

If You're Paying, I'll Have Top Sirloin

By Russell Roberts

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As Congress prepares to try to cut spending, I am reminded of an evening last fall at the St. Louis Repertory Theater, our local company. Before the curtain rose, the company's director appeared and encouraged us to vote against a ballot proposition to limit state taxes. He feared it would lead to reduced funding for the company.

I turned to the woman sitting next to me and asked her if she felt guilty knowing that her ticket was subsidized by some farmer in the "boot-heel" of Missouri. No, she answered, he's probably getting something, too. She seemed to be implying that somehow, it all evened out.

I left her alone, but I wanted to say, no it doesn't even out. If it "evened out" for everybody, then government spending would really be depressing: all that money shuffled around, all those people working at the IRS, all those marginal tax rates discouraging work effort just to get everybody to get the same deal.

Here in St. Louis we recently completed Metrolink, a light rail system. It cost \$380 million to build. We locals contributed zero out of pocket. It was paid for by the rest of the country. Shouldn't we feel guilty making people in Kentucky, Mississippi and Maine pay for our trips to the hockey arena downtown? No, say the beneficiaries. After all, we paid for BART in San Francisco and MARTA in Atlanta and all the other extraordinarily expensive, underutilized public transportation systems whose benefits fall far short of their costs. It's only fair we get our turn at the trough.

This destructive justification reminds me of a very strange restaurant.

When you eat there, you usually spend about \$6—you have a sandwich, some fries and a drink. Of course you'd also enjoy dessert and a second drink, but that costs an additional \$4. The extra food isn't worth \$4 to you, so you stick with the \$6 meal.

Sometimes, you go to the same restaurant with three friends. The four of you are in the habit of splitting the check evenly. You realize after a while that the \$4 drink and dessert will end up costing you only \$1, because the total tab is split four ways. Should you order the drink and dessert? If you're a nice person, you might want to spare your friends from having to subsidize your extravagance. Then it dawns on you that they may be ordering extras financed out of your pocket. But they're your friends. They wouldn't do that to you and you wouldn't do that to them. And if anyone tries it among the group, social pressure will keep things under control.

But now suppose the tab is split not at each table but across the 100 diners that evening across all the tables. Now adding the \$4 drink and dessert costs only 4¢. Splurging is easy to justify now. In fact you won't just add a drink and dessert; you'll upgrade to the steak and add a bottle of wine. Suppose you and everyone else each orders \$40 worth of food. The tab for the entire restaurant will be \$4000. Divided by

the 100 diners, your bill comes to \$40. Here is the irony. Like my neighbor at the theater, you'll get your "fair share." The stranger at the restaurant a few tables over pays for your meal, but you also help subsidize his. It all "evens out."

But this outcome is a disaster. When you dine alone, you spend \$6. The extra \$34 of steak and other treats are not worth it. But in competition with the others, you've chosen a meal far out of your price range whose enjoyment falls far short of its cost.

Self-restraint goes unrewarded. If you go back to ordering your \$6 meal in hopes of saving money, your tab will be close to \$40 anyway unless the other 99 diners cut back also. The good citizen feels like a chump.

And so we read of the freshman Congressman who comes to Congress eager to cut pork out of the budget but in trouble back home because local projects will also come under the knife. Instead of being proud to lead the way, he is forced to fight for those projects to make sure his district gets its "fair share."

Matters get much worse when there are gluttons and drunkards at the restaurant mixing with dieters and teetotalers. The average tab might be \$40, but some are eating \$80 worth of food while others are stuck with a salad and an iced tea.

Those with modest appetites would like to flee the smorgasbord, but suppose it's the only restaurant in town and you are forced to eat there every night. Resentment and anger come naturally. And being the only restaurant in town, you can imagine the quality of the service.

Such a restaurant can be a happy place if the light eaters enjoy watching the gluttony of those who eat and drink with gusto. Many government programs generate a comparable wide range of support. But many do not. How many Americans other than farmers benefit from the farm subsidy programs? How many Americans other than train riders derive benefit from the Amtrak subsidy?

People who are overeating at the expense of others should be ashamed. That shame will return when others are forced to cut back too. This requires deep cuts and an end to the government smorgasbord where the few benefit at the expense of the many.

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