

Most Outrageous Government Waste

by Thomas A. Schatz

Since my job is to be a watchdog on government waste, I'm often asked about the most outrageous cases.

That's a tough call because government bureaucrats never take care of your money as carefully as you would take care of it yourself. More important, bureaucrats spend money on what government wants, not what you want—which is the whole point of taxing away your money.

Without authorization, for instance, the feds spent \$19.6 million annually on the International Fund for Ireland. Sounds like a noble cause, but the money went for projects like pony-trekking centers and golf videos.

Congressional budget-cutters spared the \$440,000 spent annually to have attendants push buttons on the fully automated Capitol Hill elevators used by Representatives and Senators.

Last year, the National Endowment for the Humanities spent \$4.2 million to conduct a nebulous "National Conversation on Pluralism and Identity." Obviously, talk radio wasn't considered good enough.

The Pentagon and Central Intelligence Agency channeled some \$11 million to psychics who might provide special insights about various foreign threats. This was the disappointing "Stargate" program.

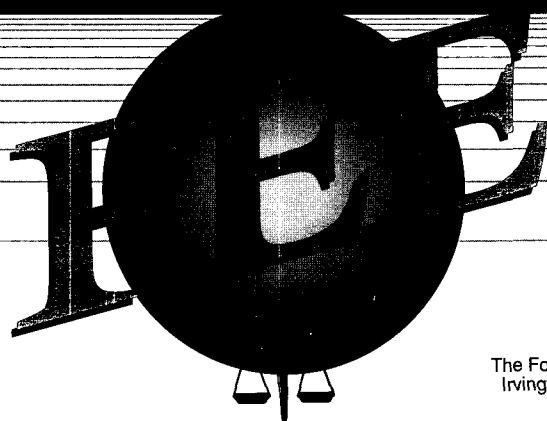
The Department of Education spent \$34 million supposedly helping Americans become better shoppers and homemakers. Wasn't it about time?

The federal government proposed spending \$14 million for a new Army Museum, although there already were 47 Army Museums around the country. We helped stop that idea.

Dubious government spending schemes abound since bureaucrats play with other people's money. For example, the National Institutes of Mental Health (NIMH) spent \$70,029 to see if the degu, a diurnal South American rodent, can help us better understand jet lag . . . they spent \$77,826 to study "Coping with Change in Czechoslovakia" . . . \$100,271 to see if volunteering is good for older people . . . \$124,910 to reduce "School Phobia" in children . . . \$161,913 to study "Israeli reactions to SCUD Attacks during the Gulf War" . . . and \$187,042 to study the quality of life in Hawaii.

Over the years, political wrangling twists the most noble-sounding government programs beyond recognition. For example, the Social Security Administration's \$25 billion a year Supplemental Security Income (SSI) program. Almost 250,000 children qualify for SSI checks because they can't participate in "age appropriate activities." Worse, thousands of prisoners get SSI checks relating to their alleged disabilities—costing taxpayers about \$20 million a year.

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Inscrutable Freedom

In every age and in every country, there are two kinds of people — the lovers of freedom and the devotees of power. The former like to pursue their own good in their own way without infringing on the equal freedom of others. The devotees of power love to exercise control over others, and especially to command over the body politic. Both kinds wax eloquent about freedom which, to them, has very different meanings and connotations.

The lovers of individual freedom carefully delineate the scope of personal autonomy and absence of institutional restraint. They are concerned about their religious, political, and economic freedoms. Their most fundamental freedom of all is the personal freedom to move about, to come and go as they please without restraint. Most Americans are accustomed to this basic freedom; to them, it is a great writ of liberty, anchored in the Constitution: "The Privilege of Habeas Corpus shall not be suspended, unless when in cases of rebellion or invasion the public safety may require it" (Article 1, Section 9).

Religious freedom, that is, the freedom to believe in a divine power as the creator and ruler of the universe and the right to worship with people of one's own choosing, was nonexistent during the Middle Ages. Before the great powers of Europe were willing to grant it, they waged

numerous bloody wars — eight in France alone (1562–1598) and the bloodiest of all European wars, the Thirty Years War (1618–1648). Exhausted, ravished, and depopulated, the countries gradually learned to tolerate their religious differences. In the United States, the First Amendment to the Constitution expressly affirms the freedom of religion: "Congress shall make no law respecting an establishment of religion, or prohibit the free exercise thereof." Yet, in recent years, in the name of separation of church and state, American courts have sought to purge religion from all aspects of public life. And public education seeks to replace religion with "statism" which elevates government to the center of human concerns and makes it the source of economic care and bounty.

Political freedom, that is, the right to vote and hold public office for all members of society was virtually unknown before the nineteenth century. The Fifteenth Amendment to the Constitution guaranteed "political freedom to all citizens regardless of race, color, or previous condition of servitude." The Nineteenth Amendment extended the right to vote to all citizens regardless of gender. Despite these Constitutional assurances many Americans were denied basic political rights until the Civil Rights legislation of the 1960s and 70s.

Economic freedom, which is the individual right to pursue one's own economic goals and objectives as long as no harm comes to others, is severely limited in most parts of the world. It is always ringed about by envy and covetousness which invite breaches of the peace and denial of economic freedom by people in power. Economic freedom is an easy prey to political force. It is the first thing that is lost when tyranny advances.

When the **devotees of power** speak of freedom they usually mean the freedom of the body politic, especially of its leaders holding the reins of government. Their concept of freedom is holistic and collectivistic. Hitler used to discourse about the freedom of the German people, Stalin about the freedom of the Soviet society, and Castro about the freedom of Cuba from imperialistic U.S.A. All forms of tyranny build on some collectivistic notion of freedom.


The concept of freedom most popular in the United States connotes the *freedom from want and poverty*, from poor housing, ill health, and poor education. It is an income concept based on entitlement and redistribution of income and wealth by government force. President Franklin D. Roosevelt elevated the "freedom from want" to a basic right of all Americans. Every president thereafter added a particular want to his freedom program. President Truman fought for higher minimum wages, increased Social Security benefits, and more aid for housing. President Eisenhower confirmed the entitlement programs begun by his Democratic predecessors. President Kennedy launched the New Frontier of federal aid to education, medical care for the aged under Social Security, and aid to depressed areas. President Johnson declared "war on poverty." President Nixon imposed wage and price controls in order to alleviate poverty; Presidents Ford and Carter continued the Nixon controls. President

Reagan consented to "catastrophic care" to Medicare and President Bush added a "kinder face" to the entitlement system. President Clinton is now laboring to extend and reorganize the healthcare system.

All these "freedoms" rest on the power of democratic majorities to exact income and wealth from the productive members of society. After all, government is no *deus ex machina*, no *manna ex politia*. Whether it is freedom from poor housing, inferior education, or pitiful healthcare, every political demand for improvement is a call for seizure of property from hapless taxpayers. Every entitlement is a legal right to lay hands on someone else's income, every new call for more benefits a call for more appropriations.

In a speech to the Virginia Convention, James Madison, the fourth president of the United States, wisely observed: "I believe there are more instances of the abridgment of the freedom of the people by gradual and silent encroachments of those in power than by violent and sudden usurpation." Having observed the gradual and silent encroachments in recent years, we may understand how they manage to proceed so successfully. No matter what we may think of public opinion, it carries all before it. The men in power who may have no opinion of their own appeal to it, proclaim it, and run with it. If public opinion longs for entitlements, they flatter the people and demand as a means for the procurement of the benefits a gradual surrender of their freedoms. Many people gladly submit; few withstand the temptations. If they resist, they are crushed.

The evils of tyranny are seen and felt only by those who resist it.



Hans F. Sennholz

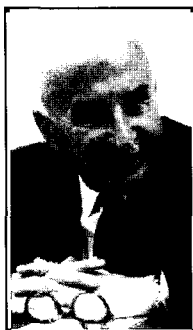
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That's not all. In Denver, the government reportedly sent \$160,000 to recipients at their "official address"—a tavern. A San Francisco addict used his SSI check to buy drugs, which he subsequently sold on the street for a profit. A Van Nuys, California, alcoholic received a \$26,000 SSI check, then spent the money on a van and two cars which he subsequently wrecked while driving drunk. Los Angeles SSI recipients reportedly faked mental illness and had a doctor concoct false medical records, so they could pocket \$45,000 worth of checks. An estimated 79,000 alcoholics and drug addicts are believed to spend SSI checks—some \$360 million annually—on their habits.

Again and again, programs aimed at the poor are captured by well-heeled interest groups. For example, the Commerce Department's U.S. Travel and Tourism Administration (USTTA) gave away \$440,000 in so-called "disaster relief" to Western ski resort operators when there wasn't much snow.

The Economic Development Administration spent "anti-poverty" funds to help build a \$1.2 million football stadium in spiffy Spartanburg, South Carolina. During the summer, it will serve as a practice facility for the National Football League Carolina Panthers, and the rest of the year it will be used by Wofford College, which has a \$50 million endowment.

Look at one of the most enduring legacies of Lyndon Johnson's "War on Poverty": the Appalachian Regional Commission. It was billed as help for an impoverished region. During the past three decades, this bureaucracy you've probably never heard of has spent \$6.2 billion, yet the region remains impoverished.

Where did the money go? Two-thirds was spent building 26 highways connecting well-to-do urban centers. The money went to construction workers whose wages are definitely above-average. Despite revolutionary talk in Washington, the Appalachian Regional Commission goes on and on.

Or take the plight of the family farmer. I know you've been regaled about wasteful spending on agricultural subsidies, so I'll

just cite a single intriguing example: 1.6 million farm subsidy checks for \$1.3 billion, mailed to urban zip codes during the past decade. New York City "farmers" pocketed \$7 million during the past decade, Washington, D.C., "farmers" \$10 million, Los Angeles "farmers" \$10.7 million, Minneapolis "farmers" \$48 million, Miami "farmers" \$54.5 million, and Phoenix "farmers" \$71.5 million. Among those on the take, to the tune of \$1.3 million: 47 "farmers" in Beverly Hills, California—one of America's wealthiest cities.

A lot of government spending is justified as necessary for national security. For instance, maritime subsidies supposedly help maintain a fleet for an emergency. Laws require government agencies to use U.S.-flag vessels which are U.S.-built, U.S.-owned, and U.S.-crewed, costing two to four times the world market price of comparable vessels available elsewhere. When the U.S. Department of Agriculture and Agency for International Development give away surplus grain, they must use U.S.-flag vessels for at least 75 percent of shipments, adding \$233 million to the taxpayer burden. The U.S.-flag requirement adds \$1.75 billion to the defense budget. Subsidy per maritime job: over \$100,000.

The defense budget is larded with waste not because it's run by bad guys but because it's big, and bureaucrats are, as always, spending other people's money. The Pentagon has an "operational support airlift" consisting of some 500 airplanes and 100 helicopters for flying military brass and civilian bureaucrats on 1,800 trips a month—costing taxpayers \$380 million a year. Many of the destinations are served by commercial airlines.

Last year, the Pentagon announced it would spend \$5.1 million to build a new 18-hole golf course at Andrews Air Force Base in suburban Maryland, which already has two. *Golf Digest* reported there are 19 military golf courses around Washington, D.C. Why a new golf course? One Pentagon official was quoted as saying "a lot of golf gets played out there. On Saturday mornings, people are standing on top of each other."

Can It Continue?

How can such outrageous waste go on year after year? Simple: bureaucrats aren't doling out their money, so they have little incentive to be responsible. Politically connected special interests, who are usually better off than the average taxpayer, seem to get most of the loot.

The most powerful special interest is government itself. In fiscal year 1993, the federal government owned 569,556 vehicles—one for every six full-time employees. Included were 117 limousines. The government's fleet expanded more than 130,000 vehicles since the Grace Commission called for it to be cut in half more than a decade ago.

Government officials multiply the number of regulations regardless of the waste they cause. For example, the Defense Department has 1,357 pages of regulations about how officials travel. Complying with these regulations adds about 30 percent to travel costs. If the Pentagon adopted the best practices of private companies, it could save an estimated \$650 million to \$840 million every year. Of course, government regulations cause enormous waste in the private sector—tax compliance costs alone run into the billions—but that's a vast subject unto itself.

The federal government wastes money through grants to the most politically powerful environmental lobbyists. For example, between 1990 and 1994, the Natural Resources Defense Council got \$246,622; Defenders of Wildlife, \$1,285,658; Environmental Defense Fund, \$1,493,976; and the World Wildlife Fund, \$26,584,335. All together, environmental lobbyists collected \$156,644,352 during this period. Every one pushes the federal government to enact more regulations.

Whenever you hear a politician propose

that government take over some private business, like New York's troubled Long Island Lighting Company, there should be red flags all over the place, because government operation means high costs. At the U.S. Government Printing Office, for instance, costs are estimated to be 50 percent higher than in the private printing industry. If the U.S. air traffic control system were transferred to private companies and the services paid by user fees, taxpayer savings would probably be around \$18 billion over the next five years.

With a \$1.5 trillion annual budget, the feds take so much of your money that they can't possibly keep track of it even if they wanted to. For example, a contractor sold \$27 electronic relays to the government's Strategic Petroleum Reserve for between \$484 and \$521 apiece. The Department of Energy paid some of its employees \$5,000 a year to lose weight—the outlays totaled \$10 million a year. The owner of a California apartment building got Department of Housing and Urban Development subsidies, then illicitly diverted \$610,000 into his own accounts. One "farmer" collected \$1.6 million in government insurance payments for non-existent crops. Forty-three people in New York City pocketed over \$40 million in phony food stamp claims. Five Floridians stole \$20 million from Medicare—part of the estimated \$17 billion of annual Medicare fraud.

What to do about such waste? The government is crawling with auditors, and there have been a zillion investigations, yet waste goes on. Citizens Against Government Waste will continue to be a watchdog. The only long-term solution, though, is to somehow cut big government down to size. Only when it's much smaller will you be able to keep more of your hard-earned money, which, after all, is yours. □

Today's Fight for Property Rights

by Nancie G. Marzulla

Bob and Mary McMackin bought property in Pennsylvania's Pocono mountains and obtained all the necessary permits to build a retirement home. But four years after they moved in, the U.S. Army Corps of Engineers decreed that their property was a "wetland"—even though it was dry.

Result: they were ordered to destroy all landscaping outside a five-foot perimeter of their home and driveway and restore the land to the way it was before construction. Moreover, they were ordered to buy twice as much property as they had to provide land off-site for a new "wetland." In this case, there was a happy ending. Defenders of Property Rights, representing the McMackins, helped reach a settlement which rescinded the orders. The Corps issued new guidelines allowing small parcels to be exempted from "wetlands" regulations.

Others haven't been so lucky. Again and again, civil liberties are violated despite the Fifth Amendment to our Constitution, requiring that when government takes property for public use, it must pay the owners just compensation. While courts have long enforced just compensation when government takes title to private property through eminent domain, such as for building a road—courts generally fail to protect individuals who retain title but lose some or

all the value because of government regulations which supposedly benefit the public. These are the so-called regulatory takings.

Hardest hit are small property owners who usually cannot afford the time or money to mount a proper defense of their rights. In some cases, property owners surrender their rights rather than incur legal expenses. In other cases, small property owners fight the government without an attorney, risking ruinous fines and the possibility of imprisonment for acts they believed were perfectly lawful because they didn't harm anyone.

Litigation to defend property rights can drag on for a decade, wiping out the life savings of ordinary people. Only the rich can easily afford to defend their property rights against government regulators whose legal costs are financed out of the public treasury.

Government officials are not concerned about how their regulations hurt people, because they aren't telling themselves what to do. They are telling other people what to do. Officials do not suffer when their regulations make someone else's property worthless. They still get their pay, perks, and pensions.

The Takings Clause

In 1985, University of Chicago law professor Richard Epstein wrote *Takings*, the book reminding everybody that there's a

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