanted all men and women to be freed from such dependence.

In her self-representation in her first *Vindication*, Wollstonecraft was eager to emphasize the contrast between herself and Burke as she depicted him: she was the clear-headed, rational, independent thinker. Burke, in her view, cared only about the maintenance of the status quo, the preservation of property, and the social and political inequality that came with it. Not being in anyone's pay, she could see the world as it was and the shallowness of his critique of Price for the latter's enthusiasm for the earlier stages of the revolution in France. In denying the rights of men, as she believed he was, Burke was arguing against divine justice. Natural rights were God-given at birth to each and every human being "as rational creatures, who were raised above brute creation by their improvable faculties" and, she contended, nothing could legitimately undermine them (Wollstonecraft, 1792: 12-13).

Like many of her contemporary intellectuals, such as Immanuel Kant, and thinkers in the next century, such John Stuart Mill, Wollstonecraft saw liberty and self-development as intrinsically linked. Indeed, the essential marker of freedom for all these authors was being able to develop oneself and to achieve one's full potential. For Wollstonecraft, this was not only a matter of learning to read, write, and count, or even of acquiring wider knowledge about all the arts and sciences. Important though the expansion of the mind and the unfolding of mental faculties was for her, liberty also had to extend to exercise and the

strengthening of the body. Mind and body both had to be allowed to thrive. To be free, in Wollstonecraft's conception, was to be free to flourish physically as well as mentally. Education thus had to attend to mind and body from childhood (Tomaselli, 2021). It had to prepare individuals for life's vicissitudes. Resilience was necessary to freedom.

The first condition for personal freedom to be even conceivable was to be literally free, legally free—in other words, not to be a slave. Slavery was, for Wollstonecraft, an abomination. She decried its practice repeatedly. In this she was not alone. The French playwright Olympe de Gouges (1748–1793), who also called for the rights of women and a variety of social reforms, vehemently denounced slavery, as did many Dissenters and members of the Newington community, such as Anna Laetitia Barbauld (1743–1825), who authored *An Epistle to William Wilberforce, Esq. on the Rejection of the Bill for Abolishing the Slave Trade* (1791).

While abolitionism was a growing movement and Wollstonecraft's condemnation of slave trade and slavery is now widely acknowledged (Ferguson, 1992; Howard 2004; Brace 2016), what remains to be emphasised is the way it shaped her understanding of the condition of women and the language she uses to deplore it. She flatly rejected any division of humanity based on colour. Notwithstanding the differences in talents and aptitudes between individuals, what divided mankind, she made clear in *A Vindication of the Rights of Men* and other works, was privilege, wealth, legal and political rights, and education. No human being should be seen as a thing that could owned and bartered by another. To do, she asserted, so was to defy divine creation.

In Wollstonecraft's view, the unqualified reverence for private property was the root cause of maintaining such barbarous practices. In her harangue against Burke, whom she portrayed as the unabashed defender of property, she argued:

> because of our ignorant forefathers, not understanding the native dignity of man, sanctioned a traffic that outrages every suggestion or reason and religion, we are to submit to the inhuman custom, and term an atrocious insult to humanity the love of our country,

> and a proper submission to the laws by which our property is secured. (in Tomaselli, 1995: 13)

She made extensive use of the register ofenslavement and emancipation in speaking of the condition of women in *A Vindication of the Rights of Woman*, referring to them as "convenient slaves," "coquettish slaves," or "abject slaves," and writing of "their slavish dependence," to cite but some examples (Tomaselli, 1995: 69, 91, 93, 105, 106.) This vocabulary partly reflects the fact that she had written on race and slavery before she penned her most famous work. What is more, she did not silently pass over women's participation in the horrors of slavery: "Where is the dignity, the infallibility of sensibility, in the fair ladies, if the voice of rumour is to be credited, the captive negroes curse in all the agony of bodily pain, for the unheard of tortures they invent? It is probable that some of them, after the sight of a flagellation, compose their ruffled spirits and exercise their tender feelings by the perusal of the last imported novel" (in Tomaselli, 1995: 46). For liberty to be enjoyed by anyone, according to Wollstonecraft, the world had to be freed of slavery— the treatment of others as property—in all its insidious forms.

Wollstonecraft's arguments applied every bit as much to children as to adults. Children were entrusted to parents, not owned by them, Wollstonecraft argued. Both parents, fathers no less than mothers, had a duty to provide for their children's needs and prepare them for life, but that life was their own (Tomaselli, 1995: 246). Their eventual marriage was not to be seen as the means of the enrichment of their families. Freedom or unfreedom began in the home. Blind obedience induced by fear of violence or disinheritance was degrading of the human character, she asserted (Tomaselli, 1995: 246). Thus, one's liberty to be and to flourish as a human being greatly depended on the nature of the upbringing one happened to have received.

The extent of one's liberty was, however, not just liable to be curtailed by others, be they parents in relation to children, husbands in relation to wives, men in relation to women more generally, and slave-owners in relation to slaves. Arbitrary government and irrational laws posed another great threat to liberty. Wollstonecraft denounced "penal laws [that] punish with death the thief who steals a few pounds" as well as pressganging (forcible enlistment in the

military) (Tomaselli, 1995: 14-15), and other abhorrent punishments and practices. Although she thought government had a duty to attend to inequity and lessen inequality, she was wary of centralized administration and hoped for a future in which women and men were politically well-informed and enjoyed a greater level of representation and participation (Tomaselli, 2021).

Had Wollstonecraft's life not been cut short, she might have written in greater detail about her political vision for humanity, but her publications make abundantly clear her determination to expose the most deceptive limitations of individual and collective liberty, namely, ignorance and false beliefs. To live to shine in the opinion of others, to make material acquisition the meaning of one's existence and particularly to do so through the subjugation of others, and to measure one's sense of self and self-worth through the admiring gaze of others was, for Wollstonecraft, slavery. Here again, she was not unique in her time to think this way. Jean-Jacques Rousseau and Adam Smith, both of whose works she knew well, thought likewise. Her contribution was to show that emancipation from such delusions could only come with a revolution in morals that included both the sexes:

> It appears to me necessary to dwell on these obvious truths, because females have been insulated, as it were; and, while they have been stripped of the virtues that should clothe humanity, they have been decked with artificial graces that enable them to exercise short-lived tyranny. Love, in their bosoms, taking place of every nobler passion, their sole ambition is to be fair, to raise emotion instead of inspiring respect; and this ignoble desire, like the servility in absolute monarchies, destroys all strength of character. *Liberty is the mother of virtue, and if women be, by their very constitution, slaves, and not allowed to breathe the sharp invigorating air of freedom, they must ever languish like exotics, and be reckoned beautiful flaws in nature.* (Tomaselli, 1995: 107 [my emphasis])

Liberty and virtue were as mother to daughter, in Wollstonecraft's view. As the daughter of liberty, virtue was nursed by her and, in due course, virtue herself

was called to care for her mother, liberty. Virtue and liberty were dependent on each other.

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About the author

Sylvana Tomaselli is a fellow of St John's College, Cambridge. She is the author of "Mary Wollstonecraft" in *The Stanford Encyclopedia of Philosophy* (Winter 2020 Edition). Her most recent publications include "The Art of Being in the Eighteenth Century: Adam Smith on Fortune, Luck, and Trust," in the *History of European Ideas and Wollstonecraft: Philosophy, Passion, and Politics*, Princeton University Press (2021). Tomaselli has a BA in philosophy from the University of British Columbia, an MA in social and political thought from York University, and an MA and PhD from the University of Cambridge.

Harriet Martineau (1802–1876)

By David M. Levy and Sandra J. Peart

Introduction

Harriet Martineau was perhaps the greatest storyteller in the long tradition of liberal political economists. There is an engaging simplicity in her stories, told to educate the general public about basic principles of economics, the benefits associated with the division of labour and free trade, as well as alternatives to a nineteenth century system of enslavement in the US South. Her monthly serials, published under the umbrella title *Illustrations of Political Economy*, eventually brought her enormous celebrity and much-needed financial independence.

Unlike her contemporary, John Stuart Mill, with whom she shared the egalitarian commitment to liberty (Peart, 2021), Martineau wrote exclusively for a popular audience. Indeed, she was devoted to teaching the widest possible audience. When J.S. Mill's father, James Mill, was asked to advise the publisher Charles Fox about publishing Martineau's *Illustrations,* he recommended against publication on the basis that her fictional tales lacked scientific rigour. (Later in life James Mill admitted to Martineau that he had misjudged her ability to illustrate scientific principles using fiction.)

Although her writings were extremely successful in her lifetime, today only specialists know of Martineau's work, and those in economics tend to downplay her originality and sophistication. Indeed, as James Mill's judgement suggests, both her subject matter and her method of painting pictures in words proved controversial from the beginning of her career. Perhaps for that reason, Martineau disappeared from the scholarly landscape for close to a century after her death. Late in the nineteenth century, as eugenics and racism emerged and flourished among social scientists, Martineau's egalitarianism was forgotten and scholars lost the ability to appreciate her contributions.

When she was rediscovered late in the twentieth century, Martineau's anti-slavery activism and her long crusade for gender equity stood out dramatically. But the cost of a century of neglect is that fine scholars in an egalitarian tradition lost the context of her work and no longer recognized those whose work she disputed. Despite that, it is now sometimes straightforward to recover her intellectual adversaries. The nineteenth century essayist and historian, Thomas Carlyle, for instance, was one such opponent; his racism was positively flamboyant. W.R. Greg, whom Martineau pairs with Carlyle as a racist in her letter of November 17, 1868 (Martineau, 2007, 5: 233-235), has dropped out of the memory of all but the narrowest of specialists, despite his importance as the co-founder of eugenics (Peart and Levy, 2005). If we fail to appreciate that Martineau spent her life combatting the views of Carlyle, Greg, and others of the same ilk, we misunderstand her. If we know her opponents, her witness becomes a true story of a life spent combatting racism.

An eventful life

Born in Norwich, England, on June 12, 1802, Martineau's life spans most of the nineteenth century. By the time of her death on June 26, 1876, she was well known amongst all the prominent intellectuals of her time. Her *Autobiography* reveals much joy at learning that the young Princess Victoria enjoyed her work. The same *Autobiography* portrays a desperately unhappy childhood. She began to grow deaf at the age of 11, requiring an ear trumpet by age 18. The death of the brother who had encouraged her to write was followed by her fiancé's madness and death. Her father's bankruptcy was followed shortly by his death. Notwithstanding, or perhaps because of these horrific events, she read voraciously, learned much, and traveled widely. Her command of French allowed her to translate, and reformulate, the French sociologist August Comte's *Cours de Philosophie Positive* in such an illuminating manner that Comte himself would advise his students to read her translation and not his original. Her fictionalized biography of the great figure of the Haitian rebellion, Toussaint L'Ouverture, dealt with slavery in Haiti; the example of Haitian slavery remained in the background of her discussions of the British and American debates (Martineau, 1841). Her interest in religious teaching is always in evidence. The first substantial financial reward from her writing came from three prize-winning essays that presented Unitarianism to adherents of other faiths.

Illustrating Adam Smith's economics

Martineau opened her *Illustrations of Political Economy* with an explanation of how she would proceed. Her monthly "tales" or stories would be sequentially published installments, each with titles of their own, forming a coherent book entitled *Illustrations of Political Economy.* (For clarity in what follows, we shall refer to the installments by their individual titles.)

She lamented that political economy was infrequently studied in spite of its evident importance. The "way in which the necessaries and comforts of life" are "best procured and enjoyed by all" is obviously significant, yet political economy was rarely studied by "the mass of the people." In the preface to the work included in the first installment, *Life in the Wilds*, she attributed this neglect to the difficulty of the subject matter (Martineau, 1832a: iv-v). Martineau's intention, and her life's work, was to correct that neglect by offering

simple yet sound lessons for all to comprehend. Her stated procedure was to illustrate the whole system by starting with uncomplicated ideas and adding complexity:

> Each tale will therefore be usually, if not always, complete in itself, as a tale, while the principles it exhibits form a part of the system which the whole are designed to convey. As an instance of what we mean: the scene of the first tale is laid in a distant land, because there is no such thing to be found in our own country as Labour uncombined with Capital, and proceeding through many stages to a perfect union with Capital. In the next volume, which treats of the operation and increase of Capital, the scene is laid in a more familiar region, because Capital can be seen in full activity only in a highly civilized country. (Martineau, 1832a: xvi-xvii)

In the preface, Martineau also drew a contrasting picture of (first) a medieval family exhibiting vast disparity of wealth and (second) a modern family exhibiting little. Then she generalized, articulating an egalitarian vision of liberalism that explained the disparity of wealth by "errors of national management"—impediments to free trade—and insisted that it is the "duty of the people" to correct those mistakes:

> If it has been an important service to equalize the lot of the hundred members of a great man's family, it must be incalculably more so to achieve the same benefit for the many millions of our population, and for other nations through them. This benefit cannot, of course, be achieved till the errors of our national management are traced to their source, and the principles of a better economy are established. It is the duty of the people to do this. (Martineau, 1832a: v)

In placing much blame for sluggish growth and inequality on national mismanagement, Martineau proved a faithful student of Adam Smith.

Indeed, in Martineau's view ignorance of the principles of political economy proved to be the critical barrier to a sound understanding of economic

prosperity and progress. She praised Smith's *Wealth of Nations*, "a book whose excellence is marvellous when all the circumstances are considered," but while she found the work "engaging [for] the learned," it was neither "fitted nor designed to teach the science to the great mass of the people." Political economy lacked the practical lessons to illustrate these principles for the masses, to explicate "the science in a familiar, practical form" (Martineau, 1832a: xi).

Martineau next offered an example of the sort of lesson she sought to convey to the masses—teaching about the importance of property rights "to the prosperity of a people." In her view, it would be helpful to do more than simply state the significance of secure property rights to the creation of wealth. Instead of this "dry, plain way" of conveying the principle, Martineau urged a new way of teaching using "the story of a merchant in Turkey, in contrast with one of a merchant in England" to illustrate the consequences of insecure property rights and "impress the memory and engage the interest in a much greater degree" (Martineau, 1832a: xi).

As noted, Martineau added complications as the series unfolded. Like Smith, she began in a society without physical capital: *Life in the Wilds* opens in a small settlement in southern Africa that the natives have raided, taking or destroying the physical capital, but killing only a few inhabitants. She introduced the persistent theme from the *Wealth of Nations*, natural equality, when she explained how the bushmen were "hunted down like so many wild beasts" by the British and Dutch. They became "fierce and active in their revenge," a reaction that would have been mirrored by the Europeans had the tables been turned:

> If we may judge by the experiments which have been tried upon the natives of various countries, it seems probable that if Europeans were driven from their homes into the mountains, and exposed to the hardships of a savage life, they would become stunted in their forms, barbarous in their habits, and cruel in their revenge. (Martineau, 1832a: 4)

Her characters soon learn the advantages of specialization and exchange, adapting their considerable skills to their new environment without physical capital. Lacking books, their religious services are conducted by those who best remember the old words. Moreover, their discussions articulate Smith's economics to guide their decisions about how the group ought to move forward. As the story draws to a close, a wagon drawn by oxen arrives at the settlement. The wagon is loaded with tools, a loan arranged by a character who had escaped the raid and fled in search of assistance. Tools, not machinery, were bought on credit, he explains, because the settlers can make machines with the tools. Bibles and gospels are provided as gifts. In the early nineteenth century, a key question that preoccupied political economists such as David Ricardo, T.R. Malthus, and Karl Marx, was whether the introduction of machines in the production process, especially in textiles, would reduce the overall demand for labour and leave some workers permanently unemployed. This question arises in Martineau's story as the settlers wonder whether the new machines will displace workers and create hardship.

Illustrating the evils of slavery

Martineau's stories combine a compelling narrative with an explicitly didactic conclusion (or preface, in the case of her first installment). Her fourth installment, *Demerara*, published a decade following the slave rebellion in Demerara in South America, repeats the anti-slavery argument that property is a conventional right and "Man has no right to hold Man in property." The economics lesson is equally unsurprising for anyone who has read Smith: because the product of their labour does not affect their wealth, enslaved persons have little incentive to work diligently. The story features a character, Alfred, who has *also* read Smith and given thought to this incentive problem associated with using enslaved labour. Alfred offers a solution to this problem: task-work with wages:

> Mr. Bruce meanwhile was looking alternately at two gangs of slaves at work after a rather different manner. He was standing on the confines of two estates; and, in a field at a little distance, a company of slaves was occupied as usual; that is, bending over the ground, but to all appearance scarcely moving, silent, listless, and dull. At hand,

> the whole gang, from Cassius down to the youngest and weakest, were as busy as bees, and from them came as cheerful a hum, though the nature of their work rather resembled the occupation of beavers.
>
> "Task-work with wages," said Alfred, pointing to his own gang; "eternal labour, without wages," pointing to the other. "It is not often that we have an example of the two systems before our eyes at the same moment. I need not put it to you which plan works the best." (Martineau, 1833b: 69-70)

Martineau observed such a link between effort and income in the American South.

In their study of US slavery some 150 years later, Robert Fogel and Stanley Engerman discovered the payments that linked wages to output that Martineau had predicted in *Demerara* (Fogel and Engerman, 1974: 239-242).

Martineau was invited to visit the US South with the hope of changing the views she had expressed in *Demerara.* Not only did she hold fast in her opposition to the system of enslavement, but she also observed and told about the horrors associated with the sexual abuse of slaves. In a world of strong gendering, she was allowed to speak candidly with white women on plantations and she retold their stories of slave "harems" flourishing in an alleged Christian society:

> Every man who resides on his plantation may have his harem, and has every inducement of custom, and of pecuniary gain,* to tempt him to the common practice. Those who, notwithstanding, keep their homes undefiled may be considered as of incorruptible purity (1837, 2: 112).

Martineau's footnote, marked by *, continues, "The law declares that the children of slaves are to follow the fortunes of the mother." Plantation owners were thus able to sell and bequeath their own enslaved children. Martineau discussed the consequences of mixed-race children:

> A gentleman of the highest character, a southern planter, observed, in conversation with a friend, that little was known, out of bounds, of the reasons of the new laws by which emancipation was made so difficult as it is. He said that the very general connexion of white gentlemen with their female slaves introduced a mulatto race whose numbers would become dangerous, if the affections of their white parents were permitted to render them free. The liberty of emancipating them was therefore abolished, while that of selling them remained (1837, 2: 118).

As early as 1837, then, Martineau treated race as more than simply black or white. Instead, she observed the many children born to enslaved black women who had been abused by their white owners and concluded that there were many racial categories determined within the system of slavery itself.

Illustrating T.R. Malthus's economics

Martineau's writings on slavery were not her only ones to generate controversy. Indeed, her work on population growth proved extremely controversial. In her autobiography she reports (Martineau, 1877, I: 200-220) on the intense criticism that followed the publication of her sixth installment, *Weal and Woe in Garveloch* (1833c). In this installment, she sketched the fundamental Malthusian doctrine that population growth will be disastrously high if the costs associated with raising children are not borne by parents but are rather spread to society at large (1833c: 97-98). Of course, in new countries such as America with very high labour productivity, ten children may bring wealth and honour, and twenty children may double that (1833c: 99). Like Malthus, Martineau held that in older countries this rate of doubling was unsustainable and some check to population growth was required. The didactic conclusion employed Malthus's terminology to make the point. The fundamental "preventive check" in Malthus's account is delay of marriage, while the "positive check" in his account is an increase in child mortality rates. Martineau put the case succinctly:

> By bringing no more children into the world than there is a subsistence provided for, society may preserve itself from the miseries of want. In other words, the timely use of the mild preventive check may avert the horrors of any positive check. (Martineau, 1833c: 140)

In Martineau's view, ordinary people will learn about the need for the preventative check and delay marriage until they are able to afford to raise a family. The misery and death attendant on overpopulation will thereby be averted:

> The positive checks, having performed their office in stimulating the human faculties and originating social institutions, must be wholly superseded by the preventive check before society can attain its ultimate aim—the greatest happiness of the greatest number. (Martineau, 1833c: 140)

Martineau's use of Malthus's terminology drew an abusive caricature and pointed criticism from *Fraser's* (MacLise and Maginn, 1873), which held that matters such as procreation were rightly "veiled with the decent covering of silence" in society (115), referred to her "perverted talent, or, at least, industry" (115), and opined that her writing generated a "disgust nearly approaching to horror" (113).

While *Weal and Woe* focused on the difference between private and societal interests in the context of population growth, it is important to notice that Martineau considered the economist's general case of a divergence between private and collective interests in many guises throughout her *Illustrations of Political Economy*. Her third installment, *Brooke and Brooke Farm,* describes a village with a large area in which the villagers graze their cattle in common. The problem with this common ownership—something economists today refer to as the tragedy of the commons—is that, since no one owns the grazing land, no one has a private interest in ensuring it is well kept. This results in overgrazing that sadly causes under-nourished cattle. Early in the story we learn that Parliament has (wisely) passed an act of enclosure so the land will be held privately. Martineau emphasized that everyone who had a right to the

commons before the new law was put in place was to be compensated in the new, and in her view superior, arrangement. In this, she followed J.S. Mill's insistence on compensation (Peart, 2021) for reforms that harm some but are nonetheless sound overall.

The dismal science

As noted above, Martineau followed Malthus and other nineteenth century political economists in her preoccupation with the potential misery brought about by overpopulation. Along with her position on slavery, Martineau's writings eventually earned the ire of the influential nineteenth century intellectual Carlyle, who famously attacked political economy as the "dismal science" in his essay, "Negro Question" ([Carlyle], 1849). As two of the most prominent essayists of their time, Carlyle and Martineau initially enjoyed a cordial relationship, but that cordiality deteriorated into antipathy as a result of Martineau's sympathies for enslaved people in America.

Indeed, in his *Reminiscences* Carlyle described how they were introduced when Martineau returned from America and began her book, *Society in America*, and he criticized how she was "full of N* fanaticisms" (Carlyle, 1881: 437-8). In an 1849 essay, Carlyle used the phrase "sweet blighted lilies, they are holding up their heads again" cruelly to describe the well-being of Blacks in Jamaica. He continued with, "Our beautiful Black darlings are at last happy; with little labour except to the teeth…" (1849, 671). His words seem to be taken from Martineau's report of "An epitaph on a negro baby in Savannah" (1837, II: 222) to mock her description of the hopes of the baby's heartbroken parents for the final resurrection. Carlyle also vehemently opposed the coalition of political economists and Christian activists (whom he dubbed "Exeter Hall" after their meeting house on the Strand in London) who united for the purposes of advocating for emancipation. Martineau embodied that combination. We have described her egalitarian political economy above; about Christianity, she wrote: "In it may be found a sanction of all just claims of political and social equality; for it proclaims, now in music and now in thunder,—it blazons, now in sunshine and now in lightning,—the fact of the natural equality of men. In giving forth this as its grand doctrine, it is indeed 'the root of all democracy'…" (1837, 2: 315).

Conclusion

Harriet Martineau was one of the greatest nineteenth century advocates of the system of natural equality that anchors classical liberalism. For her, natural equality expressed the liberal position that there are no innately superior people to direct the rest of us. Her works illustrate that prosperity is closely associated with the free interchange of goods, that people work best when they are free to choose their vocations, and that ordinary people are capable of choosing when and whom to marry. When a fulsome history of nineteenth century racism is finally written, we shall find Harriet Martineau at the center of opposition to racism and the attempt to establish a liberal and egalitarian order.

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Mary Paley Marshall (1850–1944) and Rose Director Friedman (1910–2009)

By Lynne Kiesling

[Author's note: in this essay I will refer to both women using their non-married names for clarity to distinguish them from references to their husbands.]

Partners, assistants, and collaborators

With fewer academic and career opportunities than in the present, women in the past often found outlets for their scholarly and intellectual pursuits by collaborating with their husbands, sometimes while also raising families. That reality is reflected in the economics profession as well. This chapter highlights the intellectual contributions of two women who were economists in their

own rights but who also married well-known and influential economists with whom they collaborated: Mary Paley Marshall and Rose Director Friedman. The nature of the collaborative intellectual relationships differed in the two cases in ways that reflect both the personal and cultural characteristics of each.

Mary Paley Marshall (1850-1944)

Mary Paley was the daughter of a clergyman and the great-granddaughter of the philosopher William Paley. In an unusual decision for a Victorian family in Britain, her father continued her education into her adolescence without limiting her to "ladylike subjects," teaching her divinity and mathematics while she and her sister learned German, French, and science from a German governess. Her keen intellect thrived and she seized the then new opportunity for women to take the entrance exams for Cambridge University, which had established two new women's colleges, Newnham College and Girton College. While women could attend these colleges and be present at university lectures and could complete coursework and exams, they could not be awarded an official Cambridge degree. Paley received a scholarship and began attending Newnham College in 1871 in a pathbreaking class of the first five women to attend Cambridge.

While a student at Newnham College, Paley attended political economy lectures given by Alfred Marshall, a young lecturer and Fellow of St. John's College who also served as Paley's tutor. Marshall had been a gifted mathematics student at Cambridge and in his scholarship he had already started applying his mathematical thinking to systematizing political economy into a well-articulated body of theory, work that continued throughout his career and would make him one of history's most influential economists.

After completing her coursework in 1874, Paley took the same Cambridge final exams in Moral Sciences as did the men. While she passed with honours, she was not awarded a degree due to Cambridge's restrictions. Paley was one of the first two women to sit for exams, and in 1875 she joined Newnham College as a lecturer, teaching political economy to growing classes of women students.

Paley and Alfred Marshall married in 1877 and moved to Bristol where Marshall had accepted a position as Principal at University College–Bristol.

Paley also worked there as a lecturer, but her salary was paid out of Marshall's salary. After five years in Bristol they then moved briefly to Oxford before Marshall was elected to a chair in political economy at Cambridge in 1885. Paley resumed her lecturer position at Newnham College, a position she retained until 1916.

Their only co-authored collaboration was the 1879 book *The Economics of Industry*. A Professor Stuart had asked Paley to write an economics textbook for the women's lectures and extension courses at Cambridge (Keynes, 1944: 274), and this volume was an original and accessible introduction to the new and growing field of economics. It reflects Paley and Marshall's work to synthesize older, classical economics theories of value and markets with new theories of value that were developing in the early 1870s. It provides a clearly written introduction to "economic science" (1879: 2) as a means for understanding the production, consumption, and distribution of wealth in society. Underneath the clear exposition were fundamentally new ideas—demand and supply as separate relationships describing the connection between price and quantity, the law of diminishing returns, and applications of these fundamental ideas to markets for goods, for land, and for labour. Throughout the work is an analytical focus on understanding competition and markets. Disentangling Mary's and Alfred's shared contribution to developing and articulating these new ideas is nearly impossible. The book, which John Maynard Keynes argued was "originally hers" (1944: 274), was extremely successful as a textbook and was reprinted through nine editions.

Much of *The Economics of Industry* was subsumed into Marshall's path breaking book *Principles of Economics* (1890). This book defined neoclassical economics by synthesizing the study of production, labour, capital, and costs in the tradition of Adam Smith, David Ricardo, and John Stuart Mill with the relatively new emphasis on marginal analysis and subjective utility in the post-1871 marginal revolution. *Principles of Economics* is famous for its originality, its systematic approach to defining this new field of economics, and its clarity of exposition. It remained the predominant economics textbook in the English-speaking world for over 50 years. While Paley was not credited as a co-author of the *Principles*, her influence as collaborator and editor certainly contributed to its all-encompassing analysis (Keynes 1944).

Her contribution to their shared intellectual endeavors took the form of assistant to her husband, rather than a more equal partnership and co-authorship (Gouveneur, 2018: 78). Marshall had a nervous temperament, and it's likely that Paley's combination of emotional support and intellectual companionship enabled him to be the productive and influential a scholar that he became. She worked as editor and proofreader on *Principles of Economics* rather than on developing the content and structure of the work, work for which Marshall gave her extensive credit in the acknowledgements in multiple editions of the book.

Paley continued to work as a lecturer and to support her husband's scholarly work as he mentored undergraduate and graduate students, some of whom would go on to become professional economists who transformed the field with their own original research. The most influential of these students were John Maynard Keynes and A.C. Pigou. Paley's influence, in addition to her contributions to her husband's work, was to educate generations of curious young women for over three decades.

After her retirement from her lecturer position, she influenced student education by developing the economics library at Cambridge. Starting in 1885, Alfred Marshall and Henry Sidgwick had contributed books from their own collection to create a student library, first known as the Moral Sciences Library and later the Departmental Library of Economics. After Marshall died in 1924 at the age of 82, Mary Paley Marshall contributed financially to the library and served as chief librarian of the newly-named Marshall Library, stopping shortly before her own death in 1944 at the age of 94.

Rose Director Friedman (1910-2009)

Rose Director was born in what was then Russia and is now Ukraine. Fleeing anti-Semitism there, her family emigrated to the United States in 1913 and settled in Portland, Oregon. She had an intellectual upbringing; her older brother, Aaron, was also a scholar. Aaron entered graduate school in economics at the University of Chicago in 1927, staying on in a lecturer position thereafter before being appointed to the Law School faculty. He encouraged his younger sister, then an undergraduate at Reed College, to transfer to the University of Chicago.

Director continued her studies at Chicago, entering the Ph.D. program in economics. She completed Ph.D. coursework but left without completing

her dissertation on capital theory, with Frank Knight as her advisor. After graduate school she researched poverty and income distribution, sometimes in collaboration with another pioneering woman economist, Dorothy Brady. Brady and Friedman (1947) examined how differences in income levels and, at a macroeconomic level, the income distribution, affected household savings patterns. They used data on household expenditures and income to compare income and savings patterns across urban and rural households. Their analysis was an original contribution to the development of empirical economics. Rose Friedman (1965) looked specifically at definitions of poverty and criteria for determining who counted as poor. She then used that analysis to re-evaluate the data and reassess the policy proposals in the 1964 Council of Economic Advisors report that would establish Lyndon Johnson's "War on Poverty." Even after five decades, this work remains relevant for those interested in poverty and income issues.

While attending a graduate student event in 1932, she met Milton Friedman, a fellow graduate student, who was seated next to her. They married in 1938. Their marriage lasted 68 years until his death in 2006. This partnership was famously collaborative. Milton and Rose Friedman were consummate scholars, teachers, and public intellectuals. While Milton's career was more public and higher profile, Rose served as his interlocutor, engaging and challenging his ideas and thus enabling him to develop and improve them, in addition to developing her own ideas.

Their intellectual companionship was strong. So, too, was their shared commitment to classical liberalism, economic and political freedom, and the importance of the rule of law. As public intellectuals they combined analysis and communication to advocate for institutional arrangements and public policies that enabled individual decision-making and wealth creation as paths to human flourishing.

While not co-authored, Milton Friedman's book *Capitalism and Freedom* (1962) was nevertheless a collaborative effort. *Capitalism and Freedom* outlined fundamental economic principles and applied them to challenging policy issues: military conscription, exchange rates, substituting a negative income tax for welfare payments, medical and other occupational licensing as an entry barrier into those professions, school vouchers and educational

choice, and drug legalization. In all cases Friedman made analytical arguments supporting the beneficial outcomes arising from greater economic freedom. The book built on lectures Milton gave at Wabash College in 1956, and in the preface to the 1982 edition, Friedman refers to them as "lectures that my wife helped shape into this book," acknowledging her role in this influential work.

Their most famous collaboration was the combined book and PBS TV series *Free to Choose* (1980). While Milton was the speaker and public face of the television show, Rose co-wrote both the book and the TV show with Milton and was one of the show's producers.

Free to Choose articulated a strong classical liberal understanding of economic principles applied to current policy issues, building on the essays in *Capitalism and Freedom* and extending these principles to even broader audiences. The 10-episode series showcased their passion for communicating the beneficial effects of personal, political, and economic freedom. With subjects such as "The power of the market," "What's wrong with our schools?" and "Who protects the worker?" the series was filmed in domestic and international locations and highlighted both fundamental economic concepts and how freedom benefits people.

The impact of the series and book on public understanding cannot be overstated. The late 1970s was a time of economic and political challenges that ranged from wage and price controls, inflation, low economic growth, other forms of government intervention and stifling regulation, the Cold War and conflict between the different visions of the Soviet Union and the open, liberal West. Even in the open, liberal West, government policies grounded in a belief that governments could "fine-tune" the economy through policy interventions were dominant. *Free to Choose* challenged those preconceptions, and did so in a warm, accessible, engaging way that combined analysis and compassion and was the hallmark of the public intellectualism of Milton and Rose Friedman. The book became a bestseller, and the TV episodes are still available (Free to Choose Network).

Education as a foundation of flourishing, and of an open, liberal social order, was an important value for both Milton and Rose. For that reason, they advocated strongly against monopoly schools and in favour of parental choice, competition in schools, and instruments including student vouchers as ways to

improve educational quality for low-income students. Later in life they established the Milton and Rose Friedman Foundation (renamed EdChoice in 2106) to advance this mission. Rose served as its director.

Rose Director Friedman passed away in 2009 at age 98, three years after her husband. While she made the choice to be a wife and mother first and an economist second, their partnership was an intellectual one as well as a personal one, and her skills and passions as an economist interested in the consequences of personal, political, and economic freedom influenced their shared work. In their joint memoir, *Two Lucky People*, she noted that "I have never had the desire to compete with Milton professionally (perhaps because I was smart enough to recognize that I couldn't). On the other hand, he has always made me feel that his achievement is my achievement" (1999: 87).

Conclusion

Mary Paley Marshall and Rose Director Friedman were both pathbreaking economists who pursued valuable collaborations with their husbands, although these collaborations took different forms. By pursuing their scholarship, even within cultural constraints that made it difficult for women to work as equals with male economists, both women broke down some of those constraints and made it easier for future women to pursue independent and fulfilling careers as professional economists.

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Isabel Paterson (1886–1961)

By Rachel Davison Humphries and Andrew G. Humphries

Isabel Paterson lived an extraordinary life. She was vivacious and independent. She was witty, insightful, and stylish. She was a woman of unwavering principle and was sometimes acerbic and curmudgeonly. She had a compendious memory, a towering intellect, and was extremely well read. She was a force of reason against misguided collectivist ideas and a vocal public advocate for the individual and for capitalism through her books, articles, columns, informal literary salons, and letter exchanges. You would be hard pressed to find a more influential thinker in the modern individualist movement.

Born Isabel Mary Bowler (or Mary Isabel Bowler, the record is unclear) (Cox, 2004: 8) in 1886, Paterson was an unequivocal individualist. One of nine children, she grew up poor on the frontiers of Canada and the United States

in the 1880s. With only two years of formal schooling, she was almost entirely informally educated, teaching herself to read, which she then did voraciously. She was the consummate autodidact, an expert handyperson with an appetite for new experiences.

After leaving home in her teens she worked her way back and forth across the border around the Pacific Northwest taking on a variety of jobs until she landed in the publishing business. Like many women of the day, she began her work in publishing as a secretary, but her talents as a critic enabled her to become a columnist and short story writer (Cox, 2004: 23-40). In April of 1910 she married Kenneth Birrell Paterson. They quickly separated and it is unknown whether she ever saw her husband again. She kept his name, however, going by "Pat" for much of her life.

She witnessed forms of voluntary social association on the frontier that were largely free from external intervention but worked well to solve problems and generate peaceful, civil interaction.

Paterson was drawn eastwards and in 1912 left the frontier for New York City to experience its energy and to devote herself to literature. Shortly after arriving, she volunteered to be a passenger on an exhibition flight demonstrating a new technology—the airplane—over Staten Island. One of the few photographs she kept of herself shows Paterson smiling expectantly next to the pilot before the flight. When they reached 5000 feet, Isabel Paterson had a perspective no other woman had ever seen; she was the first woman to fly that high (Cox, 2004: 1-3). It was an exhilarating start to life in New York.

Paterson worked as a novelist, journalist, and editorial writer at a variety of publications until she landed at the *New York Tribune,* later the *Herald Tribune*, in which she wrote her famous column *Turns with a Bookworm.* The column would be published weekly for 25 years. It gave Paterson the outlet that would make her a household name—and an influence that would encourage a generation of individualists.

Turns was ostensibly a column for literary news and book reviews, but it became an outlet through which Paterson would explore every subject that interested her. She read constantly and conveyed all that knowledge and more in her weekly column for the paper's *Books* section. She also used her work on the section to bring together copy-editors who met at informal salons on

Monday nights. These weekly gatherings took the form of all good salons, marshalling a wide array of minds to laugh, argue, and sharpen each other's thoughts and arguments into the wee hours of the night.

Presidents Herbert Hoover and Franklin Delano Roosevelt and the Great Depression all greatly affected Paterson. Highly skeptical of the "Best Minds" (as she would sarcastically call them in her columns) making decisions for Americans, Paterson went so far as to advocate for no intervention at all in the economy in the wake of the Great Depression in the 1930s. According to Paterson scholar and biographer Stephen Cox, Paterson saw a major difference between the depression she lived through in the 1890s and that of the 1930s: the loss of resilience among Americans to suffer the hardship necessary to get back to a sound economy without government intervention (Cox, 2004: 132). Americans had become complacent and comfortable in their wealth and believed the politicians when they said they would be able to fix the economic problems that would eventually lead to the Great Depression without difficulty.

After years of exploring her ideas on politics in her columns, essays, reviews, and novels, in 1943 Paterson published her most enduring and important work, *The God of the Machine*. The dust jacket of the first edition reads, "Only free men, in a free economy, can create or maintain the long circuit of energy that makes civilization work. This book tells how and why."

Paterson's problem in *The God of the Machine* was to explain the rise of Western civilization, especially the unprecedented prosperity and power of America. She found her solution in the analogy of the use of energy in mechanical systems and how social systems can unleash, coordinate, and magnify human energy or restrict, defuse, and dissipate it.

> What the past shows, by overwhelming evidence, is that the imponderables outweigh every material article in the scales of human endeavor. Nations are not powerful because they possess wide lands, safe ports, large navies, huge armies, fortifications, stores, money, and credit. They acquire those advantages because they are powerful, having devised on correct principles the political structure which allows the flow of energy to take its proper course. (Paterson, 1943/1993: 13)

For Paterson, the source of energy in society is the creative and active individual. While the laws of physics tell us that energy cannot be created or destroyed, Paterson calls the point at which energy enters into a particular system or circuit "the dynamo, generator, converter, or motor" (Paterson, 1943/1993: 82). She writes, "In the social organization, man is the dynamo, in his productive capacity" (Paterson, 1943/1993: 82). Private life under proper institutional arrangements tends to be inherently productive. Political activity expressed through police power, on the other hand, is essentially restrictive—"*it is an instrument of negation*, and nothing more" (Paterson, 1943/1993: 78). "[S]ince [delegated] authority can only be prohibitive, the problem is to keep this repressive agency subordinate to the creative faculty" (Paterson, 1943/1993: 94). If the goal is to maximize the use and flow of creative energies, the purpose of the political system must be to prohibit those activities, and only those activities, that impede the exercise of individual creative energies. Legal restraint that goes beyond these bounds becomes more of an impediment than an aid to human well-being. Systems of control--forms of serfdom, slavery, and totalitarian dictatorship—limit which human energies are exercised, artificially constraining the work of those humans to a smaller circuit of energy than would otherwise be possible.

Paterson illustrates these principles by discussing how Western society evolved from societies of status in the Ancient and Medieval world, in which legal control rested on classes and categories of status, to modern societies of contract, in which individuals are free to exchange and coordinate on mutually agreeable terms—drawing her distinction from Henry Sumner Maine.

In a society of contract, the rights of individuals to act as they wish is limited only by the equal rights of others (Paterson, 1943/1993: 42). This evolution from status to contract thus has implications for the use and flow of energy. Under serfdom and forms of totalitarian organization, law acts as a preventative, keeping people from working in ways not expressly permitted in advance. In a society based on contract law, i.e., a commercial or capitalist society, law is only a secondary corrective for when human energies come into conflict. Paterson likens contract law to a safety valve that eases pressure in a mechanism about to get out of hand, but which otherwise remains disengaged:

> Contract law is the same type of mechanism in the political organization. The legal restriction does not occur until after individuals have made a voluntary contract and one of the parties fails to carry out its terms. Contract law has no primary authority, no jurisdiction unless invoked by the individual; and then it can take cognizance only of the point at issue, which is determined by the previous agreement of individuals. (Paterson, 1943/1993: 103)

Contract law, therefore, is not primary and preventative, it is secondary and involves the presumption of liberty. People are afforded the maximum freedom to act and interact in ways that are mutually compatible. "It is the only method of organization which leaves the creative faculty and corollary productive processes their inherent and necessary freedom" (Paterson, 1943/1993: 103). Moreover, she writes that this "type of organization predicates a permanent base": individual private property (Paterson, 1943/1993: 103-104).

For Paterson, enabling this maximal flourishing of human energies is not the product of accident. It would be a fallacy to think that it would exist under anarchy. Essential to the maximal unleashing of human energies is the problem of structuring political organizations in such a manner as to enable a society of contract. Positive institutions are needed and human intelligence and experience are required to generate these institutions (Paterson, 1943/1993: 28). Paterson praises the political structure of the United States for providing just such a context. While devoting an entire chapter to "Slavery, the Fault in the Structure" of the US Constitution, Paterson elsewhere concludes that,

> For its realization of these moral relations and the structural embodiment of them, the Constitution of the United States has been justly described as the greatest political document ever struck off at one time by the mind of man. (Paterson, 1943/1993: 134)

Paterson praises the Bill of Rights and the treason clause of the US Constitution, for instance, because when taken together they "establish the individual as the dynamic factor. The Bill of Rights withdraws entirely from political control both the faculties and the instruments of initiative and enterprise"

(Paterson, 1943/1993: 126). The First Amendment, for example, meant "No law might be passed against freedom of the mind, whether in religion, in speech, or in print" (Paterson, 1943/1993: 126). Paterson highlights that the treason clause includes the provision that, "No attainder of treason shall work corruption of blood"; in other words, punishment for treason is directed only at the individual perpetrator and does not extend to forfeiture of honours or property for his or her family, for instance. Here Paterson points to the idea that the Constitution affirms individualist moral principles: that accountability and property belong to a responsible individual, not to a collective group. When respected, these principles liberate those individuals to act and experience the consequences of their actions.

> All these provisions in the Bill of Rights and the Constitution are of the utmost importance in relation to the flow of energy; the fact which they express accounts for the unparalleled expansion of the United States in territorial extent in the given time, by accounting for the even more extraordinary extension of the field of physical science and mechanical invention. In a hundred and fifty years, men suddenly enlarged and corrected their knowledge of scientific principles… and devised means of application which made possible a concurrent increase of population and a rise in the standard of well-being beyond even the dreams of humanity in the past. Nothing of the sort had ever occurred in the world before; history reveals nothing comparable to the United States as a nation… What happened was that the dynamo of the energy used in human association was located. It is in the individual. And it was withdrawn from political interference by a formal reservation... The dynamo is the mind, the creative intelligence... The material means on which intelligence projects by initiative is private property. Nothing else will serve. (Paterson, 1943/1993: 130)

It would take us too far afield to convey Paterson's analysis of the structural checks and balances the US Constitution places on unlimited democracy, but

she thought highly of its means of checking the power of majorities to deprive minorities of liberty.

It should also be mentioned that Paterson's commitment to individual liberty is not founded on materialism or utilitarianism. For her, "the American axiom asserted political equality as a corollary of the inalienable right of every man to liberty" (Paterson, 1943/1993: 120). Moreover, she wrote, "materialism will not admit human equality" (Paterson, 1943/1993: 119). Human beings are not materially equal to one another in any way. Rather, the basis of the justice of individual rights for Paterson arises from man's nature as a creature of mind, will, and reason.

> Human life is of an order transcending the deterministic necessity of physics; man exists by rational volition, free will. Hence the rational and natural terms of human association are those of voluntary agreement, not command. Therefore the proper organization of society must be that of free individuals. And their equality is posited on the plain fact that the qualities and attributes of a human being are ultimately not subject to measure at all; a man equals a spiritual entity. (Paterson, 1943/1993: 121)

Paterson thus sees a dignity in human beings that is expressed in the active energy of each individual, which implies a moral need to respect each person's sphere of liberty.

Finally, this dignity is threatened when humanitarians seek to make themselves politically superior to others in order to help them. The threat of entrusting "the humanitarian with a guillotine" (the title of her most famous chapter), is threefold: first, it creates a power to take from those who are productive to give to those who are not in a way that is not susceptible to any logical principle of limitation. The power to plunder upends the normal order in which charity is only a secondary activity after production has taken place, threatening the general prosperity. This power is also a power of the humanitarian to help himself so long as he can find others to "help." Second, this kind of subjugation of individual energy to the tyranny of such political humanitarians can

extend in principle, and has extended in practice, to instances in which killing and starving millions is seen as acceptable for a greater good. Finally, it creates perverse incentives for both the political humanitarian and those they seek to help in a way that threatens to trap individuals in a dependency that robs them of their dignity as responsible and dynamic human beings.

The God of the Machine was not a commercial success. The literary community was split on its readability, with some claiming it to be a work of genius and others deriding it. It was, however, a transformative and powerful book for many in the individualism movement.

Paterson's greatest legacy has been her influence on those around her. As explored in a variety of recent articles and books, Paterson was the intellectual grandmother of the modern classical liberal and libertarian movement. Her impact was nothing short of remarkable, influencing both Ayn Rand and Rose Wilder Lane and scores of admirers, including William F. Buckley, Jr. of the *National Review* and Leonard E. Read of the Foundation for Economic Education.

Paterson's most famous interlocutor, Ayn Rand, credited Paterson with a profound influence on her understanding of capitalism (Doherty, 2007: 122). Throughout the early 1940s Rand and Paterson would stay up until the early morning discussing all manner of topics, with Rand literally sitting at her feet, asking questions and absorbing everything Paterson had to say (Cox, 2004: 220). It was a shocking relationship to observers who knew Rand. Rand deeply respected Paterson's knowledge and wit, and Paterson appreciated Rand's mental power; she regularly recommended Rand in her column (Cox, 2004: 221). The two began to split over clashes of principle and temperament until comments at a party finally dissolved the friendship (Cox, 2004: 314). Cox (2004: 305-306) and Doherty cite contention over religion as an important dividing line between them. Rand was a devout atheist and Paterson believed that "the axiom of liberty cannot be postulated except on the basis of Christian philosophy" (quoted in Doherty, 2007: 123). Despite the split, Rand continued give *The God of the Machine* glowing praise and recommend it as a primer on individualism (Cox, 2004: 359).

Paterson's relationship with Rose Wilder Lane was much more balanced. When Lane published *Credo,* her essay on individualism, in the *Saturday*

Evening Post in 1936, Paterson advertised it in her column and praised the subsequent book, *Give me Liberty*. The women visited multiple times, striking up a friendship and correspondence until they also had a falling out around 1946. However, as Stephen Cox has written, "no one who had been attracted to Paterson's ideas ever seems to have lost respect for them, or for her" (2004: 359).

All three of these women published seminal works in 1943: Paterson's *The God of the Machine*, Lane's *Discovery of Freedom*, and Rand's *The Fountainhead*. A feedback loop of creative energy circled them, with Paterson at the center. These women were all outsiders in a world dominated by men. Maybe as women they were naturally inclined to see the value of individual responsibility, initiative, and effort. As Jennifer Burns argues in her article in *The Journal of American History,* they raised their ideas to a philosophical level that transcended gender.

> [T]he three women were widely acknowledged by the men they met as more politically astute and intellectually advanced. Lane, Paterson, and Rand pushed their correspondents toward a new hyperindividualism that gave the state no productive role in the economy and little positive role in society. They built this philosophy on the bedrock of nineteenth-century liberalism, modifying and updating the autonomous self for a new century. Their correspondents recognized the women's ideas as different from—and in many ways more satisfying than—those of intellectual luminaries such as Friedrich A. Hayek, the famous author of *The Road to Serfdom* (1944), or the libertarian economist Milton Friedman. Relying on persuasion, education, and relationship, their leadership would not survive the institutionalization of conservative intellectual life, nor would it be acknowledged in most histories of the movement. But by articulating, defining, and defending a radical philosophy of antistatism, they expanded the ideological borders of modern political thought. (Burns, 2015: 749)

It was Paterson's work that "developed radical individualism into a philosophy of remarkable richness and explanatory power" (Cox, 2004: 4).

In 1949 *Turns* was cancelled, without fanfare, and Paterson was retired with a small pension. She took to retirement by writing another novel and submitting articles for publication, most notably with the *National Review*. She filled the rest of her days with reading, gardening, and managing her small number of properties. In January of 1961, after a short illness, Paterson passed away.

Paterson's life could be encapsulated in a quote from one of her first novels, *The Magpie's Nest:* "It's expensive, but I like to own myself…" She lived, wrote, befriended, and unfriended according to her values, living a life of principle and personal responsibility. And along the way "she showed her readers how to find their own place on an intellectual circuit of energy" (Cox, 2004: 279).

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Rose Wilder Lane (1886–1968)

By Dedra McDonald Birzer

Rose Wilder Lane based her analysis of human liberty on her experiences and observations across the United States—and across the globe. In 1943, her always adventurous life took an unexpected turn. Not only did she publish *The Discovery of Freedom: Man's Struggle Against Authority* that year, but she also took on the Social Security system, the US Post Office, and the FBI.

On a sunny summer day in 1943, a uniformed state trooper, outfitted with gun and billy club, approached Rose Wilder Lane as she weeded her daisies. The Danbury, Connecticut Postmaster had reported Lane to the FBI for writing a postcard to a New York radio personality that criticized Social Security as a German program that originated with Bismarck. The FBI dispatched a state trooper to investigate. Instead of conducting initial research,

the trooper immediately confronted Lane, providing her with a perfect scenario for her always quick wit. "What is this, THE GESTAPO?" she roared. Though she had already written her magnum opus, *The Discovery of Freedom*, published earlier that year, the episode with the FBI fit perfectly into the analysis Lane put forth in that volume, as did many (perhaps every) adventure and event of her entire life (United States, Department of Justice, 1943; Lane, 1943; Lauters, 2017).

Both the Social Security origins that Lane pointed out on her postcard and the FBI response to it underscored her point in *The Discovery of Freedom*. Government is force, she argued, whether implied, as in the Social Security mandate, or actual, as in the armed state trooper interrogating Lane at her house. J. Edgar Hoover's FBI unwittingly proved her point, that whether led by Fascists like Hitler or American politicians like Franklin D. Roosevelt, government exists to use force to ensure the cooperation of its citizen subjects with its plans. Few of these citizen subjects remember that they are individuals who are free. Lane took advantage of this encounter with the FBI, and with everything she wrote from then on, to remind her readers of this essential truth.

Born on December 5, 1886, on her parents' homestead near De Smet, Dakota Territory, Rose Wilder Lane was the only surviving child of Laura Ingalls Wilder and Almanzo Wilder. A precocious youngster, Rose took to heart every disaster that befell her parents, blaming herself in her adult years for much that could not have been the fault of a small child. The onslaught of disasters came upon each other so quickly, however, that Lane's young psyche could not have escaped undamaged. Lane's mother describes them all in her posthumously published novel, *The First Four Years*. Though Wilder's book does not match the tone or beauty of the other eight volumes in the Little House series, it does give us a fictionalized glimpse into the life and character of young Rose Wilder. Doted on by her Ingalls aunts, Mary, Carrie, and Grace, and by her Ingalls grandparents, Rose learned to read at a very young age and later claimed to remember a fateful day when her family's home burned to the ground. She was two years old. Not long after the fire, Lane's parents both contracted diphtheria and young Rose went to live with the Ingalls in De Smet while her parents recuperated. Almanzo Wilder pushed himself too hard too soon after recovering from the illness, and suffered a stroke that caused partial

paralysis in his legs. The harsh winters and intense labour he was used to in South Dakota had to be left behind (Wilder, 1971).

After living for almost a year in Spring Valley, Minnesota, with her Wilder grandparents, Lane's parents decided to join Laura's cousin Peter Ingalls in the Florida Panhandle. This was an attempt to find a place where Almanzo would have fewer health concerns. Florida, however, was not the answer. Lane's mother rather famously quipped that the biggest anomaly in that very foreign environment was herself, a Yankee woman. The Wilder family's sojourn in Florida provided the backdrop to one of Lane's most successful stories, "Innocence," which was awarded second place for the O. Henry Prize in 1922 (Lane, 1923, April 7). The Wilders returned to De Smet, South Dakota, only to join the massive exodus in 1894 of 44,000 Dakotans seeking better circumstances elsewhere. They traveled by hack buggy to Mansfield, Missouri, following the beacon trail laid by boosters who called the area the "Land of the Big Red Apple." The Wilders purchased a not-yet producing apple orchard and farm with a primitive cabin, calling it Rocky Ridge. Decades of hard work turned it into a showplace, but money was always tight and ruin always just around the corner (DeHamer, 1985; Holtz, 1993).

Rose Wilder attended school in Mansfield, Missouri, through the 8th grade, after which she lived in Crowley, Louisiana, with her aunt, Eliza Jane Wilder, and where she completed high school, graduating in 1904. Determined to be independent, Lane learned to be a telegraph operator, a skill that enabled her to move around the Midwest. By 1907, she held the position of manager at the Western Union office in Mount Vernon, Indiana. Two years later, Rose Wilder married Gillette Lane. They traveled extensively, focusing their attention on selling real estate in California's interior valleys. Lane's only pregnancy, a boy, ended in stillbirth in Salt Lake City. By 1915, the Lanes had settled in San Francisco, where Rose began her writing career with the *San Francisco Bulletin*, one of the leading voices of "yellow journalism," in which newspapers of the day sensationalized and embellished news stories, seeking to outdo one another in a contest for subscribers and fame. Lane learned writing and editing from her mentor, the *Bulletin's* managing editor, Fremont Older. Lane practiced a rather expansive, embellished form of journalism in which she manufactured dialogue and sought to illustrate larger truths with fictionalized elements. Biographical

serials soon became Lane's writing forte. Some of these first appeared as serials in *Sunset* magazine. Subjects included Jack London, Herbert Hoover, Charlie Chaplin, and Henry Ford. Lane's tendency to embellish facts and invent dialogue got her in trouble with her subjects and their families, but also built Lane's national reputation. In 1918, she published a somewhat autobiographical novel, *Diverging Roads*, that explored themes that shaped her own rise to maturity, including the tensions of "bachelor" working girls from rural areas suddenly thrust into a very fast-moving modern world. The deep-seated marital problems that Gillette and Rose Lane faced are laid bare in the novel, which was released in 1919, the same year that their divorce became final (Lauters, 2007; Koupal, 2017, 2021; Hill, 2014).

An offer to write publicity for the American Red Cross took Rose Wilder Lane east to New York City, where she flirted with Communism alongside her new writer friends, and, after six months in that city, to Europe. While the friendships she established during her brief sojourn in New York held for the rest of her life, her fling with Communism ended quickly. In later years, in both her publications and correspondence Lane attempted to explain the attraction of Communism.

Lane set sail for Europe in July 1919, beginning almost a decade of life abroad. In addition to her human interest pieces for the Red Cross newsletters, Lane wrote numerous short stories and nonfiction articles for American magazines. Her literary agent in New York worked diligently to get these stories and articles published, making Rose Wilder Lane quite a well-known literary figure and public intellectual. In Europe, Lane befriended American journalists and writers with whom she traveled to exotic locations and had adventures that framed much of her published writing at the time, and that provided the observations that led her to new understandings of human energy and individual freedom. Lane remained in Europe through the early 1920s, traveling extensively and writing enough to pay her bills. Travels included Russia, Armenia, Budapest, Albania, and Paris.

Returning to the United States in 1928, she lived at her parents' Rocky Ridge Farm until 1935. With the proceeds from her writing, Lane built a modern English-style cottage for her parents, who had been living in the farmhouse they had built themselves entirely with materials found on their farm. She

then set about modernizing the farmhouse, to which the Wilders returned as soon as their daughter moved out in 1935. This period overlapped the Great Depression, in which both Lane and her parents lost all of their investments. During these seven years, Lane hosted many writer friends for extended periods, which kept her from feeling completely isolated in rural Missouri. She also informally adopted two teenaged boys, Al and John Turner. This was Lane's second experience with adoption, having taken in an Albanian boy, Rexh Meta, during her long visit to that country. Building and remodeling homes became one central theme of Lane's life; taking in orphans became another. Lane had an expansive heart that she longed to fill with friends and family. Her homes reflected that love of hospitality and allowed her to act on her belief that the actions of unknown individuals, standing up and doing the right thing, could lead to revolution.

In 1933, in response to the hardship caused by the Great Depression, President Franklin D. Roosevelt (FDR) began implementing a series of programs and public works projects that were known as the New Deal. Lane and her parents detested the New Deal and saw it as an assault on liberty and the overturning of the American Republic. They thought government handouts were a travesty of liberty and believed that once people relinquished responsibility for themselves and their welfare, they gave up their liberty.

As was her wont, Lane acted on her convictions. With her typewriter, she supported, at least partially, her parents, the Turner boys, and Rexh Meta in Albania, even funding his education at Cambridge. She found it was harder to sell her stories in the 1930s, though. Publishers stopped buying manuscripts, opting instead to print the already-paid-for stories languishing in their vaults. Hoping to get her parents to become economically self-sufficient, Lane encouraged her mother to write about her life. And she did, with a lot of coaching and heavy editing help from Lane. Consumed by both a desperate need for income and a desire to remind Americans about the character of their ancestors that had been forged by their frontier experiences, Lane and her mother, Laura Ingalls Wilder, turned in the 1930s to Wilder's childhood for story material. Wilder had written regular columns for the *Missouri Ruralist* throughout the 1910s and 1920s. Now Lane urged her to write her memoir. Completed in the spring of 1930, this manuscript, *Pioneer Girl*, became the basis for almost every

fictional piece the two women wrote for the next decade. From her mother's memories, Lane crafted two novels about courage and individual perseverance on the western frontier. The first, *Let the Hurricane Roar* (later re-titled *Young Pioneers)* was released in 1933. *Free Land* followed in 1938, first as a serial in the *Saturday Evening Post* that spring. In book form, it became a best seller and its proceeds allowed Lane to purchase a permanent home in Danbury, Connecticut. *Free Land* extolled the virtues of homesteaders determined to make a success of their farms even while it critiqued the premise of the Homestead Act. The Act ostensibly enabled people in need of economic opportunities to move west and take up land that was previously government-owned—with no requirements other than that they agreed to live there on the land for five years and pay a filing fee. Would-be homesteaders often arrived without having any or enough of the cash reserves they needed to purchase the food and fuel supplies, building materials, and machinery that made a Great Plains homestead viable. In Lane's estimation, those unavoidable expenses meant that homesteading without cash reserves was impossible and hence the government land give-away was disingenuous at best. *Free Land* was Lane's last foray into published fiction (Holtz, 1993; Hill, 2007; DeHamer, 1985; Lane, 1932; Lane, 1938/1984).

Lane publicly declared her opposition to the New Deal in "Credo," which was solicited and published by the *Saturday Evening Post* in 1936 based on a remark she had made. Calling this her "first attempt at political writing," Lane discussed the attractions of communism and its inherent failures. Collectivism, she noted, had been the sole intellectual thought in the United States since the 1840s. Small wonder, then, that generations hungry for ideas found themselves oriented toward its darker corollary, Communism. "Credo" struck a chord with many readers. Lane received more than 3,000 letters in response, the biggest explosion of letters that the publication had ever received. "Credo" was lengthened and reprinted later that year by publisher Longmans, Green as a booklet titled *Give Me Liberty* (Lane, 1936). Sales were low, but the booklet introduced many of the ideas Lane expanded on in her seminal nonfiction work, *The Discovery of Freedom: Man's Struggle Against Authority*, published in 1943.

The Discovery of Freedom was a book based not on theory, but on Lane's wide-ranging reading, research, and observations from her travels across

the globe. In many ways, the book serves as a meta-history in the tradition of nineteenth- and early twentieth-century historians such as Christopher Dawson, Arnold Toynbee, and Edward Gibbon. Lane offers an interpretation of world history seen through the lens of almost continual obedience to Authority (always capitalized) versus the occasional recognition of the natural and inalienable human exercise of individual freedom. She seeks to explain the connection between the extensive application of human energy so apparent in the United States and the recognition of human freedom. The context of World War Two and the curtailing of freedoms in the name of the war effort gave rise to Lane's query and shaped her approach to its answer. In *The Discovery of Freedom*, Lane lays out an extended syllogism to make her case for why the conditions that allow creative human energy to rise exponentially are tied inexorably to individual understanding of his or her own natural, inalienable freedom (Lane, 1943/1993).

Most people throughout time and across the world have held a pagan belief (Lane's phrase) in the Authority that governs and controls every aspect of their lives. The Authority takes the form of rulers who are believed to be gods; rulers who are believed to be chosen by gods; or rulers who are believed to be superhuman. According to Lane, "every imaginable kind of living Authority has been tried, and is still being tried somewhere on earth now." The problem is that in each iteration, the subjects of The Authority "did not get enough to eat" (Lane, 1943/1993: 16).

Lane observed the vagaries of starvation as a reporter for the American Red Cross in war-torn Europe in 1919. World War I created massive numbers of refugees who were starving and homeless. Herbert Hoover directed efforts to feed and house them, and Lane, along with Dorothy Thompson and other American journalists, publicized their plight. In her travels to Paris, Eastern Europe, and Russia, Lane sought to exercise her common sense and American-frontier bred logic. In each place, she found frustrating curbs against the individual exercise of freedom. These experiences added to the wealth of observations Lane drew from for *Discovery of Freedom*.

Lane located the foundation of Old World thinking in the assumption that creation is over and done with and as a result no more creative energy exists. The power of The Authority is based entirely on this notion of the

universe as "completed, finished, motionless, changeless" (Lane, 1943/1993: 116). But, she posits, if "dynamic Energy is creatively operating; then a thing that is impossible at this instant will exist in the coming instant; then all things are changing into new, unprecedented things; tomorrow cannot be known today, and nothing that exists today can control tomorrow" (Lane, 1943/1993: 116). Lane ties the release of this creative human energy to freedom from The Authority and traces moments in history when no Authority controlled people. The key to these moments are humans who know that they are free. Lane begins with Abraham, who rejected the pagan gods as non-existent and declared "that God is One Creator-and-Judge... But God does not control any man, Abraham said; a man controls himself, he is free to do good or evil in the sight of God" (Lane, 1943/1993: 74). She next turns to Moses, who reminded his followers time and time again "that they were responsible for themselves; that each one of them was free; that they could not have a god nor a King to control them and be responsible for them" (Lane, 1943/1993: 75).

Knowledge of self-responsibility and control over one's own actions, though, is not enough, Lane posited. For each individual's energy to "be combined with the energies of others he must know a second fact, that all men are brothers" (Lane, 1943/1993: 77). Jesus Christ, she argues, continually reminded his followers that all people are free, and that all are members of the brotherhood of humankind. As she explained, "Christ spoke of the real nature of human beings, of the freedom, the responsibility, the dignity, and the power of the individual... [and] he spoke of the brotherhood of man. Love thy neighbor as thyself" (Lane, 1943/1993: 81). This Judeo-Christian understanding that "within each living man and woman, is the self-controlling energy that makes this human world" is what Lane termed "the First Attempt" (Lane, 1943/1993: 80).

According to Lane, "the second attempt to establish the fact of individual freedom in practical affairs" centered on Mohammed and his teaching against organization. "Each individual must recognize his direct relation to God, his self-controlling, personal responsibility" (Lane, 1943/1993: 83). Lane recounts the swiftness with which "the knowledge that men are free swept across the known world," creating an "energetic, brilliant civilization" that for 900 years welcomed scientific exploration and supported universities offering "all of the learning of the past, translated into Arabic" (Lane, 1943/1993: 90).

Lane extols the many virtues of the long-lived and far-flung Saracen civilization, and finds many parallels to American civilization: "look for the people whose lives are adjusted to a fast tempo, the people who travel swiftly and far, who communicated with each other quickly over long distances, people who attack space and time and create a civilization rapid, vibrant, depending on speed. Two peoples have done this: the Saracens and the Americans" (Lane, 1943/1993: 107-108).

The "Third Attempt" is the American Revolution, called such by Lane because of the breadth and depth of the changes wrought by the declaration of American colonists that freedom is a fact, not a permission granted by any Authority. Liberty, she continued, is the individual control of human life-energy. It is inalienable (Lane, 1943/1993: 149). Lane bestowed credit for the American Revolution on individuals, citing the many instances over the course of 125 years in which individuals "fought against Government's pretended control" (Lane, 1943/1993: 169). The documents that enshrined the American Revolution, the Declaration of Independence, the US Constitution, and the Bill of Rights, protected every American's exercise of his natural freedom by limiting the functions of government. Lane argued that the Declaration of Independence proclaims that there is no Authority. Those in Government cannot do anything without the permission of the individuals they govern. The Bill of Rights, Lane contends, is a misnomer. It is, rather, a Bill of Prohibitions, a "statement of the uses of force which American citizens do not permit to men in American government" (Lane, 1943/1993: 189). Without this statement, suspicious Americans would not agree to the US Constitution. Such denial of government force is the essential difference between the American Revolutionary government and all other governments. Such curbing of Government means that the life of every American is protected. "Human rights are natural rights, born in every human being with his life, and inseparable from his life; not rights and freedoms that can be granted by any power on earth" (Lane, 1943/1993: 190).

The recognition of human rights inherent in the American Revolution unleashed a torrent of human energy that has resulted in hitherto unimaginable material progress of an extent that could never have been planned. That Revolution, however, hinged on self-control and responsibility. Lane posits that

natural liberty is responsibility, and that control and responsibility cannot be separated. When humans relinquish responsibility for themselves and their well-being, they lose their natural liberty and "stop the effective working of human energy to satisfy normal human needs" (Lane, 1943/1993: 225). Once human action can no longer work effectively, this New World of economic abundance will quickly vanish. Lane explains that "human energy works to supply human needs and satisfy human desires only when, and precisely to the extent that Government is weak, so that individuals are least prevented from acting freely, from using their energy of body and mind under their own individual control" (Lane, 1943/1993: 224).

The *Discovery of Freedom* pulls together disparate ideas about freedom, human energy, liberty, individualism, and authority into one coherent package, using as a lens the importance of the unique and irreplaceable individual. Lane interprets world history around the theme of almost continual obedience to Authority versus the occasional recognition of the natural and inalienable human exercise of individual freedom. She expected few sales; she thought sheer luck of timing was the only way it got published: "the Stalin-Hitler pact threw the pink-to-reds into such confusion that the barrier cracked in spots," she wrote to a friend. "But all I hoped was to get a few copies out. An idea is a seed; sometime, somewhere, it will grow into results, if it's a true idea, and I think this one is."[1]

While Lane's *Discovery of Freedom* made few waves when it was published, she saw it as an opening for creating networks. In August 1943, she wrote to her friend Joan Clark that "the best thing my book brings me is dozens, scores, of letters from all over the country. Contacts are really being established. I think the National Economic Council may be a rallying point for Americans. I am absolutely certain that a genuine American revival is gathering force and impetus."[2] Seven months later, Lane declared that "we are living in the beginning of a genuine American renaissance."[3] A large part of that renaissance emerged with two other libertarian-minded books released in 1943: Isabel Paterson's *The*

1 Rose Wilder Lane to Charlie Clark, August 11, 1943, Box 2, Folder 19, Rose Wilder Lane Papers, Herbert Hoover Presidential Library [hereinafter RWL Papers].

2 Rose Wilder Lane to Charlie Clark, August 11, 1943, Box 2, Folder 19, RWL Papers.

3 Rose Wilder Lane to Charlie and Joan Clark, February 8, 1944, Box 2, Folder 19, RWL Papers.

God of The Machine and Ayn Rand's novel, *The Fountainhead*. One scholar has labeled these three writers as "the Libertarians of '43," explaining that "women were more important to the creation of the libertarian movement than they were to the creation of any political movement not strictly focused on women's rights" (Cox, 2004: 195. See also Beito and Beito, 2008).

Indeed, *Discovery of Freedom* launched Rose Wilder Lane into a whirlwind of new networks and opportunities. Lane had always been a prolific letter writer, pouring both her intellectual musings and her worries about the world into her correspondence. In the 1940s and 1950s, her circle widened to include leading Libertarians and Fusionists, who "fused" social conservatism with libertarianism. She discussed with her correspondents where her charitable funds would do the most good. She balked at the seemingly constant requests for donations from the *National Review* but paid for subscriptions for herself and others to journals ranging from *American Opinion* to *Human Events*. Lane saw these latter magazines as spreading the seeds of individualist thought in a way that the conservative *National Review* did not. She wrote to Joan Clark in 1958, "This country is not New Deal nor Modern Republican. Americans by and large are individualists even when they can't say, or think, that they are; and the little papers and magazines that are beginning in the American Horatio Alger way are doing all right, and I believe would grow to be big, in time."[4]

Even prior to the publication of *Discovery of Freedom*, Lane had been directly involved in the "world of little papers and magazines," editing the National Economic Council *Review of Books* and writing a column, "Rose Lane Says," from 1942 to 1945 for the *Pittsburgh Courier*, the largest historically black newspaper in the country. With a circulation of over 270,000, the *Courier* brought Lane's arguments about freedom and liberty to a far wider audience than she reached through the paltry sales of *Discovery of Freedom*. In an early column, she wrote, "Here, at least, is a place where I belong. Here are Americans who know the meaning of equality and freedom." Subsequent columns extolled the virtues of free markets, antiracism, and the wisdom of early nineteenth century French economist Fredric Bastiat, while lambasting FDR's misunderstanding of the fundamental meaning of freedom, which, according

4 Rose Wilder Lane to Joan Clark, July 11, 1958, Box 2, Folder 19, RWL Papers.

to Lane, was "self-control; no more, no less" (Beito and Beito, 2010: 285). Her *Courier* columns revealed Lane's ability to reach a variety of audiences with her message of liberty.

Lane's print activism spread into her personal life as well. Rather than pay income taxes and succumb to wartime rationing, she became almost completely self-sufficient, reducing her income to $60 per month (her salary from the *Pittsburgh Courier*), canning vegetables, and raising chickens. As an Associated Press wire story reported about Lane, "And why this Revolt of the Exile? Denying bitterness — from which save us all — she terms 'current national activities' nonsense and the income tax 'the last straw'" (Associated Press, 1944, April 13).

Lane attended libertarian theorist Robert LeFevre's Freedom School (a two-week course) in Manitou Springs, Colorado, in late summer 1958 and loved it so much that she helped make the mortgage payment that saved the school ($1,500—she had only $1,600 in the bank). As Lane explained to Joan Clark, "The last thing that anyone expected was that I could save it—at least for another year—but if you see it you will agree with me that it is ONE thing that absolutely MUST be kept going. Only think of 80 really understanding, comprehending, convinced individualists, young ones, from all over this country, going out of that school in only two years, most of them going back into colleges and universities."[5] She knew she was dabbling in small-time things (like Freedom School) but believed in radical individualism—the ripple effect of one person who knows she is free and in control of and responsible for her own actions.

Encouraged by her adopted grandson and heir Roger Lea MacBride, throughout the 1950s Lane worked on *The Discovery of Liberty*, which was to be her magnum opus and the means of correcting some erroneous details in *The Discovery of Freedom*. In 1953, she wrote to American philosopher and political activist Frank Meyer: "In the 1930s I made an attempt to place this country correctly in world-historical perspective and produced a result of which I am much less than proud: *Discovery of Freedom*. It is done in a 'popular' way and might be of some use to a child.... I don't recommend this book to you,

5 Rose Wilder Lane to Joan Clark, 24 Sept. 1958, RWL Papers.

but, if it interested a child I believe he would get from it a correct view of the revolutionary character and value of this country, the fundamental difference between socialism and individualism. There is a desperate need for a good history."[6] Despite Lane's good intentions, she did not complete *The Discovery of Liberty*. She did, however, lecture at colleges and for libertarian-minded organizations, taking care to meet students and encourage them. In 1963 she published the *Woman's Day Book of American Needlework* (first serialized in *Woman's Day* magazine) tying American liberty, freedom, and individualism to women's needlework and sewing (Lane, 1963). She had written regularly for *Woman's Day* magazine from its beginnings in 1937 and continued to do so through the 1960s. In fact, the magazine sent her to Vietnam as a reporter in 1965 at the age of 78 (Lane, 1965, December 29: 33, 93-94) and three years later, on the eve of her death, she had been scheduled to go on an around-the-world trip for *Woman's Day.*

Through her writings, Rose Wilder Lane did far more than plant the seeds of ideas. Businessman Jasper Crane proclaimed that "the meaning of liberty was unknown and our heritage was almost wasted away. Then, a book appeared called *The Discovery of Freedom*. A new literature developed and has now reached great and influential volume."[7] Roger Lea MacBride noted that *The Discovery of Freedom* "laid the conceptual groundwork for virtually the entire libertarian school of thought, as well as for much of the then post-war 'conservative' movement. The author's work on the principles and historical relationships set out in *Discovery* didn't stop with this book. *Discovery* was rather the beginning: she devoted a large part of the next 25 years to testing and expanding her thought" (Lane, 1943/1993: Introduction). More important to Lane than the response to *Discovery*, however, was the network of correspondents that it inspired and the ripple effect of the many discussions that emanated from that network across generations of liberty-minded students and organizations. Her expansive heart and love for hospitality made her a founding mother of libertarian-minded Americans. Lane created connections, drew people in with her sharp wit and motherly care, and reminded everyone

6 Rose Wilder Lane to Frank S. Meyer, 5 Sept. 1953, Box 9, Folder 119, RWL Papers.

7 Quotes on Lane's *Discovery of Freedom* appear in the Introduction to the 50th anniversary edition of that volume (Lane, 1943/1993).

of the central importance of individuals who know that they are free. Marking the fiftieth anniversary of *Discovery of Freedom* in 1993, Hans Sennholz commented, "There never appear more than a few great individuals in any age, spirits of discovery and intellect, great minds in advance of their time, and pioneers for generations to come. Rose Wilder Lane was such an individual" (Lane, 1943/1993: Introduction). Indeed, Lane's influence has spread far and wide in the half century since her death. Her guiding hand on her mother's *Little House* novels introduces generation after generation of readers to stories of pioneer perseverance and individual responsibility. Moreover, with her wide-ranging correspondence and public speaking, she created a small republic of letters that continues to resound with the lessons of liberty today.

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Ayn Rand (1905–1982)

By Carrie-Ann Biondi

Born Alisa Rosenbaum on February 2, 1905, in St. Petersburg, Russia, Ayn Rand would go on to become one of the most famous and polarizing defenders of liberty to wield a pen. Enamored with stories featuring swashbuckling heroes, French literature, and American film, Rand knew from a young age that she wanted to be a writer. Her aim was to depict the ideal man with an uncompromising heroic vision. To achieve this, Rand worked out over many years a philosophical system she would later call Objectivism.

That philosophical system was radically at odds with the communism that swept aside the life Rand had known as a young girl. Her family's pharmacy business was ruined by Bolshevik soldiers after the Russian Revolution

of 1917. She studied history at the University of Petrograd and film at the State Institute for Cinematography. Rand detested communism and knew that she would never be allowed to create in Russia the kind of art that she yearned to produce. Escaping Russia in 1926 at the invitation of relatives in Chicago, Illinois, Rand—who regarded herself as American in her soul—emigrated to the United States to pursue her dream of becoming a writer.

After working in Hollywood as a screenwriter in the film industry and managing RKO's wardrobe department, she had a play produced on Broadway in 1935: *Night of January 16th*. Rand then published *We the Living* (1936) and *Anthem* (1938). While these works are noteworthy, it was with the publication of her sagas celebrating reason, freedom, and individualism—*The Fountainhead* (1943) and *Atlas Shrugged* (1957)—that Rand earned prominence. After penning her magnum opus, she turned to writing hundreds of non-fiction articles, essays, and speeches on various philosophical, cultural, and political issues. Rand died in New York City—the setting of her last two novels—on March 6, 1982.

Rand's approach to the cause of human liberty is distinctive not only because she vividly brings to life through literature how ideas have consequences and freedom can unleash the best of the human spirit. She also takes unpopular concepts—such as capitalism and egoism—and defends them on *moral* grounds. Key tenets of Objectivism include: humans have a volitional, rational, and conceptual nature that allows us to know reality through our senses and the use of reason; one's own happiness is one's highest moral purpose; people should be free to trade the fruits of their work; and limited government is justified for the protection of individual rights.

Human nature and life

Imagine that a friend of yours gives you a rose bush. You're under no obligation to keep it, but you choose to undertake the task of caring for this botanical beauty. What should you do first? It's a good idea to start learning everything you can about the nature of your rose bush. Without that, you won't know what your next step should be. This becomes urgent because you observe that your rose bush is a living being and it's already wilting. Unlike a rock, which can endure through all time so long as nothing comes along to pulverize it, living

things will die at the end of their natural lifespans. And they will die a whole lot sooner without proper care. What a responsibility! You quickly learn from research and your own trial and error that rose-tending includes ensuring they have water, sunlight, nutrients, soil, and daily monitoring so you can adjust those inputs as necessary.

Here we have the seeds of one of Rand's fundamental insights about human liberty: its value is grounded in human nature. Unlike some other defenders of liberty, who regard its worth as "self-evident," Rand does not assume that it is valuable for us. Whether liberty is valuable at all, what it means for us, and how to achieve it are grounded in our nature. Just like a rose bush needs proper conditions in relation to its nature to live, so do we.

Humans are unlike rose bushes, though, in significant ways. Plants and nonhuman animals have only stimulus-response mechanisms or instinct as their automatic guides to survival. Certain aspects of us are like this. When wind blows in our eyes, we blink. Babies cry out when they are hungry. Things exist with their own natures and are there to be perceived, so when we open our eyes (or use any of our senses), we cannot help but perceive those objects. Beyond such basic functions, humans must seek out the knowledge they need to survive. Such knowledge is not inbuilt or automatic.

Rand holds that we have volitional, rational, and conceptual faculties in addition to the nutritive and sensory faculties we share with plants or animals. This means we must choose carefully to observe the world and properly use our reasoning faculty when forming concepts in order to know anything. Observing the world includes observing and understanding ourselves, since we are part of this world. From choosing what to focus on in our field of awareness to choosing to widen our scope of awareness to carefully integrating new knowledge or revising former beliefs in light of new experiences, we need to choose to know.

We then need to choose to act on our knowledge—at least if we want to live. I can sit and look at an apple on a tree and cry, but that won't alleviate my hunger. I must choose to pay attention to facts about me (e.g., I am hungry and will die without food), my world (e.g., apples satisfy my hunger and don't kill me, unlike those berries that caused Bob to die yesterday), and the causal relationship concerning how the world can work for me (e.g., I need to go over

to the tree, pick the apple, and eat it). Let's see how Rand goes from human nature to what's good for humans and what that has to do with liberty.

Objective value, virtue, and happiness

Revisiting rocks versus roses will show why Rand thinks we need a concept of value. She argues that, unlike lifeless things such as rocks, all life depends for its survival on properly taking in and processing fuel from its environment to survive by the standard of its life. You wouldn't drink motor oil or pour it on your rose bush, for that would cause disability, disease, or death. On the other hand, both you and the rose bush need water; it is a value for each of you. She concludes in "The Objectivist Ethics" that "the concept of 'Life' ... makes the concept of 'Value' possible" (p. 16). It is only by reference to life and what supports it that we can understand what value is. A universe without living beings would be a universe without values. Human nature requires not just values but also ethics, which is a standard by which we—as volitional beings—choose to act.

The standard of what is good and bad is relative to a species' nature—roses, humans, and cats would all have different standards—but this does not make values or ethics relativistic. Contrary to ethical relativists, who hold that ethics is relative to whatever an individual or culture believes is good, Rand grounds the human good in objective facts about human nature, which exists apart from what anyone happens to believe about it. There can be variability within species, so we also need to consider objective facts about each individual. For example, all humans need food to survive. Eating almonds is good for me, since the protein gives me sustenance. However, eating almonds would kill my sister, since she has a nut allergy. These facts are what make certain things objectively valuable (or not) for us.

A human being's choice to live does not mean merely breathing or surviving at any cost just to stave off death. We have physical, emotional, psychological, intellectual, and spiritual aspects of our selves that create a variety of needs, such as food, thinking, work, love, friendship, and art. Life is the ultimate value, but that is rather abstract. Rand explains in "The Objectivist Ethics" that the three values of reason, purpose, and self-esteem are "the means to and the realization of one's ultimate value" of life (p. 25).

In *The Fountainhead*, Howard Roark tells Gail Wynand that "the meaning of life" is "your work... The material the earth offers you and what you make of it" (Rand, 1943/1971: 552). This applies not just to one's chosen vocation, but to the work of *being human*. Things in the world aren't the only material the earth offers us. We also have our unique life and the consciousness that our life makes possible. Rand holds in "The Objectivist Ethics" that we are beings of "self-made soul" (p. 27), so we need to forge our characters. One's long-term human survival can be achieved only through *ways of being*, which Rand called virtues. It's through thinking and choosing—one choice at a time, every day—that one becomes a certain kind of person.

Rand identifies seven virtues by which we achieve our values. *Rationality* is man's basic virtue. By cultivating it, we develop our ability to think and attain the value of reason, which is our means of survival. *Independence* is forming and living by the judgments of one's mind. *Integrity* is never sacrificing one's principles for another's wishes. *Honesty* is seeing reality for what it is and not faking it. *Justice* is granting what is earned to those who deserve it and never granting what is unearned to those who haven't. *Productiveness* is recognizing that we need to work, bringing into existence material and spiritual values to achieve the value of purpose and the sense of meaning in life that makes it worth living. *Pride* is devotion to becoming our best self to achieve the value of self-esteem. These are virtues only because they are how we gain and keep the values that constitute our life.

Human nature may be the *standard* by which we evaluate what is good or bad for us, but that is different from the *purpose* for which we choose to live. Each person holds his own life as his highest moral purpose and lives in order to achieve his own happiness. Rand defines happiness in "The Objectivist Ethics" as "that state of consciousness which proceeds from the achievement of one's values... a state of non-contradictory joy" (pp. 28-29). Rand calls this view *egoism*. An egoist regards oneself as the *ultimate*—not the *only*—beneficiary of one's actions. Heroes in all of Rand's novels risk their lives for the sake of values they hold dear, and those values include their loved ones. They can honor the value of others only when they first honor themselves and create a self to share. This is what Howard Roark means when he tells Dominique Francon in *The Fountainhead*: "To say 'I love you' one must know first how to say the 'I'"

(Rand, 1943/1971: 377). Rand defends assisting strangers in emergencies and everyday contexts out of good will toward other living beings, so long as we don't sacrifice our values.

Whether we seek knowledge and values, develop virtues, or pursue happiness, these all involve choice and production. Central to Rand's view is that humans must choose to focus and think in order to create the material and spiritual values needed to live. Production precedes consumption. As she explains in "What Is Capitalism?" while the "action required to sustain his life is primarily intellectual: everything man needs has to be... produced by his effort. Production is the application of reason to the problem of survival" (pp. 16-17). Both choice and production require liberty. One of the main themes of *Atlas Shrugged* is that one's mind not only cannot be forced by another to think, but it also needs to be free to acquire and act on one's knowledge to see what the consequences are for one's life.

The moral foundation of capitalism

Thinking and acting rationally as an individual may be necessary for human life. However, doing so is often not sufficient for achieving that outcome. One could choose to live alone on a desert island, but it would be a difficult, precarious way of life with limited options. Rand argues that our best shot at a wonderful life depends on living in a society under certain conditions. Living with others carries with it risks. Other people can be difficult. They might disagree with us, hurt us, or take what we create. It is only among and because of others, though, that we can be rewarded with some of life's greatest goods.

Rand points to numerous benefits of social life, focusing especially on knowledge and trade. As conceptual beings, we can represent the world to ourselves, create language, and share our thoughts with others. We can exchange with them what we create. Today's giants stand on the shoulders of those who went before. Look around you right now: electric light, computers, smartphones. It can be easy in a social context to take for granted human ingenuity and what it makes possible. But roads, sanitation trucks, music, and loaves of bread don't grow on trees. Think of all the prior knowledge and creations that each one of these products builds on. It would take hours to identify a fraction

of the productive journeys of those products, not to mention the lifetimes of study and experimentation needed to reach this point.

A person's mind may be the source of wealth, but it takes the additional factor of a *free* market to convert those ideas into products, jobs, and a vibrant economy. Individuals can come up with all kinds of ideas, but others need to be willing to pay for those ideas (and products)—or refuse to buy them, if they don't find the products valuable. Consider what happens when force is introduced into the creation and transfer of goods. If I were compelled to design the next smartphone, I'd stare blankly at a piece of paper or produce junk. My mind cannot be forced to think. If you were compelled to buy a shoddy smartphone, you might leave it unused or throw it out. Force disconnects the producer from the information needed about his product that only voluntary transactions can provide. Compulsion kills innovation: quality degrades, incentives dwindle, and fewer useful products would be created. Liberty is needed for markets to exist and thrive.

Rand defends free markets as our best hope for securing ourselves against future need and bringing leisure within the reach of multitudes. Think how many hours of your life you now have at your disposal to do with what you wish because you can place clothes in a washing machine for one hour a week instead of washing them by hand for 8 to 10 back-breaking hours each week. What do you do with all of that time? Perhaps you listen to music, write a book chapter, or solve an engineering problem at work. Now multiply that by the many time- and labour-saving devices you own.

This is not a separate economic argument for liberty. Rand doesn't view economics and ethics as being at odds. She holds that the moral is the practical and that free markets are moral. Her fictional works are extended illustrations of this view. Some may be shocked to hear the word moral used in the same sentence as free markets, as they might associate markets with a predatory system. Defending free markets on moral grounds requires fighting against millennia of prejudice against manual labour and money-making. Consider the Biblical proverb that asserts that it is easier for a camel to pass through the eye of a needle than it is for a rich man to gain entrance to Heaven or how Shylock is scorned for loaning money for his own profit in Shakespeare's *The Merchant of Venice*.

Contrary to popular belief, achievement in the free market requires the best—not the worst—within us. Rand argues in "The Objectivist Ethics" that the "principle of trade" is the only just way to engage in human relationships and promote social harmony: "[T]here is no conflict of interests among men who do not desire the unearned, who do not make sacrifices or accept them, who deal with one another as *traders*, giving value for value... A trader ... does not treat men as masters and slaves, but as independent equals" (p. 31). Leaving others free to compete in markets to be as productive as they can be makes possible an ever-growing system of knowledge, goods, and services that each of us benefits from.

This precludes the ill-gotten goods of predation because the *way* of acquiring goods in a free market—not the mere having of material stuff at any cost—is itself a good. Predation is not in anyone's rational self-interest. Say that you are plundering the productivity of others. Once you have used them, taken what they created, and destroyed them, then what will you do? How will you live? You took the fish, killed the fisherman, and still don't know how to fish. You can either stand there hungry and dying, or think, learn how to fish, and live. Or you could learn how to produce something a fisherman wants (e.g., shoes) and trade him shoes for fish to mutual benefit.

Rand calls this social system—with the trader principle at its center—*capitalism*. She reclaims this word from communists, who follow Karl Marx and Friedrich Engels in giving it a pejorative connotation. Communists define capitalism as private ownership of the means of production—by which they mean things like land, machines, and factories—that exploits the labour force with "wage slavery." Rand argues that communists begin the causal story of wealth mid-stream, treating capital as goods that fall from the sky. Where does the factory or machine come from? The root of the word capitalism is *caput*, which is Latin for head, leader, or source. Using one's head—or mind—is what capitalists do. They are the source of the capital—that is, the various ideas, goods, and services—that they bring into existence by taking advantage of opportunities for value-creation through reason and consent.

Some might call this "good capitalism." "Bad capitalism," though, is not capitalism, but rather criminal predation or political cronyism whereby people expropriate goods through force, fraud, or deception. Those seeking to gain

goods this way are those Rand depicts as villains in her novels. Rand's capitalist heroes don't fit a "dog-eat-dog" stereotype nor do they seek political favours. They activate economic potency rather than exercise political pull, taking risks to create new things with the possibility that they may fail. When free to think and trade, they innovate, produce job opportunities, and increase living standards, leading to win-win outcomes.

Political liberty, individual rights, and the rule of objective law

However essential are producers' roles in creating and sustaining a free market that is in everyone's self-interest, they could not do this effectively without the appropriate legal and political context. The intellectual freedom needed to think and act for one's survival depends on the political freedom to keep the fruits of one's work. Without a political and legal system to protect freedom of contract, few people would take the risks involved in producing or trading and the economy would shrink.

Rand argues that human nature requires individual rights. She explains in "The Nature of Government" that rights are a moral principle used to protect individuals in a social context: "The right to life is the source of all rights—and the right to property is their only implementation... The man who produces while others dispose of his product, is a slave" (p. 322). The individual right to private property is the way to respect and protect one's life.

Liberty is not the freedom to do whatever one wants. It includes limiting the harmful effects of others' irrational actions, including being free from the initiation of force and in being able to seek redress in case one's rights have been violated. For Rand, this means rejecting anarchy. She argues in "The Nature of Government" that anarchic conditions don't support life: without "organized protection against" the initiation of force, individuals would have "to go about armed... or join a protective gang," with that society devolving "into the chaos of gang-rule" (p. 330). Political society is justified only to the extent necessary to protect individual rights, which means "placing the retaliatory use of physical force under objective control," so that a state holds "a monopoly on the legal use of physical force" in a given territory (p. 331).

Rejecting anarchy leaves open what kind of political society is needed to protect individuals. The proper functions of government will determine its

scope: police to protect individuals from criminals, military to protect them from foreign invaders, and law courts to settle disputes between them. Rand endorses limited government that separates powers and has a system of checks and balances. This is the sort of political society that the American Founders created: republicanism, which is a constitutionally limited representative democracy.

While a political society has its proper purpose and parameters, it takes a legal system to give it life. At a political society's foundation is the "rule of law." This is a formal principle whereby a political system embodies its rules in a public, written form by means of an authorized procedure in a constitution and statutes. Social conduct is guided and judged in relation to those impartial laws and not by arbitrary dictates of individuals.

Such a formal principle is insufficient, though, to govern properly. One could create substantively unjust laws while still applying this formal principle of the rule of law. Imagine that a bill permitting the enslavement of anyone by anyone is passed by majority vote. This would be an impartial rule of law, but it violates individual rights. Rand states in "The Nature of Government" that a legal system must be "based on *objectively* valid principles" if it is to be morally legitimate (p. 336).

Rand's legacy of liberty

In The Fountainhead and *Atlas Shrugged,* Rand paints a world where happiness is attainable through the use of one's mind to pursue one's passion and to overcome obstacles with reality-oriented determination. It's a world where achievement is possible, self-esteem is earned through productive work, voluntary interactions foster rewarding relationships, and human liberty is safeguarded through the protection of individual rights. Rand's legacy of liberty is that the inspiring vision of her work—just like that of Roark's for one young man in *The Fountainhead*—can give us "the courage to face a lifetime" (p. 507). So long as there are individuals committed to their own happiness, reaching for the best within themselves, and creating the social and political institutions needed for achieving these values in a free and responsible way, Rand's work will continue to speak to countless numbers of people.

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Anna J. Schwartz (1915–2012)

By Liya Palagashvili

Introduction

Today it is commonly recognized that a country's central bank and the money supply have a significant impact on inflation and economic activity. Indeed, whether in research or academic circles, in the financial industry, or in popular press, no one can utter the words "recession" or "inflation" without discussing the actions of the US Federal Reserve. This was not always the case. Prior to the 1960s, few people acknowledged that the money supply and a central bank's actions governing it matter for economic activity and prices.

This all changed thanks to Anna Jacobson Schwartz (1915-2012). With her collaborator, Milton Friedman, the duo revolutionized macroeconomics by shedding light on the role of the money supply and how the actions of a country's central bank matter a great deal for the health of an economy (Friedman and Schwartz, 1963; 1965). In doing so, Schwartz and Friedman founded their own school of thought, referred to as *monetarism* or *monetary economics*, which continues to be a top field of study for economics students and professionals today.

In particular, Schwartz highlighted how a central bank's control of the money supply can influence economic fluctuations in the short run and how it can influence the price level (inflation or deflation) in the long run. Thanks to the work of Friedman and Schwartz, most of us today understand that a central bank's decisions to increase money supply growth can lead to inflation in the long run. In fact, their work had a significant influence on government policies, especially in the United States and the United Kingdom following the inflation crises in the 1970s and '80s when both countries' central banks started to reduce the growth of the money supply to combat rapid inflation and in so doing jumpstarted a policy of price stability (Frazer, 1982; Champroux and Sowels, 2015; Pianalto, 2012).

These new insights by Friedman and Schwartz were published in 1963 in what is considered one of the most influential publications in economics in the 20th century: *A Monetary History of the United States, 1867-1960*. In that book, Friedman and Schwartz also successfully exposed, for the first time, the Federal Reserve's role in partially causing and certainly worsening the Great Depression. Former Federal Reserve Chairman Ben Bernanke referred to their book as "the leading and most persuasive explanation of the worst economic disaster in American history" (Bernanke, 2002, November 8). Christina Romer, former Chair of the United States Council of Economic Advisors, also said of the book: "It changed so much about the field of economics. It changed how we teach economics, it changed how we do research, it changed how we think about economic policy."[1]

1 As quoted in a video interview (Goldin and Romer, 2020, January 21).

Just as impressive as Schwartz's work in revolutionizing macroeconomics is the fact that she was one of a very few female economists at the time. This fact sometimes played a role in Schwartz's contributions being overshadowed as Milton Friedman himself acknowledged on one occasion: "Anna did all the work, and I got a lot of the credit" (Brunner and Friedman, 1987). If one considers today's 3:1 male-female ratio among economics professors as contentious, imagine the desolate nature of the field in the mid-20th century. What is more, the field of macroeconomics itself is not popular among women in economics as most tend to gravitate to microeconomic specialties such as labour, education, health, and industrial organization (Goldin, Voena, and Guerrieri, 2019).

Born in 1915, Schwartz began her career as a professional economist in 1936 at a time when few women even dared even to *think* about economics as a career option. But in some sense, Schwartz had no choice; while in high school she had become captured by economics, and it changed her life forever. The questions and the discussions in her high school economics course inspired her to major in economics. Schwartz later said of that time: "I couldn't imagine wanting to pursue further study in a subject that would not have included economics."[2]

In 1934, at age 18, she graduated from Barnard College, an affiliate of Columbia University in New York City, with a degree in economics, and earned her Master's in Economics from Columbia University in the following year. After briefly working at the Department of Agriculture, Schwartz went on to pursue her PhD at Columbia University and worked on her dissertation with Arthur Gayer and Walt Rostow. But funding for her dissertation had to be cut because of paper rationing during World War II, and eventually she was denied her PhD because her dissertation included a "collaborative" project. But this setback did not stop Schwartz from continuing to pursue a career as a professional economist.

In 1941, she joined the National Bureau of Economics Research (NBER), where she would work for the rest of her life. Schwartz's impressive 70-year career at NBER would serve as a foundation for most of her professional work. In an interview, Schwartz said that NBER was "the most central part of my

2 As quoted in video interview (Goldin and Romer, 2020, January 21).

intellectual life, so I'm very grateful to this organization" (Goldin and Schwartz, 2001: 1:10 - 1:25). Soon after joining NBER, she started collaborating with Milton Friedman, and the two communicated by post across state lines to produce their monumental book, *A Monetary History of the United States*. It wasn't until more than 20 years later, in 1964, after Schwartz had made some of her most significant contributions in economics, that Columbia University finally awarded her a PhD in economics. In a world with no Internet, she was known for tirelessly searching for data by scouring through libraries and leaving no relevant books untouched as she unearthed figures on banks, treasuries, prices, and other important information that became a staple feature of her contributions (Bordo, 1987).

Anna Schwartz left a remarkable legacy. She was one of the founders and leading economists in monetary economics, and one of few women of her time to advance the study of economics. She became an inspiration to the generations of economists who followed and a role model to female economists—including some of the most successful ones working today, such as Claudia Goldin and Christina Romer. Schwartz contributed to economics research until the very last years of her life. She passed away in 2012 at age 96 by which time she had published 10 books and more than 100 articles; she founded and promoted an entire school of thought that had significant influence in the late 20th century and continues to have just as much influence today. And she forever changed our understanding of the Federal Reserve and the Great Depression. In the words of economist Claudia Goldin, for Anna, "her passion for economics knew no limits."[3]

Overview of monetary economics

What is the role of money in business cycles? This was the guiding question behind Schwartz and Friedman's novel effort to theorize and empirically test how money influences economic activity and prices. Their work provided an extensive historical account that relied on them gathering new data and coming up with novel ways to measure information in order to demonstrate the link

3 As quoted in video interview (Goldin and Romer, 2020, January 21).

between the quantity of money generated by banks, the growth of prices, and the changes in output (business cycles).

Their work swept away the generally held consensus among economists at the time and launched the field of monetary economics, which is best described as a framework for thinking about business cycles and price levels, and which emphasizes the role of the money supply. The framework prominently features the Quantity Theory of Money (QTM), a theory they popularized that establishes the long-run connection between the growth of the money supply and the growth of the price level (inflation). Friedman famously summarized this notion in a speech: "inflation is always and everywhere a monetary phenomenon" (Leeson and Palm, 1963)—meaning that inflation is caused by changes in the money supply. The idea is that as the money supply increases—usually because of central bank actions—eventually "too much money is chasing too few goods," thus bidding up the price of each good or service. These price hikes happen because the growth of money outpaces the growth of output, or production of goods and services, in the economy.

Inflation is thus the long-run effect of increases in the money supply. But how do changes in the money supply affect short-run fluctuations in gross domestic product (GDP) or business cycles? According to the framework, because changes in price take some time to adjust as the impact of the bidding wars unfold, in the short run increases in money supply can stimulate the economy through greater spending and greater investment. An increase in the money supply works by lowering interest rates, which spurs investment. An increase in the money supply also puts more money in the hands of consumers, making them feel wealthier and thus prompting them to spend more. This surge in investment and spending increases short-run output and GDP. But as prices adjust upward and people discover that inflation is occurring, the continued increases in the money supply cease to stimulate the economy, and instead we are left in the long run only with higher prices of goods and services (inflation) but no changes in real economic output or employment. Put simply, increases in the money supply stimulate the economy only in the short run, and lead to increases in prices in the long run.

The same logic holds when there are decreases in the growth of the money supply—leading either to disinflation (reduced inflation) or deflation

(falling prices). In the short run, decreases in the growth of the money supply can reduce output and GDP. This is because slower money supply growth has an effect opposite that of the output-stimulating faster money supply growth. A decrease in the growth of the money supply puts upward pressure on short-term interest rates. These higher interest rates depress investment. Moreover, with higher interest rates, individuals who have borrowed money (debtors) are made worse off and thus reduce their spending. A decrease in the money supply spirals spending downward, causing production to fall. Layoffs and unemployment are the eventual result. However, similar to when there are increases in the money supply, this impact of decreases in the money supply on output and GDP only happen in the short run. In the long run, all prices adjust downward and we are left with deflation. Put simply, decreases in the money supply depress the economy only in the short run, and lead to decreases in the price level in the long -run.

To sum up, the monetarist explanation is that business cycles are fuelled by fluctuations in the money supply. "Too much" growth in the money supply stimulates the economy in the short run, and "too little" growth in the money supply depresses the economy in the short run. In the long run, "too much" growth in the money supply leads to increases in prices (inflation) and "too little" growth in the money supply leads to decreases in prices (deflation).

In modern economies, control of the money supply is in the hands of central banks. Identifying the role that central banks play in business cycles was one of Anna Schwartz's most important contributions.

Central banks control of the money supply and regulating inflation and deflation

Whether it is the United States' Federal Reserve, the Bank of Canada, the European Central Bank, or the Bank of England, today a country's central bank has a primary role in influencing business cycles, and perhaps more importantly, in regulating inflation and deflation. Schwartz argued that central banks should pursue steady growth while avoiding "too much" inflation that comes from excessive increases in the money supply, or deflation that is a result of

excessive decreases in the money supply. "At first, central bankers and governments did not accept our theory," remarked Schwartz.[4]

Soon, however, Friedman's and Schwartz's ideas reached across the Atlantic—and at a time when they were much needed. In the 1970s the United Kingdom was experiencing rapid price increases, with inflation reaching 25 percent per year. In 1979, Margaret Thatcher became the nation's prime minister. She and her team were influenced by the newly formed monetarist ideas (Frazer, 1982; Champroux and Sowels, 2015). Trying their best to follow Friedman's and Schwartz's technical directives, and even meeting with Friedman himself (Lawson, 1980, February 22), Thatcher's team began to restrict the money supply growth in order to combat inflation. They were successful: By March of 1983, inflation in the UK was down to less than 5 percent per year. Schwartz continued her work on the British economy, which had also been the subject of her dissertation in the 1930s. Over the years she published several bodies of work on the topic and acted as a consultant on a major project with the City University of London to provide a monetary history of the United Kingdom (Friedman and Schwartz, 1982).[5]

Similar to the United Kingdom, the United States also faced an inflation crisis in the 1970s. The inflation rate jumped from 1.3 percent in 1964 to almost 15 percent in 1980. In order to curb this inflation, the Federal Reserve drastically reduced the money supply growth beginning in the early 1980, and by 1983 inflation was down to less than 3 percent per year. This policy proved to be an important step and one upon which the next decades of influence of Friedman's and Schwartz's ideas on the Federal Reserve and monetary policy generally were built.

The impact of a central bank's policies on inflation can be seen perhaps most dramatically in the case of Zimbabwe's hyperinflation of the early 2000s. To finance his government's spending, Zimbabwe's dictator, Robert Mugabe, forced the central bank to start printing more money. Without increases in investment or in the production of goods or services, Zimbabwe found itself

4 As quoted by Sorman (2009, April 26).

5 Schwartz had also published parts of her dissertation in a book co-authored with Walt Rostow and Arthur Gayer, Growth and Fluctuations of the British Economy, 1790-1850: An Historical, Statistical, and Theoretical Study of Britain's Economic Development (1953).

in a situation where more money was chasing the same amount of goods—in other words, you needed more Zimbabwean dollars to buy the same things as before. As the newly printed money began flooding the market, prices began to rise. And as prices rose, the central bank had to print yet more money to buy just as many goods as before. The faster prices rose, the faster the central bank printed money, which led to prices rising even faster, thereby creating a vicious cycle that led to hyperinflation. By 2008, prices were rising by more than a thousand percent *per month*, and the central bank started to print its notorious one hundred trillion-dollar notes. In the end, Zimbabwe's currency was left worthless and by early 2009 the country's people began using foreign currencies instead. In 2015, Zimbabwe officially announced that it was switching its currency to the US dollar.

The Zimbabwean experience with hyperinflation highlights the clear danger that Friedman and Schwartz spent decades understanding and describing. In a series of studies, they emphasized that stable prices are essential for financial stability, sound banking, and the overall health of an economy. Schwartz wrote, "Unexpected price change can invalidate the assumptions underlying bank lending and investing" (Fettig, 1993). In 1981, the US Secretary of the Treasury selected Anna Schwartz to join the congressionally mandated "Gold Commission" to assess the role of gold in domestic and international monetary systems (United States, Department of the Treasury, 1981, July 6). In addition to her recommendations regarding gold, Schwartz proposed that the commission recommend that Congress and the Federal Reserve "study the merits of establishing a rule specifying that the growth of the nation's money supply be maintained at a steady state which insures long-range price stability" (Fettig, 1993).[6] At the time, the other members of the Gold Commission opposed Schwartz's recommendation. However, the Federal Reserve did eventually start to follow a specified monetary growth rule with price stability as a main principle.

6 Schwartz (1987) also published a chapter on her reflections of the Gold Commission: "Reflections on the Gold Commission Report."

What caused the Great Depression?

The Great Depression is considered American's worst economic disaster; close to a quarter of the population was unemployed at the Depression's height and GDP dropped by 30 percent. Forty percent of the nation's banks failed and closed.

What caused the Great Depression? There were several contributing factors, but until 1963 few considered that the money supply or the Federal Reserve were to blame. Friedman and Schwartz fundamentally altered the consensus. They successfully showed that the Federal Reserve's strategy of decreasing the money supply while also neglecting to act as a "lender of last resort" in the face of the bank failures in the early 1930s pushed the economy from what might have been an "ordinary recession" (in the immediate wake of the stock-market crash in October 1929) into a deep and extended depression.

Providing some of the most extensive and novel historical data of their time, Friedman and Schwartz highlighted how from late 1929 through 1933 the Federal Reserve allowed the money supply to plunge by nearly 35 percent, which they termed "the great [monetary] contraction" (Friedman and Schwartz, 2008). This contraction was due to several factors: First, during the severe downturn of 1930, the Federal Reserve "did nothing" as the first wave of banks failed. As people witnessed the first wave of bank failures and saw that many depositors were unable to retrieve their money, they too became alarmed and started a "run on their bank"—a situation in which too many depositors attempt to withdraw their money from their bank all at the same time. Since banks at any given time only retain on hand a fraction of their deposits, the bank runs only led to more people being unable to withdraw their money, so further bank failures and closures followed. Taken together, these bank failures led to a reduction in the money supply. As lender of last resort, the Federal Reserve should have stepped in to mitigate this collapse of the banking system by providing emergency lending to banks or by otherwise increasing the supply of money.

Moreover, in 1931 and again in early 1933, the Federal Reserve also raised the discount rate (a move that decreased the money supply) without implementing any other measures to increase the money supply and to counteract the drastic money supply decreases that the economy was already experiencing. The continued reduction of the money supply led to a downward

spiral of spending and production closures, rising unemployment, and a major deflationary period—prices fell by almost 33 percent.

By carefully documenting these failed Federal Reserve policy moves, Friedman and Schwartz made one of their most important contributions to our understanding of economic recessions and depressions. Today the economic profession widely accepts their argument. As former Chair of the Federal Reserve Ben Bernanke remarked: "Let me end my talk by abusing slightly my status as an official representative of the Federal Reserve. I would like to say to Milton and Anna: Regarding the Great Depression, you're right. We did it. We're very sorry. But thanks to you, we won't do it again" (Bernanke, 2002, November 8).

Financial market crisis of 2008

From experiencing and writing about the Great Depression in the 1930s, Anna Schwartz's life and career came full circle with some of her final work: analyses of the Great Recession of 2008. Although 93 years old at the time, Schwartz remained active in the discourse on the economic crisis and how governments responded to it.

Schwartz argued that causes of the 2008 financial market crisis were three-fold (Schwartz, 2009). First, she argued, the Fed's expansive monetary policy fuelled an asset bubble in the housing market. She wrote, "the Fed was accommodative too long from 2001 on and was slow to tighten monetary policy… this was the monetary policy setting for the housing price boom" (Schwartz, 2009). She also held that the government played a role in stimulating demand for houses and subprime securities through the US government-sponsored enterprises Fannie Mae and Freddie Mac. Second, Schwartz argued that the emergence of financial investment instruments such as securitization, derivatives, and auction-rate securities were also a factor in the cause of the financial crisis. These financial instruments had a basic flaw: it was difficult to determine their prices—they were so complex that "neither the designer nor the buyer of these instruments apparently understood the risks they imposed" (Schwartz, 2009: 21). A third factor was the collapse of the market for some financial instruments, in particular the auction-rate security, which is primarily

issued by municipalities, hospitals, museums, student-loan finance authorities, and close-end mutual funds.

Schwartz was also vocal in criticizing Ben Bernanke as the Chairman of the US Federal Reserve for his excessive "easy" monetary policy in response to the financial crisis. Writing in a *New York Times* editorial, Schwartz said, "Why is easy monetary policy such a sin? Because in such an environment, loans are cheap and borrowers can finance every project that they dream up. This results in excesses, and also increases the severity of the recession that inevitably follows when the bubble bursts" (Schwartz, 2009, July 25).

While acknowledging that Bernanke was an excellent scholar of the Great Depression, Schwartz argued that, as Fed Chairman, he was "fighting the wrong war today; the present crisis has nothing to do with a lack of liquidity."[7] Instead, the tools that Bernanke used in response to the 2008 financial market crisis should have been used by central bankers during the Great Depression—when there was an indeed a liquidity problem and easy monetary policy would have been the right solution (Carney, 2008, October 18). Schwartz acknowledged that the problems leading up to the 2008 financial crisis were also perpetuated by Bernanke's predecessor, Alan Greenspan, who fuelled excessive exuberance for spending on all sorts of things by keeping interest rates at historically low levels.

Indeed, Schwartz's analysis of the factors that contributed to the causes and severity of the 2008 financial crisis are still relevant today as central banks continue to push for interest rates to remain low and continue to delay allowing interest rates to rise back to normal levels.

Conclusion

Before Anna Schwartz led the monetary revolution, few economists, let alone the general public, believed that the money supply had an influence on prices or on economic growth. Our understanding of the money supply and of central banks has fundamentally changed due to Anna Schwartz's work. Beyond her pioneering contributions on monetary economics and as a woman working in economics, Schwartz analyzed the specific tools that the Federal Reserve

7 As quoted by Sorman, 2009: 66.

uses (and often misuses).[8] She also wrote on international monetary issues and exchanges rates,[9] equity price behaviour (Schwartz, 2002), and an extensive history of the British economy, price fluctuations, and business cycles (Gayer, Rostow, and Schwartz, 1953). She continued to work diligently until the end of her life and is rightly known today as one of the most influential economists of the 20th century.

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8 For example, she examined decades of the Federal Reserve's use (or rather, abuse) of the discount rate (a tool that the Fed uses to influence market interest rates) and concluded that "a Federal Reserve System without the discount window would be a better functioning institution" (Schwartz 1992).

9 See, for example, Schwartz (2000) and Bordo, Humpage, and Schwartz (2010).

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Jane Jacobs (1916–2006)

By Lydia Miljan

Jane Jacobs is best known for her books about cities. Since the Covid-19 pandemic, some people have speculated about the future of cities. With learning, working, and entertainment all being conducted in virtual spaces, are there still sufficient reasons to organize ourselves in places called cities?

A consideration of the work of Jane Jacobs is as good a place as any to answer that question. Jacobs was the author of nine books, ostensibly about cities, but also about economics, diversity, social theory, and democracy, infused with personal biography. Jane was born in Scranton Pennsylvania on May 4, 1916, to Bess Robinson Butzner, a former teacher and nurse, and Dr. John Butzner, her father. Jane was the third of the Butzners' four children.

Jane had an unremarkable childhood except that she found school and her teachers uninspiring. She managed to graduate high school, but with little recognition and few awards. Her dislike of formal education was so profound that she was grateful that she was able to complete high school unrecognized as it spared her a tedious college education. The lack of formal recognition Jane received from the education system was not because she was incapable or ill-suited to learning—just the opposite—her interests and intellect were vast and the formal system of learning could not keep up with her.

Jane's parents advised their children to find two ways of earning a living: something they wanted to do and a skill or trade they could always rely on for an income. To fulfill the latter requirement, Jane trained at a business school and learned practical skills such as typing, shorthand, and stenography. But her preference was to be a writer. She knew that to succeed at that vocation she would need to develop a writer's skills, and to do so she approached the editor of a local newspaper to give her an unpaid job, which she stayed at for a year. In 1934, at age 18, she moved to New York. This move occurred mid-way through the Great Depression, but Jane was undaunted and continued to focus on her goal of becoming a writer. She eventually completed two years of university by attending continuing education courses through the Columbia University Extensions Program. Because she was free to take any course that interested her, Jane excelled at a broad range of subjects including geology, anthropology, economics, zoology, chemistry, and American constitutional law. It was in a course on constitutional law that she found the material for her first book, a monograph she edited on the rejected arguments of the constitution. Jane compiled *Constitutional Chaff: Rejected Suggestions of the Constitutional Convention of 1787, with Explanatory Argument* at age 25, despite having no formal credentials. The book was published in 1941 by the well-respected Columbia University Press.

Jacobs lived in New York for 34 years, mostly in Greenwich Village, where she would write about cities and urban planning and become a reluctant community activist. She spent her remaining 38 years in Toronto where she died in 2006. She was arrested twice, once for participating in a demonstration

to save her neighbourhood and once for protesting the Vietnam War.[1] But she was also highly acclaimed. In 1998 Jacobs was invested as an Officer of the Order of Canada. She received numerous other awards and accolades but refused all invitations for honorary doctorates, dismissing them as "false credentials" (Kanigel, 2017: 374). She was married to Donald Jacobs for 51 years and was the mother of their three children. Despite coming of age at a time when women stayed home to care for their families, Jane worked her entire life, taking only short maternity leaves for each of her children. She took time out to write books, and even rented a small office to give herself the time and space to think without distraction. In her later years, she complained that she was a slow and plodding writer who often had to decline invitations to give talks or write shorter articles so that she could work on her books. Some of those books took as long as 10 years to complete as she worked out theoretical and economic arguments.

Jacobs has been variously lauded and derided. She has been called "the most influential urban thinker of all time," a "genius of common sense," and the "godmother of urban America" (Kanigel, 2017: 6). But her nemesis, Robert Moses, New York's master planner, dismissed her as a mere mother. And one academic criticized her as "an amateur in the professional's den." She eluded political classification. A reviewer of perhaps her best-known book, *The Death and Life of Great American Cities,* noted, "It is the only book that we know of which is quoted in context both by liberals and conservatives."[2] During her life, Jacobs was once a union member who recognized the benefits of collective bargaining and thought that the "right of workers to join unions of their choice is one of our important rights" (cited in Allen, 1997: 173). She also believed that women should have equal pay. However, she found the union leadership's "adherence to the Communist Party line" destructive for the union. That nuanced perspective might have been lost on the US State Department

1 In December of 1967, she was arrested at an anti-draft demonstration protest. In fact, Jacobs' opposition to the Vietnam War explained her move to Toronto; she wanted to ensure that her sons would not be drafted into military service. On April 10, 1968, she was charged with riot, inciting to riot, criminal mischief, and obstructing government administration (Kanigel, 2017: 260).

2 Book Review: *Death and Life*, American City Magazine, New York, as cited in Allen (1997): 50.

when it investigated her for her beliefs during the height of McCarthyism. Her response to their questioning of her ideas was to write:

> I was brought up to believe that there is no virtue in conforming meekly to the dominant opinion of the moment. I was encouraged to believe that simple conformity results in stagnation for a society, and that American progress has been largely owing to the opportunity for experimentation, the leeway given initiative, and to a gusto and a freedom for chewing over odd ideas. (cited in Allen, 1997: 169)

Even though she had many allies in her efforts to use affordable housing to reduce poverty and was a strong advocate for diversity in cities, she clashed with central planners and urban planning experts. Her lack of adherence to the ideas of a single political party or a narrow set of political beliefs came about partly through her focus on urban issues. As she put it, "what we were inventing was issue-oriented politics" (Kanigel, 2017: 228). She took care to not align herself with any one ideology.

Woven throughout her work is not the question of how to build a grand modern city—in fact, she was highly critical of planners' visions of the "garden city" and its sterility. Instead, she was more interested in how spontaneous order leads to the growth of cities and, conversely, how central planning causes the decline of cities. For example, her 1969 book, *The Economy of Cities,* starts, "This book is an outcome of my curiosity about why some cities grow and why others stagnate and decay" (Jacobs, 1969: 3). Similarly, in *Cities and the Wealth of Nations* she observed that any system of government or economics can have stagnant regions, but what she noted was that "the difference between stagnant regions that lose population and stagnant regions where people stay put is simply that people from places like Scranton, Wales and the deserted parts of Ontario can have realistic hopes of doing better somewhere else hand have the means to get there, while people in such stagnant places as Haiti, where most people stay put, lack a way of getting out or a place to go" (Jacobs, 1985: 72-73). In *Dark Age Ahead*, she asked bigger questions about culture and society: "How and why can a people so totally discard a formerly vital culture

that it becomes literally lost?" (Jacobs, 2005: 4). Despite her discussions about decline and decay, she believed that "life had the upper hand." In a letter to her publisher, Penguin, she balked at the suggestion that the title of her book *The Death and Life of Great American Cities* be shortened to exclude "and Life." Her response to the title change request was that this "sounds all doom and gloom and the battle lost."[3]

The Death and Life of Great American Cities was not her first book, nor her last, but it was the one that she is best known for and the one that had the most influence. It was the culmination of more than 20 years of work in journalism writing for various trade publications like *Architectural Forum* and for the propaganda office of the US State Department, first during the Second World War and then for the department's magazine *Amerika*, whose audience was Soviet citizens. Although her articles were diverse, many focused on urban issues, including some discussing New York's fashion districts (fur, leather, flowers, and diamonds) that she worked on while freelancing for *Vogue*. It was in her work for *Architectural Forum* that she honed her critical analysis of city planning. Although Jacobs admitted that like many others before and since, she had been seduced by exciting and ambitious architectural drawings of massive revitalization projects, once she looked beyond the artists' renditions and walked the streets of these developments, she came to realize that the most important element of these visions was missing: people.

Jacobs was a reluctant speaker, but a 10-minute talk she gave at an urban design conference at Harvard brought her to the attention of publishers and grant funders. Her talk attracted the support of Lewis Mumford, the leading architectural critic at *The New Yorker*. (Despite his early support of her, he was largely critical of *Death and Life*, saying she was "a more dubious character who has patched together out of the bits and pieces of her personal observation nothing less than a universal theory" (Kanigel, 2017: 216)). After her Harvard talk, Jacobs was courted by *Fortune Magazine* for which she expanded her ideas. The article she wrote for *Fortune* took aim at the urban planners who exalted the idea of the garden city. She described their ideas of the modern city the following way:

3 Undated draft letter to Frank Rudman, Penguin Books, as cited in Allen (1997): 59-60.

> They will be spacious, parklike, and uncrowded. They will feature long green vistas. They will be stable and symmetrical and orderly. They will be clean, impressive, and monumental. They will have all the attributes of a well-kept dignified cemetery. (Kanigel, 2017: 159)

The article led to her being introduced to Chadborune Gilpatric of the Rockefeller Foundation who provided her with a grant that enabled her to take time off from the *Architectural Forum* to write *Death and Life*.

The Death and Life of Great American Cities

Death and Life has been described by some as a life-altering experience and derided by others as a quaint book written by a mother. It elicited strong reactions from friends and foes and was simultaneously credited for changing urban planning for a generation and denounced for being "unenlightened" and not "understanding the social costs of disease, poverty, and crime" (Kanigel, 2017: 213).

Death and Life leads readers to become excited about cities. Jacobs' portrait of city life is not completely flattering. She notes the smells, the traffic, and the cacophony, but she also rejoices in the spontaneous order of cities. *Death and Life* will help readers think with a different perspective about all the cities they have lived in and visited. What exactly was Jacobs' perspective? She described city life as a ballet. And that ballet was incomplete without sidewalks.

The importance of sidewalks

Jacobs artfully described the "peculiar nature of cities." Much of what she observed was how integral sidewalks are to the smooth functioning of cities. Her criticism of urban planners of the time was that they did not understand how the relationship between people and the streets made for dynamic and safe cities. In her mind, the "garden cities" where people would be housed in towers and separated by green space were wholly unsuited to creating safe and dynamic spaces. To make her point she devoted three chapters in Part One of *Death and Life* on the many uses of sidewalks: safety, contact, assimilating children. In short, the larger and busier the sidewalk, the better it is for the city.

Safety

How does a sidewalk make a neighbourhood safe? Jacobs answered this question by showing how busy streets protect people from "street barbarism." If a street is well used, she argued, it is a safe street. If, in contrast, it is deserted, then it is unsafe. Jacobs acknowledged that police are important, but explained that they do not single-handedly provide safety. She argued that the peace of a street is not kept by police; it is "kept primarily by an intricate, almost unconscious, network of voluntary controls and standards" (Jacobs, 1961: 32).

One way to ensure a street is safe is to allow for the "presence of strangers." Those strangers help maintain vitality. But to get both strangers and locals to be on the street you must have "eyes on the street." In contrast to strangers, the eyes on the street are the "natural proprietors of the street." These are the people who look out their windows and live on the street, but also those who work on the street. For the eyes on the street concept to work effectively and spontaneously, the people doing the looking must have something interesting to look at.

The basic requisite for such surveillance is a substantial quantity of stores and other public spaces sprinkled along the sidewalks of a district; enterprises and public places that are used by evening and night must be among them especially. Stores, bars and restaurants, as the chief examples, work in several different and complex ways to abet sidewalk safety. (Jacobs, 1961: 36)

To make her point, Jacobs contrasted a street containing walk-up apartments and housing to the garden city towers. Those garden cities are how urban planners used to create public housing in the 1950s and the 1960s, colloquially known worldwide as "the projects." Although she acknowledged that project housing included large windows and green spaces to look down on, Jacobs called those areas "dull" because there was no incentive for people to congregate in those areas. The distance between the eyes on the street and the street itself are so great that it cannot provide safety. Meanwhile, inside the building, while the corridors might be large, the elevators could be jammed and tampered with, and strangers could hide in dingy stairways. Her analysis of project housing showed that by taking people from the street and putting them into high-rises, urban planners had created the conditions for crime to flourish. In other words, the planners had inadvertently provided opportunities for bad

actors to become even more powerful because they were not kept in check by the natural, neighbourhood surveillance of the streets. Although Jacobs admitted that there was plenty wrong with existing housing in big cities, including crowding, substandard buildings, and even vermin, the solution was not to create expensive tower blocks that displaced families, closed businesses, and destroyed communities, but instead to invest in more people-oriented spaces that selectively rehabilitated old buildings and also allowed for new spaces to be built that were in scale with how people actually lived.

Contact

The documentary *Citizen Jane: Battle for the Citizen* depicts the battles between city "reformers," such as planner Robert Moses, and Jacobs. The film shows the streets that Moses had labelled slums and earmarked for clearance. But where Moses saw people loitering with no adequate housing to go to, Jacobs saw a vibrant social life. At the centre of this social life was what she called "public characters." Public characters are those among us who have a wide circle of acquaintances with whom they are in contact. Her examples included the grocer, the cleaner, and the music schoolteacher, who all perform valuable roles in their primary occupation but also serve as messengers of community news and information. Jacobs noted that each of these public characters is tied to private enterprise. They offer services to the city's inhabitants and its visitors, but also provide social contact. And it is not just the public characters providing contact, but individuals occupying those same streets. Although Jacobs' book was criticized as being just the homey observations of a mother, it was rooted in evidence, including the number of businesses and livelihoods that disappeared as a direct consequence of "urban renewal."

In 1973, sociologist Mark Granovetter affirmed Jacobs' observations about contact in his argument that for people to get new information and ideas, weak ties were more important than strong ties (Granovetter, 1973). This was precisely what Jacobs had observed in her analysis of the street and in discussion with sociologist Herbert Gans. As she wrote, "Overcoming residential discrimination comes hard where people have no means of keeping a civilized public life on a basically dignified public footing, and their private lives on a private footing" (Jacobs, 1961: 72).

Assimilating children

To reinforce her point that busy sidewalks are safe places, Jacobs devoted a chapter to a description of how streets also serve to assimilate children. Children playing on streets, cycling, and roller skating all help them find diverse places in which to play and learn. Her overall argument was that streets are the fabric of life that should include a diverse group of people. In particular, the assimilation of children is not the exclusive domain of women but should include both sexes. She observed, however, that while planners were predominately male, they often excluded men as part of "normal, daytime life wherever people live. In planning residential life, they aim at filling the presumed daily needs of impossibly vacuous housewives and preschool tots. They plan, in short, strictly for matriarchal societies" (Jacobs, 1961: 83).

Part Two of *Death and Life* is an examination of the conditions for city diversity; it focuses on what generates diversity. Jacobs examined these components: mixed use, small blocks, aged buildings, and concentration. She ended the section with a chapter on the myths of diversity. Part Three of the book offers Jacobs' detailed take on the forces of decline and regeneration. She ended the book by describing a new approach to planning—one that rejects the ideas and theories of the central planners.

Economics

Jacobs' next books continued her work on cities by tackling their relevance to the study of economics. Although not as well known or even as well regarded as *Death and Life*, Jacobs used her critical mind in her books on economics to dispel conventional wisdom and stir passions. In *The Economy of Cities* she continued to ask why some cities stagnate and decay while others grow. She questioned conventional wisdom in both economics and archeology by arguing that cities came *before* agriculture. The initial impetus for some readers will be to dismiss Jacobs as an amateur. However, her method of taking the reader along with her on her journey of questioning previously held beliefs leads many to appreciate her arguments. She begins *The Economy of Cities* by providing a fable about a city she calls New Obsidian. This city arises out of the need to trade in the area's natural resource, obsidian, created by volcanic activity. The city is near the volcano, but far enough away from it for those who collect

obsidian to be protected. The city becomes a main trading hub for obsidian, but also a place where other things caught and gathered in the wild are traded: grains, animals, fruits, etc. Jacobs makes the case that only when the grains and seeds accumulate in the city do some become scattered about and grow. This, she argues is the beginning of agriculture—in cities, not in the countryside.

Jacobs did not claim that this theory was historic fact, but rather a parable explaining how cities create innovation for agriculture. She argued that the improvements in agriculture did not occur in the countryside, but in the cities. Industrialization, the creation of fertilizers, tractors, combines, etc. all arose out of the competition that occurs within cities. Those innovations were then transferred to the countryside and help explain the incredible improvements in food production that have characterized the 20th century. Her analysis stands the test of time as global hunger and poverty have declined despite a considerable population increase.

Although Jane Jacobs had no formal economics credentials, through her observation, reading, research, and analysis, she developed and articulated an explicit theory of economic development based on innovation. Nonetheless, she was critical of accepted economic thinking, including the prevailing view that agriculture leads to cities. Many of her ideas touched on important economic concepts such as creative destruction, economic diversity, government failure, and even the importance of innovation stemming from having a diverse group of people working together sometimes, and working in competition at other times. For Jacobs, all these forces came not from government, but from having people organized in cities.

Impact

Despite being associated with left-wing political activism, Jacobs strenuously objected to government violation of individual freedom. American city planners in the 1950s and 1960s wielded enormous power as they sought to rid cities of urban blight and slums. They could declare that certain areas were slums and insist that they be cleared of inhabitants, businesses, and communities, which were then replaced with low-income housing in towering blocks. These drastic changes came at no small cost to government and society, but as Jacobs noted, it was false economy. She stated, "The economics of city rebuilding do not

rest soundly on reasoned investment of public tax subsidies, as urban renewal theory proclaims, but also on vast, involuntary subsidies wrung out of helpless site victims" (Jacobs, 1961). In fact, just after *Death and Life* was published, Jacobs' own neighborhood was earmarked for urban renewal and declared a slum. Thus began her most well-known contribution to community activism—her effort to prevent the West (Greenwich) Village from being destroyed.

Jacobs was also known for opposing large highway projects. Her initial foray into community activism was sparked by a plan to push a road through Washington Square Park in her neighborhood. Later, when she moved to Toronto, she became instrumental in stopping the Spadina Expressway. Jacobs was not opposed to cars—or to even highways. But she believed that highways should take people *to* the city, but not *through* the city. For evidence, she needed only to point to American cities such as Detroit where massive road works cut through entire neighborhoods and left only desolation and destruction in their wake.

Death and Life has been taught in universities and as part of the urban planning curriculum for nearly 60 years. Former Toronto mayor David Crombie used the book in his courses at Ryerson when he was a professor there and sought her advice when he became mayor. Not only did Jacobs save the West Village and Washington Square in New York, but she is also credited with saving Toronto from the ravages of large American-style urban renewal projects. Project housing has been so roundly rejected since Jacobs first drew attention to it that such housing has not survived the test of time. In city after city this type of accommodation has been demolished and replaced with low rise and mixed-use communities. In Toronto, thanks in large part to Jacobs' efforts, neighborhoods were kept intact and welcomed mixed uses, including schools, parks, and businesses. Jacobs was also instrumental in encouraging the city to eschew rigid zoning bylaws to ensure that the mix of activity was broad and eclectic.

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Elinor Ostrom (1933–2012)

By Jayme Lemke

Introduction

Elinor Ostrom was a scholar, citizen, and academic entrepreneur of exceptional insight and determination. Her research on democratic self-governance strongly influenced the emerging sub-fields of public choice and institutional economics, established an important new framework for the analysis of common pool resources and collective action problems, and helped to build bridges between otherwise unconnected bodies of research. For these

contributions, Ostrom was awarded both the highest honor in political science and the highest honor in economics.[1]

Summing up her life's work in the conclusion to her Nobel Prize address, Ostrom wrote, "designing institutions to force (or nudge) entirely self-interested individuals to achieve better outcomes has been the major goal posited by policy analysts for governments to accomplish for much of the past half century. Extensive empirical research leads me to argue that instead, a core goal of public policy should be to facilitate the development of institutions that bring out the best in humans" (Ostrom, 2010a: 664-65).

Rather than seeing public policy as directly translating to outcomes, Ostrom recognizes institutions as the connective tissue that links policy with action. Every policy change occurs within a pre-existing institutional structure: a set of established rules-of-the-game that we all face when interacting with each other in politics, in markets, and within our families and communities. The term rules is used broadly here, to include also laws and norms, whether formally codified, passed along verbally, or tacitly understood within a community. Crawford and Ostrom (1995) remind us that institutions can also be productively thought of as including the shared strategies that emerge within those systems of rules.[2]

Regardless of preferred nomenclature, Ostrom's institutional focus directs our attention towards the way that political action and social change will influence an established institutional structure. Some institutions will encourage creativity, entrepreneurship, and trust, while other institutions will encourage inertia, predation, and suspicion. Ultimately, doing right by each other means getting the institutions right. Importantly, for Ostrom, this is not a matter of experts finding the ideal one-size-fits-all solution, but a project that involves all people actively engaging in design, experimentation, and ultimately discovery of better ways to live together within their own unique communities (Ostrom, 1998a).

1 Ostrom was awarded the Johan Skytte Prize in 1999 (https://www.skytteprize.com/) and the Nobel Prize in Economics in 2009 (https://www.nobelprize.org/prizes/economic-sciences/2009/ostrom/facts/).

2 For more on Ostrom's definition of institutions, see Ostrom (1986).

After an overview of Ostrom's education and career, I will summarize her contributions in two key areas: (1) local public goods, including the development of the theory of polycentricity through her early work on policing and water infrastructure, and (2) common pool resources, including the development of the concept's institutional design principles. It would take many volumes to fully cover Ostrom's research career, but these two branches of inquiry both run throughout her career and connect to many of the important theoretical contributions she made to the study of polycentricity, democratic self-governance, and institutional analysis. Then, I'll wrap up this short overview of a lengthy career by discussing the continuing impact of Ostrom's work for the study of social cooperation among free people.

Education and academic life

Elinor Ostrom was born Elinor Claire Awan in Los Angeles in 1933. Her mother was a musician and her father was a set designer who would let her tag along to observe set construction on days she wasn't in school (Leonard, 2009). Despite the fact that her mother "saw no reason whatsoever" for her to attend college (Ostrom, quoted in Tarko, 2017: 4) and "there was no encouragement to think about anything other than teaching in high school or being pregnant and barefoot in the kitchen" (Ostrom, quoted in May and Summerfield, 2012: 26), Ostrom enrolled at UCLA. In 1954, she completed an undergraduate degree in political science.

After working as a personal assistant to put her first husband, Charles Scott, through law school, she eventually returned to UCLA as an employee in the Personnel Office. After taking a couple of seminars in public administration, she decided she liked graduate study and wanted to pursue a PhD (Ostrom, 2010b). Scott disapproved of this plan, and he and Ostrom divorced (Herzberg and Allen, 2012). Many in the political science department also opposed her admission to graduate study in political science on the grounds that funding women was likely to be a waste of resources if not downright harmful to the reputation of the department (Ostrom, 2010b: 3). Fortunately, Ostrom was undeterred and went on to successfully complete her PhD in political science in 1965.

It was during her time at UCLA that Ostrom began her research on local problem solving and common pool resources. Her interest in these questions began during a research assistantship with the Bureau of Government Research, where she got to know the faculty and students in the department and had the opportunity to discuss Vincent Ostrom's pathbreaking article (Ostrom, Tiebout, and Warren, 1961) on local government and the importance of its polycentric character (Ostrom, 2010b). Under Vincent Ostrom's direction, she began the research on the West Basin Water Association that would become her dissertation (Ostrom, 1965).

Although Elinor could no longer take Vincent's classes after they began dating—and shortly after married—her introduction to Vincent's work forged a lifelong personal and professional collaboration. After Elinor completed her dissertation, she and Vincent moved to Indiana University Bloomington and began the work that would become the backbone of the Workshop in Political Theory and Policy Analysis. The Workshop began as a weekly colloquium for faculty and students and grew over time as it added additional opportunities for students to work "as apprentices and journeymen" under the guidance of established faculty in an academic research environment (Indiana University, 2021).

The Workshop continues today and is a pre-eminent center for research in political theory and institutional analysis. Ostrom's first studies of urban policing—which asked the questions: Is centralization necessarily better? Or might there be something important about keeping public safety services local and tied to their community?—came out of a graduate seminar she taught in 1969-70 (Ostrom, 2010b: 7). This inquiry would take Ostrom and her research team around the country. Eventually, as Ostrom's study of self-governance came to focus on common pool resources like aquifers, forests, fish populations, and the environment, her research would take her team around the world in the quest to develop a better and universally relevant theory of democratic self-governance.

In 1990, Cambridge University Press published what is arguably Elinor's most important book, *Governing the Commons.* It was in this attempt to distill her decades of research into a set of generalizable lessons that she hit on the idea of a set of institutional design principles—not specific ideal practices, but regularities in the character of enduring problem-solving institutions and in the

processes through which those institutions were crafted. She describes being "quite uncertain as to whether the design principles would be looked upon as a crazy set of ideas or as a discovery" (Ostrom, 2010b: 16). A digital library of over 10,000 journal articles, book chapters, and conference and working papers—many of which use her institutional analysis and design principles to study particular institutional environments—testifies to the latter (Digital Library of the Commons, 2021).

Elinor Ostrom and Vincent Ostrom had a happy marriage and academic life until Elinor died of pancreatic cancer in June 2012. Vincent passed away only seventeen days later (IU News Room, 2012). The Workshop continues, but has since been renamed the Vincent and Elinor Ostrom Workshop in Political Theory and Policy Analysis in honour of its esteemed founders.

Local public goods and polycentricity

Goods and services are classified as "public goods" if they are nonrival and nonexcludable. "Nonrival" means that one person drawing on the good does not diminish how much will be left for the next person. "Nonexcludable" means that the nature of the good or service is such that once it is produced, it is very difficult to prevent specific individuals from enjoying the benefits that have been provided. For example, a fireworks display might be considered a public good. My watching the fireworks doesn't diminish your ability to enjoy them, and it would be nearly impossible to prevent any particular person in the vicinity from watching if they wanted to. The provision of public goods is often considered inherently more complicated than the provision of private goods or club goods. This is due to the potential for free-riding—since non-contributors cannot be easily excluded—and the myriad other complications that emerge from the fact that all must share whatever is produced rather than being able to choose an individually tailored basket of goods as one can in a private market.

Public education and national defense are more commonly offered as examples of public goods, but the fireworks example is useful because it illustrates that the "public-ness" of a good is often geographically limited. Fireworks are a reasonable example of a public good if we think of the public being a neighbourhood. If we think of the "public" constituting the whole country, then fireworks don't seem so public—setting off fireworks in Toronto may indeed

leave fewer for folks living in the Vancouver area, and a strategically placed fence could prevent people from outside the natural viewing area from being able to enjoy the show. Goods are not "public" to the entire world, but to the particular community that produces and shares them.

In other words, the nature of a good or service—whether it is public, private, or shares features of both—is a matter of *institutions*. The rules that govern ownership, access, and boundaries can completely change the relationship between a group of people and a particular good or service. One implication of the fact that public goods are institutionally contingent is that they may need to be organized differently according to the local institutions in effect in the community. Water rights, trash removal, education, public health services, and policing are all examples of goods or services that involve significant elements of "public-ness," yet may need to be organized in very different ways from place to place because of the diversity of communities and contexts within which they are provided. As such, Ostrom thought of them as "local" public goods provided within diverse local public economies (Ostrom, 1998b).

Elinor Ostrom studied policing in order to better understand local public economies (Ostrom, Baugh, Gaurasci, Parks, and Whitaker, 1973; Ostrom, Parks, and Whitaker, 1973, 1978). Would it be better for a local public economy to integrate sub-units, becoming as large as possible in order to provide police services at lower cost? Or might that lower cost come at the expense of being able to actually satisfy the diverse constituencies seeking some type of policing or public safety service? This hypothesis was not plucked out of thin air, but rather emerged from the intersection of real world observation and a debate going on within the field of public administration at the time (Boettke, Lemke, and Palagashvili, 2016).

While theorists were debating the virtues of consolidating police departments in order to eliminate redundancies and bring what they hoped would be higher quality services at lower cost, Elinor Ostrom and her research team went out into cities across the United States in order to investigate the differences in performance between police departments that had consolidated, and police departments that remained independent within their community (Ostrom Baugh, Gaurasci, Parks, and Whitaker, 1973; Ostrom, Parks, and Whitaker, 1973, 1978). Their core finding was that the unconsolidated services

generated superior results in the eyes of the individuals living within those communities, which Ostrom argued should be the gold standard for evaluating a community service.

Polycentricity is an important related concept that both Vincent and Elinor developed (2010a). A polycentric system is one in which many overlapping or conjoining authorities interact within the same system of rules. These centers of authority compete, cooperate, and clash with each other over what to provide and how to provide it, generating in the process the diversity and the competitive dynamics necessary to enable the people living within the system to discover (and continually re-discover) how to best satisfy the ever-changing needs of their community. The police studies contributed to the development of this concept, as did most of the Ostroms' research before and after. In addition to helping Elinor Ostrom untangle some important mysteries around policing and local public economies, this polycentric approach would serve as a cornerstone for a career dedicated to understanding complex rule-ordered systems. She would go on to apply the concept to her work on common pool resources (Ostrom, 1990), knowledge commons (Hess and Ostrom, 2006), and even global climate change (Ostrom, 2010c, 2014).[3]

In her reflective essay "A Long Polycentric Journey," Elinor wrote, "Ecologists and biologists long ago learned that they were studying complex phenomena composed of many parts at multiple levels and that their challenge was to unpack the complexity in order to understand it. Our challenge as social scientists is to harness knowledge about complex systems… and not simply to call for their simplification" (Ostrom, 2010b: 19). Developing a framework for the analysis of multiple co-existing and even overlapping systems of rules was a critically important step in the process of harnessing that knowledge.

Common pool resources and the institutional design principles

The social puzzle most associated with Elinor Ostrom is the mystery of the well managed commons. Common pool resources are those—like oceans, forests, fish populations, and aquifers—that are difficult to exclude people from drawing down, but--unlike public goods--are rivalrous. In other words, when I take,

3 For more on Ostrom's polycentric approach to climate change, see Lemke and Lofthouse (2021).

there *is* less left for you. These present a theoretical dilemma in that individuals going about the business of their life can draw down the resource to the extent that its quality deteriorates, possibly even to the point of destruction of the entire resource system. This could be done knowingly, out of avarice or despair, or unknowingly, because there are simply not good signals to guide decisions about when it is time to seek alternatives.

As such, the resolution of conflict within common pool resource systems can be critically important for sustaining communities, industries, and natural resources. Elinor Ostrom observed in *Governing the Commons* (1990) that people around the world can and do resolve such dilemmas. These locally driven efforts to create and enforce mutually agreed upon rules are considered examples of *self-governance*, another concept of critical importance within the Ostroms' oeuvre. In addition to demonstrating the widespread universality of self-governance, Ostrom's research also shows that self-governance can be sustainable. Locally created and enforced governance systems have effectively operated across multiple generations, preserving communities and resource flows for hundreds of years in some cases.

As she did in her study of police services, Ostrom came to this conclusion by starting with a theoretical puzzle and then turning to empirical investigation--in this case, primarily field work and historical case studies. This approach enabled her to evaluate both whether her theoretical predications were true, and also *why* they were true. In other words, by learning from people actively involved in the process of resolving a common pool resource problem, we can gain deeper insight into which types of solutions are effective and which types of problem-solving processes are most likely to lead to effective resolution.

For example, one particularly interesting case study from *Governing the Commons* is that of the irrigation systems devised and implemented by farmers in the Spanish *huertas* (essentially irrigation districts) surrounding Valencia, Murcia, Orihuela, and Alicante throughout the Middle Ages (Ostrom, 1990: 62-82). Dry land and low rainfall made irrigation a seriously challenging problem that those living in the region needed to solve in order to survive. In her study, Ostrom found that the farmers drawing water from the canals in Valencia organized themselves into tribunals that met twice weekly in a public place in

order to administer a carefully prescribed turn-based system for drawing water from the canals. These tribunals developed an electoral system to determine leadership roles and responsibilities, including delegating inspectors to resolve disputes throughout the week and decide when to shut the system down for maintenance.

This turn-based system for drawing water from the canals, governed entirely by the farmers themselves, proved an effective management system for hundreds of years—for some communities, the system functioned for close to 1,000 years (Ostrom, 1990: 62). Part of the reason it was so effective is that without any particular knowledge of economics or politics, these farmers devised a system that was incentive compatible, encouraging cooperation and enabling farmers to easily monitor each other and administer appropriate punishment if needed. When the farmers created a turn-based irrigation system in which each person would open the gate to allow water into their fields immediately after their neighbor had done so, they ensured that neighbors would always be out and near the canal during irrigation time. Everybody was always under a watchful eye, and in turn paying careful attention to others. This practice discouraged over-use and brought cheating to light quickly, thereby preventing any one individual farmer from causing problems downstream by drawing too much water from the canal at the wrong time.

Despite the many similar success stories Ostrom relates throughout the volume, she is careful to remind us that there are many institutional mistakes made along the way as well. And we can learn as much from the mistakes as we can from the successes. She devotes chapters to situations of both success and failure, in both cases assuming "that the individuals tried to do as well as they could, given the constraints of the situation" in order to understand how the efforts of these aspiring problem-solvers "can be used to advance theoretical understanding of a theory of self-organized collective action to complement the existing theories of externally organized collective action: the theory of the firm and the theory of the state" (Ostrom, 1990: 57).

Ultimately, in the process of seeking out the regularities that seemed to make self-governance more likely to succeed, Ostrom wound up creating a tool known as the institutional analysis and design framework (McGinnis, 2011; Ostrom, 2005). Her focus on providing people with a tool that could be

used in the actual process of self-governance highlights the extent to which, for Ostrom, political economy was about helping communities be and do their best.

Enduring contributions to democratic self-governance

Elinor Ostrom contributed path-breaking research on local public economics, polycentric systems, democratic self-governance, and institutional design. She did so by studying a great diversity of self-governance situations around the world, and by drawing on a wide range of disciplines and methods. Although she seems to have considered herself primarily a scholar and democratic citizen rather than affiliating with any particular political ideology, her scholarly approach and body of work do connect to the tradition of classical liberal thought in multiple ways.

First, Ostrom's research gives us good reason to be skeptical of one-size-fits-all solutions (Ostrom, 2007). The needs of communities are too diverse, and the knowledge and motivations of policymakers too uncertain, to justify taking decision-making authority away from those individuals who understand the problem best. Communities may find it necessary to contract out or to collaborate with larger governmental or nongovernmental entities in order to accomplish their objectives, but the onus for this has to come from the ground up in order to have any assurance that the decision is in the interest of the community.

Second, Elinor Ostrom's research on water governance, community policing, and the commons demonstrates that people have the creativity and the power to improve the institutions around them. Self-governance is possible. It can be difficult, and there are reasonable debates to be had about the extent to which individuals will want to undertake the investment required to build sustainable self-governing solutions. But individuals are not doomed to either isolated atomism or social control. This perspective connects Ostrom's research with the vision of classical liberal thinkers like F.A. Hayek (Boudreaux, 2014) and Thomas Sowell (1980) who emphasized the importance of tapping into local knowledge and the creative problem-solving power of individuals.

Third, Elinor Ostrom followed in the traditional of classical liberal political theorists like Alexis de Tocqueville who saw civil society and civic

engagement as uniquely important to the functioning of liberal democracies (Ostrom and Ostrom, 2004). Civil society facilitates conflict resolution and problem solving before matters rise to the level where government intervention might be suggested. A robust civil society can also serve the important function of enabling multiple communities to exist simultaneously, even when they might have conflicting values. There are times when a society may find it useful or even necessary to come to widespread agreement, but there is also great value to be had in creating space for individuals to pursue diverse projects and ways of living. This is true even—and perhaps especially—when those values conflict with those of their neighbours.

In studying processes of conflict, conflict resolution, and self-governance, Elinor Ostrom offers us ways to think about how a diverse, tolerant, cosmopolitan society might be possible. Further, she does so with the conviction that this vision must not be carried out *for* the people, but rather *by* free people voluntarily participating in processes of cooperation and self-restraint. Political economists have turned their attention in recent years to the important challenge of how to reconcile public administration with the importance of civil society and the need to enable the co-existence of many diverse forms of social cooperation (Boettke 2018, 2021; Aligica, Boettke, and Tarko 2019), but there is still much work to be done.

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Deirdre McCloskey (1942–)

By Lynne Kiesling

Economists are not generally known as iconoclasts. Ask most people to imagine an economist and they envision a nerdy white man in a blue suit talking about interest rates. Deirdre McCloskey breaks that stereotype in several dimensions, describing herself as a "literary, quantitative, postmodern, free-market, progressive-Episcopalian, ex-Marxist, Midwestern woman from Boston who was once a man. Not 'conservative'! I'm a Christian classical liberal." Born in 1942 as Donald, the son of a professor, McCloskey famously undertook gender reassignment at age 56, writing a beautiful and eloquent memoir about her decision and the process (McCloskey, 1999) and staking

out a professional path to make economics more humane (McCloskey, 2020). Through academic positions at the University of Chicago, University of Iowa, University of Illinois at Chicago, and Erasmus University in the Netherlands, and an exhausting travel schedule to speak to any and all audiences curious about her ideas, McCloskey has worked tirelessly to create and communicate a human and classically liberal economics that is rooted in economic logic and draws on history, philosophy, literature, and art, among other areas of inquiry. She is perhaps the only person to hold tenured positions in economics, history, and English departments simultaneously, and to put scholars and students in those disciplines in literal and figurative conversation with each other.

McCloskey attended graduate school at Harvard University, studying with the economic historian Alexander Gerschenkron. Her dissertation explored a central question in British economic history—did late-19th century Britain experience economic and entrepreneurial decline? Britain was the first country to experience industrialization, and its causes and consequences have been debated vigorously. McCloskey (1970) combined economic logic and price theory, analysis of data, and historical methods of gathering information from qualitative sources into a rich examination of the iron and steel industry. Scholars have considered that industry as one of the backbones of the Victorian British economy and it is often seen as a primary culprit in Britain's economic decline. However, McCloskey found no evidence of entrepreneurial decline, but rather determined that Britain attained industrial maturity earlier, while countries seen as economic powerhouses in the late 19th century (e.g., the United States and Germany) started to industrialize later and were thus growing faster at the time. Her work on the "Did Victorian Britain fail?" question, along with work from other economic historians in the 1970s and 1980s, enhanced our understanding of the dynamics of changing productivity and economic growth over time, contributing also to work in development economics and international economics. One later outgrowth of this early research was the three-volume *Economic History of Britain Since 1700*, co-edited by McCloskey and Roderick Floud (1994).

McCloskey's early work in economic history focused on applying economic logic and analysis to a wide range of questions in British economic history. One area in which her work was influential was in open-field farming

as practiced in medieval England. In open-field farming, individual farmers farmed scattered strips across different large fields in a community-based multi-field system, with crop rotation across the fields to allow nutrient regeneration and to break pest cycles. In several different articles, McCloskey (1975a, 1975b, 1976) argued that scattered strip farming enabled farmers to manage the tradeoffs between economies of scale that came about from using teams of oxen to plow whole fields and the risks associated with small, enclosed plots that were common in medieval communities. Land quality and location varied, even within villages, so while farming over scattered, unconnected strips of land might seem inefficient to a modern observer, it reduced the medieval farmers' exposure to the risk of crop losses from pest damage, poor growing conditions, flooding, or other natural events. Enclosure would have denied farmers the ability to insure themselves against such losses. One important feature of this research, and indeed of all of McCloskey's work, is her unrelenting application of economic logic, particularly the economic logic that asks "compared to what?" In analyzing scattered strip farming as a form of insurance, McCloskey acknowledges that that particular farming practice is expensive—a farmer's strip of land is susceptible to contagion from neighbouring farmers who may not control their weeds and pests, and it requires that a farmer move among a number of strips over several acres—but an analysis of the alternative forms of insurance that were available at the time finds that all of the alternatives were costlier. McCloskey engaged with several other scholars on this exploration of farming practices, creating a lively and informative body of research that contributed to ongoing investigations into the efficiency of English agriculture and that continues to be relevant.

McCloskey also pioneered a modern focus on the rhetoric of economics (McCloskey, 1983; 1998). Economists are more than analysts; they are also persuaders. While that is true of any field of inquiry, McCloskey was unique in constructing a framework of classical rhetoric and applying it to economic inquiry to examine how economists persuade, and how effective they are at doing so.

Persuasion takes different forms and relies on different methods, ranging from (for example) mathematical proofs to appeals to morality. By presenting a rhetorical framework and analyzing the rhetoric of some of the

most important economists, McCloskey demonstrated that economists use mathematics and statistics in combination with stories and narration to relay their findings. In this body of work, she provided a powerful evaluation of the modern economic method, criticizing much of it as scientism. Scientism is the belief that empirical science provides the best form of human learning and knowledge, or that all knowledge can be reduced to knowledge that is observable and measurable. Scientism as a critique was developed primarily in the 20th century by F.A. Hayek and Karl Popper in their assessments of logical positivism; Hayek in particular disapproved of scientism for the way it uncritically applied the methods successfully used in one branch of science to other branches of science. McCloskey was similarly critical of the economic method, arguing that economists overemphasize the mathematical and statistical methods of understanding a given problem but overlook the importance of metaphor, narrative, stories, and other non-quantitative forms of rhetoric.

Two important strands of work followed from the rhetoric of economics. The first was a short and engaging book, *Economical Writing* (2019), which provides 35 straightforward rules to improve writing—not just in economics, but in other areas as well. Clear and concise prose is an essential component of persuasion, and no numerical table or colorful graph is a substitute for effective prose. In this volume McCloskey makes clear her dictum that "writing is thinking," and that the process of articulating your analysis in clear and concise prose is the process of thinking through your argument. Whether it's "avoid using synonyms to achieve elegant variation" or "revise, revise, revise," the principles laid out in *Economical Writing* will improve your writing (and therefore your thinking) as well as being an entertaining read.

The second strand is a critique of the excessive reliance on statistics and statistical significance in economic research (and other fields) (McCloskey and Ziliak, 2010). The vast majority of empirical papers in economics rely on statistical tests to infer the validity of a hypothesis. But statistical significance—which exists when an estimated parameter is statistically significantly different from zero at a particular threshold of confidence—is different from economic significance. Economic significance depends on the relative magnitude of the effect. For example, suppose you have data to test the hypothesis that a more stringent environmental regulation increases gasoline prices, and the estimated

effect is statistically significantly different from zero, but only amounts to a 0.5 percent increase in prices. Is half of a percent large or small? "Statistically significant" and "important" are not the same thing. Again, the right question to ask is "compared to what?" McCloskey has been making this argument since the mid-1980s, and in economics research her insistence on asking that question has had the effect of changing the way authors report empirical results. The research convention has evolved to reporting magnitudes of estimated effects and to contextualizing those magnitudes, to provide answers to the "compared to what?" question.

In both of these strands of work on economics methodology, McCloskey has been joined by her long-time collaborator and former graduate student Stephen Ziliak.

More recently, McCloskey's work has returned to fundamental economic history, but in a much larger intellectual framework. The process of industrialization in Europe, starting in Britain and the Netherlands, upended the millennia-long history of humans living in circumstances that we would now consider to be full of hardship, misery, and impoverishment. Industrialization began creating unprecedented material prosperity. The "great fact" to be explained is that today's living standards are, on average, 3000 percent higher than they were 300 years ago. McCloskey calls this monumental transformation the "Great Enrichment," and in her Bourgeois trilogy (2006, 2010, 2016), she sets out to understand the emergence of bourgeois civilization. Her approach incorporates economics, but is not restricted to it. Nor is her inquiry restricted to an analysis of material prosperity. She integrates sociology, literature, and philosophy with economics and history to argue that ideas changed in the 17th century in ways that made bourgeois culture acceptable and honourable in ways it had not been before. Ethical frameworks matter for production and innovation of the kinds that can yield prosperity gains on this order of magnitude. Making honest, hard work honourable is the linchpin of McCloskey's explanation.

McCloskey thus starts the trilogy with *Bourgeois Virtues: Ethics for an Age of Commerce* (2006), grounding the emergent processes of prosperity in a virtue-ethics framework. Scorn for both the bourgeoisie and markets has been commonplace in human history, and McCloskey argues that this

misplaced scorn emerges from a failure to appreciate the extent to which markets and exchange have moral as well as material value. In *Bourgeois Dignity: Why Economics Can't Explain the Modern World* (2010), she investigates the many other causal factors that have been offered as explanations for the Great Enrichment—geography, institutions, capital, culture, foreign trade, colonialism, slavery—and argues that even in combination they are not sufficient to account for the 300-fold improvement in living standards that we have experienced. Again in this book McCloskey applies fundamental "compared to what?" economic logic, even while rejecting monocausal economic arguments. Invoking Adam Smith's language, the wealth of nations increased due not (I would say not solely, but here she and I may have a gentle disagreement) to these economic factors, but due to ideas, rhetoric, and their evolving into a recognition of the inherent dignity of free enterprise. In the final volume, *Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World* (2016), she expands this argument and emphasizes the liberal egalitarian implications of the spread of bourgeois ideas. The belief spread that ordinary people have equal liberty and inherent dignity, and should be free to "have a go" and try out new ideas. This freedom to choose, to experiment, and to innovate is morally proper and, over time, materially fruitful for individuals and for the societies composed of them. Without an ethical framework that honours hard work and industrious creativity, the Great Enrichment could not have happened. These three volumes make for an entertaining and engaging read, and reflect a magisterial breadth and depth of scholarship. Recently, McCloskey and Art Carden collaborated on a one-volume distillation of the themes and arguments in the Bourgeois trilogy: *Leave Me Alone and I'll Make You Rich: How the Bourgeois Deal Enriched the World* (2020).

As an economist, Deirdre McCloskey is an analytical researcher posing hypotheses and interrogating them with data, a constructive critic of methodology, and a grand theorist drawing on multiple intellectual fields. F.A. Hayek famously observed that "nobody can be a great economist who is only an economist—and I am even tempted to add that the economist who is only an economist is likely to become a nuisance if not a positive danger." Deirdre McCloskey is an exemplar of what Hayek surely had in mind as a great economist. With hyper-specialization turning so many economists today into potential "positive

dangers," perhaps the example McCloskey sets will persuade enough young economists to take a broader, more humanistic view of their discipline to allow economics once again to deserve the moniker "queen of the social sciences."

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