

ON THE INTENDED CONSEQUENCES OF STATE WELFARE AND OF BUSINESS: NOW IS THE TIME TO TAKE THE MORAL OFFENSIVE

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Critics of Britain's state welfare system regularly use the phrase "well-meaning" to describe the ideas of those with whom they disagree. Such language is now inaccurate.

THE DISASTER OF WELFARE

I write in March 1996, and the anti-state-welfare argument is now familiar. The sums of money now devoted to state welfare in Britain have become immense beyond the wildest nightmares of the people who founded the modern British welfare system in the late 1940s. Yet far from buying us that small social trampoline that would enable those people down on their luck to bounce back into self-supporting contentment, of diminishing scope with the passing of the years as growing affluence caused the need for such emergency arrangements to diminish, we have instead made a vast and ever expanding swamp, from which escape is very difficult and the cost of which has meant high levels of taxation upon even rather low paid jobs, which drives yet more people down into the swamp.

Worse yet, an "underclass" has been created, of people whose unwillingness even to try to be self-supporting amounts to an ingrained incapacity beyond their own power to correct. Paupers, such people used to be called. That such an under-

class even existed was, not so long ago, controversial. Now, the only argument concerns who is to blame for its creation.

It is said that is a great cruelty to deny to this underclass the welfare payments to which they have become habituated, and without which — in the absence of some sort of moral redemption or character transformation — they face either a life of crime or death by starvation. Yet what else but such denial will achieve any redemption for our new paupers? Education? Counselling? "Help"? To such persuasions the paupers reply that they are behaving as they do because this makes sense, and working does not make sense. No jobs which pay even as well as state welfare still does are now available for a person whose only previous "job" was being paid state welfare. People who work are mugs. The ghastly thing about state welfare is that for millions of people this is now true. To become a pauper is to go with the flow. To be poor but self-supporting and to raise your children also to earn an honest living is to be punished and humiliated both by the facts of your life, and by those around you who have given up the struggle and have surrendered to — or even embraced with glee — the new realities. This is an even greater cruelty.

How such people as the permanently crippled, the chronically ill or the mentally incapacitated should be cared for should continue to concern all the kind and concerned people who have always concerned themselves about such things. But there is nothing remotely kind or concerned about the idea that the plight of such unfortunates is any kind of excuse for not facing up to the bitter truth about how the more usual forms of state welfare have helped to make thousands of physically and mentally undamaged people into morally deranged parasites.

That there are other social and economic forces that have turned many poor young men (young *men* especially) into barbarians is undeniable. The sudden availability of electronically automated machines and eager chinamen, and of the cheap international communications devices to coordinated the new arrangements, has indeed caused problems for the manual workers of a country like Britain which would have been severe whatever the nature of welfare policy. But once again, pointing out that such economic pressures are a problem is no sort of excuse for denying or ignoring the harm done by state

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FOR LIFE, LIBERTY AND PROPERTY

welfare, or for cancelling all discussion of what should be done to transform state welfare.

There is room for honest disagreement about how to extricate the still uncorrupted majority of the poorer classes from this great disaster, and about how to subject those already corrupted to altered circumstances that might also alter their ways of thinking and behaving. But that this disastrous episode of recent history has indeed been a disaster, and that the state welfare system played a huge part in causing it cannot any longer be honestly denied.

Nevertheless, the claim continues to be made by state welfare supporters that we who oppose state welfare do this because we are morally blind — because we don't care about welfare as such. To hell with the poor, forget them, ignore them, leave them in the gutter. That's what we are accused of thinking.

We state welfare critics have got used to denying this charge. We also mean well, we say. We want welfare, we say, especially for poor people. We merely disagree with the state welfarists that a large state welfare system is how to get it.

But we can and we should do better than this. We can take the moral offensive.

FROM ERROR TO GUILT

I recall what turned out to be the final stages of the Cold War. I recall how during the 1980s we who loathed the USSR and all it stood for acquired the habit of proclaiming the *moral* excellence of civilisation when compared with bolshevism, and the *moral* disgustingness of all who persisted in supporting the bolshevik cause against civilisation, or in claiming that there was some sort of "moral equivalence" between the two sides.

At the beginning of the contest between civilisation and bolshevism, the bolsheviks (1) proclaimed themselves as people who were doing good, and accordingly as people who *were* good. Then (2) it was revealed that the bolsheviks were *not* doing good, but it continued to be conceded by those who opposed them that they were still *trying* to do good. But then, (3) as the horrors of bolshevism became ever more horrific and ever more public, the claim that the bolsheviks were even *trying* to do good became absurd. If a person continued freely to support bolshevism, this could only mean that these horrors didn't matter to him. He wasn't guilty of a mere mistake; he was just plain guilty. There were two teams, good and bad, and he was backing the bad guys.

I say that the argument about state welfare is likewise now moving — and should move — from phase 2 to phase 3.

I repeat, there is room for honest debate about just how to extricate ourselves from the state welfare mess, just as there was and continues to be a genuine debate about how to extricate the bolshevik countries from the horrors of bolshevism. (I can't be the only one who suspects that the Chinese route out of communism — stick with an unliberated political system, but use it to liberate rather than wreck the economy — seems on the face of things to be working better than the Russian approach — free up the political system and then pray that the economy somehow sorts itself out.) But given how completely and how publicly state welfare has failed to achieve its original stated aims, I cannot now see how unreconstructed state welfarists — the ones who say that the only problem with state welfare is that selfish, greedy bastards like me have turned against it — can themselves any longer be regarded as "meaning well". They are not just making a gigantic *mistake*; they are being *wicked*. By refusing to take the case against state welfare seriously, they are deliberately doing harm.

CORRUPTION

The wickedness of these persisting state welfarists is, I think, of three sorts.

First, there are the people whose jobs or lives now depend on state welfare. I don't blame people for wanting to go on being paid for doing their state welfare jobs or to go on receiving their state welfare cheques, especially if they can't imagine a convenient alternative, any more than I blame myself for travelling on roads or railways that I also think ought not to be run by the state but should instead be run by entrepreneurs or cooperative societies. What matters is what people think, say and write about state welfare. The people I here denounce are those whose current well-being depends on the survival of the existing welfare system, and who *for that reason also persuade themselves and try to persuade others that this system is right*, even though — in another part of their brain, so to speak — they know that it is failing dismally. Such supporters of state welfare are being *corrupt*. They are letting their material interests tell them what they think. They are letting themselves believe to be true what they actually only wish to be true but know to be untrue. And don't forget that the more you know about state welfare, either by dishing it out or by receiving it, the more you know of how it really works and of the harm it really does.

Second (plenty of people fall into more than one of these categories, or course) there are those who are immoral because they are *intellectually* corrupt. These are the ones who are refusing to admit that what they once sincerely believed in is mistaken. Rather than admit to error, they persist in it.

THE DESIRE TO MAKE PEOPLE SUFFER

Third, the intellectual stubbornness of many of the persisting state welfarists — and this particular point applies also and especially to their bolshevik ideological brethren — only makes logical sense if their claim to want to help poor people is and always was bogus, and if their real motivation is the desire to make the more rich and successful and lucky people suffer, *even if this means making poor people suffer even more*.

State welfare is indeed costly to the rich as well as to the poor. At the very least it costs the rich some of their money. It also fills the streets with lawless louts who attack rich people's mothers, corrupt their daughters, smash up their houses, and steal their cars, jewelry, hi-fi systems and TV sets. The state welfarists now know this. And as far as many of them are concerned, *the harm done by state welfare is the whole point*. Making rich people suffer is so splendid that it doesn't matter that even greater suffering is inflicted upon less rich people.

Some state welfarists actually *hate the majority of the population*. This majority has observed the consequences of state welfare for the nation's (i.e. their own) finances, and is now habitually voting for a relentless crumbling away of state welfare and its relentless replacement by other more commercialised or voluntaristic sorts of welfare provision. This majority must accordingly be punished.

Or maybe in the eyes of the unrepentant state welfarists the crime of the non-poor people is merely that they like to dress well, to speak nicely, to have flowered wallpaper, frilly curtains and pink fluffy bath mats, to listen to things like Classic FM Radio or ball-by-ball cricket commentaries on BBC Radio 5, and to watch TV shows like *Des O'Connor* or *Inspector Morse*.

Whatever. One way or another many state welfarists hate non-poor people so much that they persist in supporting welfare policies which are even more hurtful to poor people than they are to non-poor people. You can't make an omelette without breaking eggs. The broken eggs are the miseries of the poor, *and the rather milder but still real grief inflicted upon some or all of the non-poor is the omelette*.

Now, this is a wicked way to think, and the state welfarists guilty of such thinking know it is wicked, which is why they don't come clean about their disgusting motives and instead tell hysterical lies about the motives of people like me. And I re-

peat, I do mean lies. They *know* that people like me oppose state welfare for morally excellent reasons; they just *pretend* that they *don't* know this.

WHY GOING ON THE MORAL OFFENSIVE WORKS

Do you think I am overstating things? Perhaps I am, a little. If so, this is an argument about timing, rather than about the principle of the thing. Maybe lots of decent people in the more comfortable and well protected neighbourhoods of our country are still uncritical supporters of state welfare for decent — if ever more foolish — reasons. The case against state welfare has not reached them yet, and they don't have to live next door to the worst human consequences of state welfare, the way poor but honest people have had to for many years now. Details. Sooner or later we critics of state welfare must take the *moral* offensive, the way I already am taking it in this pamphlet, and denounce unrepentant state welfarists as the deeply *immoral* people that they are.

Nobody likes to be called bad even for bad reasons, and they absolutely loathe to be called bad for good ones. For the remaining nice-but-dim state welfare supporters in their safe, leafy suburbs, the mere fact that *anyone* considers them to be *wicked* may be the one thing that will jolt them into thinking a bit, and out of being uncritical state welfarists. Merely to stimulate more widespread thinking about welfare means that — since ours is the only thinking that's been done lately — we will then win what remains of this argument.

And as for the villains themselves — the hard core who support state welfare *because of* all the grief it causes, or because they just bloody well do, so there — these disgusting people will hesitate to accuse opponents of state welfare like me of being bad people if they *know* that any such accusations of immorality will at once be thrown back in their vile faces with many times greater ferocity and believability.

The fact that my team will be telling itself far more eloquently than hitherto that we're the good guys and the other guys the bad guys — “moral equivalence” be damned — will put a whole lot more sparkle and pep into our efforts, at just the time when the other guys are seriously losing heart. At which point, the welfare state will be about as safe as the USSR was, *circa* 1987. (The fact that the USSR was denounced as an “Evil Empire”, and then very soon after that fell to bits, was absolutely not a coincidence.)

All of which illustrates why taking the moral offensive, provided that it has been preceded by a effective and successful intellectual offensive, is such a potent political technique.

THE INTENDED CONSEQUENCES OF DOING BUSINESS

An equal but opposite thing to the claim that state welfarists are bad people can — and should now — be said about businessmen, that is, in favour of businessmen. A common free marketer's stereotype is of the businessman who selfishly pursues his own profit, and who as a result furthers the interests of humanity in general *without meaning to*. He tries to pay people less, to make them work harder, to make his product ever more shoddy, to charge his customers more for it, and to keep the economic benefits of more efficient production methods all to himself. Yet if he operates in a free market he finds himself willy-nilly paying people more and working them less hard, improving his product, charging less for it, and dispersing throughout society the benefits of the greater efficiency he is compelled to contrive. As Adam Smith famously wrote, in a much recycled quote from *The Wealth of Nations*:

It is not from the benevolence of the butcher, the brewer or the baker we expect our dinner, but from their regard to their own interest.¹

But why should we assume that businessmen concern themselves only with their own interests, that they ply their trades *only* because they are greedy and selfish? Does it really make sense to suppose that businessmen have all of them been ignoring the recent tidal waves of pro-free-market propaganda, in which businessmen figure as the “unsung” (!) heroes? Businessmen have been castigated by generations of anti-market propagandists as exploitative, predatory villains, and subsequently hailed by several generations of pro-market propagandists as the creative, cooperative heroes without whom civilisation would come to an end. Have *no* businessmen concluded from this very noisy debate that indeed, the businessman is the hero, and that the most morally splendid thing a person can do is to get out there and be one? Has *nobody* become a businessman by deciding as a teenager that this would be a morally excellent thing to be, and that being a welfare bureaucrat would by comparison be morally repugnant?

Just as those who continue to believe in state welfare are being wicked, so too an increasing proportion of businessmen must surely be hailed as the successful, morally excellent, *well-meaning* getters of exactly the good results they want to get.

Most businessmen know that their own interests and the interests of their customers, workers, collaborators and of people generally, go, on the whole, hand in hand. They know that, if they respond diligently to market signals like the prices their customers will pay or the prices their suppliers demand, they are thereby doing the things that other people value and appreciate. And they know that if they are to continue behaving in this morally excellent fashion — perpetually concerning themselves with the interests of others — their businesses must be profitable and hence sustainable. And they know that if the product or service they are producing is worth more than what it costs to produce, then they are serving the interests of others and making excellent use of the world's resources.

True, if one does something well, competitors who persist in doing a similar thing badly will suffer. But is that such a huge disaster? If even the stubborn, the idle and the incompetent are stirred by their competitors into doing better things for their fellow humans, that too is all to the good.²

THE TEMPTATION TO ACCEPT A DRAW

Why are the critics of state welfare so reluctant to attribute bad intentions to state welfarists, whose policies are having such frightful results, or good intentions to businessmen, whose activities do so much good? Why do so many of my ideological comrades hesitate to call the bad guys bad, and the good guys good?

Part of the story is that they hesitate because they are just too nice. How horrid to have to say to a rabid state welfarist that he is not only wrong, but also that he probably *knows* he's wrong, and that accordingly, although less stupid than he is pretending to be, he is far more wicked, and, further, that, in presenting himself as virtuous for expressing the vile opinions that he is expressing, he is adding the vice of hypocrisy to all his other vices. This is not how to make friends.

I would never address a neighbour or relative like this. But in the rough and tumble of ideological struggle we ought not to be so squeamish. This is not an argument we should be content to walk away from with a one-all draw, merely to avoid unpleasantness. Having taken the lead with the claim that state welfare is a catastrophe, we should make it two-nil with the proposition that it therefore follows that anyone who goes on arguing enthusiastically for state welfare is a heartless brute.

A man who may well have done more than anyone else to win the argument against state welfare, both in the USA and in Britain, is Charles Murray, author of *Losing Ground: American Social Policy 1950-1980*. The final sentence of this book reads thus:

When reforms do occur, they will happen not because stingy people have won, but because generous people have stopped kidding themselves.³

Stirring words, but observe the confusion in them. We are asked to go on regarding these people as “generous” even though they are “kidding themselves”, and for as long as they choose to go on doing that. Yet surely the generosity phase ended at the moment when the kidding themselves phase *began*. Kidding yourself is not an affliction; it is something you do. It is a vice. I say that the way to get reforms is for people like Charles Murray to stop calling state welfarists generous and to start calling them quite other things.

ONLY THE FREE MARKETEEER KNOWS THE STORY

But I think there is another, less admirable motive at work, besides the mere desire for a quiet life. In a world dominated by unintended consequences, both state welfarists and businessmen bumble about in a daze, causing indirect effects which baffle both of them and which only the all-wise free market propagandist can explain. There is a counter-intuitive, even perverse, appeal about the idea that good intentions cause bad things while bad intentions cause good things. This little intellectual gavotte is just the kind of complication, supposedly beyond the intellectual grasp of regular folks, that appeals to those who pride themselves on understanding the subtleties of how the world and the ideas in it work. How humbling, then, for the free market propagandist to have to step down from his privileged intellectual vantage point, back into the humdrum, melodramatic directness of the action movie, where good intentions cause good things, bad intentions cause bad things, and where the rest of the audience follows the plot just as well as he does. If this suspicion of mine is right, it is not only state welfarists who have been ignobly reluctant to abandon a cherished but wrong theory.

EVERYONE GETTING THE RESULTS THEY WANT

There is nothing inevitable about people getting results in the wider world which are the opposite of those they intend, and there is nothing necessarily permanent about such a world if during a certain period of history such a world happens to come about. Well meaning actions only get bad results, and mean spirited actions only get good results, if the dominant theory that everyone is following about the consequences of actions is wrong. If on the other hand — for example after half a century of determined trial and catastrophic error — this wrong theory is replaced in the minds of most people by the *right* theory, goodness will go back to doing good and only badness will do harm.⁴

What if all our pro-free-market and anti-state-welfare propaganda has done the trick and has been widely accepted as true? What if our good intellectual intentions have had exactly the good intellectual results we have been seeking? In such a world, everyone else will likewise get the results they are seeking, and praise and blame should be distributed by us accordingly. Partly because it is now true that businessmen are the good guys and state welfarists the bad guys, and partly because to spread this truth will itself do good, spreading this truth is what we should now be doing.

THIS ARGUMENT DOES NOT YET APPLY TO LIBERTARIANISM AS A WHOLE

A final point. As a rule I avoid the claim embedded in the title of this pamphlet that “now is the time” to think or do this or that. Almost always such a phrase is a vacuous *cliché*. People who habitually say that “now is the time” for whatever it is that they now urge upon humanity also regularly say that many other good things should not be done — and should not even be *said* — because “now is *not* the time” for such behaviour.

The entire libertarian enterprise and the success it has already achieved are a giant custard pie in the face for such people.

But it is central to my argument that the case against state welfare is not only true, but that it has — *now* — been very widely, very publicly and very effectively argued to be true, and that this argument has not been refuted. Fifty years ago this was not so. *Now* it is.

No such claim can be made for libertarianism as a whole. Insofar as other aspects of the libertarian case have been supported out there in the wider world of political debate — I’m thinking of such things as libertarian opposition to the “war on drugs” — then perhaps similar moral offensives can be contemplated on other issues, although preferably accompanied by further arguments calculated to appeal to those who in all sincerity oppose the libertarian line on the matter in question. But on the whole, I favour a style of debate for libertarianism which assumes the good intentions and good faith of those who oppose libertarianism, and merely argues that the consequences of adopting libertarian policies will be more to the liking of its critics than they now suppose. That most of the claims made by us libertarians about how the world should be rearranged have not yet been widely accepted is because most people have yet to hear about these claims, and because those who have heard of them mostly oppose them in all sincerity. And it is because most libertarians of any ability or track record agree with me about this that they also agree with me that going for the opposition’s morals is generally counter-productive.⁵

The argument about state welfare and the harm it does is, however, the great current exception to this rule. Here is an argument, like the argument about whether total central economic planning is good or bad, which we have now won, and to continue to attribute good intentions to the people who continue to deny this is at best a mistake, and is at worst itself wicked.

NOTES

1. I came across this Adam Smith quotation most recently in an article in *The Freeman* of February 1996, entitled, typically “... Paved With Good Intentions”, by Robert James Bidinotto. This article nearly hits the nail on the head, but instead oscillates between the two positions that I have here contrasted and chosen between. Part of Bidinotto’s problem is that he doesn’t separate out welfare from the general libertarian argument, as I do.
2. The claim that more and more businessmen are self-consciously and successfully trying to do good is another way of saying that they don’t just *do* capitalism; they *believe* in it. But this doesn’t mean that they know how to get more capitalism, still less that they know how to get rid of the worst excesses of state welfare. Most businessmen are useless at arguing for capitalism, just as I am useless at doing what they do. I feel yet another Tactical Note coming on, and in fact am even now doing another piece on *Why Capitalists Can’t Be Relied Upon To Support Capitalism*, or words to that effect.
3. Charles Murray, *Losing Ground: American Social Policy 1950-1980*, Basic Books, New York, 1984, p. 236. See also by Murray, *The Emerging British Underclass*, Institute of Economic Affairs Health and Welfare Unit, London, 1989; *Underclass: The Crisis Deepens* (with Pete Alcock, Miriam David, Melanie Phillips, Sue Slipman), IEA H&WU, London 1994. That Murray’s underclass writings have been well attended to is proved by the fact that both of these IEA publications began life as articles in the *Sunday Times Magazine*.
4. Another gleam-in-the-eye literary project of mine is a story about some people who are malevolent, but, being completely wrong about how to do harm, end up doing a massive amount of good.
5. Followers of Ayn Rand may like this piece, it being full of moral praise for capitalists, and full of moral denunciation of state welfarists. But Rand *always* went for the morals of those she disapproved of, regardless of whether the particular part of the case for free market capitalism that she accused them of “refusing” to accept had been widely publicised or not. If other libertarians are reluctant to use moral criticism even when it is appropriate, they may perhaps be reacting against Rand.

Like Rand, George Gilder, author of *Wealth and Poverty*, Basic Books, New York, 1981, and *The Spirit of Enterprise*, Simon & Schuster, New York, 1984, and of much else besides and since, also proclaims the moral excellence of entrepreneurs, but unlike Rand he calls them altruists.