

# The Political Forum

*A review of social and political trends and events  
impacting the world's financial markets*

Mark L. Melcher  
Publisher  
[melcher@thepoliticalforum.com](mailto:melcher@thepoliticalforum.com)

Stephen R. Soukup  
Senior Editor  
[soukup@thepoliticalforum.com](mailto:soukup@thepoliticalforum.com)

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### BIG GOVERNMENT AND DUMB CITIZENS ARE A TROUBLESOME MIX

Mark L. Melcher

I seem to be reading a lot lately in the newspapers about how dumb Americans are nowadays. In the field of history, a recent article in the *New York Times* reported that a study by the U. S. Department of Education, in which 22,000 youngsters in all 50 states were interviewed, found, among other things, that over half had never heard of the cold war. Some 60% had virtually no knowledge of the origin of the United States of America.

Simple math is apparently also a mystery to many. The *Washington Post* recently called attention to a quiz done several years ago by a group called the National Assessment of Educational Progress that found that more than half of the 13 to 17 year olds questioned couldn't "estimate" the answer to a simple addition problem, "12/13ths plus 7/8ths," when given the choices 1, 2, 19 and 21.

In the field of geography, a Congressman from Oregon recently was unable to locate Bosnia on a map during a television interview, even though he was in favor of sending American troops there because of its "geographical importance." And in the somewhat more arcane discipline of geographical anatomy, Bill Clinton recently declared in a speech that Bosnia was "at the very heart of Europe."

Most people who comment publicly on the growing body of evidence that more and more Americans are "nominally ignorant," to borrow a phrase from Russell Kirk, argue that the principal consequence of this trend is that the nation will not be able to compete effectively in the technological world of the future if this trend continues. This is clearly a problem. But frankly I think America will continue to produce a significant minority of highly skilled individuals, who will keep the United States reasonably competitive internationally.

The deterioration of the public school system has spawned a large and growing number of excellent private schools, which can be counted upon to feed quite a number of smart people into the system each year. In addition, corporate America is spending millions annually to educate

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Subscriptions to The Political Forum are available by contacting:

The Political Forum

8563 Senedo Rd., Mt. Jackson, Virginia 22842

Tel 540-477-9762, Fax 540-477-3359, Email [melcher@thepoliticalforum.com](mailto:melcher@thepoliticalforum.com),  
or visit us at [www.thepoliticalforum.com](http://www.thepoliticalforum.com)

and train individuals to do the chores necessary to "compete." And, of course, the United States will continue to import highly talented people from abroad, as it has done in the past. Even the most aggressive anti-immigrationists don't seem to object to letting "those with the skills we need" enter the country.

I believe that the principal threat from an increasingly stupid citizenry is not that there won't be enough people who can perform skilled tasks, but that Americans will become intellectually incapable of responding to warnings that economic and social collapse, followed by some form of totalitarianism, will result if something isn't done to halt the continued rapid growth in the size and authority of the federal government.

Madame de Staël, perhaps the greatest of French women writers and thinkers, wrote in 1800 what I believe is one of the most profound statements of the last two centuries. She said that "scientific progress makes moral progress a necessity." Her warning, of course, went unheeded, as evidenced in the 20th century by, among other things, the poison gas attacks in World War I, the massive atrocities against civilians in World War II, and the very real threat today of nuclear, biological and chemical terrorism.

I mention this extraordinary woman's remarkable observation this week because I would like to offer, with all due humility, a corollary. That is that "'progress' toward larger more egalitarian government in a democratic society makes intellectual progress a necessity."

A case can be made, I believe, that in the not so distant past, it was not as important as it is today that the majority of the electorate, or that politicians themselves for that matter, be terribly smart, since the issues confronting government then were much more limited than they are today.

Just a few decades back, for example, the federal government wasn't in the business of sorting out a seemingly endless parade of applications for special group "rights," based on race, sex and sexual preference. No bureaucrat decided whether the fire department in Podunk, Iowa had the "right" number of Hispanics, African-Americans and women in the department, or what priority each should have when promotion time rolls around. Today, the government attempts to perform this Solomonic task in virtually every workplace in the nation. This effort is driven by a huge contingent of elected officials and bureaucrats who, evidence indicates, grow collectively more ignorant every day.

It may be difficult for some to believe, but prior to the early 1930s, the federal government wasn't considered to be responsible for the happiness, or even the well being, of each individual citizen. Thus, there were no gargantuan federal programs to redistribute wealth directly in the form of checks to huge numbers of individuals. Nor were there hundreds of programs providing "non-cash" benefits to millions of citizens. Because of this, there were virtually no opportunities for individuals to unite into special interest groups and conduct massive raids on the borrowing power of the U. S. Treasury.

Today, it is estimated that some 60% of Americans receive some form of compensation from the government during any given year. Some \$200 billion a year of the funds to pay for these programs is borrowed and the rest is taken out of the nation's private investment pool via taxes.

As might be expected, most of the individuals receiving these "entitlements" have an intense interest in promoting an increase in their stipend, or at least assuring that it will not decrease. To promote their "rights" to a continued flow of funds, they form powerful lobbying groups. Because there is no longer a constitutional requirement that paper money be backed up by precious metals, and no balanced budget requirement, there is very little institutional resistance to these efforts.

How on earth, I wonder of late as I watch the media coverage of the on-going partial shutdown of government, did it come to pass that one of the most important functions of the government of the United States of America is to provide regularly scheduled payments and services, worth tens of billions of dollars annually, to millions upon millions of citizens, based on scores of highly subjective, labyrinthian schemes for determining "entitlement," administered by tens of thousands of "non-essential" employees?

Yet this is indeed the case. Last week, the *Washington Post* noted, for example, that 36 million people receive Medicaid benefits; that some 600,000 people receive "Meals on Wheels" compliments of the federal government; that 18,000 federal rent vouchers are scheduled to be processed in January alone; that the government has a "hot line" set up for people to complain about unsafe drinking water; and that something called the Federal Employee-Education and Assistance Fund "offers" a single \$500 interest free loan to needy federal workers. And wonder of wonders, this interest free loan fund is running out of money!

The frightening part of this sorry state of affairs, as I indicated earlier, is that it is taking place during a period in which the average American, and a surprising number of politicians and administration officials, harbor a "curious lacunae of astounding ignorance," to borrow a phrase from the turn-of-the-century novelist Frank Norris.

Now I would not argue that it is necessary for each citizen, or even each politician, to be able to understand and explain Bohm-Bawerk's theory of how various rates of time preference affect savings and spending patterns. Nor would I expect them to have read and understood Thomas Aquinas' "Summa Theologica."

But I do think that the citizens and politicians of a democratic nation that is in the midst of attempting to create an economic and social Utopia via an enormously complex federal system of social engineering should have some rudimentary knowledge of economics. I also think they should have some minimal understanding of moral philosophy, a discipline that one would think would form the very basis of any scheme to distribute so much borrowed and appropriated wealth so aggressively and to interfere so deeply into the structural foundations of a society on the basis of some notion of "equality."

Regarding this latter point, it is instructive to note that House Minority Leader Richard Gephardt, one of the most enthusiastic proponents of creating an American Eden run by the federal government, used the term "immoral" last week to describe the continued work stoppage of some government workers. No one, I would hope took him seriously, but it did bring to mind Orwell's observation that language "becomes ugly and inaccurate" when a person's thoughts "are foolish."

I know some conservatives will argue that the schemes of Gephardt and his fellow Utopians will not work no matter how well schooled he or the American citizens are in economics and ethics; that Aquinas and Adam Smith working hand in hand couldn't prevent the collapse of such an experiment.

I agree. But I also believe that it is unrealistic to expect American society to "turn back the clock" to the days when the principal roles of government were defend the shores and deliver the mail. So the question is how long do we have? Will Gingrich and the Congressional Republicans be able to slow things down enough to buy the nation another decade, or another five or ten decades? Or will the public throw out these "revolutionaries" next November, and opt instead to believe that the cornucopia of government largess will never dry up? Much depends, in my opinion, on how stupid the public has become over the past few decades, or whether something can be done to make them a little smarter in the future.

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