

Local

Economist says central-planned economy will fail



Photo by Carolyn Cole

Western aid to Third World countries was debated Friday by a leading economist, Peter T. Bauer (right) and Douglas J. Bennet, a former U.S. aid administrator. The debate was featured as part of the Student Conference on National Affairs hosted last week by Texas A&M University.

Economist says aid should be stopped

By PHYLLIS HENDERSON

Western aid to Third World countries should be stopped, a leading economist argued in a debate Friday with a former administrator of United States aid.

The administrator, in turn, called for increased aid to face the developmental challenges of these countries.

Peter T. Bauer, chairman of the Department of Economics at the London School of Economics and Political Science at London University, debated Douglas J. Bennet, former administrator of the U.S. Agency for International Development, in Rudder Theater as part of the Student Conference on National Affairs.

"Far from accepting the proposal for massive wealth transfers, we should work towards their demise," Bauer said to an audience of about 350 people. Foreign aid policies are based on several inconsistent arguments, he said, and can have serious repercussions in both the donor and recipient countries.

The argument that aid is needed to develop these countries "patronizes the people ... by suggesting that they crave for material progress, but unlike the West cannot achieve it without external doles," Bauer said.

"Economic achievement has depended, and still depends, on people's own faculties, motivations and mores, their institutions and the policies of their rulers," Bauer said. "External donations have never been necessary for the development of any country, anywhere."

Bennet disagreed: "Aid, when used properly, can facilitate economic policy choices by the recipient governments which are not only appropriate and desirable in the interests of development, but which wouldn't occur in the absence of the assistance."

Foreign aid does not help the poor of a country, Bauer said, because the money is put into the pockets of the recipient governments. "It is not true," he said, "that to make the rich poorer makes the poor richer."

Aid increases the power and patronage of the recipient government over its subjects, Bauer said. "Indeed," he argued, "to support rulers on the basis of the poverty of their subjects encourages policies of impoverishment."

Bauer said because of these dangers, he favored untied cash grants and bilateral aid "to enable a modicum of control by the elected representatives of the taxpayers."

The human rights performance of recipient governments is a major consideration in the giving of U.S. assistance, Bennet said. Bilateral aid is a good way to gain more control, he agreed, but grants tied to specific projects allow the donating governments to retain much more control than untied cash grants.

"The idea that aid helps the economies of the donors simply ignores the cost of the resources given away," Bauer said. "Humanitarian relief of need should be left to voluntary agencies."

Bennet said: "I find Professor Bauer's argument extremely interesting, highly theoretical, over-generalized, elegant, entertaining and wrong."

He added: "The capital investment required to train people, who through their lifetimes, as a result of their training, will be more effective producers and earn money ... is a very hard thing to get from private sources."

By COLETTE HUTCHINGS

Battalion Reporter

Centrally planned economies are destined to become failures, Dr. Fred R. Glahe, president of the Economics Institution for Research and Education said Saturday at Texas A&M University.

Glahe spoke at the closing presentation of Texas A&M's Student Conference on National Affairs to about 200 SCONA participants in The Memorial Student Center.

Glahe, also a professor of economics at the University of Colorado at Boulder, addressed the topic of world economic growth and the capitalist and socialist roles in it.

"Not until the 18th century was there material well-being of the average Western man," Glahe said.

The per capita real income in the United States has increased an estimated 15 times since 1880, he said. He attributed the economic improvement of this nation to its economic philosophy.

Karl Marx and Friedrich Engels were two economists who believed that socialism or government ownership as a means of production was the only way for an economy to survive.

"But they didn't think how the system would work," the professor said.

Ludwig von Mises, another economist, questioned Marx's and Engels' socialist views. Mises, Glahe said, questioned how a society would know what to produce, how to produce and who would receive what is produced.

Oscar Lange was an economist who fought for socialism and sought to devise a planning board which would administer prices of capital, labor and land, Glahe said.

A former student of Mises, he argued that a "planning board" could not tell consumers and producers what to produce and how to consume, Glahe said.

Glahe said that these arguments for and against a planned economy are over 50 years old.

"It is easy to see the mistakes of having centrally-planned economies by looking at Eastern Europe, the Soviet Union and China," he said.

The Soviet economy has stopped growing and is declining, he said, partly because of an extremely low labor productivity and cited widespread alcoholism as the direct cause of this decline.

He said this "plague" has caused a death rate increase in the Soviet Union and that the rate is now equal to the so-called underdeveloped countries.

"Many prominent economists today still argue that material well-being is found in planned economies," Glahe said, "but an increase in material well-being does not imply an increase in individual well-being."

"It is a dangerous myth that economists are able to forecast the future," Glahe said.

If socialism is the wave of the future, the conclusion is that "we have seen the future and it does not work," he said.

Kuhn gets Johnston memorial scholarship

By COLETTE HUTCHINGS

Battalion Reporter

A \$350 memorial scholarship was awarded to Sharon Kuhn, SCONA public relations committee chairman at the Student Conference on National Affairs closing presentation Feb. 14.

The Cyrus M. Johnston Memo-

rial Scholarship was awarded to Kuhn by H.W. "Bud" Whitney, manager of European Management Information Systems for Texas Instruments, Inc., France.

"Cyrus M. Johnston was vice-chairman of SCONA I and worked very hard to get SCONA going," Beecroft said. When Johnston

died of cancer last year, his wife wanted to set up a memorial because of his high regard for SCONA.

This is the first year for the memorial scholarship. It will be awarded yearly to the SCONA member who exceeds in his performance, intently assists SCONA

members and provides leadership.

Kuhn has worked with SCONA for three years and has served as vice-president for publicity. She was selected as the outstanding SCONA member last year.

SCONA Chairman Tom Beecroft said the organization will be-

gin raising \$50,000 for an Olin E. Teague endowment fund to be used yearly to pay for SCONA speakers.

Teague, who died Jan. 23, was a Texas 6th district representative for 31 years and attracted well-known national speakers to the SCONA conferences.

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