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Artistic "Entitlements"

BY DOUG BANDOW

This summer was not the first time that public funds have been used to underwrite sacrilegious and pornographic art, but the outcry was significantly louder than before. Nevertheless, the House rejected attempts by California Rep. Dana Rohrabacher to kill the National Endowment for the Arts (NEA) and Texas Rep. Dick Armev to reduce the NEA's budget by 10%. Instead, the House agreed to cut a token \$45,000, the amount granted to the two exhibits that inflamed public anger against the NEA.

The first exhibit is a photograph, entitled "Piss Christ," of a crucifix in a jar of "the artist's" urine, part of an Andres Serrano exhibit paid for by a \$15,000 grant of which one-third came from the NEA. Had Serrano chosen to photograph a toy soldier submerged in urine one could still ask what Serrano had done to justify a \$15,000 check, which comes to three-fourths of the average American's income. But his decision to show contempt for the re-

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AT WORK



ligious views of millions of Americans raises an even more important issue: why should people be forced to pay for "art" that is intended to insult them? The NEA has been deluged with angry letters; the sponsor of the exhibition in which the Serrano picture appeared, the Equitable Life Assurance Society, has also been inundated with

mail.

Serrano's photo, though blatantly offensive, at least can be shown in polite company. Photographer Robert Mapplethorpe's work, however, does not meet this test.

The NEA gave Philadelphia's Institute of Contemporary Art

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How To Desocialize?

BY MURRAY N. ROTHBARD

Everyone in Soviet Russia, and especially in Poland and Hungary, now wants to desocialize. They are convinced that socialism doesn't work, and are anxious to get, as quickly as possible, to a society of private property and a market economy. As Mieczyslaw Wilczek, Poland's leading private entrepreneur, and Communist minister of industry before the recent elections, put it: "There haven't been Communists in Poland for

a long time. Nobody wants to hear about Marx and Lenin any more." In addition to coming out solidly for private ownership and denouncing unions, Wilczek attacked the concept of equality. He notes that some people are angry because he recently urged people to get rich. "And what was I to propose? That they get poorer perhaps?" And he was rejected by the Polish voters for being too attached to the Communist Party!

East Europeans are eager for

models, for the West to instruct them on how to speed up the process. How do they desocialize? Unfortunately, innumerable conservative institutions and scholars have studied East European Communism in the past 40 years, but precious few have pondered how best to put desocialization into effect. Lots of discussion of game theory and throw-weights, but little for East European desocializers to latch onto. As one Hungarian re-

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Why Bureaucracy Must Fail

From the President

BY LLEWELLYN H.
ROCKWELL, JR.

Writers IN THIS ISSUE

Doug Bandow is a senior fellow of the Cato Institute and author of *The Politics of Plunder: Misgovernment in Washington*.

Richard M. Ebeling holds the Ludwig von Mises chair at Hillsdale College and is an adjunct scholar of the Mises Institute.

Sheldon L. Richman is public affairs director of the Institute for Humane Studies and an adjunct scholar of the Mises Institute.

Llewellyn H. Rockwell, Jr., is founder and president of the Mises Institute and editor of the *Free Market*.

Murray N. Rothbard is academic vice president of the Mises Institute and the S.J. Hall distinguished professor of economics at the University of Nevada, Las Vegas.

Washington loves a scandal. Politicians can attack the other party, pretend they're cleaning up the mess, and get lots of publicity.

All is great fun so long as the scandal can be contained, for no crime can be allowed to reflect on government itself. Any infamy, no matter how institutionalized, must be portrayed as an aberration.

That is the official line on the Department of Housing and Urban Development and its billions of dollars in graft. But despite the Democrats' attempt to portray Samuel Pierce, James Watt, Deborah Dean, and all the other Republican officials and consultants as the source of the problems, they are not—as despicable as their actions were. The real scandal is the continued existence of HUD, an unconstitutional Great Society relic that both Republicans and Democrats want to continue to fund. While damaging the poor with crime-infested government housing, HUD has enriched politically connected builders with our tax money under every administration since LBJ's, as it was intended to do.

Nor is HUD unique. Pick any government department that redistributes our hard-earned money to the politically powerful—Commerce, Education, Energy, HHS, Interior, Labor, Transportation, etc.—audit it thoroughly, and we would find the same thing. Corruption, fraud, waste, and abuse are endemic to bureaucracy, and must be, since all spending decisions are political.

Mainstream economists have only recently and reluctantly begun to examine the inherent flaws of bureaucracy. As Keynesians and quasi-Keynesians, they see “market failure” every-

where, to be corrected by beneficent government with themselves in high-paying federal jobs doing the correcting.

The claim about market failure is nonsense, of course. It is *government* failure that plagues us. Yet there are relatively few mainstream economists who understand what Misesians have always known: it is economically impossible for bureaucracy to do the job assigned it.

Even before Mises, Lord Acton and Richard Simpson, in a prescient 1891 essay called “Bureaucracy,” wrote that in “all governments there may be odious tyranny, monopolies, exactions, and abominable abuses of nearly all kinds.” Yet “the idea of bureaucracy is not fulfilled till we add the pedantic element of a pretense to direct our life.” Bureaucrats claim “to know what is best for us, to measure out our labour, to superintend our studies, to prescribe our opinions, to make itself answerable for us, to put us to bed, tuck us up, put on our nightcap, and administer our gruel.” And, they warned, “a bureaucratic system” can “arise gradually under every form of policy, and it renders every form of government despotic.”

Anticipating an Austrian insight, Acton and Simpson discerned that “We shall never be safe from bureaucracy till we have exorcised from our public men” the philosophy of “positivism which treats man statistically and in the mass, not as individuals.” We must “be always suspicious of any school which treats men as so many ciphers to add up, subtract, divide, multiply, and reduce to vulgar fractions.”

German sociologist Franz Oppenheimer, writing in 1914, also attacked “officialdom.” Since the bureaucracy is “paid from the funds of the state,” it is supposed to be “removed from the economic fights of conflicting inter-

ests.” But the civil servant ideal is a myth. “The officials do not cease being real men” who are “subject to pressure by enormous economic interests.” Bureaucracies also have their own incentive structure, which has nothing to do with advancing the public good, but only the position of the bureaucracy.

Oppenheimer implies that we should be doubly suspicious when politicians claim to help the poor through bureaucracy. The poor haven't the resources to advance themselves economically, much less secure a HUD grant for their neighborhood. The politically well-connected—who are never poor—will always reap the benefits.

Yet the perverse economic incentives of bureaucracy are only part of the problem, as Ludwig von Mises argued in his pioneering 1944 book *Bureaucracy*. In private markets, Mises said, prices tell us how acting individuals value competing goods and services. Using prices as a guide, market participants can direct goods and services to their most highly valued uses. Free prices are necessary for productivity, creativity, entrepreneurship, and efficiency. Without a market price mechanism, there must be irrationality and chaos.

As Mises was the first to show, socialism is doomed to fail because there are no market prices for the means of production. And that is also part of the reason bureaucracies can't work. “People are sometimes shocked by the degree of maladministration” but it isn't due simply to “culpable negligence or lack of competence.” In government, he noted, the products “can neither be bought nor sold.” There is no free-market demand for bureaucratic services, or at least none that can be expressed, so bureaucrats cannot allocate resources rationally, even without political pressure.

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How To Desocialize?

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cently put it, "There are many books in the West about the difficulties of seizing power, but no one talks about how to *give up* power." The problem is that one of the axioms of conservatism has been that once a country goes Communist, the process is irreversible, and the country enters a black hole, never to be recovered. But what if, as has indeed happened, the citizens, even the ruling elite, are sick of Communism and socialism because they clearly don't work?

So how can Communist governments and their opposition desocialize? Some steps are obvious: legalize all black markets, including currency (and make each currency freely convertible at market rates); remove all price

property? Who, and why?

As Professor Paul Craig Roberts stated in a fascinating speech in Moscow to the USSR Academy of Sciences, there is only one proper way to convey government property into private hands. Ironically enough, by far the best path is to follow the old Marxist slogan: "All land to the peasants (including agricultural workers)" and "all factories to the workers!" "Returning" the State property to descendants of those expropriated in 1917 would be impracticable, since few of them exist or can be identified, and certainly the *industries* could be returned to no one, since they (in contrast to the land) were created by the Communist regime.

assures them of coming out very handsomely in at least the initial distribution of capital. They want to start capitalism as affluent private entrepreneurs.

Interestingly, Paul Craig Roberts, whom no one could ever accuse of being soft on Communism or socialism, also recommends the more peaceful course: "Historically in these transformations ruling classes have had to be accommodated or overthrown. I would recommend that the Communist Party be accommodated." In practice what this means is that "ownership of the state factories should be divided between the ruling class and the factory workers, and stock certificates issued." His solution makes a great deal of sense.

Alternatively, Roberts says that a national lottery could determine the ownership of the means of production, since whoever initial owners may be, an economy of private property will be far more efficient, and "resources will eventually find their way into the most efficient and productive hands." But the trouble here is that Roberts ignores the hunger for justice among most people, and particularly among victims of Communism. A lottery distribution would be so flagrantly unjust that the ensuing private property system might never recover from this initial blow. Furthermore, it does make a great deal of difference to everyone where they come out in such a lottery; most people in the real world cannot afford and do not wish to take such an Olympian view.

In any case, Roberts has performed an important service in helping launch the discussion. It is about time that Western economists start tackling the crucial question of desocialization. Perhaps they might thereby help to advance one of the most welcome and exciting developments of the 20th century. ◀

Killing off the old despotic ruling elites would be emotionally satisfying, but the people on the spot prefer the more peaceful buying them off.

and production controls, drastically cut taxes, etc. But what to do about State enterprises and agencies, which are, after all, the bulk of activity in Communist countries? The easy answer: sell them, either on contract or at auction, won't work here. Where will the money come from to buy virtually all enterprises from the government? And how can we ever say that the government *deserves* to collect virtually all the money in the realm by such a process? Telling managers to set their own prices is also not good enough, for the crucial step, acknowledged in East Europe, is to transform State property into private property. So, some people and groups will have to be *given* that

But there is one big political and economic problem: what to do with the existing ruling elite, the *nomenklatura*? As the Polish opposition journalist Kostek Gebert recently put the choice: "You either kill them off, or you buy them off." Admittedly, killing off the old despotic ruling elites would be emotionally satisfying, but it is clear that the people on the spot, in Poland and Hungary, and soon in Russia, prefer the more peaceful buying them off to pursuing justice at the price of a bloody civil war. And it is also clear that this is precisely what the *nomenklatura* want. They want free markets and private ownership, but they of course want to make sure that the transition period

Choice in Schooling: Bush- whacked

BY SHELDON L.
RICHMAN

The choice-in-education movement has been building momentum in recent years. But it is now in danger of being co-opted and eventually destroyed by the Bush administration. If the education bureaucrats in the federal government succeed, this will be a setback for quality education and for parents and children everywhere.

The Washington Post summed up the problem even before George Bush took office: "The Reagan administration came into office talking a lot about 'parental choice' in education; what the phrase meant was tuition tax

choice. In rejecting tuition tax credits, he used that catch-all excuse for not reducing taxes: the federal budget deficit won't allow it. Bush here was using the pernicious doctrine of "tax expenditures," by which money left in the hands of the taxpayers is regarded as government spending. The government cannot afford to let parents keep their own money to spend on the education of their choice, Bush was saying.

His alternative? "I think everybody should support the public school system." But what about parents who dislike the quality of the government's schools and want something better for their children? The "education president" told a group of

parents keep their own money, it is neither a subsidy nor a government expenditure. It can only be construed that way if the government, not the producers, is the legitimate owner of all income. But, at least according to the founding principles of the United States, we are not supposed to believe that. The doctrine of tax expenditures is an especially un-American idea.

Moreover, it is sad to see the notion of choice in education twisted so out of shape. It did not begin with Bush. As with so many other things, the Reagan administration's reputation in this area is clearly undeserved. Although Ronald Reagan claimed to be a champion of the choice-in-education movement, he betrayed it by failing to halt—and indeed by furthering—the centralization of education in the United States.

After campaigning on a promise in 1980 to abolish the Department of Education, which Jimmy Carter had set up as a favor to the National Education Association in payment for its endorsement, he of course did not abolish it. On the contrary, his first secretary of education was the establishmentarian Terell Bell and the department's budget grew.

His second secretary was neo-conservative William J. Bennett (now drug czar), who, while talking about choice in education, proposed a national curriculum. The conservative's lack of outcry against this idea was deafening. Other "innovations" by the Reagan Department of Education included an annual national report card on school performance and a national board for teacher certification. Nationalization is hardly the direction in which we should be going.

President Bush, unlike Reagan, won't even pay lip-service to freedom in education. His abandonment of tax credits for

When the government lets parents keep their own money, it is neither a subsidy nor a government expenditure.

credits, voucher plans or, toward the end, magnet schools. Now President-elect Bush and others who talk about 'choice,' as they strive not to fumble the ball of a still-accelerating reform movement, mean something different and less ideologically blood-soaked. The kind of 'choice' gaining attention...is a more limited type of plan...."

While this editorial gave the Reagan administration more credit than it deserved (see below), the main point was correct. Two months after his inauguration, Mr. Bush, the "education president," abandoned the cause of real choice in education, as well as a campaign promise and the GOP platform, and endorsed a plan for ersatz

students, "If, on top of that [the public schools], your parents want to shell out in addition to the tax money, tuition money, that's their right, and that should be respected. But I don't think they should get a break for that."

A "break"? Here President Bush takes the "tax expenditure" doctrine to insulting limits. Parents permitted to keep their own money to spend as they see fit on their children's education would be getting a break, a subsidy, a privilege.

As this shows, the failure to think in principles leads so-called pragmatic politicians ultimately to surrender what they claim are cherished values.

When the government lets

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tuition was immediately recognized as a blow to the choice-in-education movement. Predictably, the vice president of the Los Angeles teachers union was enthralled. "That's outstanding news," said Frances Haywood. "It's a great departure from the stance of the Republican Party." The spokesman for the Los Angeles Archdiocese was understandably crestfallen: "I'm disappointed. This president has called himself the education president, and he's ignoring a sizable segment of the American population in not recognizing the needs of parochial school students."

The most pernicious part of all this is how choice in education is being distorted into something very different. What the Bush administration means by choice and competition is the following: parents should be allowed to send their children to any government school in their school district. In some cases, state and other funds would follow the students to their chosen school. The rationale is that this would make the schools competitive. Poor schools that lost students would lose money. Good schools that gained students would gain money.

The problem with the idea is similar to the problem with market-socialism schemes: it is an attempt to play competition. School administrators would not be risking their own capital, and they would have every reason to believe that the government authorities would not let a poor school go bankrupt. Imagine what will happen when inner-city schools see most of their students leave. Will all the money really go with them?

Any "solution" that merely tinkers with the government schools, without making private schools a real option for parents, is phony. And the only way to make private schools a real option, and to create true competi-

tion, is to let parents get a refund of their tax money when they pay tuition. Whether this is done through tax credits or vouchers is less important than other considerations, for instance, that the government *not* impose a curriculum on the private schools or certification requirements on teachers.

This is the only way to get innovation in education. It is also the only way to have real local control of education. Local control in a political context is a chimera, as we've seen over the years. Elected school boards are always captives of education bureaucrats, who are in turn part of a national education establishment tied to the federal bureaucrats. The tendency will always be toward nationalization

attention with their ersatz-competition schemes.

This also disposes of the hot debate about whether values and religion should be taught in the schools. Parents would be free to pick the school that reflects their own ethical and religious outlook. Since no tax money would be involved, no one could claim that values were being imposed on anyone's children.

Finally, there is the old canard that the reason we have government schools in the first place is that the market was unable to do the job right. This story has been shown by many scholars to be bogus. Privately provided education was abundant, inexpensive, and good beginning in the colonial period of America. The same was true in Great Britain.



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Since the Institute refuses to solicit or accept government funds, and is considered—like Ludwig von Mises—"too uncompromising and intransigent" by establishment sources, we depend entirely on those people who share our principles.

Any "solution" that merely tinkers with the government schools, without making private schools a real option for parents, is phony.

of education, even if it is nominally local.

In a system in which parents can use private schools without paying twice, there is real local, parental control. The mechanism of control is obvious. It's called consumer sovereignty: parents can withdraw their support, and children, from a school at any time and shift them to competitors.

To make this system complete, compulsory-education laws—a form of conscription—would be abolished, recognizing that there are countless ways to get an education. Nothing that the education bureaucrats dream up could compare with a truly competitive system, which is why they are trying to divert our

Education entrepreneurs were responsive to consumers and they educated many people. Literacy was high.

One education historian, Robert Seybolt, writes, "It is a significant fact in American education that the curriculum developed most rapidly in the private schools" and that "curricular response to popular educational demands was initiated by private, rather than public enterprise." "In the hands of private schoolmasters the curriculum expanded rapidly," he says. "Their schools were commercial ventures, and, consequently, competition was keen." This "element of competition," forced the private schools "to add new

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Forty Years of Human Action

BY RICHARD M. EBELING

Book of the Month

A Treatise on Economics
Ludwig von Mises

Ludwig von Mises's 900-page masterwork, *Human Action*, is available in a quality hardbound edition for \$49.95 (U.S. funds only) plus \$2.75 U.S. postage and handling.

When the first edition of *Human Action* was published 40 years ago this month, Ludwig von Mises was already recognized as one of the leading Austrian economists thanks to his two masterworks, *The Theory of Money and Credit* (1912) and *Socialism, An Economic and Sociological Analysis* (1922).

In the first book Mises showed that monetary manipulation by government causes inflation and business cycles. In the second he proved that socialist central planning could not work. Mises had also produced seven other books, all of which established him as an original thinker and an important policy analyst.

But *Human Action* was something different. It was not just about one or two aspects of economic theory; nor was it merely a critique of government economic policies. Instead, it was about almost *everything!*

The book discussed the nature of man, and how man knows about himself and the world in which he lives and acts. It analyzed what it means for man, with imperfect knowledge in a world of uncertainty, to act and choose. It explained how trade and exchange arise, and how civilization is the natural outgrowth of the division of labor. It demonstrated that money, private property, and economic calculation are not

"simply" tools of capitalist society, but are essential to rising above primitivism and poverty.

And all this was only a prologue to a systematic analysis of markets and prices; competition and entrepreneurship; capital and interest and wages; money, inflation, and the business cycle; capitalism, socialism, interventionism, and the welfare state. But even that was not all. There was also international trade and exchange; property rights and taxation; war and peace; cooperative competition vs. coercive conflict; the limits of economic forecasting; the nature of economic science; and the role of education and activism in preserving the free society.

A work of such breadth and insight should have been hailed as a landmark not only in the history of economics, but in the history of science in general. Instead, Ludwig von Mises's *Human Action* was either ignored or condemned by most of the economists and reviewers of the day. Only a handful of people realized its importance at the time—a young Murray Rothbard being one of them.

Why? Because in a world where most intellectuals thought socialism was the wave of the future, Mises showed it was not, and could not be. At a time when politicians and intellectuals demanded more government regulation of business, Mises showed that existing government regulation created many problems, and that only a free market could end poverty

and injustice. And in an environment where most economists called for deficit spending and monetary expansion, Mises explained that paper money leads to inflation and economic hardship. Low taxes, minimal government spending, and a sound monetary system based on gold, Mises said, were prerequisites for prosperity.

Finally, in *Human Action*, Mises challenged the view that economics was not a science of human action. Most economists try to reduce human beings to a variable in a mathematical equation. Mises insisted that man is a purposeful, acting being, and to treat him as anything else misunderstands how an economy works. It was this penchant for treating men as manipulatable objects that created the delusion that governments could "plan" a society.

While only a few fully appreciated the significance of Ludwig von Mises's masterpiece in 1949, 40 years later things are very different. Now socialism is in retreat around the world; government interventionism and the welfare state are increasingly in disrepute; and mainstream economics is at a dead end.

As the 21st century approaches, the bright beacon pointing to the future is held by Misesians, and more and more economists, students, and policy makers in America and abroad recognize it. What better birthday present could be imagined for Ludwig von Mises's greatest work, *Human Action*? ◀

Choice in Schooling: Bush-whacked

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courses of instruction," and "constantly to improve their methods and technique of instruction."

Contrary to the education establishment's version, government schools were not set up because schooling was scarce. They were set up because only government schools could fulfill the social-engineers' agenda.

The agenda included the homogenizing of American culture, which was said to be threatened by immigrants and Catholics. The motive was not educational, but jingoistic.

It is hard to ignore this history when viewing current events. The Bush administration's commitment to government schooling can't be explained by a desire

to better educate students: too many decades of failure have gone by to think that government could do that. It is better explained by a desire to more efficiently crank out homogeneous, servile, taxpaying citizens. The choice-in-education movement will have to continue without any help from Washington. ◀

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\$30,000 to organize a traveling exhibit of Mapplethorpe's photos, called "The Perfect Moment." Newspapers delicately described his work as "homosexual" and "sodomasochistic," but that hardly conveys the full impact of some of Mapplethorpe's photos. There are, for instance, pictures of a nude Mapplethorpe with a whip handle stuck in his rear end, a male torso in a suit with giant genitals exposed, a man urinating into the mouth of his lover, and scores of equally offensive photos. The "erotic" nudes even include children in sexually explicit poses.

Concern over the political consequences caused the Corcoran Gallery of Art in Washington, D.C., to cancel a scheduled showing, but the Washington Project for the Arts, which has received NEA grants in the past, subsequently announced that it would play host. "It's a really beautiful exhibition, and the way the work is presented is done very sensitively," explained WPA Director Jock Reynolds. Indeed.

Despite Congress's timidity, it's time to rethink public funding of the arts and other cultural activities. This year the U.S. government is providing \$169 million to the NEA to fund what one official calls the "expression of America's culture"—symphonies, dance companies, painters, and sculptors. Another \$153 million goes to the National Endowment for the Humanities (NEH), which focuses on cultural research "to increase understanding and appreciation of the humanities," explains the agency. Together these Washington bureaucracies constitute America's de facto ministry of culture.

The United States survived for nearly two centuries without a federal cultural presence but the Johnson New Deal meant more than welfare for the poor.

It also plowed new ground by providing handouts to the intelligentsia. In 1965 Congress created the NEH and gave it \$2.5 million; by 1980 the NEA's budget was \$152 million and the NEH's expenditures were \$157 million.

For a time Ronald Reagan's appearance in Washington seemed to threaten the survival of the ministry of culture. Though the administration did not attempt to eliminate the two endowments, it did propose to cut both agencies' budgets by roughly one-third in future years, arguing that "funding for artistic and cultural pursuits is a relatively low priority budget item." But the administration never pushed its proposals very hard and the beneficiaries of the more than \$300 million in largesse—artists, researchers, museums, universities, et al.—rallied to protect their grants. Congress enacted only minor reductions, and later raised spending for both endowments. Uncle Sam, having seized control of virtually every other form of human endeavor, was not interested in giving up his hold over the nation's culture.

Ironically, many conservatives, while echoing Reagan's criticism of big government, seemed more interested in controlling than in demolishing the NEH. Indeed, early in the administration, conservative activists bitterly battled over the endowment chairmanship, with neoconservative William Bennett beating out paleoconservative M.E. Bradford. Bennett then used the agency in part to fund neoconservative intellectuals and endeavors, and to push their agenda within the Reagan administration.

The NEA, in contrast, was largely ignored by the right, and the chairmanship went to a non-ideological campaign aide, Frank Hodsoll. (The conservatives'

lack of interest would seem to be myopic. Though the NEA's work is less overtly political than that of the NEH, the former remains an important banker for many activists who would dismantle our essentially individualist bourgeois culture.) However, in the Bush administration, where symbolism is so much more important than philosophy, it has been the fight for control of the NEA that turned into a royal slugfest. For the sort of ideological eunuchs attracted to the Bush administration the NEA chairmanship was a plum position, with the availability of millions of taxpayer funds automatically making the NEA head a power in the art world.

What justification is there for a ministry of culture? There's no public demand for the two endowments—a recent *Newsweek* poll found that 47% of people opposed federal support for the arts, compared to only 35% in favor of subsidies. Instead, the federal programs reflect the influence of America's cultural elite, both directly, through their ability to sway political leaders, and indirectly, through many people's perception that the arts are a critical pillar of our civilization requiring government backing.

Indeed, no longer does America's cultural industry have to justify its position at the federal trough. Politicians may argue over the size of the artists' dole, but they don't question its existence. This "ask no questions" dynamic extends to many states and cities. New York, for instance, is in the midst of a bitter political battle over proposals to cut subsidies. But no one is suggesting that culture should develop without tax dollars; the only issue is how large the checks should be. In short, artists' subsidies have become just another entitlement, such as welfare, Social Security, and

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student loans. The social "safety net" has grown to underwrite farmers, businessmen, students, and old people irrespective of economic circumstance, so why not artists?

Now, however, there may be an opportunity to debate the fundamental issue again, for America's ministry of culture has run afoul of public opinion by funding exhibitions designed to outrage the people paying for them. Not that the NEA has not previously funded curious projects, such as pornographic poetry. (The NEH's grants have been largely noncontroversial, though the agency did spend \$615,000 to underwrite the blatantly anti-Western, pro-statist *The Africans* TV special.) However, the NEA is unusually vulnerable. Even congressional allies of the arts industry, such as Illinois Rep. Sidney Yates, are on the defensive. Says Livingston Biddle, chairman of the NEA during the Carter administration, "A confluence of factors has made this the worst firestorm for the endowment in the 25 years of its existence."

Though the wave of protests against public funding of sacrilegious and pornographic exhibitions should have come as no surprise, the art world reacted as if the Gestapo had shot the artists and closed the organizations involved. "The question here is one of censorship," said Harvey Lichtenstein, president of the Brooklyn Academy of Music. Serrano is just a pawn "to censor, to restrict cultural free expression," wailed Ted Potter, executive director of the Southeastern Center for Contemporary Art. And so on, ad infinitum.

Now, whether Serrano's and Mapplethorpe's work can satisfy the dictionary definition of art—the realm of what is "beautiful, or of more than ordinary significance"—is debatable, but no one has suggested that they be suppressed, only that they be denied subsidies from the taxpayers.

Yet even now no political figure—Rohrabacher excepted—has suggested dismantling either of the endowments. Rep.

Armey first pushed for regulatory changes; only later did he propose a 10% budget cut. However, with the public against public funding, it's time to ask the more fundamental question: why a ministry of culture at all?

Years ago the NEA and NEH became part of the bipartisan boondoggle that fills Washington. Liberals and conservatives, Democrats and Republicans, all support the continuation of federal support for the arts industry. But there's no justification for taxing lower-income Americans to support glitzy art shows and theater productions frequented primarily by the wealthy. And there's certainly no justification for funding artists who smear the values held by those picking up the tab.

Government cannot be trusted to pick and choose acceptable art, and that's merely one more reason to junk the two endowments. It's time Congress and the administration promoted unlimited free expression by abolishing federal handouts to those doing the expressing. ◀

Why Bureaucracy Must Fail

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In a profit-driven business, the wages of each employee tend to reflect his contribution to total output. But incomes in a bureaucracy are based on a non-market, government-wide grading system. The only way for the bureaucrat to increase his income is through longevity and promotion, which come through passivity and obedience, not innovation or productivity.

Mises also explained that bureaucrats cannot rationally cut costs even if they want to. With the best intentions, a bureaucrat can't know what's waste and

what's not, because he doesn't know what's economically desirable in the first place. Are salaries too high? Are there too many offices, publications, researchers, secretaries, copiers, file clerks? The government manager can't know.

Furthermore, Mises points out, it is futile to recommend that a bureaucracy be run like a business. "No reform could transform a public office into a sort of private enterprise."

Cost-benefit analyses are also pointless. There is no way to measure the "costs" because no

one knows the potential alternative uses for the resources. Nor can the "benefits" be known, since there is no consumer market for the good or service. And since the bearers of the costs and the receivers of the benefits are not the same, the process is morally flawed.

Despite Jack Kemp's promises of HUD rehabilitation, the only effective reform is abolition. For the sake of the poor, the taxpayers, economic liberty, and the Constitution, we need to sign one last HUD contract—with a demolition firm. ◀

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