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A DOZEN DANGEROUS PRESUMPTIONS OF CRISIS POLICYMAKING

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Throughout U.S. history, Congress and the president have adopted many critically important policies in great haste during brief periods of perceived national emergency. Any government policymaking on an important matter entails serious risks, but crisis policymaking stands apart from the more deliberate process in which new legislation or regulation is usually adopted. Because formal institutional changes—however hastily they might have been made—have a strong tendency to become entrenched, remaining in effect for many years and sometimes for many decades, crisis policymaking has played an important part in generating long-term growth of government through a ratchet effect in which "temporary" emergency measures have expanded the government's size, scope, or power permanently.[1]

It therefore behooves us to recognize the typical presumptions that give crisis policymaking its potency. The following twelve propositions express ideas advanced or assumed again and again in connection with episodes of quick, fear-driven policymaking—events whose long-term consequences have often been highly unfortunate.

1. NOTHING LIKE THE PRESENT SITUATION HAS EVER HAPPENED BEFORE.

If an existing crisis were seen as simply the latest incident in a series of similar crises, policy makers and the public would be more inclined to relax, appreciating that such rough seas have been navigated successfully in the past and will be navigated successfully on this occasion, too. Fears would be relieved. Exaggerated doomsday scenarios would be dismissed as overwrought and implausible. Such relaxation, however, would ill serve the sponsors of extraordinary government measures, regardless of their motives for seeking adoption of these measures. Fear is a great motivator, so the proponents of expanded government action have an incentive to characterize the present situation as unprecedented and therefore as uniquely dangerous unless the government intervenes forcefully to save the day.

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2. UNLESS THE GOVERNMENT INTERVENES, THE SITUATION WILL GET WORSE AND WORSE.

Crisis always presents some sort of actual worsening: the economy's output has fallen; prices have risen greatly; the country has been attacked by foreigners. If such distressing developments were seen as having occurred in a one-off manner, then people might be content to stick with the institutional status quo. If, however, people project the recent changes forward, imagining that adverse events will continue to occur and possibly become worse in the process, then they will object to a "do nothing" response, reasoning that "something must be done" lest the course of events eventuate in utter ruin.

To speed a huge, complex, "anti-terrorism" bill—the USA PATRIOT Act—through Congress in 2001, George W. Bush invoked the specter of more terrorist attacks on U.S. territory.[2] Invoking the specter of economic collapse, Barack Obama rushed through Congress early in 2009 the huge Economic Recovery and Reinvestment Act before any legislator had digested it. In a February 5, 2009, op-ed in the *Washington Post*, he wrote, "If nothing is done . . . our nation will sink deeper into a crisis that, at some point, we may not be able to reverse."[3]

3. TODAY IS ALL-IMPORTANT; WE MUST ACT IMMEDIATELY.

In his first inaugural address, Franklin D. Roosevelt declared, "This nation asks for action, and action now."[4] Similarly, not long after taking office, Barack Obama declared, "The situation is getting worse. We have to act and act now to break the momentum of this recession."[5] The benefits to be gained by a delay are generally presumed to fall short of its costs.

4. GOVERNMENT OFFICIALS MUST ACT, KNOWLEDGEABLY OR NOT.

All government policies adopted to meet a crisis presume that the government knows how to effect the rescue it seeks to carry out. Sometimes, as in the early New Deal, government officials may admit that they do not know exactly how to proceed, yet they maintain that "doing something" is better than doing nothing. Roosevelt famously declared that the government ought to try something and, if that measure failed, then try something else.[6] Thus, ignorant flailing about, on the assumption that "doing something" has no costs, adverse effects, or harmful long-term consequences, has been touted as a virtue, and indeed many members of the public, no more expert than the government's leaders and advisers, have agreed that the government must "try something."

5. WE MAY SAFELY RELY ON THE ESTABLISHMENT FOR EXPERTISE.

As a first step in reacting to a crisis, the government often assembles a council of experts, who are invariably drawn from the government itself and from groups with whom the government maintains cordial relations. These experts frequently include people who bear responsibility for formulating or implementing policies that contributed to the occurrence of the crisis. Thus, for example, no matter how ill-shaped monetary policy might have been, the government will call on the secretary of the Treasury and the head of the Federal Reserve System to decide, perhaps with others, what should be done next. In this constricted circle, the range of possible future actions the government might take is rarely wider than the range of actions taken in the past. Hence, the "experts" are subject to making the same kind of errors repeatedly.

6. WE MAY TRUST GOVERNMENT OFFICIALS TO ACT RESPONSIBLY AND EFFECTIVELY ON THE BASIS OF THE EXPERTISE THEY COMMAND.

The public looks to government officials and their assembled "wise men" to act in the public interest and to organize their actions in an effective manner. If the policy makers lack the requisite knowledge, then such trust is bound to be misplaced, because no matter how responsibly the policy makers may try to act, they simply don't know what they are doing. If they do have the requisite expertise, however, they may still fail to act on it because of their political, ideological, or personal interests and entanglements. The public tends to think of crises as akin to mechanical problems—for example, the economic car's engine is not running; policy makers need to give it a "jump start." Crises, however, are rarely so simple. More often, they involve complex, far-reaching relationships among many individuals, groups, and nations, and the failure of productive coordination that the crisis represents can seldom be remedied by simple policy actions (though many of them might take care of themselves, if only policy makers stood aside).

7. THE CLEAR BENEFITS OF QUICK GOVERNMENT ACTION MAY BE ASSUMED TO OUTWEIGH ITS COSTS AND ITS ACTUAL OR POTENTIAL NEGATIVE CONSEQUENCES.

Crisis decision making is not characterized by careful attempts to justify actions on a benefit-cost basis. If the situation is dire, policy makers and many members of the public simply assume that a policy with positive net benefits is available. However, even in a crisis, the government may take many actions whose costs and risks greatly outweigh the benefits they may bring. The potential is great for focusing on benefits that are visible and immediate while disregarding costs that are less-easily perceived or will not be borne until much later. Thus, especially in a crisis, policy makers are likely to plunge blindly ahead where more calculating angels fear to tread.

8. FACT FINDING, DELIBERATION, STUDY, AND DEBATE ARE TOO TIME-CONSUMING AND MUST BE FORGONE IN FAVOR OF IMMEDIATE ACTION.

In April 1932, a year before the momentous explosion of New Deal measures after Roosevelt took office, Felix Frankfurter complained in a letter to Walter Lippmann that "one measure after another has been . . . hurriedly concocted. . . . They have been denominated emergency efforts, and any plea for deliberation, for detailed discussion, for exploration of alternatives has been regarded as obstructive or doctrinaire or both."[7] Then, in 1933, the government swelled its scarcely debated actions by an order of magnitude.[8] Recently, President Obama declared that enough debate had occurred on the massive "stimulus" package, even though it had been rushed through both houses of Congress, neither of which had paused to hold hearings on it.[9]

9. EXISTING STRUCTURES AND INCUMBENT FIRMS MUST BE PRESERVED; NEW STRUCTURES AND FIRMS ARE UNTHINKABLE.

Existing office holders, bureaucrats, firm managers, and owners have a decisive political advantage over possible alternative occupants of their positions ("new entrants"). Hence, the overriding theme in any crisis is that current politicians and capitalists must be preserved—propped up, bailed out, subsidized, whatever it takes to save them and their present organizations. For the general public, however, the best way to deal with some crises is by getting rid of the persons and organizations that helped to bring them on. Bankruptcy, for example, is not the end of the world, but simply the end of existing stockholders. If a company still possesses valuable assets, they will be transferred to new, presumably more competent managers.

10. IF A POLICY IS NOT GETTING THE RESULTS ITS PROPONENTS PROMISED, MORE MONEY SHOULD BE POURED INTO IT UNTIL IT FINALLY "WORKS."

This presumption is often applied to government policies in general—not simply to crisis policies—but it gains force during a national emergency, when getting results is regarded as imperative. By the time Barack Obama became president, the U.S. Treasury and the Fed had made emergency commitments for trillions of dollars in loans, capital infusions, loan guarantees, and other purposes related to combating the recession.[10] Yet, the economy continues to sink. The president and his senior advisers have not concluded that these measures have failed, but only that they have been too timid.[11]

11. WE MUST NOT BE DETERRED BY THE ACCUMULATION OF PUBLIC DEBT; THERE IS NO PRACTICAL LIMIT TO THE AMOUNT THE GOVERNMENT MAY SAFELY BORROW.

Political office holders prefer to finance their spending by borrowing rather than taxing, if possible; the public then does not feel so dispossessed and is less inclined to oppose the spending. In a national emergency, the office holders' preference for deficit finance becomes even greater. Throughout history, governments have tended to borrow heavily to pay for major wars.[12] With the dawning of the Age of Keynes, deficit financing during recessions acquired a seemingly scientific imprimatur.[13]

12. THE OCCASION DEMANDS THAT POLICY MAKERS PUT ASIDE PARTISAN MANEUVERING AND ACT ENTIRELY IN THE GENERAL PUBLIC INTEREST, AND WE MAY EXPECT THEM TO DO SO.

AFTER WOODROW WILSON had sought and gained a congressional declaration of war in 1917, he declared that "politics is adjourned." However, partisan political actions did not cease.[14] Similarly, President Obama recently declared, "We can place good ideas ahead of old ideological battles, and a sense of purpose above the same narrow partisanship."[15] Even as he spoke, however, partisan maneuvering continued as usual on both sides of the aisle in Congress.

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ENDNOTES

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The Mercatus Center at George Mason University is a research, education, and outreach organization that works with scholars, policy experts, and government officials to connect academic learning and real-world practice.

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