



Posted on Sun, Nov. 8, 2009

When government slippery slope goes vertical

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Libertarians often warn about the slippery slope of government intervention:

Let the government run the schools, and it may end up teaching your children values that offend you. Let the government have new powers to fight terrorism, and it may use those extraordinary powers in the pursuit of ordinary crimes. Let the federal government give the states money for highways, and it may eventually use its money to impose its own rules on the states.

In the Obama era, the slippery slope has gone vertical. Instead of "eventually," the feared extensions of government power come immediately.

When President Obama decided to convert George W. Bush's bailout of General Motors Corp. and Chrysler L.L.C. into effective government ownership, critics warned that this could lead to political intrusion into the management of automobile companies, with decisions being made for political instead of economic reasons. The companies would get less efficient. The government might try to preserve jobs or engage in political grandstanding rather than build sound companies that serve consumers - eventually.

But there was no "eventually" about it. Before he had even secured government control, Obama fired the chief executive officer of General Motors. He decided what the ownership structure of the companies should be. He insisted that the companies build "clean cars" rather than cars that consumers want to buy. And as soon as a deal was concluded, members of Congress started trying to block the closing of inefficient dealerships and to require the companies to buy their palladium in Montana, use unionized trucking companies, remove mercury from scrapped cars, and so on. Politics reared its ugly head in the first moments of government control.

Now we have the federal government's unprecedented intrusions into executive-pay decisions at seven bailed-out banks and automobile companies. The Obama administration's "pay czar," unlike most of the so-called White House czars, has an appalling amount of real power. He

"has sole discretion to set compensation for the top 25 employees of each of those companies," and his decisions "won't be subject to appeal," according to recent articles in the Washington Post and Wall Street Journal, respectively. I was appalled when he used that autocratic power to make such sweeping cuts in executive pay.

True, these executives were running their companies with taxpayers' money. Live by the bailout, die by the bailout. If you don't want to make a government salary, don't take government money. It's a bad idea for government to attach strings to its funding, to use its money to impose an agenda, but the reality is that it does. Maybe it's a good lesson for other executives: Don't take government money.

But what about the slippery slope? Well, it went totally vertical. On the very day that the government czar announced that he would cut the pay of companies that received taxpayer bailouts, the Federal Reserve announced that it would start regulating compensation at the thousands of banks that it regulates, as well as American subsidiaries of non-U.S. financial companies. Some state regulators said they planned to issue similar requirements for state-regulated banks not covered by the Fed plan.

All of this is being done without any legitimate power under the Constitution, and much of it without even the authorization of Congress. Congress refused to bail out the auto companies, so Bush did it on his own authority. Congress never authorized the Federal Reserve to regulate the pay of bank employees.

This is not a slippery slope. This is falling off a cliff. As one news story pointed out: "The restrictions were the latest in more than a year's worth of government intervention in matters once considered inviolable aspects of the country's free-market economy and represent a signal moment in the history of the American economic experiment."

Sometimes it's hard to make a case for slippery slopes, because you're trying to oppose an immediate benefit by warning of a future cost. Not this time.

If you put a frog in lukewarm water, and then gradually turn up the temperature to boiling, the frog won't sense the danger, and will eventually be cooked to death, or so the metaphor goes. Throw a frog into boiling water, and it will jump out immediately, rather than be scalded.

People tend to react the same way to new demands by the government. If new powers and restrictions are introduced gradually, they'll get used to each one so that the next one seems no big deal.

In this case, we're being tossed into boiling water. It's time for Americans of left, right, and center to say that this is not the economic system we want. If you still have warm feelings toward Obama and his good intentions, ask yourself this: Will you feel comfortable one day when the appointees of President Romney or President Palin are exercising unconstitutional, unauthorized, unreviewable authority to restructure the economy the way they see fit?

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