

[Why we don't want government providing things](#) [1]

Written by [Tim Worstall](#) [2] | Saturday 1 September 2012

One of the things that seriously annoys me about the political and economic discussion in the UK is the way in which a huge logical leap is made at times. I think we'd all be getting along a great deal better if people stopped making what I regard as this error.

There are indeed many problems in this world. There is a subset (smaller than some seem to think but still extant) of such problems that are amenable to government action. Without too much cynicism there's even a subset that can be alleviated rather than worsened with such state action.

However, the error is that because this is true therefore the state must actually carry out the action. This is not necessarily true: the state might be better to regulate, legislate, finance, rather than actually provide directly whatever it is.

Think of food for the poor for example. We can think of a number of different ways that this problem, of the destitute starving in the streets, could be solved. We could legislate that every household must feed the hungry- that shops must give away some portion of their stock- that there should be special ration shops with special stocks- or we could do what we actually do which is give poor people money to buy the food they need from the usual infrastructure that the rest of us use.

Other places don't make quite the same [devisions](#) [3]:

Ram Kishen, 52, half-blind and half- starved, holds in his gnarled hands the reason for his hunger: a tattered card entitling him to subsidized rations that now serves as a symbol of India's biggest food heist. Kishen has had nothing from the village shop for 15 months. Yet 20 minutes' drive from Satnapur, past bone-dry fields and tiny hamlets where children with distended bellies play, a government storage facility five football fields long bulges with wheat and rice.

By law, those 57,000 tons of food are meant for Kishen and the 105 other households in Satnapur with ration books. They're meant for some of the 350 million families living below India's poverty line of 50 cents a day. Instead, as much as \$14.5 billion in food was looted by corrupt politicians and their criminal syndicates over the past decade in Kishen's home state of Uttar Pradesh alone, according to data compiled by Bloomberg.

The theft blunted the country's only weapon against widespread starvation -- a five-decade-old public distribution system that has failed to deliver record harvests to the plates of India's hungriest.

Direct government provision of a good or service might not be either as efficient or equitable as simple government financing of access to such a good or service. Those doing the providing on the government dime might turn the system supposedly making provision to the public into a system providing for the providers.

Actual government provision of goods and services might not be the best way to provide things. Even something as vital and humane as food for the starving might best be provided through tax financing aiding, working with, normal market processes.

So remind me, what is the argument that the British State should and must provide health care, education, housing, rather than just aiding with the financing for those that need such aid? Why should teachers and nurses be employed by a Minister, why does everyone shout about building more council or "socially owned" housing rather than concentrating on more cheap ones?

If anyone proposed the Indian method of feeding the poor for the UK we'd shoot them. The proposers that is, not the poor, however much it would alleviate their future suffering. So how have we ended up making the same logical error in all these other areas?

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