rests on true Golden Rule ethics or on misguided Robin Hood romanticism.

What does concern me is how the practice modifies the historic motivations of the American people. The system of economic incentives established in our land is an integral part of individual liberty and neither can exist without the other. That it has worked beyond the dreams of other times and places is witnessed by the historic rise in American living scales. The extent to which we tamper with those motivations is thus worth a minute's meditative consideration by everyone.

I submit to you that the material essence of individual freedom is that no one shall resort to compulsion or intimidation in his dealings with others – that is, no man may take another's property or physically injure or confine him without his consent; and not even government may do these things except to punish those who attempt them. People are only free when their acts are voluntary; and their acts can only be voluntary when the government's own majestic power of coercion is limited in its exercise to cancelling out coercion, fraud, and theft in the dealings of people with each other; and when, above all, that government power is never utilized to implement intergroup despoliation. That is why our Constitution and Bill of Rights bristle with prohibitions on the exercise of government's power. That is why too much government is a potential enemy of freedom and why eternal vigilance is the price of liberty.

Maximum Incentives

Consider now the economic incentives arising in a voluntary society. The system says to each one living under it that he can have for himself whatever he produces, or its equivalent, in voluntary exchanges; but he is permitted no power to take for himself what another has produced except that it be voluntarily bestowed. The maximum incentive that is possible without undermining a similar incentive to others is thereby applied to each individual or family unit. And the corollary is that since no one may despoil another, then no man can escape the need to exert himself productively and so help to meet the inescapable survival requirement of humanity on earth. The system is one of maximum possible incentives and spurs applied to each and every individual living under it. It also is one of maximum possible opportunity for no man can employ coercion to prevent another from entering an occupation similar to his own.

Competitive Markets

Out of this come automatically what we know as free competitive markets. And imbedded in competitive markets are many of the features that explain the extraordinary rise of the American civilization. Here are some of those features:

Competitive markets, as you know, are our only guarantee of productive efficiency. They are also our only mechanism for the continuous and impersonal dispensing of economic justice. Under competitive markets the seller of anything is free to seek out whoever in the entire land will pay him the most in the light of what must be paid to others for the same thing. Similarly the buyer is free to seek out whoever will sell at the lowest price in the light of what others are charging. Whatever the resulting price, it represents the voluntary decision of the interested parties, all of whom have the recourse of refraining from purchase or sale if they deem it unsatisfactory. The fairness of a wage, price, profit, or of a loss is never to be determined from its arithmetic magnitude, but only in terms of whether it was achieved in the absence of fraud or coercion from any source – that is, in truly competitive markets.

Competitive markets continuously direct production to yield the maximum consumer satisfaction. I suppose that you have been, as have I, amazed at the great sensitivity and responsiveness of our competitive system to the changing demands of King Customer. Let some new item please the public, be it television or even hula hoops, and through beckoning profit prospect a new industry is born almost overnight. Let some industry or product lose customer favor and it quietly and impersonally disappears, its manpower and resources being diverted to other more valuable pursuits. Remember the long list of automobiles that exist now only as memories! We know also how swiftly, even frighteningly, our competitive system responds to the alternating inflationary and deflationary influences imposed upon it.

Such responsiveness had led many mistakenly to suppose that boom and bust are inherent in the competitive system itself rather than in the abuse it accurately reflects. In our competitive system we have, indeed, a most wondrous invention of mankind. It is stimulator, guider, and governor of economic effort, provider of opportunity, dispenser of justice, guardian of efficiency, promoter of progress.

I mention just one more of the many important features of com-