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Because Ideas Have Consequences

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## "A Journalist's View of Black Economics"

**William Raspberry**



**William Raspberry, Syndicated Columnist, *The Washington Post***

*William J. Raspberry is a columnist for the Washington Post. His twice-weekly column is nationally syndicated by the Washington Post Writers Group. Time magazine has written: "Raspberry has emerged as the most respected black voice on any white U.S. newspaper. He considers the merits rather than the ideology of any issue. Not surprisingly, his judgment regularly nettles the Pollyannas and the militants." He joined the Post in 1962 and held a variety of positions until he began his urban affairs column. From 1956 to 1960 he was a reporter-photographer-editor for the Indianapolis Recorder. He then served two years in the U.S. Army. In 1965 Raspberry won the Capital Press Club's "Journalist of the Year" award for his coverage of the Watts riots in Los Angeles. He has also received awards from Lincoln University of Jefferson City, Missouri, and The Baltimore/Washington Newspaper Guild.*

I am intensely interested in the subject of the economics of black America. However, I am neither a businessman, an economist, nor a social scientist. I'm a "newspaper guy."

That's not an apology. I like being a newspaper guy, and I like to think I'm a pretty good one. I point it out simply to warn you up front that what you will hear from me is neither economic analysis nor nuts-and-bolt business proposals. I like to think about things in general and my proposal is that we ought to approach this subject in that fashion.

### **Myths About Race**

One of the things I would like us to think about is a myth: a myth that has crippled black America, sent us

off on unpromising directions, and left us ill-equipped to deal with either political or economic reality.

That myth is that race is of overriding importance, that it is a determinant not just of opportunity but also of potential, a reliable basis for explaining political and economic realities, a reasonable way of talking about geopolitics, and the overwhelming basis on which to deal with the relationships between us.

When I refer to race-based explanations of the plight of black America as myth, I do not mean to suggest that all such explanations are false. My reference is to the definition of myth as a "traditional account of unknown authorship, ostensibly with a historical basis,

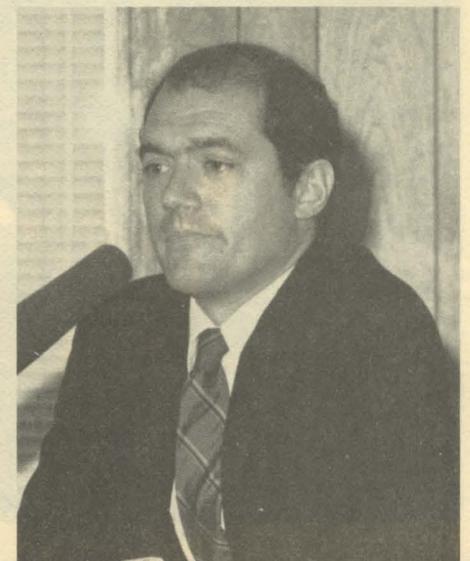
*(continued on page 2)*

## Entrepreneurship in the Inner City

**Steve Mariotti**

### **Steve Mariotti, President and Founder, National Foundation for Teaching Entrepreneurship**

*Steve Mariotti's work in the inner city has earned him widespread attention as the president and founder of the National Foundation for Teaching Entrepreneurship which focuses on the needs of handicapped and disadvantaged youths. A former financial analyst at Ford Motor Company and independent businessman, he became a full-time teacher in the New York City public school system in 1982, teaching in East New York, Bedford-Stuyvesant, Spanish Harlem, the Lower East Side and the South Bronx, among the nation's most impoverished urban areas. Voted Best Teacher of the Year in 1988 by the*  
*(continued on page 5)*



Raspberry  
(continued from page 1)

but serving usually to explain some observed phenomenon."

The historical basis of our preoccupation with race is easy enough to see. America did not invent slavery. Slavery as an institution predates the Bible. But American slavery was peculiarly race-based. Since slavery is the basis for the very presence of black people in America, small wonder that race has assumed such importance in our mythology.

But slavery was more than just involuntary, unpaid servitude. Unlike other populations, to whom enslavement seemed a reasonable way of dealing with conquered enemies, America was never happy with the concept of one group of human beings holding another group of human beings in bondage. I suppose it was taken as a sin against God. But rather than forego the economic benefits of slavery, American slaveholders resolved the dilemma by defining blacks not as fellow human beings but more like beasts of burden. There is nothing ungodly about a man requiring unremunerated work of an animal. Didn't God give man dominion over the animals?

Editors' Preview: *These papers were presented during Hillsdale's 16th annual Ludwig von Mises Lectures in April 1989 and have appeared in Vol. 16 of the Champions of Freedom series from the Hillsdale College Press. Other contributors include: Willie D. Davis, Paul L. Pryde, Jr., Charles Murray and Walter Williams. To order call 800-253-3200, ext. 801.*

Now it may have been that Africans were a special kind of animal: capable of thought, and human language, and even worship. But as long as whites could persuade themselves that blacks were not fully human, they could justify slavery.

Thus was born and reinforced the myth of inherent white superiority, which later became the basis for racial separation, for Jim Crow laws, for unequal opportunity and all sorts of evil. Nor is it just among whites that the myth survives.

I must say that this fact never really hit home for me until a few years ago when a reader of my column suggested it. Mary Pringle, a Virginia educator, said it occurred to her that Americans generally have lost the myths that give meaning to their lives, and that black Americans in particular suffer from the loss. The predominant surviving myth of black Americans, she said, is that of racism as the dominant influence in their lives.

Myths, she was careful to point out, are not necessarily false. Indeed, whether positive or negative, they are almost always based on actual group experience. But the nature of the operative group myth can make a profound difference in group outcomes.

"Racism is a reality, but it has been overcome by many and given way to opportunity and success." Those who have overcome it, she argued, have been moved by different myths: myths that paint them as destined for success rather than doomed to failure, myths that lead them to see themselves as members of a special group capable of overcoming all odds. That is the kind of myth that blacks need to cultivate, she said.

"Racism, though it is a reality, has been

a destructive myth, giving greater power to the odds against success than exist in reality, making it harder even to *try*. What we need is a stronger, more powerful myth that is constructive and evokes a sense of identity and energy to move ahead."

I think Mary Pringle's insight is profound. As with most keen insights, once it occurs to you, you can see supporting evidence on every hand.

Black youngsters in the inner cities are moved by the myth that blacks have special athletic gifts, particularly with regard to basketball. Asian youngsters are influenced by the myth that they have special gifts for math and science. Jewish youngsters accept the myth that their group has a special gift for the power of the written word.

Now all these myths are, by themselves, worthless. But when they evoke a sense of identity and the energy to move ahead, something happens. People *work* at the things they believe they are innately capable of achieving.

So it is not uncommon to see a black kid working up to bedtime, practicing his double-pump scoop, his behind-the-back dribble, his left-handed jump shot. And after a few months of work, if he has any athletic talent at all, he *proves* the myth. Asian-American youngsters, convinced that they may have special aptitude for math or science, reinforce that myth and make it reality—staying up until two in the morning working on their math and science; Jewish youngsters, convinced that they have a special gift for the written word, work at writing.

Those are all positive myths, and they are



obviously powerful. But negative myths are powerful, too.

The myth that blacks cannot prevail in intellectual competition, that Chinese youngsters cannot play basketball, that Jews are specially vulnerable to guilt trips—these are negative myths whose acceptance has led to failure because they feed the assumption that failure is inevitable.

Objective reality is the arena in which we all must perform. But the success or failure of our performance is profoundly influenced by the attitudes—the myths—we bring to that reality.

Two things flow from the racism-is-all myth that we have used to account for our difficulties. The first is that it puts the solution to our difficulties outside our control. If our problems are caused by racism, and their solutions dependent on ending racism, our fate is in the hands of people who, by definition, don't love us.

### **A Skewed Definition of Civil Rights**

The second outcome of the myth is our inclination to think of our problems in terms of a failure of racial justice. "Civil rights," which once referred to those things whose fair distribution was a governmental responsibility, now refers to any discrepancy. Income gaps, education gaps, test-score gaps, infant-mortality gaps, life-expectancy gaps, employment gaps, business-participation gaps—all now are talked about as "civil rights" issues.

The problems indicated by all these gaps are real. But describing them as "civil rights" problems steers us away from possible solutions. The civil rights designation evokes a sort of central justice bank, managed by the government, whose charge is to ladle out equal portions of everything to everybody. It prompts us to think about our problems in terms of inadequate or unfair distribution. It encourages the fallacy that to attack racism as the source of our problems is the same as attacking our problems. As a result, we expend precious resources—time, energy, imagination, political capital—searching (always successfully) for evidence of racism, while our problems grow worse.

Maybe I can make my point clearer by reference to two other minorities. The first group consists of poor whites. There are in America not just individuals but whole pockets of white people whose situation is hardly worse than our own.

And yet these poor whites have their civil rights. They can vote, live where their money

permits them to live, eat where their appetites and their pocket-books dictate, work at jobs for which their skills qualify them. And yet they are in desperate straits. It doesn't seem to occur to us that the full grant and enforcement of our civil rights would leave black Americans in about the same situation that poor white people are now in. That isn't good enough for me.

There is another minority whose situations may be more instructive. I refer to

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**"Mistakenly, we credit black pride for our successes and blame prejudice for our shortfalls."**

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recently arrived Asian-Americans. What is the difference between them and us? Certainly it isn't that they have managed to avoid the effects of racism. Neither the newly arrived Southeast Asians nor the earlier arriving Japanese-Americans, Chinese-Americans, and Korean-Americans are loved by white people. But these groups have spent little of their time and energy proving that white people don't love them.

### **Opportunity Knocks: Who Answers?**

The difference between them and us is our operating myths. Our myth is that racism accounts for our shortcomings. Theirs is that their own efforts can make the difference, no matter what white people think.

They have looked at America as children with their noses pressed to the window of a candy store: if only I could get in there, boy, could I have a good time. And when they get in there, they work and study and save and create businesses and job opportunities for their people.

But we, born inside the candy store, have adopted a myth that leads us to focus only on the maldistribution of the candy. Our myth leads us into becoming a race of consumers, when victories accrue to the producers.

Interestingly enough, this is a fairly recent phenomenon. There was a time when we, like the more recent arrivals in this country, sought only the opportunity to be productive, and we grasped that opportunity under circumstances far worse—in law, at least—than those that obtain now.

Free blacks and former slaves, though denied many of the rights that we take for granted today, were entrepreneurial spirits. They were artisans and inventors, shopkeepers and industrialists, financiers and bankers. The first female millionaire in

America was Madame C. J. Walker. At least two companies founded at the turn of the century are now on the *Black Enterprise* list of the 100 top black firms in the country.

Black real estate operatives transformed white Harlem into a haven for blacks. The early 1900s saw the founding of a number of all-black towns: Mound Bayou, Mississippi; Boley, Oklahoma; Nicodemus, Kansas; and others.

Boley at one time boasted a bank, twenty-five grocery stores, five hotels, seven restau-

rants, a waterworks, an electricity plant, four cotton gins, three drug stores, a bottling plant, a laundry, two newspapers, two colleges, a high school, a grade school, four department stores, a jewelry store, two hardware stores, two ice cream parlors, a telephone exchange, five churches, two insurance agencies, two livery stables, an undertaker, a lumber yard, two photography studios, and an ice plant [from J. DeSane, *Analogies and Black History: A Programmed Approach*]. Not bad for an all-black town of 4,000.

As Robert L. Woodson observed in his book, *On the Road to Economic Freedom*, "The Harlem and Boley experiences, which matched aggressive black entrepreneurial activity with the self-assertion drive of the black masses, was multiplied nationwide to the point that, in 1913, fifty years after Emancipation, black America had accumulated a personal wealth of \$700 million.

"As special Emancipation Day festivals and parades were held that year in cities and towns across the country, blacks could take pride in owning 550,000 homes, 40,000 businesses, 40,000 churches, and 937,000 farms. The literacy rate among blacks climbed to a phenomenal 70 percent—up from 5 percent in 1863."

### **Over-learning the Civil Rights Lesson**

What has happened since then? A lot of things, including a good deal of success that we don't talk much about. But among the things that have happened are two that have created problems for us. First is the overemphasis on integration, as opposed to desegregation and increased opportunity. Hundreds of thriving restaurants, hotels, service outlets, and entertainment centers have gone out of business (continued on page 4)

because we preferred integration to supporting our own painstakingly established institutions. Indeed, aside from black churches and black colleges, little remains to show for that entrepreneurial spurt of the early decades of this century.

The other thing that has happened is that we over-learned the lessons of the civil rights movement. That movement, brilliantly conceived and courageously executed, marked a proud moment in our history. The upshot was that black Americans, for the first time in our sojourn here, enjoy the full panoply of our civil rights.

Unfortunately, that period also taught us to see in civil rights terms things that might more properly be addressed in terms of enterprise and exertion rather than in terms of equitable distribution. Even when we speak of business now, our focus is on distribution: on set-asides and affirmative action.

### Entrepreneurs and Self-Help

Our 1960s success in making demands on government has led us to the mistaken assumption that government can give us what we need for the next major push toward equality. It has produced in us what Charles Tate of the Booker T. Washington Foundation recently described as a virtual antipathy toward capitalism.

Even middle-class blacks seldom talk to their children about going into business. Instead our emphasis is on a fair distribution of jobs in business created and run by others. We ought to have a fair share of those jobs. But the emphasis, I submit, ought to be finding ways to get more of us into business and thereby creating for ourselves the jobs we need.

That is especially true with regard to the so-called black underclass who tend to reside in areas abandoned by white businesses.

In addition to figuring out ways of getting our unemployed to jobs that already exist, we need to look for ways to encourage blacks in those abandoned neighborhoods to create enterprises of their own. What I have in mind are not merely the shops and Mom & Pop stores that we still patronize (but whose owners are far likelier to be Vietnamese or Koreans than blacks), but also an entrepreneurial approach to our social problems.

I am not suggesting that government has no role in attacking these problems. It has a major role. What I am suggesting is that we need to explore ways of creating government-

backed programs that instead of merely making our problems more bearable go in the direction of solving those problems. We are forever talking about the lack of day care as an impediment to work for welfare families. But why aren't we lobbying for legislation that would relax some of the anti-entrepreneurial rules and permit some of the money now spent on public welfare to be used to establish child-care centers run by the neighbors of those who need the care? Why aren't we looking for ways to use the funds that are already being expended to create small jitney services to transport job-seekers to distant jobs?

### Success is the Goal

I said at the beginning that I am not a theoretician, but I do have one little theory that may have some relevance to our subject. It is this: When people believe that their problems can be solved, they tend to get busy solving them—partly because it is the natural thing to do and partly because they would like to have the credit. When people believe that their problems are beyond solution, they tend to position themselves so as to avoid blame for their nonsolution.

Now none of the black leadership will tell you that they think the problems we face are beyond solution. To do so would be to forfeit their leadership positions. But their behavior, if my theory is correct, suggests their pessimism.

Let me offer an example of what I am talking about. Take the woeful inadequacy of education in the predominantly black central cities. Does the black leadership see the ascendancy of black teachers and school administrators and the rise of black politicians to positions of local leadership as assets to be used in improving those dreadful schools? Rarely. What you are more likely to hear are charges of white abandonment, white resistance to integration, white conspiracies to isolate black children even when the schools are officially desegregated. In short, white people are responsible for the problem.

But if the youngsters manage to survive those awful school systems and make their way to historically black colleges—that is, if the children begin to show signs that they are going to make it—these same leaders sing a different song. Give our black colleges a fair share of public resources, they say, and we who know and love our children will educate them.

The difference, I submit, is that they believe many of our high school students won't succeed, and they conspire to avoid the

blame for their failure. But they believe that most of our college youngsters will make it, and they want to be in position to claim credit for their success.

I suspect something like that is happening in terms of our economic well-being. Many of us are succeeding, in an astonishing range of fields, and the leadership does not hesitate to point out—with perfect justification—that our success is attributable to the glorious civil rights movement: that black exertion and courage made our success possible.

But many of us aren't succeeding. Teenage pregnancy, dope trafficking, lawlessness, and lack of ambition make us doubt that they ever will succeed. But do our leaders suggest that the reasons have to do with the inadequacy of the civil rights movement, or with any lack of exertion and courage on the part of the leadership? No. When we see failure among our people, and have reason to believe that the failure is permanent, our recourse is to our mainstay myth: Racism is the culprit. Mistakenly, we credit black pride for our successes and blame prejudice for our shortfalls.

I leave it to others to suggest the specifics by which we will move to increase the economic success of black America. I will tell you only that I believe it can be done—not only because it is being done by an encouraging number of us, but also because it has been done by earlier generations who struggled under circumstances of discrimination, deprivation, and hostility far worse than anything we now face.

My simple suggestion is that we stop using the plight of the black underclass as a scourge for beating up on white racists and examine both the black community and the American system for clues to how we can transform ourselves from consumers to producers.

I used to play a little game in which I would concede to members of the black leadership the validity of the racism explanation. "Let's say you're exactly right, that racism is the overriding reason for our situation, and that an all-out attack on racism is our most pressing priority," I'd tell them.

"Now let us suppose that we eventually win the fight against racism and put ourselves in the position now occupied by poor whites. What would you urge that we do next?"

"Pool our resources? Establish and support black businesses? Insist that our children take advantage of the opportunities that a society free of racism would offer? What should be our next step?"

"Well, just for the hell of it, why don't we pretend that the racist dragon has been slain already—and take that next step right now?"

600,000-member National Federation of Independent Business, Mr. Mariotti's achievements in the field of free enterprise education have been featured in numerous network news broadcasts, television programs and national publications.

For the past six years, I have been trying to become an expert in a neglected field—that of teaching entrepreneurship and basic free market economics to inner-city black, Hispanic, and disadvantaged youths. My interest in this field came about under unusual circumstances.

Seven years ago, I was a small businessman with an import-export firm on New York's Lower East Side. One day I went out for a jog and was mugged by four inner-city kids. It was very like the experience of Bernhard Goetz; they approached me and demanded money—five or ten dollars. I didn't have the money and I asked them to go away. I was assaulted. Needless to say, it was a very traumatic experience.

But while I was recovering, I began to think about the incident from a different perspective. If those kids had come to me for a \$10 loan, or had they had something legitimate to sell me, or had they wanted me to invest in a business, I probably would have given them the money. I was troubled that they had to resort to violence when they could have been making a sales pitch.

### Putting Entrepreneurship into the Curriculum

I thought about this for about six months, and I began writing letters and making phone calls to a variety of people. What I discovered was that there was virtually nothing being done in order to get inner-city youths involved in business. As you may know, most high school business departments are controlled by typing teachers, so the majority of students go through four years of education without getting any information about finance, marketing, or product development, much less basic economic principles.

So I decided to make a career change. I approached the New York City school board and introduced myself. I requested assignments in the most difficult neighborhoods, and once I was there, I asked for the "worst" students. Of course, I was labelled a nut; after all, there are a lot of schools in New York where teachers just won't go voluntarily, and lots of "worst" students every teacher wants to avoid. At a school where I was

assigned early on, Boys and Girls High School, which lies at the heart of Brooklyn's Bedford-Stuyvesant area, there were 48 physical assaults in one year, and that was typical. I taught in schools around the New York City area for six years, but I couldn't convince a single principal to endorse my work or approve a plan for students to start their own companies. I couldn't get any financing either. Administrators cited fears about handling money, about holdups, liability, and that sort of thing.

Then, finally, I met a remarkable woman in the section of South Bronx called Fort

wouldn't have been possible for me, at least, without an introduction to the writings of one of the great minds of this century, Ludwig von Mises.

When I was sixteen years old, I was a socialist, to the horror of my relatives, especially my grandfather, Lowell R. Mason, a well-known libertarian attorney. He sent me a copy of Mises's monumental study, *Human Action*, with a note that said that if I read the book and wrote a report on it, he would pay me \$100.

Well, that was the most valuable job I ever had. I will never forget the experience of

“...when a student is treated well and, moreover, treated as a professional entrepreneur, he begins to act the role.”

Apache, generally considered the most dangerous area of the city. Her name is Patricia Black and she is the principal of Jane Addams Vocational High School. From our first meeting, she gave her full support to my plan and she put me in charge of the business department in the field of special education.

### Special Ed Students

Special ed students have a great many problems dealing with the world around them and they often don't function very well in a structured environment. But I enjoy working with them because I believe they are indeed special and that God has granted them special gifts to offset their problems. Sometimes, it is just that they don't fit into the conventional hierarchy of traditional education; Henry Ford and Ray Kroc were such special ed students.

To date, about three hundred students have gone through the program which includes learning all the basic steps of starting and running a small business as well as the fundamentals of a market economy. The companies these students formed have earned more than \$100,000 in sales in just the last two years.

### The Influence of Ludwig von Mises

None of this would have been possible without the help of Barbara Bell and Raymond Chambers of the Boys and Girls Club of Newark (which is doing some of the best educational work in the inner-city today). In addition, I founded my own non-profit group, the National Foundation for Teaching Entrepreneurship. But it also

finding out about the way the free market works. The effect on my thinking was revolutionary. Within a matter of weeks, I went from looking at life as a totalitarian to a classical liberal. The insights of Ludwig von Mises, whom *Hillsdale College's Champions of Freedom* series honors, have helped me accomplish what amounts to pioneering work in the inner cities.

What is really ironic, however, is that with all the emphasis on the study of entrepreneurship which goes on at the college level in America, and with the worldwide intellectual movement toward classical liberalism, Ludwig von Mises's name is rarely mentioned outside of places like Hillsdale College. Of all the "crimes" of academia which can be attributed to Keynesian socialism and communism, one of the greatest is that the Austrian school of economics has never gotten the credit it deserves. My debt to Ludwig von Mises and his followers, like my old friend Richard Ebeling who now holds the Mises chair at Hillsdale, is incalculable. And so is my debt to Hillsdale College, which I consider to be one of the finest liberal arts schools in this country. This school, with its dedication to human liberty—both political and economic—is a beacon to all of those who must stand alone in defense of freedom.

### Positive Results

There are six basic findings which I have discovered in teaching free enterprise and entrepreneurship to inner-city youths.

### Improved Attitude

The first finding is that the students who go through the program display marked improvement in their general attitude and  
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their level of courteous behavior toward others. A big problem with inner-city students is that they can be very, very rude. But when a student is treated well and, moreover, treated as a professional entrepreneur, he begins to act the role. It reminds me of a scene from *One Flew Over the Cuckoo's Nest* in which Jack Nicholson and a group of inmates escape from an insane asylum. When the police catch up with them and ask who they are, Nicholson answers, "We're doctors." He introduces the inmates who begin to act just like doctors.

enth-grade level in less than a month—that is the highest level Winston Churchill ever achieved, and it is about all most people ever need. Their communication skills are also refined and they learn how to read better and to follow instructions carefully.

*Developing Initiative*

The third finding is that the program draws on the students' natural inclinations toward entrepreneurship. They develop the ability to take risks; they develop initiative; they develop mental toughness. This is important because it provides a glimmer of hope for our inner cities, all of which —

started circling the names of pregnant teenage girls in the typing classes as opposed to those in the entrepreneurship classes. The ratio was three to one! I went over my old records and was amazed that I hadn't noticed this trend before, but it was clear.

The young women who had been exposed to the concept of creating a business were much less likely to get pregnant. Giving them a vision, a long-term goal, and a sense of self-esteem through their own success are the keys that the entrepreneurship classes provide and this is critical when you realize that half of all inner-city women, who are largely black or Hispanic, will become pregnant before the age of 20. Of this number, half will give birth, so for every 100 inner-city teenagers, 25 will have at least one child and 90 percent will be born out of wedlock. (To be honest, I question the 90 percent; during all my years in the New York inner-city school system, I have seen hundreds of pregnant girls and am aware of only two who married.)

*The Adverse Effect of Regulation*

The fifth finding is that government regulation, particularly in regard to entrepreneurial activity, can have a significant adverse effect. It is an established classical economic principle that there are costs to any form of government intervention in the marketplace. As has been pointed out by many free-market economists, these costs usually fall on people who have little or no financial capital. Wealthy and middle-class targets can hire lawyers and accountants to shield themselves; the poor cannot. When the government makes it difficult to start a business by adding regulations or paperwork to the process, poor and low-income people in the inner city give up.

“...inner-city students who have never learned basic math or have an incentive to do so when running their own business.”

Yet it is still difficult to work with special ed students who are severely troubled. The threats, the swearing, the anti-social behavior used to bother me a great deal and it is natural to become worn out in such a situation. Then about three years ago, I began to pay attention to a condition I hadn't really considered before: "post-traumatic stress disorder." Rape victims, abused children, Vietnam veterans, those who have suffered from an automobile accident or other injury may have such a condition. When a person is subjected to very intense stress, especially over a long period of time, the brain may undergo chemical changes. I suspect that many special ed students in the inner city exhibit post-trauma behavior or an ongoing traumatic stress disorder.

whether it be Washington, D.C., the South Bronx, the South Side of Chicago, Watts, or Detroit—have seen their problems become significantly worse: rising murder rates, teenage pregnancy, drug abuse, violence, crimes against people and property. The catalyst for turning things around is this group of kids I work with. Even growing up with tragedy all around them, they can develop entrepreneurial skills. They have no fear in sales; they get knocked down, but they come right back. This is a positive trait that can be developed in legitimate ways.

*Reduced Pregnancy Rate*

The fourth finding surfaced only a few years ago. I was teaching typing and entrepreneurship at the same time and on one occasion when I was grading the students' work, I

A few statistics help tell the story. Of every 21 black teenagers who are now 13, one will be murdered by the age of 20. In some Newark neighborhoods, the figure is closer to one out of every 13 and in Detroit it is one in 10. (Keep in mind that during World War II, the Russians lost about one-tenth of their population and you will have an idea of the kind of carnage this represents.) It is not hard to believe that growing up in the inner city is traumatic and that inner-city kids may have a great deal of trouble with social relations and in school.

*Improved Academic Skills*

The second major finding is that many inner-city students who have never learned basic math have an incentive to do so when running their own business. By basic math, I don't mean algebra or geometry, but addition, subtraction, and multiplication. The average student in our program sees his or her math skills improve from a second-grade to a sev-

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“...young women who had been exposed to the concept of creating a business were much less likely to get pregnant.”

*“Ideas Have Consequences”*

The sixth finding relates to a well-known concept: “ideas have consequences,” but it needs to be applied more often to inner-city problems. Most people are negative about the inner city and blame lack of funds or some other cause. But it is in the realm of ideas where we need to look for help.

Look at the remarkable transformation that has taken place in modern Japan. In the 1950s to 1960s, “Made in Japan” was synonymous with junk. Japanese goods stood for cheap and shoddy workmanship. But then an Oklahoma professor by the name of Deming went to Japan and introduced a thirteen-point program on quality control. These points were just basic ideas, but the Japanese took them very seriously and today “Made in Japan” stands for excellence.

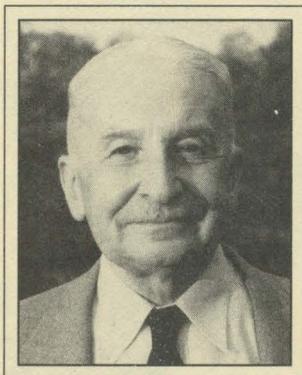
Inner-city entrepreneurship is an idea that can have consequences just as dramatic. I am optimistic about the future. I think that we are within a generation of a renaissance in our inner cities. There is nothing wrong with inner-city youths — they surely prove that ideas have consequences and that we ought to redouble our efforts to share the right kind of ideas with them as they are growing up. ▲

# AUSTRIAN ECONOMICS

Perspectives on the Past and Prospects for the Future



The 17th Annual  
Ludwig von Mises Lecture Series  
Hillsdale College, Hillsdale, Michigan  
April 21-24, 1990



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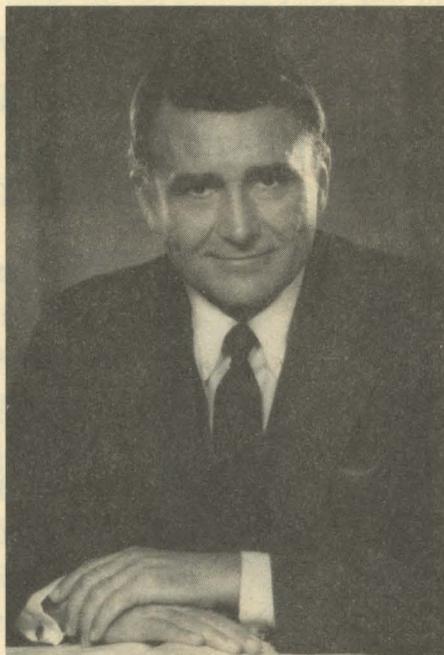
# What is Equality?

by George Roche, President, Hillsdale College

In a society which has long emphasized the concept of equal justice under the law, our recent tendency has been to carry that original doctrine far beyond equality of rights, until our present goal demands equality of condition. Of course, men are no more created equal than any other member of the animal kingdom — life is always unequal. Neither the Declaration of Independence nor the Constitution ever stated or implied an equality of condition. The guarantee of the 14th Amendment that no state shall deprive any citizen of "equal protection of the laws" is only another way of expressing what we in the American experience have viewed as each man's inherent right to equality in freedom under law.

The American experience has been consistent on that definition of equality. Even two such political rivals and crusty personalities as Thomas Jefferson and John Adams were in essential agreement on the point. Harkening back to the time they spent in the summer of 1776, laboring together in Philadelphia to produce the final version of the Declaration of Independence, Adams wrote to Jefferson nearly thirty years later:

Inequalities of mind and body are so established by God Almighty in His constitution of human nature that no art or policy can ever plane them down to a level. I have never read reasoning more



absurd, sophistry more gross...than the subtle labors of Helvetius and Rousseau to demonstrate the natural equality of mankind.

It has been the American insistence upon an equality measured in freedom, independence and opportunity that has characterized our system. It is the accompanying inequality of individual talents, given full play by the legal guarantee of equal oppor-

tunity, which has led to progress in religion, intellectual affairs, the production of material wealth, and the pursuit of individual meaning in life. The social advances which we take for granted have their origin in allowing the individual the opportunity to give full play to his creative resources. It is precisely that aspect of American life which is now so heavily under attack. The assault upon the merit principle today is present not only in higher education, but throughout American society as a whole. The real danger of the social engineering now under way is that the drive toward mediocrity reflected in Affirmative Action programming has behind it not only the full weight of the United States government, but the unthinking support of most molders of public opinion. One reason for this may be that equality of opportunity, as opposed to equality of condition, lacks the political attractiveness necessary for success in an age of group-interest politics. However the situation came about, the fact remains that merit is today being scrapped in favor of quotas. In the process, mediocrity is being institutionalized and equal opportunity suppressed. ▲

From *The Balancing Act: Quota Hiring in Higher Education* (Open Court, 1974), by George Roche.

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