

TESTING COMPONENTS OF ROTHBARD'S THEORY WITH THE CURRENT INFORMATION SYSTEM

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Abstract

The concept of aggression against property rights of individuals generates a series of developments that allow solutions and options to problems and dilemmas of today's economy: the dynamics of the tax system, focusing attention on shaping the budget with macro-economic calculations, the protection of competition, and customs policy in the modern era.

The confidence in theory in general, especially in economic theory, is based on the logical and methodological validation of scientific reasoning and moral aspects. Transforming the theory into a means of changing the society can only be made when a theory is experimentally validated. The economic theory needs confirmation from specialized disciplines such as statistics and accounting. It is possible and necessary for the advantages of radical liberal thinking to be reflected in every company's bookkeeping and in public statistics. As an example, the paper presents the way some components of Rothbard's theory are reflect in the accounting and statistics information system.

Key-words: *aggression, liberalism, accounting, statistics, taxes*

JEL Classification: M₄

Introduction

Debates on various doctrines usually remain in the area of economic methodology or epistemology. Macroeconomic data is outlined if arguments that must be validated by numbers are needed.

In this paper I support the radical liberalism doctrine with arguments from the accounting and statistical information systems, both using data at firm level. As far as statistics and accounting are able to interfere in economic doctrine debates, they take a big step forward in defining and improving the scientific instruments.

The “non-aggression” axiom and its contemporary validation

According to Rothbard, the liberal doctrine is based on a central axiom: that no person or group of persons cannot aggress against another person or its belongings. This can be called the “non-aggression axiom”. The word “aggression” is defined as the initiation of the use or threat of physical violence against a person or a property of any person. Although it is a concept with a high level of generality, the non-aggression axiom components have been validated over time as operational in macro and in microeconomics. A stream of thought was formed on this basis that allowed the rapid progress of nations or organizations. The accounting and statistical information systems have the largest share of operational data collection at both macroeconomic and microeconomic levels.

Table 1 shows up-to-date validation of components of the non-aggression axiom based on the conclusions of information systems.

Table 1

Up-to-date validation of components of the non-aggression axiom

No.	Component of the non-aggression axiom	Contemporary validation mode
0	1	2
1.	Aggression is synonymous with invasion	Military campaigns, armament race, external dangers, the occupation of foreign territories as defining parameters of the military invasion impose new taxes to taxpayers; economic history has proved that wars were often a pretext for offensives against the property rights of the majority; modern times brought as a new element forms of expropriation not only for real-estate property, but also for the labour outcome of poor classes; causes of problems in the pension system include the financial mechanisms of state aggression against the interests of the majority of citizens;
2.	Forms of government intervention on property rights or on free market economy can be represented by controls, regulations, subventions or interdictions	The control mechanism cannot be the same for all operations of the same type; Differences of handling in controls are forms of market positioning rearrangement on independent of competitiveness; The regulations are based on a well-defined benefit system;
3.	– conclusions from the accounting and the statistic informational system concerning the nature of the controls	– control authorities reach a small number (which is a very small percentage) of those who should be checked; – the vast majority for whom regulation can be applied are not actually subjected to controls; – controls are becoming more and more an instrument of pressure, redistribution, forced change of positions on the market;
4.	– conclusions from the social, accounting informational and statistic information system concerning the nature of regulations	– regulations avoid essential aspects of development; – regulations are not followed by those with power or those with lobby at state institutions, giving them illegitimate advantages in relation to the vast majority of citizens;

	– conclusions from the accounting informational system and the statistic system concerning the nature of subventions	– subventions are in most cases a waste of resources to support certain companies or activities with no future; – subventions are instruments of redistribution of resources collected by the budget in favour of those who lobby state institutions; – the criteria for allocating subventions are often far from the criteria for accessing private funding;
5.	– conclusions from the statistic informational system and accounting system concerning the nature of interdictions	– those who manage to evade the interdictions make an exaggerated profit compared to the vast majority;
6.	Recruitment is slavery on a massive scale	The actual use of social time at various moments of those recruited by the state was a source of waste; In the activities of those recruited, the will and interests of the majority were rarely taken into consideration
7.	Modern warfare involves a totally unfair mass killing of civilians	Many wars have proven totally useless in terms of objectives; Modern wars do not solve problems anymore, but create new ones affecting the standard of living of those in whose name it is fought; the calculations made on the war in Iraq are an eloquent proof; Wars have resulted in a permanent thinking based on the waste of resources through excessive arming;
8.	Each individual has the right to own a property without having to suffer its aggressive devastation	Every time the stimulant of personal property disappeared, the incentive to work, to invest and the rigor towards effectiveness decreased; according to statistics the unrestricted right of private property and free trade represents the basis of progress, even for countries with poor natural resources;
	Each individual has the right to pass on his property (inheritance) or to exchange it with the property of others;	The right of inheritance has been developed under the pressure of liberal thinking; because of its natural aspect it was less affected even in collectivist systems; The right to exchange property was severely affected by the tacit acceptance of the fraudulent practices of major financial institutions; rules of caution in accounting, mandatory for ordinary companies, have been seriously violated in the case of strong financial institutions, although the degree of certainty of transactions should have been higher;

9.	How can a free market be favoured in parallel with vast subventions, distortions, and unproductive inefficiencies involved in military-industrial complex?	A free market in the interest of the majority cannot be developed in parallel with vast subventions, distortions, and unproductive inefficiencies involved in a military-industrial complex. Published statistics have proven this point;
10.	Prohibit practices that do not represent an aggression against the right of property of others (non-invasive)	Every time the practices that do not represent an aggression against the right of property of others (non-invasive) have been restricted, the evolution towards progress has been affected; The vast majority of the population did not take account such restrictions, a parallel market being developed;

HIGH TAXES AND THE FISCAL URBAN CRISIS – MAJOR PROBLEMS OF PROGRESS IN ROTHBARD’S THEORY

A current and extremely pressing topic in Rothbard’s theory is the excessive level of taxes. Aside from the point of view of the immoral doctrine of radical liberalism, these unreasonable taxes create obstacles in the way of progress. In Romania, besides the fiscal pressure exerted by taxes, their permanent alteration is also acting, which supplements the problems of organizations that could generate development. Cataloguing frequent changes in legislation in this field as “tax miners” (Băluță, 2002) is not excessive. In the recent literature it is often said that the ink hasn’t even dried properly after drafting a rule that another comes to change it or “take its place” (Popescu, 2010). Moreover, the tax system of many countries increases the rigidity of the market and of the costs without justification by using the global and progressive enforcement mechanism (Băluță, 2008). These findings are based on data collected by the current information systems, primarily the accounting and statistics ones. Centralization of data from firms’ financial statements, selective surveys of the investment behaviour of firms in different situations based on representative samples, and analysis of the correlations between macro-economic parameters are some of the methods used by a majority of economic analysts that reached similar conclusions to those made by Rothbard on the problems of excessive taxes. Table 2 presents the validation of the information system of Rothbard’s conclusions concerning the major problems generated from excessive taxes.

Information system validation of Rothbard's conclusions on major problems generated by excessive taxes

Nr. crt.	Conclusions of the doctrine promoted by Rothbard on the problems caused by excessive taxes	Validation by the present informational system
1	The high and growing taxes have paralyzed almost everyone and prevent productivity, stimulation and economy, as well as the free movement of peoples' energy;	The higher the taxes the lower the investments, the higher the unemployment and public debt, and the greater the need for new taxes. A vicious circle of economic stagnation appears. The economic recovery solution proven statistically and in terms of accounting is tax reduction.
2	At the federal level, there is a growing rebellion against the burden of taxes on income, and a tax rebel movement is thriving, with its own organizations and journals, that refuse to pay a tax which they see as monopolizing and non-constitutional	The lack of fiscal control makes more and more firms think that tax debt is a source of financing without guarantees;
3	Locally and at a state level there is a growing wave of sentiment against the oppressive property taxes	The problem of taxes appears in every issue of all economic publications, it is perceived by the public as essential, and all tests and simulations of future developments revolve around the tax variables
4	Initiatives on fiscal strike	In the U.S. in the autumn of 1977, tens of thousands of owners in Cook County Illinois, were engaged in a fiscal strike against the tax on property, which has increased dramatically because of higher assessments; In Romania, in early 2009, a a fiscal strike call has been answered by leading publications in terms of circulation
5	Across the nation, states and localities have difficulties in paying interest also because of excessive public debt	High taxes have resulted in stagnation and public debt, and the debt due to increasing financial costs generates a new and larger deficit
6	The urban fiscal crisis is only a matter of excessive government spending, higher even than the high taxes taken from us. Again, how much city and state governments spend is up to them; once more the government is to blame.	Although the taxes collected are growing, like any other public authority, the City Hall and Government increase the spending in an even greater rate, which determines the appearance and increase of public debt

CONCLUSIONS

Up-to-date validation of the elements of the non-aggression axiom is primarily possible through the statistical and accounting information systems. Aside from the point of view of the immoral doctrine of radical liberalism, excessive taxes generate obstacles to progress, as evidenced by the accounting and statistical information systems.

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