Government discourages individual freedom

Economist opposes idea of black leadership

United Press International

DALLAS — Black economist Walter E. Williams is an advocate of the supply-side school that opposes welfare, minimum wage and government involvement in business.

To make himself even more controversial, Williams, an advisor to the American Enterprise Institute in Washington and the Republican National Committee, says he is also skeptical of black leaders and the idea that blacks require their own leadership.

"What I think they (black leaders) need to ask themselves is why do blacks need leaders?" Williams said.

"The question one should ask is who are the Irish leaders? Who are the Chinese leaders, or the Japanese leaders? There aren't any. So what kind of assumptions would you make about black people who say they require leaders?

"The assumptions I don't find flattering," Williams said.

Improving the nation's ghettos will not be accomplished through government programs, Williams said, and he is critical of those who look to the government for solutions.

"One of the overall problems of helping people is we forget to ask, 'What effect will my helping you have on your incentive to help yourself?'" Williams said.

"Many of the government programs have made it economically advantageous not to help yourself. It is nowhere more tragically demonstrated than when we had all these so-called black leaders running around in a state of frenzy because Reagan won.

"This is a very sorry comment on the strategy of these people; to make the welfare of blacks dependent upon who is the president and what the spending mood of the country is, because both change.

Williams holds the view that most people in the United States are members of a minority,

"Many of the government programs have made it economically advantageous not to help yourself." — Black economist Walter E. Williams

noting the white Anglo-Saxon is the largest minority with 15 percent of the population, followed by blacks.

Williams, who was in Dallas recently to address the Free Enterprise Seminar at the University of Texas at Arlington, said 70 percent of the population qualifies for minority status under the Affirmative Action program.

"But some of it is ridiculous," Williams said. "The Irish do not qualify for minority status but the Chinese and Japanese do and their income is far above that of the Irish. And we blacks are damn near the majority in this country in terms of a specific ethnic group."

Williams believes in freedom while he claims other black leaders expect the government to provide for the needs of his people.

"(Urban League President) Vernon Jordan and (NAACP Director) Benjamin Hooks believe it is a legitimate function of government to take what one man produces and give it to another," Williams said. "I find that general principal a violation of individual freedom.

"You don't take money out of my pocket to buy food for someone else; that's just corrupt goverment."

The economist said he differs from civil rights leaders in that he has nothing to gain from government programs, while they do. He noted that several groups receive grants from the government.

Williams' message is simple: regardless of any group's plight, they are best served by a minimum of government interference and a maximum of personal and economic freedom.

Williams didn't wait for the Reagan administration's conservative gravy train to begin speaking out against big government and its effects on minorities and society. The Pennsylvania native began publishing his outspoken, and sometimes blunt, point-of-view before anyone knew about the Laffer Curve.

"I've always been a radical," Williams said. "Anyone in the United States who believes in freedom is a radical. I was raised in the North Philadelphia ghetto, long before the idea that someone owes you anything. I was taught to work hard and if you wanted to be equal to whites you had to be better than them."

Williams refuses to recognize any ethnic or racial boundaries when discussing the problems of the country. The cure to many of the ills is

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simply to make the "economic game" in the United States fair, Williams said.

"These are human problems we have to deal with, not black problems. There are very few black problems. But what happens when the economic game isn't fair, blacks suffer the effects in a disproportionate manner.

"It's like flipping a penny. If you flip the coin 10 times and it comes up heads every time, you don't weight the tail. You check to make sure the penny is a fair coin and keep flipping and eventually it will flip 50-50."

Williams said life isn't any different than flipping a coin and blacks don't need any special advantage as long as the "economic game is fair."

The reason the economic game isn't fair is because of government-supported collusions, Williams said. He said an example was the taxi licensing laws in New York City requiring a driver or company to pay a $65,000 licensing fee before they operate a cab.

"One of the most effective ways to ensure monopoly power for oneself is to price the competition out of the market," Williams said. "And the government supports many people in their efforts to price their competition out of the market. One way to do it is to set minimum prices such as the minimum wage, truck regulation and airline regulation."

Williams said one way to solve the current economic problems is to prohibit any state or individual from interfering with the voluntary exchange between people and allow businesses to raise or lower their prices without government restrictions.

Williams says the effect of such an amendment would be to destroy the government-supported collusions and restore freedom in the economy.

"But I think the chances are remote that the country's problems will be solved," Williams said. "Doing so depends upon restoring individual freedom and it seems Americans have a deep and abiding contempt for freedom.

"The system is doomed because the people won't allow freedom."

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Limiting severance taxes dangerous, professor says

United Press International

Without the state severance tax on oil and gas — an assessment both criticized and bemoaned by many Yankees — Texans would be forced to pay a personal state income tax, says a political economist.

And Dr. Bernard Weinstein of the University of Texas at Dallas pointed out that some top-ranking

In 1974, severance taxes in the entire country totaled $1.2 billion. In 1980, that total jumped to $4.1 billion, with Texas, Alaska, Louisiana and Oklahoma capturing a lion's share 72 percent.

Texas politicians are playing a "dangerous" game of supporting federal limitations on severance taxes in other energy producing states.

Thirty-three states impose severance taxes on producers for extracting nonrenewable resources such as coal, iron ore, sulfur, natural gas, oil, copper and uranium, Weinstein said.

"Severance taxes have been around for a long time and no one paid attention to them until a year or two ago" when the amount of taxes increased, he said.

In 1974, severance taxes in the entire country totaled $1.2 billion. In 1980, that total jumped to $4.1 billion, with Texas, Alaska, Louisiana and Oklahoma capturing a lion's share 72 percent, Weinstein said.

"And the state controller's office estimates that in the current fiscal year ending Sept. 30, severance taxes will bring in close to $2 billion in Texas alone," he said. That total includes $1.2 billion for oil and $800 million for natural gas, the professor said.

"That's almost 30 percent of the total taxes collected in Texas. If we didn't have that, we would have a personal income tax. There's no way to avoid that."

The tax collected is rising because the price of oil and gas is increasing, he said.

"A 4.6 percent tax on a $35 barrel of oil brings in a hell of a lot more than on a $5 barrel," Weinstein said.

"Severance taxes became a national political issue when Montana levied a 30 percent tax on coal production. A lot of Northeastern and Midwestern congressmen and Midwest utilities thought it was a high tax."

"But Montana's 30 percent tax brought in $72 million in 1980," Weinstein said, calling that "nickles and dimes" in comparison to the $1.5 billion brought in by Texas' 4.6 percent severance tax on oil and 7.5 percent tax on gas in the same year.

The issue was taken to court and six weeks ago the U.S. Supreme Court ruled that Montana's tax is not unconstitutional because it does not discriminate between interstate and intrastate producers or consumers.

"Within days of the Supreme Court decision, Sen. David Durenburger, R-Minn., introduced a bill imposing a federal limitation of 12.5 percent on severance taxes on coal," Weinstein said.

Weinstein said he doesn't know if the bill will "get anywhere" because passage would cause the federal government to interfere with what has historically been a state prerogative. It also would contradict the Reagan administration's attempt to return control to the local level, he said.

The issue has split the country "not along party lines but on regional lines of energy haves and haves not," Weinstein said, claiming "the whole issue is a lot of nonsense.

"First of all, the Montana tax rate may be high but it's not discouraging anyone from buying Montana coal. The reason the tax is so high is because coal is so cheap — from $6 to $8 a ton. That (the tax) adds about $1.20 a month to the average electric bill in the Midwest."

In the Montana court case, Texas Attorney General Mark White filed a friend of the court brief on behalf of the plaintiffs.

Both Austin and San Antonio use Montana and Wyoming coal for producing electricity, the professor pointed out.

Weinstein cited three members of the Texas congressional delegation as having "voiced support for

"It is sheer folly to believe that federal constraints on state energy taxation, if they come, will be limited exclusively to the coal producing states."

limitation on the coal severance tax." He said they were Sen. Lloyd Bentsen and Reps. Phil Gramm and J.J. "Jake" Pickle.

"The energy producing states have got to hang together on this," he said.

"It is sheer folly to believe that federal constraints on state energy taxation, if they come, will be limited exclusively to the coal producing states when the big dollars are accruing to oil and gas producing states like Texas."

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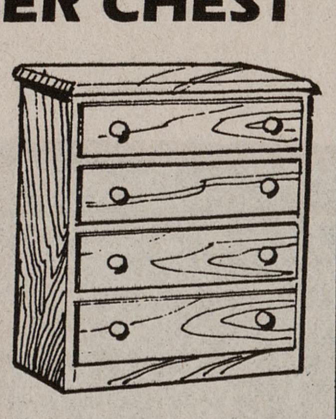
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