

The Vermont Papers

by John Chamberlain

Franks Bryan and John McLaughry, two resident Vermonters, call their book *The Vermont Papers: Recreating Democracy on a Human Scale* (Chelsea Green Publishing Company, Chelsea, Vermont 05038, 308 pages, \$18.95). It is a many-faceted book that will repay several readings. The best of it is its Vermont history, which goes deeply into Vermont's Dark Age when demographic tides were depopulating the American Northeast by spreading emigrants over the Middle and Far West. The Mormon Church had its Vermont origins. Philosopher John Dewey was a Vermonter before he went to Chicago and New York. He gave us pragmatism, which explains much in the American character.

The Vermont Dark Ages came to an end around 1950. It was roughly at the mid-century that the big return to Vermont began. Homecoming Vermonters began picking up farms in the hill country, carrying new businesses northward with them. There was a whole cluster of entertainment industries connected with the ski business and summer tourism.

Bryan and McLaughry want to see Vermont made over into a federation of small to medium size geographical units practicing town-meeting or representative town-meeting democracy. What to call the federation? McLaughry in particular is enamoured of the word "shires." It comes out of English history (Devonshire, Nottinghamshire, etc.). McLaughry is very much the Anglophile, but in an entirely inoffensive way.

The theft of the word "shire" from English history to help create new American history is hardly a sin. But, since we don't have a federation of shires in Vermont just yet, Bryan and McLaughry are reduced to some confusing back-and-forth

writing. You don't know for certain whether the authors are talking about the present, the past, or the future at any given moment. All you can be certain of is that the authors will use a coming "shire" independence to create units that will make their own fish and wildlife decisions, run their own schools, or let education go to private academies. The authors can't tell you about transitions, but the authority of big state government is going to be pushed back, presumably after a constitutional convention.

What would a shire look like in the proposed new Vermont federation? The authors pick four units, beginning with "Lincolnshire," a westward-sloping "shire" that begins at the top of the Green Mountains and runs down to the shores of Lake Champlain. With its nine towns and one small city government (Vergennes), the Lincolnshire area town governments already use the town meeting as their legislature. There can be "walking distance" democracy in a shire whose largest town is Bristol (population 3,993) and whose smallest is Weybridge (population 667).

"Kingdomshire," in the rugged and fabled Northeast Kingdom on the border of Canada to the north and New Hampshire on the east, is a problem. The shire could have direct democracy, but "walking around" in it can mean walking past black bears in places unmarked by camp sites or trail markers.

"Burlingshire," in the west along Lake Champlain, contains the big city of Burlington, which poses the need for decentralized government. "Brattleshire," on the Connecticut River, impresses one as "typically Vermont in its topography," with the western part of the town of Brattleboro "dotted with hills, over ten of them above 1,500

feet, while the downtown on the Connecticut River is about 300 feet above sea level.” Brattleboro has representative town meetings and an administrative town manager.

These are some of the shires that must be federated to satisfy Bryan and McClaughry. As a partisan of tradition myself I would be happy to see Bryan and McClaughry get some organizing disciples. But who is really calling for a federation?

Let me get personal. I have a daughter and son-in-law and two granddaughters who have lived in Vermont a long time, and they had to wait for me to acquaint them with the idea of the shires, or even the very word. They are busy people. My daughter does remedial work with disadvantaged students, my son-in-law teaches computer science in a Burlington college, one of my granddaughters is a first-rate ski instructor at Mad River Glen, and the other granddaughter has been a policewoman. They just aren't going to take the time to do organizing for Bryan and McClaughry. And they couldn't care less for the proposal to do away with the State Senate and create a “unicam” government of 200 members. “Unicam” government does not provide a possibly necessary braking system. As Isabel Paterson has put it, “a mechanism without a brake, a motor without a cut-off, is built for self-destruction.” Both James Madison and John Calhoun have said as much. It could be a long time before Bryan and McClaughry get their federation of shires. □

TAXPAYERS IN REVOLT: TAX RESISTANCE DURING THE GREAT DEPRESSION

by David T. Beito

The University of North Carolina Press, P.O. Box 2288, Chapel Hill, NC 27515-2288 • 1989 • 216 pages • \$29.95 cloth

Reviewed by Carl Helstrom

After the stock market crash of 1929, hard-pressed taxpayers in several major cities in the East and Midwest formed taxpayers' leagues to press for lower property taxes. This book chronicles their efforts, describes the opposition they met, and tells why they ultimately failed.

David Beito, a research fellow at the Institute for Humane Studies and an urban studies fellow

with the Pacific Research Institute for Public Policy, does a masterful job of relating this interesting story. He writes clearly, and his research is thorough and precise. Most important, he recognizes the far-reaching implications of the controversies of the '30s that continue to influence policy-making and popular opinion today. As he writes in the book's introduction:

The taxpayers' revolt of the 1930s gives the historian a window into a whole set of larger questions. Do political and economic classes play any role in tax crises and, if so, how do these classes arise and how are they constituted? How do governments maintain authority and legitimacy when their source of money is challenged? Lastly, a study of depression-era tax resistance challenges prevalent historiographical interpretations of the vitality and continuity of popular wariness of big government during the worst years of economic decline in American history.

The opposition to tax resistance was formidable on several fronts. Campaigns by government employees, interested in keeping their jobs, created tremendous peer and political pressures to maintain or increase financing for public works. New programs, especially at the Federal level, undermined the strength of some tax protesters' arguments by providing ways to circumvent accepted methods of financing. Some private institutions stood against tax resistance because of financial interests. Most notably, banks and other holders of municipal bonds formed their own campaigns or joined with government officials to quell the wave of protest.

The controversy became heated on the academic level, too. Experts in public finance and administration had become accepted players on the political scene in the first two decades of the 1900s, as universities established curricula for the study of public administration. These experts, specially trained in bureaucratic management, supposedly were essential for government to operate efficiently. The notion of a streamlined bureaucracy run by professional political scientists did much to blunt the popular call for economy in government.

The anti-tax, anti-big-government movement of the '30s also faced opposition in the courts. In Chicago, the tax resistance movement was led by the Association of Real Estate Taxpayers (ARET). However, Beito points out, “As depen-

dents on tax money, politicians and jurists alike shared much common interest in destroying ARET, and virtually none in protecting it." In the heyday of the tax revolt, ARET banked everything on a court battle over the legality of tax legislation. Their case petered out, hung up on technicalities.

The revolt against taxes and big government waned after 1933. Beito ascribes this loss of impetus to several factors, but mostly to the inability of the separate tax resistance groups to join together ideologically and organizationally. "In general," he writes, "the tax resisters of the 1930s and their later anti-New Deal incarnations lacked a focused ideological program." Locational and logistical problems, differences of opinion, infighting, and general uncertainty under poor economic conditions also contributed to their lack of focus. In addition to the forces of reaction that opposed the tax revolt—liberal intellectuals, government agencies, and private organizations with political incentives to perpetuate public programs—these internal problems dragged the tax protest movement into oblivion.

By the onset of World War II, the tax revolt as an organized campaign had virtually disappeared, but its fundamental ideas remained. As Beito concludes, ". . . many . . . who participated in the tax revolt and anti-New Deal causes looked on the issue of the individual versus the paternalistic state as timeless and relevant to any society. They saw these questions as worthy of consideration on their own terms and not merely as alternative strategies to carry out shared capitalist goals." The tax revolt did not succeed, but the concepts it embodied—limited, representative government, private property rights, individualism, and voluntarism—have endured. □

Mr. Helstrom is general manager of Libertarian Press, Spring Mills, Pennsylvania.



THE ENIGMA OF JAPANESE POWER

by Karel van Wolferen

Alfred A. Knopf, 400 Hahn Road, Westminster, MD 21157 • 1989
433 pages • \$24.95 cloth

Reviewed by Hal Gordon

The nub of this book is that Japan really is an unfair trade partner—but can't help it. The author, a Dutch journalist who has spent most of the last 25 years in Japan, confirms what most Americans already believe: The Japanese are in fact subsidizing their exports abroad, while restricting access to their own markets. The surprise is Karel van Wolferen's explanation for Japan's neo-mercantilism. According to him, "Japan Inc." is a myth. There is no master plan for world economic conquest conceived and directed from some inner sanctum at the Ministry of International Trade and Industry. There is no plan, no conspiracy at all. There is only the enigma of Japan itself.

Japan, says van Wolferen, cannot be understood in terms of the Western, free-market point of view, which assumes that individuals will always act in a rational, self-interested manner. In the West, individuals are free agents; in Japan, individuals are expected to subordinate their own interests to those of the group.

Behind the facade of a modern industrial democracy, Japan remains a semi-feudal kingdom where individuals owe their first allegiance to their corporation, department, profession, class, family, or other social unit. These groups, which van Wolferen refers to collectively as "the System," are the real rulers of Japan—just like the feudal lords of old.

In effect, the Japanese are not so much a nation as a tribe, bound together by an ethnic and cultural homogeneity. Traditional manners and customs carry greater weight than constitutional processes. Thus, prime ministers negotiate treaties, parliament passes laws, and bureaucrats issue regulations, but "the System overrules the state at every turn." But the System is not a shadow government. Indeed, it has no formal structure at all. The different groups which comprise the System pursue their own objectives and strike their own bargains with each other without regard for a coherent national policy. There is, as van Wolferen piquantly suggests, no Harry Truman to say the buck stops

with him. "In Japan, the buck keeps circulating."

It is this lack of accountability that makes dealing with Japan so exasperating for outsiders. For example, the Japanese government has in recent years made a great show of removing many official trade barriers. Foreigners—especially Americans—are now being told it is up to them if they want to sell in Japan. They must learn the Japanese language and Japanese customs; they must do more careful marketing research; they must discover what the Japanese consumer really wants; they must, in short, "try harder" if they expect to succeed. But a recent article in the *Washington Post* tells quite a different story.

The *Post* profiled a Japanese-American businessman who was born in Japan and had spent the first quarter-century of his life there. There was no question of his being thoroughly familiar with both the language and the customs of his former homeland. Nor was there any question that he was offering a useful, high-quality product at a competitive price. Yet he found no buyers. As he complained to the *Post*: "The Japanese like harmony. You say, 'Buy ours, it's cheaper,' and they won't. And you say, 'Why not?' And they say, 'Because we're happy. You're destroying our harmony. Everything was harmonious until you came along.'" This is the System at work.

Japanese consumers pay a stiff price for the "harmony" they prize so much. If Japanese corporations conquer American markets by subsidizing exports, they must recoup these subsidies somewhere else. Usually, it is by charging higher prices at home. Because consumers are conditioned by the System to "buy Japanese," they accept the price differential with equanimity. The upshot, as van Wolferen points out, is an economy skewed to exports at the expense of domestic consumption: "The Japanese economy is basically dependent on

one market—that of the United States, which absorbs roughly 40 percent of all Japanese exports. Agriculture, heavily protected, is in worse shape than almost anywhere else among the advanced industrial economies where this sector still plays an important role. Industries that serve only the domestic economy are highly inefficient."

A genuinely open market would give Japanese consumers more choices, and better quality goods at lower prices. But it would also undermine the existing social order. Accordingly, the System resists free trade.

This, then, is contemporary Japan—a runaway economic locomotive hurtling down the tracks at full speed with no one's hand on the throttle. For how long?

Certainly not for much longer. Despite much silly talk that Japan has displaced the United States as the world's leading economic power, the fact remains that Japanese "dominance" is exceedingly fragile. Japan's prosperity depends to a great extent on the continued willingness of the United States to shoulder the burden of that country's defense, and to accept Japanese penetration of American markets. Pushed too far, Congress might withdraw the American shield or enact retaliatory trade barriers—or both.

Is a showdown inevitable? Van Wolferen thinks it more likely that the System will grudgingly make whatever concessions it must to avoid an all-out trade war. But he sees a better alternative—"turning the System into a genuine modern constitutionalist state, and Japanese subjects into citizens." Such a transformation would not be easy to effect, but it would probably receive a significant boost from freer trade and more open markets. □

Mr. Gordon is a corporate speech writer.

Join us in the pursuit of an ideal.

The ideal of freedom is to let anyone do anything he pleases, as long as his behavior is peaceful, with government empowered to keep the peace—and nothing more. An ideal objective, true, but one that must be pursued if we would halt the continuing descent of our society from bad to worse. Nothing short of this will suffice. And unless we fully understand the ideal—and what makes for its attainment—we'll tend to settle for powerless, futile little pushes and shoves that yield no more than a false sense of something done.

—Leonard E. Read

Where have you been? If you've just discovered THE FREEMAN and have found some helpful ideas, you may want to see our studies regularly. If so, just use the form below to reserve your place on our mailing list. (Any individual in the United States is added at his request. For foreign delivery, extra mailing costs require a charge of \$15.00 a year.)

Where are you now? If you're already on the mailing list, but have a new address, please let us know of the change to minimize any delays in delivery.

.....
Sorry, this is not a mailing card: please enclose in a stamped envelope.

**The Foundation for Economic Education
Irvington-on-Hudson, New York 10533
Telephone: (914) 591-7230**

THE FREEMAN
IDEAS ON LIBERTY

- Please add my name to receive THE FREEMAN, a monthly study journal of free market, private property, limited government ideas and ideals; and the newsletter, NOTES FROM FEE.
- Enclosed is a donation of \$_____ to help in The Foundation's work.
- Please change my address, as follows.

Name (Please print)

Street

City

State

Zip Code

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

“To tax the community for the advantage of a class is not protection: it is plunder.”

—BENJAMIN DISRAELI

THE FOUNDATION FOR
ECONOMIC EDUCATION, INC.
30 South Broadway
Irvington-on-Hudson, NY 10533

Non-profit organization
U.S. POSTAGE
PAID
Foundation for
Economic Education, Inc.
