

Chapter 15b – Affirmative Action, Gender-Based Quotas, Farm Subsidies

- D. Affirmative Action: refers to government policies that give preferential treatment to members of certain minorities in education, in employment, and in awarding of government contracts to businesses.
1. Arguments in favor of Affirmative Action: (a) they promote more diverse representation of all segments of society in different areas, and (b) they are needed to overcome past discrimination against certain minority groups.
 2. Disadvantage: inherently discriminatory against groups not favored by the policy.
 - a. Ex. New Haven Fire Dept lieutenant & captain's test and US Supreme Court case *Ricci v. DeStefano*. pp.521-22
 - (1) The policy gave preference to firefighters who had lower test scores and were less qualified.
 - (2) Whereas in previous generations American society wrongfully discriminated against blacks, the above Affirm. Act. policy discriminated against whites and Hispanics.
 - (3) If all humans are created in the Image of God and have equal status before Him, then employment selections should be entirely free of racial considerations altogether.
 - (4) Supreme Court decided by a very narrow margin (5-4) that there should be no discrimination against any group.
 3. Disadvantage: tends to cast doubts on the qualifications of *all* members of the minority who are appointed to a position.
 - a. Perpetuates separation of American society into racial groups & perpetuates divisiveness among those groups.
 4. Affirmative Action in Law Schools ("A Systemic Analysis of Affirmative Action in American Law Schools," R. Sander, UCLA)
 - a. Affirm. Act. policies allow more black students to enter law school than would have entered based on grades and test scores alone
 - b. Those additional students have lower academic skills than the rest of their law school classmates and do not do as well in their studies;
 - c. They subsequently fail bar exams at a higher rate after graduation.
 - d. Fewer of them become lawyers.
 - e. According to Sander, when black and white students of the same academic level compete in the same law school, they earn about the same grades and pass the bar at the about the same rate.
 - f. Under current Affirm. Act. policies: 45% of black law students pass bar on 1st try (vs. 78% of white law students). Only 57% pass after multiple tries, only 43% never go on to become attorneys. Those that don't are saddled with enormous debt (often \$160,000 + under grad debt) with no viable means to repay.
 - g. Solution: abolish affirmative action for law schools. See extended quote by Sanders' and Gail Heriot, p.523-24 for estimated consequences and summary. (In short, all students of all ethnicities admitted to law school based on merit alone would be highly likely to pass the bar and become lawyers. The rate of bar exam passes across ethnicities would be roughly the same).
 2. The U.S. must not forget its tragic history of discrimination against blacks in particular, but Affirm. Act. seems to prolong another type of racial discrimination.
 3. The crucial step to overcome remaining racial differences is to abolish all discriminatory policies against *any* group.
 - a. Actual instances of discrimination against any groups should be illegal, but there should be no policies based on "presumed" discrimination and numerical quotas.
 4. Affirmative Action is counter to the US Constitution. The 14th Amendment provides that no state may "deny to any person within its jurisdiction the equal protection of the laws."
- E. Gender-Based Quotas: require a certain percentage (sometimes an equal percentage) of women and men in government-based employment, business contacts, or college sports activities.
1. Difficulty: The number of women that must be enrolled in a given program is arbitrary and artificially imposed.
 - a. Ex. Title IX, passed 1972 – Schools must offer scholarships & program funding in athletics roughly equal to the school's overall male and female populations.
 - (1) Problem—what if more men than women *want* to participate & more women in a given school decide *not* to participate in sports? The preferences of women & men to emphasize activities of their own choosing are diminished.
 - (2) Result of Title IX- Univ.'s have had to arbitrarily cancel popular sports programs for men (such as wrestling or gymnastics) to *reduce* the number of men until it's equal to the number of women in their sports program/s.
 - b. Gov't-mandated social engineering is *attempting to force people to behave in certain ways* rather than allowing personal preferences and tendencies to work out naturally in accordance with human liberty.
 - (1) Ex. In 2002, San Jose St. Univ. cuts nationally ranked male soccer team & had previously cut men's gymnastics & tennis. Too much money had to be spent on nonrevenue-generating or revenue-losing female sports in order to provide equal opportunities.
 - (2) Ex. Ntl. Wrestling Coaches Assoc. reported that 350 men's programs have been cut nationwide due to Title IX.
 - (3) Biggest losses: swimming, wrestling, track-&-field, & gymnastics (ex. Univ. of Toledo, Bowling Green)
 - (4) Both men's and women's spectator interests (if fan turnout is any indicator) tend to lie more with men's sports.
 - (5) Gov't bureaucrats should not try to force men & women into artificial compliance with their preconceived policies that are essentially anti-democratic and anti-liberty.
 - (6) It is nonetheless important that univ's do devote substantial funding & attention & facilities to women's sports programs as well as to men's. The question is whether the government should force the univ's to have an absolutely equal number of men & women enrolled in these sports programs, even if that is not what the students want.

- c. Harmful effect of Gov't assumptions re. "no inherent difference" between boys & girls: girls in boys' wrestling & boys' football (conducive to improper & violent behavior between genders that is not allowed by God in the Scriptures)
- F. Farm Subsidies: fees paid to farmers by the government for two types of reasons – 1) Support Price Policy (or price floor, 2) Uncultivated field policy - farmers paid not to produce for environmental reasons or to keep crop prices high.
1. Support Price Policy (put in place during the Great Depression, but never halted after prosperity returned)
- a. Ex. Gov't promises \$6 per bushel price for wheat. Even if market price falls to \$4 gov't still pays \$6.
 - b. Result: US wheat farmers produce far more wheat than the world market requires or will pay for.
 - c. Taxpayers pay for heavily subsidized protection so farmers tend to move away from the private crop market. In times of great price fall, corn, soybean and wheat farmers can profit doubly if enrolled both in *ACRE* and *crop insurance*. Tax payers seem not to reap any measureable benefit. See extended quote by Bruce Babcock, Iowa St. Univ. p.528.
 - d. Result – US Gov't has huge stores of unneeded wheat, for ex., that it then *dumps* on the world market at a very low price taking a loss in the sale and *artificially depressing* the world market price for wheat. This causes poor wheat farmers in other countries to lose money because their own crops are now devalued due to the market surplus.
 - e. Winners: Wheat farmers (in the U.S.) which oftentimes consists of: (info below provided by Cato institute, see pp. 529-30)
 - (1) Households whose avg. income is 7.5% above the national US average income in 2002 -\$61,307. (in other words, not poor)
 - (2) Commercial Farms get about half of subsidies. Avg. household income = \$118,450 in 2000, and received an average subsidy of \$43,379.
 - (3) Fortune 500 Companies
 - (4) Members of Congress
 - (5) Millionaires such as Ted Turner
 - (6) Other wealthy recipients were the Westvaco Corporation, Chevron, John Hancock Mutual Life Insurance, DuPont, and Caterpillar—hardly struggling family farms
 - f. Winners: people who prefer to eat wheat in other countries and bakers in other countries who use wheat in their products (artificial price drop is a bonus).
 - g. Losers: US Taxpayer
 - h. Losers: Americans who like to eat produce other than wheat: The wheat support price has artificially *reduced the supply of the other commodities* below what the market would normally produce, and that simply drives up the price of these other commodities to some degree. (Farmers choose not produce commodities other than wheat)
 - i. Losers: Wheat farmers in other countries. Wheat is artificially devalued due to US *dumping* stores at low prices.
 - j. Political reasons? Two Senators per state regardless of population and the farm lobby (Senators vote for each other's support price policy to keep their own support price policy for their state's product).
2. Uncultivated Fields Policy - paying farmers *not* to produce certain kinds of crops but to leave fields uncultivated (!!)
- a. Purpose: Keep prices high for farmers producing certain crops in the US, or environmental protection.
 - b. Winners: Farmers who are paid to do nothing, and farmers who enjoy higher prices for their crops due to short supply
 - c. Losers: the rest of the nation and the world, who have less of that crop and higher prices for what they can still buy.
 - d. Supporters say this is necessary to keep prices from dropping to a point where US farmers would go out of business.
 - e. Counter point: the purpose of government is to support the good of the nation in general. How can it make a nation better off when it spends money to get *less* of something? It makes the nation poorer, not richer overall.
 - f. Normal forces of supply and demand should be allowed to determine the price for a crop and the amount produced.
 - g. Some individuals receive subsidies because the purchased land that was *previously* used for farming. These individuals include millionaire landowners, foreign speculators and absentee landlords, as well as farmers. (See Washington Post article extended quote on p. 532.)
 - h. In 2005 alone, when pretax farm profits were at a near-record \$72 billion, the federal government handed out more than \$25 billion in aid, almost 50 percent more than the amount it pays to families receiving welfare. (See Washington Post article quote, p.532).
 - i. Final argument in favor of farm subsidies: National Security – protection of domestic food production.
 - j. Counter point: argument is overstated.
 - (1) American farmers are the most productive farmers in the world (each American farmer feeds an average of 143 people, up from 19 people in 1940)
 - (2) Domestic shipping is much cheaper than importing foreign foods.
 - (3) If foreign competition and lower prices began to bring about a great decline in the percentage of food produced in the United States, new programs could be introduced to retain some agriculture here *if* that became necessary, though it seems unlikely.

Chapter 10d – Environment (additional section not covered earlier)

What policies should governments adopt concerning the use and care of the environment?

A. CAFE Standards for Automobile Mileage

Corporate Average Fuel Economy (CAFE) standards = the *average* mpg required for cars/trucks, each manufacturer per year

- a. Enacted in 1975. 1978- 18mpg – cars, 1979-19mpg /cars & 17.2/trucks, 1990- 27.5/cars & light trucks/20, 2009- 23.1mpg/trucks
- b. Violation of CAFE standards = large gov't fines.
- c. CAFE reached by manufacturers by increased technology and switching to small vehicle manufacture.
- d. Tech. improvements = higher priced vehicles. Limited amount energy available in a gallon of gas. Tech. only goes so far.
- e. Smaller / Lighter car manufacture = most practical means
- f. Less choice for American consumers. Smaller more cramped driving quarters & lower crash protection – not by market choice.
- g. Manufacturers, now, only make very few large cars to factor into CAFE averages – priced very high.
- h. Michael Omotoso, J.D. Power – \$4-6000 for Merc. Benz to reach standards per vehicle. Passed on to consumer or profits lost.
- i. Choice of large car for avg. American consumer is being systematically denied by Gov't.
- j. Smaller cars = less protection
- k. 27.5 MPH CAFE standards contributed to about 2,000 deaths per year - National Research Council study, 2002.
- l. Obama CAFE increase – 5/19/2009, 27.5 MPG in 2010 to 35.5 MPG by 2016. All vehicles factored (SUVs, Pick ups, Cars, etc.).
- m. Formula = passenger cars must be 39 mpg. Met by manufacture of more-expensive hybrid or all-electric cars.
- n. Cost to consumer of Obama CAFE increase = hidden tax on drivers.
- o. See Alan Reynolds of the Cato Institute re. CAFE standards negative impact on auto manufacturers
- p. CAFE standards reasons = reduction of greenhouse gas emissions according to 5/19/2009 Obama Admin. announcement.
- q. If Carbon fuels have almost no measurable effect on the earth's climate (as argued previously), then CAFE standards are forcing Americans to drive smaller, less comfortable, more dangerous cars for no good purpose.
- r. Example of increased unnecessary Gov't control over our lives.

B. Cap and Trade

As currently proposed is a system that would allow the government to control energy use.

1. Cap: Gov't imposed limit or "cap" on carbon emissions
2. Allocate (or sell) carbon credits
3. Cap gradually lowered over time
4. Carbon emissions lowered by less & less energy use
5. Allows Gov't to tightly control energy usage. Never done before in America.
6. Purpose – to stop or slow Global Warming
7. Trade: Companies that use less energy could sell or "trade" their carbon credits to other firms.
8. Productive companies penalized
9. Unproductive companies rewarded
10. Likely result: hinder economic productivity and drive up prices