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# A Government Program for All

BY PAUL CWIK

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**M**y economics students often ask why, if the economic theory I present is correct, there is so much intervention in the economy. It reminds me of an observation made by Henry Hazlitt in *Economics in One Lesson*:

It is often sadly remarked that the bad economists present their errors to the public better than the good economists present their truths. The reason is that the demagogues and bad economists are presenting half-truths. The answer consists in supplementing and correcting the half-truth with the other half. But to consider all the chief effects of a proposed course on everybody often requires a long, complicated, and dull chain of reasoning. Most of the audience finds the chain of reasoning difficult to follow and soon becomes bored and inattentive.

Frédéric Bastiat has shown that an effective weapon against boredom and bad economics is humor and satire. It is in this spirit that I present my own letter to a congressman full of half-truths and partially correct analyses. I invite the reader to try to catch them all.

My Dearest Congressman,

I, a humble economics professor, congratulate you on becoming our newest and youngest member of Congress. There are many important problems that need to be addressed, and it is your idealism to which I wish to appeal. I submit to you a proposal that should benefit us both and develop our society to heights not yet imagined. It is a proposal for a government program that will allow us to achieve those goals that have eluded us. For too long we have been laboring for only ourselves.

There simply isn't enough good in the world. That is why I am proposing that we create a new program called the PCGDF. The PCGDF is, of course, the Paul Cwik Good Deeds Fund. Before you dismiss this out of hand, please hear me out.

The PCGDF would collect one dollar from each person in the United States each year. That would be approximately \$300 million. No one would protest the loss of a measly dollar over the course of a year. What would they do? Travel to Washington, D.C.; get a hotel room; create signs; and march in protest all over a single dollar per year? Not even the students who don't like my classes would ever do that! Would they organize against you and support your political opponents? Hardly! The loss of a dollar wouldn't motivate anyone to do anything.

On the other hand (a phrase we economists are very fond of), think of all the benefits that could be created with \$300 million. I would start slowly by simply committing random acts of kindness and then build up to doing great works. Since the expense of the PCGDF would be spread out over a large group of people, no one (at least no one worth worrying about) would notice or get upset. Since the goodies would be bestowed on a small but highly visible group, they would capture the headlines and please the recipients.

We economists call this dispersed costs and concentrated benefits.

When we concentrate these benefits we will improve the economy in ways that we are not normally able to. Let me explain it this way: if there is a light, diffused rain,

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*Paul Cwik (pcwik@moc.edu) is an assistant professor of economics at Mount Olive College in North Carolina.*

it's nice, especially during the hot summer months. However, if a heavy rain is concentrated in a central location we can see its power. The same is true with money and good deeds. When money is diffused nice things may arise, but it is only when it is concentrated that great things can be achieved. Do you think that the pyramids were created by small-mindedness? By pooling \$300 million, great works can be done. Shelters can be built. Large-scale construction projects can be undertaken. Many jobs can be created, and poverty can be dramatically reduced. Only by concentrating wealth and resources can we build things to last the ages.

An additional benefit must be considered: the impact this concentration of spending will have on the national income through the multiplier. When a person spends a dollar in a shop it becomes someone's income. The shopkeeper will spend that money, which will become someone else's income. The spending is multiplied throughout the economy. It is better for organizations such as the PCGDF to spend tax money, because the fund will not set any of it aside. In contrast to the PCGDF, most people don't spend all their money—they save some of it. This precautionary act is reasonable from the individual's point of view, however from a macroeconomic point of view this unspent money is a brake on our ability to grow. Spending money is why we see GDP increase after a hurricane and why Germany and Japan grew so quickly after the devastation of World War II. Imagine if money were spent as if there were an emergency but without all the destruction. Imagine how much better off we could become from only a dollar a year.

As you know, economics is a value-free science. It does not tell people how to behave. It can only serve as a guide to good policies. Economic science clearly shows us the power of multiplying spending. It would be silly to ignore this potential. Furthermore, do you really want the random chaos of the market to guide progress or would it not be better instead to have sensible and rational planning?

As the PCGDF begins its mission of good deeds, it will of course have to recognize the generosity of its creators and benefactors. In addition to all the direct benefits the PCGDF would bestow on the needy, I would

definitely use a (large) portion of the funds to support the supporters of the PCGDF. That means I could fund your PACs, reelection campaign, and the think tanks and the "527" committees that support your interests.

### Majority Rule?

Some may argue that only those programs that the majority supports should be adopted—that politicians are public servants and should follow the will of the people. Naturally, I fully agree and would never advocate against this principle. Yet think of all the public good you could do if you are able to be reelected. Your seniority would increase; your status as a statesman would flourish; and your committee assignments will be closer to the center of power. In fact, I could use a portion of the PCGDF to spread the word that you're such an effective congressman.

Perhaps you are worried that others may attempt to form their own Good Deeds Funds. But not all good deeds are noble, kind, or generous enough to be associated with your name and reputation. You of course should carefully consider each request. Determine whether the deeds to be done are meritorious. Thus the applicants would have to explain the details to you and your colleagues. However, one can only listen to so many proposals in a committee hearing room before becoming numb to the whole process. Perhaps the applicants could explain the details in more comfortable settings—like over dinner or maybe, if the proposal is large enough, at a fashionable resort over the weekend. Since your time is limited (and there are only so many weekends that you can get away) they would have to compete for your attention. They would have to send you gifts. Who could refuse to talk to those who donate such generous gifts to you and your charitable causes?

Please consider this proposal carefully. The cost is only a single dollar per taxpayer per year, yet the good deeds that could be achieved are enormous! The PCGDF is only the beginning of a glorious future. 

Yours truly,

Paul Cwik

A humble economics professor