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## **Government-Made Crises**

**by Jacob G. Hornberger**

A fascinating aspect of government intervention is how it induces people (1) to get embroiled in the crisis environment that the intervention produces, and (2) to feel a vested interest in coming up with a solution to the crisis.

Consider price controls, an intervention that governments traditionally turn to in response to their own debasement of the currency. As prices rise in response to monetary debasement, people begin screaming at businesses for raising their prices, not realizing that rising prices are in reality just a reflection of the falling value of the dollar due to government's inflation of the money supply.

Responding to the screams, government officials make it illegal for businesses to raise their prices. Yet, inevitably, there are those businesses that violate the law, if for no other reason than to simply survive.

What happens then?

There's a crisis involving price-control violators, and nearly everyone not only gets embroiled in the crisis but also joins the crowd in trying to come up with a way to make the price controls succeed. Everyone from newspaper editors to television commentators to the man on the street starts exclaiming that something needs to be done to stop the criminals. "They're gouging us! They're stealing from us! The law is the law! Enforce the law! Increase the punishments!" Snitches pop up everywhere, reporting price violators to the police.

Then along comes a libertarian who says, "Hey, how about just repealing the original intervention — the price controls — along with all the subsequent interventions? How about simply operating under the economic laws of supply and demand?"

Immediately, he is met with a cavalcade of criticism: "Why, that's just crazy! We're at war! You want us to just surrender to the price violators? You're so impractical! Join the crowd! Help us find a way to make the price controls succeed!"

Or consider another example — immigration controls. Some central-planning bureaucrats in Washington come up with an arbitrary number of Mexican immigrants who may enter the

United States, and they enact that number into law. The problem, however, is that the artificial number is far below the number of immigrants who enter the United States in response to the natural laws of supply and demand. Immediately, there are illegals who are entering the country in excess of the arbitrary number set by the bureaucrats.

People then become embroiled in the crisis and involve themselves with helping come up with a plan to make the intervention succeed. “We need to do something to stop the illegals!” becomes the battle cry. A host of new interventions come into existence to deal with the crisis. Laws against the transportation of illegal aliens. Laws against harboring them. Laws against hiring them. Laws against renting to them. Fences and walls. Militarization. Checkpoints. Searches. Spying. ID cards. Every day, someone calls for a new intervention to deal with the ever-growing crisis.

Then some libertarian comes along and says, “Hey, I’ve got an idea. How about simply repealing the original intervention — the immigration controls — along with all the subsequent interventions? How about simply operating under the economic laws of supply and demand?”

Immediately he is hit with the same cacophony of hoots and jeers encountered by the libertarian who calls for the repeal of price controls to deal with the price-control crisis: “We can’t do that! That wouldn’t be practical! You would have us surrender to the illegals? We just have to crack down harder. Enforce the law! Increase the punishments!”

As Ludwig von Mises pointed out, one government intervention inevitably leads to more government interventions because of the problems arising from the previous interventions. The inevitable trend is more and more government intrusion in people’s economic affairs, with omnipotent government and loss of liberty at the end of the road.

Such interventions as price controls and immigration controls are good examples of this phenomenon. The solution to interventionist crises lies not in enacting more interventions but instead in repealing the interventions. By restoring the free market, we not only rid ourselves of needless government-made crises, we also restore freedom, peace, harmony, and prosperity to our lives.

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