

IMPRIMIS

**26th
year**

780,000 subscribers

Politics, Economics, and Education in the 21st Century

John Fund
Editorial Board, Wall Street Journal

John Fund began his journalism career in 1982 as chief investigative reporter for syndicated columnists Rowland Evans and Robert Novak. Today, he is a member of the editorial board of the *Wall Street Journal*, where he previously served as deputy editorial features editor and where he has worked since 1988.



His insightful articles have made him a familiar name to America's top business executives and political leaders. He is also an on-air analyst for the new 24-hour Fox News Channel and an Internet columnist for MSNBC.

His articles have appeared in a wide range of publications, from *Esquire* and the *New Republic* to *Reader's Digest* and *National Review*. He is the co-author with James Coyne of *Cleaning House: America's Campaign for Term Limits* and collaborated with Rush Limbaugh on his best-selling book, *The Way Things Ought to Be*. *Roll Call* magazine has dubbed him the "Tom Paine of the modern congressional reform movement." ♣

Journalist John Fund makes some fascinating predictions about life in the 21st century, from how "cybercash" will lead to a global tax revolt to how privatization will challenge Social Security and the public school system. His remarks were delivered at the Shavano Institute for National Leadership's 15th anniversary program, "Heroes for a New Generation and a New Century," in Colorado Springs last October.

Since its founding in 1887, the *Wall Street Journal* has refused to endorse political candidates. The lone exception occurred in 1928, when the paper championed Herbert Hoover. "Never again!" the editors vowed, for they had rediscovered the wisdom of our founder, Charles Dow, who once said, "Politicians, properly observed, will often disappoint. Ideas, properly understood, seldom will."

Hillsdale College—with its emphasis on ideas, not personalities, and on the permanent things, not the shifting sands of politics—follows in that great tradition. And, in keeping with the theme of "permanent things," I want to take this opportunity to remind those individuals who have been deeply disappointed by recent political events that the long-term outlook is much brighter than they may realize.

The Cyberspace Economy

Look, for example, at the economy. Despite the predictions of many economists, the largest and fastest growing market in the world in the next twenty years is not going to be in China. It is going to be in cyberspace. We

are about to witness incredible technological developments that will make it very difficult for traditional nation-states to “capture” income, to tax heavily, and to enforce burdensome regulations. Just as communism in the East failed to survive the technological revolution of the last half of the 20th century, big bureaucratic governments in the West will fail to survive the advances of the first half of the 21st century.

“Cybercash” and encryption will protect and conceal assets, and nation-states will find it increasingly difficult to tax at punitive rates. Welfare states will lose their most talented citizens through mass desertion if they don’t adopt common sense economic policies. Jim Davidson, chairman of the National Taxpayers Union, recalls that in the Middle Ages there were “march regions”—areas bordering two or more kingdoms—that won favorable tax rates from governments, just as the Cayman Islands, Bermuda, and the Bahamas are doing today.

In the next century, more and more technologically savvy individuals will also choose to set up shop where their capital is best treated. It will thus be impossible for tax collectors to penalize successful entrepreneurs because goods will be made in one country, sold in a second, financed in a third, by investors living in a fourth, whose profits are sent to a fifth, which is a tax haven.

The Global Tax Revolt

In the 21st century, governments will surrender power to citizens, not because they want to, but because they must. This long-term trend is inspired by what I call Fund’s Law: “Governments will always do the right thing—after they have exhausted all other possibilities.”

America will institute a flat tax, a national sales tax, or some other version of radical tax reform, not because Washington, D.C., wants it, but because the tax system is on the verge of collapse. I have examined the private studies of the size of the “underground economy.” Believe it or not, they frighten even me, and I am an ardent advocate of *laissez-faire*!

In every nation, people have had enough of Robin Hood-style income redistribution and of confiscatory taxes on wages, savings, investment, and entrepreneurship. A global tax revolt is brewing. To prevent it from boiling over, governments will, as a last resort, finally turn to the free market.

New Attitudes

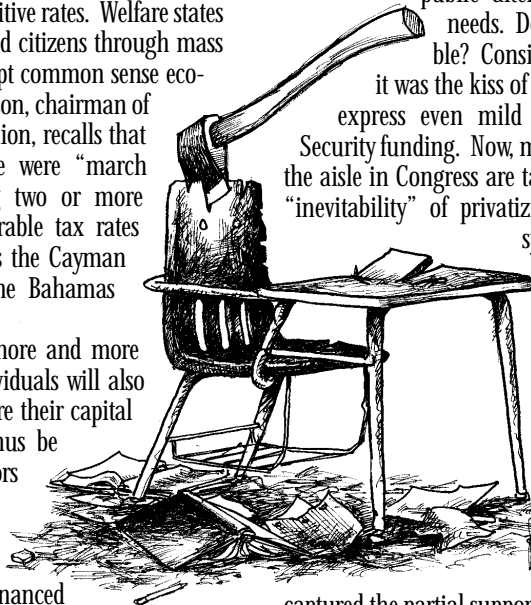
There are three new public attitudes emerging that constitute another long-term trend. First, the next generation will not regard government as a “good buy.”

Even today, if government were a consumer product on the store shelf, it would probably be recalled as defective and its manufacturer sued for false advertising. People will look to private instead of public alternatives to fulfill their needs. Does this sound improbable? Consider this: Ten years ago, it was the kiss of death for a politician to express even mild concern about Social Security funding. Now, members on both sides of the aisle in Congress are talking openly about the “inevitability” of privatizing the entire pension system. Moreover, a decade ago, educational choice was a “wacky” idea proposed by the “right-wing fringe.” Now, it has gained so much credibility among liberals as well as conservatives that it can be called “mainstream” and it has captured the partial support of Democratic senators Daniel Patrick Moynihan and Joseph Lieberman.

The second attitude is that politicians should be held accountable. Voters are tired of candidates who make promises on the campaign trail only to break them once they are elected to office. For the same reason, proposals to institute “direct democracy” through such legislation as term limits and initiative, referendum, and recall will gather momentum in the next century.

The third attitude concerns values. People are telling pollsters that the single greatest threat to future generations is the decline of morals and ethical standards. Fortunately, these individuals aren’t content merely to voice their fears; they are doing something about them. In other words, they are leading a moral counterrevolution. They are buying millions of copies of values-oriented texts like William Bennett’s *Book of Virtues*. They are founding thousands of home school cooperatives and hundreds of new private schools. They are joining dozens of traditionalist groups like Promise Keepers, Focus on the Family, and the Christian Coalition. And in towns and cities across the land, they are rebuilding the “little platoons” of family, church, and community that are the basis of the free society.

Does this mean that Americans are becoming



more intolerant? Certainly not. We have always enjoyed a reputation for being a tolerant sort. For more than 200 years, we have prospered with a “live and let live” philosophy. Our famous “melting pot” society allows for all kinds of differences in lifestyle and opinion and even a good deal of outright eccentricity.

But what is changing, and changing dramatically, is Americans’ consensus on personal responsibility. From time to time, the Times Mirror Corporation conducts a national poll asking, in effect, “Do you believe success in life is largely determined by forces outside of a person’s control?” Twenty years ago, 50 percent of the respondents said “yes.” Today, only 33 percent answer affirmatively.

There is a growing consensus that personal responsibility is important. Indeed, most Americans believe that if it were assumed a little more often it might even result in a lot less sin. Think about how this will play out in terms of politics, economics, and the culture at large. Political candidates who encourage people to think of themselves as victims will lose votes. Economic programs like welfare, that promote dependence, will be cut or even scrapped.

The Reins of Power

I do not mean to paint a rosy picture in which the 21st century fulfills every promise of Paradise. Many serious problems will still exist, and many sound reforms will suffer defeat, if only because of another law, named after Grover Norquist, president of Americans for Tax Reform. Norquist’s Law is: “Rarely do institutions surrender the reins of power voluntarily.” Well, we know who has the power right now. It is labor unions, the academic elite, public employees, and big government. These groups have had the power for most of this century, and they will fight every attempt to wrest it from them.

However, I am optimistic that we can restore power to individuals. One of the best places to start is in education. It is here that we may see the essence of the problem of big government, which is insidiously making a silent bargain with the next generation—in dumbing down the curriculum, in teaching “self-esteem” over knowledge, in challenging established notions of truth and virtue, and in convincing children that their parents are not to be trusted. It is an insidious bargain that encourages young people to stop thinking for themselves in exchange for living in a world in which they will never be held accountable and will never be expected to care for themselves.

Of course, no one ever discusses this bargain in such bald terms. But it exists all the same; public

schools are allowing students to graduate from high school and college without mastering basic skills or meeting academic requirements that were once the minimum standard for junior high students. Is this an accident? Of course not. It is the intention of big government to eliminate educational standards and to discourage citizens from thinking for themselves.

Statism and Paternalism

If such an intention doesn’t sound like a serious threat, please recall the example of communism, which springs from the same deadly combination of statism and paternalism. It was one of the most meaningful experiences of my entire life when, in 1984 (the year British novelist George Orwell made infamous), I visited East Germany. You remember East Germany—the Berlin Wall, the border guards, the secret police, the bread lines, the burnt out and crumbling buildings?

That was the Germany I went to visit. I was accompanied by a friend from the American Embassy. On our tour, we stopped by the Museum of History in East Berlin. It was an amazing place. I learned things there I never thought I would learn. For example, I learned that television was invented by an East German in 1956. While we were at the museum, a small group of teenage girls approached us. They were about fourteen or fifteen years old, and they hailed from a small town in the remote countryside. This was their first trip to the capital. They asked us what time it was. Clearly, they knew the answer. They wanted to have a conversation. We were the first Westerners they had ever met.

My first question to them was, “How did you know we were from the West?” They replied, “It was simple. We looked at your shoes and noticed that they weren’t made of plastic.” For some time, we exchanged anecdotes and impressions about East Berlin until their chaperone arrived to break things up. She was a stern-looking woman resembling Nurse Ratchet in *One Flew Over the Cuckoo’s Nest*. She told the girls, “The museum is closing. It is time to go.” It wasn’t, but we were clearly a subversive influence.

Three hours later my friend and I were shopping in a downtown department store. What was an East German department store like? Imagine Wal-Mart without the inventory. All of the furniture and most of the other items there were “just for show.” But the same teenage girls were there—without their chaperone, who had either decided to trust them or who was just tired of them.

My friend and I had been in the capital for three days, so we volunteered to be their tour guides.

We showed them our passports; they showed us their identity papers and told us a little about what it was like to live in a small town in East Germany. One of the girls told us, for example, the economy was so run-down that, when she lost an air valve on a bicycle tire, there was no way to replace it. People didn't have much money, but what was worse, there was nothing on which to spend it.

Our travel visas expired at midnight, so by dusk we were on our way back to the glittering lights of West Berlin. The girls came along to the train station to bid us farewell. They had never seen the Berlin Wall, but they knew it was close. They gradually slowed their pace and stopped on a street corner just before we reached the railyard. One said, "You know, we really shouldn't go any further. We are not Berliners. If we are stopped, the guards will ask us why we are so close to the border zone."

As we stood in the growing darkness, a feeling of incredible sadness came over me. Here I was, in my mid-twenties, free as a bird. I wasn't rich, but I could go anywhere in the world from that street corner. They could not go another one hundred yards. Their world ended at the Wall. They could not go any further.

They were trapped in a human zoo. My friend and I were just tourists wandering through their grounds and by their cages. To keep the conversation going, because I didn't want to part from them, I asked what they wanted to be when they grew up. One said a beautician, one said a nurse, and one said a teacher. But the oldest and wisest, whose name was Monica, looked up at me with the most sorrowful face I have ever seen and said very slowly, "It doesn't matter what we become when we grow up. They will always treat us like children."

They will always treat us like children. That sentence really defines Soviet communism in its waning years. There were very few knocks in the dead of night; people were rarely taken away to the gulag. There were very few summary executions. Instead, there was an insufferable and widespread paternalism. It was a dark cloud hanging over citizens. It weighed down their spirits and prevented them from maturing. Worst of all, it kept them from becoming that which was best within them.

We parted almost tearfully. Monica and I exchanged addresses, and every year or so a postcard would come from her, and I would send some little trinket in the mail. She wrote that she had applied to a university, but she was rejected for her

unacceptable views. She managed to get a job in a veterinarian's office.

Five years later, in 1989, Monica turned nineteen and the Berlin Wall came crashing down. I watched the first television broadcast that showed wave upon wave of East Germans crossing over into the West for their first taste of freedom, and I wondered if Monica and her friends were in one of those waves.

At about 10:00 a.m. the next day, the telephone rang. AT & T, already trying to introduce the consumer culture to East Germans, had set up a cellular phone service. As an incentive, they gave prospective customers the opportunity to make a phone call anywhere in the world for free. Monica called me. Her first words were, "John, this is Monica. I am over the Wall."

We talked for a few minutes, and I was reminded of our last conversation on a street corner in East Berlin. I said, "Well, does this mean that your country has grown up, and you are no longer going to be treated as children?"

She responded with a laugh, "I think my entire country has graduated from kindergarten to high school overnight."

Acting Like Children

Over the course of the next year, I learned that Monica had made it into medical school. Today, she is completing her internship. A happy ending, to be sure, but one with a bittersweet quality. In 1994, Monica and her fiance came to the United States for a vacation. She had only one request: She wanted to speak to an American high school civics class about her experiences growing up in East Germany. Very reluctantly, I arranged for her to speak to just such a class at a high school in California. It was my alma mater, and I had spoken there a number of times since my graduation.

I didn't enjoy these experiences. Each time I met a new generation of America's youth, I discovered firsthand that things were getting worse. The students were learning little or nothing, discipline was practically unheard of, and respect was nonexistent. On the last occasion, I was so distressed that I vowed never to return. But I swallowed my doubts and arranged a talk for Monica. It was a disaster. The students weren't openly disrespectful, but they whispered constantly during her remarks and now and then a spitwad would rocket across the room. Even the quiet students were simply uninterested.

Finally, Monica opened the session up to ques-

"Governments will always do the right thing—after they have exhausted all other possibilities."

ment in the early years. It takes a no-nonsense approach to basics. It takes discipline. It takes love. It takes concern for the individual student. It takes personal responsibility—on the part of students, parents, teachers, and administrators.

Thinking for Ourselves

And it takes freedom. The public school monopoly has to be ended, and genuine competition has to be restored. The National Education Association's number-one priority isn't quality education. It is its members' financial and political power. American Federation of Teachers President Al Shanker, who was one of this century's best labor union presidents, once openly admitted, "I will begin to care about the quality of children's education in this country when they start paying union dues." Now, this may shock you, but it really shouldn't surprise you.

Since 1962, when teachers were first allowed to

unionize, the public school system has been a system that benefits and answers to the producers of education, not the consumers. Eighty-eight percent of the schools in America are public schools, and 75 percent of the teachers are union members.

The good news is that in the last few years people have started to make a distinction between teachers and teacher unions. The NEA can no longer get away with saying that its interests are the interests of the nation.

And this brings us back to the story of Monica. She came back to America in 1996. I took her to several charter schools that, although they are still public schools, are free of a lot of bureaucratic regulation. She came back with a much different impression. So there is hope.

One of the greatest gifts we can give to succeeding generations is the ability to think for themselves, and that means challenging the government monopoly of thought in education directly. It will be a struggle. All it takes is a trip to the ruins of the Berlin Wall to remind us that governments never give up power voluntarily. It is up to us to reassert our rights and recover our responsibilities. ▲

IMPRIMIS (im-pri-mis), taking its name from the Latin term "in the first place," is the publication of Hillsdale College. Executive Editor, Ronald L. Trowbridge; Managing Editor, Lissa Roche; Assistant, Patricia A. DuBois. Illustrations by Tom Curtis. The opinions expressed in IMPRIMIS may be, but are not necessarily, the views of Hillsdale College and its External Programs division. Copyright © 1998. Permission to reprint in whole or part is hereby granted, provided a version of the following credit line is used: "Reprinted by permission from IMPRIMIS, the monthly journal of Hillsdale College." **Subscription free upon request.** ISSN 0277-8432. IMPRIMIS trademark registered in U.S. Patent and Trade Office #1563325.

NON-PROFIT ORG.
U.S. POSTAGE
PAID
Hillsdale College

IMPRIMIS

VOLUME 27 • NUMBER 5

FORWARDING AND RETURN POSTAGE GUARANTEED

ADDRESS CORRECTION REQUESTED

POSTMASTER: Send address changes to IMPRIMIS

Hillsdale College

33 East College Street

Hillsdale, Michigan 49242

Do we have your correct address?
Indicate changes here. Or call:
800/437-2268

PRINTED MATTER