

Scandal at the Welfare State

by Tibor R. Machan

There is much talk these days about government corruption. Scandals abound and usually involve special benefits obtained by organizations from local, state, or federal governments. Government officials are accused of playing favorites as they carry out their duties. They are charged with accepting gifts or campaign contributions in return for giving supporters special treatment.

But there is reason to believe that the more obvious improprieties are merely routine behavior carried out somewhat ineptly. In other words, it is very doubtful that politics in our society involves anything more noble than playing favorites, serving special interests—and neglecting what could be reasonably construed as the true public interest.

Although the distinction between the public and the private interest is quite meaningful, the democratic welfare state totally obscures it. Such a system favors majority rule regarding any concern that some member of the public might have (if it can be brought to public attention). It treats everyone's project as a candidate for public support. And, of course, most every person or group has different objectives. Thus, so long as these objectives can be advanced by political means, they can gain the honorific status of "the public interest."

It is noteworthy that this may be the result of what Professor Benjamin Barber of Rutgers

University has called a strong democracy—a political system that subjects all issues of public concern to a referendum. This approximation of strong democracy—where, for example, just wanting to add a porch to one's home must be cleared with the representatives of the electorate—has produced our enormous "welfare" state. Yet it was just this prospect that the framers of the U.S. Constitution wanted to avoid. That in part accounted for their insistence on a Bill of Rights, namely, on denying to government—democratic, monarchical, or whatever—the kind of powers that strong democracy entails.

To see how confusing things have become in this kind of strong democracy/welfare state, consider a few current topics of "public concern." Take, for example, wilderness preservation, an issue that appeals to many and cannot be considered a bad example—environmentalists who favor interventionist policies certainly believe that government preservation of wilderness areas is in the public interest.

Yet it is not unreasonable to suppose that many people do not have the wilderness as their top priority. Sure, they might like and even benefit from some of it. But in the main, they might prefer having at least part of the wilderness given up in favor of, say, housing development which might better suit their needs.

Or take all those Ralph Nader-type crusades for absolutely safe automobiles, risk-free medical research, and the banning of genetic experiments. Mr. Nader is the paragon of the so-called public-minded citizen, presumably

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without a self-interested bone in his body. Whatever his motives, however, his concerns quite legitimately are not shared by many citizens—e.g., those who would prefer more powerful, maneuverable automobiles that can quickly get out of tight spots. These people might well lead better lives without all this worry about safety—they might be good drivers for whom Nader's concern about safety is superfluous.

Jeremy Rifkin, a Nader type who would ban all genetic experimentation, is another of those who bill themselves as public interest advocates, presumably without a tinge of self- or vested interest to their names. But such persons in fact serve quite particular interests. These and similar-minded individuals clearly do not favor the general public. They favor, instead, some members of it. The rest can fend for themselves when Mr. Rifkin and others gain the political upper hand.

The point is that when government does so much—in behalf of virtually anyone who can gain political power or savvy—it is difficult to tell when it is serving the true public interest.

Everyone is pushing an agenda on the government in support of this or that special interest group.

There is under such a system hardly any *bona fide* public service at all. In this case, laws often serve a private or special purpose—e.g., smoking bans in restaurants, prohibition of gambling, mandatory school attendance, business regulations that serve the goals of some but not of others. Such a bloated conception of the “public” realm even undermines the integrity of our judicial system. Courts adjudicating infractions of such special interest laws become arms of a private crusade, not servants of the public.

An Erosion of Confidence

One consequence of this is that confidence in the integrity of government officials at every level, even those engaged in the essential functions of government, is becoming seriously eroded. The police, defense, and judicial functions all are suffering because government has become over-extended.

As government grows beyond its legitimate functions, scandals become the norm. They certainly should not be surprising. They merely represent the more obviously inept ways of trying to get the government to do your own private, special bidding.

It is all just a matter of getting your part of the pie out of Washington—whether it be day care for your children, a monument to your favorite subjects, help to unwed mothers, support of faltering corporations, or protection of the textile industry from foreign competition. Everyone wants to get the government on his side. Some people do this in ways that make it all appear on the up and up. They hire the necessary legal help to navigate the complicated catacombs of the welfare state. Others aren't so adept.

In such a climate it is actually quite surprising that not more scandals erupt. Probably that is due to even more corruption—in this case cover-ups.

Were government doing something more nearly within its range of expertise—protecting individual rights from domestic and foreign threats—some measure of ethical behavior could be expected from it. But when, despite all the failures and mismanagement of government, people continue to go to it to ask for bailouts, why be surprised when some do it more directly, without finesse? And why wonder at their claim, when caught seeking favors openly and blatantly, that they are innocent?

In light of this, an old adage gains renewed support: the majority of people get just the kind of government they deserve. It is they who clamor for state favors by dishonestly calling their objectives the “public” interest. Notice

how many look to political candidates for future favors, how many support this or that politician because they expect something in return once the political office has been gained. Unfortunately, many of us who choose not to play the political game have the results imposed on us in the form of higher taxes and more burdensome regulations.

It may be surprising, after all this, that there are certain matters which are of genuine public interest—the Founding Fathers had a clear idea of the public interest, as have most classical liberals. The public interest amounts to what is in everyone's best interest *as a member of the community*—the defense of individual rights from domestic and foreign aggression. Here is where our individual human rights unite us into a cohesive public, with a common interest. We are justified in establishing a government, with its massive powers, only if this is our goal—to protect and maintain the public interest so understood.

Once we expand the scope of the *public*—in effect make the concept “public” quite meaningless—the powers of the state get involved in tasks that serve only some of the people, and often at the expense of other people. And that simply breeds bad government—whether hidden, by phony legislation and regulation, or by means of out-and-out corruption and subsequent scandal.

It is therefore not surprising that the welfare state is so susceptible to misconduct. The lesson we ought to take away is that the scope of government should be reduced to proper proportions—the defense of individual rights. □

IDEAS
ON
LIBERTY



Why History Repeats Itself

Some modern zealots appear to have no better knowledge of truth, nor better manner of judging it, than by counting noses.

—JONATHAN SWIFT

Private Cities

by J. Brian Phillips

In recent years, the benefits of the free market have been demonstrated as governments around the world have turned to the private sector to provide services more efficiently. However, critics of the free market argue that these benefits are isolated cases—that a truly free society is unworkable and impractical. Government, the argument goes, is far better equipped to provide the services and public facilities individuals need and desire.

However, a growing number of American homeowners are unknowingly demonstrating just how far privatization can go. Planned unit developments (PUD's) are privately developed, and primarily privately operated, communities.

PUD's first became popular in the mid-1960s after Congress passed the 1961 Housing Act permitting the Federal Housing Administration to insure condominium mortgages. Today, nearly 30 million Americans live in approximately 100,000 planned communities, consisting of single-family homes, townhouses, condominiums, shopping centers, office buildings, and facilities to house light industry. These communities range in size from a single condominium building to huge complexes of more than 50,000 acres. PUD's include retirement communities in the sunbelt states, all-adult communities, and communities catering to families with children.

Whatever the particulars of a given community, PUD's have three common traits: building and land use restrictions, shared amenities, and community associations to which all property owners belong.

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The Economist (April 5, 1986) reports that "within their enclaves these associations perform all the functions of a small government." The associations, according to one development company, "work to assure that the communities' amenities, public facilities and other areas are supported and maintained." (*New Home Journal*, May/June 1987) In essence, they are a combination public works/parks and recreation department. Funding usually comes from maintenance fees assessed on each property owner.

Perhaps the most important function of the community association is enforcing deed restrictions. Deed restrictions are a form of private "zoning," in which developers establish certain rules to prevent undesirable buildings and land use. Like zoning, deed restrictions provide continuity within a given area; unlike zoning, deed restrictions are governed by market considerations.

"When you are developing a master-planned community you are essentially trying to make it so the [homeowner] doesn't have to leave the area to get what he wants," explains Dennis Guerra, a project manager for the First Colony master-planned community near Houston. This requires a careful marketing study to determine the amenities homeowners want. Retail shops, grocery and convenience stores, doctors, dentists, animal clinics, and other frequently visited businesses are often located within the community.

Most PUD's consist of a number of villages—subdivisions within the PUD—separated by the community's major roads. Business areas are located along these thoroughfares, which helps "keep cars essentially