



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

fff@fff.org www.fff.org

Big Government at Home and Abroad, Part 1

by Jacob G. Hornberger

Practically everywhere we look there is a crisis. Public schooling: crisis. The drug war: crisis. Social Security: crisis. Medicare and Medicaid: crisis. Immigration: crisis. Iraq: crisis. Terrorism: crisis. Federal spending: crisis. The dollar: crisis.

So many crises! Yet there is a common denominator to all these crises. Focusing on that common denominator provides the key to extricating ourselves from all of them. In doing so, our job is much like that of a physician. A person comes into a doctor's office feeling pain. It is the doctor's job to arrive at a correct diagnosis of the problem, for a correct prescription or course of treatment for an ailment almost always depends on a correct diagnosis of the problem.

Once the doctor arrives at the diagnosis and prescribes the treatment, the patient is free to accept or reject what the doctor says. Oftentimes, a patient will go into denial. "There is no way that I have cancer, Doctor. I don't need chemotherapy or radiation treatment. It's just a minor pain that will go away on its own." Of course, the patient knows that while he is free to disregard the doctor's diagnosis and treatment, he must nonetheless accept the consequences of disregarding the doctor's advice.

The public-schooling crisis

Public schooling. Or as some more accurately term it, government schooling. After all, public schooling is a government program and teachers and administrators are government employees.

Until the advent of home-schooling several decades ago, every family was mandated by law to send its children, beginning at age 6, into either a public or a government-licensed private school. The students would then be subjected to 12 years of government-approved teaching by government-approved schoolteachers using government-approved textbooks following government-established curricula.

Although home-schooling and private schools have succeeded in removing many children from the government-run schools, most children still attend the government schools despite the

fact that nearly everyone agrees that they are in crisis. This is despite the fact that they are an absolute mess, especially for those families who live in lower-income cities or parts of town. Washington, D.C., is a good example. Year after year, the public schools in our nation's capital become a bigger and bigger disaster.

It would be difficult to find a better example of socialist central planning than government schools. Just as with the shoe factories of the Soviet Union, where central planning proved to be such a disaster, the public schools are run in a top-down, command-and-control manner. There is a board of politicians or bureaucrats running the system either at the local level through a school board, or at the state level through the state department of education, or at the national level through the U.S. Department of Education.

So why should it surprise anyone that public schooling is such a mess? Haven't free-market economists such as Ludwig von Mises and Friedrich Hayek told us for decades that socialist central planning is inherently defective and will produce nothing but perversity and failure? Didn't we learn from the Soviet experience that they were right?

Nevertheless, Americans simply won't let go. They are bound and determined to make socialist central planning in education succeed. Thus, they spend their lives, energies, and resources in a fruitless quest for the reform that will finally prove to the world that socialism can work after all.

Their efforts, of course, are doomed because, again, socialism is inherently defective no matter who happens to be in charge of it.

The drug-war crisis

The drug war. Here we have a perfect example of what economists call interventionism. It is a process by which government officials address a social problem by enacting a law to deal with it and then proceed to enact new interventions to address the problems caused by the previous interventions.

Here's how the process has worked in the drug war. For whatever reason, some people in society begin consuming such drugs as marijuana, cocaine, or heroin. Viewing this as a growing problem, public officials decide to intervene with a law intended to put a stop to the drug consumption. They make it illegal to possess or consume drugs.

Over a period of time, state officials discover that the law isn't working. People are disregarding the law and continuing to consume the illegal drugs. Rather than repealing the initial intervention, they enact a new intervention. They make it illegal to sell or deliver drugs, thinking that if people can't sell or deliver drugs, they won't be able to consume them.

State officials soon discover, however, that the second intervention isn't working. Becoming angry and frustrated, they decide that the solution lies in increasing the criminal penalties for both possession and sale of illegal drugs. That produces another unforeseen

phenomenon. The harsher penalties cause prices of drugs to increase, which inevitably attracts new sellers into the market, all of whom have an incentive to get as many new customers hooked on drugs as possible.

As the problem increases, the interventions keep growing in number and intensity. Mandatory minimum sentences. Unreasonable searches and seizures. Violations of financial privacy. Asset-forfeiture laws. Snitches. Expanded police agencies and powers. Militarization.

With each new intervention, government gets bigger and bigger and increasingly more powerful.

Moreover, we should note the underlying philosophy of the drug war. The best way to do that is to imagine a beehive. Every American is considered to be a drone in the hive, existing for the primary purpose of serving the greater good of the collective. If someone is on drugs, he's hurting "society" because he isn't being as productive as everyone else. The idea that an individual exists for his own sake, free to pursue happiness in his own way, is anathema to the hive. Each individual must submit to the paternalistic care of the state for his own good and the good of society.

Yet, as we have seen over the past 30 years or longer, no matter what reform is adopted, the drug war has been a total failure in terms of its supposed purpose — a drug-free society. Everyone, without exception, admits that the war is a failure because no one is saying that the drug war can now be ended. Instead, despite the failure and all the collateral damage it has produced — violence, drug gangs, infringements on civil liberties, burglaries, muggings, and corruption within the police and judiciary — the drug war plods on, year after year. Americans are bound and determined to make this interventionist and paternalistic program succeed, no matter how high the cost.

The Social Security crisis

Social Security. Here is your classic socialist program. Through the force of taxation, the state takes money from one group of people — the young and productive — and gives the money to another group of people — the elderly. Isn't that how Karl Marx described socialism: "From each according to his ability, to each according to his need"?

In fact, the U.S. Social Security program has its roots in German socialism. It is not a coincidence that on its website the U.S. Social Security Administration has a picture of a bust of Otto von Bismarck, "the Iron Chancellor of Germany," rather than of Jefferson, Madison, or Adams. It was Bismarck who originally adopted the idea of social security from German socialists and imposed it on the German people.

Contrary to what so many Americans have convinced themselves of, there is no Social Security fund. The money that the government has collected over the years from Social Security taxes, it has spent. The Social Security tax money that is collected from people today is not put

into a savings account for their benefit but instead was used to fund the retirement of older people. Today's Social Security recipients are following the same course of action. They are collecting Social Security payments that are coming from the income of young people, many of whom are struggling to make ends meet, buy a home, and start a family.

Even the government admits that there is no Social Security fund and that no one is "owed" Social Security. When the government publishes its balance sheet, future Social Security payments are not listed as a liability. Why not? Because the government takes the position, correctly so, that no one is legally owed anything and that Social Security can be repealed at any time.

The problem, of course, is that the number and size of payments to the recipients are becoming an ever-growing financial burden on the young. When public officials claim that Social Security is "running out of money," what they're really saying is that the system might finally get to the point where the Social Security tax burden on the young and productive is so heavy that they can no longer carry it.

Why would anyone expect Social Security not to be such an enormous mess? After all, it is a socialist program, isn't it? Yet, Americans simply won't let go. Their solution is, as always, reform, reform, reform. Everyone has his favorite Social Security reform plan. Everyone thinks that he is going to be the big hero who finally proves to the world that socialism can, in fact, work. Of course, given that socialism is inherently defective, all such reform efforts are doomed to fail.

The health-care crisis

Medicare and Medicaid. Here are two other classic socialist programs. The government taxes nearly everyone and uses the money to subsidize the medical expenses of older people or the poor and needy. "From each according to his ability, to each according to his need." When these massive federal interventions into what used to be the finest health-care system in the world were proposed, critics predicted, accurately, that they would ultimately cause health-care costs to soar.

Today, as everyone knows, American health care is an absolute mess. Costs continue to soar, the overall quality of health care continues to drop, and an ever-growing number of physicians are leaving the profession earlier than before out of disgust, frustration, or fear of being prosecuted for Medicare or Medicaid fraud or some other technical violation of the ever-growing maze of bureaucratic regulations.

But what is nearly everyone proposing as a solution to the health-care crisis? You guessed it! More interventions. Some are even proposing a total government takeover of health care, just as in communist Cuba. When it comes to socialism and interventionism, hope springs eternal among socialists in countries everywhere.

The immigration crisis

Immigration. Here is a classic example of a combination of socialism and interventionism. The socialism involves another case of socialist central planning. A government body, such as the U.S. Congress or the U.S. Citizenship and Immigration Services, claims to possess the requisite knowledge to plan one of the most complex markets in the world. These people think that they're going to come up with the ideal mix of foreigners who will be permitted to enter the United States.

First, there is the issue of how many tourists to permit from each country around the world. Second, there is the much more difficult task of deciding which people shall be permitted to enter the United States for purposes of work. There are such issues as the age, sex, educational level, and skill level of each applicant; the number of people to be accepted from each country; and the demands and need for workers in businesses and industries all across the United States.

From a practical standpoint, there is one big problem with such a plan. It cannot work.

Why can't immigration central planning work? Because as soon as the plan is put into effect, it is outdated owing to constantly changing market conditions and valuations. In fact, that was one of the major flaws of socialist central planning that Mises and Hayek pointed out during the era of Soviet socialist central planning. Hayek described the mindset of central planners as "the fatal conceit," by which he meant the conceit that leads central planners to think that they actually possess the requisite knowledge to plan a market involving the complexity of constantly changing conditions and valuations.

Interventionism also afflicts the area of immigration. At the end of America's era of open borders near the end of the 19th century, it was made illegal for certain foreigners to enter the United States without official permission. Immigrants, however, simply ignored the law and proceeded to illegally enter the country, primarily in response to the high wages offered in U.S. labor markets.

So the interventionists enacted a law making it illegal to transport illegal aliens. After all, if the Mexican illegal aliens, for example, couldn't move north from the border, they would have little incentive to illegally cross the border. The problem with that intervention, however, was that it attracted black-market transporters who were willing to take the risk of criminal prosecution in return for the large financial return they were earning from transporting illegal aliens.

So the interventionists said, "If we can just criminalize the hiring of illegal aliens, that will finally solve the problem." After all, if they can't get jobs, they won't come in, right?

But millions of illegal aliens later, the interventionists realized that none of their interventions was working, so they proposed building a Berlin Wall along the southern border and militarizing the border.

Despite decades of manifest failure, what do the immigration controllers advocate? You guessed it again! More socialism and more interventionism. They all have plans or reforms that they're convinced will finally work. They simply block out of their minds that every reform inevitably fails to achieve its purported end and also inexorably moves in one direction — bigger and bigger, more powerful, more intrusive government.

So what is the real solution to all these ailments? Since the common denominator to all these problems is socialism and interventionism, it's not difficult to figure out what the solution is. Let's analyze how that solution will cure all of these societal ailments as well as the crises we have yet to examine — Iraq, terrorism, federal spending, and the dollar.

Jacob Hornberger is founder and president of The Future of Freedom Foundation.

This article was originally published in the September 2007 edition of *Freedom Daily*.