

Misallocate Resources

One of the most important differences between people operating as government functionaries and people operating in free markets is that the former are free to, and do, make the same mistakes again and again. People who make mistakes in markets have to reallocate resources to more promising ventures; they cut back production of goods and services that consumers are not buying; and they close firms that cannot cover their costs in the long run.

In contrast, government agents continue to misallocate resources, to use them wastefully and even counter-productively and, worst, destructively. For a clear example of such ceaselessly misguided actions, consider the reactions of governments at all levels and in most nations to the COVID-19 pandemic. So long as governments can keep the populace in an exaggerated, irrational, even hysterical state of fear, their overreactions — especially the so-called lockdowns — will not only continue, but will continue to be received gladly by large segments of the public who insist that the government “do something” to allay the perceived threat, even if in fact the “something” the governments do is on balance harmful.