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Mitchell and Simmons, Beyond Politics: Synopsis Study Guide

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MITCHELL AND SIMMONS, *BEYOND POLITICS*: SYNOPSIS STUDY GUIDE, 2009 Steven Alan Samson

http://www.independent.org/publications/books/book_summary.asp?bookID=34

Mitchell and Simmons Study Questions

1. How does the authors' discussion of the "private agendas" of politicians and government bureaucrats illustrate Bastiat's concept of legal plunder? **Log rolling** is the term used for political favors in the interest of "political conciliation." The rationale of log rolling is simple: "You support my bill and I'll support yours." But the reality is summed up in the title of a book by former California state senator H. L. "Bill" Richardson: What Makes You Think We Read the Bills?
2. What "**perverse mechanism**" operates largely out of view? (Think of the Wizard of Oz). Who has a vested interest to protect government largesse? If well-organized pressure groups are parasites, who then are the hosts? In a narrowly political context, **rent-seeking** refers to "legitimate, non-voting actions that are intended to change laws or administration of laws such that one individual and/or group gains at the same or greater expense to another individual or group." According to Thomas DiLorenzo, "a **political entrepreneur** succeeds primarily by influencing government to subsidize his business or industry, or to enact legislation or regulation that harms his competitors."
3. What is meant by "the **tragedy of the commons**," a term coined by Garrett Hardin? Why would the prevention of markets and property rights be the chief source of **negative externalities**? ("A negative externality occurs when an individual or firm making a decision does not have to pay the full cost of the decision. If a good has a negative externality, then the cost to society is greater than the cost consumer is paying for it.") How did the **Clean Air Act** create negative externalities rather than positive incentives to reduce pollution?
4. What is the argument in favor of government providing **public goods**? What are some of the flaws in the argument? Rather than avoiding the **free rider** problem, how does government provision of public goods merely shift the expense to those who are politically less powerful? Why does this common practice operate as a **negative-sum game**? Why does it tend to result in a "pay to play" arrangement on the part of political entrepreneurs? What are the **hidden costs**? (The Wizard of Oz himself is a hidden cost: note what is said about **parasitism** near the end). R. J. Rushdoony is even more pointed about parasitism:

. . . Deficit spending can be financed only by legalized larceny in one form or another, a stealing from the industrious and thrifty members of the population.
For, a nation lacking saving individuals would have no surplus; without a surplus there would be no creditors; without creditors there would be nobody for government and private debtors to plunder. In order for *anyone* to be prodigal, *someone* must be thrifty.
Thus, this Gambler State, a larcenous state, is parasitic. Every socialist state is a parasite. After destroying its own wealth, it must feed on another nation's wealth, and thus socialism is by nature driven to imperialism. It offers paradise on earth to other countries by means of socialism and seizes them to enable itself to survive. When the host body dies, the parasite dies [Rousas John Rushdoony, Politics of Guilt and Pity. Fairfax, VA: Thoburn Press, 1978 [1970], p. 224].
5. Why does government intervention tend to destroy social harmony? Here it would be useful to review the excerpt from Plato's *Republic* that follows the Bastiat review and the Livy excerpt that tells the story of Spurius Maelius. Remember: Politics is supposed to be a public exercise of the

art of persuasion. Private schemes of coercion, including the many forms of corruption, are the tools of despots and tyrants.

MICHAEL MUNGER: “RENT-SEEK AND YOU WILL FIND”

<http://www.econlib.org/library/Columns/y2006/Mungerrentseeking.html>

Munger Study Questions

1. According to Michael Munger, why are the benefits of “free money” dissipated by rent-seeking? (Also consider the costs to **political entrepreneurs**, especially in terms of time, talent, and treasure). **Robert Tollison** regards rent-seeking as an “artificially created transfer.” What might he mean by this? How might this resemble as well as differ from the use of advertising to create an artificial “need” (think of Girard’s mimetic desire!)?
2. What are the **perverse costs** of the system of distributing grants, using the HUD-grant game as an example? According to **James Madison**, where is political competition healthy? What is wrong with competition for grants in this context? It is the old question: *Cui bono?* Who benefits? Knowing that all the games in a gambling casino are rigged in favor of the house, how is the political system of grants and regulations rigged? Thought question: Can we have a genuine two-party system “when Congress keeps a lot of the ticket receipts?”

Mitchell and Munger Review

log rolling
political entrepreneur
negative externalities
Robert Tollison

perverse mechanism
tragedy of the commons
free rider
James Madison

rent-seeking
negative externalities
negative-sum game