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Rebuilding America: Domestic Policy

by Jacob G. Hornberger

Almost everything the federal government has touched for the last several decades is in crisis. The war on drugs: failure and destruction. Social Security: fraudulent and bankrupt. Foreign policy: led to 9/11 and massive assaults on civil liberties. Medicare and Medicaid: caused health-care costs to soar. Education: public schooling is worse than ever. Monetary policy: a plunging dollar in international markets. Federal spending: out of control.

Thus, it is rather ironic that U.S. officials are committed to invading and rebuilding foreign countries. Ironic not only because they've made such a mess of just about everything they've touched in the United States but also because they haven't even done a very good job overseeing the management of our nation's capital, Washington, D.C., one of the least safe cities in America.

Unfortunately, it doesn't really matter who's in charge — the Republicans or the Democrats — because the results are the same. That's because they share the same basic philosophy with respect to the legitimate role of government in a free society.

Of course, there might be differences with respect to this reform or that reform, and there might be differences about when government should intervene and not intervene, but make no mistake about it: With respect to domestic policy, Democrats and Republicans share a common belief concerning the dominant role that the federal government should play in the domestic affairs of the American people.

Welfare-state philosophy

Underlying the domestic philosophy of both Democrats and Republicans is the notion that the primary role of government is to serve as a daddy for the American people.

Social Security: "We in the federal government need to take care of your retirement because you are not sufficiently competent to handle this important matter for yourselves. You also cannot be trusted to take care of your parents on a voluntary basis. The same holds true for charitable organizations and church groups. Therefore, we in the federal government have no choice but to take charge of old-age retirement and force people to do these things."

The drug war: “If we didn’t have drug laws threatening you with fines and imprisonment, millions of Americans who are not now taking drugs would immediately go out and become addicts. They could not easily resist such a powerful temptation. Who in his right mind would suggest that American adults could responsibly handle the sale of drugs from reputable firms, such as pharmacies? We in the federal government must take care of you because you cannot be trusted to take care of yourselves.”

Medicare and Medicaid: “If we in the federal government were not helping the poor and elderly with their health-care expenses, they would die in the streets. People are not sufficiently responsible to make their own arrangements for health care, and doctors cannot be trusted to deliver health-care services to the needy on a voluntary basis. Moreover, charitable organizations would never voluntarily help people with their health-care needs. Everyone knows that only federal officials can be trusted to be good, caring, and compassionate.”

Education: “If the federal government weren’t giving federal monies to public (i.e., government) schools across the nation and providing them with national standards for education, students would receive an even worse education than they already do. The role of government in education must be expanded at all levels because families simply cannot be trusted to make educational decisions on their own and in a free market. Parents are just not that competent or responsible ... despite the fact that most of them are graduates of the public-schooling system.”

Monetary policy: “Without federal control of money through the Federal Reserve System, there would be inflation and monetary instability. To recognize the right of people to choose their own media of exchange, including gold and silver, would be granting them too much freedom. Americans are not ready for so much freedom, especially after almost a century of dependence on government control over their monetary system.

Welfare-state consequences

One fascinating aspect of all this is that it seems several decades of failure and destructiveness on a broad range of federal programs might be reaching a crescendo of crisis at the same time. That means that we might just experience one of those big economic crises that governments sometimes bring down on their populace.

But whether such a major crisis materializes or not, the American people owe it to themselves to discuss and debate something much more important than simply which people to elect to public office to manage the welfare state: What should be the future direction of our nation? Should we continue down a ruinous and destructive socialist and interventionist path that poses an increasing danger to our liberty and economic well-being, or should we instead abandon that path in favor of a new course based on a philosophy of individual liberty, free markets, and a constitutionally limited republic?

Ever since the advent of the welfare state during the 1930s, Washington, D.C., has been filled with innumerable reform plans to fix the problems arising from the socialistic programs. That is not surprising, given that a reform of a failed and destructive government program inevitably produces perversions and distortions that call for new reforms.

Over the decades, the reforms and the problems arising from the reforms have given rise to a plethora of think tanks, foundations, consultants, and lobbyists, whose mission is to publish an endless stream of reports and studies that carefully analyze the various problems that have arisen from the socialistic welfare state. These reports and studies inevitably conclude with some variation of the following four words: “The system needs reform.”

Well of course the system needs reform. How could it be otherwise? When a system is incapable of ever successfully operating, its failures inevitably call for new reforms, which then produce more destructive failures, which then call for new reforms. An endless series of studies then detail (and oftentimes ridicule) the consequences of the last reform measure and almost always conclude with those same four words: “The system needs reform.”

What all this shows is that the socialist and interventionist paradigm that has guided the nation for so many decades is at a dead end. As I observed earlier, just about everything the federal government has touched for the last several decades is in crisis, and there is no way to fix the problems without creating a host of new perversities and distortions arising out of new attempts to reform the system. Moreover, the crisis is becoming an increasingly dangerous threat to the liberty and economic well-being of the American people.

Therefore, sooner or later Americans will have to face what might be considered to be an uncomfortable reality. In order to establish liberty, prosperity, harmony, and peace in their lives, it is necessary for them to abandon attempts to reform the welfare-state paradigm and instead adopt a new paradigm — one that has proven successful in the past — based on individual liberty, free markets, nonintervention, voluntary charity, unlimited accumulation of wealth, and a constitutionally limited republic.

Repeal, not reform

Social Security: Discard all Social Security reform plans designed to “save” Social Security, including Social Security IRAs and savings accounts. Instead, we should fully and completely repeal all Social Security laws, including those that provide for payments and those that impose taxes. Rather than government’s having a pool of tax revenues from which to fund the elderly, the pool of funds would now accumulate in the bank accounts of the children and grandchildren of those elderly.

Some of the elderly don’t need Social Security — they are sufficiently wealthy without it. Others who do need it would have to depend on the charity of their children and grandchildren, just as our American ancestors did for more than 125 years after the nation’s founding, when

Americans rejected socialism. Those who could not look to children and grandchildren would have to depend on voluntary charity from the community, including churches. This system, unlike the Social Security system, would not force anyone to care for others.

Such liberty would not only bring an end to the crown jewel of the socialistic welfare state — Social Security — it would also immediately restore a sense of morality to the nation. For no longer would old people be using the power of the state to forcibly take what doesn't belong them — the earnings of the young and productive.

To those who respond, “But I put it in. I'm entitled to take it out,” the answer is: “No, you didn't put it in. There never was a fund, and you were old enough to know that. You knew or should know by now that Social Security has always been a straight transfer program in which one group of people use the government to get into the pockets of another group of people.”

The drug war: Repeal all drug laws, at least for adults, permitting them to ingest harmful substances without being punished by the state for it. Not only would this bring an immediate end to all the drug lords and drug gangs, it would also end the violence associated with those people. Also, millions of dollars would no longer be spent on the drug war, enabling taxes to be reduced by that amount, thereby again enabling people to retain a larger share of their income.

Some people will take drugs, including harmful ones such as alcohol and tobacco, while others will choose differently. But isn't that what freedom is all about — the right to choose differently as long as your choices don't interfere in a violent manner with everyone else's right to do the same?

Medicare and Medicaid: Forget the reform plans, including medical savings accounts. Simply repeal these two massive government programs. Again, reduce taxes by the amount saved. Restore health care entirely to the free market and repeal medical-licensure laws, enabling people to plan for their health-care needs and enabling the health-care arena to include a broad array of health-care options, both mainstream and alternative. Leave adults free to take responsibility for making those decisions.

What about the poor and needy? Most physicians (whose taxes will also be lowered dramatically) can be counted on to donate a certain percentage of their time and resources to those at the bottom of the economic ladder. Reject the notion that only a federal bureaucrat cares about others.

Education: Discard all the plans to save and reform public schooling, including vouchers, charter schools, and “choice” in public schools. They just delay the inevitable day of reckoning and make even more people dependent on the largess of the state.

The socialist central planners have had decades to make central planning in education a success. They have failed and, more important, they will always fail, no matter what reform is proposed. It is time for Americans to confront the reality of what happened in the Soviet Union —

central planning failed because it is inherently incapable of working, even if U.S. bureaucrats are the central planners.

Turn the educational arena entirely over to the free market by repealing compulsory-attendance laws and school taxes. Sell off the school buildings and end all future involvement of the state in education. Leave parents free to plan the educational vehicles for their children.

Monetary policy: Government control over our money gave us the biggest economic crisis of the 20th century — the Great Depression — and, combined with massive public spending to fund welfare-state programs, has given us a perpetually depreciating currency, which has operated as a fraudulent and insidious tax on those who live on fixed incomes. Americans need to abolish the Fed, not reform it, and to free themselves to choose their own money in a free market.

Thus, a free-market paradigm involves not a reform of welfare-state programs but rather a complete separation of economy, health, charity, education, and money from the state. Restore all these activities to the free market. Leave consumers free to make the appropriate decisions and leave producers free to offer the best products. Eliminate all the taxes that previously funded government involvement in these activities.

This new paradigm based on freedom — not reform — would restore a sense of morality to our lives and nation. Not only would it restore liberty to the American people, but, given that historically the free market has proven itself able to produce the finest goods and services, it would also improve people's lives in ways we cannot even imagine. Equally important, it would help to restore such important values in our society as compassion, charity, and responsibility.

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