

The Safety Net Factor



Send him mail.



“Food for Thought” is an original bi-weekly column appearing every other Tuesday at Everything-Voluntary.com, by Norman Imberman. Norman is a retired podiatrist who loves playing piano, writing music, lawn bowling, bridge, reading, classical music, going to movies, plays, concerts and traveling. Archived columns can be found here. FFT-only RSS feed available here.

(Editor’s note: This column was originally written in December 1990, but is not available anywhere on the Internet, and has been update to include a few current events.)

Socialism is Dead. Long Live Socialism. As the Berlin Wall came crumbling down destroyed by its own rotting weight and the tears, anger and frustration of those whom it imprisoned, I too felt a sense of exhilaration and great anticipation. The great Marxist experiment was finally exposed for the failure that was built into its very nature. I thought that the world would now have a chance to thrive and survive for millennia.

As the debris was being cleared I re-evaluated my knee-jerk reaction with a sense of sadness and disappointment. I realized that the world had learned nothing from the failure of Socialism. The word “Socialism” may be dead, but the ideology is very much alive and well all over the world, especially in this country. It is hiding in the deep dark crevices of other appellations.

A few weeks ago I was listening to a conversation between a libertarian and a Socialist who was attempting to deny that he was a Socialist. (Now that the Berlin Wall is gone and the U.S.S.R. is attempting to convert to a market economy, it is no longer fashionable to claim a belief in Socialism.) The libertarian professed a belief in a free market economy. The Socialist said, “I don’t believe in Socialism but I do believe that we need a safety net, provided by government that will provide us with some basic necessities.”

A safety net is usually found in the circus. It is used by either a tight rope walker or a trapeze artist. In both cases the performer is exhibiting his/her talents to attain the goal of entertainment by performing a dangerous act. The safety net is supplied by the circus owner in order to *prevent* severe injury to the performer in case of a mishap during the performance. If a net was present and the performer fell through the net and broke his

bones or died, everyone would agree that the safety net *failed*. It would also be absurd to label the doctor who treated him or the undertaker who buried him, as the safety net. A safety net is supposed to *prevent*. A doctor or undertaker takes care of the failed result.

In a political context, what is it that the advocate of the safety net factor wishes to accomplish? He wants to prevent crime, economic instability, drug problems, riots, poverty, poor education, fraud, starvation and other numerous social ills. This advocate maintains that only government can supply certain safety net services. However, a few major problems arise with this belief. The implication of the government supplying certain basic services is that the chosen services must be a *minimal* number and only *basic* in nature. How does one arrive at a list of such basic services? What is the thought process involved at arriving at such a list? Suppose one advocate constructed his list of a total of eight services? What is to be done when a second advocate wants to add another 20 services to the list? Add the opinions of fifty million more advocates who want to add more “basic services” and we have come full circle back to a Socialist society, which of course, will be called by some other euphemistic name. Some of the commonly used names are: Democracy, Republic, Democratic Republic, or even Capitalism or Free Market Capitalism. The innocent belief in the safety net factor advocated by most people is behind the creeping but accelerating deterioration of our social structure today. Our entire society is polluted by the safety net mentality. Every aspect of our lives is influenced by a safety net law. Farmers, industrialists, blue collar workers, white collar workers, consumers, the poor, the homeless, the blacks, the Hispanics, females, males, criminals, geriatrics, children, etc., all seem to require a safety net. It never stops and will not stop until most people realize that it is a fraud. It is a ploy that is invoked by special interest groups to receive special treatment by government edict to gain advantage over others. Even the individual advocate of the safety net factor has been taken in by the ploy, since he also advocates it.

At present there are government safety net agencies that are supposed to *prevent* crime, drug abuse, riots, starvation, homelessness, child abuse, female abuse, ethnic abuse, poor education, monetary instability, fire, flood, pollution, disease, etc. There are thousands of such agencies involved in the regulation of almost every aspect of civilian life. Is this what the advocate means when he states that he wants the government to supply us with certain *basic* essentials? Basic essentials have evolved to become almost everything and yet we are still heavily plagued with all of those ills that the safety net is supposed to prevent.

In practice it is impossible to impose just a few Socialist agencies. With the passing of time new rules and laws must be infused into the system. With the passing of time new agencies are created in order to handle the burgeoning growth of safety net “essentials.” With the passing of time one agency that used to handle a few functions must be split apart to form several new agencies. It’s unending. It is pointed out to the advocate, who professes that

he is not a Socialist, that what he is advocating is Socialism. If he doesn't mean it to be so pervasive, how does he explain it's becoming that way? And his solution to turn back the tide is interesting: cut back on the funds or dispense with only those agencies of which *he* disapproves, which are very few.

Presently our pseudo-free market society supplies us with bread, shoes, clothing, computers, automobiles, etc. Perhaps in the future the above products may become "basic essentials" in the minds of the majority. It follows that these products should then be manufactured, distributed and sold by government agencies. But that is the exact cause of the collapse of the Soviet Union. History is supposed to be a teaching tool.

If you had been raised in a society in which the aforementioned products were always supplied by government, you might not be able to even imagine how those products could ever be supplied by the free market. You would feel that bread, shoes, computers and automobiles were safety net products that everyone needed to survive. You would imagine people walking barefooted and starving in the streets if the government did not supply shoes and bread. The fact is that it is exactly in those countries where the government does supply food and shoes to the consumer that starvation is ubiquitous and people go without shoes.

Another problem that surfaces with government supplying safety net services is the utter inefficiency with which it is supplied. We all laugh and make jokes about government inefficiency and waste because we all know we are helpless in preventing it. I guess that one can argue that we need a new safety net agency to prevent government waste and inefficiency. On March 26, 2009, many politicians and economists proposed such an agency.

Where was the safety net when Penn-Central, AIG, Lehman Brothers, and Enron failed? When Lincoln Savings fell, when IndyBank failed, when we went into Vietnam, when entire neighborhoods were destroyed by riots?* Where is the safety net now, when most of us agree that crime is worsening, drug abuse is epidemic, the quality of education is deteriorating, economic instability is threatening our very survival and even the air we breath is poisoning us? We have agencies and laws to prevent such things. How come we still have the problems which are worsening?

The safety net argument also falls apart in that it assumes that only the state can supply the "essentials," *without oppressive cost*. It is a well established fact that the cause of problems in some areas, like the economy, is the oppressive costs needed just to *maintain* the agency at an *inefficient* level, let alone at an efficient level. To make it work, if that is possible, takes astronomical funds. Anyone who does not feel the weight of our confiscatory income tax system must be a masochist. Anyone who desires even higher taxes needs a reality check.

The question to be answered by the advocate is “what is the essential characteristic of a service or product that makes it one that must be supplied only by government as opposed to those that can be supplied by the private sector?”

In the case of the Lincoln Savings debacle, there are at least five government agencies whose reason for being was to prevent (act as a safety net) such a fiasco. Once it failed and the debacle occurred, the government took a course of action that added insult to injury, just to appease the masses’ natural desire for revenge. However, don’t mistake revenge for prevention. The cost of the legal action taken, plus the cost of the bailout has been higher than the money lost by the debacle. In addition, it is not the safety net agencies that have performed the revenge (prosecuting). It was the Justice Department. The agencies designed to prevent the problem are comparable to the circus safety net that failed. The Justice Department is comparable to the undertaker who came to bury the dead performer.

Another problem has always baffled me about Statist ideology. Statists have a dreaded fear of monopoly, yet they maintain an almost religious faith in the monopoly power that they grant to government agencies. The natural free market monopoly comes into being because it supplies consumers with products or services that are so superior, at prices that are acceptable, that nobody else has successfully competed, *but may try*. The government monopoly comes into being because the state makes it illegal to compete with it. Try to compete and you will be prosecuted. The first is a *natural* monopoly while the second is a *coercive* monopoly. Why fear the natural monopoly and worship the coercive monopoly? It seems that it should be the other way around. The Socialist’s safety nets are all coercive monopolies and failing miserably.

It should be quite evident that the idea that “only the state can act as a safety net to supply us with basic essentials” is the exact opposite of what is needed. Based upon the reasons expounded on in this column, it is *because* basic essentials are so essential that the state, with its ineptness, inefficiencies, ineffectiveness, corruption and extravagance should not be trusted to supply us with such important and precious values. There is no safety in the safety net. It’s time to try freedom from government.

*(*If I have stimulated your interest, please go to Suscivinst.com and purchase a fantastic course on CD entitled The V-50 Lectures to learn more about this matter. The CDs are in MP3 format so that you can only play them on an MP3-compatible player, such as your computer. Not all automobile CD players are MP3-compatible. You can even listen to the first three lectures free, on-line. I also highly recommend the book, *Taming the Violence of Faith* by Jay Stuart Snelson)*