



11350 Random Hills Road, Suite 800, Fairfax, Virginia 22030 Phone (703) 934-6101 Fax (703) 352-3678

fff@fff.org www.fff.org

The Curse of Visionary Politicians

by George C. Leef

Much nonsense has been written about the great financial debacle of 2008, much of it deliberately crafted to confuse and mislead people into believing that it was caused by free-market capitalism. The truth is that this is the latest manifestation of our national curse — the curse of visionary politicians.

That curse stems from our proclivity for electing politicians who have grand ideas for improving the nation (or even the world) by trying to make things more equal, more righteous, more fair, more *something*. The trouble is that their plans always backfire, doing damage to taxpayers and other innocent bystanders.

In this case, the grand vision was that home ownership is good and the government should promote it. Bill Clinton initiated it and George Bush was glad to take credit for the increasing percentage of Americans who own their homes. In 1994 Congress beefed up the Community Reinvestment Act to put strong pressure on banks to lend in “underserved areas.” The government-sponsored enterprise Fannie Mae gobbled up vast numbers of these new loans, bundling them for resale and earning astounding windfalls for its executives. And the Federal Reserve did its part by keeping interest rates artificially low for years, driving a housing market boom that made people giddy.

Naturally, home ownership increased. Both Clinton and Bush treated that as a wonderful accomplishment. Americans cheered their political vision.

But you can’t blow up a bubble forever. The housing bubble was bound to collapse and now that it has, the price tag for this vision is evident. Losses are staggering and most politicians are looking for ways to spread them to the public. None of it could have happened without political meddling intended to “improve” the nation, but there are almost no *mea culpas*. On the contrary, the guilty parties are resorting to the Big Lie technique. They’re desperate to keep alive the myth that government only does good things that serve “the public interest.”

Surveying our history, this episode has the same roots as many other crises. Visionary politicians have given us needless wars, moralistic crusades such as Prohibition, and a host of

programs meant to end poverty, inequality, and all kinds of social injustice. Examine any of them closely and you see that they've been costly failures.

There is nothing wrong with having visions of a better world, but when they are pursued through government power, they always go astray. That is true for two main reasons.

First, politicians don't directly bear the costs of mistakes because they're always using other people's money. When individuals want to accomplish something, they pay close attention to the costs and benefits; they quickly change what they're doing if costs start to exceed benefits. Public officials rarely see, much less correct, their mistakes.

Second, special-interest groups almost always find ways to turn government projects into gains for themselves. Money and power attract the unscrupulous like a light attracts moths. They skim off as much as they can and use their influence to keep the good times rolling.

Political visions, by the way, need not be sincere. Maybe Bill Clinton, Chris Dodd, Barney Frank and others who pressured banks into foolhardy lending did so because they had trouble sleeping with the knowledge that lots of poor people live in apartments. I don't know, but suspect their vision had more to do with manipulating voter perceptions.

Under the Constitution, the government was not supposed to have powers that visionaries could employ for their ideas. Unfortunately, those limitations were long ago shredded by Supreme Court justices sympathetic to the idea that the country needed a much more powerful government. Also, many voters are easily taken in by grandiose political rhetoric. Candidates know that speeches filled with sweeping plans will excite more voters than ones unadorned with lofty goals and promises.

Visionary politicians have saddled us with a host of boondoggles: public education, public housing, Social Security, the Postal Service, Amtrak, just to name a few. They cost taxpayers a lot while delivering little benefit. Without political visions, they would never have gotten started and couldn't survive if cut loose from public revenues.

Arguably the best president of the twentieth century was the non-visionary Calvin Coolidge. The great writer H.L. Mencken once praised him by saying, "He had no ideas and was not a nuisance." That is, Coolidge had no vision for changing and improving America. He was content to do just what his Oath of Office required — uphold the Constitution and faithfully enforce the laws.

Political visions necessarily get in the way of our ability to pursue our individual visions. The more we're taxed and controlled, the less we can run our lives and accomplish whatever we think is important. But political visionaries don't care; whatever they deem to be for "the public good," requires that the individuals who comprise the public must be compelled to serve their projects and goals.

Perhaps the current financial crisis is what educators call a "teachable moment." The conditions for imparting a lesson are ideal. There are a number of small lessons here (get rid of

government sponsored enterprises and repeal meddlesome laws like the Community Reinvestment Act), but the big lesson is this: don't elect any more visionary politicians.

George C. Leef is the director of the Pope Center for Higher Education Policy in Raleigh, North Carolina, and book review editor of [The Freeman](#).

This article was originally published in October 2008.