

vastness of Russia — to their ability completely to dominate the areas they control or wholly to destroy the happiness of their helots. It is one of the merits of Miss Beloff's book that she shows there is still joy and goodness to be found in the Soviet empire, despite the efforts of the elderly gangsters who run it to destroy both. The 1980s will not be a comfortable decade in which to live, but one can detect grounds for hope on both sides of the Iron Curtain.

Paul Johnson

## The Way the Money Goes

THE FLEECING OF AMERICA. By William Proxmire. (Houghton-Mifflin, Boston, 1980)

THE POLITICAL ECONOMY OF FEDERAL GOVERNMENT GROWTH: 1959-1978. By James T. Bennett and Manuel H. Johnson. (Center for Education and Research in Free Enterprise, Texas A & M University, Texas, 1980)

At the Democratic National Convention this year, the largest single voting block of delegates was from the National Education Association. Over three hundred NEA member teachers were delegates, and all the expenses of each one were paid by NEA — hotel, meals, transportation. Their purpose was to reward President Carter for establishing the new Department of Education and for supporting federal spending on education, and to make sure he remained in charge to keep the goodies flowing. Thus a special interest group has moved from trying to capture a cabinet department to creating one of its very own, complete with dozens of GS-18 and other high ranking posts as rewards for the faithful. There are eleven Assistant Secretaries, all earning between 40 and 60 thousand dollars a year.

This department and the new Department of Energy are the most egregious examples of the recent growth of government. Yet they were the product of an administration elected in 1976 to "fight Washington," and the rhetoric surrounding their establishment concentrated on new efficiency, which was to result from better organization. Hypocrisy, as we know, is the tribute vice pays to virtue.

Yet if little progress has been made to date in restricting the growth of government, more attention is certainly being devoted to this issue. Proposition 13 was an item of major national interest, for example, and all candidates for federal office now intone against waste, fraud, and corruption in federal spending.

Senator William Proxmire has never been a traditional liberal, if that term is taken to mean an adherent of the Galbraithian view that our problems would go away if only we spent enough money on them. To illustrate his concerns about federal overspending, he invented the Golden Fleece award to alert "the public and Congress to many instances of outrageous waste." Senator Proxmire tells the story of that award in a new book, *The Fleecing*

of America.

No doubt the award has reinforced the view that much federal spending is a senseless waste of resources. Senator Proxmire is at his most persuasive not when he shoots fish in a barrel — criticizing federally funded studies of why monkeys clench their teeth, or of Peruvian brothels — but when he steps back from the fun and offers some serious comments. His assessment of the Small Business Administration, as “a wasteful program in almost every aspect . . . obsolete,” is cogently argued, and he does not flinch from urging outright abolition of the agency. Similarly he objects to the view that more spending on federal education programs means more education, calling this “another prevalent myth.” Spending has gone up and up, while performance has gone down and down. Senator Proxmire’s own view is that there is no substitute for “local interest, local enthusiasm, local commitment” to local schools. He proposes that local governments have the tax authority to fund schools, and that direct federal funding be stopped — a view much like that offered by Ronald Reagan in his 1980 campaign.

Yet despite these points, Senator Proxmire’s book is a disappointment. To the growth of government he brings no general explanation, no coherent description, and no solution other than more extensive use of the General Accounting Office by Congress. While the book is smoothly written and reads easily, there is too little intellectual substance to it.

A much less attractive new book — not well written, filled with indecipherable charts, and unlikely to find a wide audience — covers the same issues with infinitely more intelligence and information, and in fact offers a coherent theory of big government. James T. Bennett and Manuel H. Johnson, who teach economics at George Mason University in Virginia, have written *The Political Economy of Federal Government Growth: 1959-1978*, and the book is a small gold mine of information and ideas about the phenomenon.

To begin, Professors Bennett and Johnson report that the very rapid increase in the size of government is largely a myth: “Overall, the statistics on federal government growth are startling, not so much because they show that government has grown in recent years, but because they indicate that government has not grown very much. In terms of federal civilian employment relative to the labor force, the size of government has been shrinking.”

Why, then, is there a near-universal feeling that government is more intrusive? Because its activities have changed, not because its size — in number of employees or budget, measured against the size of the labor force or GNP — has changed, for while “the number of employees in the lowest GS grades declined in all three branches of government . . . the number of policy-makers soared . . .” The data, Professors Bennett and Johnson conclude, “clearly indicate that a massive shift . . . has occurred toward policy-making and program administration levels.” The importance of this point may be illustrated easily: 500 regulation-writing policymakers at the Department of Education will be much more intrusive in our lives than will 5,000 postmen or infantry sergeants.

What is more, the authors point out, the figures on federal employment are themselves understated. In addition to regular employees, the federal

government supports thousands of consultants and contract workers, and federal spending for grants and contracts increased from \$65 billion in 1970 to \$150 billion by 1978. The result is that while the size of the federal government does not actually increase, its impact increases greatly. And the enormous private sector costs imposed by government regulations — legal fees, EEO officers, environmental equipment — are not at all reflected in statistics on the government's payroll or its budget.

The book thus offers a far more sophisticated view of "big government" than is customarily drawn, and would be valuable for this alone. But the authors then turn to the more crucial question: why does this all happen? Why does government grow in power, if not always in size? Their view is that the bureaucrat is the main culprit, for it is in his interest that government power increases. "We believe," they write,

That the reason government has grown is that those individuals who benefit most from government growth, bureaucrats and politicians, have been able to increase the size and scope of government, because voters have been led to believe that the benefits from government involvement in "crises" far exceeds any reasonable estimate of the associated costs.

Despite this mention of politicians, Professors Bennett and Johnson consider "bureaucratic self-interest as the prime mover." Voters, of course, resist additional taxes, so they are told that they will benefit greatly from the expenditure, or that a crisis — in the cities, in race relations, in the schools, in the environment — makes it essential.

For the politician, the reward for supporting a special interest group can be large indeed; as the NEA's startling activities for Jimmy Carter revealed. (Think what the press would have said if Exxon had 300 delegates, for when it paid all expenses!) The only risk is that a "taxpayer revolt" will unseat the politician, and this very real risk is met by special interest group activity on his behalf and by the "crisis" defense, which explains to voters that the additional government power is necessary to solve otherwise explosive problems.

For the bureaucrat, the matter is even less complicated: *all* the incentives are for growth of government. "The public sector manager who can achieve a rapid expansion in the programs under his direction can expect to benefit directly in terms of rank, salary, prestige, and perquisites of office . . . . The bureaucrat can thus benefit directly from the initiation of additional activities by the public sector."

Of course this means an upward spiral in the role of government, for the more bureaucrats there are, the more assistants they will wish to hire and the more they will wish to do. Are there no limits? Professors Bennett and Johnson have several suggestions to make. One is simply unrealistic: to punish agencies which place excessive burdens on society by reducing their budgets. A few moments' thought as to definitions of excessive burdens, measurements of their impact, and determination of how much to punish an agency, will indicate that this strategy is an unlikely one. Another more realistic suggestion is to enforce all public laws on Congress, which now exempts itself from the equal employment, environmental, labor standards, and other statutes. Other ideas include transferring to the private sector all activities which can be more efficiently performed by it, from garbage

collection to mail delivery to weather forecasting. The authors' major proposal is to reform bureaucratic rewards and punishments, for "the present system is perverse: There are no benefits for excellence nor are there penalties for failure." Indeed, the present system can be said to reward failure, for the continuation of the "crisis" in question can be used as an excuse to seek more funding.

Professors Bennett and Johnson are scholars, not politicians, and they offer no political strategy for persuading voters to try out the proposals they recommend. Yet their contribution is no less significant for that: they provide the understanding which must underlie any political effort. There is, quite obviously, at large among the voters a spontaneous backlash to costly and intrusive government. Efforts such as Senator Proxmire's add to this backlash, but cannot convert it to a political program: they offer no diagnosis and thus no cure. Professors Bennett and Johnson, who acknowledge their debt to economists Gordon Tullock and (especially) Paul Craig Roberts, offer both.

It is a pity that the book is not better written to appeal to a wider audience. A shortened version would make a fine magazine article, might get wider circulation and attention, and is highly recommended. But for those truly interested in the subject, Professors Bennett and Johnson have written an important book. They ought, first thing, to send a copy to Senator Proxmire, whose heart is after all in the right place. And perhaps a copy might go to every one of those 50 Deputy Assistant Secretaries of Education, just to warn them that the game, while not up, has not so very long to run. Slowly but surely, the public is catching on.

Elliott Abrams

## Machiavelli Redux

GO QUIETLY . . . OR ELSE. *By Spiro T. Agnew.* (Wm. Morrow, New York, 1980)

THE TERRORS OF JUSTICE. *By Maurice Stans.* (New York, Everest House, 1978)

WILL: THE AUTOBIOGRAPHY OF G. GORDON LIDDY. *By G. Gordon Liddy.* (St. Martins Press, New York, 1980)

Machiavelli concluded *The Prince* by quoting Petrarch in an attempt to inspire the rulers of Italy:

For th' old Romane valour is not dead  
Nor in th' Italians breasts extinguished.

Reading these three books by survivors of the Nixon disaster brings home how totally that Administration, which more than any other in recent history would have welcomed comparisons with Machiavelli, departed from his prescription. The reason was not exactly lack of patriotism, but rather a failure to understand the humane, even idealistic spark that animated Machiavelli's ironic realism. Indeed, the books raise the broader question of whether American society itself is going through the kind of