

EDITORIAL

THE SHORT, UNHAPPY LIFE OF REAGANOMICS

With scarcely a month of its new economic policy in effect, the Reagan administration appears ready to end it. The emphasis on tax cuts is replaced with the need for "revenue enhancement," the fashionable euphemism for more taxes. The commitment to a balanced budget is already frayed to a Keynesian shred by budgeteers like Stockman and erstwhile supply-side legislators like Kemp. The President himself pronounces the onset of depression while his economic pundits foretell hard times as gladly as if it were an augur of the millenium. How quickly vanish the dreams of yestermoth.

The rapid abandonment of the economic theory proclaimed by the administration is perhaps a fair indication of its lack of depth and staying power. There had never been any demonstration that supply-side economics works or that indeed it is a fully developed theory at all. To the extent that market forces are acknowledged as the major factors in economic behavior, there is no distinction between Laffer et al. and classical liberal economics. But even Adam Smith (the original, not the pseudonymous best-selling author) could distinguish between the free market in goods and the monopoly exercised over land and natural resources. Although Laffer has said some very nice things about Henry George, and even Milton Friedman has called the tax on land "the least bad of all the taxes," the fundamental basis of Georgist economics remains ignored or misunderstood, even by them.

More distressing than the response of economic theorists--after all, George himself never made it into their ranks in his own lifetime--is the revelation of this administration's goals, to the extent any may be discerned. It is not the free market that impels policy but big corporate business. It is not increased production or productivity that motivates the new Washington, but faster acquisition and exploitation of more resources. It is not less public spending and more goods in the hands of the people but less national spending on human services and needs, and more on the military, the one area in which big business is dependent on one customer, big government.

Anyone who saw in Reaganomics a glimmer of hope for more freedom, less government and a real advance for enterprise and the individual must by now concede the delusion. The rhetoric may be economic liberty but the reality is a concentration of resources, privilege and power unparalleled in recent history.

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