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COMMENTARY: CARTER I

THE PIED PIPER OF POLITICS

Jimmy Carter is the pied piper of American politics. His tune is reassuring, the people follow, but no one knows where he is going. It is going to be a crushing psychological blow to the American electorate when it follows Carter trustingly down Pennsylvania Avenue and into the Potomac River.

When John F. Kennedy was elected President in 1960, his rhetoric lifted national aspirations and hopes. It was inspiring rhetoric which the record of his Administration's accomplishments never quite matched. The raised expectations of John Kennedy, however, may have had an important impact on the subsequent disillusionment, alienation, and skepticism which infected and sickened American political attitudes in the late 1960s and early 1970s. When the Camelot sheen wore off politics, the public mood shifted rather abruptly in the opposite direction.

Once again, Jimmy Carter is raising public aspirations. In one of his oft-quoted statements and in his own quiet style, Carter says: "Nowhere in the Constitution of the United States, or the Declaration of Independence, or the Bill of Rights, or the Emancipation Proclamation, or the Old Testament or the New Testament do you find the words 'economy' or 'efficiency.' Not that these words are unimportant. But you discover other words like honesty, integrity, fairness, liberty, justice, courage, patriotism, compassion, love---and many others which describe what a human being ought to be. These are also the same words which describe what a government of human beings ought to be."

These are stirring words. They're disturbing ones for the same reasons. Jimmy Carter should read two recent articles in the Village Voice by Phil Tracy, in which he noted: "It is now a well-enshrined platitude that the American people are disillusioned with their government in general and Washington in particular. For some reason most people in Washington seem to feel this is basically just a public relations problem. Every jackass pol-

itician in town has stood up at one time or another and babbled, 'We have to restore the people's faith in government.' But as far as I can see, this disillusionment has very little to do with PR. It has to do with reality."

Jimmy Carter has less to do with reality than meets the eye. His disrespect for it was copiously demonstrated in an article in the March issue of Harper's magazine. In a brilliant display of public relations obfuscation, Carter and his staff managed to turn the issue from one of his integrity to one of author Steven Brill's integrity. Writing in the May issue of Harper's, Editor Lewis H. Lapham chronicled the methods used by the Carter staff: "Unable to supply the facts necessary to refute Brill's article, the Carter organization had no choice but to rely on the technique (conventional among defense lawyers and police spies) of character assassination. The managers of the campaign to discredit Brill went about their work with an eagerness reminiscent of the tactics used by the Nixon Administration. It is a tribute to the credulity of the press that they accomplished much of their purpose. At least a week before the March issue of Harper's reached the newsstands Brill had been assigned a reputation as a well-known agent of a Northeastern political conspiracy. During the week of February 9 newspapers across the country routinely identified him as a "liberal hit man," and on February 25, no more than a week after the magazine went on sale, the Evans-Novak Political Report (a newsletter purporting to offer inside information known only to the hierarchs within the pyramids of government) dismissed Brill's reporting as the work of a 'professional hatchet man.'" The story Lapham writes does not reflect well on the press, Carter's staff, or Carter the candidate. And it concludes by noting that while part of Carter's staff was busy defaming Brill, other Carter workers were busy in Florida passing off a Brill analysis of Sen. Henry Jackson as the work of a sober, thoughtful analyst.

It's no accident that Jimmy Carter's original candidacy aroused a notable lack of enthusiasm among former cohorts in Georgia and the National Governors Association. Carter has talked a good line in his presidential campaign, but legislators and governors knew about his record. In talking a good line, Carter has a lot in common with Ronald Reagan. Their lines have been different because they've appealed to somewhat different constituencies. But there's been a common thread in the two men's rhetoric: Elect me because I'm not one of those amoral, narrow-minded, worn-seated bureaucrats in Washington who've got us in the mess we're in. Don't ask me what I'm going to do to change things because I haven't had time to think a whole lot about that, but rest assured that things are going to be shaken up when I walk into the Oval Office.

In the lingo of 1976 politics, both men are running no-promise campaigns. As Gerald Ford would say, "A government big enough to give you everything you want is big enough to take away everything you have." The Reagan-Carter approach, however, is as full of promises as any other. Reagan is promising to make the United States the big, bad bully on the block once more. And he's pulled in the bully vote into the Republican Party that Wallace used to attract. Carter is working on the visionary approach, promising spiritual rebirth and moral regeneration. Reagan preaches hell and Carter preaches heaven. Both seem likely to leave the country in limbo.

The resignation of speechwriter Robert Shrum from the Carter campaign ought to derail a car or two from the Carter bandwagon. It deserves more attention than it has received. Said Shrum in his resignation letter: "You say you wish to keep your options open. Within reason that is understandable. But an election is the only option the people have. After carefully reflecting on what I have seen and heard here, I do not know what you would do as President. I share the perception that simple measures will not answer our problems; but it seems to me that your issues strategy is not a response to that complexity but an attempt to conceal your true positions. I am not sure what you truly be-

lieve in other than yourself."

In assessing Carter's divergent issues positions and Shrum's resignation, columnist Joseph Kraft has written: "None of these issues are simply and any candidate has the right, even duty, to avoid premature commitments. But Carter comes on as Mr. Tell the Truth. So the Shrum account underlines for me, and for many others who have covered the campaign, uneasy feelings about Carter. I do not believe, as Shrum seems to, that Carter has been captured by his conservative advisers. But I do think that he is religiously dedicated to the greater glorification of himself. I doubt that anybody knows where he really stands. He is a pig in a poke."

As Kraft implies, Carter's strategy of generalized rhetoric and avoidance of specific policy proposals is a tried and proven political tactic that is probably as old as politics. As such, it might be dismissed as that of another predictable politician who wouldn't do much good or much bad as President. Carter has not displayed himself as an ordinary politician. "If Carter uses religion and God and fails," noted one southern Republican recently, "it's going to destroy the country." The effect of a Carter letdown could potentially be more devastating than the Nixon blowup.

The effect of a Carter letdown could potentially be more devastating than that of the Nixon blowup. Watergate, after all, confirmed what a good many people were more than willing to believe about Richard Nixon: that he was a crook. No one contends that Jimmy Carter is a crook; he's the sort of man from whom you'd buy a used car. There was a certain reliability about Richard Nixon; he reminded the electorate of all the nasty things they were prepared to believe about politics. Watergate legitimized in many voters' eyes the notion that all politicians were crooks. But Jimmy Carter isn't "like that." Or is he? Speechwriter Shrum says, "If someone told Jimmy Carter there should be 4,000 agencies (in the federal government) rather than 2,000, and it would help him get elected, he'd say 'fine.'" Carter could sell snake oil to the electorate. Let the voter beware. ■

RENEW TODAY

COMMENTARY: CARTER II

CARTER AND CARMICHAEL: A SOUTHERN COMPARISON

Jimmy Carter's deficiencies as a presidential candidate become more evident if he is compared---instead of with fellow Presidential aspirants in the Republican and Democratic Parties---with another Southern politician, Republican Gil Carmichael of Mississippi. Carmichael, a Meridian imported car dealer, has demonstrated that he can indeed sell cars as well as Carter can sell peanuts. As a Baptist Sunday School teacher, Carmichael religious convictions, sincerity, and faith in America are as obvious as Carter's.

Carmichael's political credentials are as impressive in some ways as those of the one-time Georgia governor. He put the fear of defeat into the Senate's president pro tempore, venerable James Eastland, in 1972 and might have won if Eastland hadn't had the tacit support of the Nixon-Agnew wing of government. In 1975, he came within several thousand votes of winning the Mississippi governorship in spite the handicaps of his Republican registration and his advocacy of handgun registration, both Mississippi no-no's.

But there the similarities stop. Carmichael is as open in his political opinions as Carter is secretive. His candor may well have cost him the Mississippi governorship. Carmichael's inability to be properly evasive and elusive even landed him in trouble in the Mississippi Republican Party where GOP State Chairman Clark Reed and Finance Chairman Billy Mounger didn't understand why Carmichael didn't know enough not to say what he thinks. He's a self-described "issues candidate." Running for governor, he stressed the need for a new state constitution, for compulsory education (abandoned in the state as a reaction to court desegregation orders), and government reorganization. Carmichael didn't campaign for a new constitution because his polls showed there was overwhelming support for one. There wasn't. But when Carmichael finished campaigning, there was. "The only way a fellow like me is going to get elected is to change the thinking of the people about themselves," says Carmichael.

Carter has appealed to Americans' faith in themselves. Carmichael campaigned to eliminate Mississippi's inferiority complex. Stressing the state's wide array of natural resources, Carmichael said, "If we've got what everybody else wants, we're not last, we're first." Of course, economic development doesn't quite have the sex appeal of Carter's love song, but Carmichael is pragmatic enough to realize that you Mississippians can't eat love. He instead based his plans for economic development in the state on exploitation of the state's "food and fiber, oil and gas" resources by dramati-

cally expanding the state's industrial capacity for processing these raw materials into finished products. He condemned an economic system which returned only 36¢ a barrel from oil drilled in state in the form of severance taxes and where only a single, small textile mill operated in the cotton-rich state. Carmichael urged the state to count its blessings and exploit them. As envisioned by Carter, his program would turn the state from an "undeveloped" supplier of raw materials to an industrial center for their processing, generate needed new revenues for the state treasury, and raise the per-capita income across the board in the state. Nor has Carmichael waited to be installed in office to clarify his views for racial questions; he has persistently articulated the need to integrate blacks into the state's economic growth and into the Republican Party.

In the 1975 gubernatorial campaign, much of what Carmichael was saying angered Reed and Mounger. As the New Orleans Times-Picayune's W.F. Minor noted: "Reed was quoted by one national publication which came down to cover the intriguing campaign of Carmichael that he (Reed) disagreed with most of the things that Carmichael was saying. Mounger, who had made and inherited his money in oil and in banking, is even further to the right than Reed, so his differences with Carmichael's stands were believed even stronger... Both Reed and Mounger had made it known they planned to step out after a decade and let some other Republicans take their places. But they were not about to let Carmichael gain control." Carmichael, in other words, had risked the wrath of some powerful political gods... something that Carter likes to appear to do but seldom does. Despite his defeats in his last two campaigns, Carmichael's courage does not stem from evaporation of his political ambitions; he now has his eyes on Eastland's Senate seat in 1978.

Carmichael's problem is that he is a walking target for both opponents and a trigger-happy press. The public may be tired of the promise-us-everything-deliver-us-nothing brand of politician, but it's not quite ready for explicit leadership. That doesn't discourage Carmichael, who says, "My job is to have a legitimate basic picture (of what he wants to do in government). In order for me to succeed, the media has to look at it, examine it, and begin to buy it." It's a different sort of politics from that practiced by a Hubert Humphrey, a Jimmy Carter, or a Ronald Reagan. Humphrey has a program for everybody, hoping to win public support by appealing to enough different special interest groups. Carter doesn't have a pro-

gram, but by keeping everybody hoping that he might have a program for them, he hopes to put together an enormous interest group coalition of "faithful." Reagan says none of the government's programs works and hopes that enough people have witnessed a program which either didn't work or favored an interest group they didn't like to organize a potent "anti" coalition.

Carmichael's dreams clash with this sort of interest group politics because the Mississippian's ideas aren't geared to special interests, but to societal growth. "The old economics doesn't fit," says Carmichael, who sees the United States in a transition stage between old economics, old politics and cheap fuel and what he calls the "New Era." Because educators, ministers, businessmen, and labor leaders aren't taking the leadership in articulating what this "New Era" will require, Carmichael thinks the job falls to politicians. He admits the hard questions aren't being discussed, but that doesn't stop him from trying.

"A balanced transportation system is the foundation" of Carmichael's New Era. The United States needs to drastically alter its taxing policy on energy sources to prolong the life of an irreplaceable resource. He'd put a 50 cents a gallon tax on fuel, for example; 30 cents of that he'd return to cities and counties in the form of revenue sharing. He finds that fitting since the "auto killed the cities." (See "Pricing Recyclables into the Market" elsewhere in this FORUM for a similar view of a socially-beneficial fuel-tax policy.) The other 20 cents Carmichael would apply to retiring the national debt. Carmichael's fuel tax ideas complement his ideas of "urban preservation." As

an auto dealer-politician, Carmichael favors the development of an "ethical car," one which would weigh 2,000 pounds, hit a top speed of 60 miles per hour, get 40 miles per gallon, last seven-eight years, and cost about \$7,000. He sees it as the sort of labor-intensive project this country needs to put Americans to work and keep them there.

Carmichael has a lot of ideas about his "New Era," about an "ethical and predictable" government, about the need for a 45-hour work week, about an intensive elementary school construction program between racially homogeneous neighborhoods, about the development of a two-track high school system which serves to channel part of America's youth into an industrial or craft apprenticeship. America needs an "ethical capitalism," says Carmichael "whose job is to make a profit and take care of its people."

Carmichael has a lot of ideas. One may differ with the specifics of his vision, but at least there are specifics with which to differ. It would be nice if Carter and the rest of America's would-be Presidents shared their visions with the electorate as well. "America is saying to our leaders, 'For God's sake, paint us a picture of where we're going,'" Carmichael says. But he adds, "What I'm doing is dangerous as hell."

It is. Carter has the safer approach. Carter has avoided being tagged a liberal, a moderate, or a conservative because he's avoided painting a picture of where we're going. Politically, Carter doesn't fit into one part of the political spectrum. He's a drifter. His election would echo the strategic politics of drifting coalitions that Richard Nixon used so well in 1972. ■

EDITORIAL: CARTER III

REAGAN VICTORIES AID CARTER & ROCKEFELLER

Ronald Reagan's primary upsets of Gerald Ford in Texas and Indiana served to strengthen the political maneuverability of Jimmy Carter and Nelson Rockefeller. Reagan has forced President Ford to the right end of the political spectrum, allowing Carter to move at will across the wide remaining range of moderate-conservative to liberal opinion. Reagan's jingoist rhetoric has siphoned off diehard Wallace supporters from the Democratic Party while it has prompted Ford to imitate the tone, if not the exact substance, of Reagan's irresponsible monologues.

Reagan has a B-grade western approach to foreign policy, but only Carter can win the current shootout between the two Republican candidates. The former Georgia governor is free to be all things to all people because Ford has been forced to abdicate the political center to duel it out with Reagan for the con-

servative fringe. Carter doesn't have to say anything to look presidential by comparison. Meanwhile, Ford is increasingly vulnerable to the worst of two political worlds: His moderate and pragmatic foreign policy is open to attack by Reagan and his hardline allies while Ford's hardline and rigid rhetoric is an easy target for attacks from more moderate Democrats. If the Republican Presidential nomination is to have any value, the GOP candidate will have to talk sense as well as talk tough.

The other big gainer from the GOP's primary disarray is Nelson Rockefeller. As the odds on a brokered Democratic convention drop daily, the odds on a brokered Republican one rise. By holding the allegiance of uncommitted delegates in New York, New Jersey, and Pennsylvania, Vice President Rockefeller would be strategically positioned to capitalize on a split convention. ■

POLITICS: CARTER IV

JIMMY CARTER: A POLITICAL HEARTBREAKER

Jimmy Carter killed a lot more than the presidential ambitions of half the United States Senate this year. He also killed a lot of Senate ambitions---by Republicans and Democrats---across the country:

* In Maine, the presidential sirens never beckoned Sen. Edmund Muskie sweetly enough so the incumbent Democrat returned home to assiduously mend fences. That left former Gov. Kenneth Curtis(D) with little choice except to chair Muskie's campaign and U.S.Rep. William Cohen(R) with little stomach for an uphill challenge against Muskie.

* In neighboring Massachusetts, itchy Democrats and Republicans had similar problems with Sen. Edward M. Kennedy, regarding whom it is newsworthy to note there has been remarkably little Presidential speculation in recent months. That left U.S.Rep. Michael Harrington(D) on the short end of the CIA probe and the GOP without a Republican candidate. Former state official John McCarthy, who unsuccessfully sought the GOP nod against Kennedy in 1970, seemed set to announce until his wife's ill health forced a change of heart. Rockefeller Foundation president John Knowles now disclaims interest and broadcast-busing personality Avi Nelson seems disinclined to leave propaganda for politics. All the biggies---like Commerce Secretary Elliot Richardson, former Gov. Francis Sargent, and Ambassador to Italy John Volpe---have better things to do with their time than play straw man for Kennedy.

* In neighboring Rhode Island, Gov. Philip Noel(D) was trying to look vice presidential for awhile, but a former Georgia governor could undoubtedly find a better ticket-balancer than Noel, who drew fire for a recent racial statement. Instead, Noel faces a tough Democratic primary for the Senate nomination and a fall campaign against former Gov. John Chaffee(R).

* In Minnesota, there were probably a lot of Republicans as well as Democrats pulling for Sen. Hubert Horatio Humphrey to launch another presidential talkathon. After all, the state GOP has to face Hubert's coattails whether he runs for President or senator; it stood to gain from a vacant Senate spot. Although U.S.Rep. Bill Frenzel(R) had already closed off his Senate options and former University of Minnesota Malcolm Moos(R) appeared disinterested, GOP National Committeeman Rudy Boschwitz seemed prepared to wage a vigorous campaign. It remained to be seen whether Bosch-

witz's name identification---in connection with advertisements for the Minnesota Plywood Corporation which he heads---could do for Boschwitz what similar advertisement identification failed to do for drugstore chain owner Jack Eckerd in his 1974 Florida Senate campaign. Meanwhile, Gov. Wendell Anderson(D) was saddened by Humphrey's decision, which is understandable because Anderson wanted Humphrey's Senate seat. A Humphrey presidential nomination would have split the state into pro-Anderson Democrats and anti-Anderson liberals, who are split between Atty. Gen. Warren Spanous(D) and U.S. Rep. Donald Fraser. The Democratic legislature had adjusted the state's filing deadline to accommodate a Humphrey nomination.

* In Washington State, the effects have been similar to those in Minnesota. Sen. Henry Jackson returned to his home state to announce his withdrawal from active presidential campaigning. Jackson was still in the running for his Senate seat because of the late Washington filing deadline. U.S.Rep. Brock Adams(D) will now have to return to his House Budget Committee duties and forget about his Senate dreams. Attorney General Slade Gorton, on the Republican side, has not yet forecast the effect of Jackson's luck on his own.

* In Texas, Sen. Lloyd Bentsen's smile never quite challenged Jimmy Carter's; he was knocked out of the presidential campaign by his failure to make dents in Carter's constituency in Mississippi and Oklahoma. His image was tarnished at home by his dual Senate-Presidency campaigns and his failure to carry his home state in a presidential primary that had been tailor-made for him. This is one state where the GOP may have benefited somewhat from Carter---at least to the extent that Bentsen was weakened for the fall campaign against U.S.Rep. Alan Steelman(R).

In Arizona and Indiana, Carter's impact on the Senate races is less overt, but still implicit. U.S.Rep. Morris Udall(D) may have stayed in the Presidential race and out of his home state's Senate race long enough to give the GOP a chance to win the seat against another Democrat. In Indiana, former Indianapolis Mayor Richard Lugar's GOP campaign against Sen. Vance Hartke(D) would have been impaired by a ticket headed by Sen. Birch Bayh(D). But Jimmy Carter solved that problem. What he did not solve is the upward mobility crisis of hundreds of politicians across the country who have been blocked from political advancement. But what does Jimmy Carter care? He doesn't even have a job. ■

The Solid Waste Act of 1965 and the research and demonstration funding which flowed from it was the principal stimulus which led to the development of much new technology for the recycling of both energy and resources. The Resource Recovery Act of 1971 continued this financial encouragement on a more restricted scale. Yet, 11 years later, very little of this innovative technology is in operation unless it has continued federal subsidy.

Why this failure of so many once-promising developments to become viable? And what should be done now to increase the recycling of energy and materials in the face of growing shortages of resources? One answer is that 11 years is too short a time and the funding level was too low for a major new industry to become established.

There is some truth in this assertion. For example, the Massachusetts Institute of Technology was funded quite generously by the Environmental Protection Agency to develop a system to extract useful materials from municipal refuse. At the end of a four-year grant, the laboratory prototype worked better than its creators dared hope. It in turn had created a great deal of interest and was awarded two international prizes. But it was far from ready to be put to work in a commercial or municipal recycling plant. Several years' more development and engineering were necessary before that stage would be reached.

The extraction project is typical of many ideas which could use continued funding to complete their development to commercially useful states. But would they be put to work? At present, the answer has to be "probably not." The markets for the products simply aren't there. Perhaps then the government should create the markets. If so, two questions follow: "which markets" and how. "Which" is an important question because recycling is not intrinsically good for all materials and in all circumstances. Some recycling processes use large amounts of energy and pollute in equally large amounts.

How is an equally important question because the methods which have been used so far have been almost wholly bad: bad for the economy and bad for overall resource utilization. Two examples are accelerated depreciation allowances and quotas for the use of recycled materials in various circumstances. They are examples of legislation which stimulate the release of energy in the search for

loopholes and methods of evasion.

The simple truth of our failure to recycle more is that many recycled materials are of poorer quality and/or are more expensive than their virgin-material counterparts. The same is often true of recycled energy, such as that produced by steam or refuse. Now if this disappointing situation truly represented the economics of the supply and demand for resources, we could leave recycling to sink or swim in the marketplace. But the economics are distorted, and, in such a case, the free market does not produce a socially optimum response.

The economics are distorted simply because the prices of nonrenewable resources are far too low. This flat assertion may irritate those who believe that prices of resources have been rising too fast and need to be brought down. But I repeat that the principal reason for the present condition in respect to over-exploitation of resources, over-reliance on imports, and high unemployment is that we have artificially held down the prices of virgin, nonrenewable resources. We have, in effect, heavily subsidized these resources. And in the face of such subsidies, recycled materials cannot compete.

An obvious response is to subsidize the recycled materials to match the hidden subsidies of the virgin materials. But adding subsidies to fight subsidies is the wrong response. It gives another twist to the spiral the nation has already travelled around too far. It further increases consumption and waste; it increases government spending and taxation; and it requires more battalions of bureaucrats.

The right response is simply to remove the hidden subsidies which virtually all virgin resources enjoy. This step will increase the cost of virgin resources but not the cost of recycled resources. In most cases---the cases where society would benefit---the recycled materials would then find a ready market. The funds collected by the government from surcharging virgin resources should themselves be recycled directly and immediately back to consumers. An equitable distribution would be to divide them equally among all U.S. adults. This would be a highly progressive scale because the poor would get the same per-capita amount as would the rich. However, since the poor consume less, their expenditures would increase less. Both groups would be better off, however, if they conserved.

Also as a result, the costs of services would fall in relation to the cost of new resources. Employment would increase in response to the diversion of expenditures to services. It would again become worthwhile to repair goods rather than to discard them in favor of a new purchase as consumers now do. Repair is far more labor-intensive than is production; thus, this is a small example of how employment would automatically rise.

The government could retire almost entirely from massive research and development programs. The rapidly growing army of civil-servants engaged in energy research, regulation, and contracting could be sent back to private employment.

Imports would fall. Our dependence on uncertain overseas supplies---with all that this dependence implies in world stability and defense expenditures----would dramatically decrease.

Government employment to tax resources and distribute the funds would increase very little. It requires no more personnel to collect a large tax than a small tax. The distribution would be accomplished through the Internal Revenue Service.

Government planning and controls would be unnecessary. Private firms would be able to plan ahead themselves. There would be an enormous release of American inventiveness and enterprise.

Inflation would be stopped by the large decrease in government spending and the increase in employment. In addition, resource-refund distribution to all U.S. adults would raise many above the poverty line, thus reducing welfare needs.

All this would happen because we would have created what we have called a "modified free market." This is a state which has all the benefits of the free market in encouraging individual enterprise and rewarding efficiency but is modified to ensure that previously unpaid social costs are satisfied by user charges.

It is because these social costs are unpaid at present that resources are underpriced and the subsidies kept hidden. Take the production of iron as exemplified by the well-publicized case of the Reserve Mining Company. It dumps about 60,000 tons of taconite tailings every day into Lake Superior. By doing so, it can produce iron at less expense and consumers can enjoy lower-price automobiles and washing machines.

borne, are bearing and will bear the costs resulting from this inexpensive production of upgraded iron ore. The taconite tailings contain an asbestos-like fiber which is getting into the drinking water of towns and cities around the lake. The lake's water quality is being lowered by other constituents of the tailings. The horrifying mess on the shore and in the water represents a costs which will be borne by future generations. Our descendants will be hit not only by a legacy of ugliness and blight, but by the nonavailability of the rich ores we are presently exploiting so cavalierly.

To shut down Reserve Mining is no solution. Many people earn their livelihoods there. Its product is a vital part of our economy---one based on cheap resources. The situation demands that Reserve Mining be charged for the pollution it causes and that the funds collected be distributed to those individuals or communities bearing at least some of the cost. So determined, however, have the legislative and executive branches of government been to preserve the cheap-resource economy that it has been relegated to the judicial branch to impose a system of daily charges on Reserve Mining and distribute these to the communities bearing the costs.

Reserve Mining is a surrogate for all the coal mines and chemical plants which do not have to bear the costs of the blight, the pollution, and the health costs they cause. Under the "modified free market," all these and hydroelectric power would be surcharged for energy content by equal increments---e.g., about 50 cents per million BTUs or about 6 cents per gallon of petroleum. Collections would be made quarterly and the funds would be simultaneously recycled back to U.S. consumers in equal monthly amounts.

This 'energy refund' would be given back to U.S. adults through the Internal Revenue Service. For the first increment of 50 cents per million BTUs, each adult would receive over \$20 per month. Later increments would reduce energy demand and enterprises would continue to operate, employing workers and producing materials and goods. By being charged even a small proportion of the social costs their operations incur, they would have a very strong incentive to clean up their operations to reduce the charges. All their competitors would operate under the same rules---requiring appropriate taxes for imported substitutes---so the system would be equitable.

As applied to the management of energy and other resources, one variation of this philosophy follows. All coal, oil, nuclear

Several thousand people earn their liv-

the refund would increase by smaller amounts. By the fourth increment, each adult would receive about \$70 per month, either as an income tax reduction or as an IRS check.

Industry would be allowed to pass on as much as it wished of the surcharge. Oil companies are already meeting price resistance and would therefore absorb much of the surcharge. The surcharge would perform the function of an excess-profits tax without any of the difficulties of legislating such a tax. Therefore, even average energy users would find the refund more than they paid for the additional costs of goods and services, even supposing that they did not change their patterns of consumption. Below-average energy users, including the poor, would be more than compensated for additional energy charges. All consumers would have an incentive to change their habits to reduce energy use. No government surveillance, allocations, or controls would be needed. The surcharge would be levelled off whenever Congress decided that energy consumption had fallen to a politically-desirable level. The use of energy from renewable sources such as the sun, the deep earth, the winds, tides, waves, sewage, and solid wastes would automatically be encouraged without government intervention. The balance of trade would be dramatically improved as the country's dependence on petroleum imports lessened. Inflationary and recessionary pressures would be reduced be-

cause high fuel prices set by a cartel which removes money from national circulation would be replaced by a high-price system which automatically recycles funds into the economy through consumers.

The feedback approach of the modified free market economy leads to lower taxes, less government and free choice by industry and individuals. In contrast, the apparently popular price rollback alternative inevitably leads to higher taxes, more government interference with decision-making and less freedom of choice.

The results from straightening out the economy by adopting the modified free market would show the hollowness of the much-quoted and quite false "law of the environment": "There ain't no such thing as a free lunch." The pessimism which this unfortunate aphorism has brought about has been an excuse for inaction for too long. There is such a thing as a free lunch. We can have our cake and eat it too. Life is not a zero-sum game. We can remove a splinter from a foot at almost zero cost and enjoy great benefits from then on. ■

Contributor Note: David G. Wilson is a professor at the Massachusetts Institute of Technology; his article was adapted from recent congressional testimony.

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