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The Early Primaries

This editorial is being written after the last "early" primary: the North Carolina primary of March 23. Both Republican and Democratic races are becoming increasingly clear. On the Republican side, the Ford forces lost a golden opportunity, and an opportunity for world peace, by failing to put the kibash on Reagan in North Carolina. The collapsing Ford campaign had been saved and turned around by the shrewd public relations team of Stuart Spencer and William Roberts; before New Hampshire, Spencer and Roberts took the offensive to slam at Reagan, and expose his contradictions on the famous \$90 billion scheme, and at unclear statements about Social Security. Reagan was forced on the defensive, his Social Security statements scared the bejabbers out of the elderly masses of the St. Petersburg area in Florida, and resulted in a smashing defeat of Reagan and the overthrow of Reagan's quick-victory strategy. Another factor in the Ford victories was his slamming into Reagan personally, including his magnificent riposte to Reagan's warhawk speeches that "a confrontation in our nuclear age is the path to disaster." Unfortunately, after Florida, the Ford camp became overconfident, effectively pulled Spencer and Roberts out of the campaign, and stopped all attacks on Reagan's personality or policies. As a result, Reagan was able to take the offensive, engage in a TV blitz, and win in North Carolina, keeping his hopes alive and — more important — since it is unlikely that Reagan will win the nomination, keeping up his demagogic war-mongering pressure on the weak-kneed Ford administration. That pressure will now continue until Kansas City this summer, and has already (see the article on Africa within) led to dangerous saber-rattling by Kissinger on the Cuban troops in Africa.

Reagan, for his part, has finally tossed away the quasi-libertarian smokescreen of his early campaign. Gone are all quotations from Bastiat, or any obeisances to libertarianism; gone are his phony \$90 billion scheme, and gone too are any hints at "tampering" with Social Security. Reagan has ripped away the veil, and his sole issue now is the only one that is really dear to the hearts of the conservative movement: a crusade for global war against Soviet Russia and against Communist rebellions. So fanatical has Reagan been in his anti-Soviet campaign that he actually accused Ford at one point of not being sufficiently friendly to Communist China! The old Chiang kai-Shek China Lobby must be spinning in its grave! But so hysterically anti-Soviet is the Conservative Movement that they are willing to cozy up to a social system (Red China) that makes Soviet Russia seem a haven of anarcho-capitalism by comparison. But the mask is now off; and there is no longer any excuse for libertarians to look benignly upon the Reagan campaign. Stopping Reagan is still a prime political priority for libertarians.

On the Democratic side, the peace liberals are in a grave quandary. They cannot continue their early post-New Hampshire campaign of all-out opposition to the slippery centrist Jimmy Carter, because to do so would throw the election to the all-out warhawk Scoop Jackson, who triumphed in Massachusetts on the backs of a union-Zionist coalition. A

general shakeout has of course occurred, as Shriver, Bayh, et al. have bitten the dust, and Harris has gone nowhere. Birch Bayh, however, provided some of the laughs of the campaign by (1) getting hardly any more votes than "no preference" despite a sizable lineup and funds on his behalf; and (2) following the lead of Terry Sanford by "suspending" rather than withdrawing his candidacy, so that he can grab some more of those good old Federal matching funds. The only peace liberal with a chance is now Mo Udall, who suffers from a lack of charisma, and from an inability to appeal to any social groups except suburban liberals worried about preserving the coyotes and the caribou. It's beginning to look like Carter, for the liberals will pick him over Jackson, and there has not really been a "brokered" convention for fifty years.

A Ford-Carter fight would have several advantages, both for the country and for the MacBride-Bergland LP ticket, which has been gathering steam, support, and publicity across the country. In the first place, the really dangerous warhawks — Reagan and Jackson — would be out of the picture, and we could all breathe a sigh of relief. Secondly, the differences between Ford and Carter would be minimal, so that many people could easily abandon the two major tickets to "vote their conscience" for MacBride; and this could include those with libertarian inclinations, disappointed conservatives, and disappointed liberals. ■

Libertarian Feminists Organize

The Association of Libertarian Feminists has recently been formed, with the important objective of countering the statists and socialists who have until now been monopolizing the feminist movement. The ALF held its first annual meeting at the Libertarian Party national convention in New York City last August, and adopted a statement of purposes, the most important one being "to provide a libertarian alternative to those aspects of the women's movement which foster dependence and collectivism." The ALF's officers include Toni Nathan, President, and Sharon Presley, co-owner of the Laissez Faire Bookstore, as National Coordinator. The ALF publishes a sprightly newsletter, *ALF News*, the first issue of which has now appeared (February, 1976), and leaflets, the most important of which is Sharon Presley's "Libertarianism and Feminism", reprinted from *Majority Report*. The leaflets are available for 10¢. Annual dues for ALF membership are \$5.00, which includes the newsletter; the newsletter alone may be purchased for \$3.00 per year. Information may be obtained by writing to the Association of Libertarian Feminists, 206 Mercer St., New York, N.Y. 10012. ■

African Roundup

Africa has now entered the foreign affairs spotlight, and conditions in southern Africa are such as to keep that trouble-spot in the headlines for many years to come. The essence of the southern African scene is this: a small minority of whites has been suppressing the large majority of black Africans, particularly in Rhodesia and the Republic of South Africa. While the white minority has been able to impose racist, quasi-fascist regimes upon the black majority in these countries, by virtue of superior living standards and organization, those minority racist regimes are doomed in the long run. And, as the standard of living increases in these countries, and particularly as the blacks organize into a rising national consciousness, that doom is now approaching rapidly. For Americans the crucial question is: will the United States allow itself to get sucked in to expend men and treasure, as well as court the possibility of world war, in order to fasten racist regimes upon the black majority of southern Africa? Right now, that question is in doubt, and it is important for Americans to organize and put pressure upon our government to keep its hands off southern Africa, and to allow the Africans to decide their own fate without U.S. interference.

In the short run, the most vulnerable parts of racist southern Africa are Rhodesia and Namibia (South West Africa). In contrast to the Republic of South Africa, where whites are one-sixth of the population, in Rhodesia they amount to less than 5% of the total. Specifically, in Rhodesia 270,000 whites are foisting their rule on over 6 million black Africans. Rhodesian electoral law disqualifies virtually all the blacks, and insures that Parliament will be a white enclave: the whites have 50 members, while the blacks have 16 members, one half of whom are Quislings appointed by the white government. The oppression of the Rhodesian regime may be gauged by the Land Tenure Act, which allots half of the land to the 5% whites, and half to the 95% black population — with the whites, naturally, allotted the most fertile lands.

Rhodesia's imminent collapse stems from the hard-line, fanatical right-wing militancy of the Ian Smith regime. When Britain tried to pressure its colony into allowing gradual transition to black rule, Smith led a rebellion against British rule in 1965 and declared Rhodesian independence — thereby permanently alienating any hope of support from Britain and Western Europe. When Portuguese fascism was toppled by a coup in 1974, the shrewd South African regime of Premier John Vorster saw the handwriting on the wall, especially seeing that Portuguese Mozambique, bordering Rhodesia on the east, would soon be in left-wing native hands. Hence, Vorster has been desperately pressuring the Smith regime into making at least token concessions to an eventual black majority rule in Rhodesia, and to do so by peaceful negotiations. But the blockheaded Smith regime has been adamant, Smith himself repeatedly proclaiming that black majority rule in Rhodesia would never come "in my lifetime." Smith instead has opted for a war footing and outright fascist suppression. As a result, the majority of the leading black organization, the African National Council, went into exile in Mozambique, and is now committed to armed overthrow of the Smith regime. A rump minority of the ANC, headed by Joshua Nkomo, remained in Rhodesia to try to negotiate peacefully, but, despite extreme pressure by Vorster, Smith has refused to make any meaningful concessions even to the ultra-moderate Nkomo faction. Finally, the negotiations have now been broken off, thus signalling inevitable all-out guerrilla rebellion in Rhodesia.

The majority ANC, now based in Mozambique, and leading the political struggle of the blacks, is an effective though odd religio-political coalition. Its president is Bishop Abel Muzorewa of the United Methodist Church, and its vice-president still resident in Rhodesia is an American-educated homeopathic physician, Dr. Elliott M. Gabella, who is also a theologian and patriarch of the African Orthodox Church in southern Africa. The black guerrilla forces proper are gathered into ZANLA (the Zimbabwe African National Liberation Army). ZANLA is to the left of even the majority ANC, and is not subject to the latter's control, having broken with ANC over its support for Zambia's previous crackdown on ANC's left-wing militants.

And so Rhodesia gears up for armed struggle and guerrilla war. To combat existing guerrilla war, the Smith regime has already herded 200,000 black Africans in the northeast into concentration camps called

"protected villages". This follows the pattern of oppression set by minority regimes to fight against guerrillas: to cut the guerrillas off from their peasant supporters. The Spaniards began this brutal policy when fighting against the Cuban rebels in the 1890's; it was continued by the British in the Boer War, and by the U.S. in suppressing the Philippine rebellion at the turn of this century. And it was used again, of course, by the U.S. in South Vietnam. The peasants are driven away from their homes and properties, are placed behind barbed wire, and are systematically searched and forced to carry identity cards. No one is being allowed to return to their old village homes. This vicious tactic did not work in Vietnam and it will not work now.

And so the first minority racist regime to be toppled in southern Africa will be Rhodesia, and the fanatical stubbornness of the Smith regime insures that the overthrow will be at the point of a gun, by guerrilla war. Next to go will be Namibia (Southwest Africa), seized "illegally" (against UN edicts) by the Republic of South Africa. Namibia, too, has a thin layer of white rulers over a great majority of blacks. With Namibia bordering Angola on the south, the victory of the MPLA against the U.S. aided factions and against invading South African troops means that Angola can now serve as a base for guerrilla war against its rule in Namibia. The political and guerrilla resistance forces there are led by SWAPO (the South West African People's Organization.) Realizing that its regime in South West Africa is doomed, the South African regime has been following the Vorster policy of trying to leave the land in the hands of puppet blacks; it has, for example, offered autonomy to Namibia, but has specifically excluded SWAPO, backed by the great majority of Namibians, from legal rule.

U.S. imperialism is in a tough spot in these coming battles; it would like to preserve "stable" and "pro-American" white rule in these countries, but it is officially committed to opposing the white racist regimes. Kissinger has therefore been making ambivalent and contradictory statements about a future U.S. role in the guerrilla struggles to come. Unfortunately, the warhawk Reagan campaign has already borne bitter fruit for the cause of international peace and U.S. non-intervention. For, goaded by all-out support for Reagan among the embittered Cuban emigres in Florida, the Ford-Kissinger regime has been moving toward a policy so bizarre and warlike that even the hysterically anti-Communist TV commentator, Dr. Martin Abend, has strongly criticized it for courting World War III. In short, the U.S. will keep hands off Rhodesia and Namibia provided that none of the Cuban troops in Angola will be used in the fray. The problem is that since the U.S. cannot intervene in southern Africa directly without openly siding with white racism, the threat is to retaliate with force against Cuba itself! Kissinger has hinted about a U.S. blockade around Cuba to retaliate against any use of Cuban troops in southern Africa. But this would mean that Russian ships and air transports would have to be destroyed, and World War III would then be upon us.

And so, to prove to the Republican right that it, too, is just as anti-Castro as anyone else, we are now in danger of World War III over what will be, indirectly but clearly, a defense of fascist and white racist regimes in southern Africa. This policy is a monstrosity that must be stopped: the quickest way to stop it is to dispose of Reagan as soon as possible in the coming primaries. The very existence of the human race is at stake.

There are trouble spots in other parts of Africa, but none with the grave implications of the southern Africa struggles. In Western Sahara (formerly Spanish Sahara), King Hassan II of Morocco was able to use his grandstanding "people's march" to the border to induce the Spanish to leave and to allow Morocco and Mauritania to carve up Western Sahara against the express wishes of the Saharans, grouped into the political and guerrilla organization for national independence called POLISARIO (Popular Front for the Liberation of Saguaiat El-Hamra and Rio de Oro). Morocco's aim was to grab the rich phosphate reserves of northern Western Sahara. Morocco's despotic monarchical regime is — naturally — backed strongly by the United States, which uses its bases in Spain to funnel weapons to the Moroccan army.

The POLISARIO has already launched an effective guerrilla war
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The Lebanon Tragedy

We have received a letter from a friend and valued subscriber asking us to write on the terrible events in Lebanon; apparently, he has been getting flak from his archist friends blaming the calamity on — of all things — anarcho-capitalism. Well, rest assured; there is government in Lebanon, and how!, and indeed that government is the root of the problem that has festered for years and erupted last year in continuing and massive bloodshed.

The fault begins, as usual, with Western imperialism — in this case France and, partially, Britain. At war with Turkey and its Ottoman Empire in World War I, the British, to gain the support of the Arabs suffering under imperial Turkish rule, promised the various submerged Arab countries their independence after the war. Instead, Britain and France, in a quest for the domination of Middle East oil, carved out "mandate" colonies in the Middle East, with France seizing historic Syria and Britain grabbing Palestine. More fatefully, Syria itself was carved up, with the British violating their agreement with the French by grabbing southwestern Syria and annexing it to Palestine (now northern Israel), and the French carving a separate province of Lebanon out of the Syrian coast.

It is true that Lebanon had been a separate region under the Ottomans, reflecting its historic status as a refuge for Maronite Christians in a Moslem (and Druze) region, the refuge having been found in the caves and mountains of the coastal Lebanon range just north of the city of Beirut. Preserving historic Lebanon as a separate Christian entity made a great deal of sense, but a fateful decision was made by the French: to add to historic Lebanon Moslem areas of coastal Syria to the north and the south of the Beirut-mountain Christian preserve. For the French, this meant that their naval guns could dominate the entire ex-Syrian coast; and for

the grasping Christians, this meant that their slim population majority over expanded Lebanon could permit them to dominate the Moslems politically and economically. The continuing intervention of Syria during the 1975 troubles is explained by the fact that Syrian regards northern and southern Lebanon (outside of the old north-central Christian enclave) as their own land.

In 1932, a census was held in the greater Lebanon, revealing a wafer-thin Christian majority. A key to the recent civil war is the fact that a later census has never been held, for the simple reason that all parties know full well that the Moslem population has grown to be a large majority of the country. In 1943, the French declared Lebanese independence, feeling their empire to be in retreat as a result of the war; but they managed to engineer a complex religio-political quota system throughout the Lebanese government, riveting the Maronite Christian minority into permanent political control over the now Moslem majority (a majority never detailed because of the French-Christian refusal to hold a later census.)

This system, fastening Maronite Christian political control upon the country, has continued to govern Lebanon ever since, and it is the festering protest of the growing Moslem majority that has led to the current and tragic Civil War.

The reader need have only one guess on which party the United States has been backing ever since World War II; that's right — the militant ultra-right wing of the Maronite Christians, headed by the current Minister of Interior Camille Chamoun and the fascist para-military forces of the Christian Phalange, led by Pierre Gemayel. In fact, in 1958,

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against the imperial Morocco regime, and now controls the eastern desert; the capital city of Aiun has been virtually depopulated, as the Saharan people have fled to the independent zone. One weakness in the Moroccan occupation is the alliance with Mauritania, most of whose population support the Saharan independence movement, as does Algeria. Already, Morocco has grabbed the town of Daklah, supposedly allotted to Mauritania (in Rio de Oro, the southern half of Western Sahara) and a skirmish has already occurred between the troops of the two countries near Daklah. And yet, the Daddah regime in Mauritania continues to collaborate with the Moroccan imperialists, permitting Morocco to establish an air base, and to allow its army to be partly commanded by Moroccan (as well as French) "advisors." In that way, the Mauritanian regime of Ould Daddah encourages the long-standing imperial Moroccan dreams of a "Greater Maghreb", to include all of Western Sahara and Mauritania, as well as a significant chunk of western Algeria, under its sway. The Mauritanian alliance would disappear, however, if the Daddah regime were overthrown.

Meanwhile, in East Africa, France is finally preparing to leave its last imperial stronghold in Africa. Once called "French Somaliland", the country, now called "The Territory of the Afars and the Issas", centers in the important port city of Djibouti, which commands a narrow southern neck of the Red Sea. The French changed the name some years ago, presumably to keep people from drawing the correct inference that the native population is ethnically linked with the Somali peoples of independent and anti-imperialist Somalia, bordering the French colony on the east.

As is typical of modern "neo-colonialism", the French are planning to leave by installing a friendly puppet ruling elite in their place. In this case, the elite is the minority tribe of Afars, who constitute 20,000 people out of the total population of 130,000. The French have relied on hand-picked Afars to run the territory since they annexed the land in 1862, and have rigged the electoral laws to give the Afars a comfortable majority in the colonial assembly. The French are preparing to turn over rule to their

hand-picked Afar premier, Ali Aref.

The subject majority population is the Issa tribe, which spills over into the land of Somalia, whose cause is therefore backed by the Somalis. Most of the Afars live in the capital city of Djibouti, which is literally surrounded by mines and barbed wire, and guarded by the infamous French Foreign Legion, to keep out Issa "undesirables"; the barrier was erected after anti-French rebellions by the Issas in 1966. The French, not incidentally, expect to keep a substantial military presence in the country after they hand over "independence" to the Aref clique. Typical of Aref rule were the most recent colonial assembly elections in 1973, when Aref not only prevented Issas from running in the election, but also imported illegal Afar voters from Ethiopia, where about 200,000 Afars have their home.

Tension within the country is already coming to a boil. The main opposition party, the Popular African League for Independence, is led by the Issa Hassan Gouled; the PALI advocates total independence from France, and an end to the French military presence. Last December there was an attempted assassination of Aref, and a border clash between French Foreign Legion troops and Somali forces. A small Issa guerrilla force, the Front for the Liberation of the Somali Coast, is operating out of Somalia bases.

A complicating factor is the role of Ethiopia. For many decades, the literal slave state of Ethiopia has been the main "pro-Western" country in East Africa. Even after the monstrous feudal despot Emperor Haile Selassie was overthrown a few years ago, the secretive new "left-wing" military clique in charge of the country has continued to serve as a client state of the U.S. in the area. The basic reason is Ethiopian imperialism, since after World War II the victorious Allies enabled Ethiopia to seize and annex Arab Eritrea. Ethiopia has had its hands full in trying to suppress the guerrilla war of the Eritrean Liberation Front, and its attitude toward the Issas is much the same; for one thing, Ethiopia fears that if it does not aid Aref in putting down the Issas, that Aref would stimulate a rebellion among the Afar population of northern Ethiopia.

At any rate, one constant appears clear in the tangled web of conflicts throughout the African continent; in every case, the United States is hip-deep in intervention, and in every case on the wrong side, propping up minority elites and imperial rule. ■

Capitalism, Socialism, And Bureaucratic Management

By Dave Osterfeld

It is commonly held that the unplanned "anarchic" nature of capitalist production necessitates bureaucratic regulation to prevent economic chaos. Thus the prominent Hungarian Marxist, Andras Hegedus, argues that bureaucracy is merely "the by-product of an administrative structure" that separates the workers from the actual management of the economy. Since the owners make the decisions everyone must ultimately take their orders from this small group. Since that would be impracticable in an industrial economy, the problem must be handled by a division of responsibility which in turn entails layers of bureaucracy. The capitalists make the decisions which are then filtered down the bureaucratic pyramid. This means that the workers must wait to be told what to do by their immediate superiors who in turn must wait for instructions from their superiors, etc.

It is important to realize that Hegedus believes that these bureaucratic features are a product of capitalism itself, rather than the nature of large-scale production. "Where capitalist property relations prevail," he says, "it is futile to fight against bureaucracy To change the situation it is necessary first of all to eliminate private ownership of the means of production." Bureaucracy, he continues, was the "inevitable consequence of the development of property relations at a given stage in the division of labor and in economic integration. Consequently, it is also inevitable . . . that at some point there will be no further need for an administrative apparatus separated from society, because subjective and objective conditions will be ripe for direct social self-administration." In plain English Hegedus is saying that because capitalism separates the worker from the control of industry production would be uncoordinated and chaotic were there not some agency for the transmission of knowledge. This is the function performed by bureaucracy under capitalism. Since under socialism the workers will make all of the industrial decisions there will be no coordination problem in such a society. Bureaucracy will no longer be necessary and will be discarded. But, other than vague appeals to "democratize the administrative apparatus" and calls for a "healthy mobility in all areas of administration," he is vague on just how socialism will accomplish this.¹ Since Hegedus' views, particularly regarding the bureaucratic nature of capitalism, are not uncommon, it is time they be critically examined.

The Three Problems of Coordination.

Israel Kirzner notes that there are three problems of coordination that must be solved in any socio-economic system: (1) the problem of priorities, i.e., what goods and services should be produced; (2) the problem of efficiency, i.e., what combination of resources used in the production of a given commodity will leave the largest bundle of resources left over for the production of other goods and services; and (3) the problem of distribution, i.e., how to compensate each participant in the system for his contribution to the productive process.² The role of bureaucratic management can best be analyzed by seeing how both capitalism and socialism approach these problems as well as how well they can solve them.

Priorities. Within a market system priorities are set by the consumers' buying and abstention from buying. Entrepreneurs, anxious to maximize their profits, will tend to produce those goods with the greatest discrepancy between price and cost. Since the consumers are willing to pay more for goods they desire most intensely, the prices of these goods, other things being equal, tend to be higher than those of the less intensely desired goods. Thus the goods that the members of society deem most important are the ones that, without the need for any conscious bureaucratic direction, are first and most plentifully produced in a capitalist system.

A common criticism of this type of reasoning is that there are many examples where the market cannot be said to reflect the priorities of the consumers. It is assumed, for example, that bread is more important than diamonds while it is noted that the price of diamonds is much greater than that of bread. The error in this criticism is that individuals

are never confronted with a choice between diamonds in the abstract, and bread in the abstract. Instead, that choose between individual units of bread and diamonds. Since under normal conditions the quantity of bread greatly exceeds that of diamonds, the satisfaction or dissatisfaction caused by the addition or loss of any particular unit of bread, i.e., its marginal utility, is relatively low compared with that of any unit of diamonds. Were, by some quirk of fate, the quantity of bread greatly reduced or that of diamonds significantly increased, the marginal utility of the units of bread and diamonds would be altered causing the price of bread to rise and that of diamonds to fall. It can therefore be seen that the market does indeed reflect the priorities of the consumers and does so without the need for any bureaucratic direction. In fact, bureaucracy could only impede consumer satisfaction for, as Kirzner points out, "any non-market obstacles placed in the way of the pricing process thus necessarily interfere with the priority system that consumers have set up."³

Since socialism entails the elimination of the market, there is no mechanism by which priorities are established without conscious direction and control. Thus it is precisely socialism that cannot function without a burgeoning bureaucracy. A quick look at the planning process in the Soviet Union will clearly highlight the bureaucratic labyrinth endemic to even a moderately socialist economy.

In order to construct the plan for the coming year the planners must have as much data as possible on the state of the economy for the current year. This job is handled by the Central Statistical Administration, which alone employs several million people. This information is then conveyed to the State Planning Committee, or Gosplan. Priorities for the coming year are established by the Council of Ministers in conjunction with several other political agencies and communicated to Gosplan, which attempts to coordinate all of the priorities as well as balance the output targets for every industry in the economy with its estimate of the inputs required to produce them. The plan then travels down the planning hierarchy going first to the industrial ministries, then to the subministries, etc., down to the individual enterprises. In this way each firm is informed of the output levels that have been set for it, and the plan begins to ascend the planning hierarchy with each enterprise now in a position to calculate for itself the inputs necessary to produce the given level of output. As the plan travels upward both the input and output

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the Eisenhower administration, absurdly scenting a "Soviet plot" to take over Lebanon, landed 15,000 American Marines on the Lebanese beaches to save the regime of then-President Chamoun from an insurrection against his unconstitutional attempt (even within the biased pro-Christian constitution) to perpetuate himself in power.

Fortunately, however, good sense seems to have struck Washington in this particular area, and the United States steadfastly refused to intervene in the Lebanese civil war of 1975-76, and even restrained their pro-Maronite Israeli allies from doing so. As a result, there is at least a possibility that the current truce will last, and will not precipitate a global conflict. But the newly agreed upon reforms, granting the Moslems a bit more parity in the government, are scarcely enough to allay Moslem grievances, and so the future remains in doubt. After failing to win the civil war (to say the least) the Maronites began to call belatedly for partition in Lebanon (i.e. roughly for a return to the original Lebanese boundaries) but, unfortunately, it looks as if the Moslems, after decades of grievances and after so much bloodshed, will refuse to accept it. And so — as in the case of bleeding Northern Ireland — a partition reflecting religious realities, and putting an end to the tragedy, remains only in the realm of theory. □

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levels are adjusted according to a bargaining process between the enterprise manager and the central planners. The former attempts to underestimate his productive capacity and overestimate his resource requirements to make fulfillment of his part of the plan easier, while the latter does just the reverse. After finally reaching Gosplan the plan is surveyed in its entirety and the necessary corrections and adjustments are made. The plan is then sent back down the planning hierarchy with each enterprise being informed of its final production goals. And beyond this, of course, lie a host of government agencies required to insure compliance with the plan.⁴

Just what is this bureaucracy, which numbers into the tens of millions, able to accomplish? The first thing to notice is that despite the scientific jargon, its plans are in fact only guesses about what each individual consumer will want during the coming year. The estimates of the entrepreneur too, are guesses; however, there is a crucial difference: his are based on market data while those of the socialist planners, at least under pure socialism, are not. This means that the entrepreneur is not only in a better position to estimate consumer demand but, just as important, a wrong guess is immediately reflected on the market by a decline in sales. Since the loss of revenue prompts quick adjustments, any incorrect guess tends to be self-correcting. But under socialism, the plant manager need not worry about selling his product but only fulfilling his production quota. Consequently (1) quality tends to suffer since managers try to find the easiest and quickest way to fulfill their quotas, and (2) production continues, regardless of whether anyone wants the products, until the plan is altered by Gosplan. But if production of unneeded goods takes place in some areas, needs in others must remain unfulfilled. It is not surprising, therefore, that the Soviet Union is regularly plagued by gluts of some items and acute shortages of others. When quotas for the shoe and nail industries were set according to quantity, for example, production managers in the nail industry found that it was easiest to meet their quotas by producing only small nails, while those in the shoe industry made only small shoes. This meant gluts of small nails and children's shoes and shortages of large nails and adults' shoes. But setting quotas by weight meant the opposite: gluts of large fat nails and adults' shoes. Similarly, since the dress-makers don't have to sell their products they don't have to worry about style preferences. The result is periodic warehouses full of unwanted dresses. And at another time the Soviet Union found itself in the embarrassing position of having only one size of men's underwear — and that only in blue.⁵

Thus it is not surprising that the quality of consumer goods in the Soviet Union is notoriously low, the average standard of living is about one-quarter to one-third that of the United States, and so many goods are in short supply that one must stand in line three to four hours each day just to get basic necessities.⁶ While capitalism can function with a minimum of bureaucracy, we have seen that socialism, far from eliminating it, requires a host of bureaucratic agencies. These are necessary in order to (1) collect the data for the construction of the plan, (2) formulate the plan, and (3) inspect the plants to insure that the plan is being carried out. The extent of this bureaucracy in the Soviet Union is indicated by a remark of a few years ago by the noted mathematician, V. M. Glushkov, that if it continued to expand at its current rate, by 1980 the planning bureaucracy would have to employ the entire adult population of the Soviet Union. Moreover, an overview of bureaucratic management must call its performance into serious question.

Efficiency. Turning to production we find the same results. Under capitalism the problem of the efficient allocation of resources is solved in the same way that the problem of priorities was solved: the price system. To produce their goods the entrepreneurs must bid for the needed resources. They therefore stand in the same relation to the sellers of resources as the consumers do to the sellers of final goods. Thus prices for the various factors of production tend to reflect the demand for them by the entrepreneurs. Since what the entrepreneur is able to offer is limited by his expected yield on the final sale of his product, the factors of production are thereby channelled into the production of the most intensely desired goods. Those who best serve the consumers earn the greatest profits and, hence, can offer the highest bids for the resources they need.

In short, the market is a highly interdependent mechanism that, without any bureaucratic direction, is able to achieve exactly what

Hegedus thought impossible: the transmission of knowledge to the relevant individuals. If, for example, steel should become more scarce, either because part of its supply has been depleted or a new use for it opened up, its price would rise. This would both (1) force the users of steel to cut back on their purchases, and (2) encourage the suppliers to increase their production. Not only are the actions of all market participants automatically coordinated by these price fluctuations, but the individuals involved do not even have to know why prices rise or fall. They need only observe the price fluctuations and act accordingly. As F. A. Hayek states, "The most significant fact about this system is the economy of knowledge with which it operates . . . The marvel is that without an order being issued, without more than perhaps a handful of people knowing the cause, tens of thousands of people whose identity could not be ascertained by months of investigation, are made to . . . move in the right direction."⁷

It is also important to point out that even within an enterprise bureaucracy is kept to a minimum. First, if a firm becomes bureaucratically top-heavy it will be undersold and, if reforms are not made, put out of business by less bureaucratically structured enterprises. And second, as Ludwig von Mises notes, "There is no need for the general manager to bother about the minor details of each section's management . . . The only directive that the general manager gives to the men whom he entrusts with the management of the various sections, departments, and branches is: Make as much profit as possible. And an examination of the accounts shows him how successful or unsuccessful they were in executing the directive."⁸

But in a pure socialist economy the entire apparatus of the market would be absent. All decisions regarding the allocation of resources and economic coordination would have to be made manually by the planning board. In an economy like that of the Soviet Union, which has over 200,000 industrial enterprises, this means that the number of decisions that the planning board would have to make each year would number into the billions. This already Herculean task would be made infinitely more difficult by the fact that in the absence of market data they would have no basis to guide their decisions. This problem became evident in the only attempt to establish a pure socialist, i.e., non-market, economy: the "War Communism" period in the Soviet Union from 1917 to 1921. By 1920, average productivity was only ten percent of the 1914 volume with that of iron ore and cast iron falling to 1.9 and 2.4 percent of their 1914 totals. In the early 1920's "War Communism" was abandoned and since that time production has been guided by means of restricted domestic markets and by coopting the methods determined in the foreign Western markets.

The task of the Soviet planners is greatly simplified by the existence of these limited markets, but the fact that they are so limited means that the economy still operates inefficiently and suffers from two problems inherent in bureaucratic management: incessant bottlenecks and industrial autarchy.

Since it is simply impossible for one agency to be able to familiarize itself with every nuance and peculiarity of every plant in the entire economy, much less to be able to plan for every possible contingency for a year in advance, the planners are forced to make decisions based on summary reports. Further, they must establish broad categories of classes which necessarily gloss over countless differences between firms. Consequently, every plan contains numerous imbalances which surface only while the plan is being implemented. Since there is no market, these surpluses and shortages cannot work themselves out automatically but can only be altered by plan adjustments made by Gosplan. Thus, shortage of good A cannot be rectified unless or until ordered by the planning board. But plan adjustment in one area will have ramifications throughout the economy. To alleviate the shortage of good A, resources will have to be transferred from the production of good B. Since this will reduce the planned-for output of B, the output of those industries dependent upon B will likewise have to be re-evaluated, etc., in ever widening circles. Empirical evidence bears out the economic theory. Paul Craig Roberts notes that what goes under the pretentious claim of planning in the Soviet Union is merely "the forecasting of a target for a forthcoming few months by adding to the results of the previous months a percentage increase." Yet, even this "plan" is "changed so often that it is not congruous to say that it controls the development of events in the economy." The planning bureaucracy, he goes on to say, simply functions as "supply agents for enterprises in

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The State versus the Amish

By J.R.P

Review of:

Compulsory Education and the Amish: The Right Not to be Modern, edited by Albert N. Keim, Beacon Press, Boston 1975.

This work is another valuable scholarly study of the hitherto sacred cow of compulsory education, an addendum to the superb papers published in 1974 under the title *12 Year Sentence: Radical Views on Compulsory Education*, edited by William Rickenbacker, (Open Court Publishing Co.). This series of nine papers constitutes a case study of how compulsory education laws operate upon individuals and communities, demonstrating in vivid detail their power to harass parents and children, destroy family relationships, coerce whole communities into succumbing to majority cultural values or be jailed, persecuted or hounded into exile. Editor Albert Keim, himself raised in an Amish community, presents a cogent and sensitive explanation of the Amish world view and the practical consequences of that upon their daily life and values. He then traces briefly the series of clashes which the Amish began to have from the late 1920's with various school authorities over compulsory schooling for their children, and presents the dangers seen by the Amish in such forced schooling. Prof. Donald Erickson undertook a personal investigation of three significant Amish cases in the 1960's in Iowa and Kansas which he reports in great detail, showing the bureaucratic politics and local cultural prejudices which combined to crush the unpopular Amish under the whip of the compulsory school laws. The last four papers concern the landmark Supreme Court decision, *Wisconsin vs. Yoder*, in

which, for the first time, a breach was made in the State's absolute power to impose school attendance on all children regardless of the wishes or religious beliefs of their parents. Most important for libertarians is to consider why this case turned out differently from so many earlier ones; almost certainly the key to victory was the moral and financial support and broad media mobilization which was brought to bear in the Wisconsin case by a citizens' committee composed of non-Amish clergymen, lawyers and civil libertarians who were able successfully to generate wide public sympathy for the Amish people's right to be different. The last essay by Leo Pfeffer, a lawyer who is particularly sensitive to violations of separation of Church and State, is alone worth the price of the book. His analysis of the *Wisconsin vs. Yoder* decision explains how the Amish may have won at the expense of the court's establishing special privileges for their Church to the exclusion of other religious people, weakening the so-called "wall of separation" and opening itself to all kinds of future difficulties. The appendix gives the complete text of this Supreme Court decision, itself a fascinating revelation of the tortured logic of the eminent jurists who decide what the rules of our society are to be. Any civil libertarian, anyone anxious to break the monopoly of public education, any student of our pluralistic society at work will want to add this stimulating work to his library. And those libertarians who hope that they can survive in what historian William Marina calls the "interstices" of a culturally hostile society will find provocative food for thought in this case study of the Old Order Amish.

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order to avoid free price formation and exchange on the market” While this appearance of central planning “satisfies the ideology,” the “result has been irrational signals for managerial interpretation, and the irrationality of production in the Soviet Union has been the consequence.”⁹

Thus the evidence indicates that the perennially disappointing Soviet grain harvests are far more a result of the system than the weather, for even in “peak planting and harvest seasons as many as one third of all machines in a district may be standing idle because there are no spare parts. Central planners are acutely aware of the need for spares . . . yet the management system seems unable to match up parts with machines that need them.”¹⁰ The problem of bottlenecks is nothing new, as indicated by a report of some time ago: “the Byelorussian Tractor Factory, which has 227 suppliers, had its production line stopped 19 times in 1962 because of lack of rubber parts, 18 times because of ball bearings, and eight times because of transmission components.” The same writer notes that “the pattern of breakdowns continued in 1963.”¹¹ Perhaps the absurd lengths to which attempts at central planning can be carried is illustrated in an incident reported by Joseph Berliner. A plant inspector, with the job of seeing why a plant had fallen behind on its delivery of mining machines found that the “machines were piled up all over the place.” When he asked the manager why he didn’t ship them out he was told that according to the plan the machines were to be painted with red paint but the manager only had green and was afraid to alter the plan. Permission was granted to use green, but only after considerable delay since each layer of the bureaucracy was also afraid to authorize a plan change on its own and so sent the request to the next highest agency. Meanwhile, the mines had to shut down while the machines piled up in the warehouses.¹²

The problem of bottlenecks is closely connected with that of organizational autarchy. Plant managers are awarded according to whether or not they have fulfilled their production quotas. To avoid becoming a victim of a bottleneck, and thus not fulfilling the quota, the tendency emerged for each industry to control receipt of its own resources by producing them itself. “Each industry,” says David Granick, “was quite willing to pay the price of high-cost production in order to achieve independence.” In 1951 only 47 percent of all brick production was carried out under the Ministry of Industry and Construction Materials. And by 1957 116 of the 171 machine-tool plants were outside the appropriate industry, despite the fact that their production costs were in some cases up to 100 percent greater.¹³ To

combat this tendency Nikita Khrushchev re-organized the economy in 1957 by setting up 105 Regional Economic Councils to replace the industrial ministries. In the absence of other reforms, however, he merely succeeded in substituting “localism” for “departmentalism,” as each economic region endeavored to become self-sufficient. To counter this the economy was further centralized in 1963 but this only increased inefficiency by further rigidifying an already inflexible economy. Unable to find the key to efficient planning, 1965 marked yet another significant step toward a return to a market economy. These reforms not only introduced a limited profit system but also called for “a high degree of local autonomy for producers and suppliers. Detailed planning of every important aspect of production would disappear, to be replaced by minimal direct guidance from above.”¹⁴

Distribution. Turning to the final area we again find that capitalism is the enemy of bureaucracy. Under capitalism, production is for profit. Capital and labor constantly flow to where they can obtain the greatest return. As can be seen, there can be no separation between production and distribution, for those individuals who, in the eyes of the consumers, render the greatest services to “society” are precisely the ones who reap the greatest rewards.

Turning to socialism, it is difficult to say much in theoretical terms about the way in which wealth is distributed since there are a number of conceivable bases for distribution: equality, need, merit and services rendered to society. It should be obvious, however, that the implementation of any of these would require conscious bureaucratic direction. It should also be pointed out in this context that the attempts to establish strict equality have never been successful and probably never will be. This is so for two reasons. First, to spur output the Soviet Union, for example, has always had to rely heavily on a bonus system for its plant managers and the piece-rate system for workers. The saliency of the bonus system is seen in the fact that while in 1934 bonuses equalled about four percent of a manager’s salary, today it often reaches one-half, with bonuses in some industries comprising as much as eighty percent of income.¹⁵ And second, in any society where the state controls all the essential facets of the economy there is a natural temptation for those in control of the government to use their political power to obtain economic privileges. Thus it is not surprising that the 1917 revolution, regardless of intentions, only resulted in the replacement of one privileged elite by another.¹⁶ One example will illustrate this point. There are a host of “special shops” in the Soviet Union selling everything from food to jewelry. These stores, which are allegedly for the benefit of foreign

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Foreign Affairs

By Leonard P. Liggio*

UNITED STATES OF EUROPE?

April 1 is the beginning of discussions on increased union among the European states. The objective is to move toward an elected parliament of the European community. Especially in France there is opposition to a super-state and its parliament. The Communists and right-wing Gaullists oppose any infringement on France's nationalism; while the Socialists oppose a parliament unless based on proportional representation. But elsewhere the Christian, Socialist and Liberal-Free Democratic parties are forming transnational political coalitions. The Free Democratic German foreign minister, Hans-Dietrich Genscher, wants a European foreign policy, as on Angola and Western Sahara, so as to have a unified foreign policy, mainly to back the US, but against it in the case of American cut-off of aid to Turkey. France opposes a common foreign policy as a restriction on its nationalism, as in its opposition to the US on Angola, where it supported the MPLA.

The important decision will be selecting a new president for the

European Economic Community, for the present president, F-X. Ortoli, is retiring to return to politics. Also, the industry minister of EEC, Altiero Spinelli, will retire due to age. Likely to remain as ministers are Carlo Scarascia Mugnozza, Wilhelm Haferkamp and Dr. Patrick Hillery, along with the classical liberals, Albert Borschette, minister of competition, and Hans-Dietrich Brunner, the research minister, who is expected to become external relations minister. The present external relations minister, former English ambassador to France, Sir Christopher Soames, son-in-law of Winston Churchill, is the prime candidate for president of EEC. He is supported by Harold Wilson and Chancellor Helmut Schmidt, but not by James Callaghan. Mrs. Margaret Thatcher, conservative leader would like Soames to return to parliament as shadow foreign minister for a conservative government of the future. Instead of Soames, Thatcher would like to have former prime minister, Edward Heath, go to Brussels as EEC president. Too clever by half! Meanwhile, Labor chancellor of the exchequer, Denis Healey, stole a

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tourists, have high quality merchandise at below cost prices in order to compensate the tourist for the government's artificially high exchange rate for rubles. However, James Wallace points out that "high-ranking Government officials, senior military officials and upper ranks in the Communist Party are all privileged to shop in these stores as a fringe benefit of their jobs." They are therefore able to buy "hard-to-get goods for a fraction of the prices their neighbors pay for often-lower-quality merchandise."

It is a revealing sidelight, and one that should be especially noted by those who condemn capitalism for its unequal "distribution" of wealth, that there is greater inequality of wealth in the more socialist countries like the Soviet Union than in the relatively more market-oriented economies such as the United States.¹⁸ This, moreover, is not a historical accident but in conformity with economic theory. For under capitalism there is a natural tendency for capitalists to invest in areas with a low wage level, thereby forcing those rates up to a level commensurate with that of other areas doing the same work, while workers in low pay jobs tend to migrate to areas where pay is higher. Similarly, entrepreneurs invest in areas manifesting high profits. But the increased output forces prices and profits in those areas to fall. In short, while capitalism will never eliminate inequality, it does tend to reduce extremes of wealth and poverty.

Conclusion.

Under capitalism the price system performs the crucial function of transmitting knowledge throughout society and thereby eliminates the need for bureaucracy. But precisely because it eliminates the market, bureaucratic management is indispensable for a socialist economy. Furthermore, since there is an inverse relationship between central planning and the market, bureaucratic management is inherently contradictory. Its dilemma can best be summarized, perhaps, in the form of two planning paradoxes:

Paradox One: For central planning to be viable it needs market data to guide its decisions. But the greater the role of markets the less that of central planning. Conversely, the more extensive the area of central planning the more limited the market data, and hence the more inefficient must be the operation of the economy.

Paradox Two: If the planning board endeavors to maximize consumer satisfaction it merely does manually what the market does automatically. It is then just a wasteful, redundant entity. But if the planning agency plans operations that would not have been undertaken on the market, then that is an indication that the priorities set by the agency are in conflict with those of the consumers. It is clear that regardless of the course adopted by the agency the position of the consumers must be worse off than it would have been under a market economy.

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
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march on the Tories by announcing the need for extreme budget cuts, less social spending and not pressing for further nationalized industry.

FRANCE AND ITALY

The big issue in French and Italian politics is the role of the Communist parties. In Paris, Nelson Rockefeller warned the French and Italians that the US will end its alliances with them if they allow Communist participation. This echoes Kissinger's statements. In France, elections for the General Councils of the 95 departments showed a majority vote for the left-communists, 22.8%, socialists, 26.5%, and Radicals of the Left, 5%. President Giscard's Independent Republicans gained, but his ally, the Gaullist party, lost. This points to a socialist-communist victory in parliamentary elections in 1978. The communists in France and Italy were strengthened by their outspoken independent line at the recent Moscow congress of the Soviet Communist party. President Giscard will have to continue the popular anti-US foreign policy to maintain a strong political initiative. The interior minister, Michel Poniatowski, has lost the administration much support over his handling of the Corsican self-determination movement, along with those of the Bretons, the southern French of the Midi and the Ocians, of the Southwest. Also, Giscard's economic 'reforms' will not gain support. The proposed capital gains tax would have fewer teeth than the British model, and they would be felt mainly by stockbrokers, antique dealers, art salesmen and auctioneers. But then the French are an acquisitive people, and it is not just the wealthy or conservative who loathe the concept of taxing capital gains. According to one opinion poll, 61% of even Communist voters are opposed to the bill. If American liberals and social democrats want to learn how to gain popularity they should learn from the French communists' acquisitiveness and their opposition to capital gains taxes.

In Italy, events are moving to the Historical Compromise (*compromesso storico*) of a joint Communist-Christian Democratic cabinet. For the first time, the premier, Aldo Moro, held a ninety-minute talk with Communist party leader, Enrico Berlinguer. This was the result of the request by the leader of the highly respected Italian Republican party, Ugo La Malfa, that the Communists be included in the cabinet. Communist leader Giorgio Amendola declared that the Communists would carry out an extreme austerity program once they were included in the government. Although the Catholic trade unions are more radical, that would mean that the Communist-led unions, having the most members, would keep industrial peace. For that reason the leading industrialists have been urging Communist membership in the cabinet. As evidenced in Portugal, Communist commitment to central control and planning makes them excellent discipliners of worker demands. The strong Marxist hatred of inflation makes their concerns coincide with those of capital owners. Italian money markets, after closing for forty days, were opened with a major anti-inflation program of the government, but to get parliamentary approval and union discipline, the

Communists are the basic ingredient. The Italian Socialist party — which was led into a coalition with the Christian Democrats a dozen years ago by Pietro Nenni — are demanding Communist inclusion before they will support austerity. This plan of their leader, Francesco De Martino, is challenged by left-wing socialists, led by Sr. Lombardi, which demands a government coalition of Socialists and Communists without the Christian Democrats. The Communists reject this. They want a grand coalition with the Christian Democrats so as to insure that there is strong popular support for difficult economic measures, so as to neutralize Vatican opposition, and to maintain continuity of government since the Christian Democrats have ruled for thirty years. Also the Christian Democrats have no moral credibility, especially as a result of the Lockheed bribes. The Communists would restore a moral cover to the government. The Communists have just joined the Socialists and the Social Democrats in a coalition regional government in Latium, whose capital is Rome. This is a result of a left-wing shift of the Social Democrats at their recent national congress.

But the Christian Democrats have the one thing the Communists need — a hegemonic position, the capacity for decision-making for a general public and not limited constituencies. The Christian Democrats have the tradition of 'Consensus politics' which the Communists need desperately to learn if they wish to be successful. Although a former leader, present defense minister, Arnaldo Forlani, an ally of the American puppet, Amantore Fanfani, is attempting to prevent the Historical Compromise, the party leader, pediatrician Benigno Zaccagnini, and premier Aldo Moro, require Communist participation in the austerity program. Although Communist rule in regional governments are giving them a sense of the attitudes required for decision-making, for hegemony, they still have a lot to learn. The Communists model themselves after technicians and business managers, because they mistakenly think that they are the decision-makers in a capitalist society. They are misguided by the entrepreneur fallacy, the belief that managers make decisions. In a capitalist society it is capitalists, owners of money, who make the decisions by their day-to-day investments, as the current monetary situation in Italy shows clearly. The decisions that a manager makes are far different than the considered judgment of the capital owner. Long study, care, restraint, abstinence from action as the highest form of action by the capitalist, are the real decisions. The Communists are just realizing that, but having trained themselves as technicians and managers, they have few if any real decision-makers, few if any capable of hegemonic leadership. While Communists are all 'business' with long-hours in their offices, the Christian Democrats at their March convention displayed the height of their hegemonic capacity — no lunch shorter than three hours. Important decisions are not made in offices, but in leisure, in study, in conversation. Real decisions take time, and in an atmosphere that reflects time. In Italy, important decisions cannot be taken in offices, only in a home, a club, and especially out of doors (walls have ears) during a leisurely stroll. When Moro and Berlinguer are known to have talked outside of an office, we will know that decisions were being made — and that the Communists are learning hegemonic leadership. □

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