

WHAT IS GOVERNMENT WASTE?

by William H. Peterson

Is the “waste tax” a tool for coming to grips with runaway federal spending?

The waste tax is a newly advanced idea of Citizens Against Government Waste (CAGW), a non-partisan nonprofit Washington-based educational organization with 500,000 members led by syndicated columnist Jack Anderson and businessman J. Peter Grace of W. R. Grace & Company. CAGW sees government waste as a kind of an unlegislated tax—a heavy, counterproductive tax, in the hundreds of billions of dollars each year.

The waste-tax idea should generate discussion in America. Just how do you define government waste? How do you know it when you see it? *Waste* as a verb is defined in *Webster's Ninth New Collegiate Dictionary* as “to spend or use carelessly . . . to allow to be used inefficiently or become dissipated.” But do these definitions mean that a government which is careful or efficient—admittedly unusual qualities in any government—cannot at the same time still be wasteful? Consider, for instance, the federal government efficiently computerizing its vast Social Security operations. Or serving as the benign protector of jobs by carefully stopping or impeding foreign goods at customs points in ports and terminals. No waste in either example?

CAGW's case against government waste is well taken. Its waste-tax idea can provide a helpful public perception of the deficit problem. In the early 1980s Mr. Grace served as President Reagan's chairman of the Private Sector Survey on Cost Control, popularly known as the Grace Commission. In 1984 the Commission came up with 2,478 cost-cutting recommendations, the implementation of which would have saved taxpayers an estimated \$424.4 billion over three years and prevented the buildup of trillions of dollars of additional national debt by the year 2000. President Reagan pushed these recommendations but Congress permitted only some of them. So the waste tax grows.

But government itself has been growing in real terms and well beyond the rate of population growth ever since the New Deal, notwithstanding various attempts to leash this dangerous dog. The Grace Commission seems to have been modeled after two earlier Hoover Commissions. President Truman appointed ex-President Herbert Hoover to chair a waste-finding Commission on the Organization of the Executive Branch of the government in 1947–1951. And President Eisenhower named Hoover to head up a second commission for the same purpose from 1953 to 1955. Splendid studies made news as they spouted forth from both Hoover Commissions. But to little avail. Like Topsy, government just grows. And grows wastefully.

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What is waste? Consider Milton Friedman's Washington "iron triangle" of organized interests, affected bureaucrats, and overseeing legislators perpetuating all manner of wasteful schemes—schemes such as paying farmers not to farm, continuing to maintain military bases that the Defense Department itself says are unneeded, or spending "only" \$500,000 to convert the North Dakota home of late bandleader Lawrence Welk into a national shrine (although Congress did back off that last boondoggle after a public uproar).

Still, do the official and unofficial views of government waste go far enough, especially in the face of a \$4 trillion national debt? Isn't there guidance on waste in Thomas Jefferson's thought that that government is best which governs least, in Thomas Paine's thought that society performs for itself almost everything which is ascribed to government?

What Is ROGIS?

With 32 out of the last 33 federal budgets in deficit and virtually no prospect of getting a tourniquet on the ongoing hemorrhage of red ink, does it not make sense to at least contemplate getting hold of waste through not only cost-cutting and the waste tax idea but through a redefinition of government itself? At a time when government takes on program after program, with national health insurance looming, is it not time to discuss and tackle the proper role of government in society, the acronym of which is ROGIS (role of government in society)?

ROGIS should figure big in Washington, but it doesn't. Is there a politician anywhere who asks: Why government in the first place? What is its purpose, especially in the light of the U.S. Constitution? Is it really the purpose of government to manage timber

forests and "save" the spotted owl? To establish minimum wages and maximum hours? To achieve "balance" in the workplace in terms of representation by blacks, women, Hispanics, and assorted other groups? To look after small business? To care for the homeless? To institute rent control? To dispense pensions and medicine to the elderly? To issue food stamps? To run schools? To put up public housing? To foster, however inadvertently, an underclass? To aid the Hottentot and practically the rest of the Third World? To serve as a global policeman in a New World Order? And so on. Aren't there alternative ways, including privatization, to accomplish these ends?

Waste is essentially a function of overblown government, of the state playing god, of being all things to all Americans, of misusing its taxing power to demand and command wealth—and thereby inevitably messing up, wasting resources, expanding the deficit.

So shouldn't we talk up ROGIS and ask ourselves: Didn't our Founding Fathers come up with a fine social compact of government, i.e., the checked and balanced U.S. Constitution, and try to seal its *limited* nature with the Ninth and Tenth Amendments? Weren't these two strategic amendments largely undone especially in the twentieth century by liberal U.S. Supreme Courts who construed the Constitution as a "living document"? And isn't there wisdom in the vision of Jefferson who, in his First Inaugural Address (1801), called for: "Still one thing more, fellow citizens—a wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned." □

THE MORAL ASPECT OF THE PROTECTIVE TARIFF

by David Starr Jordan

Every argument for and against the protective tariff has been stated a thousand times. There is nothing new to be said. But at the bottom of every argument remains the necessary recognition of its primal iniquity. The fundamental idea in American polity is that of a square deal to all men, each standing on his own feet, with exclusive privileges or governmental aid to no man and to no class of men. Inequality before the law, entail, primogeniture, church control of state, state control of church, class consciousness, and class legislation were evils in English polity which our fathers would not tolerate. On account of these they left England. They chose the hardships of Plymouth Rock and later the hazards of war rather than to put up with any of them. If there is one American idea or ideal to be segregated from the rest it is this of equality before the law. And it is this ideal which is violated absolutely and continuously in the theory and in the practice of the protective tariff.

The protective tariff is a device for enhancing the home price of the articles it covers by a tax on commerce, by forcing the

body of citizens to pay tribute to producers at home. To these the State in futile fashion tries to guarantee "a reasonable profit." These producers may be capitalists or directors of industry, or they may be the laborers who contribute effort only, without responsibility for the way in which effort may be applied. It matters not whether capitalists or laborers, either or both actually profit at your expense or mine or that of foreign producers. The protective tariff intends that they should thus profit, at least to a reasonable degree. But in the theory of our republic it is no part of the State to guarantee to any one "a reasonable profit," nor to protect any one from a reasonable loss. its function is to see fair play and freedom of operation. It is a breach of the principle of equality before the law that the State should do anything more. To guarantee any one a reasonable profit is to do so at the expense of the rest. The theory is one of injustice, whatever its result in practice. In practice, whatever is gained on the one hand is lost on the other. Even if we could force foreigners to pay the tariff taxes, which is sometimes possible, their capacity as buyers is correspondingly decreased. International trade is barter, and every burden it carries works a corresponding loss to both parties in the transaction. Moreover, as a matter of fact, the protective tariff yields little gain to the laborer, because continued immigration brings him new competitors and because he

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