



WHAT'S GOING ON?

Philip M. Crane, Ph.D.

Dr. Crane is a teacher, author, and presently a member of the House of Representatives. He is an alumnus of Hillsdale College and a member of its Board of Trustees. This article is adapted from a speech delivered before the Hillsdale College student body on May 4, 1972.

"What's going on?" is not a question to ask anyone in Washington these days because if you're confused, your confusion is minimal compared to that down on the Potomac. With such in mind let me examine a few generally accepted assumptions held today in Washington, discuss their implications, and then offer some alternatives. First is the disposition to treat problems as crises; second is the notion that government, particularly the national government, has the answers to all our dilemmas; third is that the mere allocation and spending of money will eliminate these problems; and lastly that certain traditional economic laws are *passé* and, therefore, can be ignored.

In failing to intelligently analyze particular conditions, we have created a "Chicken Little" syndrome and convinced ourselves that without immediate action from Washington, the sky will indeed fall. I need only suggest to you the "over kill" on cleaning up our environment. While a legitimate concern, our environment will not be saved by the Water Quality Control Act of 1972 passed by the House, nor by the same version of this legislation unanimously passed by the Senate. In the House, there were only 14 nay votes.

The stated objective of the bill is to give the country 100% clean water by 1985. Yet, according to expert testimony before Committee, the estimated cost of achieving 100% clean water by 1985 is \$2.3 trillion. This \$2.3 trillion just happens to be more than the entire world's Gross National Product. So quite obviously we are not going to be spending that amount of money to get 100% clean water by 1985. Yet no one can fault the objective of the bill. We would all like to have 100% clean water tomorrow.

When a bill comes up for final passage, you are given the option of voting yes, or no. In this case you are presumably for dirty water if you vote against "clean water" legislation. But these questions are never either/or. To believe they are is a logical fallacy; other alternatives do exist. Yet, I talked to many responsible Congressmen who were writhing in anguish over this dilemma. They were fearful of "national opinion," the Friends of the Earth, and those sitting in the press gallery all looking down to see who was in favor of dirty water. In passing this kind of legislation, the politicians have called their own integrity and creditability into question. In response to a certain amount of public clamor and high-minded goals, they have plowed ahead and passed laws that cannot be realized. There is not a member in that House who is prepared to consider the economic consequences of a \$2.3 trillion price tag by 1985. Can you imagine the necessary increase in taxes for a bill even approaching such a price tag?

In examining the implications of this particular bill, the AFL-CIO indicated that it would throw millions of Americans out of work. Yet rather than oppose it they tried to attach an amendment which stated that the cost or personal expense of anyone thrown out, or allegedly thrown out, of work because of this bill must be borne by the individual's employer. The paper industry testified before the Committee that this bill would increase production costs 50% to 60%. These additional production costs on business would result in skyrocketing increases in the price level and eventually force those businesses out of existence altogether. In effect, we would be killing the paper industry in this country and simply passing the benefits on to Canada and Sweden, our two chief competitors.

im•primis (im-pri' mīs) adv. In the first place. Middle English, from Latin *in primis*, among the first (things) . . .

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In further testimonies before the Committee, three other vital points were made, calling into question not only the goal of 100% clean water by 1985, but even by the year 2000. First, there is an exponential increase in cost the closer you get to that 100% mark. Let me illustrate. (I may be misquoting the exact figures here but the impression is accurate.) For 90% clean water the cost is in the neighborhood of \$60 billion; for 95%, \$120 billion; for 99%, \$370 billion; and for that final per cent of clean water, we must double that last figure. One might say that we could "save" the country \$370 billion by "merely" accepting 99% clean water. Second, we can never get 100% clean water because nature is one of the greatest polluters of all. What we should be talking about is the possibility of eliminating or reducing that portion of water pollution caused by man. Lastly, is the irresponsibility which was manifested during the debates on the floor. Some raised the question about the impact on other aspects of the environment in the pursuit of this 100% goal. Committee members confessed that they did not know what the impact would be. Some facetiously said that we will be simply taking the garbage out of the water and putting it into the atmosphere. Unfortunately, we have not yet developed the technology necessary to recycle all the various wastes in order to remove pollution from one area of the environment without adversely affecting another part.

Are the American people prepared to suffer national bankruptcy, extensive unemployment, the destruction of major industries, and the possible ravaging of other aspects of our environment in their zeal for 100% clean water? I doubt it. But their "representatives" in Congress seem hell-bent on just that.

The environment is not the only area where hysteria is being generated. I am specifically thinking of National Health Insurance.

Senator Kennedy is preparing a bill that would cost an estimated \$77 billion in the first year of implementation. Presumably, he is going to provide us all with better health care at lower costs. His design is so sweeping and far reaching that no American's health needs shall go untended. Again, who can fault that objective? We are all in favor of good health. But bear in mind these implementation figures are usually vastly below actual costs and legislation of this sort always results in steadily pyramiding costs over the years. If we're not careful, unborn generations could be shouldering an insufferable burden.

Senator Kennedy's legislation is predicated on the assumption that our medical system is not meeting the needs of the people. Yet compare some of our statistics in health care with those of Germany, Great Britain, Sweden, or France. Examine whether or not they have indeed reduced costs and improved service since initiating government controlled health delivery and maintenance systems.

In Great Britain, unless it is an emergency, the average waiting time for a tonsillectomy is ten years. Seventy per cent of the English not already in hospitals must anticipate an extended waiting time before surgery is available. Only three new hospitals have been built under their system since World War II. In this country there is no major city that hasn't built at least three in the last twenty-five years.

What about the critical doctor shortage? Our ratio is one physician for every 640 patients. This is the best doctor-patient ratio of any major country in the world. Only a few small countries have better proportions, one being tiny Israel. Also our ratio is an improving one and is expected to be near 600 to 1 within a few years.

What about the increase in physician fees, another area of concern? The Bureau of Labor Statistics reported that nationally between the years 1956 and 1968 the average yearly physician fees increased 3.7%. The national average of general fees and salaries increased 4.2%. The physician was not even keeping pace with the national average.

Skyrocketing costs in hospital care? Stop and examine some of the reasons. The chief culprit is the Federal Government. Its deficit spending programs have eaten away at the purchasing power of the dollar considerably over the last fifteen or twenty years and no relief is in sight. Beyond this, over the years union demands have greatly increased the salaries for hospital administration. Seventy per cent of the cost in running a hospital is wages and salaries. It's no wonder that we are witnessing a rather quantum increase in hospital costs. Add to this the costly introduction of highly sophisticated equipment to provide, for all, better treatment than in times past. Another financial burden is the enormous increase in malpractice suits and resulting financial settlements. The consequences are that a doctor who knows you may not need a variety of examinations will nevertheless prescribe them as a means of protecting himself.

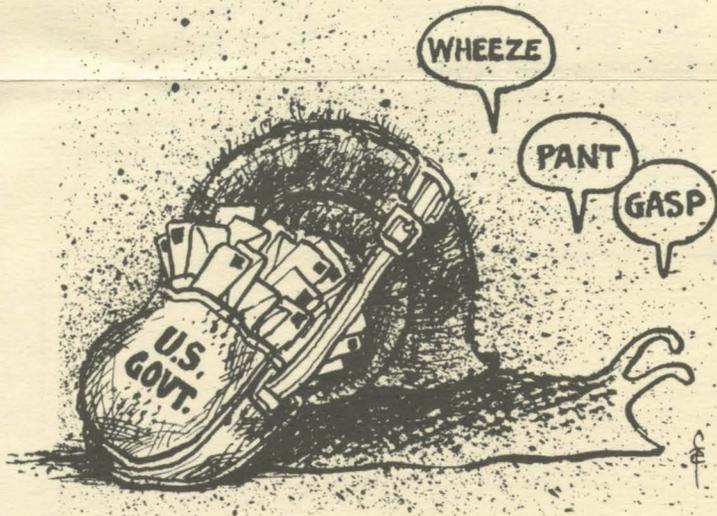
With Senator Kennedy's legislation, politicians will again have the opportunity to demonstrate their integrity and creditability. Will they falter, as many will by their own admission, and do the bidding of the "squeaky wheel" or will they reject the outworn premise that government paternalism is necessary to assure us proper health care?

Do you want an idea of how government performs when it goes beyond its own legitimate realm of involvement? Look at the Post Office. It is a government monopoly over the carriage of first-class mail. What is the performance? A steady increase in cost, and a deterioration of service to the point where a hundred odd years after the Pony Express, one wonders if ponies wouldn't get your mail to Washington faster. I have sent air-mail letters out of my district

office in Chicago that took five to six days to get to the Capitol, and vice versa. I am not saying that this is consistently so, but why must government dominate the mails?

I submitted a bill in Congress that would have opened up the delivery of first-class mail to private competition. The government, if it so desired, could still deliver the mail, but at least you, the consumer, would have a choice: trust your cards and letters to the government, or send them through a private system. But Congress would not go along claiming that a private system would create uncertainties.

There is a young fellow named Tom Murray. He came to this country as an Irish immigrant in 1950, went to Detroit, got a job as a bellboy, and soon managed the same hotel. In 1967, he was outraged by Larry O'Brien, then Postmaster General, who announced that junk mail and third-class mail dragged down the profits of the Post Office. Claiming this mail was causing the Post Office deficits, O'Brien declared that these mail rates must be increased by one third. Now, can you imagine the outcry if any private business so blatantly announced that their prices must also increase by a third? There would be



a national howl, claims of a scandal, calls for Senate investigation, demands for anti-trust prosecution, charges, and counter-charges. Yet, without a major protest, the Postmaster General determined that postal prices must go up a third.

Tom Murray did a little investigating. He found out that there were no monopolistic concessions granted to government in the carriage of third-class mail, and decided to compete. In February of 1968, with a stake of only \$500 borrowed capital, he started a private business of carrying third-class mail. Denied the use of *your* mailbox (you paid for it, but only the government can use it), he packaged all third-class mail in a neat little plastic bag which his carriers then placed on a door handle.

Delivering mail on a free enterprise basis, Murray showed a profit and did it at 60% of the cost of the federal government. In 1971, he quickly grossed \$10,000,000 and the only thing slowing him down is setting up the machinery for delivery around the country. He has started in Canada, contracted to function in four European countries, and he won't quit, he says, until the Independent Postal System of America is carrying third-class and junk mail to Moscow. He may succeed.

All this illustrates a very fundamental point. When something is done privately, one's mental attitude is completely different. Walk into any post office around Christmas time and listen to the talk about all that Christmas mail. The attitude of a post office? They groan and moan. In a private operation, people see the additional business as a blessing. The more volume a free enterpriser gets the happier he is, the greater is his business. For him the profit is higher, yet the price to the consumer is lower. And most importantly the service is always better than a government operation could provide.

Murray came to Washington hoping to negotiate with the Post Office about delivering Christmas cards. He said he would do it for a nickel a card. He offered to handle all the carriage, promised better delivery, and the government would clear a 37% profit on the exchange. He would make a profit, they would make a profit, and that's more profit than the Post Office has made in a decade. The government refused.

Surprisingly a healthy skepticism is growing in this country about the performance of government, especially when we see the alternatives that can be achieved through private initiative free from government control. The irony is that while this healthy skepticism exists about what government can do, there still remains a willingness to surrender our responsibilities to Washington on the assumption that somebody down there has some miraculous insight denied the rest of us. As a Congressman, I assure you, such insight does not exist. Be on your guard against all politicians. There are always hidden costs and unforeseen consequences resulting from their attempts at problem solving. The record of such efforts to date is an obviously dismal one. If politicians are so deficient, then where is government going to find the talent necessary to manage and execute all of its "noble" programs?

There was a time in this country when we could have appealed to talented citizens to serve temporarily in government. At that time government played a quite properly limited role in society and talented people gave a portion of their time in the name of public service and civic responsibility. But as government kept expanding, politics became a full-time vocation, and mediocrity was locked into the system. Talented individuals simply don't want to make a career out of government.

Maybe a limit on the number of terms or years a man may serve in office is the only answer. It would

dilute the enormous pressure brought to bear on Congressmen by various unions, groups, and associations. Perhaps then, men would be more apt to vote their conscience. By not worrying about what the "clean water" lobby or any lobbyist is going to do to them in November, they can candidly point out that this legislation or that is dishonest, a mistake, and would be a disaster if implemented.

Possibly there is still a better way. Under a truly federalist system, not only is there a division of powers within the national government but also a distinct division between the national, state, and local realms of authority. The real powers, as Jefferson pointed out, were intended to be vested in county government, and never were we to turn over to government that which is better solved in the private sector. Further, everything, unless specified to the contrary in the Constitution, should have remained in the private domain.

Operating under the premise that government has the solutions to our dilemmas, we have let Washington recklessly spend our money. Running up a deficit this last fiscal year of \$25 billion, forecasting at least \$30 billion of the same this year, the government is threatening future generations with national bankruptcy, a bankruptcy so devastating that one shudders at the thought. Our indebtedness is so staggering that the third largest item in our federal budget is the interest on our national debt. That \$25 billion interest figure is an overwhelming burden as an actuality and even more so for the irresponsibility that it represents over the years. Even in 1939, the heyday of proliferating New Deal programs, the entire federal budget was only \$9 billion.

Ignore for the moment how ineptly government

disposes of your taxes. If continual deficit spending were possible without adverse economic consequences, then we would have few worries. But to see how it really works, try and spend at these proportions more than you make for any extended period of time and watch how devastating it can be! The only difference is that you and I cannot cause inflation by our deficits. And what does government do in trying to correct the very inflation that it is the chief culprit in creating? Implements wage and price controls. Have they worked? No, and, in fact, reports indicate that inflation is proceeding at a higher rate, than before the installation of the controls. (See IMPRIMIS, Vol. 1, No. 1)

Where do we go from here? I do not have all the solutions, but I do know that constructive alternatives exist. Alternatives that have not been explored because for generations we have attempted to dodge responsibility at the local and individual level and pass it on to the federal government, and now we are experiencing the dismal performance of government. Tragically their solutions often create more problems than they solve.

The Gulliver in our private enterprise economy is being strangled by the proliferation of Lilliputians in all phases of government. Witness the endless stream of entangling legislation, implemented by an ever-enveloping bureaucracy, and enforced by a multiplying cast of alphabet agencies. A time may soon come when Gulliver will be unable to rise again. And, if that day arrives when freedom is but a memory, will you and I be able to explain to our grandchildren what, when our people were truly at a crossroad, we found more important than understanding the blessings of liberty? Let us hope we never have to face that question.

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