



BY DAVID BOAZ

## Editorial

# This Is the Business You Have Chosen

In *The Godfather, Part II*, the gangster Hyman Roth recalls the killing of a colleague and says there's no point in complaining about it because "This is the business we've chosen." Murders are just part of mob business.

Government has its standard practices, too. Government programs in a mixed-economy democracy are typically shaped by lobbying and marked by waste.

One recent Sunday (May 15), the entire *Washington Post* seemed to remind readers of that fact. Leading the paper was a big investigative story titled "Million-Dollar Wasteland." Reporters Debbie Cenziper and Jonathan Mummolo wrote:

The federal government's largest housing construction program for the poor has squandered hundreds of millions of dollars on stalled or abandoned projects and routinely failed to crack down on derelict developers or the local housing agencies that funded them . . . The result is a trail of failed developments in every corner of the country. Fields where apartment complexes were promised are empty and neglected. Houses that were supposed to be renovated are boarded up and crumbling, eyesores in decaying neighborhoods. . . The *Post* found breakdowns at every level.

And on and on for three full pages.

Then, in the Metro section, columnist Robert McCartney wrote about the D.C. Council hearings on the hiring scandals in the administration of newly elected mayor Vincent Gray:

The main thing learned in the hearings so far is that Gray showed bad judgment in allowing [three close advisers] to guide so much of the hiring for patronage jobs just below the cabinet rank. Although all three advisers were longtime personnel executives, they blundered repeatedly by overpaying people, doing inadequate vetting and hiring children of officials [including their own].

And an article on Amtrak's annual billion-dollar deficits included this gem: "Critics in Congress also have questioned Amtrak's management, asking, for example, how an employee with a \$21,000 salary earned \$149,000 in overtime last fiscal year."

Those articles reminded me of another investigative tour de force in the *Post* two months earlier, bannered as "A D.C. lawyer and her associates secured \$500 million in federal contracts to benefit Alaska native corporations. Less than one percent made it

back to Alaska." That article too had been prominently displayed in the Sunday paper but had not generated much online comment, and I asked at the time on the Cato blog: "Are we so jaded that a full-page investigation of self-dealing and corruption involving affirmative action, small business, defense contracting, and complicated financial maneuvers just doesn't get our juices flowing?" But surely I was wrong. Outrage ensued, right? Angry editorials, congressional hearings? No, not so much.

Newspapers are full of stories about serious people and clowns running for president, about who's up and who's down in political maneuvering, about Charlie Sheen and Lindsay Lohan. All fine topics indeed. But if journalists spent even 10 percent of their time digging into how the federal government is spending \$3,600,000,000,000 this year, who knows how many stories of waste and deadweight loss we'd find? If one diligent reporter could find that much fraud by one well-connected contractor, how much could a hundred reporters find?

I generally don't think that "waste, fraud, and abuse" is the key to cutting federal spending; you have to go after the big programs, like transfer payments and military spending. But as Everett Dirksen almost said, \$500 million here, \$500 million there, pretty soon you're talking real money.

There are reasons that government programs are often characterized by waste, fraud, and abuse. Politicians tend to respond to interest groups that stand to receive benefits from any particular program rather than to the average citizen who will pay very little for each program. Policymakers have less incentive to control costs and improve efficiency than do people in the private sector with their own money (or their boss's money) at risk. As government gets bigger, it becomes less and less possible to have meaningful oversight and transparency—though we can hope that new technologies may help somewhat on the transparency side.

Realistically, if you want the federal government to tax and borrow and transfer \$3.6 trillion a year, if you want it to build housing for the poor and give special benefits to Alaska Natives, if you want it to supply Americans with health care and school lunches and retirement security and local bike paths, then you have to accept that such programs come with incentive problems, politicization, corruption, and waste.

For those who like such expansive government: This is the business you have chosen.

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