

But even if the political spenders do not make such an unconscious assumption, their imagination simply cannot encompass these costs. If they have spent the money for a great new housing project, the project when finished is big, visible, solid, perhaps imposing. But not only are the things that had to be given up by each family to pay for this public project not there for anyone to see; by comparison they are individually so small that they hardly seem to weigh in the scale. The political imagination simply cannot add up to any perceivable total the millions of big and little sacrifices that millions of taxpaying families have had to make. When the kings of Egypt commanded the pyramids to be built to the greater glory of themselves or their families, the toil, sweat and exhaustion of the slaves or other subjects who built them must have seemed utterly negligible in comparison with the spectacular result.

All this is not to deny that there are some public works — such as streets and sidewalks and sewers — that can be justified by their necessity. But the total of such projects can very easily be overdone. The excuse that they are needed to provide “full employment” is never valid. Too many public projects today are social luxuries, if not sheer social waste. We must try to make sure in every case that the gain of producing them exceeds their

real cost. We must always ask, in other words: *Instead of what?*

In pointing out earlier that nothing is added by most of these public projects and social programs to the total of goods, service, or employment in the community, we have in fact understated the case. These programs clearly reduce total production.

WASTEFUL USE OF RESOURCES

First, they lead to overproduction and wasteful consumption of the commodity or service that is either given away or sold below its actual cost. When people have Medicare, for example, and are offered hospitalization, doctors' services or medicines for a trivial cost or for nothing, they demand them far more often and for far longer periods than if they had had to pay the full market rate. This increased demand drives up the market price of such medical services far beyond what it would otherwise reach for all those who do not get part of this price paid for them by the medical subsidy. The end result is greatly to overproduce the subsidized commodity or service — housing, medical care, or whatever — at the cost of underproducing something else. Such programs, in other words, lead both to wasteful consumption and to lopsided production.

In addition, these programs must lead in