



The Cost Of Government Incompetence: 50 Cents On Dollar Down Rathole

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There is a certain biliousness about Washington these days - and it is not just the sense of failure and frustration about Iraq. The simple truth is that the bipartisan political combine that has so long run things - Big Government Incorporated - is in trouble. All it has to offer is a drastically overpriced, outmoded product that doesn't work half the time.

There are no exciting big new ideas in Washington. Leaving aside law enforcement and national security, there is not much for big government to do these days - other than waste money and cause mischief.

Congress long ago abdicated responsibility by putting 60% of spending on automatic pilot headed upward and ultimately for a crash - most notably Medicare, the prescription drug entitlement and Social Security.

Now Congress is about to wave its wand over nearly \$1 trillion of additional "discretionary" spending that will, among other things, perpetuate or increase funding for nearly 500 expenditure programs that are not even "moderately effective," according to the Office of Management and Budget. This includes more than 200 expenditure programs that have failing grades of D or F.

By our calculations, the OMB study, called Program Assessment Ratings Tool (PART), further reveals that on average more than half of all federal expenditure programs are falling about 50% short of their stated goals.

This means that out of every dollar spent, 50 cents may possibly be accomplishing something worthwhile, but the remaining 50 cents might as well have been poured down a rat hole. In these cases alone, the cost of government incompetence is over \$250 billion per year.

Congress, however, is not the least bit interested in PART or any other attempt to evaluate federal spending on an efficiency or cost-benefit basis. For one thing, the results would be embarrassing. Too many federal expenditure programs made no sense to start with or are now outmoded and would be a waste even if performed efficiently.

Furthermore, federal budgeting is not about spending as little as possible and trying to make certain that each \$1 spent produces at least \$1 of public benefit. Instead, it is about spending the maximum amount in the most politically efficacious way.

The best new idea in Washington is a question: Is an ever bigger federal government making the American people better off or worse off?

With even higher taxes in the offing and a larger mountain of low- and no-value government expenditures, there are good reasons to think that big government is moving closer each day to being a net negative. Most of the perpetrators in Washington already know the unfortunate truth. No wonder they are uneasy in the present and anxious about their futures.

It is not a choice between big government and no government. Replacing the present efficiency-challenged behemoth with a smaller, smarter, more efficient government does not mean turning the clock back and sacrificing the positive contributions that government should make in a prosperous and civilized society. Just the opposite.

It is not necessary to bankrupt the economy with subsidies for the well-off in order to assure that the needy among us have health care, education and housing. Americans can better do their jobs, educate their children and run their own lives without Washington bureaucrats telling them what to do and how to do it.

Businesses can better compete and win in the global economy if they are not hamstrung by regulations that may have made sense 50 years ago but no longer do. Taxes previously made necessary by waste and inefficiency can be reduced. The economy can grow more rapidly.

America can and will be a more generous and civil society. As Benjamin Friedman pointed out in "The Moral Consequences of Economic Growth," upward mobility through achievement makes us better off and better.

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