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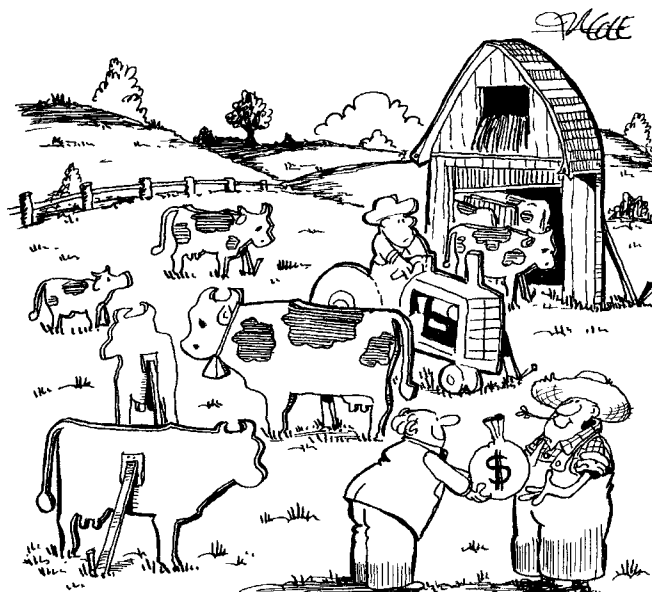
NOVEMBER 1989

## The Federal Agriculture Swamp

BY JAMES BOVARD

American agricultural policy offers many instructive lessons on how to cripple a major sector of the economy. For 60 years, the U.S. government has waged a war against the market. And for 60 years, American taxpayers and consumers have been the biggest losers.

Farm subsidies—roughly \$20 billion a year in federal handouts and \$10 billion more in higher food prices—are the equivalent of giving every full-time farmer two new Mercedes each year. Annual subsidies for each dairy cow in the United States exceed the per capita income of half the population of the world. With the \$260 billion that government and consumers have spent on farm subsidies since 1980, the government could have bought every farm, barn, and tractor in 33 states. The average American head of household worked almost one week a year in 1986 and 1987 simply to pay for welfare for fewer than a million farmers.



THE FARM PROGRAM

The fundamental tool of agricultural policy is the price support. The government sets a price per bushel or pound it will pay for a commodity. Since government guarantees to buy unlimited quantities of a crop at the price support level, farmers will not sell the crop on the mar-

ket at a price lower than they can sell to the government, and the support price thereby becomes the minimum price for any sales of the crop in the United States.

These programs lead the government to pay farmers more than market value for their crops.

CONTINUED ON PAGE THREE

## Civil Rights and the Politics of Theft

BY JOSEPH SOBRAN

In Proudhon's famous maxim, "Property is theft." That seems to be the implicit credo of today's politicians, for whom taking others' property is always justifiable as a form of restitution. No specifiable act of theft has to be proved. It's enough that some are "haves" and others are "have-nots." That crude division places generic guilt, the presumption of tainted gain, on one side, and the presumption of both innocence and compelling need on the other. Let's have no prattle of production, earning, ownership: such terms are masks

for privilege. The State's role is to shift possession from where it is to where it is not, with no apparent limit.

Consider the evolution—the dissolution, really—of the concept of "civil rights." Once it meant the rights of the citizen against the State. Now it means a confused bundle of things that hardly leaves room for the former signification. The current meaning is in fact a near reversal of the old.

When you hear the phrase now, you immediately intuit several things never quite acknowl-

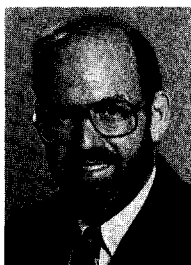
edged by the partisans who invoke it. You know it means favored treatment for blacks (or some other minority) at the expense of everyone else. You know it means an increase in the scope of State power. You know it likewise means a diminution of private freedom, especially in the use of one's own property. You know it's likely to entail a forcible redistribution of wealth.

The first laws passed in the name of civil rights, immediately after the War Between the States, simply made former slaves full

CONTINUED ON PAGE FOUR

# The "Mega- economic" Threat

From the  
President



BY LLEWELLYN H.  
ROCKWELL, JR.

## Writers IN THIS ISSUE

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**B**ig government spends billions of our dollars to tell us how wonderful it is. Too bad the truth-in-advertising laws don't apply, for this is one of the great frauds in American history.

Washington has inflicted appalling taxes, spending, regulation, and inflation on us for more than 75 years. The excuse has been economic stability and social welfare. But the result has been an erratic economy and a poorer people. (Of course, government as an institution is more stable and prosperous, and so are the private interests that live off it, but that is another story.)

The disinterested observer might think it was time to junk federal planning and give the free market a try. But Washington has a better idea. It wants to help run a World State.

In the 1930s, John Maynard Keynes urged the creation of global institutions to bring the benefits of Keynesianism to the entire planet. The International Monetary Fund and the World Bank were two of his offspring, intended to redistribute wealth worldwide through foreign aid and central banking. Keynes didn't achieve his dream, thanks in large part to an American public opinion distrustful of internationalism. But the Keynesians never gave up, and in recent years they've been making unsettling progress.

Under the aegis of the Bank for International Settlements—the self-styled “central bankers’ bank”—banking is now regulated on a global basis. And the Bush administration is pushing for world regulation of the stock, bond, and futures markets. The administration is also promoting—with the other G-7 industrialized nations—international cash controls, international financial police, international tax col-

lution, and a UN treaty to make confidential banking a crime. With Washington's backing, Europe is moving towards One Big Government by 1992, with a European central bank to manipulate the world monetary system in conjunction with the Federal Reserve and the Bank of Japan.

The liberal *New Republic* calls this trend “unipolarism,” although it notes that proponents of world government “now avoid the eerie idea of ‘world federalism’ and espouse instead more subtle sources of order.” The magazine also touts the influential World Policy Institute (WPI)—once honestly named the Institute for World Order—and its advocacy of global central banking, world inflation, and internationally managed trade.

Especially influential, notes *The New Republic*, is David Rockefeller's Trilateral Commission, which advocates a different version of unipolarism: what *TNR* calls “a dominant condominium of capitalist powers ruling the world.” The Trilateralists see military power as a more important tool than does the WPI, but both agree that national sovereignty should, in every meaningful sense, be eliminated.

“Mega-economics,” a term coined by WPI economist Walter Russell Mead, is Keynesian “macroeconomics” raised to a world level, but supposedly emphasizing the “community of nations” instead of the “narrow self-interest of individual nations.”

Economically, of course, this is crazed. The “mega-economics of unipolarism” will fail even more catastrophically than the macroeconomics of multipolarism. The Federal Reserve creates domestic inflation and business cycles; global central banking will give us worldwide monetary depreciation and depressions. Domestic regulation builds cartels at home, which world regulation will transfer to the global

level. And coordinated fiscal expansion will mean more efficient looting of private resources for world politicians, bureaucrats, and special interests.

When the federal government unconstitutionally seized policy making from the states, we lost much of our economic freedoms. If world bodies pick up where the federal government left off, our future will be grim indeed.

Once these global institutions are erected, to whom will they be accountable? How will we influence the “world community”? A grass-roots letter-writing campaign to the G-7 or the World Bank?

We all know how hard it is to make our voices heard at city hall, let alone in the state capital or Washington. A world government would be immune to influence from middle-class taxpayers, which is part of its appeal.

Writing in *Omnipotent Government* in 1944, Ludwig von Mises worried about “the substitution of cooperative intervention of all or many governments for the independent interventionism of every national government.” He pointed out that domestic intervention creates “a class of bounty receivers and a more numerous class of bounty payers.”

“The domestic conflicts engendered by such policies are very serious indeed,” he says. “But in the sphere of international relations they are incomparably more disastrous.” Mises concludes: “It would be difficult to imagine any program whose realization would contribute more to engendering future conflict and wars.”

We in the United States can stop world government. But to do so, we must educate ourselves about the developments now taking place, educate our fellow citizens, and seek to stop the growth of our own big government—and then to roll it back. ◀

# The Federal Agriculture Swamp

CONTINUED FROM PAGE ONE

Farmers respond by producing surpluses, which Congress then creates other programs to dump, distribute, or repress. This is American agricultural policy in a nutshell.

Federal farm policy is a maze of contradictions. By late 1985, the U.S. wheat surplus was large enough to provide 27 loaves of bread to every person in the world. Yet, in the 1985 five-year farm bill, Congress encouraged farmers to produce even larger wheat surpluses by promising farmers crop subsidies far higher than market prices. At the same time the U.S. Department of Agriculture (USDA) paid farmers in 1986-87 to kill almost two million cows to reduce milk supplies, Congress lavishly rewarded other farmers for producing more surplus milk. The result: no decrease in milk production and continued government purchases of over five billion pounds of surplus milk a year.

"Prosperity through organized scarcity" is the core of American farm policy. In 1933, USDA began a temporary emergency program of paying farmers to slash production in order to balance production. In 33 of the last 35 years, the government has paid farmers not to work. In 1988, USDA rewarded farmers for not planting 78 million acres of farmland—equivalent to the entire states of Indiana, Ohio, and much of Illinois. Government shut down some of the best American farmland in an effort to drive up world wheat and corn prices. Set-asides—programs to pay farmers not to work by "setting aside" or idling their cropland—are the opium of American farm policymakers, the annual tribute to the bureaucratic and political delusion that America somehow controls world grain markets.

Supply controls are introduced only after politicians and bureaucrats have mismanaged price controls. Government first

artificially raises the price and then artificially restricts production. The higher Congress drives up the price, the greater the need for government controls on the amount produced.

USDA marketing orders annually force farmers to abandon or squander roughly 50 million lemons, one billion oranges, 100 million pounds of raisins, 70 million pounds of almonds, 7 million pounds of filberts, millions of plums and nectarines, etc. USDA announces each season how much of certain fruits and nuts will be allowed to be sold and how much must be held off the market in order to boost prices. USDA endows cooperatives with the power to effectively outlaw competition and to

**Farm program costs routinely far exceed the farmers' entire profits.**

force farmers to let much of their crop rot or be fed to animals. To preserve federal control of the lemon business, USDA effectively bans new technology that would boost fruit sales and benefit both growers and consumers.

Congress responded to the agricultural recession of the early 1980s with a flood of subsidized capital. In 1985 alone, the government loaned almost a billion dollars to farmers who were already technically bankrupt. The injection of capital into agriculture has aggravated the problem of surplus production and driven up rental costs and land values in many areas. When the government announced a major debt forgiveness program in 1988, there was a fierce backlash from unsubsidized farmers.

Robert A. Dreyer, a farmer in Fenton, Iowa, complained that

the government was "rewarding the poor managers who are also very inefficient farmers." Jerome Berg, another Iowa farmer, complained, "Many of those with debt write-downs are again buying more land and expensive equipment, cars, trucks, and living it up while the rest of us who paid our bills and lived within our means are now expected to help bail them out." The General Accounting Office reported in late 1988 that the Farmers' Home Administration, the agricultural credit agency, has lost \$33 billion.

The federal government attempts to hide some of the damage with lavish export subsidies. In 1986, it paid four times the world price to dump sugar and rice on the world market, and three times the world price to dump butter. In 1987, the United States paid export subsidies equal to 150% of the cow's value in order to dump American dairy cows on world markets. It would have been cheaper simply to shove the cows off the Brooklyn Bridge. The government paid farmers \$4.35 a bushel for wheat in 1986 that was sold to the Soviets for less than \$2 a bushel. In 1988, the United States provided almost a billion dollars in credit to Iraq, thereby making American taxpayers underwrite the Iraqi war machine.

Farm program costs routinely far exceed the farmers' entire profits. For 1986 the wheat program and wheat export subsidies cost \$4 billion; wheat producers' total net cash income was only \$2 billion. In 1986, the rice program cost taxpayers \$2.7 billion while rice producers received only \$236 million in income; the cotton program cost \$2.1 billion while cotton producers net cash income was only \$1.3 billion. The wool program cost taxpayers \$99 million while sheep producers realized only \$13 million in profits from their operations.

The clearest effect of the

CONTINUED ON PAGE EIGHT

# Civil Rights and the Politics of Theft

CONTINUED FROM PAGE ONE



## Fighting for the Free Market

When you help the Ludwig von Mises Institute, you support internationally recognized educational programs dedicated to the free market, sound money, individual liberty, and private property.

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citizens, requiring the states to recognize and protect, among other things, their property rights. This legislation simplified older law, removing an anomaly. It abolished a privileged status for some along with the oppression of others. All in all, it was a civilized and civilizing refinement of what had been a grossly imperfect feature of our way of life. Later civil rights measures forbade states to assign some citizens to an inferior status.

All these things appealed strongly to the Western sense of elementary fairness. But because their actual purpose was to benefit blacks, the term “civil rights” has been retained for rhetorical purposes by those seeking favored treatment for blacks, and by those whose goal is the expansion of State power. So the term “means” blacks now, not by rational definition but by concrete association.

The truth is that every “civil rights measure” advanced since about 1964 has meant an actual reduction in civil rights (including the civil rights of blacks) in the old sense of the term. Whites, who gain nothing and lose much by these measures, sense this more keenly than blacks, who stand to gain materially by the new measures. But it’s hopeless to say so, because of the prevalence of usage and the confusion it has bred. Anyone who opposes the new State-sponsored privileges stands to be accused of being “against” civil rights.

Gone are the days when liberals spoke hopefully of a “color-blind society,” to be ushered in by civil rights acts. The tendentious twisting of civil rights rhetoric has made us a color-obsessed society. The only rule of the game is that no claim made in the name of civil rights is to be denied. We’ve long since forgotten the assurances of liberals like Senator Hubert Humphrey that the new civil rights laws would equally forbid discrimination

against whites. Anti-white discrimination is what “civil rights” has come to signify. “Racial justice” means group claims, never mind what these do to more basic considerations of individual justice.

Consider “affirmative action,” which in practice amounts to compulsory discrimination in the name of civil rights. (Liberalism has only banned *voluntary* discrimination.) The argument for it is that it’s an attempt to right a historical wrong. We aren’t given a clue as to when the wrong will finally be righted, any more than we are told when the redistribution of wealth will finally achieve “fairness.” All we know is that the State has crudely awarded all blacks, as such, “accredited victim status” (we owe this fine formula to John Murray Cuddihy). In any contest of claims, the black enjoys automatic preference over the white. The burden of proof in discrimination cases has shifted from the prosecutor to the defendant, who has to establish his own good motives.

Categories of accredited victimhood have also expanded to embrace other racial minorities, all women, handicapped people, and in some cases homosexuals. This is the short list, but it’s enough to suggest that an organized lobby helps in acquiring accreditation among the officially oppressed. You have to have a lot of clout to be a victim.

When an act is wrong, the normal legislative response is to outlaw it, not to redirect its evil. We prohibit murder; we don’t stipulate that the descendants of murder victims may correct some abstract balance by killing the descendants of murderers, or those of the same general gene pool as murderers. Advocates of affirmative action imply by their position that they have no strong objection to racial discrimination as such. Their goal is not justice but tribal revenge. Their campaign goes beyond *ex post facto*

law, since it imposes penalties for actions, legal in their own time, on people who didn’t commit them, and hadn’t even been born when they were committed.

Liberals in Congress have recently prevented the U.S. Civil Rights Commission from investigating police violence against anti-abortion protesters. This intervention shows that civil rights activists and their political patrons don’t even want their own laws applied impartially. Those laws are intended to serve as the proprietary weapons of a certain lobby, and the use of those weapons to protect others is to be blocked.

The case also shows that politicians don’t see themselves as serving the general public, but a narrow clientele of special interests. But it wouldn’t do to put it so baldly, so the clients who seek privileged status can only do so by claiming a victim status that makes the bid for power appear as a mere plea for equality.

Such client groups are likely to be far better informed about a congressman’s doings than his own constituency. They may provide him with generous support from outside his district, support which, combined with all the advantages of incumbency, may give him overwhelming strength at election time against any challenger, who would have a hard enough time winning if the race were conducted entirely within the district itself.

Politics is big business now, and a smart politician quickly learns which “victims” are worth cultivating. In the House of Representatives, incumbents are re-elected at a rate of about 98%. The pursuit of liberal causes also gives a congressman moral immunity from hostile scrutiny by the press and electronic media, which see nothing amiss in special favors for accredited victimhood.

The politics of victimhood is

CONTINUED ON PAGE EIGHT

# The Vanishing Spectre of Communism

BY DOUG BANDOW

**N**ine years ago Ronald Reagan based his presidential campaign not only on a pledge to shrink government spending, but also on a promise to expand the Pentagon. For, in Reagan's view, only a massive military build-up could counter the threat posed by the "evil empire" of Soviet communism.

Evil it was, and remains, but in retrospect we can see that the threat was already fading, though few in the United States or probably even the Soviet Union then realized it. For four decades the U.S.S.R. had been the foe used to justify the most draconian of measures to suppress Americans' liberties—crushing taxation for an increasingly inept military-industrial alliance, conscription, restrictions on free speech, and government secrecy laws.

But now the spectre of totalitarianism on the march—the excuse for the most execrable of Washington's conduct—has largely disappeared.

Just a few short years ago—indeed, weeks ago in some instances—today's world would have been impossible to even imagine. Consider:

►Hungary tears down its Iron Curtain with Austria, presenting at first a snippet of barbed wire to the visiting president of the United States, then later offering full passage. Tens of thousands of East Germans travel through Czechoslovakia to Hungary and hence to freedom; the human flood sets off tremors in East Germany's Stalinist leadership, which finds itself, 28 years after constructing the Berlin Wall, again losing its most skilled workers and vibrant intellectuals.

►One million citizens of the Baltic republics of Estonia, Latvia, and Lithuania join hands to sorrowfully commemorate the 50th anniversary of the Hitler-Stalin pact. Local Communist

Party leaders demand independence from the U.S.S.R. Moscow responds, but not by shooting or even arresting anyone; instead, it drafts a "tough" statement.

►The country in which one man, Joseph Stalin, amassed unchallengeable power and consigned millions of people to their deaths, holds elections in which a greater percentage of party officials than members of the U.S. Congress are defeated. A Politburo member and a score of important regional officials are humiliated; a lieutenant colonel advocating a volunteer military defeats a leading general. Andrei Sakharov sits in the new legislative body.

►Vladimir Ilyich Lenin, the

decades, dumps him as leader in 1988 and drops him as honorary chairman early this year. The government then reburies Imre Nagy, the patriotic communist who resisted Soviet aggression during the 1956 revolution. Multi-party elections are planned for 1990 in which the Communist Party faces almost certain defeat.

►Communist leaders throughout Eastern Europe begin talking about the importance of economic reform. Formerly unthinkable proposals include denationalizing industries, freeing prices, making currencies convertible, and abandoning virtually every other socialist dogma.

►Czechoslovakia continues to resist meaningful political

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secular icon of the Soviet state, starts coming under criticism. Some people suggest that his body be removed from its mausoleum and buried. Academics publicly suggest that Stalin's terror was a natural outgrowth of Lenin's policies.

►Alexander Solzhenitsyn's *Gulag Archipelago* is serialized by a Soviet magazine.

►Poland inaugurates a non-communist government. An intellectual who was jailed under martial law in 1981 becomes premier, and labor union leaders declare that they want to restore capitalism.

►The Communist Party of Hungary, run by Soviet-stooge Janos Kadar for more than three

change, but dissidents grow bolder and the population becomes more restive. The government stops jamming Voice of America and Radio Free Europe broadcasts, and both Poland and Hungary condemn the 1968 Warsaw Pact invasion that stifled the nation's home-grown reform movement.

►Hundreds of thousands of Chinese students, with the support of intellectuals and many workers, humiliate the government with demonstrations across the country. Though hardliners ruthlessly suppress the protests, people sneer at the government's attempt to reimpose ideological indoctrination. Once the ancient

CONTINUED ON PAGE SIX

# The Vanishing Spectre of Communism

CONTINUED FROM PAGE FIVE

veterans of the revolution die, further upheavals, and dramatic changes, seem likely.

The totalitarian structure imposed by the Red Army can no longer hold back people's freedom impulse in the Eastern bloc. And the repressive system built upon the rubble of the Czarist empire is itself imploding. There, too, when given a choice, people—with no democratic tradition, not one prior opportunity to freely express their opinions—joyously go to the polls to unseat thugs and assorted party hacks.

Almost as satisfying is the disarray spreading through the American left. As long as the U.S.S.R. claimed it was building a better world, leftists could delude themselves that they had found "the future." If sometimes they had to shift utopias—going from the Soviet Union to China to Cuba to Vietnam to Nicaragua, etc.—there was always yet another nation where they could look for true socialism. What, however, can they say when virtually every member of the Communist Party leadership—other than in such depressing, cultish states as Rumania, North Korea, Cuba, and Albania—admits that its system has failed?

Poor U.S. Communist Party Chairman Gus Hall now argues that "much of the Soviet mass media is not pro-socialist" since it

spreads "falsehoods and slander about socialism" and paints a "false fairy-tale picture about capitalism." Former Institute for Policy Studies staffer Michael Parenti warns that decrepit Eastern Europe's move towards capitalism could result in, yes, a lower standard of living and "rationing of the kind that occurs in this country, by the market."

But it is not enough to luxuriate in the spread of freedom. We should encourage the spread of this good virus to hasten the collapse of what remains of the communist relic around the world. The most obvious means of doing so is to continue spreading the ideas of liberty. The collapse of communism reflects the ideological triumph of the Western conception of human rights as well as the practical triumph of Western market economies. In countries such as China, it is the idea of liberty, buttressed by the successful model of America and allied countries, that has stolen the younger generation away from Marxism.

The United States should also issue the sort of policy challenges that will spur change within Eastern Europe and the Soviet Union. President Bush could suggest, for example, that Moscow end conscription. In return, the United States would drop draft registration and all "national-service" schemes.

America's allies, such as Germany, would also abandon their systems of forced military service.

The U.S. government should not, however, flood Poland and Hungary, or any other reforming communist country, with aid. If foreign aid worked, Tanzania, Bangladesh, Egypt, and a host of other poor states would be rich today; if access to vast amounts of foreign credit guaranteed economic success, Brazil, Mexico, and Argentina, rather than Japan, would be economic powerhouses. Only drastic policy reform can restore economic health to communist states, and American aid would only reduce the pressure for meaningful change. *Socialist economics*, as well as communist politics, must be allowed to collapse.

A century ago collectivism effectively supplanted classical liberalism as the dominant ideology of the West; statism naturally infused the scores of new nations formed around the globe since then. But the competition between capitalism and communism is now over, and no one, aside from Gus Hall and a dispirited remnant on the socialist left, has any doubt as to which is the winner. It's time for modern classical liberals to celebrate—and then to work even harder to help shape a new, free, social order. ◀

## Publications of the Month

**W**e value free and open debate in this country, so why is there so little of it in Washington, D.C.? Too often Washington opinion only *seems* divided. Should we spend \$2 billion on a new program or \$3 billion? Should we ban some guns or all guns? Should the IMF have more or less power than the World Bank? The free-market solution isn't one of the choices,

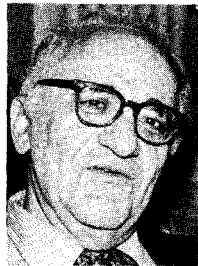
which is exactly the way the government wants to keep it.

But the Mises Institute wants to bust up the disinformation cartel. Consider the policy papers from two of our recent Washington seminars. First is "Monetary and Banking Reform: Constitutional Restraints or Supranational Authority?" by Edwin J. Vieira. Dr. Vieira, a Constitutional lawyer, warns that the Bush administration is leading us towards a World Central Bank. And you'll be intrigued by his argument for a more careful

look at the U.S. Constitution's monetary clauses.

The second is "Assault Rifles, Drug Czars, and the Political Economy of Gun Control," by Stephen P. Halbrook. Dr. Halbrook, one of the foremost experts on the 2nd Amendment, chastizes drug czar and gun controller William Bennett, and sets him straight with colonial history, impeccable logic, and sound economics. Both papers are available this month for \$10, which includes U.S. postage and handling. ◀

# Are Savings Too Low?



BY MURRAY N. ROTHBARD

One strong recent trend among economists, businessmen, and politicians, has been to lament the amount of savings and investment in the United States as being far too low. It is pointed out that the American percentage of savings to national income is far lower than among the West Germans, or among our feared competitors, the Japanese. Recently, Secretary of the Treasury Nicholas Brady sternly warned of the low savings and investment levels in the United States.

This sort of argument should be considered on many levels. First, and least important, the statistics are usually manipulated to exaggerate the extent of the problem. Thus, the scariest figures (e.g., U.S. savings as only 1.5% of national income) only mention *personal* savings, and omit business savings; also, capital gains are almost always omitted as a source of savings and investment.

But these are minor matters. The most vital question is: even conceding that U.S. savings are 1.5% of national income and Japanese savings are 15%, *what*, if anything, is the proper amount or percentage of savings?

Consumers voluntarily decide to divide their income into spending on consumer goods, as against saving and investment for future income. If Mr. Jones invests X percent of his income for future use, by what standard, either moral or economic, does some outside person denounce him for being wrong or immoral for not investing X+1 percent? Everyone knows that if he consumes less now, and saves and invests more, he will be able to earn a higher income at some point in the future. But which he chooses depends on the rate of his time preferences: how much he prefers consuming now to consuming later. Since everyone

makes this decision on the basis of his own life, his particular situation, and his own value-scales, to denounce his decision requires some extra-individual criterion, some criterion outside the person with which to override his preferences.

That criterion *cannot* be economic, since what is efficient and economic can only be decided within a frame-work of voluntary decisions made by individuals. For the criterion to be moral would be extraordinarily shaky, since moral truths, like economic laws, are not quantitative but qualitative. Moral laws, such as "thou shalt not kill" or "thou shalt not steal," are qualitative; there is no moral law which says that "thou shalt not steal more than

All government taxation and spending diminish savings.

62% of the time." So, if people are being exhorted to save more and consume less as a moral doctrine, the moralist is required to come up with some quantitative optimum, such as: *when* specifically, is saving too low, and *when* is it too high? Vague exhortations to save more make little moral or economic sense.

But the lamenters *do* have an important point. For there are an enormous number of government measures which cripple and greatly lower savings, and add to consumption in society. In many ways, government steps in, employs many instruments of coercion, and skews the voluntary choices of society away from saving and investment and toward consumption.

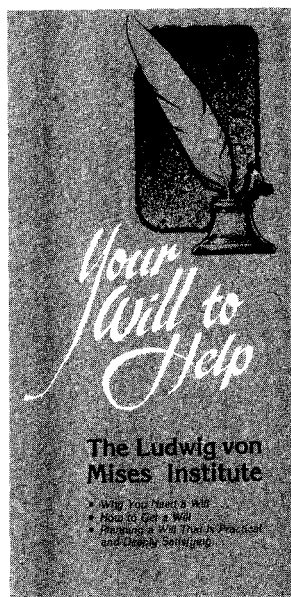
Our complainers about saving

don't always say what, beyond exhortation, they think should be done about the situation. Left-liberals call for more governmental "investment" or higher taxes so as to reduce the government deficit, which they assert is "dis-saving." But one thing which the government *can* legitimately do is simply get rid of its own coercive influence in favor of consumption and against saving and investment. In this way, the voluntary time-preferences and choices of individuals would be liberated, instead of overridden, by government.

The Bush administration has begun to propose eliminating some of the coercive anti-saving measures that had been imposed by the so-called Tax Reform Act of 1986. One was the abolition of tax-deduction for IRAs, which wiped out an important category of middle-class saving and investment; another was the steep increase in the capital gains tax, which is a confiscation of savings, and—to the extent that capital gains are not indexed for inflation—a direct confiscation of accumulated wealth.

But this is only the tip of the iceberg. To say that only government *deficits* are "dissaving" is to imply that higher taxes increase social savings and investment. Actually, while the national income statistics assume that all government spending except welfare payments are "investment," the truth is precisely the opposite.

All business spending is investment because it goes toward increasing the production of goods that will eventually be sold to consumers. But *government* spending is simply consumer spending for the benefit of the income, and for the whims and values, of government's politicians and bureaucrats. Taxation and government spending siphon social resources *away* from productive consumers who



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# The Federal Agriculture Swamp

CONTINUED FROM PAGE THREE

USDA in the 1980s is to decrease the productivity of American agriculture. USDA does not reward farmers for improving their efficiency but for playing by the government's rules. Every farm bailout has discouraged farmers from maximizing their productivity and efficiency. Costs of production always tend to rise to the government guaranteed price, thereby making American agriculture appear less competitive internationally than it otherwise would be. And politicians respond with more subsidies and protective barriers.

The history of modern agricultural policy, both in the United States and elsewhere, is largely the history of a political struggle against changes in relative prices. Wheat, corn, oats, and cotton prices have been grad-

ually declining in real terms for over 200 years, and have nosedived in comparison to units of labor required to purchase them. Prices have declined largely because of the invention of tractors, new seed varieties, powerful fertilizers, etc. Yet politicians perennially proclaim that because wheat prices are lower now than they were 10, 20, or 30 years ago, this proves that society is treating farmers unfairly and that farmers deserve recompense. Each decade, as prices trend downwards, politicians and farm lobbyists have warned that farm production is no longer profitable and that society will soon have a severe food shortage unless immediate action is taken to raise prices. Yet, in every decade farmers have produced more.

The key to understanding

American agricultural policy is to realize that the vast majority of the 400 farm products produced in America receive no federal handouts. There is no fundamental difference between subsidized and unsubsidized crops—only a difference in campaign contributions to congressmen by different farm lobbies. (Not that congressmen are the only problem. President Reagan went from preaching about the “miracle of the marketplace” in 1981 to bragging in 1986 that his administration had given more handouts to farmers than any in history.)

The only solution to the “farm problem” is to abolish federal farm programs. It is a crime for government to provide any handout to any businessman, and for politicians to molest the economy for their own personal profit. ◀

## Civil Rights and the Politics of Theft

CONTINUED FROM PAGE FOUR

is only a new guise for the perennial politics of favoritism, with which it meshes conveniently. A number of liberal congressmen have turned up among those who were abetting the use of funds from HUD to feather some posh private nests. The two leading Democrats in the House, liberals both, have been forced to resign because of their unseemly closeness to Wall Street and the sav-

ings and loan industry.

Even the cynical observer of Congress may be surprised at how easily the sweeping powers of the humanitarian State may be diverted to the rescue of the needy banker. But compassion knows no bounds, not when it's funded with other people's money and armed with a mandate to spotlight all the ills of society.

The power to tax and spend

has no limit. All it needs is a respectable cover. This is what humanitarian rhetoric provides. “Civil rights” has created a bloc of interests that can be augmented indefinitely. By helping destroy constitutional and other principled limits on government action, it serves as an opening wedge for the formless, limitless power we know too well. Politics, you might say, is theft. ◀

## Are Savings Too Low?

CONTINUED FROM PAGE SEVEN

earn the money they receive, and away from these consumers' private consumption and saving, and toward consumption expenditure by unproductive politicians, bureaucrats, and their followers and subsidies.

Yes, there is certainly too little saving and investment in the United States, as a result of which the U.S. standard of living per person is scarcely higher than it was in the early 1970s. But the problem is not that individuals

and families are somehow failing their responsibilities by consuming too much and saving too little, as most of the complainers contend. The problem is not in ourselves the American public, but in our overlords.

All government taxation and spending diminishes saving and consumption by genuine producers, for the benefit of a parasitic burden of consumption spending by non-producers. Restoring tax deductions and

repealing—not just lowering—the capital gains tax, would be most welcome, but they would only scratch the surface.

What is really needed is a drastic reduction of all government taxation and spending, state, local, and federal, across the board. The lifting of that enormous parasitic burden would bring about great increases in the standard of living of all productive Americans, in the short-run as well as in the future. ◀

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