

tepid mush, a vague doctrine of Love, Community, and Cosmic Consciousness. Cut off from its own history, without the anchor of the Old Right tradition, the organized libertarian movement of the nineties is taking its cues from the culture, and slowly disappearing into the leftist morass—and *that* is the legacy of Karl Hess. ■

Illusions of Charity and Trade

by Llewellyn H. Rockwell, Jr.

Government flacks never tell the truth about proposed legislation. On everything from welfare to trade, the fib is the order of the day. That's why every seasoned observer of the central state knows he has to read the actual bill.

The Clinton administration, for example, promises to move people from welfare to work. Most Americans support this, since no one should live off the taxed earnings of someone else. It's time for the host to reject the parasite.

Turns out, however, that under the Clinton plan, moving from welfare to work will cost the taxpayers nearly \$10 billion extra. That is, welfare reform will extract even more from the productive sector to redistribute to the unproductive. In other words, it's a con.

What about the two-year time limit on receiving cash welfare? It does nothing to

force welfare clients to work for a living, although Clinton claims he will make people seek jobs in the private sector. But the minimum wage, payroll taxes, and mandated benefits will prevent that.

And if a person doesn't find a job in the private sector? Clinton says he can have a government job. Taxpayers will then provide a higher salary, bounteous health benefits, and a handsome pension for a makework "job." And where will these people work, if you'll excuse the verb? In the very welfare bureaucracies he proposes to reform.

But let's say, for the sake of conjecture, that Clinton really would stop payment on somebody's welfare check. Totally overlooked is his exemption for any mother with a child under the age of one. At first, this sounds like elementary human decency. But let's think about it from the female welfare recipient's point of view.

Before Clinton's reform, this woman could live off the taxpayers from cradle to grave. She received added benefits if she had a child and kept the father at arm's length. After Clinton's reform, she risks losing all her benefits *unless* she has a child less than one year old.

A loophole like this threatens to make the illegitimacy rate even worse. Every year, a welfare mother must have another child or risk having her benefits cut off. At least the present system doesn't

insist on annualized offspring.

The real mystery surrounding the Clinton presidency is that people would accept anything it says at face value. On the trade front, for example, the administration preaches varieties of free trade doctrine. Meanwhile, it forces our best trading partners into managed trade deals that are bad for most traders and all taxpayers.

Only now are some businessmen realizing that Nafta had nothing to do with free exchange across North American borders. Those who expected to benefit are spending more time filling out forms than reinvesting profits. Customs officials have become more intrusive, not less.

Importers and exporters face the daunting task of doing business under whole new sets of rules, each more complicated than their previous informal operations. Included are qualifying rules, country of origin rules, environmental and regulatory harmonizing rules, and much more.

The rules have to be interpreted and enforced, in all countries. That may please large corporations with cozy government relations. But small and medium-sized business are, as usual, getting a poke in the eye with a sharp stick. "It's not a free trade agreement," the owner of a family-run import service told the *New York Times*, "it's a managed trade agreement. Or a preferred trade agree-

ment."

Customs officials had to quadruple their number of telephones lines just to answer all the questions. Despondent businessmen have set their alarms for 3:00 am to try to get through.

Opponents of Nafta warned that it was the first step in a trade bloc. Producers like Mattel know this to be true. Before Nafta, their tariff for importing into the U.S. was zero. Now it ranges between 6.8% and 12%. That's because of a surprise change in the regional content laws. And longer inspection lines, imposed by Nafta, may seriously affect the fortunes of American meat exporters.

None of this was necessary. Tariffs were going down and private networks of trade were slowly and organically moving towards liberty. Now, with Nafta, government is in the driver's seat. And small businessmen are getting run over.

We should remember all this as we debate health care. Any plan that lets the government spend more money, or wield new power, must be opposed, whether it comes from Democrats, Republicans, or

think tanks.

How many times must taxpayers and businessmen be tricked before we forbid the government from managing charity, trade, or anything else? ■

Prices vs. Politics

by L.H.R., Jr.

An economic parable became a reality last month when a cold snap wiped out a third of Brazil's coffee crop. Coffee prices soared, just as the textbook account predicts. In this case, they were up 25% in one day, reaching a seven-year high. Coffee consumers already face higher prices, and will likely cut

back on consumption. Meanwhile, unharmed Colombian producers cheered.

When the story is told as a parable, it is meant to illustrate something that is seemingly mundane, but actually miraculous, about an economic system that allows prices of goods and services to float without political interference.

Thanks to the price system, supply and demand are always tending towards an ef-

ficient balance. Prices match the needs of consumers with limited resources available better than any alternative system.

The price system tells people whether to quaff or sip, based on their own subjective scale of values. When coffee gets more expensive, consumers can switch to substitutes like tea. Or they can forego other pleasures and stick to what they regard as a costly essential.

The rich cannot exploit the poor, because the rules apply equally to all potential consumers. And stockpiling coffee is unnecessary, because the price will neither be too low to cause all coffee to disappear, nor too high to cause it to sit idle on the shelves.

Best of all, consumers do not need to read the business pages, follow the weather in Latin America, or take an economics course. They need only look at the price tag. The process is so easy and so efficient that most people take the messages sent by prices for granted.

The workings of the price system do not happen automatically, of course. The heroes are the commodities traders in New York and Chicago, whose business it is to buy and sell coffee at present and future prices. Unlike the consuming public, they are intensely interested in weather patterns in Latin America and the world-wide demand for coffee. It is their job to anticipate events and to respond appropriately when

Any plan that lets the government spend more money, or wield new power, must be opposed.