

# THE PERVERTSITY OF GOVERNMENT

NICHOLAS ELLIOTT

Libertarian  
Alliance

Libertarian  
Alliance

Libertarian  
Alliance

Libertarian  
Alliance

Libertarian  
Alliance

Libertarian  
Alliance

## ROBIN HOOD CHANGES SIDES

The frequent justification for 'welfare-statism' is that it benefits the poor. This argument is most frequently put by politicians, hardly surprising when it is the most effective vindication of their position of power. State intervention is held to be necessary by most people for the well-being of the poor, so successfully have they been hoodwinked.

The evidence on the following matters is the complete opposite; the poor would be better off without state interference:

**STATE PENSIONS:** The poor, on average, start work younger, retire later, and die younger. National Insurance is paid by those in work, so the poor pay in for longer, and draw out for less time than the rich.

**AGRICULTURAL PROTECTIONISM:** No-one but a politician would have the audacity to steal money from poor taxpayers to give to rich farmers. The protected farmers are then able to charge more for their produce. Since the poor spend a higher proportion of their money on food, they lose out again.

**THE N.H.S.:** The socialist economist Julian Le Grand has found that:

"The top socio-economic group receive up to 40% more N.H.S. expenditure per ill person than the bottom group."

In the first ten years of the N.H.S. no new hospitals were built (those in existence were built by the private sector before the war) but expenditure on administration increased

dramatically. Comparison with the United States (which has a relatively free health care industry) while showing a similar performance in the treatment of fatal ailments, shows the N.H.S. to be poor in terms of waiting lists and the treatment of non-fatal, but painful ailments.

**EDUCATION:** 40% of those at comprehensives leave school with no GCE qualifications. With little choice over which school to send children to, and with most schools financed by tax revenue, there is virtually no competition to provide better education. It is another fallacy that until the Education Act of 1870 there was little education and much illiteracy. In fact there is evidence to suggest that nearly all the population, prior to 1870, were at least semi-literate (see *Education and the State* by E. G. West).

In higher education a greater than average percentage of students come from a middle or upper income family. All students are privileged, in any case, since few other people have access to the same educational and recreational facilities. The relatively poorer taxpayers are therefore having their money re-distributed to the rich.

**RENT CONTROL:** In 60 years rent control has quartered the supply of rented accommodation, and led to dilapidation. Low income earners cannot afford to buy houses, so are left with the decreasing number of decrepid properties that remain.

And so the list goes on ... arts subsidies, industrial grants, wages councils, politicians salaries ... etc. etc..

### Economic Notes No. 1

ISSN 0267-7164 ISBN 1 85637 211 1

An occasional publication of the Libertarian Alliance, 25 Chapter Chambers, Esterbrooke Street, London SW1P 4NN  
www.libertarian.co.uk email: admin@libertarian.co.uk

© 1985: Libertarian Alliance; Nicolas Elliott.

These three short pieces were originally issued as separate leaflets by the York University Freedom Society, and circulated in that University during May and June of 1985.

The views expressed in this publication are those of its author and not necessarily those of the Libertarian Alliance, its Committee, Advisory Council or subscribers.

Director: Dr Chris R. Tame Editorial Director: Brian Micklethwait Webmaster: Dr Sean Gabb

**FOR LIFE, LIBERTY AND PROPERTY**



---

# WHO REALLY PROTECTS THE CONSUMER?

---

After years of state interference it seems to be accepted, by conventional un-wisdom, that government must 'protect' the consumer from the unscrupulous capitalist. "Of course you must have government protection. Just imagine, without it we'd have evil profiteers, ready to sell any unreliable or unsafe products to make some fast money." This is the common attitude. It is a dangerous deception. The 'protection' laws have the following consequences:

1. All approved businesses are placed on the same level, the fly-by-night (and some of these will be approved: if anything a bureaucrat is less able to judge standards than the free market) alongside the reputable company.
2. Competition is reduced, so that the approved companies are given a great advantage. This prevents the free market from enabling good producers to establish a reputation. Years of achievement become irrelevant. Much of the 'protective' legislation was passed as a result of concentrated lobbying by the now-approved big corporations. Such an analysis has been made by the socialist Gabriel Kolko in *The Triumph of Conservatism*.
3. Minimum standards become maximum standards. There is little competitive advantage to be gained by exceeding the minimums, so excellence is dissuaded.
4. Change and experiment are prohibited. If the government defines bread as such-and-such, then any change in

composition in response to consumer taste is prevented. New products are therefore lost.

5. The bureaucrat given the task of approving or rejecting is likely to be too cautious. By approving a thalidomide he will lose his job; by rejecting a new drug he loses nothing. Who knows how many lives might have been saved or how much pain alleviated with drugs that have been the victim of bureaucratic caution?
6. The likelihood of corruption is greatly increased. A few gifts to an official can secure a company (possibly one that does not meet the safety requirements) an unrivalled competitive position.
7. Those given the task of defining standards are often people from the industry concerned. Is it impossible to believe that the British Medical Association deliberately sets higher-than-necessary standards to maintain the value of their salaries?

The free market? Imagine an unregulated airline company or bus company. An accident would do the following: Make costly repairs necessary, lose custom while repairs are being made, possibly lead to expensive law-suits, and most importantly ruin the reputation on which a regular clientele is based. Is this an acceptable risk for a self-interested profiteer?

---

# FREEDOM AND DRUGS

---

"Opium and morphine are certainly dangerous, habit-forming drugs. But once the principle is admitted that it is the duty of government to protect the individual against his own foolishness, no serious objections can be advanced against further encroachments. A good case could be made out in favour of the prohibition of alcohol and nicotine. And why limit the government's benevolent providence to the protection of the individual's body only? Is not the harm a man can inflict on his mind and soul even more disastrous than any bodily evils? The mischief done by bad ideologies, surely, is much more pernicious, both for the individual and for the whole society, than that done by narcotic drugs."

(Ludwig von Mises, 1949)

The knee-jerk response to problems associated with drug addiction is to advocate the infliction of tortures on the drug-pushers, and this is the policy which governments, in a diluted form, have pursued. Yet rational consideration of the problem shows how harmful the effects of this policy have been.

Restrictions on drug-taking force up the price. The addict is then driven to steal to get the money for a fix (in the United States 60% of crimes are drug related). What is also likely is that the addict will begin to sell the drug to finance his habit; eventually the drugs are sold to children by impoverished junkies. With the possibility of prison sentences many addicts are wary of seeking treatment, and so are left with options of becoming a pusher, or becoming a thief.

This analysis explains why ruthless persecution of pushers and addicts is often associated with an explosion in the number of addicts. In London in 1960 it was legal to buy heroin over the counter in a chemist shop, while in New York all drug-taking was illegal. But, due to the reasons outlined above, there were only 200 addicts in London, and 14,000 in New York.

Not only does a ban on drug-trading increase the extent of the problem, but it also increases greatly the dangers for addicts. With no explicit competition or advertising it is quite possible for unscrupulous pushers to sell impure, and therefore dangerous, drugs (this is similar to the high number of deaths from alcohol poisoning during the prohibition era in America). The likelihood of this is raised because the market is dominated by organised crime, because of course when an activity is illegal it is only criminals who will engage in it.

The enforcement of anti-drug legislation diverts resources from the policing of crimes with a victim. De-criminalisation of narcotics is actually advocated by some policemen, including the Deputy Chief Constable of Kent. After all it can hardly be the most glamorous aspect of the job.

The common attitude to drugs is yet another example of the misguided paternalism that prevails in Britain. Once again, the consequences of state regulation are far worse than if voluntary trading was allowed.