

## From the GEORGE notebook

*(These notes on random topics are not definitive and certainly are not offered as the last word on the subject. Instead they are intended to be sometimes informative and always provocative. EDITOR)*

"They planned it that way." It might be thought far fetched to relate New York's fiscal failures to the triumphs of twentieth-century Liberals, but the city's plight is the most visible evidence of the horrors of paternalistic government. The results might have been unintended, but there can be little doubt that they are the consequences of well-intentioned efforts that had their wellsprings in the great depression.

The Constitution was to "insure domestic tranquility" and so in their impoverished thought politicians at all levels have sought to "promote the general welfare" by fiat. Where inequities existed they would outlaw them. And to insure the widest distribution of the fruits of history's greatest aggregation of capital they

would gird it with regulations and saddle it with regulators.

Besides, they would tax and they would tax; they would spend and they would spend, and they would elect and they would elect. For their idea was to absorb what they thought the market had wrongly distributed and redistribute it.

In essence this is what New York's administrators attempted: the redistribution of wealth. They tried to alleviate poverty by siphoning tax dollars, some collected directly in the city, some circuitously through state and federal bureaucracies, into the pockets of city dwellers said to be "underprivileged." In common parlance they would cure poverty by giving money to the poor. But the poor remained poor and those who, by definition, must be considered "privileged" bought only an uneasy semblance of tranquility.

Whether Congress and the President finally agree either to bawl out or bail out the City Fathers, Washington must acknowledge that the local politicians were only following its lead. The local boys

wanted to do what those elected to national office have been doing for decades. Moreover, the locals were trying to use the technique as a means of returning to city hall some of the political clout that had been lost to Foggy Bottom.

For forty years and more it has been a popular myth that government — at any level — knows best and through responsible regulation can ameliorate what have been regarded as the pernicious effects of a wicked marketplace. One apologist, with belated recognition of reality, observed recently, "Government has the right to flout the market's allocations, but only if it is willing to pay for it."

The premise of this remark cannot be disputed if the sovereignty of government is accepted. But no sovereign has ever willingly paid the price of its own misconduct of affairs. The question is not one of right but of propriety.

Is it proper for government to flout the market's allocations when all history demonstrates that no government ever pays the price?