
Through the Mist

American Liberty and Political Economy, 2065

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One certainty in writing about America’s political economy fifty years hence is that the author will likely be proven wrong. The best one can hope for is to try to appear wise (or at least thoughtful) in the process. Even if the future were determined solely by competitive markets, the outcome would be unknowable. But developments exogenous to private markets will greatly shape the future, making most predictions implicitly or explicitly contingent—impossible to specify in detail without reference to those exogenous events.

A major source of risk and uncertainty that makes predictions contingent is the vast and continuing accretion of discretionary power in America’s central state, eroding previous restraints on government authority. Indeed, the U.S. political economy has been so transformed by this accretion of power as to erode any expectation even of stable *constitutional* constraints on government authority. For example, in the U.S. Supreme Court’s recent decision on the “Affordable Care Act” (*King v. Burwell*, 576 U.S. [2015]), the Court undermined our nation’s constitutional “*separation of powers*” by rewriting (through reinterpretation) specific language in the congressionally passed Affordable Care Act already signed by the president—clearly a judicial exercise of legislative power. The Court thereby remolded our original countervailing legislative, executive, and judicial powers into seemingly collaborative powers potentially wielded by two to three branches of government in concert.

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Another potential exogenous event that poses the risk of nationwide—perhaps civilization-destroying—disablement of our energy infrastructure and incapacitation of motor vehicles is an electromagnetic pulse (EMP), whether caused by an inevitable solar flare or by terrorist/enemy attack using missile-launched, EMP-generating nuclear warheads. Either type of EMP could destroy our unprotected electric power grid and, with it, the lives of most Americans. The power grid is also vulnerable to destruction by direct physical attack on our transformers (a tactic already tested successfully in America by unknown attackers using simple rifles). America’s civilization-sustaining electric power grid is thus far more fragile than most Americans imagine.

Despite the uncertainties going forward from unpredictable forces and events exogenous to private markets, broad contours of likely changes to our political economy nonetheless are discernible. I begin with what currently exists: a nominally capitalistic market economy combined with a massive regulatory state having vast internal surveillance capabilities, enormous domestic and international military power, and broad wealth-transfer systems. As a result, government officials now seemingly treat the extent to which private assets and privately produced output remain private as largely a matter of the government’s unilateral discretion. The current accumulation of unprecedented government debt and unfunded liabilities, resolvable only by currency debasement and increased taxation, will deprive both private and public sectors of resources throughout the next fifty years, potentially altering the division of resources between them.

In the sections that follow, I briefly survey how the central government acquired and maintains its existing powers and then assess the likelihood of reducing those powers and revitalizing liberty in America.

Establishment of Government Control

Individuals’ and businesses’ control over their daily economic choices in America is now circumscribed by a vast array of statutory and regulatory powers, many enforced by delegation to state and local officials. Regulations are now so voluminous and unclear that no one can truly know what the rules are, thus eviscerating the “rule of law.” For more than a hundred years, these governmental powers have increased unrelentingly, and transaction-cost research applied to governance shows that federal officials have devised sophisticated organizational, regulatory, fiscal, and political tactics to enhance their authority and curtail resistance by the citizenry.

As I have written elsewhere, so enormous is federal authority that there is now “almost no activity that the central government cannot at its discretion regulate, manipulate, or prohibit” (Twight 2002, back cover). Even as America’s cherished separation of powers is being eroded, constitutional provisions limiting federal authority to only specifically delegated powers have largely been swept away. In short, the constitutional counterrevolution that began soon after the Constitution’s inception accelerated over the past eleven decades, reaching a crescendo in the past twenty years.

In this context, the future of America's political economy will be determined largely by the extent of personal and business autonomy the federal government will tolerate, the additional powers it covets, and the current powers it will not willingly relinquish. The history of federal governance is clear: in deeds and words as well as in law, regulation, and policy, government officials have established the nation-state now defining America, with today's government figuratively sitting astride the activities and work product of the populace. Officials often describe this relationship as a "partnership," ignoring the extent to which it is unilaterally established by force of law.

Financing Government Operations and Constituencies

Today, most Americans readily accept federal extraction, directly and indirectly, of a significant percentage of the value of private production to finance government activities. These activities range from operating the state's constitutionally legitimate system of courts, law enforcement, and national defense to engaging in a vast array of regulatory functions, social service and welfare functions, monetary and fiscal policy activities, land and water resource management, and much more. Complex constituencies have been established through a system of federal contracts, industry regulation, trade policy—including government-to-government deals—preferential tax treatment, subsidies, and grants, thus providing a cornucopia of wealth transfers to those who play the political game.

Dependency as a Means of Social Control

To curtail potential threats to its power and perquisites, the central state has systematically cultivated dependency on the federal government (including dependency by state and local governments). Enormous constituencies have been constructed and nurtured through acquisition of authority over nearly every aspect of human endeavor: education, banking and finance, health care, welfare and income redistribution, communications, employer–employee legal relationships, transportation, international trade, the environment, science and technology research and development, energy, retirement income, and beyond.

Dependency is the handmaiden of control, and dependency is the lifeblood of modern American governance. To expand its power, the state needed to curtail political resistance and increase political demands for expanded government authority. To that end, the central state honed its manipulation of political transaction costs, raising the costs to citizens of understanding and resisting government actions. This included manipulation of voters' perceptions through long-understood means, such as dispersing and concealing actual costs of government action while concentrating benefits among powerful economic and political interests.

Five decades ahead, what might change the course of this enormous American state and eliminate the existing "dirigisme by indirection"? With education, health-care

delivery, and health-care financing effectively cartelized and functionally nationalized, and with the majority of the population's old-age financial security largely in the hands of federal bureaucrats, it is hard to envision a majority of the electorate arising—willing to jeopardize their family's education and health or their own financial security in retirement.

In this context, what might resurrect the autonomy of the individual or business enterprise and restore rights of privacy and freedom of contract? What would stimulate the political environment sufficiently to reverse the inertia systematically crafted by the state and its beneficiaries? Moreover, if such a reaction were to materialize, wouldn't most *beneficiaries* of the existing system resist?

Overt and Covert Surveillance: Suppressing Resistance

Surveillance of the citizenry is not new in America. When authorized by legally established probable cause and warrants, it has long been conducted in criminal and intelligence matters. Some extralegal surveillance, especially in military and foreign intelligence operations, also has occurred. But when the Bank Secrecy Act was enacted in 1970—requiring banks to photocopy (and store data on) all checks and mandating government access to that information—legal restraints on surveillance began to diminish. And, of course, since the terrorist attacks on September 11, 2001, searches and surveillance have proliferated, including ubiquitous video surveillance, the groping of travelers at airports, random roadblocks and searches on highways, and wholesale gathering and storage of people's phone calls, email messages, and Internet searches.

To deflect resistance to overt surveillance, federal officials continue to invest in technologies that not only gather and store ever-expanding quantities of individual and business information but also do so using increasingly imperceptible means. Current examples include the National Security Agency's myriad activities, the proliferation of "fusion centers," the creation of the Utah Data Center and other such federal facilities, the deployment of surveillance "pods" like those in Seattle, the use of cameras that record license plate numbers, and the increased government usage of devices such as Stingray to capture cell phone content remotely. Further surveillance and control may soon emerge from the government's rising desire to eliminate the anonymity of cash transactions by requiring all purchases to be made by credit or debit cards.

Over the next fifty years, government's technological capability to surreptitiously monitor the populace and crush domestic dissent or resistance will grow. Use of surveillance and weaponized drones—as well as swarms of drones that function autonomously in accomplishing designated objectives—will become more sophisticated and common in military and law enforcement activities. Unbearable-sound-emitting devices and possible mind-altering technology may become common means of crowd control and suppression of individuals. Equipment that can see through walls

and remotely search buildings and vehicles while evading requirements for search warrants will become more common. Face-recognition technology will enable remote identification of people in a crowd by law enforcement and other government officials.

Soon, people will never be completely certain that audio and video of their conversations, communication, and behavior are not being recorded or transmitted at any moment in time—whether they are relaxing at home, working, shopping, recreating, or traveling. Imagine the implications of that eventuality for self-censorship and interpersonal (including political) communication.

With these developments in mind, we return to our central question. Given today's vast American administrative state, which future is more likely: that the next fifty years will bring a reduction in the scope of U.S. government power and a corresponding increase in individual liberty or the opposite?

Whichever path the future takes, it will be decided primarily by younger generations of Americans. This fact has long been understood inside and outside of the federal government by those seeking to alter the structure, philosophy, and content of education to serve the interests of the state. Clearly, independent young minds committed to reason and logic, with values *not* inculcated by government, are less predisposed to compliance.

Thus, it is not surprising that over the past century, through federal statutes and regulations and expanding education bureaucracies, government officials have garnered ever-increasing power to shape what children are taught, particularly in their K–12 years. This partially explains why many young adults today don't seem to feel the cost of their lost liberties, liberties their elders knew. For the young, nearly unlimited federal power is the status quo, the norm, something they have been taught to accept without critical analysis. Many have in effect “unlearned” the concept of liberty during their passage through the government education system.

Government Response: Increasing the Cost of Resistance (Again)

With increasing technological capability for ubiquitous surveillance now inevitable and the tying of health care to the central state probably irrevocable, the future cost of resistance to government is almost certain to increase in unanticipated ways. Health care likely will soon encompass life-extension and brain-capability-extension technology, both probably under the control of government. Genetic control of aging in a statist system of governance will lead to rationing of its availability and politicization of access. Competition between nations, businesses, universities, and families will drive demand for supplementation of brain capacities through computer-to-brain communication, implantation of electronic supplementation of the human mind, or other means. If these medical technologies are harnessed to further secure the power of America's central government, electronic supplementation of the human brain also

is likely to become intimately embedded in government-controlled education, with potential to influence behavior, alter thought processes, and perhaps suppress dissent.

The One Hope?

While a catastrophic economic and political collapse, perhaps resulting from miscalculation and political overreach, might overcome systemic inertia and catalyze renewed demand for liberty, a more likely outcome might be a return to the barbarity of the French Revolution. Perhaps the only change potentially capable of bringing peaceful transformation to a more free society is complete severance of education from government. This change would eliminate the system that has inculcated generations of children in statism and collectivism, reduced children's capacity for reason and logic, and deprived them of lessons of history about the nature of governance and governments' misuse of power.

Is There the Political Will?

How likely is such a severance of education from government control? Government-provided education is mandated in most, if not all, state constitutions, and even government-controlled reforms such as vouchers are bitterly opposed in most states. Parents have learned to love their taxpayer education subsidies and the subsidized child-care system that government schools provide. Teachers, administrators, departments of education, government unions, and companies providing services to them would vehemently resist such change. And the entire apparatus of state, local, and federal government as well as its private-industry beneficiaries would recognize the long-term threat to political and financial control of the populace that totally private education would represent. Independent individuals are a threat to authority. Although autonomous vehicles are being encouraged because they can be tracked, controlled, and shut down, fully autonomous individuals will not be so eagerly embraced.

However, beyond the political interest-group considerations just discussed, might future political support otherwise exist for an education system designed to increase American liberty? Probably not, for liberty itself is a "public good" in an economic sense—nonrival in consumption and nonexcludable. Thus, while costs incurred by those endeavoring to increase liberty will be borne by them personally, the benefits will accrue to all—including those who "free-ride" by trying to get liberty's benefits without taking costly action toward that goal. Even commitment of time to such an endeavor represents opportunity cost, and each individual also will weigh the probability of the effort's success and the risk of retribution by opponents.

In short, whereas free markets are a marvel of voluntary cooperation and productive mutual self-interest, acting for liberty involves collective action and political processes that are subject to the challenges of free-riding incentives described here. Perhaps the only path to creating a widespread free-enterprise education market lies

with philosophical commitment by many individuals, foundations, and private schools to outcompeting government schools in the marketplace for education. The market price of private education would need to fall, and the efficiency of delivery and quality of the product must rise to the point where an exodus from government schools occurs. The existence of liberty fifty years hence probably depends on the success of this effort, but economic analysis of political resistance by private interest groups and governments suggests that such freedom is not to be.

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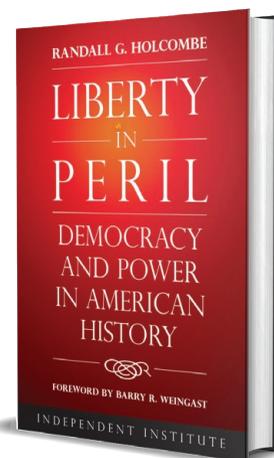
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