Thoughts...

by George Roche

Rare Heroes and Special Efforts

I'm very concerned with heroism these days.

I recently wrote a book called *A World Without Heroes* (emphasis on the word "without"), in which I observed that it's becoming ever more difficult to stand up for principle in a world where principle is so frequently suppressed, devalued, mocked or confused with concepts like "self-expression," "fulfillment" or—God forbid!—"lifestyle."

Rare indeed are there those willing to subject themselves to the criticism, and even derision, which seems to be the lot of people who speak uncomfortable truths. But one of those rare individuals is J. Peter Grace, the man whose remarks during the most recent of Hillsdale's Ludwig von Mises Lectures are reproduced in this issue of *IMPRIMIS*.

Grace has taken his share of flak for the devastating critique of our overblown federal bureaucracy put forth by the presidential panel he chaired. But he is undeterred. Since completing the report of the Grace Commission, he has spearheaded an independent campaign to publicize its findings about massive government waste and get the American people behind the group's recommendations for cutting the federal budget.

It is a particularly depressing thought that the effects of all his efforts—which I do not consider it an overstatement to call "heroic"—are still very much in doubt.

Long after the Grace Commission, long after the so-called "Reagan Revolution," it has taken a fall in the value of the stock market greater than that which occurred in the crash of '29 to get our nation's leaders thinking seriously about the implications of our profligate economic ways. And even now, one fears that the right lessons have *not* been learned.

Despite all the hand wringing, the intricate maneuvers and wheeling-dealing to craft budget plans acceptable to all political sides in an election year, we keep hearing about unassailable "entitlements," the "pent-up demand" for government services, and the call for federal economic "leadership." Indeed, it looks like the stage is being set for even *more* government intrusion into the economy. And that makes for confusion—and considerable anxiety—among those charged with planning for the future of America's businesses.

One group especially vexed by the current situation is the people planning, or considering, the start of new business ventures. And as Hillsdale has so often analyzed the economic climate, we are undertaking a project which should have special—and timely—significance to entrepreneurs.

On Saturday, February 13, Hillsdale College will present a national teleconference called *Against All Odds: Entrepreneurship In A Changed America*.

This program, which will be broadcast live via satellite throughout North America, will feature several truly outstanding business spokesmen—people who have started their own companies, who have made existing firms more successful or who are knowledgeable about finding the money that makes new businesses possible.

Best-selling author George Gilder will look at opportunities for entrepreneurs in high-tech fields. Kenneth Iverson, chairman of the Nucor Corporation, will explain how he created one of the rare success stories in the generally crippled steel industry. And venture capital specialist Francine Sommer, president of Gabelli Value, Inc., will assess the prospects for finding start-up money on the post-stock crash financial scene. In addition, industrial psychologist and personnel consultant Albert De Voogd will examine the difficulties of balancing the demands of business development and family life.

Also, Hillsdale economics department chairman and nationally syndicated columnist Charles Van Eaton will host a noteworthy panel of business analysts examining the climate for entrepreneurship. Taking part in the discussion will be *Forbes* senior editor Peter Brimelow, Patricia Harrison, president of the National Women's Economic Alliance, James Thomson, regional director for the Small Business Administration, Lee Walker, president of the Chicago New Coalition for Economic and Social Change, and entrepreneurship analyst Clark Cassell, author of the forthcoming book, *The Opportunity Society*.

Finally, the flamboyant Wally Amos, founder of Famous Amos Cookies and entrepreneurship booster par excellence, will cap off the day with what he calls his "recipe for success." It should be a varied, fascinating and useful program. And it represents an important development for Hillsdale.

We have been involved with several television projects. Episodes of Bill Buckley's *Firing Line* have been shot on our campus, for instance, and the Shavano Institute produced its own successful public affairs series called *Counterpoint*. But this teleconference extends our outreach in an exciting new way.

It is part of a four-day seminar on entrepreneurship which will be held February 10 to 13, sponsored jointly by Hillsdale's Center for Constructive Alternatives and The Family Business Institute. It's the first time a CCA seminar has ever been broadcast, and it will allow viewers to call in questions to the speakers from throughout the U.S. and Canada.

This program is inspired by Shavano's ACTION-2000 initiative, under which we are launching more aggressive efforts to identify the key issues of the post-Reagan era and influence the thinking behind policy development into the next century.

There is no concern more basic to the nature of our country than the encouragement of new enterprise and, thus, the strengthening of the private sector. It is, after all, the only possible antidote to the government excesses which Peter Grace's essay describes so accurately. We hope this teleconference can make a worthwhile contribution to that goal at a time when special efforts are needed.

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"Anybody who makes more than $75,000 a year," she replied.

I said, "You're right; $75,000 is rich."

But at the Democratic Convention that same year, many of the candidates were calling for a 10 percent subcharge on the incomes of those who *they* claimed were rich—the people earning $60,000 a year. At the time, our Commission figured that this initiative would collect only $1.65 billion a year, or eight-tenths of one percent of the deficit. Why were the Democrats cheering in the aisles at this kind of talk? Because economic illiteracy, jealousy and envy are the fuel that politicians run on.

I told the reporter about what the Democrats had pledged and I said I would go them one better. "Let's put a 100 percent tax on all incomes over $75,000 a year."

She said, "That would be good."

And I replied, "Fine. Now we'll be able to run the government for 7.2 days."

Taxing the rich is not the solution; adopting waste-cutting measures like the ones the Grace Commission proposed is. When New York City went bankrupt, it had no choice but to attempt to put its fiscal house in order. But the trouble with the federal government is that it simply cannot go bankrupt; it will just print more money or borrow more. Now, if I'm having an argument with a congressman and we talk about spending $1.00 and I say "You can knock it out" and he says, "No, I'm leaving it in," I respond, "Where do you get that buck?"

He says, "Tell Jim Baker to borrow it over at the Treasury."

"Where does he get the interest?"

"Borrows it."

"Where does he get the interest on the interest?"

"Borrows it."

> ". . .one dollar borrowed now will have cost $71.00 by the year 2000."

"Next year it's $1.05. Where does he get that?"

"Borrows it."

Well, take a little calculator out and figure out what happens when you borrow something, then you borrow the interest, and then you borrow the interest on the interest. In our report to President Reagan, we warned that one dollar borrowed now will have cost $71.00 by the year 2000. In a little more than 12 years, the debt will be $13 trillion and the interest on that will be $1.5 trillion. By the same token, if the Commission's recommendations were followed, we could save $9.9 trillion.

We need a knowledgeable, informed electorate that doesn't depend on the nightly news for what it knows about what goes on in this country. We need citizens willing to make Congress accountable for the travesty which passes for democratic government today. Until we have them, we will continue to be bamboozled by Congress which, in its turn, knuckles under to the bureaucratic establishment and the 500 special interest groups entrenched on Capitol Hill. We can start by making the government fiscally responsible, but whether we can muster the political will to do so is up to us alone.

The stakes are high; what kind of future can we build for ourselves unless we mend our ways? What kind of future for our children and their heirs will big government and institutionalized fiscal irresponsibility yield? What we are committing now is child abuse on an unimaginable scale. When our sons and daughters grow up and realize what we've done to them, will they ever forgive us?

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