

Business vs. Government: A Few Contrarian Thoughts

A few months ago, Mike Huemer published a pithy defense of business in general, and big corporations in particular. Some highlights:

Now, I have had personal experience with individuals, corporations, and government. All three are, of course, sometimes unsatisfactory. But my experience with large corporations is way better than my experience with either individuals or government — better from the standpoint of my ending up feeling satisfied, or being made better off by interacting with them.

Thus:

Customers of big corporations are often unreasonable and disagreeable, and the company puts up with it and bends over backwards to make the customers happy. Example: I buy a product at a big chain store, take it home, cut off the packaging, then decide, for no particular reason, that I don't like it anymore. I take it back to the store to return it. Dialogue: "Is there anything wrong with it?" "Nope, I just don't want it anymore." "We're very sorry, sir." Then they give me my money back. That's the sort of interaction that I typically have with big corporations and their representatives. (In case this isn't obvious: in that story, I'm the one who's being a jerk.)

And:

The attitude conveyed by most businesses is "You're the boss." "Welcome!" "We're so happy to see you!" "Thank you, and have a nice day." "Let us know if anything about your experience is not to your liking." Etc. Sure, the employees are not really sincere in these expressions of emotion. But at least the business thinks they should act like they care about you.

*The government has no such idea. The attitude conveyed in everything they do is “We’re the boss,” and they have no interest in pretending to care about you. Do what we say, give us your money, then get out. If there’s anything about your experience that is not to your liking, you can go **** yourself. (Note: Not actual quotations.)*

Sometimes, you see an irate and unreasonable customer loudly berating an employee of some business over the business’ perceived failure. The employee generally listens patiently and tries to fix the problem. Try doing that to one of the government agents who are there to “serve and protect” you. You’ll probably wind up in jail, if not in the hospital.

Since I’ve made similar arguments in the past, my admiration for Mike’s essay is no surprise. Yet as I read, counter-examples and complexities sprang to mind. When is business *unresponsive*? When is *government* responsive? And why? My thoughts, in no particular order:

1. Though I’m homeschooling all four of my kids now, I’ve often interacted with public school teachers and administrators in my parental role. And I couldn’t help but notice: Almost all K-6 teachers are excruciatingly *nice*. Not a one has ever told me to “go **** myself.” Indeed, I routinely got good results from a single phone call or email. In my experience, if you don’t care for a teacher, public schools swiftly reassign your child. Furthermore, if you ask them to go easy on your kid, they will.

2. Still, there are plenty of things you *can’t* get public schools to do by asking. You can’t get them to spend more time on math and less on music and art. You can’t get them to focus more on learning and less on kids’ feelings. You can’t get them to harshly punish trouble-makers so the rest of the kids can learn in peace. My point is simply that on *some* dimensions, public schools were genuinely eager to please me.

3. The same holds in public universities. If college students complain to their professors or ask for special treatment, we usually appease them. And said students are rarely afraid to ask.

4. Mike focuses heavily on customer service, where business has a blatant edge over government. Government *workers*, on the other hand, usually have a **much better deal** than similarly qualified private-sector workers. Compared to the private sector, for

example the average U.S. federal worker has similar pay, much better explicit benefits (insurance, pension, vacation), and awesome implicit benefits (job security, low standards).

5. We all know a few notoriously unresponsive businesses. Verizon is infamously frustrating to deal with. T-Mobile overcharges me a few dollars every month; they fix it when I complain, but there's no cure in sight. Expedia makes it so hard to redeem your COVID-19 flight credit that I'm tempted just to give up.

6. On reflection, even these aggravating companies do a great job on most dimensions. Fios works well. T-Mobile is still cheap after they overcharge me. And in normal times, Expedia is fantastic. But these shortcomings still confound me. Why can't every business work as seamlessly as Costco and Amazon?

7. Why does government *ever* seem to work well? The best story: Tax funding gives government immense slack. They get paid almost regardless of what they do, and almost never go bankrupt. This is ordinarily a recipe for crummy behavior. However, if you combine defective incentives with *strong intrinsic motivation*, the picture changes. Most bosses, for example, want their workers to like them. In the public sector, bosses can pursue this goal with little fear of losing money or worse. And so they do, leading to grossly inflated compensation - and lifetime employment of incompetents.

8. Public schools, similarly, *can* stonewall parents. To take one glaring example, they can take their normal budget, then decline to deliver in-person classes. Still, if you ask a nice person - like a kindergarten teacher - to do a nice thing that doesn't cost them anything, they do it. Perhaps the most extreme example is the lavish funding for special ed. No one enjoys saying "No" to handicapped children - and if tax-payers pay your bills, you never really have to say it.

9. Flip side: If you ask a nice person to do good thing that doesn't *sound* nice, the fact that it doesn't cost them anything doesn't help you. As a parent, I tried to get public schools to give my kids more math and less music and art, but they refused with beatific smiles. "Oh, well we believe in educating the whole child..."