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In This Issue

Edward Peter Stringham, President

It's true that *socialism is making a comeback in American political discourse*. But what's interesting is that this observation, along with a warning about the terrible consequences of socialist policies, was signed by the Council of Economic Advisers. I can't say for sure, but it might be the first time in decades that anything this pointedly anti-socialist was issued at such a high level.

For my part, I would like to congratulate the Council of Economic Advisers. Its report released in October 2018 is a solid piece of research. Less impressive is the response from *The Nation*: *socialists, leftists. . . are rightfully pushing for policy proposals intended to address the needs of working-class Americans such as a Green New Deal, a federal job guarantee and abolishing cash bail and ICE*. In other words, says this once-great publication, socialism is great so stop complaining about it.

It's pathetic that we keep having to debate this point. Socialism is an attack on reality itself and results in mass political violence. It does nothing to solve the core economic problem of scarcity. Only markets have proven to provide peace, prosperity, and the progressive ennoblement of all classes in society. The real basis of socialist ideology is usually massive intellectual confusion or worse: a desire to tear down the achievements of freedom.

This issue of the Harwood Economic Review is entirely dedicated to this topic. You will find new insight here. Richard Ebeling talks about the ideological errors of socialist theory and why it is coming back in such a big way. Veronique de Rugy lays out the errors of democratic socialism. Antony Mueller discusses the moral issues. Donald Boudreaux strips bare the circuitous ways in which particular legislation on stakeholders subtly nationalizes capital markets. Michael Munger and Jeffrey Tucker discuss the amazing unreality of socialist theory. Max Gulker closes out the issue urging patience in this debate: we must always maintain the high ground.

Many people's confusion about this topic trace to genuine concerns about inequality, climate change, political corruption, student debt, and we could list another thousand. What matters is that we get our theory right. This issue is a fantastic presentation of what you need to know. Can you help us by passing it on?

Edward Peter Stringham

A handwritten signature in black ink that reads "Edward Peter Stringham". The signature is written in a cursive, slightly slanted style.

Socialism, Like Dracula, Rises Again From the Grave

Richard M. Ebeling

Many of us grew up watching movies about Dracula—Nosferatu, the Undead. Fearful of the sunlight that could burn him into cinders, Dracula lived in a coffin filled with his native Transylvanian soil by day, only to come out at night to live off the life-giving blood of the living. But to continue his unnatural existence, this human-like vampire had to kill his victims by draining them of their own blood, in the process turning them into creatures of the night, like himself.

Almost every Dracula movie ended with his nemesis, usually Dr. Van Helsing, the determined vampire hunter, finding Dracula in his coffin as the dawn was beginning to appear. He would drive a stake through the vampire's heart or open a nearby window so sunlight could fall upon the sleeping bloodsucker. Dracula's centuries-old body usually would rapidly decay into dust. The undead had now died, and the world was freed from this unholy aberration.

But, invariably, in the next film the life-destroying monster, in fact, turned out to have not been truly killed, or one of the poor humans he had turned into a vampire had taken his place to plague the living.

Sometimes Dracula initially would be portrayed as an attractive gentleman, appealing to the ladies (such as in the 1979 movie *Dracula*, starring a young Frank Langella). But soon his true, evil nature showed itself as he fell upon his human prey and made them into ungodly creatures.

Welcome to the seemingly unending cycle of resurrections of the socialist idea in renewed appealing forms.

The Original Appeal of Socialism: Utopia Now

How very appealing was the socialist idea in the late 19th and early (pre-WWI) 20th centuries! All the burdens of life and everyday work, all the seemingly unjust inequalities of material wealth observable in society, and all the uncertainties of health care and old age would be lifted from the weary shoulders of the common man with the arrival of socialism.

Humanity would be freed from the shackles of capitalist *wage slavery* and everyone would be provided with all the necessities and amenities of material existence, with all living in an equality of social justice, and oppression and tyranny abolished around the world.

What a life-draining nightmare was set loose on mankind! From the Bolshevik Revolution in Russia in 1917 through all the other communist *victories*, either through Soviet conquest or domestic revolutions and civil wars like in China or Cuba, the harshest and most terrible tyrannies fell upon all the luckless peoples given a socialist paradise to live within.

Socialist Reality of Tyranny and Crushed Freedom

Civil liberties were abolished, with no speaking or writing permitted other than the official line of the ruling Communist Party. Central planning meant that the government determined what was produced, where, by whom, and in what quantities. Every person's educational opportunities, living quarters, and employment were assigned and commanded by the state in the name of the collective good.

Dissent, disagreement, or even suspected lack of enthusiasm for the advancement of the bright, beautiful socialist future (as defined and dictated by those at the helm of the *people's state*) was met with arrest, imprisonment, banishment to slave-labor camps, or death by torture, starvation, or execution.

Human life was stripped of privacy, with everything anyone did or said being potentially reported by informers and everyone potentially under surveillance by agents of the secret police. Fear and suspicion were inseparably intertwined with any interpersonal relationship or association, whether in the government-assigned workplace or with neighbors in government-owned apartment complexes.

Friendships, therefore, were precarious relationships that could end in betrayal and a knock on the door in the middle of the night from the secret police that could result in an individual or an entire family disappearing without a trace.

It was not enough for the socialist state to command and control your public words and deeds. Propaganda and indoctrination were used in an attempt to manipulate and mold how people thought about the world and themselves. The contents of the individual's mind were to be a product of the central plan as much as the types and quantities of the physical goods produced at *the people's* factories. (See my articles *Living the Life of the Lie, Part I* and *Tyrants of the Mind and the New Collectivism*.)

Human Cost and Material Poverty of Socialism in Practice

The human cost of the great socialist experiment to remake humanity for a new, collectivist heaven on earth did not come cheap. Historians of the communist experience around the world have estimated that as many as 200 million people—innocent men, women, and children—have been killed in the socialist meat grinders: 64 million in the Soviet Union and up to 80 million in China, with millions more in the other socialist societies around the globe. (See my article *The Human Cost of Socialism in Power*.)

Did these sacrifices for that better socialist future pay off? Did socialism deliver on its promises? In every centrally planned society, shortages, shoddy goods, and stagnant standards of living enveloped the lives of the vast majority of the citizens of these countries. Anyone who had the opportunity to visit the Soviet Union (as I did in its last years) could not help but notice the zombie-like emptiness in the faces of many on the streets of Moscow as they trudged on foot from one government retail store to another in desperate search for the basic essentials of everyday life.

Long lines of people waited at one store to purchase some poor-quality consumer item or basic food products. At other stores, there were empty shelves with no customers. All the stores were manned by listless, bored, and indifferent government employees just waiting for their shifts to end. (See my articles *Witness to the End of Soviet Power: Twenty-Five Years Ago* and *The 25th Anniversary of the End of the Soviet Union*.)

What else could be expected from an economic system that prevented any individual initiative or incentive to work, save, and invest, now that private enterprise had been abolished and declared the basis of exploitation and injustice? (In the last five years of the Soviet Union, the Communist Party leader, Mikhail Gorbachev, had allowed small and limited private business enterprises, and these, however few and restricted, were the only pockets of economic vibrancy.)

The Austrian economists, especially Ludwig von Mises and Friedrich A. Hayek, had shown already in the 1920s and 1930s that the nationalization of private property and



the end to market competition and a market-based price system did away with the possibility of any rational economic decision-making. To reasonably determine what to produce, with what methods of production, and in what relative amounts, they explained, there needed to be some effective method of economic calculation—that is, determining the relative value of what goods consumers wanted and the most efficient ways to use the scarce means of production (land, labor, capital) to best advantage in satisfying consumer demand.

But with no market-based prices reflecting actual supply and demand conditions in changing circumstances, a centrally planned economy was in a sense flying blind. Its outcome is what Mises once entitled one of his short works on this topic: planned chaos. (See my article *Why Socialism is Impossible*.)

Vampire-like, socialist regimes drained the life force out of the societies they ruled. No ambition, no drive, no prospects for a better and happier life was the material and psychological state to which socialism reduced humanity in those parts of the world in which communism had triumphed.

The only opportunities for a better life came from being one of the Communist Party bloodsuckers of the ruling elite. They had special stores, special medical clinics, special holiday resorts, special living accommodations, special opportunities to travel abroad to other socialist countries or even *the enemy* West from which forbidden goodies could be brought back home. The rest of the society was truly the exploited masses from whose meager and government-misdirected

labor those limited privileges and prosperity came for the ruling Red Draculas of the communist state. (See my article *How Communism Became the Disease It Tried to Cure.*)

End to Socialist Planning and Rebirth of Market Prosperity

The last decade of the 20th century saw the collapse of Marxian socialism in the Soviet Union and the captive nations in Eastern Europe that were conquered by Stalin at the end of the Second World War. The death of Mao Zedong in 1976 was followed in the 1980s with economic reforms in China that did not change the political stranglehold of the Communist Party over that country, but did introduce a variety of limited and controlled market-based institutional transformations that have brought radical improvements in the everyday lives of hundreds of millions of people.

Many underdeveloped countries in what used to be called the third world turned away from the model of Soviet-style central planning in the 1980s and 1990s and put the people on more market-oriented paths to material and social betterment. Indeed, in some of these countries, abject poverty and frequent starvation have been nearly eradicated by the introduction of freer markets and competitive entrepreneurial activity.

Dracula Rises! Socialism Once More From the Grave

But, like Dracula rising once more from the grave, socialism has been making a comeback among academics, a growing number of other intellectuals, and college students. It is reflected most recently in the Democratic Party primary win of Alexandria Ocasio-Cortez (who was a Bernie Sanders activist in 2016) over an established Democratic incumbent in a New York City congressional district. She hails as a member of the Democratic Socialists of America (DSA).

On the website of the DSA, it outlines its promise of and hope for a new *progressive* socialist America to replace the oppressive and exploitive current American system of *neoliberalism*, the left's catchall label for capitalist things they hate and wish to overturn.

The DSA's supporters insist that theirs will be a truly democratic society. A small handful of wealthy capitalists should not dictate and determine the economic direction of the U.S. economy for their own private profit. No, the country's future should be in the hands of all the people through democratic decision-making.

Workers should collectively manage factories and enterprises, and the society as a whole should ensure or provide a large array of free things for everyone: health care, child care, education from kindergarten through college, and housing and transportation would all be *publicly provided to*

everyone on demand, free of charge. (In reality, nothing is truly free, as everything comes at the expense of something else.) Also, everyone would be guaranteed a universal basic income.

Plus, the workweek would be reduced and vacation time increased to give everyone more leisure so as to create work opportunities for any of the unemployed who might still wish to be employed even in a world of all this free stuff provided by the government. (How and who is to pay for all these free items remains an unanswered question, other than a general presumption that the rich will be appropriately taxed to foot the bill.)

Democratic Socialism Means the Tyranny of the Meddler

Since everything would be politicized with government involvement even more than currently in America to supply this promised life of post-scarcity existence, supposedly democratic decision-making would be extended to, well, everything. The DSA says the Senate should be abolished and the entire electoral process replaced with a system of proportional representation in more directly democratically elected bodies. There would be *civilian boards for various government services, program councils* (at the national, state, and local levels) *for those who receive government services, and municipal and state-level citizens assemblies that would be open to all that would be tasked with making budget decisions.*

Anyone who has ever gone to town hall meetings knows there is nothing democratic about the people who show up to speak out on agenda issues and nothing democratic about the voting of the local councilmen. The number of attendees is mostly small and the attendees are bee-in-their-bonnet busybodies. They are clearly people with too much time on their hands possessing political and ideological axes to grind, with the desire, 9 times out of 10, to foster regulations, controls, and taxes on others so they can achieve their local social-engineering goals.

A handful of municipal meddlers speak out at these town hall council meetings, creating the impression through their sincerity and vehemence that they are voicing the real needs and interests of the community. Where are the vast majority of the citizens of that community? The actual majority of that town or city are going about the normal and ordinary business of life: coming home from work, spending time with their families, doing chores around the house, out shopping for food or other family necessities, or just having some down time with friends before the next day of work begins.

Private Productive People vs. Political Busybodies

This ordinary and normal majority comprises the ones producing the goods and services in the private sector, which represents the source of prosperity. They are busy managing their personal and family affairs to keep them (hopefully) in financial order; they are seeing that their houses and neighborhoods are kept in order by mowing the yard, repainting a fence, or participating in some church or charity good works out of a personal sense of right, calling, or duty.

For most of them, politics never enters the equation; but, nonetheless, their actions actually keep society running smoothly on a day-to-day basis. They represent what William Graham Sumner (1840–1910) once called the *forgotten man*, who peacefully produces all the things representing the wealth of nations, which the socialist planners and regulators want to get their hands on.

To shift even more decision-making away from the private sphere of business enterprise and individual and family self-responsibility to the political arena means to transfer control over people's lives from themselves to the professional and amateur busybodies who show up at those government meetings and influence the way the elected representatives vote.

Those elected representatives don't mind a bit having the power and authority to make such decisions, since the money they decide how to spend is the trough from which they buy the support of those whose votes they need to stay in office. Plus, their power and authority allow them to increase the duties of the local bureaucrats, who easily find ways to use the regulatory and redistributive powers placed in their hands to serve their own interests, both career and ideological.

The more control is transferred out of the hands of the private citizenry in the form of private enterprise, voluntary associations, and personal responsibilities concerning those affairs of everyday life and into the hands of these *democratic socialists*, the more the tyranny of the pressure group cliques and the more the community know-it-alls end up running everyone's life.

Extend that from the affairs of municipal administrations to the state and federal governments, and soon there is little that happens that the political regulators and social planners would not be in charge of, and far more intensively than they are already.



Similarly to how Dracula's attractive smile was transformed into bloodsucking fangs draining away the life of those initially mesmerized by him, the Sirens' call for *free* everything (which in reality someone will have to pay for) under the umbrella of democratic fairness and justice soon metamorphoses into a tyranny of politicians, bureaucrats, and *democratic socialists* determined to use the political process to impose their petty minority prescriptions for a better world on all of us. The arena of individual autonomy decreases and the prison walls of collectivist control tighten and grow higher around everyone.

Have no doubt that this includes not only health care, retirement pensions, public housing, guaranteed jobs, and minimum incomes. The new *democratic socialist* agenda, like that of the *progressive* left in general, whether its supporters choose to consciously label themselves as socialists or not, is to micromanage language, human relationships, social status, and group classifications of victimhood vs. privileged. (See my articles *Democratic Socialism Means the Loss of Liberty*, *Liberal Socialism Another False Utopia*, and *Campus Collectivism and the Counter-Revolution Against Liberty*.)

The newly fashionable idea of democratic socialism is nothing less than the same tyranny of all the earlier forms of socialism experienced over the last 100 years in more explicitly brutal forms, just more rhetorically enveloped in the appeal of participatory democracy than the earlier cries for a dictatorship of the proletariat.

It remains the same life-draining Dracula returned once more from the dead.

The Economic Realities of Democratic Socialism

Veronique de Rugy

It is amazing what twenty five years can do to a political party's platform.

On Jan. 27, 1996, President Clinton proclaimed that, *the era of big government is over, but we can't go back to a time when our citizens were just left to fend for themselves*. He added, *So, again, last Tuesday, I asked Congress to join with me to make the cuts we agree on. Let's give the American people the balanced budget they deserve with a modest tax cut and the lower interest rates and brighter hope for the future it will bring*.

Compare Pres. Clinton's message with that of today's Democratic Socialist darlings, Bernie Sanders and Alexandria Ocasio-Cortez. Sanders' signature program is *Medicare for all*, a plan that moves all responsibility for health care spending on America onto the federal budget. As he explained, *The time has come also to say that we need to expand Medicare to cover every man, woman and child as a single-payer, national healthcare program*.

True to form, Ocasio-Cortez recently supported other Sanders favorites, such as an expansion of Social Security benefits, 12 weeks of paid family leave, free college education along with a federal bailout of all student loan debt, a guaranteed-jobs program, and large infrastructure projects.

It may sound silly, yet their vision of a massive expansion of government unquestionably appeals to many Democratic voters, a majority of which say they prefer socialism to capitalism. The Democratic party of the 90s is so different from the one that today aspires to take over the country that it would take thousands of words to cover the issue. But one area where it is easy to see the difference is on spending.

Goodbye Fiscal Restraint

Now, one limitation to this exercise is that we aren't comparing apples to apples because the Clinton numbers are actual spending figures while the Bernie/Ocasio-Cortez ones are merely aspirational. Clinton ran on a big-government takeover of healthcare, which he didn't get. It means that a score of his campaign proposals would have looked much worse than his actual numbers did. It is nonetheless informative.

During his two terms in the Oval Office Clinton reduced government spending as a share of GDP from 20.3 percent in fiscal year 1994 to 17.6 percent of GDP in fiscal year 2001. Inflation-adjusted spending grew by 12.7 percent over 8 years—it grew by 22.9 percent under Reagan and 100 percent under Bush. Thanks to a growing economy and a somewhat fiscally responsible Republican congress, Clinton's budget was balanced at the end of his second term.

Now, the democratic socialists never talk about how much their agenda will cost. However, some scholars have volunteered to do the work for them. My colleague Charles Blahous has written a remarkable paper that scores Sanders' Medicare for all proposals. While granting Sanders every single one of his rosy assumptions, he finds that the plan would cost at the very least a stunning \$32.6 trillion over 10 years and would add 12.7 percent of gross domestic product to federal spending by 2031.

More damning is the dramatic impact that such a plan would have on the supply and quality of health care in the country if Sanders got the 40 percent cut to health care providers' private insurance reimbursement rates that his plan requires. The plan is so bad that even the Washington Post editorialized against it.

Tens of Trillions

Brian Riedl at the Manhattan Institute has scored the entire plan; free college, all paid for healthcare and the rest. He finds that, the Bernie/Ocasio-Cortez dream agenda would increase federal spending by \$42.5 trillion over the next decade. And that's on top of the additional \$12.4 trillion that the federal government is projected to spend already over that same period.

The debt to GDP ratio would skyrocket to 239 percent in 2028 and almost 500 percent in 2048—that's three times larger than the current CBO projections. Spending as a share of GDP would soar past 40 percent of GDP—more than twice the average since 1965—and reach 50 percent by 2048. In other words, Sanders and Ocasio-Cortez make Clinton look like Murray Rothbard.

They also make president Obama look like Reagan. Riedl calculates how much additional taxes would be required to make this socialist dream come through. He assumes, generously, that the Democratic Socialist plan would cut projected spending from \$42.5 trillion to \$34 trillion.

To pay for all that additional spending would require jacking a 100 percent tax rate on all corporate profits and a 100 percent tax rate on all wage incomes above the thresholds of \$92,000 for single or \$150,000 for married couples. But even these new levels of taxes wouldn't pay a cent of our current projected debt accumulation.

And all of the above unrealistically assumes that Americans don't change their behavior when taxation becomes confiscatory. Aggregate labor-supply data, such as the differences in hours worked among countries with different levels of taxes, suggest that people in fact do change their behavior when faced with higher tax rates.

Nobel laureate Ed Prescott, in his famous 2004 paper *Why Do Americans Work So Much More Than Europeans?* shows that workers spend considerably more hours working when marginal tax rates on their incomes are lower. So basically, over time people will reduce the number of hours they work, economic growth slows down, and less revenue is collected. As Prescott's work shows, the effect is even stronger as government benefits grow.

And then there's the long run. Economic research produced as a response to President Obama's aspiration to jack up the top marginal tax rate dramatically during his presidency shows that higher taxes might not dissuade today's rich people from working, but these higher rates will dampen the incentives of younger people to invest in education and career choices that would improve their prospects of becoming the richer people of tomorrow. These negative economic consequences obviously reduce the chances of robust economic growth.

The bottom line is that none of us can afford the true budgetary costs of the Democrat Socialist dream. And that's just the financial costs. It says nothing about the stifling of innovation, of entrepreneurship, and of work under such plan. It's amazing what twenty five years can do to a political party's ideology.



Socialism and the Battle Cry of Social Justice

Antony Mueller

In the first two decades after the collapse of the Soviet Union and the fall of the Berlin Wall, warnings against a new wave of socialism would have seemed utterly unnecessary. Yet since about a decade ago, anti-capitalism is on the rise again and the socialist dream finds new followers. 'Social justice' is the battle cry of the new socialists who call themselves 'democratic'. Their call finds resonance with the so-called millennials.

Recent surveys show that a majority of the generation who are currently between 19 and 29 years old prefers socialism to capitalism. This result is shocking because of the dimension of factual ignorance of these youngsters. Looking at the survey more closely, the poll reflects the contrast between an ideal picture of socialism compared to the perceived reality of capitalism.

The young socialists believe state socialism is better than state capitalism. They fail to see that moving from state capitalism to state socialism is not the way of salvation as the declared socialist candidate of the Democratic Party claimed in his bid in the run for the presidency in 2016, but the road to hell is paved with good intentions.

The new socialist surge is not limited to the United States. In the United Kingdom, the leader of the Labour Party is a convinced socialist whose plans call for bringing large parts of British industry under direct governmental control.

The socialists claim they want equality and prosperity for all and one would achieve these goals by interventionism and the socialization of industry. But this assertion confounds the goal of socialism with the means. The Socialist leaders trick their followers into believing that the aim of socialism is equal to socialism as a method.

Because of failing to distinguish between socialism as an objective and socialism as a means, many people get deceived. They suppose that to achieve the socialist goal of equality and prosperity for all, one must install socialism as an economic system. Such a belief ignores the historical evidence which shows that the practice of socialism leads to the opposite of the expected prosperity. Instead of a better life, systemic misery is the consequence.

Socialism builds on the false identification of the objective with the means. The popularity of socialism comes from the illusion that goals and measures are identical and that because socialism is so good in its goals, socialism is just as preferable as a method. The right question to ask is how socialism can qualify as a means. Put this way, the answer becomes obvious: socialism as a means has failed on all counts. As Ludwig von Mises pointed out, the alternative between capitalism and socialism is not a choice between two social systems but between *social cooperation and the disintegration of society*.

In contrast to socialism, the capitalist idea does not suffer from this misperception. Capitalism is a means. Prosperity for all is the purpose of capitalism. The dispute about capitalism versus socialism does not concern the objectives, but the methods. Socialists and their followers deceive the public when they make the people believe that to obtain the socialist goals one must apply socialist means.

The Question of Justice

A further device of socialist persuasion is the claim that socialism could cure social injustice and that injustice beyond socialism is universal. When one accepts the assertion of social injustice, there is no limit of the claims that society is obliged to heal the ailments one can bring forth in the name of the idea of social justice.

Because 'social justice' is a utopian concept, the social justice movement is so disruptive to society. Social justice is a hierarchical concept as it does not refer to the relation among equals but to a relationship of submission. Yet who is the suppressor? The society as a whole? The social justice movement works towards the disintegration of society. It is not a movement to achieve its declared aims, which is impossible, but to destroy them.

The social justice warriors promote specific groups and negate the principle of reciprocity as the foundation of society. They ignore that distributive justice cannot qualify as a *right*. While the principle of reciprocal justice refers to the relationship of one person to another person and the procedural justice to the dispute resolution among dissenting individuals, social justice has not the individual at its core but the claims of groups against society. This logical contradiction makes 'social justice' a false construct.

'Social justice' is a notion that one can fill as one wishes with all kinds of demands. In the light of the ideal of social justice, injustice is universal. Once one takes up the endorsement of social justice, the Pandora's box is open for the exigency that society is obliged to cure the plethora of ailments one can bring forth in the name of the violation of rights to social justice.

Social injustice—once taken for granted—is the universal tool of indictment against the capitalist society. To ward off the false accusations by disproving their empirical contents, does not help much. The claims will persist.

More effective is to refute the claim of universal injustice from the onset and reject the proposition as an empty concept void of meaning and beset with contradictions.

In the debates to come, the defenders of prosperity and freedom must vigorously unmask the socialists' tricky confusion between goals and means. One must cull the allegation that social justice could form the basis of a legitimate entitlement.

Regional Conferences Review

This Summer, AIER organized two regional conference in Charleston, SC and San Jose, CA. These annual events are meant to highlight regional economic topics and create opportunity for collaboration between local business leaders, scholars, and policy-minded think-tanks.

With rapid economic growth occurring in the Carolinas, the conference in Charleston focused on entrepreneurship. Speakers like Bob Luddy, CEO and founder of CaptiveAir, and John Allison, former chairman and CEO of BB&T Corp, drew attention to the benefits of market-based growth through our states' friendly business climates. Panelists also warned against the deep and ever-present political economy influencing investment and entrepreneurial decisions

Based on current controversies in the technology, academic, and entertainment industries, the conference in San Jose centered on censorship and through-control. AIER's very own Edward Stringham and Jeffrey Tucker keynoted the opening dinner to discuss the impact Ludwig von Mises continues to have on economic thought and policy. The following day, discussions and presentations ranged from academic freedom, government regulations, to corporate policies which impede freedom of speech.

In all, over 200 people from nearly 60 organizations attended these conferences.



The Great Danger of the Stakeholder Mandate

Donald J. Boudreaux

Sen. Elizabeth Warren (D-MA) wrote recently in *The Wall Street Journal* that *companies shouldn't be accountable only to shareholders*. She then outlined her new bill that *would require corporations to answer to employees and other stakeholders as well*.

She proposes to mandate that *corporate directors . . . consider the interests of all major corporate stakeholders—not only shareholders—in company decisions*. To help ensure that this mandate is carried out, she wants at least 40 percent of the members of corporate boards to be elected by workers.

If this mandate is ever enacted, it would radically restructure corporate law, governance, and finance, which is especially frightening because seldom have I encountered so many fallacies packed into so few words as are on display in Sen. Warren's op-ed.

As my colleague Dan Klein pointed out to me in an email, *The title of her piece [Companies Shouldn't Be Accountable Only to Shareholders] presupposes that companies are accountable only to shareholders. That is untrue*. Dan then listed the groups to whom companies in market economies are already accountable:

- Consumers
- Employees (suppliers of the vital input of labor)
- Trading partners and suppliers of non-labor inputs
- Fellow human beings whose stuff the company is not to mess with
- Government, which extracts tax dollars and regulates
- Humankind generally, in that it just isn't true that companies ruthlessly maximize profits

A moment's thought reveals this reality: because no company in a market economy can force anyone to buy its outputs or to supply it with labor and other inputs, every company, to survive, must continually make attractive offers to consumers, workers, and suppliers. The ability of consumers, workers, and suppliers to say no combines with the law of contract—which requires parties to honor whatever commitments they voluntarily make to each other—to guarantee that companies are fully accountable to everyone with whom they exchange. Companies therefore are fully accountable to their customers and to their workers and other suppliers.

Where's the Evidence?

Sen. Warren disagrees. Her chief piece of evidence that companies are no longer accountable to workers appears in her assertion that *since the early 1980s, real wages have stagnated even as productivity has continued to rise. Workers aren't getting what they've earned*.

But Sen. Warren's facts are fictional. Despite many claims in the popular press to the contrary, there has been no decoupling of worker pay from worker productivity. As Liya Palagashvili and I explained a few years ago in *The Wall Street Journal*, when the value of fringe benefits is taken into account, and when nominal pay is adjusted for inflation using the same method as adjusting the nominal value of output for inflation, the data clearly show that worker pay has indeed kept pace with rising worker productivity. In short, companies remain accountable to workers.

What about companies' accountability to consumers? Given that the ultimate purpose of economic activity is not to create work but to supply goods and services that enhance people's living standards, it's a bit surprising that Sen. Warren mentions consumers (or *customers*) only once, and then only in passing. If companies have indeed become so unaccountable that a revolutionary restructuring of corporate governance is in order, surely evidence of unaccountability to consumers would be vivid, vast, and the stuff of banner headlines.

Yet the senator offers absolutely no evidence—not even a single anecdote—that companies are unaccountable to consumers. This absence of evidence suggests that even Sen. Warren grants, if only implicitly, that companies' accountability to consumers remains strong.

How about companies' accountability to people with whom companies have no contractual relationships—people such as residents of the town where a company operates or motorists who drive on the same roads used by company vehicles? Although at first not obvious, every company is accountable also to such people. Tort law and criminal law ensure this accountability.

A company whose delivery-truck driver negligently runs over a pedestrian is held accountable by tort law for the loss. Ditto for a firm that dumps pollutants into a stream it does not own; this firm is held accountable by

the common law of tort to stop harming or to compensate those who suffer from such pollution. A company whose employee steals another firm's inventory or who spreads objectively false rumors about a competitor's products is punished—that is, held accountable—by both tort and criminal law.

Reasonable people can and do disagree over the details of what actions should or should not be regarded as tortious or criminal. But despite its many flaws, Anglo-American tort and criminal law have a long and rich history of holding accountable those who do wrong to others.

And yet Sen. Warren writes as if corporations do and will continue to act only in ways that enrich shareholders at the expense of workers, consumers, and the general public until and unless the government mandates both that corporations take account of stakeholder interests and that corporate boards be staffed with worker representatives.

Again, Sen. Warren seems to be wholly detached from the reality she is hell-bent on changing.

Who Are the Stakeholders?

Sen. Warren is also disturbingly naïve about the reality of legal processes. Nowhere is this naïvete more evident than in her silence on just what are the *stakeholder interests* she wants corporations to consider. It's easy to say *stakeholder interests*. But unlike one's status as a shareholder, which is clear and objective, one's status as a stakeholder is hazy and subjective.

Because in a modern economy the actions of each economic entity ripple out to affect countless other entities and persons in many and varied ways, it is nearly impossible to find individuals who are not at least potentially affected by even the most mundane action of a business firm. The resulting imprecision in identifying stakeholders means that an individual who is regarded by Bureaucrat Bob and Judge Jones as a stakeholder (and hence statutorily entitled to have her interests served by private companies) is all too likely to be regarded by Bureaucrat Betty and Judge Smith as not a stakeholder.

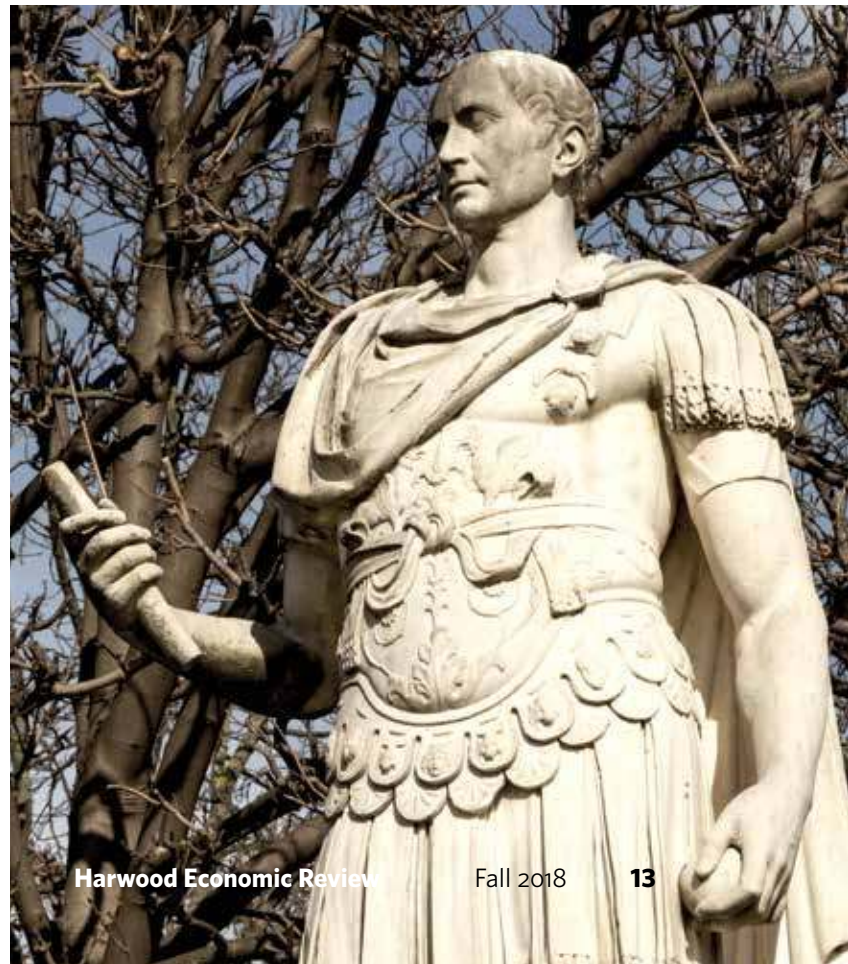
And so it is fair to ask: other than workers, who, exactly, are the stakeholders Sen. Warren has in mind? Do they include all citizens of the state in which a corporation is headquartered? Do they include the children and grandchildren of companies' employees? Do they include each company's competitors? Sen. Warren doesn't say.

The reality of politics and legal processes means that in practice those persons who come to be identified as stakeholders will be people who are most visibly affected

by companies' current decisions—people such as workers and workers' family members, and entities such as governments and (beware!) companies' competitors. As always, when decision-making is politicized, the fate of the countless unseen people affected by companies' decisions will be ignored.

Under Sen. Warren's scheme, we must be prepared for the likelihood of, say, Ford and GM claiming status as stakeholders in Chrysler to prevent Chrysler from cutting the price of its pickup trucks. After all, Chrysler's corporate decisions do indeed have an impact on Ford and GM, as well as on those companies' workers. While Sen. Warren almost certainly doesn't envision the concept *stakeholders* to include economic competitors, its vagueness and open-endedness guarantee that it will eventually be defined in ways that even she might recognize as calamitous for the economy, such as in this plausible example in which stakeholders are protected from economic competition.

While there are imperfections in today's economy in general and its system of corporate governance in particular, these are nowhere as extensive and threatening as Sen. Warren thinks them to be. And these imperfections are certainly not so serious as to justify any militant and wholesale restructuring of corporate law of the sort that Sen. Warren—with her mix of extraordinary arrogance, ignorance, and recklessness—proposes.



Government Is Not What Makes a Country Great

Michael Munger

Can you distrust the government and yet still be loyal to your country? I say yes.

I spend quite a bit of time in Europe. Friends *across the pond* are always incredulous about some dumb thing the U.S. government has done. They expect me to be defensive; in fact I'm usually able to supply some detail or additional outrage they hadn't heard yet.

Someone will take me aside later, and ask if I am thinking of moving to another country. After all, if I am that scornful of the U.S. government, how can I stick around?

Wait. I can be a patriotic American, but also think that U.S. politicians are ninnyes. Both can be true: our country is great, and our government is terrible. To be fair, European political officials are a pack of clowns and thugs, too.

Become a Great Country

Countries are great when they can overcome bad politicians, because the core rules and the values of the citizens are bulletproof. Citizens must somehow have both the ability and the courage to face down governments when that government becomes too oppressive or too arbitrarily focused on the personal power of temporary leaders.

That, I think, is where my Euro-friends disagree. The reverence for *democracy*—by which Europeans mostly mean *majority rule*—is almost unknown here. Many of our government institutions—the Senate, the Supreme Court, the Electoral College—are explicitly and intentionally anti-majoritarian. It has never been clear to me why this faith in majorities is so strong in countries that love government.

If you start with one person, too dumb to be able to choose what size soft drink to buy or to buy lunch from a food truck without government help, and gather a whole pack of them into a poorly informed and undisciplined mob, then they can make extremely complex decisions about foreign policy that affect the entire world.

H.L. Mencken, in *Notes on Democracy*, (1927) shared my skepticism. Or, to be fair, I guess I share his:

[In the electorate,] one hears, lies a deep, illimitable reservoir of righteousness and wisdom, unpolluted by the corruption of privilege. What baffles statesmen is to be solved by the people, instantly and by a sort of seraphic intuition. . . The cure for the evils of democracy is more democracy.

This notion, as I hint, originated in the poetic fancy of gentlemen on the upper levels—sentimentalists who, observing to their distress that the ass was over-laden, proposed to reform transport by putting him into the cart.

One might object, of course, that the problem is not the lack of information voters possess, since the very idea of anyone knowing enough to organize or plan a society is ludicrous.

Societies that work organize themselves, using higher level rules that structure their interactions and allow innovation. As Mises and Hayek argued, the notion that planning can be achieved through “calculation,” either by experts or by voters, is both eternally appealing and dead wrong.

Mencken said something else about democracy, something that I can't help thinking about in the aftermath of...well, of pretty much every election in my lifetime. There is a fatal



internal contradiction in seeing “democracy” as being nothing more than majority rule, rather than a set of restrictions on majority rule:

Does [democracy] exalt dunderheads, cowards, trimmers, frauds, cads? Then the pain of seeing them go up is balanced and obliterated by the joy of seeing them come down. Is it inordinately wasteful, extravagant, dishonest? Then so is every other form of government: all alike are enemies to laborious and virtuous men. Is rascality at the very heart of it? Well, we have borne that rascality since 1776, and continue to survive.

In the long run, it may turn out that rascality is necessary to human government, and even to civilization itself—that civilization, at bottom, is nothing but a colossal swindle. I do not know: I report only that when the suckers are running well the spectacle is infinitely exhilarating.

But I am, it may be, a somewhat malicious man: my sympathies, when it comes to suckers, tend to be coy. What I can't make out is how any man can believe in democracy who feels for and with them, and is pained when they are debauched and made a show of. How can any man be a democrat who is sincerely a democrat?

Much of the genius of the U.S. has always been that we are not a majoritarian system. A naïve faith in the racist, greedy, homophobic, and immigrant-hating majority is no basis for government.

Trust Not Authority

Sure, elections and majority rule are the best tools we have to curtail tyranny, but we don't have to worship our tools. People didn't vote to end segregated schools; the Supreme Court overruled the will of the majority in Kansas, and President Eisenhower sent elite troops, the U.S. 101st Airborne, to force voters to do that which they didn't want to do: treat all children equally.

But the U.S. is now becoming more like Europe, in the sense that we are trusting more and more of the authority to use force to naïve majority rule. When President Obama said, *Elections have consequences, and I won!* he was



elevating elections over rule of law. When he said that he had a pen, and he had a phone, and could use those to govern through executive order rather than depending on the Congress, the rule of law took another hit.

Since November 2016 several Duke University colleagues have come into my office, closed the door, and said, *Okay. You were right. Are you happy now?* Since the U.S. response to 9/11, with the Patriot Act and expansive use of executive power, I had been complaining.

What if a tyrant is elected? What if these huge new powers fall into the hands of someone you disagree with? The problem is that the exceptions to the rule of law persist, but the policies you want will be obliterated.

Well, in the minds of many that *what if* is no longer hypothetical. And much of what made the U.S. distinctive has been heedlessly destroyed. We are conflating loyalty to our elected leaders with patriotism, and it scares me.



Democratic Socialism Is Poetry, Not Economics

Jeffrey A. Tucker

We are being inundated by new pitches for “democratic socialism.” This is due to the ballyhooed political success of a few self-proclaimed socialists, and this tempts the high-end pundit class to think that now is their time.

The word socialism is not toxic anymore, they hopefully observe. No more having to bury the real agenda in euphemisms like *economic democracy*, *participatory economics*, *worker empowerment*, or *social justice*. Let’s push this to the limit, call it socialism, and finally get over our enraptured attachment to markets and capitalism as the basis for economic organization.

I’ve read many of these, always in the hope that I will hear an argument that is not obviously false, or see a plan for precisely how this fantasy is going to be realized. It’s always a disappointment. These articles have the feel of dreams, not reality. There is nothing wrong with dreaming. The problem is when you make society your template for trying to make your fantasy come true.

What’s fascinating, too, about these attempts—and this has been true since Vladimir Lenin provided the briefest possible sketch on precisely how socialism would work—is that the writers rarely talk about what their socialism would mean for the expansion of government power.

Lenin spoke off-the-cuff as if the economic problem is easily solved. *The whole of society will have become a single office and a single factory, with equality of labor and pay.* That was his whole plan.

So too, they speak as if their socialism would happen without a hammer to pound it in place. They need only to get rid of capitalist power and the rest would take care of itself.

The Latest Attempt

Here’s a case, courtesy of Corey Robin, professor of political science at Brooklyn College.

The socialist argument against capitalism isn’t that it makes us poor. It’s that it makes us unfree. When my well-being depends upon your whim, when the basic needs of life compel submission to the market and subjugation at work, we live not in freedom but in domination. Socialists want to end

that domination: to establish freedom from rule by the boss, from the need to smile for the sake of a sale, from the obligation to sell for the sake of survival.

Wait. He seriously just said that one of the great merits of socialism is that you won’t need to smile when you sell something. A society where everything is zero price and no one needs to smile. That’s the vision. That certainly accounts for the long record of misery and sadness wrought by past experiences of socialism. All those people without smiles: you see, they have been freed from the capitalist ethos of having to please others!

He goes on. The goal is *single-payer health care, free college, more unions and higher wages*, and socialism is the way to get there. He says *these are measures of emancipation, liberating men and women from the tyranny of the market and autocracy at work. The socialist, you see, believes that making things free makes people free.*

What Do They Mean by Free?

Notice the rhetorical play between meanings of free: free like speech and free like beer. They are absolutely different. The first refers to the human right to exercise volition. The second is a reference to a pricing scheme. I can offer you a free beer but that doesn’t mean that someone is not paying.

If there really is a way to create infinite abundance by writing about it, that would be awesome. No one could possibly refuse. I’ll take a Tesla, a vacation in China, a closet full of clothing, and all the fresh fish I can eat forever. Thank you!

Sadly, this dream commits a very simple error, one so fundamental that it denies a fundamental feature of the world. It denies the existence and the persistence of scarcity itself. That is to say, it denies that producing and allocating is even a problem. If you deny that, it’s hardly surprising that you have no regard for economics as a discipline of the social sciences.

To be sure, economists use the term *scarcity* in a particular way. It does not mean a shortage, though the possibility of shortages are a feature of scarcity. But a good or service can still be scarce even if it exists in abundance.

So, for example, just because the stores overflow with groceries, or because Internet startups are begging you to download applications, it doesn't mean that we live in a post-scarcity age. There is no such thing as post-scarcity in this life.

Prices Solve Problems

So long as there is a contest for control over something, it is a scarce good. Let's say you are sharing a pizza with friends. Every time you take a slice, another appears in its place. The pizza is magically reproducing itself. At some point, once having noticed this phenomenon, your behavior begins to change. There is no more rivalry over slices. Your control over a slice does not forbid another's control. In this case, pizza has indeed become non-scarce. You can indeed have pizza socialism!

Then there is the world in which pizza doesn't magically appear. Scarcity is baked into the nature of a good. If you can imagine people in some sort of argument about who gets to control or consume it, it is scarce. And fighting over *intellectual property* doesn't count, because what that really involves is fighting over whether someone can use their scarce resources (computer drives, guitar strings, etc) to reproduce patterns (software, songs, etc).

Even copious goods can be scarce. Think of an Easter egg hunt with 100,000 eggs on a lawn. The kids will still run and struggle to collect them. They will trade them after the hunt. They will still revel in having more than others. The eggs still have the features of scarcity.

No Collective Ownership of Scarce Goods

Here's the key point. So long as anything is scarce, there cannot be free, unlimited, collective access to it. Whatever it is will be over-utilized, depleted, and finally vanish following the final fight for the last scrap—sort of like what happened in Venezuela, and has happened in every socialist experiment in history.

That is to say, you can't have socialism in a scarce good or service. Instead, it has to be allocated. Things can be allocated by arbitrary decision backed by force, or they can be allocated through agreement, trading, and gifting. The forceful way is what socialism has always become. This is for a reason: socialism does not deal with the reality of scarcity and the way the market-based system of property and pricing has solved it without violence.

What Is Nonscarce?

What doesn't have the feature of scarcity? Think of any good or service over which there is no contest to control and consume. You can consume it and so can everyone

else, unto infinity. The last word is key. For a good to be non-scarce, there can be no limits to its reproducibility.

Does air qualify? Not always, as you know if you have ever been stuck between floors on a crowded elevator. What about water? No, there is a reason why the bottled water market is so huge. These are like all things in the physical world: subject to limits and hence must be allocated.

On the other hand, let's say you hear a catchy song. You can take the tune, sing it all day, and share it with your friends. Doing this takes nothing away from the original. In the same way, you can stare at an image, remember it, and reproduce it. And so it is with the ideas in this article. You can take them. I can't stop you unless I attack or threaten your scarce body, or someone else (like the government) does so on my behalf. The idea portion of all these goods is non-scarce, so they do not need to be priced or owned.

How is it that you still end up paying for downloading books and purchasing music? The reason isn't entirely due to copyright; it's also because what you are paying for is not a good as such but a scarce service: all that is associated with accessing servers. Here is the scarce, and hence priced, service.

No Heaven on Earth

All this aside, socialists often don't seem to get the very first point: for physical goods and human services, there is no imagined heaven on earth of unlimited plenty. All we can do is struggle to make more of everything available to as many people as possible, and encourage trading to take advantage of the division of labor. This is called a market, and it is based on the notion of private ownership in all scarce things (including capital goods)—the very thing that socialists want to end.

Socialism seems to be the most persistent non-falsifiable ideology on the planet. The socialists are like people who swear that gravity doesn't exist and keep hopping around on two feet, expecting to rise into the clouds at any moment. It never happens, but the faith that there is no gravity remains unshaken.

It is not serious thought to go around simply demanding that everything be free. That demand solves no problem that has occupied the world of economics for a thousand years. Try to implement it and someone, everyone, is going to pay—long lines, impossible high taxes, hyperinflation, material deprivation—and not through choice.

Over Half of Millennials Identify as Socialist. Here's How to Change Their Minds.

Max Gulker

As generations come of age, the political landscape often shifts. Two recent surveys' reporting that more than half of millennials identify as socialist should therefore ring alarm bells for people who support free markets and individual liberty. Over 50 percent is a rather shocking statistic, but don't despair. If the case is made in the right way, many of these self-identified socialists are ripe to support limited government, perhaps even more than older generations. So how does one make the case for capitalism to young Americans? I humbly offer my four-point plan below.

#1 Don't Panic

As many commentators have pointed out, most millennials came of age after the Cold War and don't really know what socialism is. Many simply have a vague notion of wanting to help people, or have left-wing views akin to politicians such as Bernie Sanders and Elizabeth Warren. Most millennials aren't agitating for revolution, nor do they support government's owning the means of production. So the issue isn't really socialism as properly defined, but more that a large number of young Americans support big government programs and interventions in the economy. This still isn't good news for those supporting free markets and liberty, but it isn't impending doom.



#2 Don't Argue on Moral or Philosophical Grounds

Americans on the left and right often assume the other group is ill-intentioned or misinformed. Part of the reason we keep repeating the same arguments in American politics is that nobody likes being told that the way they look at the world is wrong. Though I agree with commentators Shawn Langlois and Benjamin Powell that it's very dangerous to forget the utter devastation wrought by communism and socialism in the 20th century, I don't believe lecturing millennials on this point is effective. Socialism as they understand it, however flawed the definition, is too far removed from those ghastly regimes.

Millennials are much more likely to embrace free market capitalism if one accepts and respects that they simply want to help people who are suffering. Put aside debates about individualism versus collectivism and instead show them that in practical terms, less government and freer markets are the ways to best accomplish their goal.

#3 Focus on Bottom-Up Thinking

Here's where the real action is. More than any past generation, millennials are primed to view the world as bottom-up networks of individuals and communities rather than top-down groups of leaders and followers. Blogger Brittany Hunter is spot-on in her description of how millennials who think they don't like capitalism are already some of its most active participants, especially in technology and entrepreneurship. The term *decentralized* has also increasingly come into vogue as people get interested in Bitcoin and blockchain technology.

The problem is that politics and economics as many younger people understand them haven't caught up to this bottom-up, decentralized worldview. The economy is a complex network of individual actors and ever-changing technology. No matter how good one's intentions are, you can't control or regulate it from the top down. You can't take money from one group, give it to another, and not expect unintended consequences. You can't perfectly enforce well-meaning regulations, no matter how draconian you get (drug prohibition is a good example).

More millennials are likely to embrace free markets when they see them as Hayek did, as the only effective way to take all the billions of bits of information about what people have and want and allocate resources accordingly. Progressives often assume that a central government is the only entity that can alleviate suffering in society. Entrepreneurial, tech-savvy millennials should be coming up with innovative ways to address social problems rather than advocating centralized policies that don't work. Writer Jeffrey Tucker, in a recent interview about combating right-wing collectivism, has a beautiful quote that applies just as well to the left:

I think politics is doomed, it is so disgusting—like, why do we keep doing this? Why can't our politics basically be liberal? I don't know, but I think the future of liberalism is outside of politics. It's within technology, it's within education, it's within culture, and more and more people who believe in human dignity and human rights and human freedom and human flourishing need to pursue other avenues for realizing their dreams besides an exclusive focus on political organizing and that sort of thing.

I think plenty of millennials, no matter how they define their beliefs, are ready for that message.

#4 Rethink Old Alliances

There's one more reason why some millennials have a knee-jerk reaction against capitalism. It's not capitalism itself but what's been packaged with it in our two-party system. In millennials' lifetimes, the most visible standard-bearer for lower taxes, freer markets, and less regulation has been the Republican party. Tucker, in the same interview, notes his own tension in liking many of the Trump administration's economic policies while hating other aspects of it:

If a fascist regime cuts taxes and deregulates industry, we should say: 'That's good.' But if that same regime keeps out immigrants, sets up trade barriers, centralizes executive power, and unleashes the cops on drug users, we should say: 'This is evil and it must be stopped.'

What Tucker doesn't say is that this is the latest and most extreme version of the strange, decades-long Republican coalition of economic libertarians and social authoritarians. Not all, but many of the same candidates millennials have heard espousing the virtues of capitalism have also had socially conservative views. And millennials are even further to the left of older generations on social issues such as gay marriage, abortion, and drug policy. Many younger Americans consider these issues deal-breakers, and they won't support socially conservative candidates no matter the latter's economic principles. The current Republican coalition may make political sense now, but it may have to change if enough millennials are to become reliable free market voters.

Conclusion

This all may seem like a tall order, but it does not require those who believe in free markets and liberty to sacrifice any economic views. It only requires changes in how one talks about those views and approaches people with different values. Millennials who currently identify as socialist may end up greatly advancing the cause of economic liberty.

How Will the New Tax Law Affect You and Your Charitable Giving?

Jeff Lydenberg

The new tax law became effective on January 1, 2018. Of the numerous changes, the two most directly affecting charitable gifts are:

- 1 The increase in the standard deduction (\$12,000 for singles, \$24,000 for married couples filing jointly); and
- 2 Elimination or restriction of numerous itemized deductions (though the charitable deduction remains intact).

Both of the above will increase the number of individuals claiming the standard deduction, and thus reduce the number of itemizers who can take an income tax charitable deduction. However, if you live in a state with high income and property taxes and you have a mortgage you could find that you still itemize.

Even if you won't itemize, here are some strategies to make lifetime gifts to charity and still receive tax benefits:

Make gifts of appreciated property such as publicly traded securities to AIER. Even if you don't itemize, you will still be able to avoid capital gains tax by making a gift of appreciated assets owned by you for at least one year.

Make gifts to AIER using the charitable IRA rollover. If you are over 70½ you can make a direct transfer from your traditional IRA or Roth IRA to charity of up to \$100,000. Such a transfer is not taxable and counts towards satisfying your required minimum distribution.

Make larger gifts to AIER. If your total non-charitable deductions are close to equaling the standard deduction, a larger charitable gift may increase your total deductions enough that it makes sense for you to itemize; the additional tax savings that itemizing offers may reduce the effective cost of your gift.

Make a gift to AIER from all or a portion of what's left in your retirement plan. Assets in your IRA, 401(k), or other qualified retirement plan may be subject to income tax when distributed to heirs. Making AIER a beneficiary of a portion or all of your retirement plan will avoid the income tax that might otherwise be due from your heirs. This is an extremely tax-efficient way for you to make gifts to AIER that costs your heirs less than giving other kinds of assets.

As with any change, you should contact your accountant or financial planner to understand how the new tax law will affect your individual tax situation.



SEE
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TO GIVE
TO AIER

Geography, Free Market and Development: Prospective Vision for Venezuela with Professor Edwuind Pérez Palmar

November 15, 2018
Venezuela

AIER's Bastiat Society program in Venezuela will host Professor Edwuind Pérez Palmar to discuss how economic development can be achieved in Venezuela with free market principles.

Championing Free Enterprise: Two Giants of Industry from 'Middletown', Indiana with Dane Starbuck

November 27, 2018
Indianapolis, IN

AIER's Bastiat Society program in Indianapolis will host Dane Starbuck, Attorney at Law. He will be discussing two local giants of industry, John W. Fisher and Hamer Shafer.

Your Next Government? with Tom W. Bell

December 6, 2018
Los Angeles, CA

AIER's Bastiat Society program in Los Angeles is holding a discussion on the quiet revolution transforming governments from the bottom up with Dr. Tom W. Bell

Monetary Economics with George Selgin

December 6, 2018
Wichita, KS

AIER's Bastiat Society program in Wichita will host a talk on monetary economics by George Selgin, Senior Fellow and Director at the Cato Institute and Professor Emeritus of Economics at the University of Georgia.

Career Launch: What Young People and Employers Need to Solve the Talent Gap with Cameron Sorsby

January 16, 2019
Columbia, SC

AIER's Bastiat Society program in Columbia is hosting a talk with Cameron Sorsby, COO of Praxis. He will discuss how the talent gap can be solved by both young people and employers.

For information about these events and more, visit **AIER.org/Events**.

AIER
highlights

Employees and execs are failing drug tests at shocking rates by John Aidan Byrne with Peter C. Earle

AIER's researcher, Peter C. Earle, was quoted in the *New York Post*. Read it here <https://nypost.com/2018/10/20/employees-and-execs-are-failing-drug-tests-at-shocking-rates/>

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I followed Colonel Harwood for many years and one thing that came through in all of his writing was that he was a great patriot and a strong believer in an honest currency. Having been in the investment business for 48 years, I think Colonel Harwood's teaching is needed even more now than it has ever been. He had a great impact on my thinking.

—Arnold Van Den Berg, Longtime AIER Member

AIER members understand the importance of AIER's mission and want others to understand too.

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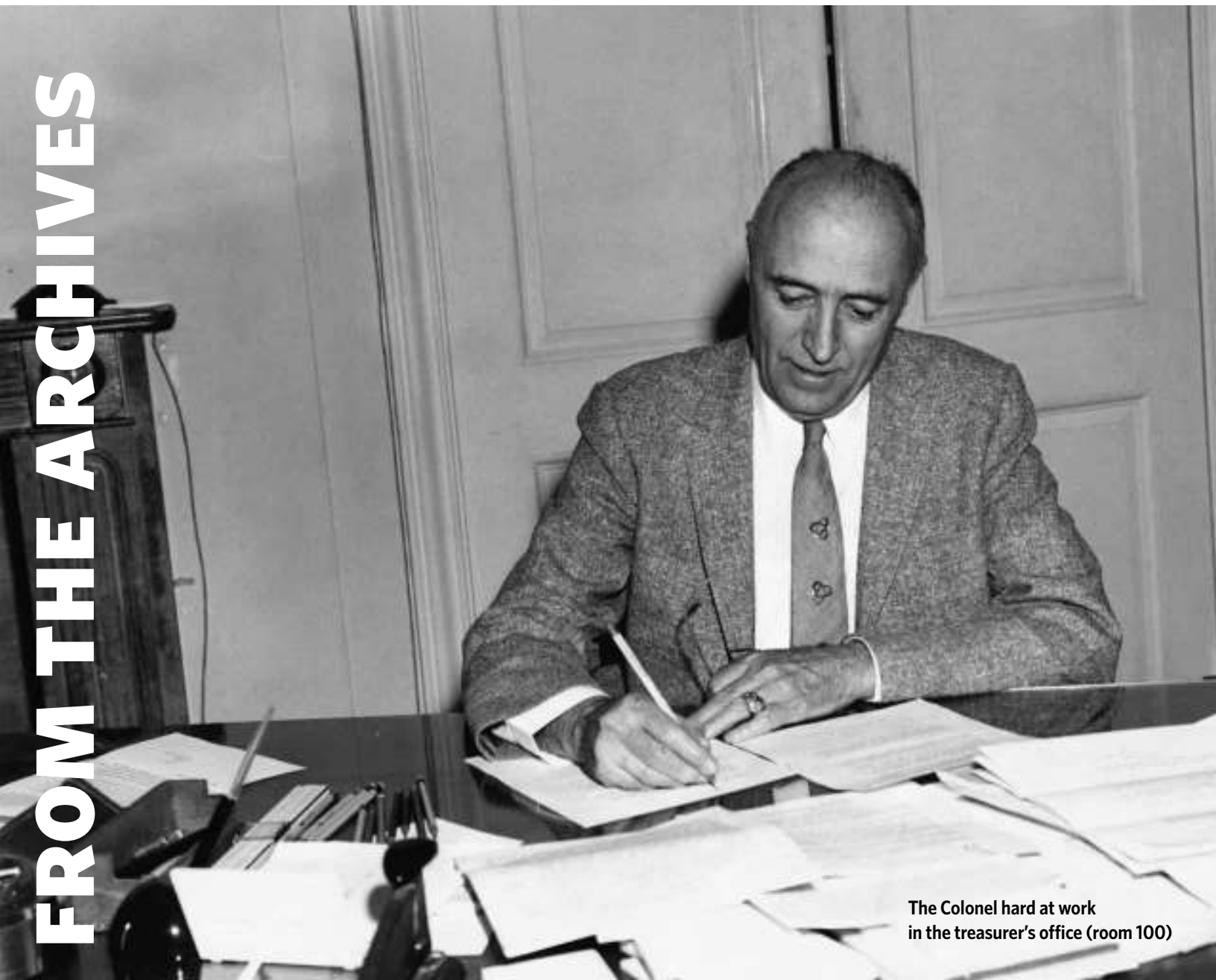
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FROM THE ARCHIVES



The Colonel hard at work
in the treasurer's office (room 100)