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## **No, the Government Can't** **by Sheldon Richman**

Barack Obama will assume the presidency on a wave of hope among millions of Americans that he will deliver on promises that countless politicians have made before him. Rising above partisanship and committed to solving long-festered problems, Obama will inspire and unify the American people and, as a result, move the crusty Washington political apparatus to at long last serve the interests of all.

At least that's the theory and the widely held expectation. The truth is that some political promises cannot be kept because they run up against the wall of reality, namely, the unmalleable laws of economics. The sooner Obama learns this, the easier it will be on everyone and the more good he will be capable of. Because of those laws, which are every bit as real as the laws of physics, government cannot *directly* do the things Obama wants to do: raise wages, create jobs, provide universal medical care, improve education, innovate on energy, and the rest. But *indirectly* he can help bring those things about. How? By freeing the economic process of all impediments and distortions, including taxes on production, regulations, subsidies, and guarantees to business. The free market, which consists of free individuals cooperating through consent and the division of labor, can deliver those things and more.

It may seem strange to hear that economic laws limit our options. Obama's slogan was "Yes we can." In part he means there's nothing "we" can't do if we put our minds to it. And by "we" he means government. All that is holding us back, he is saying, is the lack of will and commitment. We can have all the things he promises if we want them enough and are willing to work together.

But this is naïve. If he said we could repeal the laws of physics if we worked hard enough, no one would believe him. So why believe his suggestion that we can achieve things in defiance of the laws of economics?

It takes a certain humility to acknowledge our limitations. While ambition and audacity are admirable, some things are beyond human capabilities. For example, the laws of economics — which are laws of human action — dictate that all choices have costs and tradeoffs. In a world of

scarcity, efforts to achieve A mean abstaining from efforts to achieve B. It's in the nature of things, and we have no choice about it. Given this fact, it is good that people confront the costs of their actions, for those costs prevent us from achieving the less valuable at the expense of the more valuable.

Government cannot change this law, but government can obscure it by hiding or shifting the costs. For example, subsidies and regulations can make medical care appear cheaper than it really is. When government does this, it upsets the balance of supply and demand, raising prices for the uninsured and creating other hardships. At that point, government will either have to back off or expand its intervention in an attempt to fix the problems it caused. But new interventions will beget new problems, and the cycle begins again.

The upshot is that when government tries to ignore the laws of economics, it throws things out of whack, makes things worse, and provides excuses for the exercise of more power. The results are undesirable from the point of view of most people: fewer and less desirable goods and services, and a shrinking of freedom as government power grows.

It is important to realize that intentions are irrelevant in this regard. The logic of human action operates with implacable regularity whether intentions are good or bad. That logic can no more be annulled than can the laws of the natural sciences.

Barack Obama is no doubt a remarkable political figure. But he's not *that* remarkable. If he wants a successful presidency, he'll have to learn to live with the laws of economics — and liberate the American people from government restrictions on their peaceful activities.

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