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Legal Plunder Misabeled “Defense”

Arnaud de Borchgrave of United Press International has been reporting on national intelligence matters for many years. In a recent dispatch he wrote that “[s]ome 15,300 earmarks in the U.S. defense budget, up 1,300 percent in the 21st century, are so many pork projects for lawmakers’ constituencies that have nothing to do with defense.” That averages to nearly 29 earmarks per member of Congress. When a congressman wants to score points with influential voters in his state or district, he gets an appropriation added to a bill, earmarking money for a project tailored to make those voters eternally grateful—at least through election day.

It’s tempting to think the military budget is different from the rest of the government’s budget. Politics surely would not intrude on such an important matter. But we know better. The Pentagon is as much a part of the bureaucracy as any other department. We may hate to accept it, but weapons systems, military aircraft, and naval ships have been built solely because they created or maintained jobs in an important congressman’s district. If de Borchgrave is right, this is more popular than ever.

Classical liberals have long warned of this practice. Milton Friedman criticized it in his book from the 1980s *The Tyranny of the Status Quo*. Liberals further back have sounded the same tocsin. For example, John Bright, the great peace-and-free-trade activist and member of Parliament, in 1858 condemned the British government’s “excessive love for the ‘balance of power’ [as] neither more nor less than a gigantic system of out-door relief for the aristocracy of Great Britain.”

A similar point was made in the twentieth century by the liberal journalist John T. Flynn in his 1944 book *As We Go Marching*, the classic study of the rise of fascism in Italy and Nazism in Germany. Long before Mussolini, Flynn wrote, Italian governments had increased expenditures, taxation, and debt through programs intended to please constituencies and keep the economy going. Even before Keynes published his *General Theory* in 1936, politicians feared that without big government spending, depression and destabilizing unemployment would be the rule. So they spent, taxed, and borrowed.

"But this policy does run into resistance—and resistance in very influential quarters," Flynn wrote. "The large taxpayer is against it. He acquiesces reluctantly. And as the debt grows and he looks with growing fear on its future proportions he begins to exert his full influence against it. In different countries the basis of resistance takes different forms, but it comes chiefly from the conservative groups. Hence it becomes increasingly difficult to go on spending in the presence of persisting deficits and rising debt. Some form of spending must be found that will command the support of the conservative groups. Political leaders, embarrassed by their subsidies to the poor, soon learned that one of the easiest ways to spend money is on military establishments and armaments, because it commands the support of the groups most opposed to spending. . . ."

"Thus it was because the government could get public agreement for loans for this purpose and because such loans were essential to the policy of spending which kept the floundering economic system going that the militaristic policy remained so vital and vigorous an institution in Italy—and in every other continental country. . . ."

"I must not leave this whole subject of spending and the means employed to spend, including militarism, without observing that there is nothing new in it. It is as old as civilized government. And what is more, the protagonists of it have understood precisely what they are doing."

We have learned from the Public Choice school of political economy that benefits from government spending are concentrated on relatively small self-conscious interest groups, while the costs are spread thinly among the mass of taxpayers. Hence the beneficiaries have far more incentive to work the halls of government than do the preoccupied taxpayers. No wonder interest groups have the advantage. When the label "national security" is affixed to a spending bill, so much the better for the relevant group, and so much the worse for the taxpayers, who are in no position to verify the claim.

What's the moral here? That anything called defense is bogus? Of course not. The moral is that given the coercive and expansive nature of the political process, the appropriate attitude of the taxpayer is skepticism, or as Jefferson put it, "jealousy," rather than confidence.

Any advocate of separating school and state is immediately hit with the challenge: "But what about the poor?" Up until now we could draw on theory and history for an answer. But now we have contemporary examples from the poorest countries of the developing world. James Tooley reports on his path-breaking research.

Ludwig von Mises was arguably the greatest economist and advocate of free markets in the twentieth century. In this first of two articles, Richard Ebeling details Mises's contributions to sound economic thinking and the cause of liberty.

Elections in Germany and Japan could herald an end to their experiments with the Third Way. Norman Barry looks behind the headlines.

During his long career F. A. Hayek wrote volumes not just on economics, but on broader social philosophy as well. After a rare chance to examine Hayek's private notes, Steven Horwitz discusses the great thinker's worldview.

The standard bill of indictment against the free market has a curious feature: all the alleged offenses have their roots in government intervention. Joseph Stromberg has the particulars.

FEE is celebrating its 60th anniversary this year. Whom better to turn to for an early history than Henry Hazlitt. He provides this month's Timely Classic.

The Freeman's columnists have hit on another set of fascinating topics. Richard Ebeling revisits Keynes's *General Theory*. Lawrence Reed recounts his favorite freedom-oriented movies. Thomas Szasz explores psychiatry's concepts of mental illness and brain disorder, and their relationship to freedom. Robert Higgs examines U.S. economic policy before Japan's attack on Pearl Harbor. Charles Baird looks at a dispute between organized labor and the National Organization for Women. And David Henderson, reading a case for medical rationing, responds, "It Just Ain't So!"

Books coming under review this issue scrutinize Russian conservatism, the miracle of electronic transactions, the "new new left," and economic sense.

—Sheldon Richman
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