

Welcome to USSR, 1920

When the president announced last week that he would “cut out the middleman” and make direct government loans to students, he laid bare his contempt for free enterprise. He is fulfilling a campaign promise by overhauling the system through which he claims, “Private lenders are costing America’s taxpayers more than \$15 million dollars every day and provide no additional value except to the banks themselves.”

Consider the philosophy behind his statement. If government cuts out the middleman and performs the service instead, it will be cheaper and more efficient, he reasons. Apply this same reasoning to, say, the entire banking industry. Government’s direct involvement in the banking industry can eliminate all those bonuses paid to greedy executives and profits earned by greedy share holders, and make sure that loans are extended to low-income borrowers whether they qualify or not. Direct government control of the banking business will surely make it fairer and more efficient.

What a fantastic idea! Someone should have thought of this before.

Apply this reasoning to, say, the auto industry. Government’s direct involvement can force the auto industry to dump the management that failed to produce the toy cars the government said would abate global warming. Government control of the auto industry can eliminate those nasty, unnecessary monster cars, such as the Pontiac, and more. Direct government control of the auto industry would certainly be more efficient and would operate the industry in a more environmentally friendly way.

Direct government control of the auto industry could eliminate the wasteful duplication of products and services. Why should there be three major auto manufacturers? The status quo requires three design departments, three different manufacturing operations, three different but duplicative sales networks, and three different repair and maintenance systems. Imagine all the savings that can be achieved by simply combining the auto industry into a single operation managed by government.

This principle, applied to all industry, could result in enormous savings, ensure social justice in the workplace and avoid unsafe operations that jeopardize the environment. Wow, who can object to this change? This new direction by this new administration sounds great to a generation who can’t remember, or never knew, why America became the strongest, most prosperous nation on earth.

America’s greatness is due to the absence of government control.

This was truly a fantastic idea formulated by the founders who wrote the U.S. Constitution. In two short centuries, America achieved what the rest of the world could not achieve in two millennia. When people are free to pursue their own happiness, there are no limits on what can be achieved. When government controls what people may pursue, achievement is limited to whatever government permits.

Imagine direct government funding of education: Students will attend the school chosen by government and study the courses approved by government.

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Imagine direct government control of the banking industry: Investors will earn no more than the government thinks is fair, and borrowers will be rewarded with loans only for purposes the government thinks are necessary.

Imagine direct government control of the auto industry: Everyone will drive the car the government decides is environmentally sound, and only those who meet the government's criteria for ownership will be able to get an automobile.

Come to think of it, someone did have this idea before. It was the rage of the 1920s and 1930s. It really took hold in the Soviet Union and throughout Eastern Europe. Ignorant American rednecks rejected the League of Nations and much of Roosevelt's efforts to have government take control of industry and the marketplace.

President Obama and others who subscribe to this philosophy of direct government control have persisted through the years. By dramatically changing the public school curriculum over the years, and by manufacturing environmental crises to justify stringent government regulations, a majority of the people – who elected Obama – have apparently come to accept the idea that government control is better than freedom and individual responsibility.

The old adage is true about the people who forget history; as surely as the Soviet Union collapsed, the Obama-initiated system of government control will also collapse – sooner or later. Those who forgot or never knew why America prospered for two centuries cannot grasp the idea that America's current economic problems are caused directly by our government's prior intervention.

Government's insistence that housing be made available to people who could not afford the loans the government guaranteed is the root cause of the housing bubble and the subsequent collapse of the sub-prime financial market. Government's insistence on "protecting" mud holes and spotted owls – that don't need protecting – have stripped private property rights and free market opportunities from a generation.

Obama's insistence on "direct government control" over the market and over individual lives is killing the golden goose – the freedom – that is the engine of America's greatness.

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