

## CHAPTER 9

# A Case of Corruption

DIONYSIUS, the storied tyrant of Syracuse, was a consummate financier. His gift stood him in good stead on the day he found himself in bankrupt condition, having borrowed from the citizenry more than he could repay. He might have increased taxes and satisfied his creditors with their own money, but he did not do so because, presumably, his levies had reached the point of diminishing returns; an increase could have discouraged production, or caused a flight of capital, and thus dried up the source of his income. That would not do. And yet, the debts had to be met, since repudiation would have blemished his reputation and impaired the national credit; no one would have lent him a plugged Syracusan dime thereafter.

In this predicament, Dionysius worked out a scheme that has come to the rescue of national profligacy ever since. He called in all the coin of his realm, known as drachmae, re-stamped them so that each drachma became two, and, after paying off his debts with the revalued money, returned to the owners many more drachmae than they had been obliged to turn in. No doubt, the Syracusans were delighted by the operation; their advances to the tyrant were paid up in full and their nonmonetary assets had suddenly doubled in price. He deserved praise for this financial feat.

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In twenty-two centuries men do a lot of thinking, and out of this cerebration come new ways of doing old things. Like Dionysius, latter-day politicians sometimes find themselves without the wherewithal needed to defray the costs of glorious State adventures and, having stretched taxation to the breaking point, resort to borrowing. They convince the citizens not only that their savings will be spent in ways that will redound to their benefit, but that they will be rewarded for their faith with an annual increment; the imposingly printed receipt issued to the lender solemnly pledges the honor of the State to that effect. Now, in one way or another, these receipts become monetized, and Society is deluged with new coin of the realm, even as were the Syracusans when their drachmae were restamped. Everybody is "enriched." This modern financial wizardry is a vast improvement on Dionysius' method in that it conveys the impression of an honest business transaction, not a swindle.

Evidently, Dionysius had not thought of this receipt business, for if he had he would never have found himself in the aforesaid predicament. He would never have been faced with bankruptcy. For, among its other advantages, this modern receipt bears a maturity date, usually falling in the next generation, to the relief of the immediate borrowers; furthermore, through refinancing and funding methods this date acquires the unique capacity of extending itself into eternity, so that the loan need never be repaid. On the other hand, the lender or his offspring can always be sure of receiving interest, since as a taxpayer the holder provides the funds.

We have no doubt that Dionysius' ministers fortified him with a learned dissertation on the virtues of his restamping scheme. His modern counterpart not only has ministers to advise him but also professors of economics to explain to the

public how the abundance in their pantries is improved by inflation.

Tax farming went out of style even before the Roman Empire collapsed. Or did it? When we dig into the modern institution of tariffs we come upon by-products that have a resemblance to the ancient institution. To begin with, the despised publicans of Caesarian times performed a function that was not unlike that of the modern customs-house inspectors and collectors, who are, like their forebears, a well-kept and nonproductive element in the population. Then, there is the concomitant of tariffs known as the pyramiding of profits. The importer who pays the tariff must include this amount in his costs, to which is added his normal mark-up in computing his selling price. Each additional handler or processor must do likewise, and if the material brought into the country is in raw form, requiring much handling and processing before it reaches the consumable stage, the various percentages added may come to more than the tariff. The consumer pays all. The gains of these handlers and processors are not unlike the rake-offs of the ancient satraps; they are private profits made possible by law.

We have no authority for it, but knowing that no business can be pursued without moral justification, we can assume that the Roman tax gatherers were convinced of the correctness of their enterprise; did they not bring to the taxpayers the benefits of Roman law and order? Likewise, those who benefit by it espouse the cause of protectionism on the ground that it promotes domestic industry, gives jobs to citizens, protects them from slave-labor competition, and so on. A hold-up cannot look itself in the face.

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Since the matter of succession was not constitutionally regularized, the praetorian guard undertook to provide Rome with a steady supply of emperors. (Sometimes the legions set up a claimant of their own, and then the selection was decided by a test of arms.) Admitting that the soldiery considered the course of empire in making their choice, they were nevertheless not uninfluenced by the aspirant's promise to improve their economic welfare. We might call that venal voting, but in what essential does it differ from the promises to veterans that now embellish campaign oratory? Or, notice the emoluments and special advantages the modern politician holds out to conscripts so that they might accept the condition of involuntary servitude in better grace. That the praetorian guard still plays an important part in the selection of our political leaders is evidenced by the fact that for over a generation after the Civil War nearly every candidate for the presidency was a general, and that in every campaign the soldier bonus was an issue; since World War I, no candidate for any office would think of advocating any curtailment of the special advantages which organized veterans deem their due.

The point of the analogy is not that ancient and modern men of arms are alike in their pursuit of something for nothing—in that respect they are no different from the rest of the citizenry—but that in every age political power has lent itself to purposes that are uneconomic and antisocial, that it has never hesitated to purchase support with confiscated property. For the ancients it may be said that they conducted the business in a forthright manner, unadorned with moralisms; the Caesars did not invoke an ideology to cover up the real objective of “bread and circuses.” Today, political preferment and the augmentation of political power are accomplished in

the same way—with subsidies of all sorts, paid for by taxpayers—but the business is conducted under a panoply of rectitude. Our politicians do not purchase votes, they advocate “social” programs. It comes to the same thing.

History is replete with such illustrative matter, and the temptation is strong to adduce examples showing that only in forms and details have the confiscatory practices of political power undergone change. But, considering the character of authority, what else can it do? Political power is not a factor in production; it cannot contribute a single loaf of bread or pair of shoes to the market place; the things that satisfy human desires result from the application of labor to raw materials, and in that process political power is out of its element. The best it can do to promote production is to maintain a climate of tranquillity. When it undertakes to intervene in the market place it is equipped for nothing else than taking what it finds. The more it takes the less there is for Society to get along on, and the depletion causes an attitude of dependence on the confiscatory power. This attitude is enhanced when selected groups become beneficiaries of the confiscation; they are then beholden to political power for their welfare, and support and adulation of the benefactor is a natural reaction. Political power thrives on confiscation.

To prove the point, it is only necessary to point up the fact that political establishments stick to their negative role when Society produces little, and that they become active and grow in stature only when an accumulation of wealth appears. Among the North American Indian tribes, where production equaled subsistence, the chiefs, who were part-time and volunteer politicians, exercised little authority and that only within the appointed bounds of maintaining order. In

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contrast, when the conquistadores got to Peru they found a considerable accumulation of wealth and a corresponding accumulation of political power.

A comparison between the early American political establishment and the present one brings out the point; when in 1789 the economy of the country was largely agricultural and its total wealth was measured in millions, the scope of political authority was sharply delimited; its interventions increased in number and in extent as the productive energy of the people expanded, and now that the wealth of the nation is measured in many billions the hand of authority is felt in every private endeavor. Its interventionary powers are in proportion to its expropriation of one third of all that is produced.

When the nature of political power is put under the microscope of analysis, its incorrigible penchant for predation becomes understandable. For then one sees that political power is not "in the nature of things" but in the nature of man. It is not, like the force of gravity, self-operating and inexorable, but is an expedient devised by man to facilitate his urge for acquiring satisfactions with the least expenditure of labor. In essence, political power is the physical power, or the threat of it, that one man or a group of men may bring to bear on other men to affect behavior. It may originate in a body of social sanctions, but it is hardly political power until these sanctions are implemented with a police force. In any case, it is exercised by human beings and therefore must be related to the all-pervasive law of human action, the drive to get the most for the least.

Since all human beings are dominated by this inner drive, political power is always subject to competition, and one-man domination of the group is possible only when the group

is small enough for one man to intimidate. In a real sense, there cannot be an absolute monarch of a nation; political power must have a base broad enough to support the pinnacle, and rulership which seems to be identified with one man's will is in fact exercised by an oligarchy or a bureaucracy. Political power must have allies, men who support it because it is to their interest to support it. William of Normandy consolidated his conquest of England by dividing its land among his favorites, so that they could live well on the produce of vassals and serfs. For a similar economic reason the politicians of the nineteenth century bequeathed an empire to the railroad barons of America; in both cases the beneficiaries of political power were won over to its support.

It is this need of a broad base that accounts for the predatory practices of political institutions. The crown rests un- easily on the royal brow until it is held firmly in position by the loyalty of subjects who partake or hope to partake of the substantial privileges at his disposal; and an elected official likewise needs the votes or campaign contributions of constituents who expect to profit by his elevation to power. What manner of fare can he possibly spread before them? Only what he can extract from the larder of production. He has nothing else.

The advent of popular suffrage did not change the nature of political power nor affect its practices. The doctrine on which suffrage rests is that sovereignty—which is protocol for power—resides in the voters, as a permanent possession, and that they merely loan it for a time to their selected rulers. Upon analysis the doctrine boils down to the idea that each voter holds in his hands on election day a small piece of the power that once centered in a king. But, even as the king thought of power in terms of his prerogatives and perquisites, so the voter, in casting his ballot, is influenced by his material

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condition or expectation of improvement. He assumes that his personal economy is tied in with the political power of distribution, not with his own productive capacity, and the assumption seems valid enough when he observes that some of his fellow voters do well at the public trough. Yet, his minuscule piece of power is by itself unable to push him into a favorable position, especially as it is in competition with millions of others of like value. It is necessary for him to add his vote to many others so that the total will bulk large in the sovereign fifty-one percent. Thus comes the pressure-group system of utilizing political power for acquiring pecuniary advantages.

But what is the profit in rulership? What does the wielder of political power—also a human—hope to gain from the bargain he makes with those who put the scepter in his hands? That depends on the values of the individual politician, but taking into consideration the breed as a whole, the desires that drive them to seek office are exactly those that motivated Charlemagne: the perquisites and prerogatives attendant thereto. What else can one derive from political labors? Putting aside the perquisites, including the crude bribe and the more sophisticated and legal methods of participating directly or indirectly in the economic advantages the politician grants his favorites, he measures his gain in the satisfaction of a desire that is often stronger than the yearning for creature comforts. Just as some people find more pleasure in music than in food, more satisfaction in climbing a high mountain than in easy living, so do others find their *summum bonum* in the pomp and circumstance of political life or in the sense of self-importance that the exercise of power stimulates. It is an ego profit that one derives from the making and administration of rules that others must obey, and with many of us this is of inestimable value. Otherwise,



how account for the unseemly strife for office that men with pretensions to character engage in? "Long live the king" is the upholstery of the throne.

So, the predatory political institution that emerges when Society acquires a competence is compounded of vanity and cupidity.

But there must be some means of restraining Cain from going after Abel's hide and property, lest human life go the way of the dinosaur. There cannot be a Society until there is a market place, and there cannot be a market place until security of possession is assured. Without that assurance the individual will not strive to improve his circumstances and production will drop to the level of mere subsistence; man will be little better than an animal, a status against which his primordial compulsions revolt. It is for that reason that he sets up a machinery for the protection of life and property, even against himself, a machinery to which he gives the name of Government.

"To secure these [inalienable] rights [to life, liberty and the pursuit of happiness]," says the best phrasing of the subject, "governments are instituted among men." It follows that if there were some way of securing these rights without Government, men would not institute it. And it also follows that when Government employs its monopoly of coercion for purposes which violate these rights it ceases to be Government. It is some other kind of concern, even as a merchantman that turns to piracy cannot be classified as a merchantman. So that, when the committee in charge of the power of compulsion use it to confiscate property they cannot lay claim to the name of Government. It is a corruption, and its name is the State.