

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

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Friday, March 27, 2005

A REPRINT FROM A PIECE PUBLISHED OCTOBER 27, 1999

SOME OLD, DEAD GUYS REFLECT ON MODERN POLITICS

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Several years ago, a friend kiddingly told me that he had just finished reading my latest piece and had noted that, once again, there was “not an original thought in it,” that it was filled with the ideas of other people, most of whom were long dead. My response was that “anyone who thinks he or she has had an original thought hasn’t read enough.”

I have thought about this exchange several times in the past few weeks as I have watched the on-going tax and budget debates in Congress and listened to numerous politicians who are running for election describe their views on government’s role in society.

During this process, it occurred to me that all of the concerns on Capitol Hill have been previously addressed by men smarter than I. The reason is that whenever one of these politicians says something that catches my attention and I decide to write about it, I find that as I read up on the issue, someone else has already said what I would like to say, often many years ago, and in virtually every case, has said it better than I could. So this week, I thought I’d write another one of my articles with no original thoughts in it, relying instead on a few old, dead guys for insights into some current hot political topics.

I’ll begin with an issue that I find fascinating, namely “W’s” insistence that he is a something called a “compassionate conservative.” Like many conservatives, I find this assertion offensive. If he really believes that traditional conservatism is not compassionate then he is, in my opinion, politically stupid, and shouldn’t get a single conservative vote. If he knows better, but is using the phrase simply to cater to voters who are politically stupid, then I think he should knock it off and use his access to the media to educate them.

In any case, as I read through some files in preparation to write about this issue, I came upon a lot of old dead guys who made strong cases that liberalism’s claim to great compassion is, more

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often than not, either a cloak for a bold grab for political power or an argument for some misguided utopian scheme that, in the long run, would do more harm than good.

Interestingly, I also found a surprising number of liberal Democrats who supported Clinton's plea to "end welfare as we know it" a few years ago because they subscribed to the long-held conservative argument that making people dependent on the government for their subsistence isn't compassionate, but cruel and socially destructive.

But I settled on the thoughts of Frederic Bastiat (and a surprise entry who will be revealed later), whose words on compassionate conservatism speak as loudly today as they did when he wrote them in 1848.

Bastiat was an intellectual, a politician, and an economist. He lived in France from 1801 to 1850. This was a turbulent time, when intellectual, political, and economic discussion was dominated by the views of such larger-than-life men of the left as Gracchus Babeuf, Philippe Buonarrotti, Saint-Simon, Charles Fourier, Pierre Proudhon, Louis Blanc, Etienne Cabet. It was a time of revolution and insurrection, spawned, along with socialism itself, in such secret organizations as the Society of the Seasons by such rabid radicals as Louis Blanqui, Armand Barbes, and Martin Bernard. It was a time when economic thought was dominated by the horrors of the industrial revolution in England, which seemed to most economists of the day to demand a radical, revolutionary response.

Yet Bastiat remained, throughout the social, political, and economic turmoil that surrounded him, what we would today call a conservative, never wavering from his firm conviction that socialism would deny the very benefits it promised, namely liberty, equality, and fraternity. Among his most famous insights was that the greatest single threat to liberty was government. He wrote countless articles and books, including the only intentionally humorous economics book I have ever encountered, entitled *Economic Sophisms*.

With that said, here's what he had to say about compassionate conservatism in an essay entitled "Justice and Fraternity," which was first published in the *Journal des Economistes*, and is now made available by The Foundation for Economic Education in Irvington-On-Hudson, New York. Keep in mind while reading these thoughts that "fraternity" was Bastiat's word for what liberals (he called them socialists) today call "compassion." The paragraphs are lifted from a much longer text and are not necessarily in order. Would that "W" understood today what Bastiat knew 150 years ago.

[Every socialist] has a plan designed to make mankind happy, and they all have the air of saying that if we oppose them, it is because we fear either for our property or for other social advantages. No; we oppose them because we consider their ideas to be false, because we believe their proposals to be as naive as they are disastrous. If we could be shown that happiness could be brought forever down to earth by an artificial social organization, or by decreeing fraternity, there are some among us, even though we are economists, who would gladly sign that decree with the last drop of their blood.

We too, believe us, are filled with fervent emotion when we hear the word fraternity, handed down eighteen centuries ago from the top of the holy mountain and inscribed

forever on our republican flag. We too desire to see individuals, families, nations associate with one another, aid one another, relieve one another in the painful journey of mortal life. We too feel our hearts stir and our tears welling up at the recital of noble deeds, whether they add luster to the lives of simple citizens, join different classes together in close union, or accelerate the onward movement of nations chosen by destiny to occupy the advanced outpost of progress and civilization.

But we have not been shown that fraternity can be imposed. If, indeed, wherever it appears, it excites our sympathy so keenly, that is because it acts outside of all legal constraint. Either fraternity is spontaneous, or it does not exist. To decree it is to annihilate it. The law can indeed force men to remain just; in vain would it try to force them to be self-sacrificing.

Certainly we should like very much to grant that numerous political theorists who . . . appear so pitiless toward what they call individualism, who incessantly repeat the words “devotion,” “sacrifice,” “fraternity,” are themselves actuated exclusively by those sublime motives that they recommend to others, that they practice what they preach, that they have been careful to put their own conduct to harmony with their doctrines. We should indeed like to take them at their word and believe that they are full of disinterestedness and charity; but, in the last analysis, we may venture to say that we do not fear comparison in this regard.

{The socialists declare} that the state owes subsistence, well-being, and education to all its citizens; that it should be generous, charitable, involved in everything, devoted to everybody; that its mission is to feed the infants, instruct the young, assure employment to the able-bodied, provide pensions for the disabled; in a word, that it should intervene directly to relieve all suffering, satisfy and anticipate all wants, furnish capital to all enterprises, enlightenment to all minds, balm for all wounds, asylums for all the unfortunate, and even aid to the point of shedding French blood, for all oppressed people on the face of the earth.

Who would not like to see all these benefits flow forth upon the world from the law as from an inexhaustible source? . . . But is it possible? . . . Whence does [the state] draw those resources that it is urged to dispense by way of benefits to individuals? Is it not from the individuals themselves? How, then, can these resources be increased by passing through the hands of a parasitical and voracious intermediary? Is it not clear, on the contrary, that the whole apparatus of government is of such a nature as to absorb many useful resources and to reduce the share of the workers proportionately? Is it not also evident that the latter will thereby lose a part of their freedom, along with a part of the well-being?

If socialists mean that under extraordinary circumstances, for urgent cases, the state should set aside some resources to assist certain unfortunate people, to help them adjust to changing conditions, we will, of course, agree. This is done now; we desire that it be done better. There is however, a point on this road that must not be passed; it is the point where governmental foresight would step in to replace individual foresight and

thus destroy, it. It is quite evident that organized charity would, in this case, do much more permanent harm than temporary good.

And the surprise old, dead guy? Well, regarding this last thought of Bastiat's, none other than Franklin Roosevelt, an icon of America's modern day liberals and a man of unquestioned compassion, said the same thing this way almost 60 years ago.

Continued dependence on relief [welfare] induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the 'human spirit.'

The next topic that has fascinated me recently has been the debate over campaign finance reform. In September 1997, in a piece called "‘Campaign Financing Reform’ Is A Lot Of Hot Air," I argued that the "evil" special interests that reform advocates, such as Republican Senator and presidential candidate John McCain, keep citing were doing nothing more than protecting themselves and their interests from the growing power of the federal leviathan.

I argued that the only certain avenue toward eliminating the political corruption over which McCain and others are so upset would be to curtail this power, by cutting purse strings and closing down whole bureaus, branches, agencies, offices and departments. Preventing people and organizations from hiring paladins in Washington to help protect their interests from punitive and arbitrary government action would place unprecedented power in the hands of bureaucrats and activist politicians, who have demonstrated an unfailing instinct to mandate one disastrous scheme after another. Bastiat put it this way.

Finally, as it will be accepted in principle that the state is responsible for establishing fraternity on behalf of its citizens, we shall see the entire people transformed into petitioners. Landed property, agriculture, industry, commerce, shipping, industrial companies, all will bestir themselves to claim favors from the state. The public treasury will be literally pillaged. Everyone will have good reasons to prove that legal fraternity should be interpreted in this sense: "Let me have the benefits, and let others pay the costs.," Everyone's effort will be directed toward snatching a scrap of fraternal privilege from the legislature. The suffering classes, although having the greatest claim, will not always have the greatest success.

A third issue that has caught my attention recently is tax cuts, or rather the lack thereof, in light of Republican claims of the past several years that tax cuts would be their most important priority for ever and ever. They still control both houses of Congress, don't they? So, where are the tax cuts? Indeed, where are the attempts to cut taxes?

Well, to answer my own question, tax cuts, substantial cuts at least, are dead as a doornail; not just for this year and next, but for the foreseeable future, even if Republicans were to gain the White House and retain control over both houses of Congress. No? Well, do you hear Trent or Dennis talking about substantial tax cuts? Or "W"? He says his tax cut plan is on the way, that he's working out the details. Really? How hard is it to draft a plan to cut taxes?

So why is this? Well, there are a lot of reasons, some of them, in my opinion, understandable if not convincing. Among these are the sad state of the Social Security and Medicare trust funds, the huge government debt, and the underlying strength in the economy.

The thing that worries me is that the most effective argument against tax cuts being made by Democrats, the one that frightens Republicans the most, including I understand "W", is that any meaningful cut would favor "the rich" over both "the poor" and a substantial portion of the middle class.

Given the extreme progressiveness of the tax code, this is, of course, absolutely true. Since a very small percentage of Americans pay a huge share of the total tax take, it stands to reason that a tax cut would favor "the rich." In my opinion, this is a precarious economic and political situation. The tax code should never have been allowed to become so progressive that it excludes, or practically excludes, a huge portion of the population. Among other things, such a code promotes socially destructive class warfare. It is also, as history demonstrates, a well-worn path to Eurosclerosis.

This is, of course, not a novel thought on my part. In fact, the justly famous British historian W. E. H. Lecky said it in 1896. Needless to say, his argument failed to convince the Brits. A few years later, Parliament adopted Lloyd George's famous 1909 "Peoples Budget," which introduced the concept of progressive taxation to pay for social insurance for the poor. And the rest, as they say, is history. Here are Lecky's word on the subject, which are, in my opinion, as true and relevant today as they were just over 100 years ago.

It is obvious that a graduated tax is a direct penalty imposed on saving and industry, a direct premium offered to idleness and extravagance. It discourages the very habits and qualities which it is most in the interest of the State to foster, and it is certain to operate forcibly where fortunes approach the limits at which a higher scale of taxation begins. It is a strong inducement at that period, either to cease to work or to cease to save. It is at the same time perfectly arbitrary. When the principle of taxing all fortunes on the same rate of computation is abandoned, no definite rule or principle remains. At what point the higher scale is to begin, or to what degree it is to be raised, depends wholly on the policy of Governments and the balance of parties. The ascending scale may at first be very moderate, but it may at any time, when fresh taxes are required, be made more severe, till it reaches or approaches the point of confiscation. No fixed line or amount of graduation can be maintained upon principle, or with any chance of finality. The whole matter will depend upon the interests and wishes of the electors; upon party politicians seeking for a cry and competing for the votes of very poor and very ignorant men.

Highly graduated taxation realizes most completely the supreme danger of democracy, creating a state of things in which one class imposes on another burdens which it is not asked to share, and impels the State into vast schemes of extravagance, under the belief that the whole cost will be thrown upon others.

Dishonest politicians . . . will have no difficulty in drawing impressive contrasts between the luxury of the rich and the necessities of the poor, and in persuading

ignorant men that there can be no harm in throwing great burdens of exceptional taxation on a few men, who will still remain immeasurably richer than themselves. Yet, no truth of political economy is more certain than that a heavy taxation of capital, which starves industry and employment, will fall most severely on the poor. Graduated taxation, if it is excessive or frequently raised, is inevitably largely drawn from capital. It discourages its accumulation. It produces an insecurity which is fatal to its stability, and it is certain to drive great masses of it to other lands.

Taxation is, ultimately, the payment which is made by the subject for the security and other advantages which he derives from the State. If the taxation of one class is out of all proportion to the cost of the protection they enjoy; if its members are convinced that it is not an equitable payment, but an exceptional and confiscatory burden imposed upon them by an act of power because they are politically weak, very many of them will have no more scruple in defrauding the Government than they would have in deceiving a highwayman or a burglar.

Another hot Washington topic that always interests me is public education: how much to spend on this popular pursuit and how to spend it. As usual, whenever I consider writing about this topic I am drawn to the thoughts of the brilliant British curmudgeon, Malcolm Muggeridge, who died in 1990. How could anyone say what needs to be said, but won't ever be said by a politician in Washington, better that he did?

To the liberal mind, education provides the universal panacea. Whatever the problem, education will solve it. Law and order breaking down? . . . venereal disease spreading? . . . going up by leaps and bounds? . . . more and more education--that's the way to get rid of juvenile delinquency, and adult delinquency, for that matter, and all other delinquencies. If we try hard enough, and are prepared to pay enough, we can surely educate ourselves out of all our miseries and troubles, and into the happiness we seek and deserve. If [someone] ventures to point out that we have been having more, and what purports to be better, education for years past, and that nonetheless juvenile delinquency is still year by year rising, and shows every sign of going on so doing, he gets cold hostile looks. If he then adds that, in his opinion, education is a stupendous fraud perpetrated by the liberal mind on a bemused public, and calculated, not just not to reduce juvenile delinquency, but positively to increase it, being itself a source of this very thing; that if it goes on following its present course, it will infallibly end by destroying the possibility of anyone having any education at all, the end product of the long, expensive course from kindergarten to postgraduate studies being neo-Stone Age men--why, then a perceptible shudder goes through [the crowd]. It is blasphemy.

The bustling campuses multiply and expand, as do their faculties and buildings. More and more professors instruct more and more students in more and more subjects, producing barely articulate graduates, who irresistibly recall to the *bezprisorny* I remember so vividly from my time in the USSR--those wild children whose parents and guardians had died in the great Russian famines of the early twenties, but who had somehow lived on themselves to race about Moscow and Leningrad and Kiev like wolf packs . . . Pursing knowledge, we find ignorance, and join hands across the civilized

centuries with our own primitive, savage origins . . . Pursuing knowledge, we find ignorance . . .

Finally, the on-going budget discussions between Congressional Republicans and the White House brings to my mind one of T. S. Eliot's observations, upon which I couldn't hope to improve. It goes as follows.

Men who have stopped thinking make a powerful force.

THE POLITICAL FORUM

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