

## Well Worth the Money

David Boaz - August 22, 2011

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Two weeks ago the House of Representatives announced that it would end its nearly 200-year-old page program. What with new technology and all, there just isn't much need any longer to employ teenagers to take phone messages and carry documents from one member of Congress to another. The program costs \$5 million a year, which isn't much in a \$3.8 trillion federal budget, but taxpayers should appreciate any elimination of an unnecessary program.

The *Washington Post* published remembrances from former pages. One outraged response was titled "Well worth the money."

Well, it would be, wouldn't it? For those who benefited from it, it is indeed well worth the money. But, as with all government programs, the beneficiaries weren't paying for it. Did the program do the taxpayers much good? Yes, in the days when members of Congress needed a way to get documents to one another, the page program may well have been an efficient use of resources. But times change; technology has eliminated a lot of jobs in the private sector, and there's no reason to think it shouldn't have the same impact in the public sector. Cynics [point out](#) that pages were mostly the children of people with good political connections. And then they make better connections: The writer who thought the program was "well worth the money" now runs a company that boasts of having made more than 500 million political robocalls over the past 30 years. So we all owe something to the page program!

But this is just a tiny example of a much bigger problem: every government program is "well worth the money" to its beneficiaries. And the beneficiaries are typically the ones who lobby to create, expand, and protect it. When a program is threatened with cuts, newspapers go out and ask the people "who will be most affected" by the possible cut. They interview farmers about whether farm programs should be cut, library patrons about library cutbacks, train riders about rail subsidy cuts. And guess what: all the beneficiaries oppose cuts to the programs that benefit them. You could write those stories without going out in the August heat to do the actual interviews.

Economists call this the problem of [concentrated benefits and diffuse costs](#). The benefits of any government program—[Medicare](#), teachers' pensions, a new highway, a tariff—are concentrated on a relatively small number of people. But the costs are diffused over millions of consumers or taxpayers. So the beneficiaries, who stand to gain a great deal from a new program or lose a great deal from the elimination of a program, have a strong incentive to monitor the news, write their legislator, make political contributions, attend town halls, and otherwise work to protect the program. But each taxpayer, who pays little for each program, has much less incentive to get involved in the political process or even to vote.

And so we get bailouts for the Chrysler Corporation in 1979 and for Wall Street in 2008, a protective [tariff for Harley-Davidson](#) in 1982, [higher-than-necessary wages](#) for public employees, sugar and ethanol subsidies that [benefit Archer-Daniels-Midland](#), [farm subsidies](#), and thousands more programs with beneficiaries who know exactly who they are. When the Pentagon decided to cancel a program to build new presidential helicopters—after the price ballooned from \$6.8 billion to \$13 billion—an 11-year-old girl in Owego, New York, where Lockheed Martin had planned to build the helicopters, [wrote a letter](#) to President Obama that became "a voice for her shaken community":

Lockheed is the main job source in Owego. If you shut down the program, my mom may lose her job and a lot of other people too. . . . Owego will be a ghost town. I've lived here my whole life and I love it here! Please really, really think it over.



This girl loves her family and her home town. And we can't expect her to understand what \$13 billion means to the American taxpayers. To the girl and her mom, the new helicopter is "well worth the money." But after all the beneficiaries of all the programs lobby to keep them going, we end up with a \$3.8 trillion budget and a \$1.5 trillion federal deficit.

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\$5.0 million budget and a \$1.5 million federal deficit.

For an unusually candid view of what it means to direct federal dollars to particular areas, we might turn to an advertisement in the Durango, Colorado, *Herald* in 1987, which touted the Animas-La Plata dam and irrigation project and made explicit the usual hidden calculations of those trying to get their hands on federal dollars:

Why we should support the Animas-La Plata Project: Because someone else is paying the tab! We get the water. We get the reservoir. They get the bill.

In the private sector, the voluntary sector of the economy, we know that something is "well worth the money" if people are willing to spend their own money on it. In government, politicians work to separate the payment of taxes from the receipt of specific services. We're not asked "will you pay \$100 right now for farm subsidies and \$4000 for Medicaid and \$1600 for the wars in Iraq and Afghanistan and \$130 for a new presidential helicopter and . . . ?"

If we did get such a question, we might well decide that lots of government programs were not "well worth the money" to the people who would be paying the money.

And by the way, I said above that taxpayers would appreciate the elimination of even a small spending program. But House leaders said that they "will work with Members of the House to carry on the tradition of engaging young people in the work of the Congress." So chances are, taxpayers won't actually see even that \$5 million savings. That's life in the taxpaying business.

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