

A COMMONS PROBLEM

BY ERIC FELTEN

Dan Rostenkowski has had a rough time recently. Not only did six Democrats on his House Ways and Means Committee defect and vote for a capital gains tax cut, but Rostenkowski found himself one of the few voices pleading for the Catastrophic Care Act, which, for all his protestations, the House voted to repeal 360-66.

"The House is in full retreat," Rostenkowski sniffed. He said that the repeal effort was supported by only a minority of seniors. Yet Congress's mail suggested otherwise. Rep. Steve Gunderson (R-Wis.), for example, received 2,172 letters urging him to get rid of the program. Only one person wrote asking him to vote to keep it. Rep. Bill Paxon (R-N.Y.) received 3,807 letters, all asking for repeal. Rostenkowski argued that the tide of battle would turn, that the majority of seniors would speak up in favor of their benefits. But when he left the House, he, too, was in retreat. He was met by a phalanx of seniors who surrounded his car, blocked his escape, and heaped abuse on him.

Rostenkowski's difficulties aside, the vote on catastrophic care was astounding: It was the first time a major entitlement program was dismantled. That the political will existed to end the program even before it had really begun ought to be no surprise, however.

Though the package was to protect seniors from the overwhelming cost of a major illness, it did not protect them from the overwhelming cost of paying for the program. Here the act was significantly different from other entitlement programs. Most programs give benefits to a subsection of the population and are financed broadly by all taxpayers. The



catastrophic care program would have given benefits to a subsection of the population—seniors. But it would have financed the benefits with taxes on a portion of that subsection—wealthy and middle-income seniors. This rare approach was the idea of the Reagan administration, which demanded that the program be self-financing. As Congress added to the benefits originally proposed by the administration, the costs of the program exploded, and seniors were given the bill for an expensive program that many did not need.

Most of the discussion of the catastrophic care repeal has focused on the conflict of interests between poor seniors and wealthy ones. Rostenkowski argued that the poor outnumber the rich and simply needed to be mobilized for the program to be reinstated. "Mark my words," Rostenkowski said of the supposed majority of seniors who would benefit from the program, "their voices will be heard in this chamber in the very near future."

He may be right. But more illuminating than the conflict between the rich and the poor or the question of how long it will take to mobilize the poor is the change in the interests of wealthy and middle-income seniors.

Those seniors who lobbied for repeal argued that they already have pension plans and private insurance that quite adequately protect them, and they resented paying up to \$800 apiece each year for benefits they already have. But is there any question that had the program been funded through general revenues most of these seniors would have heralded the plan and promptly signed up for the benefits? The question of whether private or public in-

insurance is more cost-effective would have never been raised by them. When a program is financed by everyone, self-interest compels each of us to take as many of the benefits as possible.

Unfortunately, most government programs are set up this way. We each have an incentive to grab as large a share of the public pie as possible, even though we know that our taxes must go up to pay for these services. This is a classic example of what economists call a commons problem.

The term comes from Garret Hardin's account of overgrazing on public, or common, pastures. Each farmer could put as many cows as he wanted on the commons and would own the milk that his cattle produced. But the cost of maintaining the pasture was divided equally among all farmers. Each then had an incentive to put as many animals on the commons as he could. A farmer received the full benefit of his animals but paid only a fraction of the cost of their upkeep. The pasture was soon overgrazed, and the value of all the animals fell as they lost weight; but there was no incentive for a farmer to remove any cattle because the benefit would be shared with everyone, including farmers who removed no cattle.

Commons problems, similar to that

described by Hardin, are all around us: air pollution, highway traffic, littering. And it appears that government money, too, fits the model—like an all-you-can-eat buffet at which we eat more than we want or need because we've paid the price of admission. Unlike most entitlement programs, however, catastrophic care did not fit that model. Rather, at least for wealthy and middle-income seniors, there was some link between costs and benefits.

The structure of catastrophic care, albeit unwittingly, reflected the kind of solution economists usually suggest to solve commons problems—bring costs and benefits together. For example, we may want to make our buffet a cafeteria, where we each pay for as much as we eat. The solution for the farmers was for each to own the land on which his cattle grazed.

These are solutions based on the assignment of property rights. It is unclear how similar rights can be assigned to break the logic of the entitlement commons. Perhaps the best that can be done is to tie costs to benefits as the catastrophic care program tried to do. That, however, is unlikely to happen any time soon. Congressional leaders, burned by the catastrophic care revolt, are already talking about a revised program in which funding would be "fairer." In other words, next time, they'll keep costs as far away from benefits as possible.

Pundits often point to the deficit and say it shows that Americans want expensive government services but are unwilling to pay for them. Usually, their conclusion is that taxes should be raised to cover the costs of the programs that we appear to want.

But our seemingly insatiable appetite for government services may not reflect the amount we really want, or, at least, the amount we want badly enough to pay for. Our appetite may simply be a function of the logic of the commons. Until we pay directly for the services we receive, we will never know how many government programs Americans really want. As long as government money is treated as a commons, we will all overgraze.

Eric Felten covers Congress for Insight magazine.

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LIBERATION CINEMA

BY ROBERT A. SIRICO

A dear friend of mine with impeccably libertarian credentials recently wrote these speculative words to me: "I've often wondered what I would do if I were a theologian in some Latin American country confronting the frequently terrible consequences of the country's feudalism. I had been taught to call the economy 'capitalism,' for which there was no remedy except that touted by the communists. I'd probably try to work out some improbable modus vivendi between my Christianity and their Marxism!"

The result, of course, would be liberation theology.

I thought of these words as I viewed the movie *Romero*, produced by my brother Paulist, Father Ellwood Kieser, who has labored in Hollywood for some 30 years in an attempt to live out the ideal of the founder of our order, Isaac Hecker, by "presenting old truths in new forms." I felt a deep sense of pride as I saw emblazoned across the black screen in scarlet letters the words *Paulist Pictures*, knowing that this was the first time a Catholic production company had produced a major motion picture. It is a respectable, though flawed, accomplishment.

The movie relates the tragic and heroic story of Salvadoran Archbishop Oscar Romero, who was assassinated while celebrating Mass almost 10 years ago. By all accounts Romero was a quiet, frail, and conservative churchman, initially thought to be a good compromise candidate not likely to rock an ecclesiastical boat already racked by external pressures and internal dissension. He ended up directly challenging the government of Carlos Humberto Romero (no relation). His assassins have never been brought to justice.

The movie, which stars Raul Julia (*Kiss of the Spider Woman*) in the title



Raul Julia as Archbishop Romero: a complex man in an over-simplified situation

role, is intense, at times moving, but overall too didactic. It lumbers along, inexorably, in a heavy, almost smothering manner, from one tragic scene to the next, causing me at times to feel as though I were watching it under water. The movie never allows the viewer to come up for air. The film's redemption is Julia, who is superb in playing this timid, sincere, and tortured soul caught in the conflagration among death squads who kill his priests and catechists, governmental troops who desecrate the Blessed Sacrament, and an aggressive band of guerrillas who themselves do not shy away from murder in their attempt to gain control of the country. Julia convincingly allows his character to evolve into a virtual Old Testament prophet figure. Not enough good can be said about the subtlety and restraint he brings to his performance.

There is more to this film than Julia's performance, however. While *Romero*

succeeds in portraying the courage and complexity of the archbishop, it fails to display the same complexity when dealing with the volatile political context from which his heroism emerged.

It would have been impossible for this film not to have had a political slant, and writer John Sacret Young (co-creator of TV's "China Beach" series) surely gives it one. The script is intent on placing a relatively undefined liberation theology into the mouths of the film's most sympathetic characters. The guerrillas, and a number of hard-working priests in various relations to them, are portrayed as basically idealistic and decent folk who have been driven to the use of kidnapping, torture, and murder by the true villains: greedy capitalists in collusion with the military.

Every single statement in the film in favor of the free market—of the aspirations of the Salvadoran

people to North American living standards, of the role of the entrepreneur as a producer who brings capital into the country for its overall benefit—is articulated by the most sinister, cynical, and bloodthirsty characters in the film. Thus, solidarity with the poor comes to mean solidarity with socialist revolutionaries while the free enterprise of the North is axiomatically identified with the feudal interests of the South.

And here is where the film, and liberation theology itself, is for me most frustrating. After all, what would the actual liberation of the poor from unjust social and economic structures mean if not a generally prosperous economy and a large middle class? And where do such societies exist if not in North America and those areas of the world that emulate its basically, though inconsistently, free-market arrangements? How is it that