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The stupidity of 'experts'

Big-government intellectuals seldom own up when their policies fail

By Richard W. Rahn
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The only surprising thing about Obamacare architect Jonathan Gruber's revelations that the legislation was based on a series of lies and voter stupidity was that Mr. Gruber was so stupid to think no one would see the videos of him saying so.

The good news is that, perhaps, many more Americans will wake up to the fact that Obamacare is not the only hoax they have been subjected to, and will be much more skeptical about policy experts' snake oil. Most of these schemes increase the power and money flowing to the political class and their "experts," while robbing the pocketbooks and liberties of the people.

The great economist F.A. Hayek (1899-1992) argued there was a limit to what any one person or even groups of people could know, which was one reason socialist planning always failed. His 1974 Nobel Prize lecture ended with the following sentence: "The recognition of the insuperable limits to his knowledge ought indeed to teach the student of society a lesson of humility, which should guard him against becoming an accomplice in men's fatal striving to control society — a striving which makes him not only a tyrant over his fellows, but which may well make him the destroyer of a civilization which no brain has designed, but which has grown from the free efforts of millions of individuals."

Washington, Paris, London, Moscow, Beijing and Tokyo are rife with "experts" who claim they are smarter than markets and know what is best for others. The whole socialist and big-government ideal is predicated on the notion that the intellectuals can bring us nirvana — but something always goes wrong. Yet, blissfully, without self-doubt, they go from failure to failure to failure, as others pay the price.

The "smart" folks around the world, consisting of many members of the political class, such as President Obama and many scientists who live off the taxpayer-funded grants, tell us we must spend hundreds of billions, if not trillions, of dollars to stop global warming. The villain they have identified is carbon dioxide. Their solutions are to subsidize things such as windmills and solar cells, even though their own models indicate they will have almost no measurable effect on the Earth's temperature 100 years from now. However, these subsidies do create campaign contributions and other financial benefits for their advocates. When it is pointed out there has been no global warming for more than 17 years, despite what the global-warming models and their purveyors had been telling us for the past few decades, the truth-tellers are slurred with names like "climate deniers" — rather than treated to rational debate as to whether the proposed solutions make any economic or scientific sense. It is politically incorrect to mention that wind and some solar projects result in major bird kills — even of endangered species. Oh, never mind. Like Mr. Gruber and Obamacare, eventually some of those involved in the climate-solutions scam will deliberately or inadvertently reveal the fraud.

The longest-running scam is the big lie that more government spending will create jobs and raise wages. When it does not work as advertised, we are frequently told the problem was "not enough government spending." To believe this scam, one needs to believe that the government is more efficient than the private sector in general, and that the extraction costs of government taxing or borrowing or confiscating private property do not diminish people's productivity or willingness to work, save and invest. If the advocates of more government would bother to learn a little history and look at the most successful economies around the world, they would notice that smaller governments are more often associated with high economic growth and job creation than very large governments. Great economists such as Milton Friedman and Hayek wrote many books and articles about the destructiveness — yes, even stupidity — of much government spending. When politicians and their policy advisers claim that this or that government project is going to create X number of jobs, most often they leave out the part about how many jobs will be lost in the private sector because of the increase in taxes or borrowing to fund the government project. Outside of government, omissions of such material facts are correctly known as fraud.

There are many other policy frauds going on at the moment that are highly damaging, such as the Dodd-Frank financial-regulation bill, the Foreign Account Tax Compliance Act, and the efforts to increase the minimum wage. In these and many other cases, the problem was misdiagnosed by experts, often deliberately, and then solutions are proposed and enacted, which make things worse. One might argue that the people are stupid for electing officials who engage in fraudulent policy and programs, but the really stupid people are those who have their names associated with bad policy and projects. History is unlikely to treat them well.

Richard W. Rahn is a senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth.