

The Great Salt Solution



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"Food for Thought" is an original column appearing every other Tuesday at Everything-Voluntary.com, by Norman Imberman. Norman is a retired podiatrist who loves playing piano, writing music, lawn bowling, bridge, reading, classical music, going to movies, plays, concerts and traveling. He is not a member of any social network, nor does he plan on becoming one. Dr. Imberman has written a fantastic Christmas song which he had professionally recorded as a demonstration record. He is looking for a publisher, or A & R man, or record producer to listen to his song. It deserves to be a permanent member of the lexicon of familiar and favorite Christmas songs. Archived columns can be found [here](#). FFT-only RSS feed available [here](#).

Let's create a new society from scratch starting with a basic agreement that theft, fraud, kidnapping or any form of coercion is a crime and will not be tolerated. In fact, the citizens correctly define freedom as the *absence of coercion*. When a coercive act occurs, the person against whom that act has been perpetrated can be said to have lost his/her freedom, until restitution has occurred. The perp has, in effect, enslaved the victim.

As the coercion-free society develops, prosperity and abundance prevail. Businesses develop and flourish. It's a win-win arrangement. It is a society in harmony.

Multiple businesses supplying the same product also develop naturally. Let's suppose that 10 salt-producing companies exist at the same time, competing with each other for the consumer's dollars, thus keeping the price of salt at a level that the consumer can afford. Suddenly some natural disaster occurs that affects the output of 25% of the salt companies thus reducing the supply of available salt. Naturally, the price of salt will rise. As the price of salt rises, the citizens complain about the high price of salt and want the authorities (government) to do something about it in spite of the agreement that coercion will not be tolerated. So the authorities (government) make one exception to the rule, with the approval of all. What can the government do about the situation? Think about it. Suppose you and you alone have the power to fix the situation. What would you do?

Let's solve the problem using the age-old method. Let's pass a law (coercion) that fixes the price of salt at a low price, so as to make salt available to all, not just to those who can afford the new high prices. It is a fact that not all companies produce their product at the

high end of the profit stream. Some companies are marginal producers, meaning that the profits they earn allow them to barely survive. With a law coercing the marginal producers to charge a price that is lower than the market dictates, workers will have to be laid off and eventually those producers will go out of business, thus creating a further shortage of salt. The result was the exact opposite effect than the effect desired. The intention was to make salt more available to more people. However, the result will be that salt becomes less available. Besides creating unemployment to those who work for the businesses that have to close, let's look at the various other companies and individuals involved in the eventual distribution of salt to the consumer, besides the salt-mining company.

They are, the miners, the companies that produce the equipment needed for the mining, the companies that transport the salt, and the stores that sell the salt. There are many others. The miners who work for the marginal producers that go out of business also go out of business—they become unemployed. The equipment companies have lost some of their salt-mining customers, so some of them go out of business, so that the remaining equipment companies raise their prices as a result of the reduced competition. The trucking companies have less salt to transport so that they must raise their prices, etc. Historically, the government then proceeds to pass another law, once again, to make salt cheap and available to all. They place a price control upon the price that the trucking company charges. This puts the marginal truckers out of business, thus making transportation of salt less available and thus making salt less available. What happens next is typical. Secret salt-producing companies emerge and sell salt to those people who are willing to pay a higher price just to get the salt. It is called "black market salt." Notice that the "black market" in salt is just the natural, moral free market solution in response to immoral, coercive government action.

This is just a small example of the vital interconnection and interdependence of the various transactions in a society. The law of government coercion states that whenever the government interferes with financial market transactions, the result is the opposite of what was intended, which is commonly known as "the law of unintended consequences." As you can see in our example, the problem doesn't end there unless the original coercive law is repealed immediately. We now have converted a previously harmonious society into a society in conflict.

What would have happened if, in spite of the clamor for the government to do something about the rise in salt prices, the government did nothing? Leaving well enough alone, there would have been a short duration of time when the price of salt was higher than before the disaster. As salt production became more and more profitable again, other salt producers would come into being so that the new competition would once again stabilize the price of salt so that it would become affordable to most people. Problem solved without coercion, without disruption of the entire economic structure of the country, without contention. The

following is an actual historical example of this principle in action:

*In Poland, in 1990, Solidarity leaders who had recently thrown off the yoke of Soviet domination, attempted to convert their nation to a market economy in a matter of months. The Polish finance minister, an economist named Leszek Balcerowicz, introduced free-market reforms and waited anxiously as food prices soared. Advised to monitor a single commodity, Balcerowicz each morning checked the prices of eggs at a local market. Eggs got steeply more expensive for weeks—during which time Balcerowicz was pilloried by a populace that had known only the depressed food prices and the depressed wages of communist rule—but then farmers and merchants, attracted by the higher prices, began making their way in from the countryside to the markets. Prices leveled off by the end of the month and in some areas soon declined. Poland's agonizing period of 17,000-percent hyperinflation ended, and a lasting transition from command-and-control to a market economy was under way. (Excerpt from page 183 of *The Science of Liberty* by Timothy Ferris.)*

In 1848, Fredric Bastiat wrote in *The Law*, that whenever an unjust law is passed, repeal it immediately, or else it will become an accepted part of the system, leading to further injustices and reprisals.

Today we are witnessing the devastating effects of the thousands and thousands of price controls, wage controls, rent controls and other regulations that have passed into law over the past 120 or more years, starting perhaps with the first anti-trust laws. The majority of citizens know nothing about the retrogressive domino effects of price controls and other regulations, so they constantly call for further controls whenever they are dissatisfied with anything. The government representatives, whether or not they are familiar with these retrogressive domino effects, don't care, since their goal is to be re-elected, not to serve justice.

Let's serve economic stability, justice, peace and harmony by calling for the repeal of all of the governmental controls in our lives. Better yet, let's peacefully eliminate the State.

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