

hungry and friendless, yanked free from one's home and associations, for having done nothing at all, and abandoned to bake and dessicate in a sun-roasted and sandstorm-assaulted nightmare-nowhere, issue any smug disclaimers about the author's credentials for producing such a book as this.

James J. Martin is the author of *Men Against the State*, *American Liberalism and World Politics*, *Revisionist Viewpoints*, and *The Saga of Hog Island*. He is a frequent contributor to LR.

Letter from a science fiction fan

PATRICIA WINTER

Enemies of the System by Brian W. Aldiss. Harper and Row, 119 pp., \$7.95

DEAR JEFF:

The science fiction fan in me read Brian Aldiss's *Enemies of the System* in a growing snarlymean fit. Too much talking. Not enough story. Just piddling glimpses of the giant, entrancing, three-weeks-reading, fat, lovable novel it could have been. I was ready to throw the book into the disintegrator when another part of me, the ideologue, took over and reread the damned thing.

"They embodied their discomforts in new metaphysical monsters," writes a character in the book, an historian, "—even in whole populated planets full of them. As we know such things cannot exist, but their imaginations were wild with discomfort. They also dreamed of perfect machines, things of metal which would not suffer from their internal disabilities."

Aldiss's historian is talking about us—the muddled late twentieth century

model of *homo sapiens*. He is himself human, but he is not a member of *homo sapiens*. He is a member of a descendant species, *homo uniformis*, and of a social system which works so well it has held consistent cultural control for a million uninterrupted years. The system is communistic. The technology which makes it possible is called Biocom. It's a device implanted in each individual's body at birth, an automatic device which keeps the individual's "primitive ego defense mechanisms" shunted into an artificially induced gestalt state which seems to be telepathic.

In such a physiologically communistic system, only the freethinking, freeacting individual poses any real threat—unless there is some cosmic anteater out there to level the cosmic human anthill made possible by Biocom. And apparently there is no such outside threat. Then a group of the system's elect gets itself stranded on an endless, primitive, desert planet. It might be an accident. It might not be. But communication with the system is broken. And their Biocoms have begun failing them.

Meanwhile we learn that these castaways are not the first. A million years or so before, when *homo uniformis* was first being perfected, a group of *homo sapiens* had crashed in this desert and mostly perished. Their descendants live here still, practicing a debatable kind of cannibalism and a religion based on space travel. The stranded *homo uniformis* elite is captured by some of these descendants. Cut off from their civilization, the biochemical communists begin quarreling among themselves.

But wait a minute! the ideologue in me wants to cry out. Is the idea behind this featherlight outline for

a novel that individualism leads always to conflict and communism is impossible except through technology so advanced it can literally change human nature? Well, maybe not. Aldiss gets his story over with so soon after dropping his *homo uniformis* into his situation, there's no chance to see them interact with the primitives for any substantial length of time. But what time we do see them together leaves us with the distinct feeling that the author sees only folly in his biocommunicistic species.

Then there's that mysterious business near the end of the book about how human beings of the twentieth century "embodied their discomforts in new metaphysical monsters." As nearly as I can make out, the "metaphysical monsters" in this quotation are things like religion, government, philosophy, literature, even science fiction—things invented by *homo sapiens* to divert, redirect, and relieve those internal conflicts in each of us. And the implication would seem to be that it's not biotechnology but the arts and humanities which can civilize human beings, by placating "the ghost in the machine."

The problem with *Enemies of the System* is precisely that it is only implicit (and only vaguely so), never explicit about what it means. And since it consists largely of long-winded speeches by sketchy characters, what it means would seem to have been the point of writing it (or should that be dashing it off?) in the first place.

Regards,
Pat Winter

Patricia Winter reads manuscripts for the science fiction division of Pinnacle Books. Her own sf has appeared in *Analog*, *Infinity*, and *Magazine of Fantasy and Science Fiction*.

The economic consequences of Mr. Keynes

RICHARD EBELING

Democracy in Deficit, The Political Legacy of Lord Keynes by James M. Buchanan and Richard E. Wagner. Academic Press, 195 pp.

The Fallacy of the Mixed Economy by Stephen C. Littlechild. Institute of Economic Affairs, 86 pp., \$4.95

IN HIS 1752 ESSAY ON the dangers "Of Public Credit," David Hume warned his readers that "it is very tempting to a minister to employ such an expedient, as enables him to make a great figure during his administration without overburthening the people with taxes, or exciting any immediate clamors against himself. The practice, therefore, of contracting debt will almost infallibly be abused, in every government. It would scarcely be more imprudent to give a prodigal son a credit in every banker's shop in London," Hume insisted, "than to empower a statesman to draw bills, in this manner, upon posterity."

For this reason, the classical economists argued that only the strong and constant pressure of public opinion against such practices could prevent the ballooning of governmental expenditure and deficits. This was most clearly expressed by James Mill in his 1808 essay, *Commerce Defended*. "One of the most powerful restraints upon the prodigal inclinations of government," Mill declared, "is the condemnation with which expense, at least beyond the received ideas of propriety, is sure to be viewed by the people. But should this

restraint be taken off, should the disposition of government to spend become heated by an opinion that it is right to spend, and should this be still farther influenced by the assurance that it will by the people also be deemed right in their government to expend, no bounds would then be set to the consumption of the annual produce."

Throughout most of the 19th century, the rule of balanced budgets and suspicion of increases in government expenditures were the governing ideas among both the general public and the liberal intellectuals. The principles remained dominant, *at least in theory*, into the 1930s. But following the Keynesian revolution, the climate of opinion began to change, until now the point has been reached when the rule has become budget deficits and it has come to be expected that an increase in the share of the national income absorbed by government is a normal annual event.

Why Keynesian economics has had this influence on fiscal and monetary policy in the western world, and in America in particular, is the topic of a recent study by James M. Buchanan and Richard E. Wagner entitled, *Democracy in Deficit, The Political Legacy of Lord Keynes*.

Buchanan and Wagner first explain the idea behind the "Old-Time Fiscal Religion" and its emphasis on annual balanced budgets, with occasional exceptions during wars or national calamities. Even when unusual circumstances resulted in a budget deficit, the usual procedure following the emergency was to run a series of budget surpluses and retire the public debt. The guiding idea behind this policy was the belief that public and

private finance were analogous, that what was prudent conduct for an individual—spending within one's income—was equally prudent for government. And while this "fiscal constitution," as Buchanan and Wagner call it, was never written into any formal set of rules, "it was, nevertheless, almost universally accepted."

Keynesian theory, however, overthrew the underlying moral concept behind the fiscal constitution. It made the argument that a major distinction existed between private and public finances. It claimed that the function of fiscal policy was not to balance the budget over an arbitrary calendar year, but to use fiscal and monetary manipulations to balance the supposedly unstable market economy over the stages of the business cycle. During depression, budget deficits would lift the economy out of the trough. During inflation, budget surpluses would dampen the excesses of the private sector.

Ah, but there's the rub, insist Buchanan and Wagner. What sounded beautiful in theory, under the assumption of an all wise and all knowing small elite of "economist-kings" making policy decisions, soon turned into a nightmare in a political democracy in which elected officials constantly had the incentive to sell budgetary favors to special groups in return for votes, but rarely had any incentive to limit expenditures in the interests of society as a whole.

Indeed, as the authors point out, the idea that political institutions might influence the direction of policy never seemed to enter the early Keynesian world-view. Keynes, they explain, "was an elitist, and his idealized world embodied policy decisions being made by a small and

enlightened group of wise men." To the extent that such political institutions might have interfered with his desired policy, Keynes "would have been quite willing to jettison such institutions, regardless of their history and of their traditional roles."

To demonstrate Keynes's pragmatism toward institutional settings, the authors quote from the famous foreword that Keynes wrote for the German edition of *The General Theory*, in which he emphasized to his Nazi readers that "the theory of output as a whole, which is what the following book purports to provide, is much more easily adopted to the conditions of a totalitarian state, than . . . conditions of free competition and a large measure of laissez-faire."

Why has the elimination of the fiscal constitution generated this tendency for perpetual budget deficits? In a situation in which every government expenditure must be matched by an explicit and equivalent amount of taxes, it is fairly clear to all concerned what the real costs of a government provided service entail. An estimate can then be made on the part of taxpayers—who will directly pay for the services—whether they are worth it. But once the expenditure-revenue link is broken, a "fiscal illusion" is created in which a benefit seems obtainable without a clear vision of the true costs. "Deficit financing creates signals for taxpayers that public services have become relatively cheaper," say Buchanan and Wagner. "Because of these signals, voters will demand a shift in the composition of real output toward publicly provided services (including transfers)."

In effect, a combination of political institutions in which votes and group

privileges are bought and sold with a fiscal arrangement that tends to hide the real costs of government activities has created an environment of bloated government and inflationary deficits financed through money creation.

Given their diagnosis, the prescription that Buchanan and Wagner suggest follows quite naturally: a *real* and *formal* fiscal constitution should be established that requires balanced budgets, with automatic mechanisms to compensate for unanticipated deficits and surpluses.

It is important to realize that in their analysis, Buchanan and Wagner are concerned with political *procedures* in a free society, rather than with the political *substance* of a free society. If, in a balanced budget framework, a majority of voters were to vote for government provision of services or subsidies, they would have nothing to say about the matter. What they wish for is a fiscal arrangement in which the "real costs" of government actions will be taken into account. They seem to believe that a weighing of those costs will tend to make voters leery of extended governmental activity.

And it should be acknowledged that it is obvious throughout the book that the authors are, themselves, critical of government growth and intervention and in a number of places refer the reader to the "Austrian" analysis of how monetary and fiscal manipulations distort relative prices and bring about a misdirection of resources.

Though Buchanan in particular has emphasized that important distinctions exist between the market for private goods and the market for public goods, the essential issue has been left