

# CAPITAL COMMENTARY

October 6, 2003

## Laissez-Faire is Not Enough

The French phrase “laissez-faire” means *let (people) do* (as they choose), according to Merriam Webster’s dictionary. The phrase stands for what we call a free-market economy. In other words, government should not interfere in, or try to determine the outcomes of, economic exchange. Government should let people do as they choose and the outcomes for the economy as a whole will be good.

Evident in this brief definition, however, is the fact that laissez-faire refers not only to the economy, but also to a view of government. And that helps illuminate the situation in Iraq right now, as I hypothesize below.

A free-market economy depends on a foundation of laws and policies that allow economic exchanges to be conducted relatively fairly as well as freely. Government establishes weights and measures, devises bankruptcy laws, controls the money supply, and enforces contracts through the court system. Without these and a host of other infrastructural supports, there would be no “free economy.”

Consequently, the first concern about government should be with its responsibility to establish and uphold a just commonwealth in which “let do” makes sense. What constitutes a just bankruptcy law or a just tax policy? How much should government invest in highways, public transit, sewage systems, schooling, and health care? These are the prior questions, the pre-conditions of laissez-faire.

My hypothesis is that the Bush administration’s actions in Iraq and toward the United Nations, as well as its economic policies, become clearer once we recognize how thoroughly it is committed to laissez-faire assumptions about government in general.

When government officials focus chiefly on letting people do what they choose, their primary aim is to reduce or remove public barriers to individual choice. They tend to give less attention to government’s other responsibilities, namely to strengthen the quality of the public infrastructure—the commonwealth and the natural environment — that sup-

ports the freedom of individuals and nongovernment organizations.

What has been the Bush administration’s answer to almost every economic condition, for example? Cut taxes. If government is running a surplus, cut taxes. If it is running a deficit, cut taxes. In other words, reducing taxes that may inhibit market activity will lead indirectly to a greater public good at the other end.

This laissez-faire view of government helps explain the administration’s foreign and defense policies. Just as federal regulations and taxes should be reduced to “let (people) do (what they choose),” so international regulations should be reduced or removed to “let (America) do” what it chooses. Thus, for example, the administration’s decision to step away from the UN’s confining rules and processes, and its decision not to join the International Criminal Court.

And what about Iraq? The aim there was to remove Saddam Hussein—the barrier to Iraqi freedom. Knock down tyranny and the rest would take care of itself. A new social order would arise without need of central planning or nation building on our part. Why was the administration insufficiently prepared to govern and rebuild Iraq? Because laissez-faire assumptions do not call for such preparations. Removing or lowering barriers is government’s chief responsibility. Free people will then automatically produce a growing economy and a good society.

However, government has more than laissez-faire responsibilities. For a healthy Iraq as well as a healthy USA, prior attention must be given to sound legislative, executive, and judicial systems, to a fair system of taxation, to adequate infrastructures and insurances for health care, education, and much more. These goods do not flow automatically from “let do.” They are the preconditions of genuine freedom and justice.

— James W. Skillen, *President*

The Mission of the Center is to Equip Citizens, Develop Leaders, and Shape Policy in pursuit of its Purpose to Serve God, Advance Justice, and Transform Public Life.

### The Center for Public Justice

P.O. Box 48368 \* Washington, DC 20002 \* 410-571-6300 \* Fax 410-571-6365 \* [www.cpjustice.org](http://www.cpjustice.org) \* [capcomm@cpjustice.org](mailto:capcomm@cpjustice.org)

The *Capital Commentary* may be photocopied/retransmitted in its entirety but not otherwise without permission.