

Federal Subsidies Villain in Disguise

THE FEDERAL bureaucracy is using the Almighty Dollar to crush individual initiative and local government by means of subsidies.

Hardly any person can avoid being a beneficiary of some federal subsidy, whether he wants to be or not.

State and local governments now receive more than one-fourth of their total revenue from Washington. We send it there as taxes.

The federal government spent \$248 billion on 182 benefit programs last year, and \$10,000 per household has been set up to be spent in this manner in the current fiscal year. This isn't all.

Farmers have been widely publicized as recipients of federal aid. Total payments to be made for all farm programs will run into billions of dollars by the end of the year, but total non-farm subsidy programs will amount to many times as much and be distributed to many more people.

The federal government provides subsidies for private housing, public

transportation, education, health, arts and humanities, minority businesses and small businesses, aviation, urban renewal, employee training, law enforcement, companies and workers that lose business or jobs due to competition from imported products, and many more.

Since Congress created AMTRAK and CONRAIL by consolidating operations of money-losing railroads, they have been on government subsidies. Apparently, they will be subsidized as long as the whistles blow and the trains run down the track.

Newsweek magazine reports that poverty has been largely eliminated by social-welfare programs, but notes that there still is a drive to "extend welfare to the heart of middle class America."

Congress has been working on a theory called "countercyclical aid extension." Included in an urban aid bill, it provided that money would be channeled only to the most financially distressed cities.

Obviously, this would mean that local governments which do the

poorest jobs of financing and managing their affairs would receive the larger subsidies. This could be true of individuals, as well, and thus discourage some from exerting efforts to become self-reliant.

Subsidies are the whip which compels obedience to rules and regulations, which often extend beyond subsidized areas. For example, Washington officials threatened to withhold federal road-building cash until Oklahoma enacted and enforced a 55 mph highway speed limit.

In a magazine article, Alan Reynolds, economist for the First National Bank of Chicago, listed five basic rules for budgetary restraint. Rule No. 1 was: "Eliminate or reduce subsidies."

Subsidies may lead to socialism and disaster. Margaret Thatcher, chairman of the British Tory party, said: "In the United Kingdom we've been so busy redistributing wealth, we haven't created any." Subsidies tend to discourage productivity.