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The Production of Capitalism by Means of Capitalism: The Princeton Panel as a Node in the Market Liberalism Network

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Abstract

The Princeton Panel was formed by Claude Robinson, a partner of George Gallup, to produce an ideology of capitalism by capitalist methods. It proposed to replace donors with market-based transactions. We explain this concern over the influence of donors by appealing to the ghastly experience of Isaac Don Levine when he attacked the antisemitism of Merwin Hart, the head of the influential National Economic Council. Although the Princeton Panel did not survive Robinson's passing, it served as a node in market liberalism. Gordon Tullock worked for Robinson and through the Princeton Panel met Murray Rothbard and Karl Popper.

JEL Codes: B31; B53; P16

Keywords: Princeton Panel, Claude Robinson, Isaac Don Levine, Merwin Hart, Gordon Tullock, Murray Rothbard

* We thank Alex McPhee-Browne for information about the Rose Wilder Lane correspondence and Spencer Howard for providing a copy of the letter in question. We also thank the Stuart Rose Library at Emory University for access to unprocessed Isaac Don Levine Papers. Jane Perry gave the paper a careful reading.

It is ironic in the extreme that American Capitalism has organized technical brain power effectively to create a vast abundance for the people, yet has given so little top-flight thought to expounding its social rationale.

In undertaking to fill this void, The Princeton Panel will retain outstanding men to supply the necessary scholarship. Modern distribution methods will be used to put books and studies in the hands of teachers, clergymen, students, newspaper editors, advertising copywriters, public and industrial relations men, labor union leaders, editors of plant papers, heads and staff members of trade associations, leaders in government, officers of corporations, and key men in industry generally.

I. Introduction

With the recent attention to funding sources in studies of the twentieth-century revival of market liberalism, it is remarkable that the Princeton Panel has been neglected. There might be no better evidence of this scholarly gap than that provided in Nancy MacLean's account of how Gordon Tullock came to the Thomas Jefferson Center. MacLean paraphrases Richard Cornuelle's letter to James Buchanan, but she omits that the letter was written on Princeton Panel letterhead.¹ She also neglects Gordon Brady's account of Tullock's winding route from the University of Chicago Law School, where he took twelve weeks of Henry Simon's law and economics class, a quarter shortened by wartime conscription, pursued a failed law career, spent time at the State Department in China, and, finally, went to the Thomas Jefferson Center by way of the Princeton Panel.²

In his letter, Cornuelle described what made the Princeton Panel unique: "The thing that appealed to me about the Panel was its hope

¹ "It was in that spirit that the William Volker Fund, the primary funder of James Buchanan's center at the University of Virginia, sent him a postdoctoral fellow in September 1958, with the small wrinkle that the individual in question had no doctorate in economics or a plan to earn one" (MacLean 2017, p. 76).

² Brady (2000, pp. 154–155). Brady's competence is evident in the acknowledgment on the inventory of Tullock's papers at the Hoover Institution. The Hoover Institution, *An Inventory of the Gordon Tullock Papers 1940–2008* states "Prepared by Gordon Brady, 1990 and 1995. Revised and updated by Hoover Institution Archives Staff, 2012–2014, 2017."

to commercialize the dissemination of ideas in this field,” the production of capitalism by capitalist methods. In this paper, we provide context to the idea of the production of ideology without appeal to donors. At least one well-informed participant regarded this aim as impossible (Chamberlain 1982, p. 79). Nonetheless, it did not take hostile critics of market liberalism to realize that donors have interests of their own.

THE PRINCETON PANEL

A Center for the Study and Teaching of the Principles of American Capitalism



RESEARCH PARK
PRINCETON, NEW JERSEY

Professor James M. Buchanan
Department of Economics
University of Virginia
Charlottesville, Virginia

December 4, 1957

Dear Jim:

I want to bring to your attention the fact that Gordon Tullock, who was on the Princeton Panel payroll briefly as Research Director until the cutback, is looking for an academic appointment. He is an unusually brilliant fellow with a breadth of background and interests that might commend him to some part in your institutional picture. He has a J.D. degree from the University of Chicago, but knows a great deal more about Economics than most people with full credentials in that field. He is now at work on a book in the field of Political Science. He has published several very interesting articles and I'm taking the liberty of asking him to send you any offprints that he might have. I understand that Warren Nutter knows him pretty well and can generously supplement this brief description.

I'm sorry I haven't kept in touch with you about the Panel. It was the timing of Robbie's upset that was most troublesome. We seem to be down but not out and I'm hopeful that a way can be found to engineer the production of a series of books of the type we planned, but assigning their marketing to a trade publisher, probably Van Nostrand. It seems likely that we will have to look to non-profit money to finance the operation. I hope to continue to be active on the board, but it seems unlikely that I will stay on the staff after the first of the year. The thing that appealed to me about the Panel was its hope to commercialize the dissemination of ideas in this field, and with that out of the picture, the relative attractiveness of this set-up compared to other opportunities that beckon in the institutional field has diminished considerably.

I am eager to answer any questions you may have about the situation here. Meanwhile, all the best.

Sincerely,

Richard C. Cornuelle

RCC:ebb

The founder of the Princeton Panel, Claude Robinson, is sometimes noticed in accounts of market liberalism. In *The Road from Mt. Pelerin*, the authors write that Robinson negotiated for a Princeton position on F. A. Hayek's behalf (Van Horn and Mirowski 2009, pp. 163–64). In *Radicals for Capitalism*, we learn that Murray Rothbard worked for Robinson, although the author does not note that Rothbard was doing empirical work for Tullock (Doherty 2007, p. 266). That, however, seems to be all there is.³ In what follows, we first lay out where the documents are located. Although there are many in the Gordon Tullock papers at Hoover, a better collection is found in the online Henry Hazlitt archive. Second, we ask the obvious question of why the papers are there and consider how Robinson enters into the history of market liberalism. The answer—during Hazlitt's tenure as editor of *The Freeman*—brings us to the role of donors in twice shocking *The Freeman*. Not for the first time do we need to address the role of Merwin K. Hart (Levy, Peart, and Albert 2012; Peart and Levy 2013; Levy and Peart 2020), who only now is beginning to receive a full-length treatment (McPhee-Browne 2024). We learn from the reporting of Murray Kempton that Hazlitt's friend Isaac Don Levine detailed Hart's antisemitism, and more, as a “deliberate challenge” to “Hart's chief fund source.” Third, we print some of the correspondence between Tullock and Cornuelle: the job offer that gives the description of the project to understand profits; and Tullock's letter in which he tells Cornuelle there is something dreadfully wrong with the standards of proof in economics. Tullock complained that he pointed to a problem but the authorities at the University of Chicago deflected the blame back to him.

Tullock regards this as an instance of thinking in terms of “isms,” something he learned from Karl Popper. Perhaps it is in this context that Tullock comes to view economics as non-science, something he would later call a “racket” (Tullock 1966; Levy and Peart 2012, 2017, 2020). We propose to view the Princeton Panel as a node in the network of market liberalism where Murray Rothbard worked for Tullock and Tullock met Popper.

II. Claude Robinson

Robinson's doctoral dissertation in sociology at Columbia University, *Straw Votes*, is a classic of public opinion polling (Robinson 1932). He was president of the Opinion Research Corporation, which conducted the first presidential poll. The firm G&R, a joint venture with George Gallup, survives to this day. The combination of his importance and the

³ Neither the Princeton Panel nor *Plain Talk* is discussed in Phillips-Fein (2009).

Princeton location makes it easy to glance at the bookends of the Princeton Panel in the *New York Times*. This is the first place to look.⁴ The Hazlitt connection is critical for documents since much, if not all, of Princeton Panel literature is available in the Henry Hazlitt archive for reasons we will explore in section 3.

As there seems to be no competent secondary account of the Princeton Plan to which we might send the reader, we simply reproduce the literature it created to introduce itself. First, there is a brochure that lays out its guiding philosophy.

⁴ On October 7, 1956, under the title “Princeton Sets Up Capitalism Center,” we find out that Robinson will be chairman of the board of trustees, and Ivan Bierly, former professor of economics at Cornell, will be president. On December 11, 1956, under the title “New Princeton Panel Picks Editorial Chief,” we learn that Richard Cornuelle was now vice president and editorial director. On June 16, 1957, we learn of plans for a Library of Capitalism with fifteen trustees to provide guidance: Included are Armen Alchian, Ronald Coase, F. A. Hayek, Henry Hazlitt, Warren Nutter, and David McCord Wright. On August 8, 1961, we learn of Robinson’s passing.

THE PRINCETON PANEL

A CENTER FOR THE STUDY AND TEACHING
OF THE PRINCIPLES OF AMERICAN CAPITALISM



Research Park, Princeton, New Jersey

What The Princeton Panel Will Do

1. OPERATE A TEACHING CENTER

Refresher courses will give the rising generation of industry leaders a systematic grasp of the problems, principles and practices of Capitalism, and increase their fluency in expounding the capitalistic point of view.

Page 4

2. ORGANIZE A ROSTER OF TALENT

Researchers, writers, educators, conference leaders — men of professional competence who can be called on by The Panel and its members for help in studying the problems of Capitalism and in increasing the public's understanding.

Page 6

3. DEVELOP A BETTER LITERATURE OF CAPITALISM

Prepare books and teaching aids that have both scholarly competence and down-to-earth application. Also conduct original studies on the debated issues of the day.

Page 7

Why a Teaching Center?

IF CAPITALISM is to survive as the dynamic driving force in our economy, the people must understand it, believe in it, back it.

Yet it is under attack and losing ground . . . throughout the world, and on the legislative front at home.

Americans endorse free enterprise institutions . . . but vote piece by piece for government intervention because "I want something done about my problem."

Critics say Capitalism is "exploitive", "soulless", "lacking in concern for moral values", "interested more in property rights than in human rights".

Where Are the Answers? They are hard to come by . . . scattered in vast libraries of books . . . not focused on today's issues. Take the much-attacked institution of "profits" . . . literally no book exists which systematically expounds the social gain from profits.

The fact is, even the best friends of Capitalism are poorly prepared to interpret it. No one has organized and documented the rationale of Capitalism, shaped to the needs of the practical man and his audience.

The Princeton Panel is being set up for this purpose . . . staffed with competent scholars, writers and teachers . . . housed in its own buildings to form a permanent center . . . where men can discover the social usefulness and vitality of Capitalism as practiced in America.

What the Princeton Panel Will Do

1. OPERATE A TEACHING CENTER

Short Courses for Young Men Marked for Leadership

Lectures and visuals will state the problem — provide factual material. Emphasis will be on discussion. The student should finish with a grasp of—

The foundation principles which distinguish Capitalism from other systems —

Private property	Competition
Free markets	Profits
Limited government	

Down-to-earth facts and case examples demonstrating how principles work in practice: e.g. —

What is the democratic significance of the grocery supermarket?

What does the familiar Sunday traffic jam say about the ownership of wealth?

Does our system give men of ability the opportunity to rise to the top?



Seminars to Explore Free Market Answers for Current Problems Outstanding thinkers from both academic and industry circles will be invited to Princeton to take part in day-long discussions centered on salient issues:

Industry's Role in Atomic Energy	Bigness in Business
Progressive Income Taxes	Bigness in Labor Unions
The Future of Public Power	Inflation
Farm Subsidies	Full Employment

Special Company Courses Companies are strengthened when their employees are informed. The Panel will help companies construct courses tailor-made to their needs for use in management development, foremen training, employee education and community relations. Each course will focus on the current problems of the company or industry, but tie back to basic principles.

Liaison with Schools and Teachers With the advice of leading educators, conferences will be arranged for educators to exchange experiences in teaching the principles of American Capitalism. Materials sponsored by The Panel will aid teachers and professors in presenting—

- The working principles and the problems and practices of American Capitalism.
- Case histories, facts and background information that show how American Capitalism contributes to social and moral as well as economic needs.

Lecture series Outstanding speakers will be recruited and made available for connected series of lectures on principles of American Capitalism, and for lectures on timely topics.

What the Princeton Panel Will Do

2. ORGANIZE A ROSTER OF TALENT

Rosters are available for many professions.

But those who search for persons with both a good understanding of Capitalism and technical skills such as research, writing, teaching, advertising, etc., have no generally available center for reference.

In the course of its work, The Princeton Panel will be combing the United States for talent, sifting the current literature, and contacting companies, government, publishing houses, universities, in the search for men.

The Panel will make its "talent book" available to companies, trade associations, and others, who support its work.

The Panel will also be prepared to organize research teams for special projects, and to conduct research for member companies and trade associations on a service basis.



What the Princeton Panel Will Do

3. DEVELOP A BETTER LITERATURE OF CAPITALISM

A great deal has been written about Capitalism, but the sheer volume and discursiveness of the material discourages most people.

As a part of its teaching activity, The Panel will undertake to organize a literature of Capitalism, both through the sifting of available writings and through original studies. Typical of the books on The Panel's agenda are these:

The Social Function of Profits Profit is a pivotal capitalistic idea, and one that draws heavy criticism. There is no book available today that provides a rounded discussion of this subject. This study will undertake to supply this need as suggested by the following headings:

How Ideas About Profits Stimulate Social Action

What the Public Thinks of Profits

Theories of Profits by Economists

How Modern Management Looks at Profits

The Facts About Profits

Relationship Between Profits and Wages

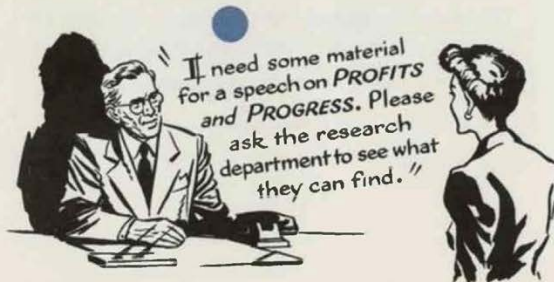
● Plow-back of Profits and Progress

The Social Control of Profits

Profit Sharing Experiments

Company Interpretation of Profits

Profits and the Judeo-Christian Ethic



Readings in the Principles of Capitalism The purpose of this book is to enable the non-technical reader to sample in an orderly way the best writings on Capitalism.

What is Capitalism — how did it come into being?

How does it differ from other social systems?

What are the great institutions on which Capitalism depends, and how do they operate to serve social and moral as well as economic values?

What are the achievements of Capitalism?

Have socialistic systems worked better?

What are the chief problems Capitalism needs to solve?

Is Capitalism compatible with the Judeo-Christian value system?

The Great Debate—Capitalism vs. Socialism What arguments are made for Socialism against Capitalism, and how do the capitalists answer these arguments?

This book will be of great value to readers in defining the issues, stating the case for each system briefly, and providing reading references.

The Moral Foundations of Capitalism The study will describe the Judeo-Christian value system and analyze capitalistic institutions as a means for achieving moral ends

Other Books Currently Projected by The Panel

The Democratic Function of the Free Market
American Capitalism and the Constitution
The Average Man's Stake in Productivity
Capitalism and Human Freedom
Equality and Leveling in Modern Democracy
Limited Government — The Thirty-Year Trend

Case Studies in Capitalism Many companies have commissioned authors to write company histories. The Panel will set up an analytical matrix for viewing companies as case studies in Capitalism, and undertake a program of case study writing. With this material readers will be able to judge the contributions of Capitalism to human and social values by seeing companies in action.

It is ironic in the extreme that American Capitalism has organized technical brain power effectively to create a vast abundance for the people, yet has given so little top-flight thought to expounding its social rationale.

In undertaking to fill this void, The Princeton Panel will retain outstanding men to supply the necessary scholarship. Modern distribution methods will be used to put books and studies in the hands of teachers, clergymen, students, newspaper editors, advertising copywriters, public and industrial relations men, labor union leaders, editors of plant papers, heads and staff members of trade associations, leaders in government, officers of corporations, and key men in industry generally.

Organization and Finance

The Princeton Panel is a service corporation which draws all of its support from subscriptions from companies, trade associations and individuals, and from fees for special services.

The Panel is wholly owned by Princeton Panel Foundation, a non-profit corporation which will seek tax exemption after the customary waiting period of one year, in order to be in a position to receive tax exempt gifts for its educational activities.

The same Board of Trustees controls both The Princeton Panel and Princeton Panel Foundation. The Board is deliberately kept small for working purposes, and is composed of experienced men who have a deep conviction about the need for better teaching of the capitalistic rationale.

The Panel will seek the advice and counsel of qualified people for each of its study projects through its advisory committees.

Board of Trustees



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It is planned that The Panel's Board will be expanded to twelve members.

*President, The Princeton Panel

**Chairman, The Princeton Panel

How Those Interested Can Help

The Princeton Panel expects to achieve its purpose both through effective leadership and the sound use of funds placed at its disposal. Here are five ways you can participate:

Subscribe to The Panel's consulting service Companies, trade associations, other organizations and individuals are invited to subscribe. For information, kindly write The Panel.

Call on The Panel's Counselling Service for aid in educational work in your company or community.

Serve on an advisory committee for a Panel study project.

Give The Panel your ideas on material for courses and subjects for special studies.

Send The Panel the names and addresses of people who would be interested: Key industry people, trade and service association people, teachers, writers, ministers, community leaders, students and others.

How Panel Study Projects Will Be Conducted

1. A topic will be selected for study and a budget will be authorized.
2. An advisory committee with representation of business, the colleges, and the learned societies will be set up for each study.
3. The best man available for the project will be found.
 - Research grants will be made to independent scholars and writers, college professors on sabbatical leave, and others.
 - Choices will be made on basis of scholarly competence, basic belief in Capitalism, and willingness to work with the advisory committee and Panel staff on the study.
4. Each study will bear the author's name and he will have final responsibility for what is said.
5. Periodic meetings will be held with each author or study team to check on progress and discuss development of the study.
6. Panel studies will be published by various publishing houses.
7. Modern sales and promotional methods will be used to seek wide distribution to business leaders, teachers, ministers, editors, students and others.
8. In some fields, distinguished and mature scholars will be invited, with suitable honoraria, to give lectures under Panel auspices. These lectures will be published.

The Panel's Editorial Platform

The Princeton Panel is organized around a set of fundamental convictions. It invites the cooperation of men and women who believe that —

The basic faiths of American life are those of the Judeo-Christian tradition.

The first political goal of American life is still individual freedom; the economic goal is an ever-increasing standard of living for all.

The purpose of Capitalism is to help people achieve non-material as well as material values.

The institutions of private property, profit incentive, competition, free markets and limited government have made possible in America a rising standard of living under a system of liberty, and hold the greatest promise for progress and human dignity.

Except for certain moral imperatives, changing technologies and social needs require adaptation of old patterns of relationships and the invention of new ones.

Capitalism will stand up under objective scrutiny, but where flaws are found, they should be exposed and corrected.

There are sincere differences of opinion between people who believe in Capitalism. Consensus should be sought, but when not reached, the differences and reasons for them should be stated.

The Panel Looks Ahead

It is our belief that the existence of a physical center where men and women of like mind can meet, work and talk will help to give people a sense of the reality of Capitalism as a workable philosophy.

Currently The Princeton Panel is making its headquarters in a spacious old colonial house in Princeton Research Park.

Plans for the future contemplate a 5 to 6 acre campus in Princeton Research Park with three buildings —

Office Building for the permanent staff of The Panel.

Meeting House with classrooms, seminar rooms, and little theatre with appropriate equipment.

The Princeton Panel Lodge to provide housing for students of The Panel's short courses, and seminars, and for guests and other visitors.

The Lodge would also offer its facilities as a meeting and conference center for business firms and trade associations. This would provide an opportunity for a large number of key industry people to become acquainted with The Panel's work.

The Library of Capitalism was supposed to be central to the panel. In the announcement we reproduce next, two books are cited. First is John Chamberlain's *Roots of Capitalism*. In the first edition, the book is listed as the first in the library. In the revised editions, this listing is removed, although the thanks to Robinson remain (Chamberlain, 1965, p. v) The second is Robinson's posthumously published *Understanding Profits* (1961). Tullock was engaged to work on this volume; Rothbard was his assistant.⁵ If for no other reason than comprising a node in a remarkable social network, the Princeton Panel takes on considerable importance. To mention only what is relevant to our concerns, Tullock met Karl Popper at a seminar at Emory University conducted by one of the panel's advisers, Helmut Schoeck (Shearmur 2016). Popper's thinking had an enormous impact on Tullock; it is perhaps unfortunate that Popper did not systematically address the role of institutions in enforcing truth-seeking, something central to Tullock's approach (Levy and Peart 2017, 2020).

⁵ Robinson (1961, p. x): "I should particularly like to express my obligation to Gordon Tullock for research assistance. . . . to Murray Rothbard for his economic insight and his extraordinary competence in guiding me through the literature."

NEWS from

The Princeton Panel

A Center for the Study and Teaching of the Principles of American Capitalism



RESEARCH PARK, PRINCETON, NEW JERSEY

Noted Scholars Serve as Consultants for Books In Princeton Panel's "Library of Capitalism"

Fifteen leading scholars have been engaged to advise the editorial staff of The Princeton Panel on the first three books in the "Library of Capitalism." These consultants are drawn from all parts of this country, Canada and England. They are:

Armen Alchian, professor of economics, University of California, Los Angeles. Mr. Alchian, recently elected a member of the Panel's Board of Trustees, is also a consulting and research economist for the Rand Corporation.

Ronald Coase, professor of economics, University of Buffalo. Mr. Coase, formerly of the London School of Economics, is author of a book on the British Broadcasting Corporation and is now at work on a book on government regulation of communications.

Alfred deGrazia, professor of political science, Stanford University. Mr. deGrazia is director of social science research at Stanford, director of the Foundation for Voluntary Welfare and author of many books and articles. His most recent book is "The American Way of Government."

Aaron Director, professor of economics, School of Law, University of Chicago. Mr. Director, director of the Free Market Study, is editor of the forthcoming Journal of Law and Economics and editor of "Defense, Controls & Inflation."

Arthur Ekirch, professor of history, American University. Mr. Ekirch is the author of the best-selling book "The Decline of American Liberalism."

F. A. Hayek, author of the "Road to Serfdom." Mr. Hayek is professor of social and moral science, Committee for Social Thought, University of Chicago and founder and president of the Mont Pelerin Society.

Henry Hazlitt, Newsweek columnist, is author of many

books including "Economics in One Lesson" and the more recent "Free Man's Library." He is now at work on a book on Keynesian economics.

(Continued on page 2)

Market Studies Guide Panel Editorial Program

One of the Panel's guiding principles is that the market is the best test of the efficiency and impact of any educational program. Will the readers of Panel materials find them so useful that they will put money on the line to keep them coming? In designing a series of publications for individual readers that will meet this market test, the Panel is conducting an extensive survey of its market.

The problem is to find out as accurately as we can what our audience needs and wants. What problems trouble them most? What approaches best connect with their problems? What forms should our publications take?

This is the secret of getting the thousands of individual subscribers the Panel will need to meet the test of the market. And meeting this test is the key to self-support. Our materials on the competitive system must be presented in ways that are interesting and understandable to key industry people, students, teachers, ministers and others in our audience.

The Panel is testing the appeal of books from the Panel's "Library of Capitalism," "Background Briefs" on current issues and problems, "Great Debate" booklets, condensations of important books, and a regular Panel newsletter. (See results of a survey on page 2.)

New Members of Panel Board of Trustees (see story on page 4)

Armen A. Alchian



Willard W. Brown



James M. Buchanan



J. Stanford Smith



Benjamin A. Rogge



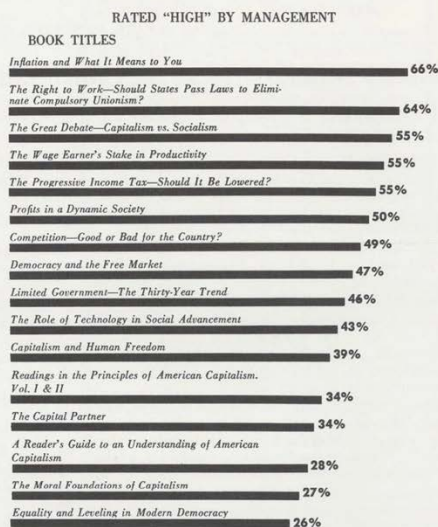
Results of a Survey of Proposed Book Titles Made at Cleveland Graphite Bronze Company

Management people at the Cleveland Graphite Bronze Company, including foremen and supervisors, looked over the titles of projected books for the Panel's "Library of Capitalism." They read brief summaries of what will be covered in each book. Then they gave an interest rating—"High"—"Medium"—"Low."

Charted here are the percentages of those who checked "High" interest response for each title.

Inflation, Right to Work, the Great Debate, Productivity, Progressive Income Tax, Profits—these were checked by one-half or more of the 145 people in the survey.

The ratings show which topics are of greatest interest. Different titles for the same subject are also being tested. This early survey suggests, for example, that "The Moral Foundations of Capitalism" is not a very appealing title. Further studies will enable the Editor to find a more interesting title for this important subject.



Noted Scholars on Princeton Panel

(Continued from page 1)

Joseph Wood Krutch, noted author and critic, is editor at large of *The Saturday Review*. He is columnist for the "American Scholar" and author of the National Book Award winner, "The Measure of Man."

Felix Morley, former president, Haverford College, is the author of "The Power in the People" and a columnist.

Warren Nutter, professor of economics, University of Virginia, is also a member of the staff of the National Bureau of Economic Research.

Clarence Philbrook, professor of economics, University of North Carolina, is an author of articles on money, the economist and the public, and other economic subjects.

Rosecoe Pound, eminent legal scholar, formerly was

Dean of the Harvard Law School. Author of a number of books and articles, he is now at work on a comprehensive book on jurisprudence.

Helmut Schoeck, professor of sociology, Emory University, is Austrian-trained, an author of books in German, and is now at work on a comprehensive study of the importance of envy in political and economic life.

George Schwartz, deputy financial editor of the *Sunday Times*, London, was formerly with the London School of Economics.

David McCord Wright, professor of economics and political science, McGill University, is the author of many books, including "Capitalism," "Democracy and Capitalism," and editor of "The Impact of the Union."

The consulting scholars review the outline for each study, and then later review the manuscript for completeness and accuracy.

Gordon Carroll, Writer, Editor, and Publisher Joins the Panel as Contributing Editor

Gordon Carroll, former editor and publisher of Coronet Magazine and former senior editor of The Reader's Digest, has joined the Panel as a contributing editor. His first project is titled "Rediscovering Capitalism." This volume, part of the Panel's "Library of Capitalism," is scheduled for publication early this Fall.

In this volume, Mr. Carroll will let Max Eastman, Eugene Lyons, and others tell in their own lively words how they "rediscovered" capitalism—how after years of experience with government planning, they regained their faith in freedom—how, as Eastman says, they came to "dream in the right direction."

Mr. Carroll, assisted by a team of qualified researchers, is also combing capitalism's vast literature for selections for "Keeping Up With Capitalism." The researchers recommend the best they can find to Mr. Carroll. He makes his final selections on the basis of readability and impact. The final product will be reviewed by the consulting scholars.



Gordon Carroll

Mr. Carroll began his career in the newspaper business in his home town on the Baltimore Sun. He worked on such influential papers as the St. Louis Post-Dispatch, the Washington Star, the Washington Post and the New York Sun.

He entered the magazine field, first as Managing Editor of The American Mercury and then as a senior editor of The Reader's Digest.

During World War II, Mr. Carroll worked in Washington, D.C., editing OCD publications and producing training films for the armed services.

After wartime work in Washington, he spent two years handling special editorial projects for Time, Inc., including a volume of the best of the wartime reports by Time, Life and Fortune correspondents "History In The Writing."

In 1945, Mr. Carroll became executive editor of Coronet Magazine, then editor, and finally publisher—a position he held until 1956. Mr. Carroll's own books range over a variety of subjects.

Panel Editorial Projects Move Ahead on Schedule



R. C. Cornuelle

R. C. Cornuelle, Editor of the Panel, reports that work on the "Library of Capitalism" books is progressing on schedule.

* * *

"Understanding Profits" is the new working title for the study of the social function of profits. The book, with four chapters now in draft form, is scheduled for release this Fall.

* * *

Another series of pamphlets now under market testing will be called "The Great Debate" series. In this series, the Panel will present the best answers to the criticisms most often aimed at the capitalist system. Each issue will contain first a summary of the criticism, next a powerful and persuasive statement of the criticism, and finally the best answers to the criticism. The Panel's researchers first comb the books and articles on the subject. Then a writing staff puts the best results of this research into everyday language.

Plans are being made to put three more editorial projects into production soon: "Examining Productivity," "Meet The Capital Partner," and "Technology—Spearhead of Progress."



John Chamberlain

John Chamberlain is now writing "Rise of American Capitalism," with a target date for completion early in 1958.

* * *

Market research shows that people want to know more about such subjects as "Inflation and What it Means to you" and "Progressive Income Tax—Should It Be Lowered?" The Panel is developing a "Background Briefs" series to fill this demand.

Each booklet in this series will tackle an important subject in the news. Why is it important? What are the arguments pro and con? What's at the bottom of these arguments? What are the elements that form a consistent point of view on the subject?

"AHEAD OF SCHEDULE," says Ivan R. Bierly, Panel President, in discussing a direct mail test that will be made in late May. "The test mailing to key industry people of an offer to participate as individual members in the Panel's do-it-yourself educational program is the next big step in putting the Panel on a self-supporting basis."

Five New Trustees Elected to Panel Board

(See photographs page 1)

The Board of Trustees of The Princeton Panel has elected three educators and two businessmen. The new members are:

Armen A. Alchian, professor of economics, University of California, Los Angeles. Mr. Alchian is also an economist for the Rand Corporation. He has specialized in the statistical analysis of inflation.

Willard W. Brown, President of Cleveland Graphite Bronze Company. A graduate of the Yale Law School, Mr. Brown was a Major in the Air Force and later joined the law firm of Jones-Day-Cockley & Reavis of Cleveland. A vice president for marketing of Cleveland Graphite Bronze Company from 1951 to 1956, he has been president since 1956.

James M. Buchanan, professor of economics, University of Virginia. Mr. Buchanan is the author of many articles and is particularly interested in public finance. He has served as consultant to the Rand Corporation and the Committee for Economic Development.

J. Stanford Smith, Manager of Public and Employee Relations Communication Operation for the General Electric Company. Mr. Smith is responsible for General Electric's communications programs through company publications, institutional advertising and publicity.

Benjamin A. Rogge, Dean and professor of economics, Wabash College. Mr. Rogge is co-author of a college text "Introduction to Economics," and has written various articles on economics in professional journals and for the World Book Encyclopedia.

"These are well-known and experienced men," says Dr. Claude Robinson, Chairman of the Panel, "who have a deep conviction about the work the Panel is doing to extend an understanding of American Capitalism."

"The Board, kept small for efficient work purposes,

Panel's Editorial Formula: A Top Writer Plus Research Assistance

The Panel's main audience is key men in industry. For this audience, as for all people who are thoughtfully concerned about the arguments on economic and social issues today, there is tremendous competition for available reading time. The Panel is developing a new editorial formula to produce studies that are interesting, temperate, forward-looking, scholarly, but not dull.

Consulting scholars are research aides and counsel to the writers.

R. C. CORNUELLE, Vice President and Editor of the Panel, points out that the Panel will also be making grants to scholars for original research studies.

"For original research," says Mr. Cornuelle, "the

FORTUNE:

Better Understanding of Capitalism Needed. Princeton Panel Formed

Fortune Magazine said in its January, 1957, editorial that "One of the hopeful portents for 1957 is that American businessmen are not only going to be exceedingly busy both at home and abroad but are also displaying a new intellectual curiosity about what makes the American economy tick, and about the further question of how its animating principles can be defined, packaged, and exported."

"Signs of this new awakening are sprouting all over the place. . . . In Princeton, scholars and businessmen have set up the Princeton Panel, a center for the study and teaching of the principles of American capitalism, and are scheduling a series of books on the function of profits and property in the free society. . . ."

Fortune's editorial went on to describe and emphasize the needs of our system today. . . . needs that The Princeton Panel has been founded to help provide.

"What is needed," the Fortune editorial says, "is a much broader understanding both at home and abroad of the basic principles that underlie any free economic system. . . . The great economic and indeed political question of our times is not, however, just how to produce mere physical wealth. It is rather how economic growth can be achieved in a way that promotes human freedom. . . ."

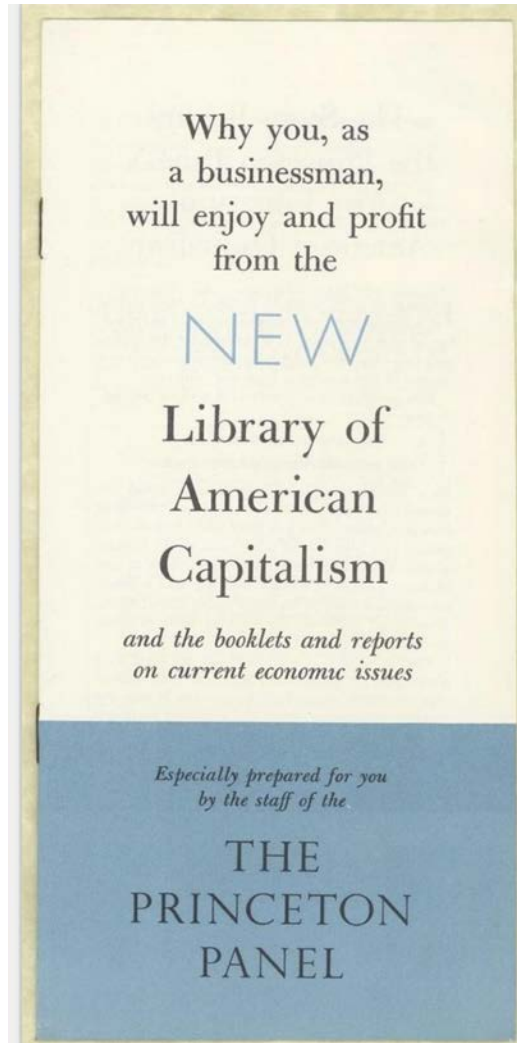
now numbers 13 men," Dr. Robinson says. "The average age is 43 years. Every man has distinguished himself in his particular field. We have splendid representation both of young teachers and those gifted with the wisdom of years. We have top representation of young business leadership and the fields of communication and research."

scholar must be left entirely on his own in both research and reporting. But in the 'Library of Capitalism,' where translation of scholarly research into more popular forms is involved, the key person is a professional writer. All these men recognize that our consultants will help them do a more complete job than they could do on their own."

The team that is putting together the "Library of Capitalism" is made up of four sections:

1—Opinion researchers find out for each topic, what the troublesome questions are, what ground needs to be covered. 2—The consulting scholars review the outline and the manuscript for completeness and accuracy. 3—Library researchers gather all pertinent material. 4—The writer puts his communications skill to work to create a readable and interesting book. Each member of this editorial program participates in the capacity in which he is best qualified.

Finally, we reproduce the Princeton Panel explanation for the centrality of the Library of Capitalism. The brochures do not say, but the two texts that were produced—Chamberlain (1957) and Robinson (1961)—were published, as Cornuelle suggested, by D. Van Nostrand, which would later publish the Volker Fund series. Van Nostrand was owned by Edward Crane, brother of Jasper Crane, whose name we have noticed above.⁶



⁶ His obituary is in the *New York Times*, April 15, 1964, page 25. The publisher's name may have faded, remaining in a specialist's memory, but these texts appear under the imprint of the publisher of Kleene (1952), Kelley (1955), and other monuments of midcentury advanced mathematics education.

The Story Behind the Princeton Panel's *New* Library of American Capitalism

EARLY IN 1956 a small group of outstanding scholars and businessmen gathered at Princeton to seek an answer to a profoundly disturbing problem—one that might endanger the very existence of the American business system.

This problem is of direct and serious concern to you.

*You are a businessman —
not necessarily a "phrase-maker"*

As a businessman you have helped build the American economy to the most productive point in world history. Yet you may find yourself chagrined and tongue-tied when you try to explain to others the moral and economic values of our business system. Through training and instinct, businessmen tend to be doers rather than talkers. Theoretical criticism often leaves them exasperated and at a loss for words.

That is natural. Capitalism did not start as a philosophy. It grew out of trial and error—out of experimenting, discarding, improving. It uses the market as its testing place. The appeal of socialism is that it promises utopian goals. The appeal of capitalism is that it *works*.



The Panel's Library of American Capitalism is something we have needed for a long time.

Business leaders have been looking for this type of factual information and I certainly am happy that it is at last going to be available.

—Charles White
Chairman of the Board
Republic Steel Corporation

A practical problem — and a challenge

Unfortunately, it is no longer enough to know that capitalism works. The American people must also know why and *how* it works. What, for example, are the forces that interfere with free markets? How great is the threat of inflation? What is the stake of the average workman in increasing productivity?

Thousands who regularly apply the natural principles of capitalism in their own business and personal lives have not learned to make those principles clear to others. And opinion research studies show that millions of Americans are confused about the very fundamentals of our business system.

Because of this confusion, well-intentioned men, sometimes in high places, put forward measures that would restrict markets and hobble free competition. They may grant power without responsibility to special groups. They may actually weaken the free society they seek to protect.

Because of this same confusion, an apathetic public permits steady erosion of the way of life that has brought us the highest levels of personal well-being yet achieved by man.

If American capitalism is to fulfil its potential of progress, practical men must be able to explain



The employee or executive who trains for the future must not only know how to make a profit; he must also know how to interpret the social significance of business to the community. Membership in the Princeton Panel should provide good, down-to-earth material to help businessmen get this vital job done.

—T. V. Houser
Chairman of the Board
Sears, Roebuck and Co.

why a free economy is indispensable to a free society. They must be able to explain *how* the freedom of markets is tied to the freedom of men. There must be informed economic understanding on the part of businessmen, opinion makers, and the public as a whole.

The Goal of the Princeton Panel

To combat confusion and inarticulateness about the American business system, the men at that 1956 meeting in Princeton determined to form a new, non-profit, informational organization—the Princeton Panel.* The Panel was given the task of translating basic economic principles into terms so clear that a high-school student could grasp them readily, and so compact that the busiest executive could find time to fix them in his mind.

The Library of American Capitalism

To carry out this task, the Panel established a new, continuing *Library of American Capitalism* to provide the rising generation of leaders in business and education with clear, enjoyable books and booklets on the fundamentals of our business system.

American capitalism is one of the most fascinating subjects in the world. Its background includes creation of an empire from a wilderness—business struggles that changed history—a thousand times a thousand examples of strivings, setbacks and triumphs. Here, potentially, is one of the great human stories of all time.

*The Princeton Panel has no connection with Princeton University.

The Princeton Panel found writers with the skill to bring the story of American capitalism to vivid life.

It engaged the services of expert authors and spokesmen—men whose mastery of words is exceeded only by their devotion to the American way of life.

The first volume of the new Library of American Capitalism—exciting result of more than a year of research and writing—will be available within weeks to *you*, in your office or home.

Your charter membership in the Princeton Panel works this way:

As a charter member, you automatically become a subscriber to the Library of American Capitalism. In a year's time you receive:

FOUR BEAUTIFULLY PRINTED, EASY-TO-READ BOOKS, especially prepared for Princeton Panel members. Included will be such titles as "Rediscovering Capitalism," "Examining Productivity," "Understanding Profits" and "The Rise of American Capitalism." The first of these volumes is now in preparation, and will be ready for delivery in a matter of weeks.

At least THREE ISSUES OF "THE GREAT DEBATE." Each of these 24-page booklets tells you how to recognize—and answer—familiar charges against our economic system.

THREE "BACKGROUND BRIEFS"—booklets of 40 or more pages giving in condensed, time-saving form salient facts and ideas on such problems in the news as "The Progressive Income Tax—Should It Be Lowered?" and "Inflation and What It Means to You."



Business managers know that we have the superior economic system but they do not talk about it. The books and booklets the Princeton Panel is preparing on the system of private ownership and true competition should be a big help not only to businessmen but to ministers, editors, teachers and other thoughtful people as well.

—Wm. E. Umstatter
President
The Timken Roller Bearing Co.



Our standard of living depends on productivity. I am glad to see the Princeton Panel prepare a popular book on this subject for it should help management do a better job of interpreting the employee's stake in productivity.

—Harry B. Higgins
Chairman Board of Directors
Pittsburgh Plate Glass Co.

A QUESTION AND ANSWER SERVICE. If you are asked to give a talk, or if for any other reason you need useful facts about American capitalism, the research facilities of the Panel are at your disposal.

AN OPPORTUNITY TO SERVE ACTIVELY on the Princeton Panel Advisory Board. Panel members suggest new subjects for books and pamphlets. They are polled periodically on issues dealing with problems of capitalism. And they are asked from time to time for their views on studies in preparation or in prospect.

In addition, you will receive, at no charge, a pair of distinguished Princeton Panel bookends to symbolize the fact that you are building your own Library of American Capitalism.

How are subjects chosen for the Library of American Capitalism?

The scientific interview and questionnaire techniques developed by modern business research organizations enable the Panel to determine accurately, in advance, the subjects of greatest interest to you. These are the subjects covered in the Library of American Capitalism.

The Panel brings you a quick, pleasurable *refresher course* in the basic facts about our economic system—facts and points of view that you need to become a still better interpreter of our business system in your community.

The Panel gives you confident insight into the workings of capitalism. It makes you part of a sound, temperate movement to develop a better understanding by all Americans, whatever their jobs, of what American capitalism has already achieved and can achieve for all who share in our way of life.

An invaluable investment

The Princeton Panel has been hailed by C. Rowland Collins, Dean of the Graduate School of Business Administration, New York University, as "the best way I know to fill the need for a much wider understanding of the social and economic forces that provide a healthy environment for enterprise." T. V. Houser, Chairman of the Board of Sears, Roebuck and Company, says: "Membership in the Princeton Panel provides good, down-to-earth material to help businessmen do a vital job: interpreting the social significance of business to the community."

For a small investment, you can now join the scores of business leaders and scholars throughout the country who are subscribing for the informational service of the Princeton Panel because they consider it invaluable.



THE PRINCETON PANEL

Research Park • Princeton • New Jersey



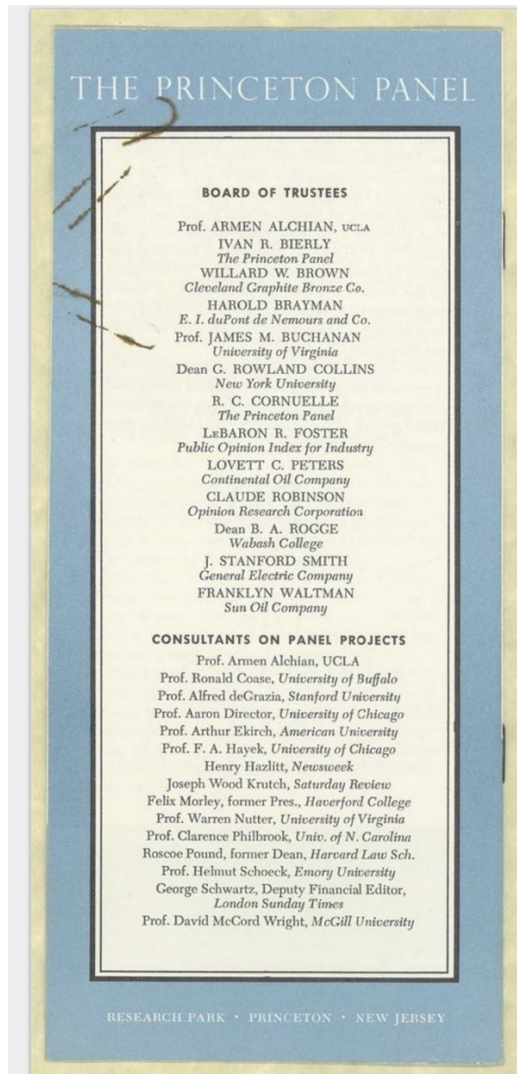
It is important that every business man be able to present the fundamentals of our American business system and be able to answer effectively the charges that are made against it. I am glad that the Princeton Panel is organizing the facts and information to help us do a better job.

—James L. Myers
Chairman
Clevite Corp., Cleveland



Profits are necessary to a healthy, expanding economy. I am glad to see that one of the Princeton Panel's first books explains the role of profits, for people are much confused on this point.

—Frank Prior
President
Standard Oil Company of Indiana



III. Provoking Donors

It is important to separate the political Right into two groups: those who favor democratic processes; and those who do not, whom we refer to as the antidemocratic Right.⁷ The antidemocratic faction was

⁷ We have noticed the association of “libertarian anarchists” with Holocaust deniers (Levy and Peart 2020). How did that come to be? Writing to Rose Wilder Lane before America entered the war, Levine (October 2, 1941) closes with this observation: “The haters of Roosevelt have transferred their affections to Hitler.” This suggests that the split in the Republican Party between the Eisenhower and Taft factions over whether to accept the New Deal had a long tail of consequences.

centered around Merwin K. Hart, who was a gifted fundraiser (see U.S. House 1950; Levy and Peart 2020).⁸ We have documented how Rose Wilder Lane attacked Ludwig von Mises's democratic views publicly in Hart's publication (Levy, Peart, and Albert 2012). We can now add to the documents of that controversy in part because Lane was very close to Isaac Don Levine and his magazine, *Plain Talk*. Their correspondence is voluminous and seems entirely candid.

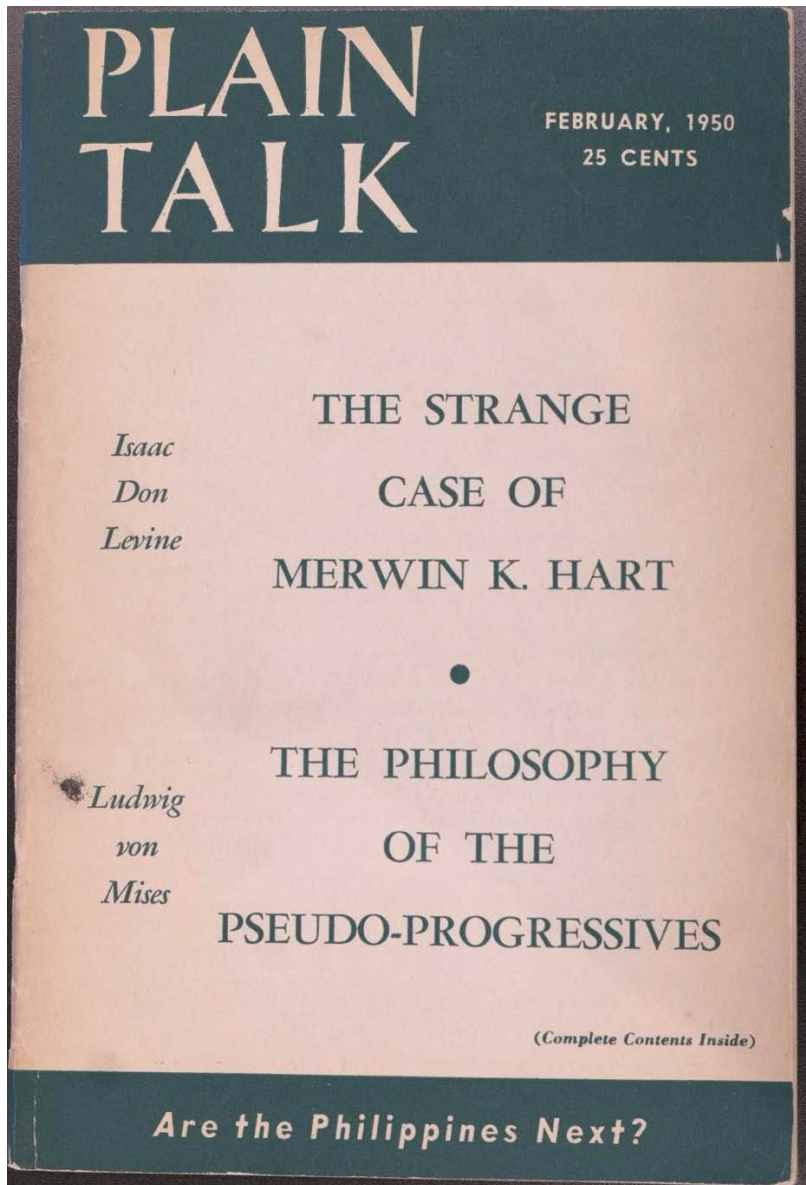
Lane writes to Levine (May 27, 1948) that she is unhappy that *Plain Talk* stands for democracy. In a letter from Levine to Lane (June 4, 1948) we find a most interesting confrontation of the antidemocratic Right by the democratic Right:

All this is preliminary to the main issue. I hope you will bear with me when I say that I have for years been aware of the confusion in your mind and a growing number of others as to the meaning of democracy vs. republic. The two terms are not antonymous, they are not in the same class. A republic can be democratic and can be authoritarian. The Soviet Republic, the Hitler Republic, the Chiang Kai-shek Republic, are obviously the antithesis of the American Republic.

A democracy is a functional description of government; and can best be described as popular government or representative government. To define democracy as majority rule is unwarranted; both in theory and in practice. The best definition I am capable of giving it is the people's control over the government. Ever since this Republic was founded; upon the principle of government derived from the consent of the governed; there has been a conflict as to the extent of democracy under our form of government. The democratic process was present at the birth of the Republic. It was present during the balloting in the Federal Convention; as I indicated to you.

⁸ The 1950 House hearings that pay close attention to fundraising allow us to document H. B. Earhart's withdrawal of support for Hart's National Economic Council (Levy and Peart 2020). They were not informative as to where the funds went. Rose Wilder Lane's letter to Isaac Don Levine on January 4, 1947, states that an H. B. Earhart of whom she "knows nothing" offered to fund three hundred *Plain Talk* subscriptions for history teachers or libraries. Lane had also learned that Earhart was establishing an "Earhart Foundation." Levine Papers Box 133. The role of the Earhart Foundation is detailed in Levy and Peart (2020).

The central moment in the controversy begins in an issue of *Plain Talk*.



Plain Talk has faded from memory. Complete sets are hard to find, as a search on WorldCat will demonstrate. There is, however, an anthology printed in 1976 that gives a partial feel for the magazine.

Levine's introduction explains how the anthology came to be:

In a sense, these selections from *Plain Talk*, a little magazine that existed from 1946 to 1950, owe their reappearance to the publication of Solzhenitsyn's *The Gulag Archipelago*, for which they form a companion volume. When the Russian masterpiece burst upon the literary horizon, there ensured [sic] a much-belated wakening of interest in a singular map named "Gulag-Slavery Inc." that *Plain Talk* composed and disseminated in May 1947. The map . . . graphically depicted the locations of a myriad of penal camps dotting the vast land mass of the Soviet Union, and was documented by illustrations of official discharge "passports" issued to former Polish prisoners of war.

Levine (1976, pp. xi–xii) quotes Solzhenitsyn's acidic contempt for those who took Soviet claims at face value:

The Free Trade Union Committee, ordered from this writer a special edition of that map for distribution in foreign countries. Copies of that edition, translated into various languages, reached Russia. Solzhenitsyn referred to it in his memorable address of June 30 at the grand reception given for him in Washington by the American Federation of Labor. "When liberal thinkers and wise men of the West, who had forgotten the meaning of the word liberty . . . were swearing that in the Soviet Union there were no concentration camps at all, the American Federation of Labor published . . . a map of our concentration camps."

The anthology, with as many contributions from Bertrand Russell and Harold Laski as from Ayn Rand and von Mises—one each—does not mirror the ideological tenor of the magazine. *Plain Talk* itself contained a half dozen contributions from von Mises, including a prepublication overview of *Human Action*.⁹ What it mirrors relative to the magazine itself is the attention to antisemitism. Levine's introduction tells a little about how few resources it had to work with.¹⁰

⁹ The inclusion of both Laski and Rand needs to be noticed. Rand (1997, p. 113) tells us that she attended two lectures given by Laski in 1937 and used him to personify the villain in *The Fountainhead*. The connection of Laski with von Mises would be via Lionel Robbins. Susan Howson (2011) studies the long relationship between Laski and Robbins passing from teacher-student to colleagues at the London School of Economics. The London School director for many years, William Beveridge, seems to have artfully concealed his concerns over the Soviet Union (Levy and Peart 2021).

¹⁰ Perhaps a better indication of destitution is provided by the letters Hazlitt sent to try to find subscribers. In the letters, easily found on the archive, he apologized for

The connection with Rand is critical because we learn from her about the plans to transform *Plain Talk* into something grander, a magazine to be called *The Freeman*, although she might not have known the exact name.¹¹ In a letter of April 24, 1950, to Jasper Crane, after agreeing with his disapproval of the *Plain Talk* article “Compulsory Voting,” Rand (1995, p. 471) writes:¹²

I am greatly disturbed by the news which I heard from Mr. Luhnnow and Mr. Cornuelle of the Volker Charities Fund, whom I met recently. They told me that they had been working with you for some time on plans to publish a new magazine devoted to the idea of freedom—and that you have chosen Mr. Levine to be sole editor, with Henry Hazlitt and John Chamberlain acting merely as columnists for the magazine. I am so disturbed by this prospect that I feel I must offer for your consideration the reasons why I think that this would be nothing short of disastrous.

The problem with Levine (“a very able journalist”), she explains, is that he is interested only in facts, not “abstract ideas and political philosophy.” He is a “journalist”; what is needed is an “ideologist” (p. 472).

On June 19, 1950, we learn from the *New York Times* that the new magazine will be nothing like what Rand was told: “Succeeding the monthly magazine *Plain Talk*, a semi-monthly magazine, *The Freeman* and *Plain Talk*, will appear in the autumn. *Plain Talk* will be suspended during the summer. John Chamberlain and Henry Hazlitt will edit the new publication. Alfred Kohlberg, the publisher of *Plain Talk*, will be associated in the direction of the new magazine, and Isaac Don Levine, editor, will be a contributor” (*New York Times* 1950, p. 19).

not being able to send a sample of the magazine; there were no resources for extra copies. Anyone who appreciates the difference between marginal and average costs in printing should be aghast.

¹¹ The inner cover of issues of *Plain Talk* has the slogan “A World of Freeman—America’s Best Defense.”

¹² Leopold Schwarzschild’s “Compulsory Voting” was the article immediately following Levine’s “The Strange Case of Merwin K. Hart,” of which Rand seems to take no notice, possibly because there is nothing in it new to her. One of Hart’s horrifying proposals that Levine cites—the death penalty for communists and “fellow travelers” employed by the US government (1950, p. 6)—comes up much earlier in Rand’s letter to Lane concerning her employer’s death penalty proposal (August 21, 1946): “I am actually too numb at the moment to know what to say” (Rand 1995, p. 309).

What happened is described in a Murray Kempton column titled “Merwin K. Hart Got Editor Fired for Denouncing Him in an Article” in the *New York Post* of July 7, 1950. Kempton tells us that Levine directly challenged the sources of Hart’s funding: “Levine himself refuses to discuss the circumstances of his withdraw [sic]. His friends say, however, that he wrote he wrote [sic] the anti-Hart article as a deliberate challenge to the industrialists who are Hart’s chief fund sources. He did it to demonstrate his own and his magazine’s independence of the lunatic right, and the results are hardly encouraging for The Freeman’s future.”¹³

Kempton’s column seems to have been widely reissued, albeit without acknowledgment. In the *Jewish Weekly Times* (July 13, 1950), under the headline “Hart Influence Forces Editor to Yield Job on Magazine,” we learn about the role of donors but not Levine’s provocation:

Isaac Don Levine, whose magazine, “Plain Talk,” folded last month, wrote a documented study of Hart as a confused philosopher of racial hatred. Shortly after, a group of what Hart calls “substantial” contributors withdrew their support and the magazine shut down.

Hart summed up his success in the June 15 issue of his Economic Council letter which is mailed to some of the country’s major industrialists. . . .

Economically both Hazlitt and Chamberlain are as conservative as Hart. Neither of them has the smallest sympathy with the anti-Jewish turn of his thought. [Eds.: This a direct quote from Kempton’s column.]

The *National Jewish Post* (July 21, 1950) offers the names of the donors who withdrew resources from a Levine-edited *Freeman*.

In 1982, John Chamberlain looked back at the episode and gave the impression that the funders thought Levine was seeing things that were not there.¹⁴ Levine made the point that the best evidence for Hart’s antisemitism comes from Christians talking with him (February 1950,

¹³ A copy of Kempton’s column is found in the Levine Papers Box 35. In an undated letter to “Mr. Newman,” Kempton writes, “And the tragedy is that Levine’s piece on Hart seemed to me an essentially dignified appeal to the conscious of men in whom he had a misplaced faith.” Levine Papers Box 35.

¹⁴ In the letter to “Mr. Newman,” thanking him for sending the letter from Merwin Hart to his subscribers about the episode, Kempton referred to a conversation with Chamberlain: “My conversation with John Chamberlain, which I felt it wouldn’t be gentlemanly to reprint was even more disheartening, because I think Chamberlain is essentially a decent fellow who would be outraged if he knew how bigoted his own attitude is.” Levine Papers Box 35.

p. 9). Indeed, when Robert Lefevre accepted the position as vice president of Hart's National Economic Council, he did so after obtaining written assurance that he would not be required to advance the antisemitic material of the sort he heard from Hart in conversation (Levy and Peart 2020).

Hart is a rather sensitive subject in advocacy scholarship of the libertarian movement. He was obviously important, but not perhaps someone one would wish to make central. McPhee-Browne (2024) is a valuable corrective to the silence. In the printed collection of letters between Lane and Jasper Crane, the first letter from Crane compliments Lane for her service at Hart's *Review of Books* (Lane and Crane 1973, p. 1), but there is nothing about Levine and Hart. In the archives at the Hoover Presidential Library, a letter from Lane to Crane (October 18, 1963) goes into great detail about how Levine and Hart came to know each other—she introduced them—and how generous Hart was in supporting *Plain Talk*.¹⁵

The Freeman's next adventure with donors is far more mundane. Here is Chamberlain's account:

What was particularly disconcerting to Sue La Follette and myself was the story, brought to our office by a Chicago lawyer who was a friend of Sue's, that the "Du Pont" element on our board was dead set against allowing us to state a preference for Taft. The "Du Ponts" according to the lawyer, were very much afraid that a Bob Taft in the White House would support a trust-busting Department of Justice in forcing the Du Pont company to divest itself of its big block of General Motors stock. (As it turned out, Eisenhower, when elected, did nothing to stop the divestiture.) Whether there was any basis to the lawyer's story we could not know. But we did not like the idea that we might be the subject of a hidden manipulation. (1982, pp. 86–87)¹⁶

¹⁵ Lane's letter to Crane (October 18, 1963) details Hart's history of generosity toward Levine's *Plain Talk*. She does not discuss the antisemitism. We owe our knowledge of the letter to Alex McPhee-Browne. Spencer Howard of the Herbert Hoover Presidential Library provided a copy. Our thanks! Lane's biographer, William Holtz (1993, pp. 331–32), asserts Levine was as anti-Christian as Hart was antisemitic. No evidence is provided for this remarkable assertion. If it were true, it would be difficult to believe that Whitaker Chambers, a devout Christian, would go with Don Levine himself to break the news to the government of the massive Soviet penetration (Chamberlain 1982, p. 90).

¹⁶ The issue was whether the New Deal was accepted. For Taft supporters, the answer is no.

When Chamberlain (1982) wrote his history of *The Freeman*, it seemed to end when he resigned. But, of course, *The Freeman* continued. Hazlitt, who would write a letter of protest to Chamberlain (January 29, 1982), became its editor. The entire corporation changed, as we see in every following issue.

THE FREEMAN is published fortnightly. Publication Office, Orange, Conn. Editorial and General Offices, 240 Madison Avenue, New York 16, N. Y. Copyrighted in the United States, 1953, by the Freeman Magazine, Inc. Henry Hazlitt, President; Lawrence Fertig, Vice President; Claude Robinson, Secretary; Kurt Lassen, Treasurer.

This is where Claude Robinson appears in market liberalism. In this context, the production of the defense of market liberalism, freed from the quirks of donors, seemed entirely attractive.

IV. How Gordon Tullock Came to Deny the Scientific Status of Economics.

First, we reproduce Cornuelle's offer of employment to Tullock.

THE PRINCETON PANEL

A Center for the Study and Teaching of the Principles of American Capitalism

RICHARD C. CORNUELLE
Vice President and Editor



RESEARCH PARK
PRINCETON, NEW JERSEY

February 8, 1957

Mr. Gordon Tullock
2000 Cedar Ave.
Palo Alto, Cal.

Dear Gordon:

The Princeton Panel wishes to engage you to perform research services for us on a contract basis.

We are prepared to pay you a rate of \$2400 a year for approximately one third of your time, with the idea that this arrangement would be reviewed when more of your time becomes available.

It is our understanding that you would work for us as an independent contractor, as distinguished from an employee of the Princeton Panel, since you would be working without any supervision or control. Therefore no deductions would be made from the payments made to you.

It is our understanding that the literary property rights and any memoranda or other material you prepare under this contract are the property of the Princeton Panel Inc.

We may, on review, find that this contract arrangement cannot be applied in your case and that deductions for Federal Withholding and Social Security must be made retroactively.

We suggest that this arrangement be made retroactive to February first, and that you would make up for this time difference by giving somewhat more than one third of your time to Panel research projects for the first

- 2 -

Gordon Tullock (Continued)

February 8, 1957

few weeks that the arrangement is effective. Payments would be made to you at the end of each month. Thus the first payment would be made at the end of February.

We will pay any expenses connected with the work, including postage, duplicating costs, and travel.

If the arrangement I have outlined seems satisfactory, would you give us a brief statement of your acceptance.

Sincerely,



RCC:ebb

Next we reproduce the very detailed assignment to help with Robinson's book on profits.

MEMO TO: Gordon Tullock

February 8, 1957

FROM: Richard C. Cornuelle

RE: Research for "Profits in a Dynamic Economy."

The Princeton Panel is preparing a study entitled "Profits in a Dynamic Economy." After an introductory chapter, designed to emphasize the fact that a lot of important social action pivots on people's attitudes about profits, there will be several chapters dealing with the facts about profits. This set of chapters will include one on how the public views profits, taken from recent opinion research, some accounting definitions as a preliminary to a full chapter on facts about profits.

Next will be a chapter on how management looks at profits. This is to be a description of how management relies on profits as an indication of internal efficiency.

The next major section will describe the overall consequences of individual profit seeking. This will be divided into two chapters. One will deal with profits and progress, showing how profits are disposed of, how industry grows ~~and~~ retain earnings, and the like. A chapter on profits and choice will describe how profit seeking tends to extend the range of choice by encouraging the development of new products.

The next section will deal with profit control. It will review the various artificial devices for controlling profits, notably taxation and a separate chapter with socialist experiments with the elimination of profits. This section will be concluded with a chapter showing how profits tend to be self-controlling.

The next major section will deal with profits and ethics. Is the distribution of income that the profit system brings about consistent with ethical principles? There will be a footnote on profit sharing and, perhaps, a concluding chapter on company interpretation of profits.

We would like you to prepare a critical bibliography on the topics covered by the middle section of the book. As follows:

- How management looks at profits
- Profits and progress
- Profits and choice
- Control of profits
- Control of profits in a socialist state

We would like you to submit your material in that order if possible, but, of course, we understand that you can not determine the order in which materials will come to your attention.

Continued

Memo to Gordon Tullock (Continued)

Please begin to send material as you find it, rather than waiting to accumulate all the material on one topic. While your primary assignment is with the sections listed above, do not refrain from sending any material that you think might be usable in one of the other sections of the book.

We do not expect you to submit a comprehensive bibliography, but we expect that you will review the material that you discover and refer us only to that which appears to you to be of high quality, or particular interest.

While we hope the book will be based on a sound framework of theory, we want to make liberal use of concrete illustrative material, so we urge you to be especially watchful for material of this kind.

I think your report should be submitted as lists of references to books and articles, with a few lines of descriptive and critical comment accompanying each. Material that is relatively brief, that is a single striking paragraph out of an article, you might copy and send in full. Other especially key~~ed~~ articles you might have duplicated at the Stanford library, if you find that that service is rapid and efficient. I would suggest that you check on this right away. Articles which are worth mentioning, but do not seem to you to be of conspicuous quality, you might mention as references and we could have the duplicating done here, if we find we need such material.

Please communicate to me freely any questions you might have about procedure, or about the nature of the assignment.

It would be swell if you could get back here early in April.



Finally, we reproduce Tullock's letter to Cornuelle describing what seems to be Tullock's first realization that economics does not satisfy Popper's criterion as science: "As Dr. Popper says, people think in isms and my position put me with the forces of evil." It is important to notice that Tullock talked with Frank Knight himself and a recent PhD who had completed his dissertation on the trucking system.

2000 Cedar Ave.
Menlo Park, Calif.
March 6, 1957

Mr. Richard C. Cornuelle, Vice President
The Princeton Panel,
Research Park,
Princeton, New Jersey

Sick:

I received the first check yesterday, and this time I think I have really earned it. In fact, if things go on like this, I will strike you for a raise. When I last wrote things were going along quietly, and I thought of the project as a peaceful one. Since then I have had an emotional (on his part) discussion with Frank Knight which ended with his recommendation that I write an article for the Quarterly Journal of Economics, been compared with Barbara Wootton by Dr. Popper and with R. A. Lester by George Hilton. All of this is the result of my work for you, and was not included in the original contract.

Having now whetted your curiosity, I will turn to other things for a few paragraphs. The economist whom you mentioned in your letter is George Hilton. I mentioned your possible interest to him and he was most unenthusiastic. He has just received a raise and has a couple of projects of his own underway. It might be possible, however, to approach him through a rather round-about way. He is very anxious to get his doctoral dissertation published, even being willing to subsidize it himself. I think that an offer to subsidize its publication in return for some work might interest him. The dissertation is quite good, but, like all of them, deals with a point of complete insignificance. I can't see why you would object to paying a given sum of money to a publisher to publish it instead of to George as a salary. Even if this is acceptable to you, however, I can't guarantee that George will accept.

There is also Colin Campbell, the man with whom I collaborated on two articles. He is teaching at Dartmouth and has an outside research job, but you might be able to outbid his present employers. I don't think that Don Dewey would be interested in this sort of work in general, but he is working on a book on monopoly. If you are contemplating such a book yourself, he might be willing to put together an outline and bibliography, which he could do very easily, since your book would hardly be competitive with his. I

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should also like to suggest, if you have not already thought of him, Sylvester Petro. Then I last saw him he was short of money, and he might well be interested in something of this sort. He knows all the literature on labor very well indeed.

The fact that it is so hard to think of sound economists is a good illustration of the state of economics today. Stanford, sinking to a new low, has been teaching elementary students the full cost pricing doctrine. (In case you aren't familiar with this heresy, I wasn't, it is the belief that prices are determined by taking the average cost of all the factors of production and adding a mark-up) The "reasoning" behind this is that it is easier to teach.

Instead of photographing the items covered by the notes I am enclosing, I have decided to try and pick up the books in the San Francisco second hand book stores and sending you them. I will also probably buy a few other books of less immediate utility, but the total cost will be considerably less than photographing 500 pages at \$.15 per page. I am now more or less through with my survey of general studies and am beginning to leaf through bound volumes of periodicals (the indexes are hopeless). Articles I find will mostly have to be photographed.

To return to my own problems, however, As a result of my work for you, I have been giving profit theory a good deal more thought than usual recently. Since my own book will have a section on corporate management, I was also led to consider some of the problems from that angle. As a result, I became convinced that the traditional doctrine on profits contained a logical error. When I put my ideas on paper, I got the most violent emotional reactions from Knight and Hilton. As Dr. Popper says, people think in fairs, and my position put me with the forces of evil. Anyway, I have definitely decided not to try to publish it (which would have required your permission anyway) until I have established a firm reputation as being on the side of righteousness. I enclose for your information my first draft, which I would like back someday. I am willing to listen to logical arguments that I am wrong, but that is not what I got out here.

In order to avoid emotional reactions on your part, I should like to say that the change in the traditional system which I suggest is fairly small, and does not require a revision of economics as a whole. Further, the change which I suggest does not involve any change in the present ideas of the allocation of resources, it merely would change the present ideas of the type of income received by entrepreneurs, stockholders, and managers.

Sincerely,

V. Conclusion: The Neglect of a Node

Was the Princeton Panel important? In terms of publications, Chamberlain's *Roots of Capitalism* had a long shelf life; his diagnosis of Keynes's success as an economist but not as political thinker might have influenced the public choice analysis of deficit spending, but it does not seem that it did (Chamberlain 1959, pp. 204–9). Robinson's *Understanding Profits* was reviewed in the *Financial Analysts Journal* (Poole 1962) and in *Social Science* (Patterson 1962). The *Journal of Business* (1962) noted a copy was received from the publisher, but it seems not to have been reviewed. *Understanding Profits* may have been fifty years ahead of its time. Robinson starts with ordinary people's beliefs about profits and asks whether these beliefs are well founded. One cannot imagine a less promising starting

point for the economics community of the early 1960s. So the answer is surely no.

If asked about importance as a node in a network of market liberalism, the answer is not so clear. *Understanding Profits* was one of the texts used by General Electric's educational program when Ronald Reagan came to work for the firm (Evan 2006). That Tullock met Popper was of enormous consequence to how Tullock thought about the role of the economist. His *Organization of Inquiry* did not receive many reviews, but the one in Rothbard's *Left and Right* was quite well informed (Kreilling 1967). More subtly perhaps, this is why the Virginia school's discussion of anarchism took Rothbard's view as oppositional and why it was taken so seriously.

Importance need not be measured by organizational success; understanding is another metric. What Robinson realized was the possibility of a world without donors who have interests of their own. This is an important lesson.

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