

Virginia Viewpoint

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What's Mine Is Mine What's Yours Is Mine

By Tibor R. Machan, Ph.D.

Summary

Much of the bad public policy coming from Washington and our state capitols today is based upon erroneous notions of ownership and sovereignty. When we correct our foundational premises, we will be surprised at how rapidly our public policy decisions improve.

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The basic assumption underlying mainstream public policy discussions is that the wealth of the citizenry belongs to the government. The mistaken premise is that citizens hold wealth merely as a grant of privilege, but if the real owner (government) needs it, then it may be claimed at any time.

In mainstream discussions taxation amounts to little more than the unpleasant burden that comes from government spending, no different than having to earn money to supply any normal household. Politicians make spending decisions, which become public policy and commit government to fund what was promised, with the funding derived from taxes. No other source of revenue is even considered.

A recent meeting of top government economists and policymakers at the Washington-based Brookings Institute was addressed by several mainstream thinkers and their message was that unless taxes are increased, or at least the Bush tax cuts are rescinded, the American government will be in serious trouble. It will not be able to spend what it is legally required to spend unless it borrows heavily and prints more money, which in turn will spur rising interest rates, inflation, and will eventually lead to the diminution of confidence in the American economy from investors abroad.

However, there is an option that seems to be entirely ignored by mainstream policy wonks in these discussions of public finance. Instead of raising taxes, which will have its own devastating impact on the American economy, the federal government must begin to do what private firms do when they find themselves in financial straits. It must sell assets.

Doesn't that make sense? If you have overspent but are still committed to spending more because of promises you have made – say, to send your kids to college, to pay for life, car and health insurance – you need to sell stuff. Get rid of your expensive home and buy something more modest; get rid of your gas-guzzler and drive an economy car. Sell that vacation condo, and quit that membership in the fitness club. This is a no-brainer for most of us.

Yet, in mainstream discussions about how to cope with the results of the government's bad economic policies, no one suggests that the time has come to sell government assets. This despite the fact that there is absolutely nothing peculiar about this – the governments own millions of acres of land, massive amounts of resources, all kinds of buildings, equipment, and facilities. Why is it never, never considered – not even so much as mentioned – that government should raise revenue by selling what it could sell without any great difficulty? In all the discussions at the municipal, county, state and

federal levels of public finance, this perfectly sensible option is completely disregarded. But why?

The reason is this. The basic assumption underlying mainstream public policy discussions is that the wealth of the citizenry belongs to the government. The mistaken premise is that citizens hold wealth merely as a grant of privilege, but if the real owner (government) needs it, then it may be claimed at any time.

Sure, presidential candidate George W. Bush made reference to how the wealth taken by government is really ours and tax cuts merely amount to returning some of that wealth to its rightful owners. But does President Bush actually believe that? No. For if he really did believe that it is our money and not that of the government, he would not have agreed to the massive spending plans for the new prescription drug program or the looney lunar landing. The fact is that mainstream politicians and their academic groupies do not believe that when the government taxes us, it is taking – indeed, extorting – our wealth.

Just imagine your own domestic economic situation. If you believed that going to your next-door neighbor and taking his property was a legitimate way to cope with financial shortfalls, why would you even consider selling assets to extricate yourself from a temporary crisis? It is precisely because you know that theft is not an option for a decent human being, that selling assets becomes the alternative of choice.

In short, mainstream public policy rests on the morally obtuse conviction that extorting wealth from the public is perfectly acceptable. That mainstream belief, however, is just as wrong as the belief that citizens of a country are subjects, or that workers are serfs. Such was reasonable in a feudal system but not in one in which each citizen, not the government, is sovereign.

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