

## Article Section

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## HOW TO END RECESSIONS

### Reduced Taxes: The Key to Prosperity

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**I**T SHOULD BE evident that the only way to cut the Budget is to reduce taxes. Government has a built-in propensity for spending all that it can collect, and cannot correct this internal defect in its make-up by an exercise of will; the restraint must come from without. The spigot must be turned off by the taxpayers.

Last year President Eisenhower's \$72 billion Budget so astounded the American people that Washington was inundated with letters of protest. Did this spontaneous expression of public opinion cause the Budget to be cut? Not substantially. Some commendable cuts were made, but far too many "reductions" were simply the result of bookkeeping juggling. Congress slashed several billions from the amount asked by the President, but the bureaucrats went on spending in their usual carefree manner—counting on "supplemental appropriations" to meet any expenses exceeding their allotted portion of the Budget as voted by the legislators.

This year, thanks to the Sputnik "emergency," the President made bold to ask for \$2 billion more than he did last year, and the country, frightened by the prospect of national destruction and trusting (as it must) to the competence of its leaders to set up an adequate defense, has refrained from protesting. After all, if our very existence is at stake shall we count the cost of survival? And even if the leaders have shown incompetence in military matters, is there anybody else to whom we can turn? Maybe if we give them enough money to experiment with, they might come up with the missiles and things that will keep the enemy from our doors.

But then the new Budget is by no means purely military; it contains as many "welfare-as-usual" items as the one which exasperated the Nation last year. And the poor citizen, the taxpayer, begins to wonder: if the country is in danger of destruction, as we are told, why should the Government bother about farm relief, foreign aid, housing subsidies and all the other costly experiments in social planning?

Surely, when the very existence of the Nation is in jeopardy, we can dispense with such luxuries.

It is not surprising that at this point the citizen, guided only by his common sense, asks himself the pertinent question: what kind of Government do we really have? He is under the impression, having read about it somewhere, that his Government is republican in form, deriving its powers from the consent of the governed, and he expects that his representatives will pay some attention to the will of the people. The Budgets of the last two years, however, seem to refute this idea.

The fact is—as the events of the last 30 years have shown, and as the budgetary controversy has demonstrated—that by some subtle alchemy our Government has been transmogrified into an oligarchy, an oligarchy of bureaucrats. It is this body that actually determines how our money is to be spent (and, therefore, the character of the Government). In order to understand, or to try to understand, the incongruities of the President's Budget and the tendency of the Government toward profligacy, we must give some thought to the composition of the bureaucrat.

**I**N THE FIRST place, the bureaucrat is a person, just like the rest of us. He too is bent on getting the most out of life with the least expenditure of toil. He differs from those of us who live by laboring in that he has chosen as his method for improving his circumstances a course completely removed from production. His haven is the public payroll.

Bureaucrats are of two kinds. One kind consists of those who might have made good in the market place, or have left the market place of their own choice, being attracted by the glamor that surrounds public office; that's a form of compensation, too. But these are a comparatively small, though important, part of the bureaucracy. The vast majority consists of those

who fear the competitive conditions of the market place and find an escape in Government service. A composite of the rank and file in the bureaucracy can be described as a person who has gone to college and taken a "major" in economics and a "minor" in sociology or political science, or vice versa. He has read books. He is therefore well-equipped for the job of handling figures, writing words, spinning phrases and chopping logic. He knows nothing else, but what he knows he knows all too well. His training and his natural inclination make him expert at writing laws, at digging up statistics and arguments in support of these laws, at interpreting and administering laws, at carrying on the effective business of Government.

The bureaucrat thrives by laws. Each piece of legislation calls for an administrative agency, for no law is self-implementing, and in practical terms that means additional prerogatives and perquisites for administrators. The proliferation of laws not only results in a proliferation of jobs and emoluments, but also in the enhancement of the importance of the bureaucracy. For, as the legislative maze becomes more complicated, the bureaucrat becomes indispensable as a guide, and the elected official — the Congressman or the President — must lean more and more upon him.

It is simply impossible for the Congressman, whose main occupation is of necessity that of getting himself re-elected, to study and form independent judgment on all the bills that come up for vote, and without the helping and willing hand of the bureaucrat he would be lost. The President, who is the titular head of all the bureaucrats, must, by force of circumstances, become their mere mouthpiece. As a result, the real or effective Government of the country is the oligarchy of bureaucrats, spawned by laws.

Obviously, the self-interest of the bureaucrat inclines him to "reforms." Many, of course, get into Government with the idea of changing society or improving the common welfare, according to a formula learned at college, but even one who enters the service only for the need of a job must in time acquire a sense of mission. It is an occupational disease. A Government jobholder can hardly escape the collectivistic complex, quite without any acquaintance with Karl Marx. The pressures urging

him to an affinity for Big Government were well described by a reformed civil servant, writing in HUMAN EVENTS for January 20, 1958 ("Confessions of a Bureaucrat," by Potomacus).

IT IS THAT type of person with whom we are dealing when we consider the character or size of the Budget. His "profit motive" impels him to resist any attempt at parsimony and to use all his craft to effect expansion. The bigger the Budget the better for the bureaucracy. And since the Budget in the first place is made up of requests for appropriations from these self-same bureaucrats, it is a certainty that their estimates will be liberal; economy-mindedness is not in their line. The prerogatives and emoluments of every departmental chief are determined by the number of lieutenants he needs, according to his own judgment, for the job at hand, and each lieutenant in turn is as big as the staff he heads.

Is it any wonder that these administrators of the law, these managers of the Governmental machinery, are always able to prove beyond the peradventure of a doubt that the amount they ask for is the rock-bottom for efficient exercise of their duties? Can the elected representatives, completely unacquainted with the details of the operations of the departments their own laws have created, successfully contend with these insiders? The bureaucrat is tops at dialectic.

Right now the bureaucrats are spinning a new argument in justification of the monstrous Budget, with all its socialistic fringes. The Budget was being framed at the time Sputnik was sending its frightening beep-beep down to earth, and no one doubted that "defense" would be its motif. Since then, a new "emergency" has arisen; it is the threat of a recession or a depression or whatever the wise ones choose to call the present reluctance or inability of the consumer to buy things. This is a condition none of us likes any more than the threat of national destruction. So, it is being bruited about that the spending advocated — not only for missiles but also for all the other things — will do more than give us national security; it will also give us national prosperity.

Shades of Franklin D. Roosevelt! A quarter of a century since he propounded the "pump-priming" notion, it is being seriously advanced by a new set of doctors. Of course, the billions

FDR spent on boondoggling did not pull us out of the depression, and the billions it is now proposed to spend on similar ventures will not correct the current drop in our economy. Government spending cannot effect prosperity. Yet, because the assertion is being made in high circles, we must pay some attention to the idiotic idea.

What is prosperity? It is merely an abundance of things in the market place. If I have a lot of onions, more than I want, and you have more shoes than you care to wear, we swap our excesses and both of us are richer by the exchange. If the swap is effected through the medium of money, if the operation entails the service of common carriers, banks, insurance companies, retail stores, the result is the same: I have the shoes I wanted and you have added onions to your menu. And that is all there is to prosperity — an abundance of goods and services, things we want and are willing to pay for.

The only way prosperity can be achieved is by labor, labor of all kinds. Money is of assistance in facilitating the exchange of the products of labor, but in itself it is not the cause of products. Not a single onion, not even a shoe lace, is brought into being by an abundance of money.

The theory that Government spending can produce prosperity rests on the assumption that the money it thus spreads around will make us all buyers, that we will all demand shoes and onions and the makers thereof will go to work to satisfy the "effective demand."

But, the Government did not make any onions or shoes when it bought, with our money, a tractor for the bushmen of Australia. It caused something to be made for which we have no use, and which we would not buy if we had any choice in the matter. Certainly, the bureaucrat has money with which to order shoes, and when the cobbler accepts this money for his product he confidently expects that it will fetch him a peck of onions; but the bureaucrat did not produce onions and so the cobbler is cheated; he gave up his product and got nothing but money in return.

**W**HY DOES NOT the Government produce onions and shoes? Simply because it has no competence for production of any kind. Government is a social instrument for keeping the peace among producers, and its only equip-

ment for that job is power, power to make people do or not do certain things. It controls human behavior, which is quite a different operation from producing things people want.

The Government, to boot, has a monopoly of making money. Therefore, when the cobbler grumbles because his shoes do not bring him onions, the Government seeks to assuage the poor fellow by giving him brand new money, just printed. The cobbler, accustomed to equating money with wealth, feels quite elated with his new acquisition of counterfeit money. But still, there are no onions to buy, because the Government has absorbed, through its power to tax, most of the available onions and turned them into things the cobbler does not want, like aid to Timbaktu. What's more, he finds that because of the abundance of printed money around he has to pay an unconscionable amount of shoes for the few onions the Government has not taken. That's inflation.

Our illustration is quite pertinent at this time, because President Eisenhower has told us that if business does not revive soon he may find it necessary to give it the "needle." From the context of his announcement we learn that the "needle" is an increase in the national debt. An increase in the national debt means the issuance of bonds, which — despite all the language with which the act is clothed — is nothing but the printing of more money, or counterfeiting. In effect, the President has told us that the boondoggling contemplated in the Budget will come to pass and, if taxes are not sufficient to cover the cost, he will order the printing presses to make up the deficiency. Onions will cost more. But there will be no prosperity.

What, in these circumstances, are we — the butchers, bakers and candlestick makers — to do? What do we want? We want national security, to be sure, and we want prosperity. As for security, we recognize it as an irredeemable cost and are willing to meet it; but the notion that it is an investment from which we might draw dividends in the way of prosperity is sheer hogwash.

As for prosperity, quite without reference to economics textbooks, we know exactly what it is and how to get it. Beginning with the basic premise that prosperity is nothing but an abundance of desirable things, we ask that we be allowed to keep more of the desirable things we



produce as butchers, bakers and candlestick makers. We want our property. With that we will make our own prosperity, since nobody else can make it for us.

That is, we want a cut in taxes. Last year we were foolish enough to set ourselves up as experts in Government; we wrote our Congressmen that we wanted the Government to get out of the farm-support business, the foreign-aid business, the education business, the banking business or whatnot. We were presumptuous and we failed.

**T**HIS YEAR we should leave the management of Government to those who have made a career of it — what else can we do? — and confine ourselves to demanding that we be allowed to make prosperity, a field in which we have historically shown ourselves to be experts and in which the bureaucrats are, by their choice of occupation, demonstrable failures. We want a cut in taxes. If this should result in the dropping of a number of timeservers from the payroll, if it necessitates the closing up of a department or two, if it results in discontinuing some socialist experiments, we will applaud — but that is not our principal interest. The management of public affairs is not in our line.

Granted that the Government as a whole is the oligarchy of bureaucrats, quite beyond our reach, the constitutional fact remains that our elected representatives are still in control of the tax machinery. They and they alone can decide how much we shall be taxed. And since they are beholden to us for the offices they hold, we must make it plain to them that re-election is dependent on their giving us some relief from the yoke we bear. We must tell them in unmistakable terms that the price of their tenure is tax relief. The relief may come by way of a raising of the income tax exemptions, or a lowering of the rates, or the dropping of corporate levies or some reduction in excise taxes; whatever we save from the clutches of the bureaucrats will be put to good use. Maybe the prosperity we create with our own property will increase the “take” of the bureaucrats next year, since all taxes come out of prosperity; nevertheless, some of this increased productivity will remain in our hands, to be enjoyed as we see fit.

And so the sensible thing for us to do is to write our Congressmen that we want a cut in taxes. We should do so right now, and we should continue writing throughout this session. We should write, write, write; and the theme song of all our letters should be cut, cut, cut.