

MR. A, B, C AND D

During my whole lifetime, and long before, the news has been dominated by general financial hardship for nearly everyone, and including public funds. Disputes about causes go on and on. Each person is sure he knows the cause of his own hardship and therefore what other people should do to remedy it.

Our form of government is presumed to be predicated on the idea that if each person votes in his own best interest, then the majority will vote in the best interest of the majority. But if it worked that way, we would long since have corrected our national failings and would by this time be living in a very favorable material setting and could direct our attention to less material aspects of life. Self-interest could be the propelling force that takes us to the solutions of problems.

There is a large school of thought which holds that self-interest works against correction of national defects and therefore people should be taught not to have self-interest. From many pulpits (formal and otherwise) comes the plea that if you are making a profit from your work, you should give it up, and if you see anyone else making a living, you should vote for the government program which would confiscate it, and if you see a category not making the grade (it's farming right now), you should vote a government plan to have the rest of the country dole in and subsidize it. This kind of thinking is not just characteristic of a few eccentrics but actually dominates textbooks of economics and public policy.

Is it possible for the majority of people to be mistaken? History books will show you some cases where they were, and the displacement of myth by fact was a difficult and slow process.

Actually, there is a school of thought right now, publishing and speaking outside of the standard school curricula, which holds that self-interest can be a good, rather than evil facet of human nature, but that most people really don't know their own self-interest. Mr. A doesn't know which of the activities of Mr. B, C, and D actually redound to his (Mr. A's) own good, and which do not. Mr. A might vote according to a very short-sighted self-interest, not knowing that B, C, and D are thus caused to readjust their factors of production so as to do unintentional and even unknown harm to A and everyone else.

Abandon all hope, ye who plan to admonish all of the Mr. A's not to act in what appears to them to be their own interest. But if we set up a system of rewards and penalties to induce Mr. A to act against ours, then we ought to take a second look.

As an example, we have set up a tax and subsidy structure that is causing us to lose our small farms. We could just as easily have it the other way. Would it be so hard to get used to the idea of reducing (even to approach zero) the tax rate on improvements? It has been tried and it works.