

# Short Versus Long Term View

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**M**ANY of the decisions we are called upon to make are concerned with choices between short term and long term gratifications, consequences or effects, although we may not always be conscious of such considerations.

In our childhood we read with delight the fable of the grasshopper and the squirrel, recounting how, during the long summer days the former ate and enjoyed life, not anticipating days when the food would be lacking while the latter industriously gathered and saved nuts to be consumed when food was scarce. Here was a lesson and a moral for us to learn. The short term gratification might lead to dire consequences in the long term.

Many of the success stories we heard in our youth were based upon the frugality and saving of the hero, who ultimately achieved great success. We were taught and practised thrift and so our thinking followed the consideration of short and long term effects. But sometimes such choices become difficult because the environment in which we must live and choose has changed. The thrift which we learned in our youth becomes a mockery when it is realized that inflation has reduced the purchasing power of our savings and our life insurance to less than one-half of the dollars we so thriftily saved.

Even the old maxims about saving which were the basis of economic progress, applicable to individuals and to the total economy, now

are disputed in learned circles. Since Lord Keynes influenced economic policy in both Great Britain and here, the so-called "propensity to save" is largely blamed for the recessions and depressions of the business cycle and spending is encouraged so as to promote jobs and production. What then is the present day youth to believe and how will his choices between short term and long term effects be affected?

Some evidence of the short term choice is to be found in the public policy of our local and national governments, which policy, we are told, conforms with what the majority want and advocate.

Shortly after World War II, when the Soviet government showed its intransigence, our national policy was one of containment of communism. Whether that policy succeeded or failed is not the issue. There is ample evidence that such policy did not prevent the conquest by Communists of North Korea, North Vietnam and other parts of southeast Asia. Was the policy of containment aimed merely at a short term holding back of the ruthless conquest of Communists, or was it aimed at fighting the authoritarian ideology of communism with the ideology of liberty so backward nations would voluntarily choose a way of life which eventually would raise living standards?

It may be argued that the containment policy enjoyed some success since Greece and Turkey were undoubtedly Communist targets

which with our help escaped the fate designed for them by the Soviets.

However this policy led us to distribute billions of dollars of wealth to England, France and many other countries, but *not* to West Germany which under the guidance of its Finance Minister, Erhardt, refused the crutch of economic aid. With the assistance of U.S. aid, England, France and other countries were able to institute more and more welfare state programs; England, in fact, traveled so far down the road to socialism as to nationalize many industries. In other words, from the long term view, our national policy encouraged and helped to institute welfare statism in friendly allied countries which will continue to exist under a growing bureaucratic and authoritarian regime.

If the long term view had motivated our national policy, an entirely different course of action might have prevailed.

Have we learned a lesson? We can doubt this when we examine the latest enunciation of the Alliance for Progress for Latin America. We recognize that the poverty of Latin Americans stems largely from the maldistribution of wealth and that this has its roots in the land ownership. Agriculture is the principal source of livelihood but the land and natural resources are owned by a small minority. "Land for the landless" is the slogan used by Communists and it has its appeal to the hungry.

We have promised billions of dollars of aid (over a ten year period) to the countries which will institute land and fiscal reforms. How will these reforms be instituted and

administered? By the governments of those countries. Land, in the main, will be purchased by the governments from the present owners of large estates by issuing bonds carrying interest charges, and the land will be sold to peasants on a long term installment basis with little or no interest.

One result of such policy will be that the peasants will be supervised and to a large degree controlled by the central government. Another result will be that interest on the land-purchase bonds will require a large portion of national income for payment, thus yielding the former land-holders incomes which current production must yield.

The Latin governments will attempt to alleviate the conditions of poverty by mass building of habitations for low income families, by unemployment benefits and other measures, all of which fall within the category of welfare statism. So, our desire to assist those less well endowed than ourselves will again result in more and more economic crutches, more and more government subsidies and control, more and more welfare statism.

The longer view of supplying a free-market economy would better serve to supply the poverty-stricken farmers with the incentive to renounce the blandishments of communism and become a better trading partner for us. How better could we achieve this than to espouse the removal of confiscatory taxation (and inflation) and the collection of the site value of all land for public revenue? But how can the United States espouse this reform for Latin America without espousing it at home? Truly it is the time for a long term view.

