

THE PROBLEM OF BIG GOVERNMENT*Published*
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Democratic government is sometimes spoken of as though it were a voluntary arrangement, which clearly it is not. Its laws are as binding as those of any despotism and often display even less regard for non-conformists. The tyranny of the majority is no less tyranny.

When avowed socialists or more interventionist Liberal Party members are critical of "mindless calls for small government" one gets the impression from their context that they are offended, not that the case for smaller government is badly argued, but that anyone should be calling for less government. Rather than defend big government they imply that it has no case to answer.

Smaller government is merely an environment in which (people have more discretion) because less is forbidden by laws. As most of us don't like being pushed around, freedom is an end in itself. However, since there can be no freedom without responsibility, and since unlimited responsibility is frightening, most of us will trade some freedom to avoid the risks of illness, unemployment, and other perceived catastrophes. In most cases individually desired levels of security can be purchased. Under what circumstances government is the best insurer, and to what extent insurance should be compulsory, is part of the small/big government debate.

Markets are not perfect. Voluntary exchange of goods and services in markets does sometimes wholly or partly break down causing anomalies. Common causes of market failure are the difficulties of charging users for goods like street lighting, inadequate information, and cost or benefits experienced by people such as the innocent victims of strikes who have no part in negotiations. While governments can sometimes correct market failures, and while there is no such thing as a perfect market, I have also heard it alleged that governments are less than perfect. Politicians faced with a case of market failure, instead of rushing in with yet another legal restriction, might ask themselves whether their cure is not worse than the complaint. Further, they might look for the cause of the market failure; more often than not they will find it is a government regulation.

There is a tendency among people in authority to want to add to the Ten Commandments. Everybody knows that smoking and gambling are bad for people and would have been proscribed by additions to the Ten Commandments if either Moses or the Lord had thought of them.

At the other end of a scale of goodness, everybody knows that opera, ballet and music are good and should have been prescribed with divine authority. The politicians do the community a service by filling in the omissions and long since legislated the one thousand and tenth commandment.

A trouble with gaols is that they never produce enough for their own upkeep. The dead weight of regulating a society in which behaviour is compulsory (that is regulated) is sufficient to ensure that it is unproductive. Not only are gaolers not producers, but prisoners never seem to get through the work even when they are working instead of attending roll calls, listening ^{to} instructions, form filling or trying to buck authority.

The more the wider community, like prison, is hedged around with rules and the paraphernalia of authority, the less productive it will be.)

Governments cannot know the wants of fourteen million people, or the resources available to meet those wants, or draft or enforce the necessary regulations. Governments have neither the data nor the authority necessary to put an egg on the breakfast table of everyone who wants one, let alone the information or authority to put a brown fresh egg there. The governments' attempts to regulate the egg industry with an extensive body of legislation, clerks, inspectors, policemen, lawyers and magistrates have ensured that eggs are white, stale, and expensive. Yet (the invisible hand of the market without any regulation, any force, anyone being prosecuted for regulation breaking,) once put better eggs on every table.

Some people will concede the futility of regulating commerce but want to subsidise or regulate activities which they feel are good for people. This is a thoroughly elitist attitude which favours the influential. The arts and higher education have done particularly well. It suits me just fine that the arts should be subsidised but it doesn't suit every taxpayer to pay for my pleasure.

Taxes are becoming increasingly hard to collect. As the burden of taxation increases so does the reward from tax avoidance. As taxes are seen to be wasted or used to subsidise the rich, the taxpayers' willingness to co-operate diminishes. More Draconian measures are required to enforce payment. The retrospective tax legislation was an attempt by a government, which was spending far too much, to protect its revenues.

Lord Keynes, in whose name advocates of big government often act, once wrote to Colin Clark, another great economist, "... as a practical proposition I should be disposed to agree ..." (that) " 25 percent taxation is about the limit of what is easily borne ..."

Nor should we assume that the architects of big government are consistently even trying to build Utopia. They sometimes have their own reasons for spending taxes and regulating. Sometimes they buy votes. Sometimes they enhance their own power, standing and wealth. Sometimes they protect the jobs they already have. It should always be remembered that in a regulated dung heap politicians and bureaucrats will be at the top.

Those self-confessed free enterprise politicians who advocate smaller government, condemning over regulation, high taxes and deficits, but can't bring themselves to deregulate interest rates or reduce expenditure by accepting assets tests, are not mindless either - just populists trying to be all things to all men.

As governments create more victimless crimes, outlaw more voluntary commercial transactions and are forced by their own extravagance to raise ever higher taxes, they make law breakers of us all. As some law is brought into contempt so respect for all law is diminished. Law breaking is habit forming and authority has to assume more investigatory and punitive power to maintain existing laws. The rewards from subverting politics, police and law increase and as we are dragged inexorably towards a police state stories of public corruption become our daily fare.