**The Cost-Cutting Efficiency Fallacy –**

**A Sure Sign of Bad Governance**

We have been through this before, haven’t we? Someone running for president or governor or mayor on the platform of “cleaning house”, “slashing government spending”, or “getting rid of government waste”. Often this kind of speech comes out of nowhere; even in times of prosperity, when efficiency does not seem to be a sticking point blocking our way forward.

In fact, it can be argued that it usually if not always serves as a default platform of running for government in the absence of any other brighter idea; that is to say, an empty candidate. This cannot bode well for all; at best, such candidates are put out of their misery by losing. But if they happen to win, it’s bad news for the rest of us.

It’s bad news when we elect people to office who have neither articulated intentions toward nor committed to performing any action that could be considered positively contributory toward fulfilling that office. To be efficient is not the purpose of any government or agency I know of but is merely an ancillary function to be performed faithfully and quietly – and non-politically. . People don’t have families so that they can have children who make their beds and do their homework. Nor are football coaches hired to make sure the players take care of the equipment or even get to practice on time. The test of this latter is that getting players to come to practice on time is no reason to keep a coach who can’t win, while failing to get players to all come to practice on time is really no reason to fire a coach who does win.

Those who run on this kind of efficiency platform, as well as those who vote for them don’t seem to care at all about what government is actually for. No government exists for efficiency but should strive for efficiency to better achieve goals that are intrinsically more important and more worth discussing than efficiency itself. After all, efficiency is a means or manner of getting things done not an end in itself. What can achievement of efficiency in government even mean unless attached to a greater ability to achieve palpable goals with the money saved, goals that should be receiving greater attention by far than how efficient a government is?

I learned an important lesson about the “efficiency” mindset running book fairs as a volunteer at my children’s elementary school. The idea was to give children an opportunity to buy some books while conducting a fundraising for the school’s PTO. Every time we ran one, we noticed some shoplifting. We caught some of them. At some point, a few teachers, motivated also by their displeasure with the purchases some of their own students were making, decided to make things more efficient: one line in, one line out; one student at a time. Controlled and limited access to the books.

Doing things that was only efficient in the sense that it greatly reduces the opportunity for stealing. But it even more clearly reduced sales, and deadened the usually celebratory culture that usually accompanied our book fairs. We went back to our old way and never looked back.

Book Fairs do not exist for people not to steal books. They exist to sell book, create a celebratory culture around the books, and do some fundraising. The efficiency of a fool-proof method to bring children to the book fair was not conducive at all to the book fair’s overall success, back actually was ill-conducive.

I am sure other retailers, none of whom like shoplifting, of course, nonetheless have similar stories.

What is government for? Just as the private sector is a place of optimizing sound, well-conceived investment, so, too, is the public sector – i.e., government - a place for optimizing sound, well-conceived investment. But whereas private sector should optimize investment is for the sake of corporate, organizational, individual, and overall wealth and prosperity, the public sector must optimize its investment in the development of those resources – primarily human resources: yes, the poor – required for realizing the potential of the private sector. When government does that, the private sector gains more players, players who are more ready to play, resulting in more ideas, more competition, and the breeding of a culture of universal ownership.

Government’s focus on investment in human resources naturally refers to the poor according to the definition of poor as someone not sufficiently invested in to be ready for full participation in the private sector. All who fail to meet this definition are already enabled, so further investment in them will be ineffective even from a business perspective. Of course, as with all investment, it is vital that it be sound and well-conceived.

Those who argue for free-market economics know that success is all about savvy investment strategies that make the most out of our resources. This same principle holds in the public sector, not for its own good, but for the good of the private sector.

It is for the good of the private sector that it never be allowed to morph, by abdication of public sector duties toward it, into a black market, which is the direction we are going in every time some new mayor or governor or president takes office vowing to shrink government, or fire everyone in government, or abolish the Department of Education or deregulate areas of the market that need to be regulated, such as health insurance. Stripping away public sector functions only gives the reins over to the private sector. We know what that looks like and it’s not a good thing: it’s the black market, a place where there is no safety, no security, no future, no freedom of speech, no law, no justice, no happiness.

Yes, that’s right, There is no excuse for the idle consideration that we give unregulated capitalism a try, since a sizable chunk of the world economy already exists in that state, and it’s a horrible place to be. Every time we make it harder for people to legally migrate and immigrate to other lands to find work, we make the black market bigger. Every time we shrink, suspend, or eliminate entire chunks of government, we make the black market bigger. Later on, when we repent for our sins, it won’t be able to get back those vital pieces of public sector functioning we sacrificed at the altar of the very few people on this planet who think they are powerful enough to really want to live that way. Do they perhaps think that the new black market they are striving to usher into our world will be more benign than that of thugs or organized crime responsible for the deaths of thousands for the sake of their blood money?

Do we not already plainly see the results of our attempts at dismantling government and its regulatory and monitoring powers since the Reagan era, (when Secretary of the Interior James Watt’s care and cultivation of our National Park system included brazen attempts to sell them in order to cut down on government spending; and when Reagan’s jack-of-all trades Edwin Meese, elevated to the position of our nation’s Attorney General even though apparently despising the law, on occasion openly opposing the Supreme Court’s Miranda ruling, considered by most law buffs as a high moment in our history, on the grounds that it was only deserved by the innocent, whereas most arrested people are guilty)?

How about the gradual weakening of the FDA’s leverage over big Pharma since the 90’s, including the orchestration of a grass roots movement against pain, which, with the help of shoddy research provided at a key moment, then later recanted, helped to found in this country a Pain as Fifth Vital Sign in order to facilitate sales of a new opioid medication, OxyContin, which is known now to have begun an epidemic opioid crisis that only has kept growing since OxyContin was no longer offered, opening the door to far more potent black market alternatives such as Fentanyl and others, responsible for the deaths of hundreds of thousands and still counting? The Sackler family, who owned Purdue Pharma, are still in court over these acts, and will be paying billions in reparation to CVS long before the families of anyone they have victimized will see a dime.

Capitalism just does not work on its own, as even its main Enlightenment advocate Adam Smith made clear, warning that the public good needs to be provided by the public sector. Just what he meant by the public good was later briefly explained by his famous friend David Hume as what we now would call public infrastructure.

Capitalism is a game we play, which all good-willed people understand as justified to the extent that it provide optimal results. That means it is intended to be a game well-played and well-conceived. Now, all well-played and well-conceived games have rules, rule monitors and rule enforcers; as well as a gameboard – or infrastructure - to play on. If nobody wants to do business in Centerville, might it not be because Centerville has not paved its streets yet, and that if Centerville paved its streets, it might get some business?

But of course, infrastructure, when we think about it, is not just roads; it is utilities, land zoned for different kinds of business, internet access, and other public services. How broadly the infrastructure is to be conceived has to do with how much business is expected to be done, and what needs to be done to make the local people ready and able for employment. Does that mean public education and universal health care? Yes, it usually does, Any failure here can result in a population not optimally engaged in the economy.

Let us not fail to acknowledge the logic of capitalist competition; that in so many cases, and under ordinary free market conditions, it achieves the best results without being regulated; and that we should have the patience to allow these conditions to emerge in markets where they can work for us.

Most people see that the logic of capitalism requires robust competition, and that monopolies for the good society cannot be tolerated. But is not something similar true also of oligopolies, and haven’t some of our key markets turned into oligopolies? Oligopolies have little trouble colluding, if they want to collude, since so many of their acts of collusion can be done tacitly and without conversation. Collusion is not easy to prove. But our movement to being more restrictive in our tolerance of oligopolies is something we all ought to be talking about.

Another thing we often miss is that even in an otherwise competitive market niche, there is a distinct competitive disadvantage when the customer lacks a reasonable option to abstain entirely from the product or service of that niche. The customer’s lack of this, such as in health care, creates a tacit-collusion-ready environment for exploitation.

 The logic of capitalist regulation is that the government should only regulate areas of the economy in which problems occur that cannot be solved by the mechanisms of the free market. There are some obviously basic regulations that need to be supplied proactively: basic enforcement of the law, basic defense, antitrust (anti-monopoly) laws, anti-collusion laws, bankruptcy laws, and public goods, which we can roughly interpret as basic economic infrastructure. Exactly what belongs in this category is a matter of argument. Most developed countries have concluded that health care and education are both part of the basic economic infrastructure.

In the 80's the accounting industry was deregulated to allow accounting firms to offer both auditing and financial planning services to the same clients. This creates a conflict of interest that proved quite harmful. The auditing function is a humbler service which pales in comparison to how much money can be made as financial planner. So, if I get hired as both your auditor, someone brought on to tell me how much money I don’t have, and your financial planner, someone who gives you places to invest money you do have, that will surely tempt me to understate my first function and overstate the second.

Enron did not just get in trouble for bad auditing though. Much of the kind of business Enron did, and a cornerstone of their business plan, was to work for deregulation of energy prices in states, and when they achieved that, try to create "auction effects” leading to increases in electric energy prices regionally, adding delivery fees for electricity distrusted from a farther place or a more expensive place. Since another deregulation reduced third party inspection as well, they were able to create to drive up prices further. Some of these tactics are still in use.

In the past several decades, the media has been deregulated to allow virtually unlimited concentrated ownership of media outlets. Previous to this deregulation, there had strict rules limiting ownership of media outlets in the same market. Now, single agencies or individuals can own practically as many as they want. The danger of this is that the fewer media owners, the easier it is to control what goes into the newspapers; thus, competition is stymied, and the media is under the thumb of the powerful. Opponents of deregulation point out that it is just not good for democracy and freedom of speech to have the media's "means of production” in so few hands. We are now at a point at which five companies: Disney, Comcast, National Amusements, News Corp, and ATT own more than 90% of all media in this country. It is just as easy to see how this is bad for freedom of speech and bad for democracy as it is to see how billionaires can buy elections. And they do; especially when they can get away with doing it with dirty money that is hard to trace back to them, an effect of the 2010 Supreme Court Citizens United decision.

So, this is just some of the evidence of a new black market appearing to us, sector by sector, pernicious to democracy as well as economically inequitable and destabilizing.

This can’t possibly be what anyone really wants. We need to stand together and step up for government that invests in its people.