

## A Matter of Degree

THE SMALL STATE can do to Society everything the large State can do, but not so much of it. The tyranny and terrorism of modern communistic overlords is of a kind with the practices of ancient Sparta, and twenty-five centuries before Mr. Roosevelt launched the New Deal, Pericles had something closely resembling it. Sparta and Athens were small aggregations, compared to their modern counterparts, and so there were fewer people to ride herd on; also, because they were less productive, there was less for the bureaucrats to lay their hands on. But the pattern of intervention and confiscation was the same. A State is a State, now as in the past, regardless of the size of its victim, and regardless of ideology affected by its management. It is always at war with Society.

The history of our own political subdivisions—states and cities—is well splattered with instances of “corruption.” Our newspaper headlines and our campaign oratory periodically bear witness to the persistence of predatory practices by political management, even in our smaller communities. “Throw the rascals out” is the standard battle cry in our contests for political preferment, indicating that rascality is the regular order. But, when we dig down to the bottom of the rascality, we find some interventionary law that was ushered in with yards of moral fustian. It is the law itself that stimu-

lates the cupidity of the official and his private accomplice. The policeman would not help himself to a banana from the peddler's pushcart if there were no law regulating the pushcart business, and schemes to evade taxes, including bribery, are the inevitable consequence of taxation. Interventionism is the stock in trade of every political establishment, and "corruption" is its corollary.

As an illustrative instance, on a rather grandiose scale, there is the case of the New York City subway system. Originally this railroad was built by entrepreneurs under a franchise granted by the "city fathers." As a condition of the grant, the fare was fixed at five cents. For a while all went well; the company rendered adequate service and paid its bills, including interest on its bonded indebtedness. As the city pulled into its orbit more and more surrounding communities, the company extended its mileage, as required, and in due time the nickel fare did not meet operational costs. The company asked for permission to increase its fare. The people-loving politicians refused the request and the "nickel fare" became a potent campaign issue. From the very beginning there were those who clamored for public ownership and operation, terming the franchise a "giveaway," but they were shouted down as socialists, the bondholders and management being most vociferous in this denunciation. But, when the company defaulted on its interest payments, and the bonds consequently shrank in value, it was the bondholders who asked the city to buy them out; they had no objection to socialism if a profit were involved. Eventually, a "reform" administration, headed by a mayor of pronounced socialistic persuasion, arranged for the purchase of the bonds at a price far beyond the open market quotation. The taxpayers, as usual, paid the bill. Shortly thereafter the subway

was "taken out of politics," meaning that the fare was raised to ten and then to fifteen cents, and deficits are now the regular order. The subway system is now a city-owned monopoly, run by bureaucrats, whose prime interest is the perpetuation of their jobs, not railroading.

There was no obvious "corruption" in this operation, but it is known that speculators took a keen interest in the bonds when the prices declined to less than the physical valuation of the property, and that they sold them to the city at a handsome profit; even if no officials were involved in this piece of business (which is assuming that officials are more than human), the fact is that this venture in public railroading compelled the citizens to finance the acquisition, and continues to compel them to meet the operational losses. It was done by a city, not a national, establishment. Indeed, the City of New York has set a pattern for the nationalizing of the railroads of the country: a regulatory body, with power to fix rates and compel unprofitable operation, squeezes the business into bankruptcy, so that the owners are quite willing to sell their property to the taxpayers, and bureaucracy improves its position.

Another case. It does not occur to a small town to set up a department of "weights and measures"; social power soon rides the dishonest merchant out of business, if not out of the community. In a city like New York the same social power is present, but it does not make itself felt with the same expedition because of the multitude of possible victims. A number of complaints suggests an "issue" to the sagacious politician, and a law and a bureau of "weights and measures" come into being. The bureau, however, soon finds itself short of business; it is in competition with social power, which is far more effective in punishing dishonest practices than are the police.

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But an official body is never daunted by the lack of something to do; its capacity for digging up problems to solve is limited only by the funds at its disposal, and the funds are proportionate to the size and productivity of the taxable population. So, the department of "weights and measures" burgeons into an investigatory body, with power to pry into the malpractices of other political bodies (not itself) and achieves headlines by exposing a few firemen who take off-duty jobs, which is against the law, or exposing some prostitutes whom the police have overlooked. The headlines serve to vindicate the bureau and justify its costs.

These two instances of bureaucratic practice and political intervention in the largest city in the country can be matched, though not on so large a scale, by every city in the country. Where the grazing land is richer, there the politician waxes fatter. It follows therefore that the smaller the community, the more likelihood of confining officials to their legitimate business, that of keeping the peace and dispensing justice cheaply. Conversely, the larger the political unit, the more opportunity for the abuse of political power. If there were any point in working it out, this fact of political science could be reduced to a mathematical formula. More interesting and instructive is the reason for it.

Social power diminishes as political power increases, and political power expands in direct ratio to the size and wealth of the community over which legal authority has been established. To put it another way, the further removed from the purview of those whose behavior he undertakes to canalize, the more attenuated are the social restraints on the politician's proclivity. The reason for this lies in the fact that he is human; his occupation does not free him from the instincts

and motivations of all men. In a small community, the prince or the councilman or the sheriff is under the constant surveillance of neighbors, and their opinion of his behavior is not without influence; either the desire to retain their good will or the fear of retribution bears on his official acts. He must live with them, just as a merchant must live with his customers, and social ostracism is too heavy a price to pay for indulging the passion for power which his position generates.

As the community grows this neighborly influence diminishes. Public affairs become too complex for the man preoccupied with the business of living, and his interest in them wanes in proportion; only when he is personally affected by political matters does he become concerned with them. Under the circumstances, the politician is more or less on his own.

A more impelling reason for the attenuation of social power is the splintering of its homogeneity as population grows; group interests replace the common interest and the politician finds himself under a variety of pressures. He is put in the way of acquiring power by the claims and ambitions of the various factions, each of which is willing to barter the common good for its own advantage. The logic of the situation compels him to lean toward those factions which because of their numerical or economic predominance are most promising for his purpose, the accumulation of power. Group pressures, rather than social sanctions, chart his course, and his problem is the selection of allies. Thus, when the king met with strong opposition from the feudal barons he made common cause, for the time being, with the proletariat of the cities, and in our "democratic" time it is standard political procedure for the aspirant to champion the cause of farmers as against the urban population, to court favor with wage

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earners by promising to despoil capitalists, to form alliances with ethnic, economic, social, and even criminal groups that can "deliver the vote." His release from the social sanctions of the small community makes of him an entrepreneur in power.

His business, however, cannot flourish without resources, and his resources are determined by what he can extract from producers. In the smaller community the producers, being relatively few, can scrutinize his expenditures closely and make their opposition to taxes felt. In the larger community, consisting of a number of self-centered pressure groups, this surveillance of his operations tends to disappear; people are too busy with their private affairs to pay much attention to the complexity of public affairs. The tendency then is to identify public affairs with their own interests or with the interests of the group to which they adhere. Under the circumstances, the political person is able to draw up a convincing bill of particulars which he calls the "need of social services" but which on examination becomes a list of expenditures from which various dominant groups or individuals in the community hope to improve their own circumstances. The opposition to expenditures and taxes is thus weakened, and his opportunity improves.

Every budget is a compromise of interests. Every tax bill, even in the smaller cities, contains a promise to levy with a heavier hand on one group of citizens than another, with the implied intention of favoring some of the citizenry at the expense of others. In the rhetoric of politics there is no more compelling peroration than "ability to pay"; it is compelling because it touches to the quick the very common sin of covetousness, because it appeals to the envy and jealousy that few men are rid of. To be sure, the insinuation of "ability to pay"

is that the "poor" will gain something by a "soak the rich" measure; but it is a moot question whether it is the hope of gain or the prospect of bringing the more capable or fortunate down to their own level that makes the "ability to pay" formula so acceptable to the "poor." The class-struggle notion is a most convenient instrument of the State. In the end, of course, only the political establishment profits by the tax formula; its business prospers, while the business of Society, the production of goods and the rendering of services, slows down to the extent of the exactions.

The zenith of political aspirations is attained when the revenues at his command rid the politician of the restraint of social sanctions. Having the wherewithal to operate in his own sphere, he can lift himself above Society and assume the role of statesmanship; that is, he can assume a capacity for improving the "general good," as he sees it, uninhibited by the limitations and foibles of those who must pay the bill. His economic independence induces the conviction that he has acquired a consciousness of collective aspirations, which is more than the sum of the myopic and individualistic aspirations of Tom, Dick, and Harry; he knows what is for their own good better than they do. He lives in a world of his own, in which Tom, Dick, and Harry exist only as means, not as persons. Social sanctions diminish in importance as taxation increases. And taxation increases, both in amount and in variety, as population and production increase. The incidence of taxation in our own cities is illustrative; in the beginning, real-estate values bore the entire brunt; now, in our larger cities, sales taxes, pay-roll taxes, poll taxes, occupancy taxes, liquor taxes, and a variety of licenses, fees, and fines are included in the fiscal structure. Each levy rides in on the wings of "necessary government expenses," with the decision as to

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what are necessary expenses resting with the managing bureaucracy. Often the occasion for the levy disappears, but the levy does not; as when interest on bonds continues to be a drain on the community long after the road or the school-house which was the excuse for the issue is abandoned.

The historic urgency of political establishments for centralization, for the expansion of cities and the creation of nations, with which imperialistic ventures must be included, thus becomes meaningful. The wider the area of control the weaker the resistance of social pressures; the larger the population under control the more taxpayers to contribute to the political coffers. Centralization is the setting up of a protective distance between State and Society, of the insulation of the State from social sanctions. In a village the citizenry have an immediate influence on political behavior; when the village is incorporated into the City of Chicago, this influence tends to evaporate, particularly its impact on taxation practices.

Realization of the dangers of centralization, of the divorce of political power from social control, gave rise to the idea of constitutionalism. A constitution undertakes to define the scope of political power, to delimit the functions the State may assume, as a condition for public support. It is a contractual agreement. But it is a matter of record that no State has long abided by the terms of the agreement; its inherent compulsion toward the acquisition of power cannot be inhibited by law. The best example of this is the life story of the American Constitution. It originated in the convention that a State is inherently incapable of containing its urge for power, and the writers not only defined and limited the scope of the new State but also provided for a system of "checks and balances" that presumably would prevent its getting out of bounds. It



specifically provided that all powers not enumerated would remain with the state establishments—a clear recognition of the historic fact that political power is less virulent the nearer its wielders are to the ruled. This novel idea of states' rights, of the division of authority, was intended as a block to centralization. It had the additional effect of setting up competition between the states, so that if a political establishment undertook to put disabilities on its citizens, one could escape them by moving across the border to another state. Besides these "checks and balances" and the doctrine of *imperium in imperio*, there was the further formidable barrier to centralization in the carefully circumscribed authority to levy taxes.

Despite all this, the American State has been able to circumvent the terms of the bargain of 1789; by legal interpretation and amendment it has achieved centralization as effectively as other establishments have done by force. When we compare the intent of the "founding fathers"—and taking into consideration the social pressures that bore upon this intent—with the present state of political affairs, we can say that the original constitution has been in fact replaced by something quite different. Basically, the intent was to provide a form of political institution that would hold inviolate the immunities of person, property, and mind. The immunity of person went by the boards when military conscription was instituted as a national policy, and national policy was interpreted as an obligation to use these troops in the wars of foreign nations; this was not contemplated in 1789. The immunity of property was abolished by the Sixteenth Amendment, which, by asserting the prior lien of the State on the earnings of citizens, virtually denies them the right of private ownership; with this right gone, the right to life becomes academic. The immunity of mind has been violated by more

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subtle but no less effective means, which the proceeds of income taxation made available: by the establishment of a vast propaganda machine for the channeling of thought in favor of State ventures, including the distortion of facts as to its operations; by the subvention, with favors, of news-vending and opinion-influencing publications; by the subsidization of educational institutions and educators.

If the carefully constructed constitution of 1789 has not been able to contain the power-grabbing proclivities of the federal establishment, it is reasonable to conclude that no body of laws can accomplish that purpose. The key to centralization, to the consolidation of conquest, is taxation. All things considered, the Sixteenth Amendment made a shambles of the constitution of which it is ostensibly only a part. It gave the Executive branch the means of undermining the independence of Congress (which was supposed to hold it in check), for with the vast funds at its disposal it is able to purchase compliance from the legislative branch and to suppress opposition. It made possible the virtual liquidation of the autonomy of the states, first by sapping their sources of revenue and then by bringing them into line with subventions; the doctrine of states' rights has thus lost all meaning. It provided political authority with capital enough to venture into the market place as manufacturer, distributor, financier, publisher, farmer, physician, employer, to the disadvantage of private entrepreneurs. It set the State up as the largest eleemosynary institution in the history of the world. And along with all these interventionary measures came the vast bureaucracy dedicated to the perpetuation and extension of these interventions. Thus, one change in the constitution did away with its original character.

Within their respective areas, the state establishments

(which are likewise under constitutional limitations) and the cities (which operate under charters from their states) have emulated the federal authority. Increases in their population were followed with correspondingly increased productivity and the appearance of abundances, which invited political raids on the market place. The proceeds of such forays, always adorned with a social purpose, enhanced political power. And social power diminished. This is a truism culled from the ages, that social power and political power are always in conflict, that the poverty of the one is the opulence of the other, that one thrives on predation, the other on production. The relationship is like that of the scales of a balance, which no parliamentary device can alter.

It follows that political authority is not containable by contract. No constitutional constriction ever invented has succeeded in keeping the political person within his appointed sphere, that of maintaining the peace within Society, of effecting equity between producers, of assuring each member that his rights shall not be invaded by another. Some other instrument of control is necessary if Society is not to be periodically swallowed up by the State.