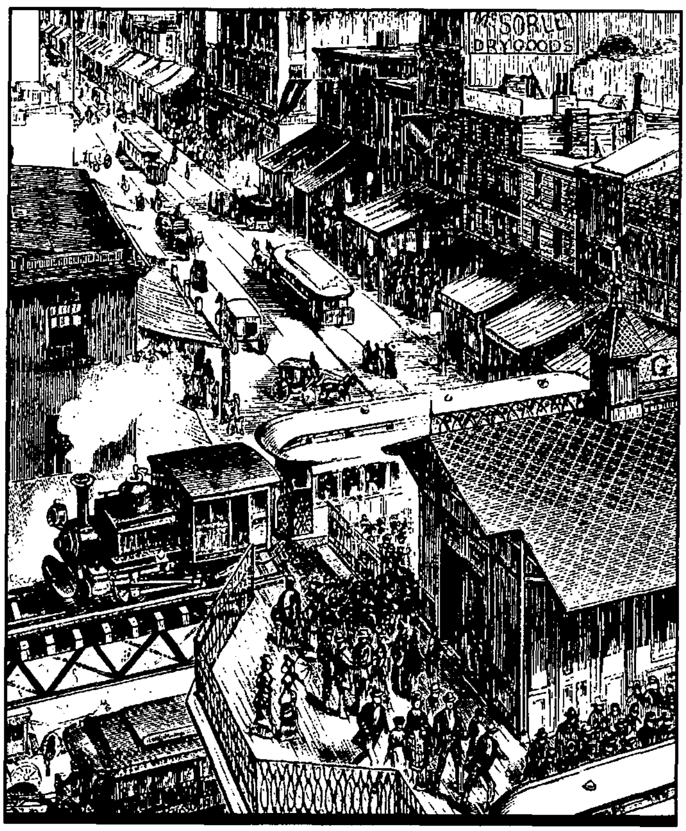
George Gilder

Wealth and Poverty Revisited

The author of a Reagan-era classic finds that his arguments have taken on new meaning in the slavishly statist Clinton interregnum.



Wealth and Poverty began its career as a modest tract, to be called "The Pursuit of Poverty," sharing a total advance of $8,000 with *Visible Man*, which sold some 800 copies in the first year and achieved poverty for me. Nonetheless, when first published in late 1980, *Wealth and Poverty* leapt toward the top of best-seller lists in much of the civilized world. It was seen as the Bible of the incoming administration of Ronald Reagan and, indeed, Reagan himself had read early drafts of the final chapters and written enthusiastically to the author. Beginning with the erudite campaign director William Casey, the cerebral budgeteer David Stockman, and the visionary adviser Jack Kemp, several top Reagan aides helped edit the book before publication.

On release, however, interest was chiefly confined to Washington. At Basic Books in New York, editor Midge Decter had had to work hard to win a first printing of some 5,000 copies. Basic's publicity chief refused to send copies to Stockman to distribute to the cabinet at its introductory press conference. The Basic man explained: "They won't review the book. We'll wait for the *New York Times*."

George Gilder is a senior fellow at the Discovery Institute in Seattle, Washington. Parts of this essay appear in a new edition of Wealth and Poverty *published by ICS Press in June.*

The explosion of demand for this supply-side tract surprised nearly everyone except myself, who like most authors had imagined best-seller performance for all his books, including *Visible Man*. From *People* magazine to "60 Minutes," I found myself racing through the gantlets of sudden celebrity, dwarfed by huge screens above me blaring my face at massive audiences, blandished by intent presidents, vice presidents, and cabinet leaders with yellow pads at the ready, and beset by ardent journalists and photographers from Washington, Paris, Rome, and Seoul.

As a celebrity, however, I had many limitations, including a genuine disdain for television journalists: all the feminist women with their frizzy hair, designer jogging suits, and impeccable *Kultursmog*, and the endlessly conformist young men, with their bland, obligatory little touches of rebellion, such as dirty running shoes with their coats and ties, and all determined to become rich by promoting socialism (without even knowing it). Within a few months, they understandably stopped calling on me, and I found to my surprise that I rather missed them.

The whirl now moved on to Diana, Madonna, Michael Kinsley, and other more durable luminaries who could smile at a camera or undress before it (yet another promotion strategy entirely overlooked by Basic

Books as they awaited the verdict of Roger Starr at the *Times*). I moved on to smile at microchips. I soon discovered that, amid all the uproar, the central theme of my work had not been grasped even by some of my closest intellectual allies in the conservative movement. Indeed, the central theme was missed by nearly all reviewers. This failure was so widespread that I was forced to conclude that it was mostly my fault. To rectify the situation, I published an explanatory essay in 1982 in *The American Spectator*, which in 1979-80 had issued two key chapters of *Wealth and Poverty* before its publication.

Most critics focused on the policy implications of the book. On the surface, the book makes many claims and prophecies for the efficacy and justice of tax cuts and deregulation. Although the left continues to demur, history has confirmed all these claims, and conservatives have generally accepted them.

Today, in both the Academy and Congress, some of the more besotted Keynesians still assert that the impact of broad tax-rate reductions may be adverse for the economy because the income effect (people have more money, so they need to work less) overcomes the substitution effect (work pays more relative to leisure, so they work more).

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For example, Alice Rivlin, the estimable chief economist at Clinton's Office of Management and Budget, has long maintained that high tax rates spur workers to new frenzies of effort while low tax rates lure them into leisure. The chairman of Clinton's Council of Economic Advisers, Laura Tyson, is so benighted that across all the desolate wastes of socialism she can see "no evidence" that high taxes retard growth. She previously seemed well in over her head as the fourth-ranking economist at her own Berkeley Roundtable on International Economics. But now, through the magic of quotas, this lame leftist has raced ahead of fellow BRIE stalwarts John Zysman, Stephen Cohen, and Michael Borrus, all far more widely and impressively published than Tyson and all having qualified themselves equally well for the administration by getting every tax, trade, and technology issue wrong for fifteen years.

Clinton cannot even tell a glum demonstrator or litigator from a potential marine, or a tax from an investment, but he sure can tell a man from a woman. Clinton's crude treatment of women as an interest group to be bought off like the Trial Lawyers by putting a series of leftist and pro-lesbian females on display reveals his real contempt for women. I predict that the single most baffling disappointment of Clinton's career will be his failure to win a majority of females in 1996 after reducing his administration to a comic auxiliary of the Women's Political Caucus in pursuit of their votes. Women may vote differently from men, but they are no more eager to see themselves or their husbands pay ever more taxes in an ever-shrinking private economy.

In the real world outside the administration, responsible analysts now accept the supply-side case. As Martin Feldstein recently wrote in the *Wall Street Journal*, "Statistical evidence has convinced the overwhelming majority of the economic profession that individuals respond very substantially to the incentives created by tax rules." Extending the definition of "work" to all productive economic activity, it can be seen that in general the lower the tax rates, the more real "work" is done, and the healthier the economy. As I show in *Wealth and Poverty*, work in the form of tax finagles or in the form of uncapitalized and thus inefficient manual labor may thrive in a high-tax economy. But effective work—expanding productivity and growth—requires lower marginal tax rates: lower rates on additional earnings and capital gains.

In this debate, Paul Craig Roberts first made the crucial point and I expanded on it. While one individual might work less because a tax cut brings him more income, most individuals cannot work less. If most individuals worked less, national income would decline. People in general would have less income, and by the income effect would have to work more. Thus the income effect on one worker (or investor) cancels itself out with many workers (and investors).

The substitution effect necessarily prevails, and people work more (and supply other factors of production more abundantly) when they are taxed less onerously on their additional efforts and inputs. That is why Arthur Laffer's famous curve is right. Contrary to widespread political claims to the contrary, U.S. revenues rose steadily at every government level following implementation of the 1980s tax cuts. The total government deficit had declined nearly 50 percent as a share of GNP until new taxes were levied and sweeping regulations imposed by the federal government and thirty-five states during the late 1980s and early 1990s. As has been demonstrated repeatedly throughout history, lower tax rates bring more revenues and high tax rates eventually destroy an economy.

By the 1990s, contrary to the claims of the current administration, the U.S. at all levels of government was back near world leadership in taxes. Although nations with nationalized health care show nominally higher tax burdens, the U.S.—with its government regulated, insured, and subsidized health-care system and its acute problems of AIDS and inner-city violence—spends some 50 percent more per capita on health care. Exclusive of health-care levies, U.S. producers now face tax rates as onerous as any in the industrialized world outside Scandinavia. U.S. taxes on capital are near the world's highest. In general the lowest tax rates are found in the "newly industrialized countries" of Asia that now lead the world both in economic growth and in growth of government revenues. The low-tax arguments of *Wealth and Poverty* are more relevant than ever today, as more and more of our industrial rivals discover the magic of supply-side economics.

As I explore more deeply in *Recapturing the Spirit of Enterprise* (ICS Press, 1992), the tax-rate reductions in the 1980s not only enhanced productivity; they also fostered equality. While the existing rich thrived in the inflationary, high-tax environment of the late 1970s and early 1980s, the move to lower tax and inflation rates after 1982 reversed this concentration of financial power. High taxes, after all, do not stop you from being rich; they stop you from getting rich and challenging existing wealth. After the Reagan tax cuts went into effect, for example, some 60 percent of the previous incumbents fell out of the Forbes 400 Richest Americans list, displaced by insurgent new wealth.

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The huge surge of inequality constantly bewailed in the media actually happened in the late 1970s, when, by the measure of the Congressional Budget Office and the Federal Reserve Board, some 62 percent of income gains went to the wealthiest one percent of the population. Between 1980 and 1989, however, that number dropped to 38 percent for the top percentile. After 1983, when the Reagan tax cuts unleashed America's entrepreneurs, the top percentile's share of income gains plummeted all the way to 20 percent.

The same pattern of radically increasing equality that occurred in incomes can be also found in the distribution of wealth. The largest increases in real wealth in the 1980s accrued to mostly middle-class holders of corporate and public-employee pension plans. In the red by hundreds of billions of dollars in 1980, these funds gained some $2 trillion in real worth during the rest of the decade. At the same time, as Jude Wanniski points out, the creation of more than 20 million new jobs was crucial in wiping out a $4 trillion deficit in the Social Security system. Media estimates of maldistributed wealth that focus on stock and real estate gains by the rich but fail to measure this some $6 trillion of gains in real middle-class net worth are like a topographical survey of the American continent that leaves out the Rocky Mountains.

Meanwhile, an explosion of small-business creation and expansion allowed more income mobility than in any previous era, with a Treasury study showing that during the 1980s earners in the bottom fifth were more likely to reach the top fifth than to stay at the bottom.

On one point, however, *Wealth and Poverty* made a serious error. In several chapters, I cited the so-called personal savings rate—a Keynesian residual computed by subtracting consumption spending from national income—as a suitable measure of the amount of personal savings available for productive investment. Thus, I opened myself to the charge that the low personal savings rates during the Reagan administration revealed a key flaw in the supply-side case.

The fact is that the measured personal savings rate has virtually nothing to do with the ability to invest. By that measure, the Soviet Union during its final years or the U.S. during the Great Depression could have been world-beating investors. Investment depends not on the avoidance of consumption but on the growth of assets or entrepreneurial ideas that can serve as collateral for loans or issues of equity.

This thesis was powerfully expounded by Jude Wanniski's associate, David Goldman of Polyconomics, in a recent essay called "The New Jersey School of Supply-Side Economics" (a comedown from the school that once grandly explained "The Way the World Works," but let it pass). Goldman's paper showed that "the savings rate does not determine the level of investment; in practice the elasticity of capital with respect to opportunity is unlimited. At any given time, the market can draw upon a nearly inexhaustible fund of uncollateralized assets to transform into capital." During the 1980s, the U.S. achieved an immense buildup of some $37 trillion of such collateral, spearheaded by new assets and new technologies that resulted in a tripling of stock market values and fueled the high rates of growth during that period.

The immense growth of real private savings during the 1980s is indicated by a rise from $160 million to over $1 trillion in the excess of corporate equity over corporate debt. Even much of the debt, such as junk bonds, was in fact a form of high-risk equity disguised for tax purposes as interest-paying securities. Since *Wealth and Poverty* repeatedly repudiated such demand-side jargon as the personal savings rate, it was ironic that this slip into the Keynesian idiom occasioned what seemed the most telling critique of the supply-side arguments.

Supply-siders reject the very notion that consumer demand is a significant force in economic growth. With a false dichotomy between so-called final purchases (mostly performed by individuals as consumers) and intermediate spending (mostly performed by individuals in their roles in businesses), the usual demand-side models suggest that consumer spending comprises close to 70 percent of the economy. As Mark Skousen has shown, the correct measure is close to one-third. But in general, consumers still cannot buy or save anything without producing first. Personal savings is just a spurious residual of the already spurious Keynesian measure of consumer demand.

As *Wealth and Poverty* maintained, all purchasing power and savings are the result of past, present, or projected production and of entrepreneurial risk-taking on unique technologies and business ideas. Being unique, these investments entail uninsurable risk and must be complemented by a flow of capital gains and other sources of new investment. Average personal savings rates are irrelevant to this process. The real lesson of the "savings" critique of supply-side economics and of *Wealth and Poverty* is that in order to depict the real forces of growth, we must eschew the entire demand-side model of the economy and all the conceptual baggage it contains.

The 1980s, in general, fully vindicated *Wealth and Poverty*'s social and economic arguments. This was the era when leftist dreams all collapsed in travesty. The mock-heroic youth of the 1960s emerged from schools sure that their nation was evil and owed them a living for their moral superiority, and capable of making no contribution to society except passing on their crippling creeds to future generations. The 1980s taught them the unwanted lesson that Marxist slogans, a sense of grievance, and a rhetoric of rights and "demands" are economically useless. Disdainful of science, enterprise, and other practical learning, they moved into law, teaching, and politics. Incapable of performing any useful task for a business, they thronged into the environmental movement. There they could harass businesses from a moral pinnacle without submitting to the humbling discipline of serving customers. They crowded onto the pulpits of the media and the academy in such numbers that a reporter or a professor often made less money than a garbage man. Seething at such obvious inequities of capitalism, they castigated the prosperous for "greed" and "workaholism."

Wealth and Poverty predicted the death of socialism. The 1980s were the decade when socialism died and left nothing but a bristling carcass of weapons pointed toward the West. It was the decade when tax rates were cut in fifty-five nations, following our success, and revenues dropped in nearly all nations that raised their rates. It was the era when capitalism at last demonstrated conclusively its superiority as an economic system. It was the era when U.S. economic growth rates, long lagging behind the rest of the world, surged ahead of Europe, Africa, and Latin America, and nearly caught up with Japan's for the first time since the early 1950s.

The 1980s also saw the longest peacetime expansion on record, with the highest rates of investment in capital equipment and the highest sustained rates of manufacturing productivity growth of any postwar recovery. During the 1980s, the U.S. increased its share of global manufacturing output, global exports, and global production. Contrary to thousands of reports to the contrary, U.S. balance sheets mostly improved, with debt as a share of assets dropping drastically for both businesses and households, as equity, net-savings, and real-estate values rose far more rapidly than indebtedness. Even government debt, as a share of GNP or in relation to real national assets, remained under control by historic and international standards.

After the tax rate reductions urged by *Wealth and Poverty* took effect in 1983 and 1984, total revenues at all levels of government rose some 9 percent a year in real terms, far faster than during the high-tax 1970s. During the 1980s recovery, industrial output rose nearly 40 percent, personal income 20 percent, and all segments of American society benefited from the creation of 22 million new jobs at rising real wages. Black employment rose 30.3 percent and Hispanic employment nearly 50 percent.

Unlike previous decades of growth, moreover, the American expansion of the 1980s came in the face of declining growth in Europe and Japan. Rather than being pulled ahead by faster development abroad as in previous decades of growth, the U.S. in the 1980s led the world economy. The greatest U.S. triumph was the computer revolution, entirely a product of relentless discipline and entrepreneurial genius in capitalist nations. Computer industry revenues more than quadrupled; unit sales rose by a factor of hundreds; and computer cost-effectiveness rose ten-thousand-fold. At the end of the decade, U.S. companies still held some two-thirds of the world market, and in critical software and leading-edge microchips their market share was above 70 percent and growing. In particular, the U.S. led in using personal computers, with well over half of the world's 100 million PCs located in the U.S. in 1990. The U.S. still commands three times as much computer power per capita as the Japanese or Europeans.

This development, which impelled most of the world's economic growth during the decade, was also disastrous for the left. The left has always pinned its hopes on politics. The converging technologies of computers and telecommunications are radically reducing the power of politicians. An ever-increasing share of world wealth assumed the mobile form of information technologies which, unlike the massive industrial systems of the past, are difficult to measure, capture, or tax. The computer age is an age of mind—elusive, and hard to control. This ascent of mind, predicted in *Wealth and Poverty*, is devaluing all the entrenchments of material resources and geography within the ken and command of politicians. As Mikhail Gorbachev himself has observed, the computer revolution was critical to the crisis of Communism: "We were among the last to understand that in an age of information science the most valuable asset is knowledge, springing from human imagination and creativity. We will be paying for our mistake for many years to come."

The entire left suffered a similar discomfiture. Nonetheless, under the slack domestic leadership of President George Bush, who joined Congress in simultaneously increasing taxes, spending, and regulation, the direction of policy was reversed from a decade before. The morale of liberalism suddenly began to recover.

Under the Clinton administration—with its strange notion of taxing and tariffing the nation into prosperity—this liberal recovery is likely to be short-lived. Although the left may never believe it, demand-side economics is dead.

In an increasingly competitive global economy, a government can no more raise its revenues simply by raising its taxes than a company can raise its income simply by raising its prices. Like a company, a government must constantly lower its prices and improve its services to expand its markets (its tax base). In the 1990s, the U.S. needed further rounds of tax-rate reductions, deregulations, and simplifications in order to lower its deficit.

In spite of a period of economic malaise, however, the U.S. economy commands tremendous strengths. The world-leading technologies financed by venture capital and junk bonds during the 1980s laid the foundation for strong economic expansion through the rest of the century. In the absence of a siege of protectionism, based on the obtuse notion that a trade balance is desirable in an age of global capital markets, the U.S. economy could double in real terms by early in the next century.

Why then are so many people properly worried about the future of our economy? It is not just the threat of still more taxes, spending, and regulation. An equal danger remains the one spelled out in the poverty theme of *Wealth and Poverty*. By the critical indices of marital stability, which is what mostly matters, the eighties brought tragedy to millions of American families and their children. Contrary to all the claims of the left, female-headed families are usually a disaster, incapable of disciplining boys or of escaping poverty. Poverty alone, however, is not the key problem. Census figures showed that the poorest Americans spent some two times more money than they reported as income. Their plight was one not chiefly of money but of morale brought on by the erosion of the moral codes of civilized society. America's cities discovered that patriarchy is not some optional outdated feature of human life but an indispensable bulwark of civilization itself. If men do not rule as husbands and providers for their families, they rule the streets in gangs and terrorize the society with their violence.

The single most baffling disappointment of Clinton's career will be his failure to win a majority of women in 1996 after reducing his administration to a comic auxiliary of the Women's Political Caucus in pursuit of their votes.

Although not economic in nature, this persistent problem of family breakdown cast a pall of failure on all the economic triumphs of the 1980s. Both sought and desired by the left as a form of liberation, family breakdown accounted for most of the crime, drug, racial, and other "poverty" problems widely blamed on Reagan policy. Without paternal discipline and role models, teenage boys run amok in nearly all societies.

Most of all, family dissolution was crucial in the single greatest propaganda triumph of the left since the Great Depression: the homeless who haunt all the proud towers of eighties prosperity. Like the Great Depression, which was caused by massive tax and tariff hikes, the homeless problem is a harvest of misguided government: economically favoring divorce and illegitimacy over marriage, deinstitutionalizing the mentally ill, rescinding vagrancy laws, stifling cheap housing with regulations, codes, and controls, and creating a short-order welfare system for millions of disgruntled Americans unable to fill out the forms for AFDC but nonetheless fully able to figure out how to qualify as homeless.

In the morbid feedback loops of liberalism, the answer to such problems is always more government subsidies for homelessness and family breakdown, and thus more propaganda for the enemies of America. As the most gullible of Americans, many intellectuals blamed the homeless on the capitalist successes of the 1980s.

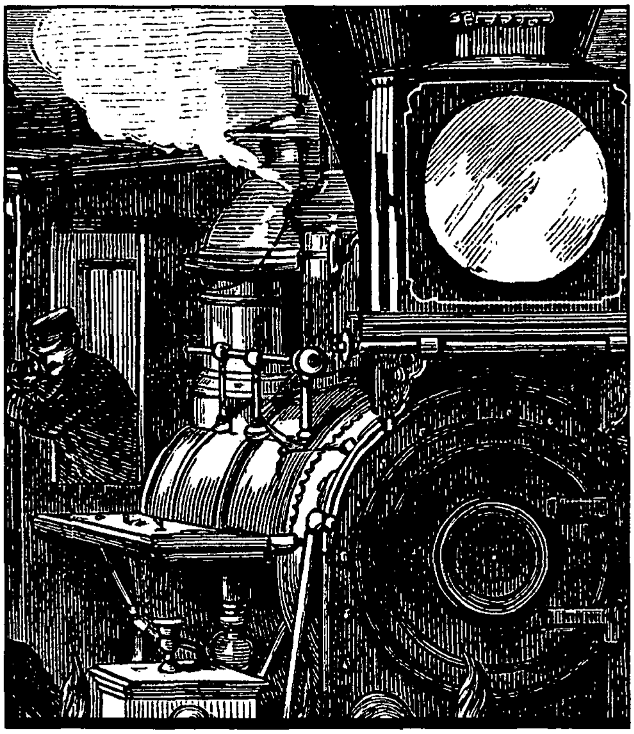
American intellectuals prefer socialist regimes where intellectuals seem to rule, rather than an America where power and status accrue chiefly to the providers of useful goods and services. Typical were the rabble of mindworkers who gathered in Rio at the Environmental Summit of 1992 and leapt to their feet to give a standing ovation to Fidel Castro. Many intellectuals prefer a so-called "society of poets," where most people live in fear and famine (Communist Cuba or Nicaragua), to a society where capitalists surpass intellectuals in income and status.

The 1980s thus gave new impetus to the arguments of *Wealth and Poverty*. But the key theme holding it all together was the moral sources of capitalism, and it was this idea that was generally missed or misconstrued. From William F. Buckley, who debated me on "Firing Line," to Ayn Rand who devoted part of her last speech to denouncing me, to Irving Kristol and Michael Novak, some of my most trusted mentors firmly spurned my idea of a profound affinity between the altruistic themes of the Judeo-Christian tradition and the practical imperatives of supply-side capitalism. Capitalism, as most of my critics insisted, is morally neutral; it accommodates moral behavior and imparts freedoms that are important to moral choices. But in itself capitalism is no more or less moral than any other economic order. Capitalism is a mechanism for accommodating individual tastes and demands. The moral character of those tastes and demands is irrelevant to the system. Capitalism is no more or less moral than an automobile; the moral issue is where and how you drive it.

Ayn Rand, whom I regard to be one of the titans of the history of capitalism and freedom, did uphold the higher morality of the system. But she declared that capitalism is moral not because it fosters the humble service of others, as I contended, but precisely because it rejects humility and service—what Rand considered the craven altruism of Christianity and socialism. In other words, capitalism in Rand's view is moral because it is selfish; it exalts the autonomous individual in his quest for heroic stature and achievement.

I agreed with Rand's stress on heroic achievement as the central force of capitalist success. Thus I was gratified to note that the heroic achievers who shine in her novels—from John Galt to Howard Roark and Ragnar Daneskjold—often found themselves upholding a selfishness that seemed as mystically intense and transcendent and as heroically sacrificial as an artist's vision of Jesus on the Cross. No matter how much Rand professed her selfishness, her characters—and her own career—refuted her.

Nonetheless, Rand's identification of socialism with Christianity, as wrong as I believe it to be, sprang from a long and addled infatuation of leading clerics with the worst excesses of the welfare state. She was right about the death-wish socialism of many establishment churches. But she was profoundly wrong in believing that capitalism could prevail by defying all the highest moral traditions and ideals of the world's great religions.



Rand's work had the key virtue of casting the issues in stark relief. My other critics reduced them to a tautological muddle of a self-interest so elastic that it could accommodate nearly any activity at all, from launching a computer revolution to taking an overdose of sleeping pills. On the left and on the right, my critics were confounded by the demand-side fallacy: the false assumption that capitalism is primarily driven by consumer demand. By this standard, anything that excites the desire of consumers to spend is a positive force in economic growth. Since prostitution, divorce, drug addiction, pornography, adultery, fornication, homosexuality, and other forces of social dissolution all increase the purchase of market goods, as opposed to goods provided in the home, all may be said to enhance the rise of the GNP. Thus conservatives and socialists can sometimes come together on social issues. To the extent that both believe the engine of economic growth is driven by greed, they can see permissiveness as favorable to growth under capitalism.

All these views of capitalism are false. Demand, whether avaricious or just, is impotent to impel growth without disciplined, creative, and essentially moral producers of new value. All effective demand ultimately derives from supply; a society's income cannot exceed its output. The output of valuable goods depends not on lechery, exploitation, and license but on varying mixtures of thrift, sacrifice, altruism, creativity, discipline, trust, and faith. To the extent that immorality debauches the moral capital of the society—to the extent that it distracts workers and entrepreneurs from the long-term effort to create new value—these sources of demand actually undermine economic growth.

By a supply-side standard, immorality diverts, obsesses, and depraves the men and women who must forgo immediate returns, sacrifice immediate pleasures, master difficult disciplines, and respond to the needs and desires of others if they are to create successful businesses. I do not say that there are no greedy capitalists, only that the inner dynamic of capitalism is orientation toward the needs of others. Capitalism has been incomparably the most productive economic system in the history of the world because it best evokes the effort and creativity—the moral quality and productive energy—of workers and businessmen who put the needs of others before their own gratifications.

This moral dynamic at the heart of the system drives entrepreneurs constantly to reinvest their profits. Entrepreneurs do not consume their wealth; they recycle it by giving it to other people in productive ways. This means that the very people who have proven their ability to create wealth control the process of future wealth creation. In the form of investments, they endow other entrepreneurs who are judged best able to prevail in the competitions in service that impel the progress of the capitalist economy. All this economic activity is other-directed, as David Riesman observed in the early 1950s. Indeed, it is the altruistic mandate of business and religion that makes them both so offensive to self-centered intellectuals who believe that the self-expression of art and liberated sexuality is the highest form of human activity. Greed is a form of waste that undermines capitalist growth rather than fuels it.

Real greed and selfishness most often cause people to seek short-term comfort and security first. They turn to the state for the benefits that they lacked the moral discipline to earn on their own by serving others. Greed, as I write in *Wealth and Poverty*, leads as by an invisible hand to an ever-growing welfare state—not to wealth and capitalism, but to poverty and socialism. This is the argument I made in my 1982 *American Spectator* article, which I've included in the third chapter of the new edition of *Wealth and Poverty*, and it's an argument that remains critical to the future of all free economies. ❐

The Liberty Manifesto

by P. J. O'Rourke

The Cato Institute has an unusual political cause—which is no political cause whatsoever. We are here tonight to dedicate ourselves to that cause, to dedicate ourselves, in other words, to . . . nothing.

We have no ideology, no agenda, no catechism, no dialectic, no plan for humanity. We have no "vision thing," as our ex-president would say, or, as our current president would say, we have no Hillary.

All we have is the belief that people should do what people want to do, unless it causes harm to other people. And that had better be clear and provable harm. No nonsense about second-hand smoke or hurtful, insensitive language, please.

I don't know what's good for you. You don't know what's good for me. We don't know what's good for mankind. And it sometimes seems as though we're the only people who don't. It may well be that, gathered right here in this room tonight, are all the people in the world who don't want to tell all the people in the world what to do.

This is because we believe in freedom. Freedom—what this country was established upon, what the Constitution was written to defend, what the Civil War was fought to perfect.

Freedom is not empowerment. Empowerment is what the Serbs have in Bosnia. Anybody can grab a gun and be empowered. It's not entitlement. An entitlement is what people on welfare get, and how free are they? It's not an endlessly expanding list of rights—the "right" to education, the "right" to health care, the "right" to food and housing. That's not freedom, that's dependency. Those aren't rights, those are the rations of slavery—hay and a barn for human cattle.

There is only one basic human right, the right to do as you damn well please. And with it comes the only basic human duty, the duty to take the consequences.

So we are here tonight in a kind of anti-matter protest—an unpolitical undemonstration by deeply uncommitted inactivists. We are part of a huge invisible picket line that circles the White House twenty-four hours a day. We are participants in an enormous non-march on Washington—millions and millions of Americans *not* descending upon the nation's capital in order to demand *nothing* from the United States government. To demand nothing, that is, except the one thing which no government in history has been able to do—leave us alone.

There are just two rules of governance in a free society:

- Mind your own business.
- Keep your hands to yourself.

Bill, keep your hands to yourself. Hillary, mind your own business.

We have a group of incredibly silly people in the White House right now, people who think government works. Or that government *would* work, if you got some real bright young kids from Yale to run it.

We're being governed by dorm room bull session. The Clinton administration is over there right now pulling an all-nighter in the West Wing. They think that, if they can just stay up late enough, they can create a healthy economy and bring peace to former Yugoslavia.

The Clinton administration is going to decrease government spending by increasing the amount of money we give to the government to spend.

Health care is too expensive, so the Clinton administration is putting a high-powered corporate lawyer in charge of making it cheaper. (This is what I always do when I want to spend less money—hire a lawyer from Yale.) If you think health care is expensive now, wait until you see what it costs when it's free.

The Clinton administration is putting together a program so that college graduates can work to pay off their school tuition. As if this were some genius idea. It's called *getting a job*. Most folks do that when they get out of college, unless, of course, they happen to become governor of Arkansas.

And the Clinton administration launched an attack on people in Texas because those people were religious nuts with guns. Hell, this country was *founded* by religious nuts with guns. Who does Bill Clinton think stepped ashore on Plymouth Rock? Peace Corps volunteers? Or maybe the people in Texas were attacked because of child abuse. But, if child abuse was the issue, why didn't Janet Reno tear-gas Woody Allen?

You know, if government were a product, selling it would be illegal.

Government is a health hazard. Governments have killed many more people than cigarettes or unbuckled seat belts ever have.

Government contains impure ingredients—as anybody who's looked at Congress can tell you.

On the basis of Bill Clinton's 1992 campaign promises, I think we can say government practices deceptive advertising.

And the merest glance at the federal budget is enough to convict the government of perjury, extortion, and fraud.

There, ladies and gentlemen, you have the Cato Institute's program in a nutshell: government should be against the law.

Term limits aren't enough. We need jail. ❒

P. J. O'Rourke is the Cato Institute's Mencken research fellow. He delivered these remarks at a May 6 gala dinner celebrating the opening of the Cato Institute's new headquarters in Washington.