

Ending the Welfare State Through the Power of Private Action

BY RICHARD M. EBELING



Despair about the current direction of American public policy is easily understood. In whichever direction we look, government seems to be growing larger and more intrusive. For example, in February the Associated Press (AP) reported that in spite of the 1996 welfare reform, which has reduced the number of people on the welfare rolls, “Nearly one in six people rely on some form of public assistance, a larger share [of the population] than at any time since the government started measuring two decades ago.”

Those receiving welfare payments from the federal or state governments may have decreased from 14.2 million people in 1994 to 5.1 million in 2005. But 45 million people are on Medicaid, the AP said, and almost 26 million people receive food stamps every month.

Government continues to be out of control, and too many of our fellow Americans appear not to care enough to do anything about it, especially when so many of them are beneficiaries of government largess in one form or another. A disregard of the harmful effects from any and all forms of dependency on the welfare state is reinforced by the media, which almost always implies there “ought to be a law” to solve every supposed social problem, and a public-education establishment that indoctrinates young people in our schools and colleges with “politically correct” propaganda for political paternalism.

But appearances do not always tell the real story of everything that is going on. People often act more wisely in taking personal initiative and reclaiming self-responsibility than their stated or unstated political views would suggest. I believe that while many Americans find it difficult to think politically “outside the box” of Big Government, they have in fact lost confidence in much of what government has promised or tried to deliver. As this confidence has been eroded, people have begun once more to take care of themselves and their families.

Social Security is one area where this is happening. While most Americans cannot imagine a world without

a government-guaranteed pension, a growing number of Americans have been turning their backs on this government promise of a secure and comfortable retirement. Over the last 20 years private retirement planning has exploded. In 1985 there were 1,528 mutual funds offering investment opportunities to private investors. By 2004, however, 8,044 mutual funds existed. Total mutual-fund assets increased from \$495 billion to 8.1 trillion. The number of shareholder accounts went from 296,000 to over 267.4 million.

This tells us the extent to which the American people have implicitly declared that they have no confidence in Social Security. Whether they are setting aside before- or after-tax income, tens of millions of Americans have decided that they cannot and will not depend on Washington when they retire and are planning for their own future.

Another example is education. For well over a century compulsory public education has been one of the most sacred cows of public policy. The few private schools have often been viewed as only for the children of the elite. And 20 years ago, homeschooling was considered eccentric or for the shut-in child.

Yet between 1990 and 2004 attendance at private schools (K–12) increased from 4.8 million to over 6.2 million, a 29 percent increase. About 11.5 percent of all students in the United States are now enrolled in more than 29,000 private schools; these schools represent around 23 percent of all schools in the country. A national survey in 2000 found that 48.6 percent of the schools were Catholic, 15.7 percent nonsectarian, 15 percent conservative Christian, 6.1 percent Baptist, 4.3 percent Lutheran, and 3.3 percent Jewish. Many of the remaining private schools also were affiliated with religious denominations.

The parents of these privately schooled children

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choose to pay tuition on top of their school taxes. According to many studies, the growth in private schooling would be greater if not for the tax burden on the average family, including those taxes for the government schools many parents wish to shun.

In a 1985 public-opinion poll, only 16 percent of respondents thought homeschooling was a good thing; but by 2001 41 percent gave that response. In the early 1990s an estimated 400,000–600,000 children were being homeschooled. Today, well over one million children may be homeschooled.

Homeschooling parents are willing to bear another heavy burden to assure their children's education. They not only pay taxes for a government school their children do not attend, but one parent gives up the opportunity to earn income in the workplace by staying home, mastering many academic subjects, and teaching.

As a percentage of all students enrolled throughout the United States, the numbers for both private- and homeschooled children are still relatively low, totaling no more than around 12 percent of the student population.

But the parents of these young people no longer trust government education. Some parents oppose what is taught in government schools, believing that wrong values and beliefs are fostered there. Others are angered and frustrated that their children do not learn to read. They understand that their children only get one chance to be educated while they are young and will not leave that one chance to the government—regardless of the cost to the family.

The enthusiasm of many parents for the voucher system is also a strong indication of how much they want to reduce government control over their children's education. Even if the friend of freedom has doubts about the workability of the voucher system, and whether it would really free education from the state monopoly, its growing popularity demonstrates that many parents want to take greater responsibility for their children's schooling.

Health-Care Revolt

Even while the Medicare and Medicaid rolls are growing, a “counterrevolution” against govern-

ment-provided health care is starting. A handful of physicians have begun to opt out of the system and all the paperwork and regulations socialized medicine entails. They only accept patients who are willing to pay out of their own pockets, rather than with government dollars taken from the taxpayers. Some of their patients gladly follow their doctors out of the labyrinth of government medical care as they learn that by doing so the long-run cost of their medical services could fall. In addition, these patients rediscover the benefits of more directly choosing the type and quality of care they desire. And it helps restore the personal relationship between doctor and patient that government health care has severely undermined.

In these three areas individuals are taking back personal responsibility from the government. They are not waiting for a political movement to “free” them. Instead, their actions preceded and sparked the political debate over whether government should monopolize these services.

These individual private choices rarely capture the headlines. But like many real social shifts they are occurring all around us, slowly and incrementally through the separate actions of millions of people. Their cumulative effect has the potential to transform society.

This is also the reason for long-run optimism about the prospects for liberty. The American heritage of freedom still is the fertile soil in which individuals can challenge the idea of political paternalism. By taking care of their own affairs, they are delegitimizing the welfare state. Their actions then influence the arena of ideas.

The paternalistic state was not created in a day. It has grown in size and legitimacy over a century, and it will not be gone in the blink of an eye. But it is being undermined by a real “people's” movement, the spontaneous choices and actions of millions of Americans wanting greater self-responsibility and less dependency on the powers that be. They are moving the world away from the welfare state one person at a time. That is the strength and the power of liberty. 