An Editorial

THAT APPEARED

IN THE

RICHMOND (Va.)

NEWS LEADER

October 9, 1964

A Powerful Idea

THE FOUNDATION for Economic Education is one of those grisly specters of the Right that have been conjured up in recent weeks by assorted necromancers of fear. FEE, as it is called, is one of those radical groups that are opposed to socialism, even democratic socialism.

The fear of FEE is justified, because FEE believes in one powerful idea. It believes that men ought to be free to make their own economic decisions. It believes that the regimentation of the planned economy is degrading and inefficient. It believes that the most productive and hence most humanitarian economic system is the free market.

Just how powerful this idea can be is revealed in a *Fortune* magazine article, "When Executives Turned Revolutionaries." *Fortune* explains that the Brazilian revolt against President Goulart last March – the revolt which saved Brazil from a Communist dictatorship – was organized because one man had been inspired by materials from FEE.

The important thing is that FEE had no knowledge of the impending revolution, and no part in the planning. About 14 years ago, FEE's president, Leonard E. Read, had a chance luncheon with a São Paulo businessman, Paulo Ayres Filho. The Brazilian was impressed by FEE's economic theory, and began to translate and distribute the Foundation's publications in his own country. At this time, Brazil was going off on its mad inflationary spiral. Whom the gods would destroy, they first make mad, said the Greeks. And in Brazil, a whole coterie of Communists was pushing Brazil into an insane economy.

While these groups were urging ever-increasing nationalizing and centralization of planning and control, Ayres was organizing the Brazilian Institute of Social Research and Studies. The Institute's belief in a free economy ran into hard opposition not only from outright Communists, but also from students, intellectuals, and from the inefficient and cartelized businessmen who wanted to control the economy to suit their own interests. By 1962, however, the Institute spawned a whole group of anticommunist action organizations, organized into small chapters in each city, and ready to do battle at elections, meetings, and rallies.

By early March of this year, word was received that the Communists were about to take over the government, either by making Goulart a puppet, or by removing him entirely. Ayres' group of businessmen was ready. When Goulart bowed down to leftist elements during the sailors' strike, the military became alarmed, and the revolt began.

In the aftermath, the problems are still economic. Inflation has ruined savings and made the interest on loans fantastic. Inventories have been overbought as a hedge against rising prices. But fiscal sanity and freedom are worth the price to be paid.

A decade ago, the ideas promoted by FEE sounded reactionary, even radical in Brazil. Paulo Ayres must have thought he was fighting a losing battle, opposed as he was by big businessmen, liberal intellectuals, and Communists. His methods must have appeared antidemocratic and antisocialist. But now both Americans and Brazilians are thankful that he was moved by a powerful idea.

Reprint of

THE FORTUNE ARTICLE

"When Executives Turned Revolutionaries," mentioned in this editorial, will be sent on request.

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PRINTED IN U.S.A.