

The Role of Government

Chapter 8: The Role of Government

It is hard to imagine a more stupid or more dangerous way of making decisions than by putting those decisions in the hands of people who pay no price for being wrong.

-Thomas Sowell

Concentrated power is not rendered harmless by the good intentions of those who create it.

-Milton Friedman

I am not going to address what constitutes the “proper role of government”, which is primarily a constitutional question. What I am interested in is the extent to which government helps or hurts our efforts to achieve the goal of people providing as many goods and services as possible to each other that we want and need.

By now it should be clear that a core requirement for a nation to achieve prosperity is economic freedom for its people. The founding of the United States can be traced to what amounted to bad economic decisions by the King of England. I say the King’s decision was economic because most political decisions end up being economic decisions from a practical point of view. When you read the Declaration of Independence you find that the ‘founding fathers’ were some really angry white guys, angry with how much the King demanded from them, while giving virtually nothing in return.

As a result of their lack of economic freedom, the founders put special emphasis on the fundamental right that people have to “pursue happiness”, which means be allowed to improve their standard of living without being impeded by government.

We have reached the point in the U.S. economy in 2011 where the rate of spending by the government is crippling the