That private interest dominates market decisions is widely accepted, if not always applauded. Farmers don’t get up early on cold mornings in Nebraska to plant crops because of concern over world hunger, but because they want more income for themselves and their families. People don’t invest in pharmaceutical firms because they want to help the sick, but because they believe those investments will increase their retirement incomes more than will alternative investments.

Farmers and investors occasionally claim that feeding the hungry and curing the sick provide much of their motivation, and certainly people do feel good about contributing to the well-being of others. But who doubts that if farm incomes and pharmaceutical profits dropped sharply, there would be fewer farmers plowing the fields and fewer dollars invested in medical research, regardless of the sickness and hunger in the world? The advantage of market economies is not that they motivate people to sacrifice their private interest for the public interest, but that they motivate people to pursue their private interest in ways that best promote the public interest.

On the other hand, government decisions are commonly thought to be motivated by private interest just as market decisions are. True, people often vote for policies, or candidates who support those policies, on the basis of public concern, but that can be explained by the minuscule probability that any vote will affect the outcome of an election. So voting is a great way to feel socially concerned at low cost. (I discussed this “expressive voting” last month.) If voters were really willing to sacrifice for public benefit, they would make sure the money spent by the programs they favor accomplished their stated goals. But that would be costly. Having voted to “do good,” few voters ever know whether any good is actually done.

But because every government program affects politically organized groups, these groups do follow up on how programs are designed and implemented. And because the political influence of these groups is significant, their members make sure that government programs serve their private interest, even when this means doing less to accomplish noble public objectives.
The best evidence on who benefits the most from government programs supposedly dedicated to worthy public objectives is to consider the following two questions. First, can government best accomplish desirable social goals by downsizing bureaucracy and reducing transfers and privileges to an organized interest group? Second, can you think of a government initiative to accomplish a desirable social goal that downsized a bureaucracy or reduced transfers and privileges to an organized interest group?

The answer to the first question is clearly yes, as we are about to see. The answer to the second question is, it’s difficult. I can think of very few examples. The elimination of the Civil Aeronautics Board, the Interstate Commerce Commission, and the military draft are possible examples, and I challenge readers to come up with additional examples and e-mail them to me. With few exceptions, when governments attempt to accomplish a public benefit, they undermine the attempt by making sure that the interests of politically influential groups (including government bureaucracies) are well served. This means that, if public authorities were seriously concerned with promoting the public interest, there would be lots of ways they could do so much more effectively by reducing spending and special-interest privileges. Don’t hold your breath.

**Doing Good by Doing Less**

Politicians have so persistently expressed their deep desire to help the poor, and their belief that only government can provide that help, that many Americans now believe that without the federal government, masses of poor people would be starving in the streets. But removing all import restrictions and eliminating all agricultural price supports would do more to help poor Americans (by lowering prices) than all the social-welfare programs combined. Welfare programs have done little, if anything, to alter the distribution of income; instead they have reduced economic growth, thus probably leaving the poor worse off.

As I discussed at length in previous columns, we could do more to protect the environment, and do it more cheaply, by shifting from command-and-control to market-based policies to reduce pollution. But doing this would greatly reduce the budget and power of the Environmental Protection Agency and remove protections against competition that current policies provide to politically influential businesses and labor unions—such as those involved in mining eastern coal.

Politicians never tire of stressing the importance of improving the education of our youth and promising meaningful education reform. Yet simply giving students and their parents educational choice would do far more to improve education in America (particularly for children in the poorest neighborhoods) than all the money spent by the U.S. Department of Education and all the methods courses taught in college education departments combined. But allowing parents to make schools compete for their dollars by providing better education at lower cost would destroy the control of politically powerful teachers’ unions and undermine the rationale for thousands of bureaucrats.

If the federal government really wanted to promote economic growth, it would eliminate our impossibly complex tax code and replace it with a far simpler tax with one low rate on income and few, if any, exemptions. The tax system can never be quite as simple as some suggest, but it can be far less complicated and do far less to distort economic decisions and reduce economic growth than our current system. But with a simple tax system, politicians would lose their power to provide (read sell) special-interest tax breaks, and hordes of lobbyists, tax accountants, lawyers, and employees of the Internal Revenue Service would have to find more productive work.

There are many more examples of how governments, if they really were motivated to promote noble social goals rather than serve the private interest of the politically influential, could accomplish more by doing less. As my friend—and well-known economist—Murray Weidenbaum likes to tell government authorities, “Don’t just stand there, undo something.”