



# *Socialism at its best...*

PAUL L. POIROT

TAKE A GOOD LOOK around the world today. Turn back through the records of history. Peer ahead as far as the imagination allows. For what? For a time, and a place, and circumstances as ideal as man could hope to find or arrange for carrying on an experiment in socialism! Why do that? Simply to give the believers in socialism the best chance in the world to prove to others the soundness of their theories — or to see for themselves the falsity of their claims.

What conditions, then, would one prescribe for such a test? First of all, he'd probably look for a well-developed industrial society, a wealthy people who have known the productivity and abundance of private capitalism and who could afford such costs as a socialistic experiment might involve. He'd probably look for a complex exchange economy with many highly skilled and highly productive specialists — many persons of great ability from whom goods and services might be drawn. Also required would be the needy — persons who would submit willingly to identification and classification as deserving dependents of the society. Such an experiment surely would be facilitated if all the people had been more or less conditioned for con-

trols — perhaps having experienced a series of world wars, much international bickering and unrest, a prolonged period of heavy taxation, a huge government debt — yes, and a debauched currency.

Other conditions may come to mind as you enter the spirit of this search. Or perhaps you will agree that we have already provided an ideal testing ground for socialism, right here in the United States, during the 25-year period since the depth of "The Great Depression." The tests have been underway for a full generation, and many examples could be cited. But to be specific, let's look at the cotton business, an experiment in socialism under conditions as ideal as any one — or any committee — could have planned.

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**A Perfect Set-up**

When and where else in the world has there been more skilled planning, more effective control, more able and willing participation, and less resistance or interference? We've been taught socialism in the schools, read it in the papers, heard it on the radio, seen it on television, and even lived it in our daily affairs. Surely, cotton growers — with a few outstanding exceptions — have been well-organized and persistent in acknowledging and proclaiming their need. And who on earth really has stood

and denied it? This test of socialism — involving the cotton business of the United States — should have had success if such a project ever has or ever will!

Some persons may protest, of course, that the cotton business has not been socialized. And it is true enough that the name of socialism is not popularly associated with the program which has substituted compulsory government direction and control for competitive private enterprise as the regulator of cotton production and distribution in the United States.

A "market" scene — when government interferes.

A. Devaney, Inc.



Indeed, many of the formalities of private ownership and control have been retained. The farm land is nominally under private ownership. The cotton is planted, cultivated, and harvested by so-called private operators. But in order to grow cotton on "his own land" or sell "his cotton," the farmer is obliged to obtain a license, or permit, or quota, or certificate; he must ask permission. In other words, the freedom of choice that is the essence of private ownership does not exist for the cotton farmer.

Instead of a free market in which willing buyers and sellers bargain to arrive at a price that tends to balance effective demand against available supplies, the price of cotton is fixed by the government — and variations in supply and demand for cotton show up either as shortages or, more likely, as unmarketable surpluses. The name socialism quite properly describes such an arrangement.

### ***As the Secretary Sees It***

So what do we have to show for this experiment? How well has socialism functioned under these nearly ideal conditions? Let's consult the person who has had charge of the experiment since early 1953. The following quotation is from a book published in 1956, *Farmers at the Crossroads*, by Secretary of

Agriculture Ezra Taft Benson (as told to Carlisle Barger):\*

The story of cotton is a tragic one. Becoming frightened at the problem of abundance, cotton farmers elected to live by rigid high price supports. What has been the result?

Twenty-five years ago, cotton grew on 43 million acres of United States farm land. In 1956 the acreage is not 43 but 17.4 million.

Twenty-five years ago, before American cotton growers began to hold the price umbrella for foreign producers, cotton production abroad totaled 12 million bales. This past year foreign production was not 12 but 25 million bales.

Twenty-five years ago the United States exported 7 million bales of cotton. During the past year our exports were not 7 but 2 million bales.

Twenty-five years ago, before cotton tied its own hands, synthetic fiber consumption in the United States totaled the equivalent of about a quarter of a million bales of cotton. Today synthetic fiber consumption has reached the equivalent of about 4 and a half million bales.

Cotton producers, frightened by abundance, had a carryover of nearly 15 million bales before the 1956 crop was harvested. This carryover was the largest in history and posed a major threat to world cotton markets.

After twenty-five years of the utmost government solicitude, cotton has lost markets everywhere. Its pro-

\*New York, Devin-Adair. \$2.75

ducers have lost freedom. Cottonseed crushers are limited in the availability of their raw material. Cottonseed oil supply is limited and soybean oil is increasingly taking its place.

The pity is that the road back is a long, long one, even if cotton should set its feet firmly in that direction. Markets once lost are not easily regained.

### **The Farm Bureau Comments**

If one chooses not to rely entirely on the report of the administrator of the cotton experiment, he may check with one of the major farm organizations. Early in 1957, the American Farm Bureau Federation published a "discussion sheet" on "Subsidies," with these observations:

Through price support, the government has guaranteed agriculture a market. This guaranteed market causes farm production to increase in spite of production controls. In other subsidized industries overproduction is checked either by limits on the amount of the subsidies or by the fact that production must be sold on the open market.

The restrictions and waste in agricultural programs are an inevitable result of price supports. For it is well to remember—we *have* wheat and cotton export subsidies *because* of price supports; we *have* quotas and allotments *because* of price supports; we *have* surpluses, surplus removal programs, and diverted acre problems *because* of price supports.

With all of the experience we have had with government attempts to boost farmers' income, which is down while the income of "free" industries is up, it seems wise to take a hard look at what subsidies really do.

The total cost of these programs is almost impossible to calculate. However, the realized cost of efforts to stabilize prices from 1933-1956 has been in excess of \$14 billion. In addition, payments in excess of \$3½ billion have been made to "conserve the soil." Examples of program costs in stabilizing prices during this period are:

corn	— \$1-3/4 billion
cotton	— \$2-1/5 billion
wheat	— \$3-1/3 billion
peanuts	— \$183 million
rice	— \$100 million
tobacco	— \$241 million

Estimated soil bank payments for 1957 are \$1.2 billion. The export subsidy programs, while moving surpluses, have been expensive. For example, the International Wheat Agreement for the export of wheat has cost \$759.6 million since 1949.

Cotton exports are costing an estimated \$45 per bale on 6.5 million bales in 1956-57. In addition, public funds totaling \$476.2 million have been made available to finance about half of these exports through loans, gifts, and foreign currency sales.

Farmers must live under laws, rules, regulations, and orders that divide up the right to produce. Under government controls the tendency to "level down" all farmers to

a low "common denominator" gathers momentum every year.

### **Views of a Cotton Dealer**

In Houston, Texas, recently, before the Agriculture Committee of the United States Chamber of Commerce, Mr. Lamar Fleming, Jr., board chairman of Anderson, Clayton & Company, the world's largest private cotton dealer, offered his appraisal of the cotton experiment:

We have tried to perpetuate prices that would support cotton production on marginal farms. Experience shows that we cannot do it without creating prices that make cotton production a bonanza on more efficient lands without acreage restriction—or even with it, under intensive fertilization and care. Experience shows that we cannot do it without also creating huge Government cotton stocks, eventually to be liquidated at tremendous losses, and without having to choose between the loss of our foreign cotton markets to foreign cotton and rayon, or perpetuation of a dumping policy which challenges the World to economic warfare—anyhow not without losing more of our domestic market to rayon.

What would we accomplish that is worth all this?

For a while, we would keep some people in a precarious living, growing cotton where it cannot be grown economically or efficiently. This would help them continue a struggle in which ultimate defeat is certain.

If you have a friend engaged in a hopeless undertaking, do you give him money to help him continue in it? Or do you help him to get into an occupation that offers hope of success? The answer is obvious.

I believe a time has come when efficient cotton growers who are truly thoughtful will come in increasing numbers to the conclusion that a business which depends on Government support, obtained through log-rolling, with the inevitable accompaniment of Government restrictions, is a dangerous business; because, what Government gives today, it too easily can take away tomorrow.

### **Aggravating Influences**

As if to compound its failure, the same government that squanders tax funds to restrict production and boost the price of cotton simultaneously attempts to increase yields per acre and to improve the techniques of cotton production and harvest. Tax supported colleges and experiment stations, along with USDA's own vast field force, spread the findings of their research on matters such as disease resistance, more and larger bolls per plant, longer and finer and stronger fiber, adaptability to mechanical harvesting, seed bed preparation, insecticides, fertilization practices, and weed control, to mention a few. As a consequence of this, as well as much privately financed research and development,

the average yield of cotton lint per acre in the United States has climbed from about 200 pounds in the early 1930's to more than 400 pounds in recent years.

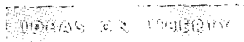
### ***The Failure of Monopoly***

So, the record is clear for anyone who cares to observe the results of a socialistic experiment under conditions as ideal as could be contrived by the mind of man and his powers of compulsion. The intended relief program for American cotton growers has turned the cotton business into a government monopoly, with laws to exclude competition. This is the usual pattern for attempts at socialism; the good intentions succumb to the corrupting influence of power.

Monopoly power is difficult to assemble and wield, for the competitive spirit has great vitality. Suppress competition among growers of cotton in the United States, and

foreign suppliers will enter the market. Restrict a man's production of cotton, and he will produce a substitute. Overcharge a customer, and he will take his business elsewhere. Overtax a citizen and, sooner or later, he will institute a new government. Such are the reasons why socialism must fail, even under the most favorable circumstances in the world.

The cotton fiasco in the United States can be concluded if the government will sell its holdings and get out of the cotton business completely — no more support programs, acreage and production controls, research, or any other intervention in what is none of the business of government. Nor is there any reason why this much-needed corrective should be applied gradually. The only way to be rid of socialism and excessive taxation is to allow freedom for the creative activities of men. • • •



### ***Laissez-Faire***

PRIVATE OWNERSHIP, private initiative, the hope of reward, and the expectation of achievement have always been primarily responsible for the advancement of mankind. Continued progress — be it spiritual, mental, or material — rests squarely upon a better understanding of the idea of individual freedom of choice and action, with personal responsibility for one's own decisions.

JOHN SPARKS, *If Men Were Free To Try*

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W. ALLEN WALLIS

**A**LMOST EVERYONE says he's in favor of free enterprise but hardly anyone really is. Slogans like "Make free enterprise work" or "Preserve capitalism" are the usual rallying cries of all kinds of programs to impair freedom of enterprise. A lot of this is disingenuous.

These disingenuous slogans of the false friends of free enterprise don't bother me nearly as much as the fact that many real friends of free enterprise have hazy notions about how such a system is supposed to work. Even they fail to understand that most so-called "welfare" objectives can be achieved better by free enterprise than by collectivism. In debate they are too often easy pushovers for the collectivists.

I am continually impressed by the fact that most individualists and most collectivists are surprisingly close together in their gen-

eral objectives of social welfare — elimination of poverty, reduction of inequality, and provision for hardship. The differences between the individualists and the collectivists are differences not in values but in technical analysis of the means of attaining these values.

For this reason, I shall make an attempt to picture in very broad strokes the basic mechanism of a free enterprise economy — to describe the way it should — and mostly does — work.

### **170 Million Individuals**

Here in the United States is an area of about three million square miles containing 170 million people. Suppose you were asked how to organize these people to utilize the resources available to them for their material satisfactions. You can imagine you have a fairly detailed inventory of the natural resources of the country, of the peo-

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