

Government

Thomas Paine said, "Government, even in its best state, is but a necessary evil; in its worst state, an intolerable one." No other sentiment so expresses the concerns of the founders of our nation than a deep suspicion of government as seen by a few samples of their statements. John Adams said, "You have rights antecedent to all earthly governments; rights that cannot be repealed or restrained by human laws; rights derived from the Great Legislator of the Universe." Thomas Jefferson said, "The true theory of our Constitution is surely the wisest and best . . . [for] when all government . . . shall be drawn to Washington as the centre of all power, it will render powerless the checks provided of one government on another, and will become as . . . oppressive as the government from which we separated." James Jackson said, "We must confine ourselves to the powers described in the Constitution, and the moment we pass it, we take an arbitrary stride towards a despotic Government." James Madison, the acknowledged father of the Constitution, said, "The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite." And Thomas Jefferson warned, "The natural progress of things is for liberty to yield and government to gain ground."

This suspicion explains why the framers of our constitution sought to give us rules that limited the power of the federal government. The United States Constitution contains dozens of shall-not phrases against government, such as shall not abridge, infringe, deny, disparage and shall not be violated nor be denied. I have often commented that, after one dies and sees such a negative governing instrument at his next destination, he would surely know that he is in Hell because such distrust would be an affront to God.

It goes without saying that the three branches of our federal government are no longer bound by the Constitution as the framers envisioned; what is worse is the American acceptance of such rogue behavior. If it were ignorance on behalf of the American people and their representa-

tives, I would be optimistic because ignorance is curable through education, but I think it is design. Strong evidence of this is a measure that has been repeatedly introduced by Representative John Shadegg of Arizona called the Enumerated Powers Act that reads "Each Act of Congress shall contain a concise and definite statement of the constitutional authority relied upon for the enactment of each portion of that Act. The failure to comply with this section shall give rise to a point of order in either House of Congress. The availability of this point of order does not affect any other available relief." Simply put, if enacted, the Enumerated Powers Act would require Congress to specify the basis of authority in the U.S. Constitution for the enactment of laws and other congressional actions. Each time the Enumerated Powers Act has been introduced, it has received little or no support by members of Congress. That leads to the conclusion that members of Congress have no wish to be bound by their oath of office to uphold and defend the U.S. Constitution.

Many politicians, and others, who ignore the original meaning of our Constitution argue that it is a living document. Suggesting that the Constitution is a living document is equivalent to saying we do not have a Constitution. The Constitution represents our rules, and for rules to mean anything, they must be fixed. I have often asked how many people would like to play poker and have the rules be "living"? Perhaps, because of a "more modern" society or "evolving standards" that Hoyle could not possibly anticipate, maybe my two pair could beat your full house.

The framers recognized there might come a time to amend the Constitution, and they gave us Article V as a means for doing so, but today's Americans, compared to our ancestors, have little respect for the constitutional route to changing the Constitution. Early in the last century, some Americans thought it was a good idea to ban the manufacture and sale of alcohol. They found there was no constitutional authority for the same. They did not go to court asking the justices to twist the meaning of the Constitution to accomplish their goal. Regardless of the wisdom of their agenda, they respected the Constitution and sought passage of the Eighteenth Amendment.

Americans do not want their elected officials to uphold and defend the Constitution. Doing so would mean that one American could not live at the expense of another in the form of spending programs such as

Social Security, Medicare, aid to higher education, farm subsidies, food stamps, and other programs that make up close to two-thirds of a \$3 trillion-plus federal budget for which there is absolutely no authority in the U.S. Constitution. What taxing and spending authority the Constitution grants Congress is mostly spelled out in Article I, Section 8 of the document.

The true tragedy, and foreboding for the future, is that any member of Congress who would take his oath of office seriously would not get elected to office. That is, any member of Congress who would campaign on the promise not to support farm or transportation subsidies, aid to higher education, and a host of other government programs would not be elected to office. So far as their economic interests are concerned, his constituents would be absolutely right in rejecting his candidacy. Why? Because if their representative does not bring home various handouts, it would not mean they will pay lower federal taxes; all that it would mean is that the handouts would go to residents of some other state or constituency. Once legalized theft begins, it pays all to participate. The columns that follow delve into various aspects of generalized constitutional contempt.

Competition or Monopoly

Wednesday, June 13, 2007

Are consumers better off with a competitive or monopolistic provision of goods and services? Let's apply that question to a few areas of our lives.

Prior to deregulation, when there was a monopoly and restricted entry in the provision of telephone services, were consumers better off or worse off than they are with today's ruthless competition to get our business? Anyone over 40 will recognize the differences. Competition has provided consumers with a vast array of choices, lower and lower prices and more courteous customer care than when government had its heavy hand on the provision of telephone services.

What about supermarkets? Would consumers be better off or worse off if one or two supermarkets were granted an exclusive monopoly in the provision of grocery services? The average well-stocked supermarket carries over 50,000 different items, has sales, prizes and pursues many strategies to win customers and retain their loyalty. Would they have the same incentives if they were granted a monopoly?

The government gives poor people food stamps. Would poor people be better off or worse off if, instead of being able to use their food stamps at any supermarket, they were forced to use them at a government store?

There's abundant evidence that suggests consumers are better off when providers of goods and services are driven by the profit motive where survival requires a constant effort to get and keep customers. Under what conditions can businesses survive, providing shoddy services, fewer choices, at higher and higher costs, without pleasing customers? If you said, "Where there's restricted competition and a government-sanctioned monopoly," go to the head of the class. There's no better example of this than in the case of government education.

ABC News anchor John Stossel produced a documentary aptly titled "Stupid in America: How We Cheat Our Kids" that gives a vi-

sual depiction of what's often no less than educational fraud. (The documentary can be viewed at www.youtube.com/watch?v=pfRUMmTs0ZA.) During the documentary, an international test is given to average high school students in Belgium and above-average New Jersey high school students. Belgian kids cleaned the New Jersey students' clocks and called them "stupid." It's not just in Belgium where high school students run circles around their American counterparts; it's the same for students in Poland, Czech Republic, South Korea and 17 other countries.

The documentary leaves no question about the poor education received by white students, but that received by many black students is truly disgusting and darn near criminal. Stossel interviewed an 18-year-old black student who struggled to read a first-grade book. ABC's "20/20" sent him to Sylvan Learning Center. Within 72 hours, his reading level was two grades higher.

"Stupid in America" included one story where a teacher sent sexually oriented e-mails to "Cutie 101," a 16-year-old student. Only after six years of litigation was the New York City Department of Education able to fire the teacher, during which time the teacher collected more than \$300,000 in salary.

The solution to America's education problems is not more money, despite the claims of the education establishment. Instead, it's the introduction of competition that could be achieved through school choice. Most people agree there should be public financing of education, but there is absolutely no case to be made for public production of education. We agree there should be public financing of F-22 fighters, but that doesn't mean a case can be made for setting up a government F-22 factory.

A school choice system, in the form of school vouchers or tuition tax credits, would go a long way toward providing the competition necessary to introduce accountability and quality into American education. What's wrong with parents having the right, along with the means, to enroll their children in schools of their choice?

Stupid, Ignorant or Biased?

Wednesday, September 19, 2007

President Franklin D. Roosevelt's closest adviser and architect of the New Deal, Harry Hopkins, advised, "Tax and tax, spend and spend, elect and elect, because the people are too damn dumb to know the difference." Professor Bryan Caplan, my colleague at George Mason University, sheds some light on Hopkins' observation in his new book, "The Myth of the Rational Voter: Why Democracies Choose Bad Policies."

Caplan is far more generous than Hopkins. Instead, he says people harbor economic biases, several of which he discusses. There's the anti-market bias, the failure to believe that market forces determine prices. Many believe that prices are a function of a CEO's intentions and conspiracies. If a CEO wakes up feeling greedy, he'll raise prices. They also believe that profits are undeserving gifts. They fail to see that, at least in open markets, profits are incentives for firms to satisfy customers, find least-cost production methods and move resources from low-valued to high-valued uses.

Then there's the make-work bias, where many believe that labor is better to use than conserve. Thus, the destruction of jobs is seen as a danger. Technology, as well as outsourcing, throws some people out of work. Caplan reminds us that in 1800 it took nearly 95 of every 100 Americans, working on farms, to feed the nation. In 1900, it took 40. Today, it takes three. Workers no longer needed to farm became available to produce homes, cars, pharmaceuticals, computers and thousands of other goods. Caplan doesn't make the equation, but outsourcing, just as technological innovation, frees up labor to produce other things as well.

Next is the anti-foreign bias. Caplan explains that there are two methods for Americans to have cars. One is to get a bunch of workers into Detroit factories. Another is to grow a lot of wheat in Iowa. You harvest the wheat, load it on ships sailing westward on the Pacific Ocean, and a few months later the ships reappear loaded down with

Toyotas. We have cars as if we produced them. In other words, exchange is an alternative method of production.

Added to the anti-foreign bias is the balance-of-trade fallacy. Caplan says that nobody loses sleep over whether there's a trade balance between California and Nevada, or between him and iTunes. Trade balance fears arise only when another country is involved. The fallacy is not treating all purchases as a cost but only foreign purchases as a cost. There might be another bias as well. Caplan reports that, according to an opinion survey, 28 percent of Americans admitted they dislike Japan but only 8 percent dislike England and a scant 3 percent dislike Canada.

People have a pessimistic bias where they believe economic conditions are not as good as they really are and things are going from bad to worse. This is the message of doomsayers, but the reality is quite different. By any measure of well-being, Americans at the start of this century are far better off than Americans at the beginning of the last century. Perennial doom-and-gloom predictions about resource depletion, overpopulation and environmental quality are exaggerated and often the opposite of the truth. Preaching doom and gloom has been beneficial to the political class. They use it to gain more power and control.

Caplan is one of George Mason University Economics Department's up-and-coming young scholars. In fact, I'm proud to say, he was hired during my department chairmanship. "The Myth of the Rational Voter: Why Democracies Choose Bad Policies" is a highly readable and interesting political-economic discussion of why we choose bad policies. Those policies are harmful to the general public but beneficial to particular interest groups who gain from restrictions on peaceable, voluntary exchange. Maybe that's why our founders loathed a democracy and gave us a republic—which we've lost.

Congressional Constitutional Contempt

Wednesday, October 24, 2007

Here's the oath of office administered to members of the House and Senate: "I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign or domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God." A similar oath is sworn to by the president and federal judges.

In each new Congress since 1995, Rep. John Shadegg, R-Ariz., has introduced the Enumerated Powers Act (HR 1359). The Act, which has yet to be enacted into law, reads: "Each Act of Congress shall contain a concise and definite statement of the constitutional authority relied upon for the enactment of each portion of that Act. The failure to comply with this section shall give rise to a point of order in either House of Congress. The availability of this point of order does not affect any other available relief."

Simply put, if enacted, the Enumerated Powers Act would require Congress to specify the basis of authority in the U.S. Constitution for the enactment of laws and other congressional actions. HR 1359 has 28 co-sponsors in the House of Representatives.

When Shadegg introduced the Enumerated Powers Act, he explained that the Constitution gives the federal government great, but limited, powers. Its framers granted Congress, as the central mechanism for protecting liberty, specific rather than general powers. The Constitution gives Congress 18 specific enumerated powers, spelled out mostly in Article 1, Section 8. The framers reinforced that enumeration by the 10th Amendment, which reads: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved for the States respectively, or to the people."

Just a few of the numerous statements by our founders demon-

strate that their vision and the vision of Shadegg's Enumerated Powers Act are one and the same. James Madison, in explaining the Constitution in Federalist Paper No. 45, said, "The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite. The former will be exercised principally on external objects, as war, peace, negotiation, and foreign commerce."

Regarding the "general welfare" clause so often used as a justification for bigger government, Thomas Jefferson said, "Congress has not unlimited powers to provide for the general welfare, but only those specifically enumerated." James Madison said, "If Congress can do whatever in their discretion can be done by money, and will promote the general welfare, the government is no longer a limited one possessing enumerated powers, but an indefinite one subject to particular exceptions."

Congressmen, openly refusing to live up to their oath of office, exhibit their deep contempt for our Constitution. The question I've not been able to answer satisfactorily is whether that contempt simply mirrors a similar contempt held by most of the American people. I'm sure that if founders such as James Madison, John Adams or Thomas Jefferson were campaigning for the 2008 presidential elections, expressing their vision of the federal government's role, today's Americans would run them out of town on a rail. Does that hostility reflect constitutional ignorance whereby the average American thinks the Constitution authorizes Congress to do anything upon which they can get a majority vote or anything that's a good idea? Or, are Americans contemptuous of the constitutional limitations placed on the federal government?

I salute the bravery of Rep. Shadegg and the 28 co-sponsors of the Enumerated Powers Act. They have a monumental struggle. Congress is not alone in its constitutional contempt, but is joined by the White House and particularly the constitutionally derelict U.S. Supreme Court.

Bitter Partisan Politics

Wednesday, November 28, 2007

Some people complain about bitter partisan politics. I welcome it. The greater the number of decisions made in the political arena the greater the conflict. Let's look at it by way of a few examples:

I like the Lexus LS 460. I also like Dell computers. Many other people have a different set of preferences. Some might prefer a Cadillac and an HP computer while others prefer a Chrysler and IBM computer. With these strong preferences for particular cars and computers, we never see people arguing or fighting in an effort to impose their preferences for cars and computers on other people. There's car and computer peace. Why? You buy the car and computer that you want; I do likewise and we remain friends.

There's absolutely no reason for car and computer choices to remain peaceful. Suppose our car and computer choices were made in the political arena through representative democracy or through a plebiscite where majority ruled. We would decide collectively whether our cars would be Lexuses or Cadillacs or Chryslers. We also would decide collectively whether our computer would be a Dell or HP or IBM computer.

I guarantee you there would be nasty, bitter conflict between otherwise peaceful car and computer buyers. Each person would have reason to enter into conflict with those having different car and computer tastes because one person's win would necessarily be another person's loss. It would be what game theorists call a zero-sum game. How would you broker a peace with these parties in conflict? If you're not a tyrant, I'm betting you'd say, "Take the decision out of the political arena and let people buy whatever car and computer they wish."

Prayers in school, sex education and "intelligent design" are contentious school issues. I believe parents should have the right to decide whether their children will say a morning prayer in school, be taught "intelligent design" and not be given school-based sex education. I also believe other parents should have the right not to have

their children exposed to prayers in school, “intelligent design” and receive sex education.

The reason why these issues produce conflict is because education is government-produced. That means there’s either going to be prayers or no prayers, “intelligent design” or no “intelligent design” and sex education or no sex education. If one parent has his wishes met, it comes at the expense of another parent’s wishes. The losing parent either must grin and bear it or send his child to a private school, pay its tuition and still pay property taxes for a school for which he has no use.

Just as in the car and computer examples, the solution is to take the production of education out of the political arena. The best way is to end all government involvement in education. Failing to get government completely out of education, we should recognize that because government finances something it doesn’t follow that government must produce it. Government finances F-22 Raptor fighter jets, but there’s no government factory producing them. The same could be done in education. We could finance education collectively through tuition tax credits or educational vouchers, but allow parents to choose, much like we did with the GI Bill. Government financed the education, but the veterans chose the school.

Government allocation of resources enhances the potential for human conflict, while market allocation reduces it. That also applies to contentious national issues such as Social Security and health care. You take care of your retirement and health care as you please, and I’ll take care of mine as I please. If you prefer socialized retirement and health care, that’s fine if you don’t force others to participate. I’m afraid most Americans view such a liberty-oriented solution with hostility. They believe they have a right to enlist the brute forces of government to impose their preferences on others.

Attacking Lobbyists Wrong Battle

Wednesday, January 18, 2006

Jack Abramoff, the Washington lobbyist who's pled guilty to charges of conspiracy, fraud and tax evasion, has showered millions of dollars on the campaign coffers of both Republican and Democrat congressmen. Like a kid caught with his hands in the cookie jar, many congressmen seek to distance themselves by purging their coffers of Abramoff money. Senate Majority Leader Bill Frist, R-Tenn., in reaction to Abramoff's guilty plea, has pledged to "examine and act on any necessary changes to improve transparency and accountability for our body when it comes to lobbying."

Whatever actions Congress might take in the matter of lobbying are going to be just as disappointing in ending influence-peddling as their Bipartisan Campaign Reform Act of 2002, known as the McCain-Feingold bill. Before we allow ourselves to be bamboozled by our political leaders, we might do our own analysis to determine whether the problem is money in politics or something more fundamental.

Let's start this analysis with a question. Why do corporations, unions and other interest groups fork over millions of dollars to the campaign coffers of politicians? Is it because these groups are extraordinarily civic-minded Americans who have a deep interest in congressmen doing their jobs of upholding and defending the U.S. Constitution? Might it be that these groups and their Washington-based lobby arms, numbering in the thousands, just love participating in the political process? Anyone answering in the affirmative to either question probably also believes that storks deliver babies and there really is an Easter Bunny and Santa Claus.

A much better explanation for the millions going to the campaign coffers of Washington politicians lies in the awesome growth of government control over business, property, employment and other areas of our lives. Having such power, Washington politicians are in the position to grant favors. The greater their power to grant favors, the

greater the value of being able to influence Congress, and there's no better influence than money.

The generic favor sought is to get Congress, under one ruse or another, to grant a privilege or right to one group of Americans that will be denied another group of Americans. A variant of this privilege is to get Congress to do something that would be criminal if done privately.

Here's just one among possibly thousands of examples. If Archer Daniels Midland (ADM) used goons and violence to stop people from buying sugar from Caribbean producers so that sugar prices would rise, making it easier for ADM to sell more of its corn syrup sweetener, they'd wind up in jail. If they line the coffers of congressmen, they can buy the same result without risking imprisonment. Congress simply does the dirty work for them by enacting sugar import quotas and tariffs. The two most powerful committees of Congress are the House Ways and Means and the Senate Finance committees. These committees are in charge of granting tax favors. Their members are besieged with campaign contributions. Why? A tweak here and a tweak there in the tax code can mean millions of dollars.

You ask what can be done? Campaign finance and lobby reform will only change the method of influence-peddling. If Congress did only what's specifically enumerated in our Constitution, influence-peddling would be a non-issue simply because the Constitution contains no authority for Congress to grant favors and special privileges. Nearly two decades ago, during dinner with the late Nobel Laureate Friedrich Hayek, I asked him if he had the power to write one law that would get government out of our lives, what would that law be? Professor Hayek replied he'd write a law that read: Whatever Congress does for one American it must do for all Americans. He elaborated: If Congress makes payments to one American for not raising pigs, every American not raising pigs should also receive payments. Obviously, were there to be such a law, there would be reduced capacity for privilege-granting by Congress and less influence-peddling.

Is There a Federal Deficit?

Wednesday, April 19, 2006

Let's push back the frontiers of ignorance about the federal deficit. To simplify things, I'll use round numbers that are fairly close to the actual numbers.

The nation's 2005 gross domestic product (GDP), what the American people produced, totaled \$13 trillion. The federal government consumed \$2.4 trillion, but it only received \$2 trillion in tax revenues, leaving us with what's said to be a \$.4 trillion budget deficit.

By the way, it's sheer constitutional ignorance to say that President Bush spends or lowers taxes. Article I, Sections 7 and 8, of the U.S. Constitution gives Congress authority to spend and tax. The president only has veto power that Congress can override.

Getting back to deficits, my question to you is this: Is there truly a deficit? The short answer is yes, but only in an accounting sense—not in any meaningful economic sense. Let's look at it. If Congress spends \$2.4 trillion but only takes in \$2 trillion in taxes, who makes up that \$.4 trillion shortfall that we call the budget deficit? Neither the Tooth Fairy, Santa nor the Easter Bunny makes up the difference between what's spent in 2005 and what's taxed in 2005.

Some might be tempted to answer that it's future generations who will pay. That's untrue. If the federal government consumes \$2.4 trillion of what Americans produced in 2005, it must find ways to force us to spend \$2.4 trillion less privately in 2005. In other words, the federal government can't spend today what's going to be produced in the future.

One method to force us to spend less privately is through taxation, but that's not the only way. Another way is to enter the bond market. Government borrowing drives the interest rate to a level that it otherwise wouldn't be without government borrowing. That higher interest puts the squeeze on private investment in homes and businesses, thereby forcing us to spend less privately.

Another way to force us to spend less privately is to inflate the

currency. Theoretically, Congress can consume what we produce without enacting a single tax law; they could simply print money. The rising prices, which would curtail our real spending, would act as a tax. Of course, an important side effect of doing so would be economic havoc.

Some Americans have called for a balanced budget amendment to the Constitution as a method to rein in a prolific Congress. A balanced budget is no panacea. For example, suppose Congress spent \$6 trillion and taxed us \$6 trillion. We'd have a balanced budget, but we'd be far freer with today's unbalanced budget. The fact of business is that the true measure of the impact of government on our lives is not the taxes we pay but the level of spending.

The founders of our nation would be horrified by today's level of American servitude to their government. From 1787 to the Roaring '20s, federal government spending, as a percentage of GDP, never exceeded 4 percent, except in wartime, compared to today's 20 percent.

The average taxpayer, depending on the state in which he lives, works from Jan. 1 to May 3 to pay federal, state and local taxes. That means someone else decides how four months' worth of the fruits of the average taxpayer's labor will be spent. The taxpayer is forcibly used to serve the purposes of others—whether it's farm or business hand-outs, food stamps or other government programs where the earnings of one American are taken and given to another.

This situation differs only in degree, but not in kind, from slavery. After all, a working description of slavery is the process where one person is forcibly used to serve the purposes of another. The difference is a slave has no rights to what he produces each year, instead of just four months.

Click It or Ticket

Wednesday, May 24, 2006

Virginia's secretary of transportation sent out a letter announcing the state's annual "Click It or Ticket" campaign May 22 through June 4. I responded to the secretary of transportation with my own letter that in part reads:

"Mr. Secretary: This is an example of the disgusting abuse of state power. Each of us owns himself, and it follows that we should have the liberty to take risks with our own lives but not that of others. That means it's a legitimate use of state power to mandate that cars have working brakes because if my car has poorly functioning brakes, I risk the lives of others and I have no right to do so. If I don't wear a seatbelt I risk my own life, which is well within my rights. As to your statement 'Lack of safety belt use is a growing public health issue that . . . also costs us all billions of dollars every year,' that's not a problem of liberty. It's a problem of socialism. No human should be coerced by the state to bear the medical expense, or any other expense, for his fellow man. In other words, the forcible use of one person to serve the purposes of another is morally offensive."

My letter went on to tell the secretary that I personally wear a seatbelt each time I drive; it's a good idea. However, because something is a good idea doesn't necessarily make a case for state compulsion. The justifications used for "Click It or Ticket" easily provide the template and soften us up for other forms of government control over our lives.

For example, my weekly exercise routine consists of three days' weight training and three days' aerobic training. I think it's a good idea. Like seatbelt use, regular exercise extends lives and reduces health care costs. Here's my question to government officials and others who sanction the "Click It or Ticket" campaign: Should the government mandate daily exercise for the same reasons they cite to support mandatory seatbelt use, namely, that to do so would save lives and save billions of health care dollars?

If we accept the notion that government ought to protect us from ourselves, we're on a steep slippery slope. Obesity is a major contributor to hypertension, coronary disease and diabetes, and leads not only to many premature deaths but billions of dollars in health care costs. Should government enforce, depending on a person's height, sex and age, a daily 1,400 to 2,000-calorie intake limit? There's absolutely no dietary reason to add salt to our meals. High salt consumption can lead to high blood pressure, which can then lead to stroke, heart attack, osteoporosis and asthma. Should government outlaw adding salt to meals? While you might think that these government mandates would never happen, be advised that there are busybody groups currently pushing for government mandates on how much and what we can eat.

Government officials, if given power to control us, soon become zealots. Last year, Maryland state troopers were equipped with night vision goggles, similar to those used by our servicemen in Iraq, to catch night riders not wearing seatbelts. Maryland state troopers boasted that they bagged 44 drivers traveling unbuckled under the cover of darkness.

Philosopher John Stuart Mill, in his treatise "On Liberty," said it best: "That the only purpose for which power can be rightfully exercised over any member of a civilized community, against his will, is to prevent harm to others. His own good, either physical or moral, is not a sufficient warrant. He cannot rightfully be compelled to do or forbear because it will be better for him to do so, because it will make him happier, because, in the opinions of others, to do so would be wise, or even right. These are good reasons for remonstrating with him, or reasoning with him, or persuading him, or entreating him, but not for compelling him, or visiting him with any evil, in case he do otherwise."

The Slippery Slope

Wednesday, June 14, 2006

Down through the years, I've attempted to warn my fellow Americans about the tyrannical precedent and template for further tyranny set by anti-tobacco zealots. The point of this column is not to rekindle the smoking debate. That train has left the station. Instead, let's examine the template.

In the early stages of the anti-tobacco campaign, there were calls for "reasonable" measures such as non-smoking sections on airplanes and health warnings on cigarette packs. In the 1970s, no one would have ever believed such measures would have evolved into today's level of attack on smokers, which includes confiscatory cigarette taxes and bans on outdoor smoking. The door was opened, and the zealots took over. Much of the attack was justified by an Environmental Protection Agency (EPA) secondhand smoke study that used statistical techniques, if used by an academic researcher, would lead to condemnation if not expulsion. Let's say that you support the attack on smokers. Are you ready for the next round of tyranny using tactics so successful for the anti-tobacco zealots?

According to a June 2 Associated Press report, "Those heaping portions at restaurants—and doggie bags for the leftovers—may be a thing of the past, if health officials get their way." The story pertains to a report, funded by the U.S. Food and Drug Administration (FDA) titled, "Keystone Forum on Away-From-Home Foods: Opportunities for Preventing Weight Gain and Obesity." The FDA says the report could help the American restaurant industry and consumers take important steps to successfully combat the nation's obesity problem. Among the report's recommendations for restaurants are: list calorie-content on menus, serve smaller portions, and add more fruits and vegetables and nuts. Both the Department of Health and Human Services and the FDA accept the findings of the report.

Right now, the FDA doesn't have the authority to require restaurants to label the number of calories, set portion sizes on menus or

prohibit allowing customers from taking home a doggie bag. That's for right now, but recall that cigarette warning labels were the anti-tobacco zealots' first steps. There are zealots like the Washington-based Center for Science in the Public Interest who've for a long time attacked Chinese and Mexican restaurants for serving customers too much food. They also say, "Caffeine is the only drug that is widely added to the food supply." They've called for caffeine warning labels, and they don't stop there. The Center's director said, "We could envision taxes on butter, potato chips, whole milk, cheeses and meat." Visions of higher taxes are music to politicians' ears.

How many Americans would like to go to a restaurant and have the waiter tell you, based on calories, what you might have for dinner? How would you like the waiter to tell you, "According to government regulations, we cannot give you a doggie bag"? What about a Burger King cashier refusing to sell French fries to overweight people? You say, "Williams, that's preposterous! It would never come to that."

I'm betting that would have been the same response during the 1970s had someone said the day would come when cities, such as Calabasas, Calif., and Friendship Heights, Md., would write ordinances banning outdoor smoking. Tyrants always start out with small measures that appear reasonable. Revealing their complete agenda from the start would encounter too much resistance.

Diet decisions that people make are none of anybody else's business. Yes, there are untoward health outcomes from unwise dietary habits, and because of socialism, taxpayers have to pick up the bill. But if we allow untoward health outcomes from choices to be our guide for government intervention, then we're calling for government to intervene in virtually every aspect of our lives. Eight hours' sleep, regular exercise and moderate alcohol consumption are important for good health. Should government regulate those decisions?

The Pretense of Knowledge

Wednesday, July 12, 2006

One of the great contributions of Nobel Laureate economist Friedrich Hayek was to admonish us to recognize the insurmountable limits to human knowledge. Why? Not even the brightest minds, and surely not the U.S. Congress, can ever have the knowledge to shape an economic system entirely to our liking. To think we can represents the height of arrogance and a pretense of knowledge. The billions upon billions of interrelationships between an economic system's human and non-human elements defy human capacity to know.

Let's examine just a few pretenses of knowledge. Under Social Security law, Congress forces workers to set aside a portion of their earnings for retirement. Take a 25-year-old—let's call her "Mary"—who earns \$40,000 a year. Her Social Security tax is about \$2,500. Here's my question to you: Was having \$2,500 forcibly taken out of Mary's pay for retirement her best possible use of that money? Mary might have saved and invested several years to open a small business. She might have put it toward private schooling or music lessons for her child, or any number of things that might have made her, and possibly our nation, wealthier in the future.

How about Congress' mandate for more fuel-efficient cars? According to a National Research Council of the National Academies of Sciences 2002 report, delivered by Dr. Leonard Evans to the Washington-based Competitive Enterprise Institute, Corporate Average Fuel Economy (CAFE) standards have contributed to between 1,300 and 2,600 traffic deaths a year. Congress' mandate for higher gasoline mileage leads to the production of lighter, smaller and less crash-worthy cars, resulting in unnecessary deaths. Through technological innovation and natural market forces, cars were already becoming more fuel efficient before CAFE standards were mandated. But more important, how does Congress know whether this loss of life is worth the amount of fuel saved? Do they even know or care about the tradeoff?

A major part of the knowledge problem that Congress faces, and, for that matter, any of us, is what's seen and what's unseen. In the case of Social Security, what's seen are the beneficiaries with a monthly check. What's not seen are the outcomes that might have been had people not been taxed for Social Security. According to the National Council for Capital Formation, Social Security lowers private saving and investment and, as a result, GDP is at least five percent lower than it otherwise would be. Moreover, had people been able to use the money for private retirement plans, they'd earn much more than the paltry sum Social Security pays out. The same principle applies to CAFE standards. What's seen are cars getting more miles per gallon. What's unseen, or the connection not made, are the thousands of Americans killed as a result of the less crash-worthy cars produced as a result of congressional mandates.

Another example of the seen/unseen problem is the Bush administration's 2002 steel tariffs. The tariffs' seen beneficiaries were steel industry executives, stockholders and the approximately 1,700 steel-worker jobs saved. According to the Consuming Industries Trade Action Association, higher steel prices, resulting from the tariffs, caused thousands of job losses in the steel-using industries. Since companies that used steel had to pay higher prices, they became less competitive domestically and internationally.

Each of us is faced with the knowledge and the seen and unseen problems. I believe that most Americans would see themselves in a much better position of determining what's in our own best interests than politicians, who are mostly concerned with re-election. At least I hope that's the case.

Why We Love Government

Wednesday, November 29, 2006

Unlike today's Americans, the founders of our nation were suspicious, if not contemptuous, of government. Consider just a few of their words.

James Madison suggested that "All men having power ought to be distrusted to a certain degree."

Thomas Paine observed, "We still find the greedy hand of government thrusting itself into every corner and crevice of industry, and grasping at the spoil of the multitude. . . . It watches prosperity as its prey and permits none to escape without a tribute."

John Adams reminded, "You have rights antecedent to all earthly governments; rights that cannot be repealed or restrained by human laws; rights derived from the Great Legislator of the Universe."

Thomas Jefferson gave us several warnings that we've ignored: First, "The natural progress of things is for liberty to yield and government to gain ground." Second, "The greatest [calamity] which could befall [us would be] submission to a government of unlimited powers." And third, "Whensoever the General Government assumes undelegated powers, its acts are unauthoritative, void, and of no force."

In response to what Jefferson called an "elective despotism," he suggested that "The tree of Liberty must be refreshed from time to time with the blood of patriots and tyrants."

With sentiments like these, John Adams, Thomas Jefferson and James Madison became presidents. Could a person with similar sentiments win the presidency today? My guess is no. Today's Americans hold such liberty-oriented values in contempt, and any presidential aspirant holding them would have a zero chance of winning office.

Today's Americans hold a different vision of government. It's one that says Congress has the right to do just about anything upon which it can secure a majority vote. Most of what Congress does fits the description of forcing one American to serve the purposes of another

American. That description differs only in degree, but not in kind, from slavery.

At least two-thirds of the federal budget represents forcing one American to serve the purposes of another. Younger workers are forced to pay for the prescriptions of older Americans; people who are not farmers are forced to serve those who are; non-poor people are forced to serve poor people; and the general public is forced to serve corporations, college students and other special interests that have the ear of Congress.

The supreme tragedy that will lead to our undoing is that so far as personal economic self-interests are concerned, it is perfectly rational for every American to seek to live at the expense of another American. Why? Not doing so doesn't mean he'll pay lower federal taxes. All it means is that there will be more money for somebody else.

In other words, once Congress establishes that one person can live at the expense of another, it pays for everyone to try to do so. You say, "Williams, don't you believe in helping your fellow man?" Yes, I do. I believe that reaching into one's own pockets to help his fellow man is both laudable and praiseworthy. Reaching into another's pockets to help his fellow man is despicable and worthy of condemnation.

The bottom line: We love government because it enables us to accomplish things that if done privately would lead to arrest and imprisonment. For example, if I saw a person in need, and I took your money to help him, I'd be arrested and convicted of theft. If I get Congress to do the same thing, I am seen as compassionate.

This vision ought to bother the Christians among us, for when God gave Moses the commandment "Thou shalt not steal," I'm sure He didn't mean thou shalt not steal unless you got a majority vote in Congress.

The FairTax Book

Wednesday, December 13, 2006

Last year, talk-show host Neal Boortz and Congressman John Linder co-authored *The FairTax Book: Saying Goodbye to the Income Tax and the IRS*. It turned out to be a No. 1 *New York Times* Best Seller. In 2005, the Fair Tax bill was introduced in both the U.S. House of Representatives as H.R. 25 and the U.S. Senate as S.25. Rep. Linder plans to re-introduce the bill next year.

If enacted, the Fair Tax would eliminate: the federal individual income tax, alternative minimum tax, corporate and business taxes, capital gains tax, Social Security and Medicare taxes, and estate and gift taxes. These taxes would be replaced by a 23 percent sales tax on all goods and services sold at the retail level. The Fair Tax would be revenue-neutral in the sense that it would replace the revenue from current federal taxes; thus, it would change the way government is funded.

Our current tax code is an abomination, and we desperately need that change. The time Americans spend simply complying with our tax code comes to 5.8 billion hours of record-keeping, filing taxes, consulting, legal and accounting services. Breaking those hours down to a 40-hour work week, it translates into a workforce of 2.77 million people. That's more than the workforce of our auto, aircraft, computer and steel manufacturing industries combined.

The Fair Tax has much to recommend in its favor, such as being a more efficient form of taxation. It would go a long way toward protecting our privacy and preventing Congress from using the tax code to micromanage our lives. The Fair Tax is an excellent idea, but only under three conditions: first, the repeal of the Sixteenth Amendment that created the income tax; second, a provision fixing the tax at, say, 23 percent; and third, a constitutional amendment mandating that a tax increase requires a three-fourths vote of Congress. Notwithstanding any provisions within the Fair Tax, if the Sixteenth Amendment

weren't repealed, down the road we'd find ourselves with a national sales tax and an income tax.

You say, "Williams, it sounds as if you don't trust Congress." I don't trust Congress any farther than I can toss an elephant. During the debate prior to ratification of the Sixteenth Amendment, congressmen said that only the rich would ever pay income taxes. In 1917, only one-half of one percent of income earners paid income taxes. Those earning \$250,000 a year in today's dollars paid one percent, and those earning \$6 million in today's dollars paid 7 percent. The lie that only the rich would ever pay income taxes was simply propaganda to dupe Americans into ratifying the Sixteenth Amendment.

Here's my prediction: The Fair Tax will never become law. The two most powerful congressional committees are the House Ways and Means and the Senate Finance committees. These committees write tax law, and as such they are able to confer tax privileges on some Americans at the expense of other Americans. The Fair Tax would reduce or eliminate this form of congressional privilege-granting power and, subsequently, campaign contributions from the beneficiaries would dwindle.

The method used to finance the federal government is very important, but I've always argued that government spending is the true measure of its impact on our lives. If there were a Fair Tax, what's to stop Congress from deficit spending or inflating the currency? Deficit spending and inflation are simply alternative forms, albeit less obvious, of taxation.

You say, "What's Williams' solution?" My solution is an amendment limiting federal spending to a fixed percentage, say, 10 percent of the gross domestic product. You say, "Why 10 percent?" If 10 percent is good enough for the Baptist Church, it certainly ought to be good enough for Congress.

Are We a Republic or a Democracy?

Wednesday, January 5, 2005

We often hear the claim that our nation is a democracy. That wasn't the vision of the founders. They saw democracy as another form of tyranny. If we've become a democracy, I guarantee you that the founders would be deeply disappointed by our betrayal of their vision. The founders intended, and laid out the ground rules, for our nation to be a republic.

The word democracy appears nowhere in the Declaration of Independence or the Constitution—two most fundamental documents of our nation. Instead of a democracy, the Constitution's Article IV, Section 4, guarantees “to every State in this Union a Republican Form of Government.” Moreover, let's ask ourselves: Does our pledge of allegiance to the flag say to “the democracy for which it stands,” or does it say to “the republic for which it stands”? Or do we sing “The Battle Hymn of the Democracy” or “The Battle Hymn of the Republic”?

So what's the difference between republican and democratic forms of government? John Adams captured the essence of the difference when he said, “You have rights antecedent to all earthly governments; rights that cannot be repealed or restrained by human laws; rights derived from the Great Legislator of the Universe.” Nothing in our Constitution suggests that government is a grantor of rights. Instead, government is a protector of rights.

In recognition that it's Congress that poses the greatest threat to our liberties, the framers used negative phrases against Congress throughout the Constitution such as: shall not abridge, infringe, deny, disparage, and shall not be violated, nor be denied. In a republican form of government, there is rule of law. All citizens, including government officials, are accountable to the same laws. Government power is limited and decentralized through a system of checks and balances. Government intervenes in civil society to protect its citizens

against force and fraud but does not intervene in the cases of peaceable, voluntary exchange.

Contrast the framers' vision of a republic with that of a democracy. In a democracy, the majority rules either directly or through its elected representatives. As in a monarchy, the law is whatever the government determines it to be. Laws do not represent reason. They represent power. The restraint is upon the individual instead of government. Unlike that envisioned under a republican form of government, rights are seen as privileges and permissions that are granted by government and can be rescinded by government.

How about a few quotations demonstrating the disdain our founders held for democracy? James Madison, Federalist Paper No. 10: In a pure democracy, "there is nothing to check the inducement to sacrifice the weaker party or the obnoxious individual." At the 1787 Constitutional Convention, Edmund Randolph said, "... that in tracing these evils to their origin every man had found it in the turbulence and follies of democracy." John Adams said, "Remember, democracy never lasts long. It soon wastes, exhausts, and murders itself. There was never a democracy yet that did not commit suicide." Chief Justice John Marshall observed, "Between a balanced republic and a democracy, the difference is like that between order and chaos." In a word or two, the founders knew that a democracy would lead to the same kind of tyranny the colonies suffered under King George III. The framers gave us a Constitution that is replete with undemocratic mechanisms. One that has come in for recent criticism and calls for its elimination is the Electoral College. In their wisdom, the framers gave us the Electoral College so that in presidential elections large, heavily populated states couldn't democratically run roughshod over small, sparsely populated states.

Here's my question. Do Americans share the republican values laid out by our founders, and is it simply a matter of our being unschooled about the differences between a republic and a democracy? Or is it a matter of preference and we now want the kind of tyranny feared by the founders where Congress can do anything it can muster a majority vote to do? I fear it's the latter.

Not Yours to Give

Wednesday, February 9, 2005

Charity to man's fellow man is praiseworthy, and Americans are the most generous people on Earth. According to a quote by American philanthropist Daniel Rose in "An Exceptional Nation," an article in *Philanthropy* magazine (November/December 2004), "American private charitable contributions this year will exceed \$200 billion, equal to about 10 percent of the total federal budget; that some 70 percent of U.S. households make charitable cash contributions; and that over half of all U.S. adults will volunteer an estimated 20 billion hours in charitable activities." Americans contribute six or seven times more than some of our European neighbors.

What about President Bush's \$350 million commitment for earthquake and tsunami relief—is that just as praiseworthy? Let's look at it. Charity is reaching into one's own pockets to assist his fellow man in need. Reaching into someone else's pocket to assist one's fellow man hardly qualifies as charity. When done privately, we deem it theft, and the individual risks jail time.

What would some of our ancestors say about government "charity"? James Madison, the father of our Constitution, said, in a January 1794 speech in the House of Representatives, "The government of the United States is a definite government, confined to specified objects. It is not like state governments, whose powers are more general. Charity is no part of the legislative duty of the government."

A few years later, Virginia Rep. William Giles condemned a relief measure for fire victims, saying it was neither the purpose nor the right of Congress to "attend to what generosity and humanity require, but to what the Constitution and their duty require." Unlike President Bush, a few of our former presidents understood that charity is not a government function. Franklin Pierce, our 14th president, vetoed a bill to help the mentally ill, saying, "I cannot find any authority in the Constitution for public charity," adding that to approve such spending, "would be contrary to the letter and the spirit of the Constitution

and subversive to the whole theory upon which the Union of these States is founded.”

In 1887, President Grover Cleveland, our 22nd and 24th president, said, when he vetoed a bill to assist drought-inflicted counties in Texas, “I feel obliged to withhold my approval of the plan to indulge in benevolent and charitable sentiment through the appropriation of public funds. . . . I find no warrant for such an appropriation in the Constitution.”

Tennessee Rep. Col. Davy Crockett, in a speech before the House of Representatives, said, in protest against a \$10,000 appropriation for a widow of a distinguished naval officer, “We have the right, as individuals, to give away as much of our own money as we please in charity, but as members of Congress, we have no right to appropriate a dollar of the public money.”

I’d like to ask President Bush and members of the 109th Congress whether they’ve discovered the constitutional authority for charitable expenditures undiscovered by James Madison, William Giles, Presidents Franklin Pierce and Grover Cleveland, and Davy Crockett. Major U.S. companies, such as American Express, Pfizer, Exxon Mobil and General Motors donated millions of dollars to tsunami relief efforts. Like those of the Bush administration and Congress, their actions aren’t praiseworthy at all. The CEOs who authorized these “charitable” donations were reaching not into their own pockets but into the pockets of their shareholders.

I get the feeling that the train of constitutional principles has left the station and the recent tsunami episode is simply another symptom of American obliviousness to constitutional government. Today’s politicians can’t be held fully responsible for our abandonment of constitutional government. While they can be blamed for not being statesmen, the lion’s share of the blame rests with 280 million Americans. Elected officials simply mirror public misunderstanding or contempt for constitutional principles. Tragically, adherence to the constitutional values of men like James Madison and Davy Crockett would spell political suicide in today’s America.

Social Security Deceit

Wednesday, February 23, 2005

President Bush's call to allow Americans to take a portion of the money they pay as Social Security taxes to set up private retirement accounts has to be a good idea. Why? The more of what a person earns that's in his pocket and under his control, the better off he will be. At a later date, when the details of the president's plans are known, I'll address the various reform plans under debate. For now, let's look at some of the gross political deceit, lies and unkept promises that have become a part of Social Security.

Here's what a 1936 government Social Security pamphlet said: "After the first 3 years—that is to say, beginning in 1940—you will pay, and your employer will pay, 1.5 cents for each dollar you earn, up to \$3,000 a year. . . . Beginning in 1943, you will pay 2 cents, and so will your employer, for every dollar you earn for the next 3 years. . . . And finally, beginning in 1949, twelve years from now, you and your employer will each pay 3 cents on each dollar you earn, up to \$3,000 a year. . . . That is the most you will ever pay."

Had Congress lived up to those promises, where \$3,000 was the maximum earnings subject to Social Security tax, controlling for inflation today's \$50,000-a-year wage earner would pay about \$700 in Social Security taxes, as opposed to the more than \$3,000 that he pays today.

The next big lie is from the same Social Security pamphlet: "Beginning November 24, 1936, the United States government will set up a Social Security account for you. . . . The checks will come to you as a right." First, there's no Social Security account containing your money, but more importantly, the U.S. Supreme Court has ruled on two occasions that Americans have no legal right to Social Security payments.

In *Helvering v. Davis* (1937), the court held that Social Security was not an insurance program, saying, "The proceeds of both (em-

ployee and employer) taxes are to be paid into the Treasury like internal-revenue taxes generally, and are not earmarked in any way.”

In a later decision, *Flemming v. Nestor* (1960), the court said, “To engraft upon Social Security system a concept of ‘accrued property rights’ would deprive it of the flexibility and boldness in adjustment to ever-changing conditions which it demands. . . .” That flexibility and boldness mean Congress can constitutionally cut benefits, raise retirement age, raise Social Security taxes and do anything it wishes, including eliminating payments.

If a private retirement company reneged on its promises, we could take it to court. If Congress reneges on its promises, there’s no judicial course of action whatsoever.

Vital to any Ponzi scheme, like Social Security, is the ability to recruit as many suckers as possible. In 1999, a little noticed part of President Clinton’s plan to “save” Social Security was to force 5 million previously exempted employees into Social Security. If they were forced into Social Security, it would have created billions in additional revenue. Guess what. Twelve senators, including five Democrats—Dianne Feinstein (D.-Calif.), Barbara Boxer (D.-Calif.), Christopher Dodd (D.-Conn.), Richard Durbin (D.-Ill.) and Edward Kennedy (D.-Mass.)—descended on the White House to demand that President Clinton not support forcing 5 million of their constituents into Social Security. They warned of the adverse impact on employees in terms of lower rates of return and lost flexibility.

Isn’t that great? These are the same politicians who are now resisting President Bush’s call to allow Americans to take a part of their Social Security taxes to put into private retirement accounts. If they’d go to bat for those 5 million workers to remain out of Social Security, to avoid the adverse impact of lower rates of return and lost flexibility, why would they fight to deny tens of millions of workers a right to use a portion of their taxes to do the same?

Stupid Airport Security

Wednesday, April 6, 2005

For most of my professional life, I've traveled frequently—sometimes boarding a commercial flight two, three or four times a month for lucrative speaking engagements. Over the past three years, the frequency has fallen to an average of once or twice a year. The reason is simple. I don't want to be arrested or detained for questioning some of the senseless airport security procedures. Don't get me wrong. I'm for security but against stupidity. Let's look at some of it starting off with a hypothetical question.

You're a detective. A woman reports a rape. How would you go about finding the perpetrator? Would you confine your search to males or would you include females as well?

You say, "Williams, that would be stupid to include females!" But not if Transportation Secretary Norman Mineta were your supervisor. You might be ordered to investigate females and males as possible suspects to avoid committing the politically incorrect sin of sex profiling.

With regard to airport security, Mineta said, "While the security procedures are not based on the race, ethnicity, religion or gender of passengers, we also want to assure that in practice, the system does not disproportionately select members of any particular minority group." That means Americans who fit no terrorist profile—mothers with children, blind and disabled people, elderly couples—are frisked, groped and hassled. What's even more stupid is that pilots and flight attendants face similar screening. Here's my question to you: If a pilot is intent on crashing a plane into a building, does he need to carry anything on board to do it?

On several occasions, having gone through screening without setting off any alarms, I've been pulled aside for additional screening. Imagine that you're there with a Transportation Security Administration (TSA) supervisor and I'm being subjected to additional screening. You offer him a bet whereby if Williams is discovered to be in pos-

session of something that endangers security—a knife, gun or bomb—you’ll pay him \$5,000, and if I’m not, he’ll pay you \$100. Do you think he’ll take your offer? I’m betting he wouldn’t.

What about the TSA confiscation of “dangerous” personal items such as tweezers, hat pins, sewing scissors, knitting needles, etc.? I hope I’m not giving the TSA ideas, but I’ve watched a number of television shows featuring supermax prisons like California’s Pelican Bay. Among the items prisoners fashion into lethal weapons are ballpoint pens, belts, eyeglass temples, glass containers and toothbrushes, all of which the TSA permits on airplanes. So what’s the TSA’s reasoning for allowing ballpoint pens on planes but not tweezers?

Most hijackings and recent terrorist acts have been committed by young Muslim extremists. That’s not to say that all or nearly all Muslims pose a threat to security. But if one is looking for potential terrorists, the larger proportion of resources should be spent screening Muslim passengers. Screening the blind and disabled, mothers and children, and senior citizens is not going to have much of a payoff unless the goal is not to have tweezers or a G.I. Joe doll holding a rifle on the plane.

If I were a terrorist, I’d appreciate the fact that the TSA treats every passenger as having an equal likelihood of being a security threat. Fewer resources would be available to screen me. When law-abiding people are the subject of profiling, it’s unfair, and they are insulted—and rightfully so. The true source of the injustice they face are those responsible for making “Muslim” near synonymous with “terrorism.”

Even if I don’t fly commercial anymore, I care about the TSA’s waste of resources. There are potential terrorist targets in many areas such as ports, railroads and infrastructure, but roughly 90 percent of TSA’s funding is spent on airports operating under the assumption that every passenger and every bag have an equal likelihood of being a security threat. That’s stupid.

Stupid Airport Security II

Wednesday, April 13, 2005

Hundreds of readers responded to last week's column about airport security. These were letters from Americans who fit no terrorist profile—airline pilots, mothers traveling with children, disabled people, elderly and other law-abiding Americans—and yet were frisked, groped and hassled. The Transportation Security Administration (TSA) behaves as if all passengers and all baggage pose an equal security threat, and that's stupid, because not nearly all passengers and baggage pose a security threat. They've seized articles such as tweezers, toy soldiers, hat pins, sewing scissors and other items they deem as threatening to flight security.

I've solved my problem with the TSA. They have their procedures, and I have mine. Mine include minimizing my exposure to stupidity. Therefore, where I used to board a commercial flight three or four times a month, over the last three years, I've reduced it to once, maybe twice, a year.

Some of the letters reported more stupidity on behalf of the TSA than I imagined. I'll highlight some of them. One person wrote that he, his wife and son were stopped, questioned and searched at length by TSA and FBI officials. It turned out there was a terror alert for a person named Harry Smith (not the true name). The couple's 5-year-old son's name was also Harry Smith. How much brains do you think it requires for the FBI and TSA to immediately realize that their 5-year-old son was the wrong Harry Smith?

Another writer wrote about his 88-year-old, hunched over, arthritis-ridden father, barely able to walk, being searched, questioned and scanned and, as a result, brought to tears. Airline pilots going through security are searched and asked to empty their pockets, even though they wear photo identification tags and the TSA accepts the fact that they're indeed pilots. Here's my question: If a pilot wanted to fly a plane into a building, would he need a weapon to do so?

There's little threat of another 9-11 hijacking event. First, sky

marshals are randomly assigned to flights. But more important than that is if a hijacking occurred, passengers, knowing they were being flown to their death, would subdue the hijackers. Giving them greater incentive to do so is the likelihood of an F-14 fighter jet flying up to shoot the plane down. The greater threat to airport security is the placement of a bomb onboard. The TSA practice of seizing harmless personal items from passengers is a waste of resources. Fortunately, the TSA now permits some items formerly prohibited, such as knitting needles, corkscrews and cigar cutters.

Let's apply a bit of economic analysis to the TSA. There's little cost borne by the TSA for harassing passengers. Screeners have an eight-hour-a-day job. So if you have to wait in long lines, be harassed and miss your plane, what's it to them, considering the docile passenger response? Many Americans accept the TSA policy, saying that it makes them feel safer. I'd ask those Americans how much safer they would feel seeing an 88-year-old arthritic man, barely able to walk, given the treatment. Asking the question whether every passenger is a security threat is similar to a munitions manufacturer asking whether every hand grenade is good. A munitions manufacturer wouldn't pull the pin on every hand grenade to see if it was a dud. He'd devise a test, otherwise he'd bear huge costs by assuming each hand grenade had the equal probability of being a dud. Similarly, the TSA should devise a test to determine which passenger poses the higher probability of being a security threat. A good start might be to establish passenger characteristics of previous terrorist attacks.

Stupid Airport Security III

Wednesday, April 20, 2005

Several airport security screeners have sent me polite letters criticizing some of my comments in my last two columns, prompting this question to you: In managing our personal security, should we guard against possible or probable threats? Consider the measures and the resource expenditures I might take to guard Mrs. Williams and me against all possible threats to our security.

Even though I live in Pennsylvania, well outside of tornado alley, I'd construct a tornado shelter because it's possible for a tornado to strike anywhere. I'd no longer get into my car and drive off without doing a thorough check of my car's hydraulic brake system for leakage. I'd build an iron-reinforced roof to guard against the possibility of a meteor. I'd also purchase a metal detector to do sweeps of my property to guard against the possibility someone might have buried a land mine. I'd hire a detective and forensic accountant. Even though Mrs. Williams and I have been married 45 years, it is possible that she might be stashing some of my money into a Swiss bank account.

Were I to take those measures, I'm sure the average person would label me as either paranoid or stupid. Why? It would take resources away from guarding against more probable threats to our security, such as burglary. While my focusing on all possible threats wouldn't be smart, it would make me a prime candidate to become a Transportation Security Administration (TSA) official. Their vision of airport security is to focus on the possible as well as the probable.

It is indeed possible for an 88-year-old man crippled with debilitating arthritis to be a terrorist. It's possible that one of our Marines returning from Iraq for stateside reassignment, carrying ID and official reassignment orders, is also a member of al Qaeda ready to take out an airplane. It's possible for a mother accompanied by her four children, or a 92-year-old woman, to be "mules" paid by terrorists to bring something on board to blow up the plane. It is also possible that a pilot plans to blow his plane up with a shoe bomb. That's reason for

making him take his shoes off. It's possible that a blind person carrying a cigarette lighter will give it to a terrorist accomplice to light a shoe bomb in flight. There are other possible security threats. Women's stockings and underwear, as well as men's ties and belts, can be used as garrotes for strangulation. Soda straws can be used to blow poison darts.

While these are all possible threats, the question is, how probable are they? Resource expenditure on security threats just because they are possible means that those same resources cannot be spent on those far more probable. Moreover, if there were full implementation of the program to permit pilots to be armed, the more probable threats would become less so. In other words, arming pilots and some crew members would lessen a whole class of security threats.

The TSA's determined opposition to passenger profiling is in itself a threat to airport security. Take their additional screening. They have every incentive to be politically correct. But suppose the TSA had to pay \$1,000 to each passenger they selected for additional screening who was found to be no security threat. You can bet they'd develop a screening method that made more sense, and it would include some sort of passenger profiling, including racial profiling. And, by the way, liberals shouldn't fret, because the U.S. Supreme Court has ruled in several affirmative action cases that provided there's a compelling state interest, race can be used in decision making.

It's my opinion that sensible TSA security measures would allow us to reallocate resources away from policing against possible but improbable threats to policing the far more probable source of threats—one being our border with Mexico.

Is It Permissible?

Wednesday, September 21, 2005

Last week, President Bush promised the nation that the federal government will pay for most of the costs of repairing hurricane-ravaged New Orleans, adding, "There is no way to imagine America without New Orleans, and this great city will rise again." There's no question that New Orleans and her sister Gulf Coast cities have been struck with a major disaster, but should our constitution become a part of the disaster? You say, "What do you mean, Williams?" Let's look at it.

In February 1887, President Grover Cleveland, upon vetoing a bill appropriating money to aid drought-stricken farmers in Texas, said, "I find no warrant for such an appropriation in the Constitution, and I do not believe that the power and the duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit."

President Cleveland added, "The friendliness and charity of our countrymen can always be relied upon to relieve their fellow citizens in misfortune. This has been repeatedly and quite lately demonstrated. Federal aid in such cases encourages the expectation of paternal care on the part of the Government and weakens the sturdiness of our national character, while it prevents the indulgence among our people of that kindly sentiment and conduct which strengthens the bonds of a common brotherhood."

President Cleveland vetoed hundreds of congressional spending measures during his two-term presidency, often saying, "I can find no warrant for such an appropriation in the Constitution." But Cleveland wasn't the only president who failed to see charity as a function of the federal government. In 1854, after vetoing a popular appropriation to assist the mentally ill, President Franklin Pierce said, "I cannot find any authority in the Constitution for public charity." To approve such spending, argued Pierce, "would be contrary to the letter and the

spirit of the Constitution and subversive to the whole theory upon which the Union of these States is founded.”

In 1796, Rep. William Giles of Virginia condemned a relief measure for fire victims, saying that Congress didn't have a right to “attend to what generosity and humanity require, but to what the Constitution and their duty require.” A couple of years earlier, James Madison, the father of our constitution, irate over a \$15,000 congressional appropriation to assist some French refugees, said, “I cannot undertake to lay my finger on that article of the Constitution which granted a right to Congress of expending, on objects of benevolence, the money of their constituents.”

Here's my question: Were the nation's founders, and some of their successors, callous and indifferent to human tragedy? Or, were they stupid and couldn't find the passages in the Constitution that authorized spending “on the objects of benevolence”?

Some people might say, “Aha! They forgot about the constitution's general welfare clause!” Here's what James Madison said: “With respect to the two words ‘general welfare,’ I have always regarded them as qualified by the detail of powers connected with them. To take them in a literal and unlimited sense would be a metamorphosis of the Constitution into a character which there is a host of proofs was not contemplated by its creators.”

Thomas Jefferson explained, “Congress has not unlimited powers to provide for the general welfare, but only those specifically enumerated.” In 1828, South Carolina Sen. William Drayton said, “If Congress can determine what constitutes the general welfare and can appropriate money for its advancement, where is the limitation to carrying into execution whatever can be effected by money?”

Don't get me wrong about this. I'm not being too critical of President Bush or any other politician. There's such a broad ignorance or contempt for constitutional principles among the American people that any politician who bore truth, faith and allegiance to the Constitution would commit political suicide.

Congressional Miracles

February 23, 2004

In Marcus Cook Connelly's spiritual play, "Green Pastures," God lamented to the Angel Gabriel, "Every time Ah passes a miracle, Ah has to pass fo' or five mo' to ketch up wid it," and adding "Even bein God ain't no bed of roses." That's something our congressmen should think about when they set out to create miracles.

George Will wrote an insightful article in the *Washington Post* (2/12/04) titled "Sweet and Sour Subsidies." He might have just as well titled it "Shooting Ourselves in the Foot." Chicago has been home to many of America's candy manufacturers but today they've fallen on hard times. In 1970, employment by Chicago's candy manufacturers totaled 15,000 and now it's 8,000 and falling. Brach used to employ about 2,300 people; now most of its jobs are in Mexico. Ferrara Pan Candy has also moved much of its production to Mexico. Yes, wages are lower in Mexico but wages aren't the only factor in candy manufacturers' flight from America. After all, Life Savers, which for 90 years manufactured in America, has moved to Canada where wages are comparable to ours.

One of the ignored stories in the clamor and demagoguery over job losses, not only in the candy industry but in others as well, is the devastating impact of congressionally created "miracles" on our industries. American sugar producers fight tooth and nail to keep foreign sugar imports out of our country. They've spent \$722,000 in campaign contributions to both Democratic and Republican congressmen to enact sugar import tariffs and quotas.

As a result of their successful effort to get Congress to do their bidding, our domestic sugar prices are about three times higher than the world market price. While that's a miracle for the sugar industry and its employees, unfortunately, the miracle story doesn't end there. We all know that for every benefit there's a cost.

According to the Sugar Users' Association, an organization that represents companies who use sugar as an input, such as candy man-

ufacturers, the protectionist miracle that Congress has created for the sugar industry has cost anywhere from 7,500 to 10,000 jobs in sugar-using industries due to higher sugar costs. Higher sugar costs make U.S. candy manufacturers less competitive in both domestic and world markets. Life Savers became more competitive simply by moving to Canada; they saved themselves a whopping \$10 million dollars a year in sugar costs. You might ask, “How come sugar’s cheaper in Canada? Are they a free trade country?” The answer is a big fat no. It’s just that they don’t have much, if any, of a sugar industry and hence there’s little pressure on the Canadian Parliament to enact protectionist measures.

So what should Congress do? In the real world, when Congress enacts a miracle for one group of Americans, such as sugar producers, it creates a non-miracle for other Americans. Should Congress create a miracle for the sugar-using industry to offset the devastating effects of its miracle for sugar producers B like keeping imported candy out of the U.S? I don’t know how that might work but I’m betting they’ll run into the same problem God explained so aptly to the Angel Gabriel when He said, “Every time Ah passes a miracle, Ah has to pass fo’ or five mo’ to ketch up wid it.” Surely, if Congress creates a miracle for candy manufacturers, that miracle is going to create a non-miracle for somebody else B at least those who eat candy or own candy retail stores.

Here’s my suggestion for Congress. Just remember God’s lament—“Even bein God ain’t no bed of roses”—and get out of the miracle business.

Minimum Gasoline Prices

February 23, 2004

A couple of weeks ago heading down to George Mason University, I pulled into my favorite Wawa gasoline station just off the Bel Air, Maryland exit on I-95 South. At each of the twenty gasoline pumps there was a sign posted that Wawa would no longer dispense free coffee to its gasoline customers. Why? They were warned that dispensing free coffee puts them in violation of Maryland's gasoline minimum price law.

Here's my no-brainer question to you: do you suppose that Maryland enacted their gasoline minimum price law because irate customers complained to the state legislature that gasoline prices were too low? Even if you had just one ounce of brains you'd correctly answer no. Then the next question is just whose interest is served by, and just who lobbied for, Maryland's minimum gasoline price law? If you answered that it was probably Maryland's independent gas station owners, go to the head of the class.

Let's first establish a general economic principle. Whenever one sees statutory or quasi-statutory minimum prices, he is looking at a seller collusion against customers in general as well as particular sellers, those who are seen as charging too low a price. This economic principle applies whether you're talking about minimum wages, minimum dairy prices or minimum real estate sales commissions. Members of a seller's collusion call for statutory and quasi-statutory minimum prices so they can charge customers higher prices than they could otherwise in the absence of a statutory minimum.

You say, "Williams, that's preposterous; how can they sell legislators on the idea? After all buyers of gasoline are more numerous than sellers of gasoline." To answer that question you have to recognize a couple of other facts. First, legislators aren't known for being rocket scientists, and second, legislators love campaign contributions and satisfying the interests of lobbyists is more important to their political careers than serving the interests of consumers in general.

Lobbyists such as WMDA Service Station & Automotive Repair Association, the Gasoline Retailers Association and the Petroleum Marketers Association of America are able to sell legislators on the fairy tale that if high-marketing gasoline outlets such as Wawa, Sheetz, Wal-Mart and others are allowed to charge prices that are too low they'll drive all other gasoline stations out of business. Having done so, these high-marketing outlets could charge any price they pleased and make huge profits. In economics we call this strategy predatory pricing. It's an argument that has a ring of plausibility but there's little evidence anywhere anytime that a predatory pricing scheme produced results even remotely close to what would-be predators envisioned. Questioning this fairy tale and asking for evidence would never cross the mind of a legislator.

Another reason legislators can get away with establishing gasoline seller collusion has to do with another economic phenomenon called "narrow well-defined benefits and small widely dispersed costs." The beneficiaries of the gasoline sellers collusion are relatively few in number and well organized. The victims, mainly gasoline customers, are difficult to organize and the costs they bear are relatively small and widespread. In other words, how many gasoline consumers would be willing to spend their time and energy fighting to unseat a legislator whose actions imposed, say, a nickel a gallon additional cost upon them. It's cheaper just to pay the nickel a gallon more and forget about it but, that's not true about gasoline retailers. It is worth their time and energy to pressure legislators for minimum price laws and politicians know this.

Maryland is not the only state with statutory minimum gasoline prices. It's joined by 12 other states including New York, Michigan and Wisconsin. Wisconsin legislators have the gall to call its government-sponsored seller collusion the "Unfair Sales Act."

Dangers of No Tax Liability

March 28, 2004

In last week's column, I reported on the Washington, D.C.-based Tax Foundation's study that estimated that forty-four percent of income earners will legally have no 2004 federal income tax liability. Their study concluded, "When all of the dependents of these income-producing households are counted, there are roughly 122 million Americans—44 percent of the U.S. population—outside of the federal income tax system."

The Bush administration sees removing the income tax burden on Americans at the lower end of the earnings spectrum, families earning less than \$50,000 a year, as desirable. When President Reagan successfully got Congress to remove 6 million Americans from the tax rolls, he described his tax reform initiative as one of the proudest achievements of his administration. At the time, I argued that doing so was nothing to be proud about and I extend that same criticism to President Bush.

You might ask, "Why?" In general, I've always held that a tax cut for anybody, at any time, for any reason is a good thing because it keeps more of our earnings in our pockets and out of Washington. But there's a problem. Removing so many Americans from federal income tax liability contributes to the political problem that we're witnessing this election: class warfare and the politics of envy.

When 122 million Americans are outside of the federal income tax system, it's like throwing chum to our political sharks. These Americans become a natural spending constituency for big government politicians. After all if you have no income tax liability, how much do you care about how much Congress spends and the level of taxation? Political calls for tax cuts fall upon deaf ears. Survey polls reveal this. According to The Harris Poll taken in June 2003, 51 percent of Democrats thought the tax cuts enacted by Congress were a bad thing while 16 percent of Republicans thought so. Among Democrats 67 percent thought the tax cuts were unfair while 32 percent

of Republicans thought so. When asked whether the \$350 billion tax cut package will help your family finances, 59 percent of those surveyed said no and 35 percent said yes. Tax cuts to many Americans means just one thing: they threaten the handouts they receive.

There might be a correction for the political problems caused by large numbers of Americans with zero income tax liability. It might be politically incorrect to even mention it. I do not own stock, and hence have no financial stake, in Ford Motor Company. Do you think I should have voting rights, or any say so, in the matters of the company? I'm guessing that your answer is no.

So here's my idea. Every American regardless of any other consideration should have one vote in any federal election. Then every American should get one additional vote for every \$10,000 he pays in federal income tax. With such a system, there'd be a modicum of linkage between one's financial stake in our country and his decision-making capacity.

This is not a far out idea. The Founders worried about it. James Madison's concern about class warfare between the rich and the poor led him to favor the House of Representatives being elected by the people at large and the Senate elected by property owners. He said, "It is nevertheless certain, that there are various ways in which the rich may oppress the poor; in which property may oppress liberty; and that the world is filled with examples. It is necessary that the poor should have a defense against the danger. On the other hand, the danger to the holders of property cannot be disguised, if they be undefended against a majority without property."

National Sales Tax

November 8, 2004

Representative John Linder (R. Georgia) has authored H.R. 25 “To promote freedom, fairness, and economic opportunity by repealing the income tax and other taxes, abolishing the Internal Revenue Service, and enacting a national sales tax to be administered primarily by the States.” Before we look at whether a national sales tax is a good idea, how about a little Economics 101 just to convince you that government spending, not government taxation, is the true measure of governmental impact on our lives?

Keeping the numbers small, suppose the annual value of what Americans produce, our (GDP), is \$100. If government spends \$40 of it, of necessity the government must force us to spend \$40 less. There are several ways this can be done. Government could tax us \$40. Government could borrow, thereby driving up interest rates, thus reducing private spending. Government could simply print money which would cause inflation and reduce our purchasing power. Finally, government could employ some combination of the three. The bottom line is that if government spends \$40 of our GDP, we can't spend that same \$40.

There's no question that tax reform is needed but tax reform is secondary to a much larger issue—federal spending. From 1787 to 1920, except during war, federal spending was a mere 3 percent of GDP compared to today's 20 percent. If the federal government takes only 3 percent of the GDP, just about any tax system is relatively non-oppressive. However, if government were to take 50, 60, or 70 percent of the GDP, you tell me what tax system would be non-oppressive.

There's no question that some forms of taxation are worse than others. In addition to its economic disincentive effects and intrusions on personal privacy, our income tax has huge compliance costs estimated to be between \$250 and \$500 billion. Abolition of the IRS, and the income tax code it enforces, replaced by a national sales, would create greater economic incentives, enhance personal privacy,

and lower tax compliance cost by an estimated 90 percent. There'd also be greater faith and allegiance to our Founders' constitutional vision where Article I, Section 9 that says "No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken." The Founders feared the abuse and the government power inherent in an income tax. Another benefit of a national sales tax is that our being taxed 23 to 30 percent with every purchase we become more aware of the cost of government. Income taxes and corporate taxes conceal that cost.

Before we accept a national sales tax, there are two minimal requirements. First, there must be a repeal of the 16th Amendment so Congress can't hit us with both an income and sales tax. Second, there must be a constitutional amendment fixing the national sales tax at a certain percentage that can only be increased by a three-fourths vote of the House of Representatives.

People have advocated a national sales tax or a flat income tax for years and I don't want to rain on their parade. But here's my prediction: Congress will never enact a sales tax or a flat tax. Why? The two most powerful congressional committees are the House Ways and Means Committee and the Senate Finance Committees. Both disperse tax favors to different Americans that come at the expense of other Americans. With a sales or flat tax, their Santa Claus roles, not to mention campaign contributions, would be diminished. On top of that they'd have restricted opportunities for social engineering through fiddling around with the tax code.

My personal preference is a constitutional amendment limiting federal spending to a fixed percentage, say 10 percent, of the GDP. You say, "Williams, why 10 percent?" My answer is that if 10 percent is good enough for the Baptist Church, it ought to be good enough for the U.S. Congress.