

Libertarian Ripoff Of The Month Dept.

A couple of years ago a friend of mine was visiting California for a scholarly conference. There he ran into a fellow who had in his possession a rare copy of an unpublished manuscript of someone on whom my friend was engaged in writing a doctoral dissertation. The fellow told my friend that if he gave him \$30 he would soon ship him a xerox of the manuscript. My friend was highly skeptical, but the call of dissertation — it is always heady and so my friend forked over the \$30, fully expecting that this would be the last he would ever hear of either the \$30 or the manuscript. Much was his astonishment when, a few weeks later, the promised xerox arrived in the mail. My friend was agog. "Jesus," he told me, "that was the first time I ever had business dealings with a libertarian that I wasn't ripped off."

An exaggerated estimate, perhaps: but certainly an understandable one. There used to be a highly naive view widespread in the libertarian movement, that because someone was a libertarian, and therefore respected property rights, that one could always rely on libertarians to be honest and rational in their business dealings. Hah! I daresay that there are few ideological movements in recent times that have been beset by more frauds, shysters, and bunco artists than the libertarian movement. Why this should be so we will try to explore below.

The latest libertarian ripoff is on a massive scale and one that has, furthermore, hit the public headlines. Last fall I began to hear breathless comments about a new "libertarian car" (what the hell, one might have asked, is a libertarian car?) that a formidable, neo-Randian lady was in the process of building in California. The lady was going to set Detroit on its ear. The car was going to be made of some kind of new "Rearden metal", it would be a three-wheeler that would go 70 miles on a gallon of gas, and would sell for less than \$2,000. Wow! And, what's more (nudge, nudge) the lady's company was called "Twentieth Century Motors" (get it?).

The lady — Mrs. G. Elizabeth Carmichael — was indeed a heroine straight out of a Randian novel (albeit a bit earthier.) She gave interviews in which she proclaimed that she gave all the orders and made all the decisions in her company, and that her subordinate executives were simply yes-men carrying out her orders. She held forth with a parody of a Commodore Vanderbilt-Rand speech, announcing that she didn't "give a s - - t about the public", that all she cared about was Liz Carmichael, and for that reason she was going to produce a car, the Dale, that would "knock the hell" out of Detroit. As a *Newsweek* story reported afterwards, "A visitor to her Encino (Calif.) office recalls her as a big, stocky woman, at least 6 feet tall, thrusting out a large, beefy hand with pink nails and saying in a low, husky voice: 'I am a genius.'" (*Newsweek*, Mar. 3, 1975). Plenty of "self-esteem" there! Scorning her subordinate executives, she declared that she had "more b - - s than all of them put together." Yes, truly a tough tycoon in the heroic mould.

Liz Carmichael's financial methods were, to say the least, unorthodox, as she sold shares in her company to "countless" numbers of people. One gimmick that she used: she would take out Situation Wanted ads in the newspapers, and when the applicant applied for a job in Twentieth Century Motors, he wouldn't get the job, but she would manage to sell him shares of stock. (Unorthodox, slightly shady financing. but unorthodox means "heroic" and innovative, right?)

The lady was flying high. Liz Carmichael claimed to have raised \$30 million and swore that she would be producing 88,000 Dales by the end of 1975. But by early 1975, the shades of night began to close in. The highly respected *Road and Track* magazine analyzed the proclaimed car, and subjected it to a withering critique, pointing out, for example, that its supposed 40 h.p. engine was considerably smaller than that of many motorcycles. No wonder it would get 70 miles per gallon! But would it get any speed on the road? More formidably, various arms of the law began to zero in on Twentieth Century Motors. In late January, the firm's P.R. man, an ex-convict, was shot to death by another ex-con employee in the company's offices. Investigations ensued. In early February, top officers of the firm were arrested, charged with conspiring to commit theft by selling dealerships and options based on false claims. Shortly afterward,

a judge placed the company in receivership, and the sheriff of Dallas (where Liz Carmichael had moved the company) went looking for our entrepreneur. Liz skipped town, and there is now a warrant out for her arrest. And no one seems to know how much money was taken in, or where the money is (presumably with Liz Carmichael.) And presumably there isn't any workable car either.

It soon turned out that nobody knew who Liz Carmichael was. The town where she claimed she was born never heard of her, and there was no record of her in the colleges she claimed to have attended. Her social-security number and driver's license turned out to be fakes, and the earliest record anyone had of her was in 1971, when she was wanted for passing a bad check. There also seemed to be no record of the five children that had been living with her.

An even more bizarre note appeared when the police searched Mrs. Carmichael's home, and found a substantial amount of curious clothing: including wigs, a waist cincher, and a crotch suppressor — standard transvestite fare. As a reporter for the *San Francisco Chronicle* wittily concluded: it might turn out that Liz Carmichael's boast that she had more b - - s than all of her male executives put together was the only true statement "she" ever made.

The latest chapter in the Liz Carmichael saga are A.P. dispatches for April 8 and 14. The authorities have now identified and captured "Liz Carmichael" as one Jerry Dean Michael, 47, a federal fugitive since 1962 when he jumped bail on a counterfeiting charge. The Dallas D.A.'s office, furthermore, has charged that no plans ever existed to produce the Dale car.

And so there we have it: the latest "libertarian" ripoff, and a transvestite one at that. I have no idea how many wealthy and not-so-wealthy libertarians invested in this con-game, but knowing the movement and the record of its brief history, I have a strong hunch that the number of libertarian suckers is formidable.

We return to our original question: what is there in the libertarian makeup that makes us patsies for bunco artists (the motivation of the bunco artist himself is, of course, all too clear)? I have an answer that can only be speculative, but it seems to have a good deal of persuasive power. There is in all too many libertarians the Randian-Great Man theory of history, a mind-set that holds that history is constantly being turned upside down by heroic innovators who arrive on the scene out of left field, and proceed to make millions and affect the course of the world. They arrive out of the blue, they invent some sort of "Rearden metal," and presto! the world is changed. Of course, once in a great while such innovators do arrive on the scene. But, in the first place, their inventions and innovations generally take a long while to make their way to fame and fortune. More importantly, for every Thomas Edison there are thousands of crackpot "innovators" whose new inventions don't amount to a hill of beans, or who are frauds, con-men, and ripoff artists. Reciting a list of the Great Men who Made It is terribly misleading if we forget the far more numerous list of the cranks and screwballs who didn't make it. And so, to the general gullibility of the public (best expressed in the immortal P. T. Barnum phrase, "there's a sucker born every minute") we add the Great Man mind-set of libertarians influenced by the Randian world-view.

What we desperately need, therefore, is a healthy skepticism about new and dramatic announcements of great new entrepreneurs that have just arrived on the scene. Particularly should we be skeptical of the luftmenschen with no visible credentials, who suddenly appear out of the blue to announce their great new thing. For there is a profound sense in which the mass of skeptics who grudgingly greet the news of all allegedly great innovations are right; for if it's really going to be a new "Rearden metal", it will eventually make its way in the marketplace. There is no need for libertarians to rush into the field with hooplas everytime somebody announces the greatness of their new invention or discovery. Otherwise, all we accomplish is a tragic waste of all-too-scarce libertarian resources. ■