

Hot Pizza, Cold Beer, and the Government You Do Not Notice

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"You see, but you do not observe."

Sherlock Holmes to Dr. Watson

Imagine it is 4 PM in Milwaukee, Wisconsin, the heartland of America. Imagine it is a Friday in early June.

You worked hard all week. The boss let you leave early. You put a pizza in the microwave, grab an ice-cold beer, and plop down on your front porch to enjoy your early dinner and check out what's happening in the neighborhood.

Four doors down, your neighbor mows the grass. Another weeds a flowerbed. Kids are playing a pick-up game of football in the street.

The last thing you are thinking about—the last thing you see—is government.

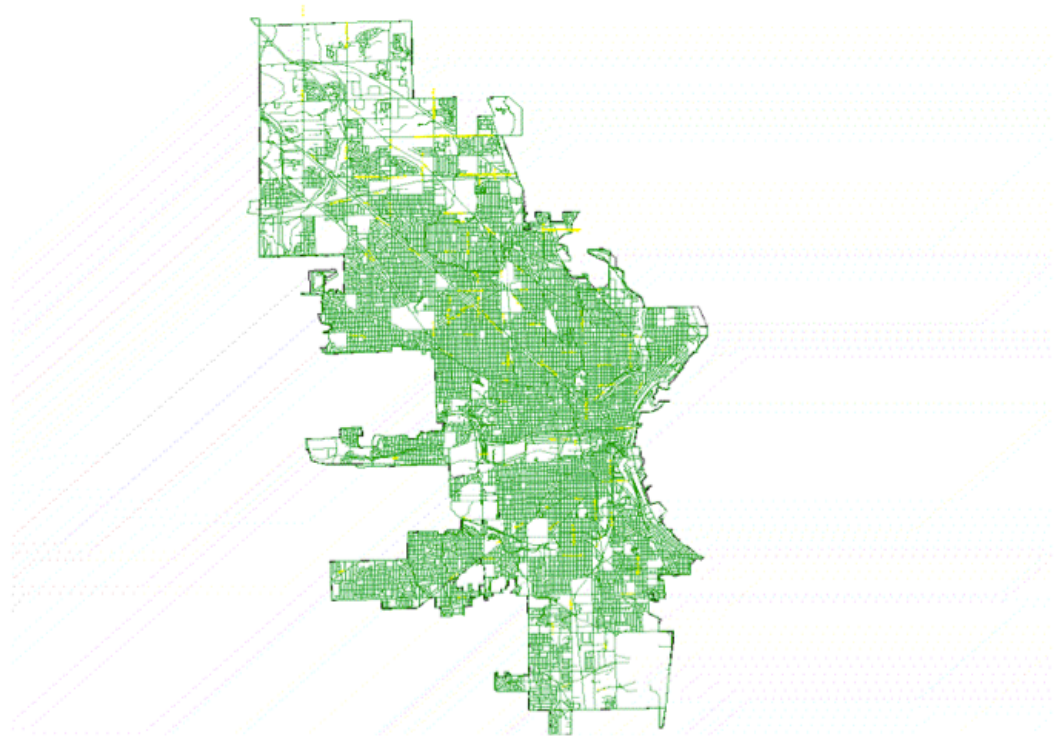
You are certainly not thinking about the three big "D" questions that are the subject of this book. First: What should government *do*? Second: How should government get the *dollars* it needs to operate? Third: What's the best way to *deliver* government?

But the fact that you are paying no attention to the functions, financing, and form of government doesn't mean that—as you eat your pizza, sip your beer, and enjoy the fine weather—government doesn't matter in your life.

Government is *everywhere*. It's so obvious you don't observe it. It's so invisible you can't tell it's there. But it's a big deal in your life, because it is everywhere.

In front of you lies a city street—built by government, maintained by government, lit by government lights, regulated by government stop-signs and stop-lights and no-parking signs, cooled by government trees, cleaned by government sweepers in summer, plowed by government plows in winter, and patrolled by government police and parking checkers.

Figure 1: The Government Streets of the City of Milwaukee



A single street, of course, does not do much good. To get where you want to go—and to bring family, friends, and packages to your door—your street needs to be connected to hundreds of other streets, and the local street grid in turn must be connected to county roads, state highways, and the interstate system.

Government controls it all. Every inch of this vast network of pavement was planned, engineered, and paid for by government. Every inch of concrete or asphalt is kept in shape by government, lit by government, dotted with signs and signals by government, shaded by government, swept by government, and monitored by government.

So far, we have only been talking about streets. As you munch on your pizza and take another sip of beer, you can observe a lot more of government's imprint. Your porch leads to a walkway that connects with a sidewalk—a government sidewalk. A few hundred feet down the sidewalk, there is a fire hydrant on the corner—a hydrant maintained by one government agency, the water department, so that another government agency, the fire department, can get high-pressure water into their hoses to stop your house from burning down.

That fire hydrant is just the most visible sign—a big red sentinel—that reminds you of the government's giant web of underground pipes that bring water to your home all the way from Lake Michigan. Before the water gets to you, the government has roughed it up pretty bad in the municipal water treatment plant:

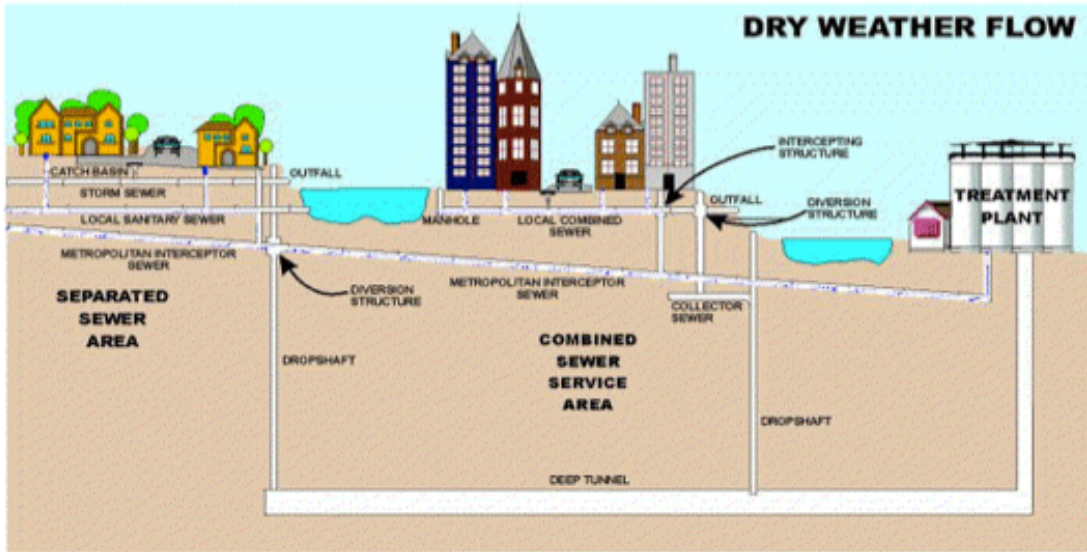
chlorinated it, sand-filtered it, and (just to be sure you don't get cryptosporidium) ozonated it.

The government's web of water pipes parallels the government's web of sewer pipes. The government-owned laterals, connectors, and (if it really pours) deep tunnels convey your household sewage and that of your neighbors, sometimes mixed with storm-water runoff, to a giant government-owned treatment plant. The treatment plant in turn treats the stuff with chemicals, and discharges the resulting effluent into Lake Michigan

Figure 2: The Government Big Sewers of the City of Milwaukee



Figure 3: The Government Sewage Conveyance and Treatment System of Milwaukee



Many of the cars and trucks you check out as you dig into your third slice of pepperoni pizza and finish off that bottle of *Miller High Life* also belong to government. Their drivers are carrying out important government functions. A government owned-and-operated police car slowly cruises by, then flashes its lights and turns on its sirens as the government-employed police officers take off after a speeder. You observe a government owned-and-operated fire engine returning to your neighborhood fire station after a false alarm. A government owned-and-operated EMS vehicles whizzes by on an emergency run.

The heavy snowfalls that Milwaukee gets in the winter have melted. No need to shovel the government sidewalk until next winter. Nor will you see any government owned-and-operated snowplows or salt-spreaders until the snow flies again. As you enjoy the early summer sun, you remember how during last January's blizzard the city government's crews kept plowing and plowing the streets so you could go to your favorite niece's wedding.

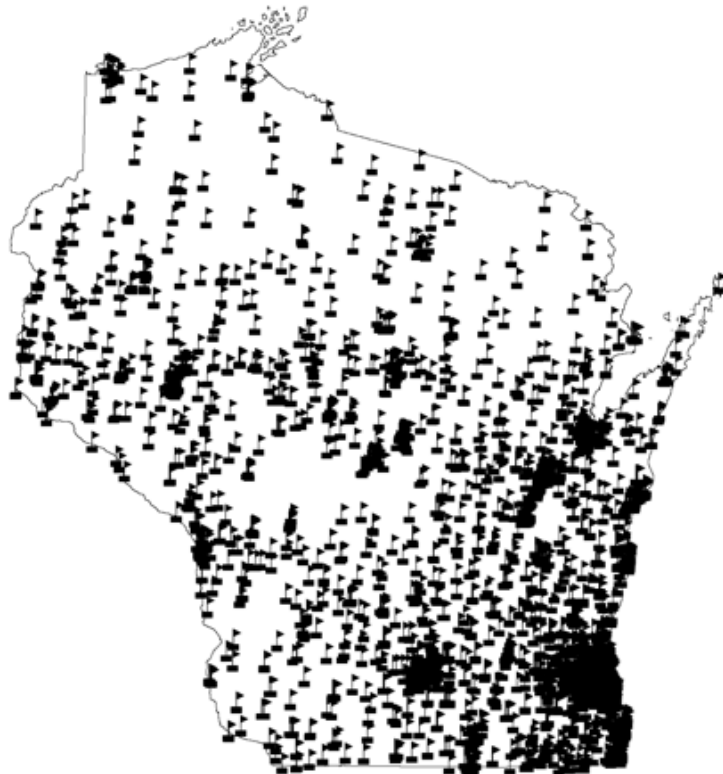
You've also lived in Milwaukee long enough to know that, when the snow melts away in March (or April, or May), the Department of Public Works sets other

government vehicles and crews to work. They fix street lights, clean out drains, sweep streets to remove litter and dirt, trim the beautiful tall trees that the city's foresters planted decades ago, chop down dead trees, and plant new ones.

The weekend has begun, but your neighbor down the block failed once again to stow away their government-owned garbage cart before they left for the cottage up north. Damn! You'll have to look at that government-owned cart for a week as it sits on the government-owned sidewalk. For a moment, you remember that when you left for work early this morning, you noticed that the street was crawling with Department of Sanitation crews and equipment. Government owned-and-operated garbage trucks were picking up refuse. Government owned-and-operated recycling trucks were picking up old newspapers, aluminum cans, glass bottles, and #1, #2 (not #3), #4, and #5 plastics.

You look again. The government-owned garbage cart is still there. Why don't your neighbors get the kids next door to roll it back where it belongs? All those kids ever do is goof off at the government-built, government-maintained basketball court in the government-owned, government-operated park at the end of the street.

Figure 4: The Government-Owned Schools of Wisconsin



The kids playing football in the government street will be off to a government-financed school on Monday. The neighborhood school is just two blocks away. In Milwaukee, approximately 75,000 children go to public schools that government owns and operates, while about 35,000 go to government-funded charter schools and government-funded “choice” schools. The single biggest part of the property tax bill you paid last December goes to government-financed schools.

As you eat pizza and drink beer, your senses of taste and smell have been hard at work. You have also used your sense of sight and (thanks to Sherlock Holmes) your powers of observation. The level of government that is most visible from your porch is local government. The City of Milwaukee built and maintains the very visible street you live on, hired the police officers and fire fighters who you saw drive by your home, and sent out the sanitation crews to pick up your garbage and recyclables. The public school district—a specialized form of local government—hired your children’s teachers and operates the beautiful old school two blocks away.

But the immediate visibility of a governmental service is hardly the only measure of its importance. In our daily lives, some of the most essential services that government performs are distant and even invisible.

Take another bite of pizza and another swig of beer. Close your eyes. Think. Your street, like most streets in America, is not on a bus line (or trolley, light-rail, subway, or train line). You don’t live across from (most Americans don’t live across from) a park. But at times in your life, you and your family have depended on government-financed public transportation and counted on government owned-and-operated parks for recreation. In your mind’s eye, you can observe from your front porch the nearby presence of government-provided transit and recreation.

Figure 5: The Government-Financed Bus System of Milwaukee County



Figure 6: The Government Park System of Milwaukee County



Even with binoculars, you will have great difficulty observing from your front porch how state government and the federal government touch you. The higher the level of government, the harder it is to see.

For a small fraction of Americans, observing state and federal government in action is easy. Employees of state and federal government; lobbyists and contractors; or simply those who live in state capitals, near a state or national park, or in the vicinity of a military base; all have constant personal connections with state or federal government.

But you, like most Americans prior to claiming Social Security and Medicare, take notice of the state and federal government in only five situations: (1) when you read, hear, or view news accounts about government in the media; (2) when you file a state or federal income tax return; (3) when you sight a State Patrol vehicle on the

interstate; (4) when you go on a vacation that takes you to a state or national park; or (5) when you open your mailbox (although it can be argued that U.S. Postal Service is no longer a true branch of the U.S. government).

And yet the impact on your life of both state government and the U.S. government is enormous.

You live in Wisconsin. Your property taxes are pretty high. But they would be dramatically higher if state government did not pick up over 50% of the cost of publicly funded schools. Indeed, in many states in the U.S., over half of the cost of *local* K12 education is absorbed by *state* government. Paying for local K12 schools is in fact either the first or second biggest expenditure of state government.

You are fortunate to have good health insurance. Not everyone in your family has been so lucky. When your brother Bart lost his job during the Great Recession, he lost his employer-sponsored health coverage. Thank goodness he was able to enroll in Medicaid, along with his uninsured wife Beth, and his uninsured kids Bill and Bob. Your Aunt Harriett, too, signed up for Medicaid when she needed to go into a nursing home, but had no money left because Uncle Oswald made a lot of bad investments and then died. Medicaid of course is not an abstraction. State governments run Medicaid. States pay for more than half of Medicaid costs with federal funds. Despite this, Medicaid costs are one of the biggest—and most rapidly growing--state expenditures.

Beyond what you can see from your front porch, your state government is busy providing you and your fellow citizens with dozens of valuable services. State governments operate most prisons and courts. State governments fund technical schools. Each state government operates one or more state universities. State governments own and maintain tens of thousand of acres of forests, and lakes, including dozens of state parks.

Figure 7: Government Lands Managed by the Wisconsin DNR



As you take another bite of pizza, and finish off your bottle of beer, your thoughts fondly turn to the even more invisible federal government.

To begin with, you pay a lot in federal taxes. You earn a comfortable salary. You make a few thousand extra each year in interest, dividends, and capital gains. The federal government probably claims the biggest slice of your taxes, when you add up the two federal payroll taxes you pay (the FICA or Social Security Tax of 6.0% and the Medicare tax of 1.65%) plus your federal income taxes.

You can tell how important the federal government is by the sounds you do *not* hear. When you were growing up, the music of Simon and Garfunkel was popular, and their song “The Sounds of Silence” rose to the top of the charts. As the late afternoon shadows start to fall over Milwaukee, there are also a lot of sounds of silence, thanks to the U.S. government. You do *not* hear the gunfire of invading armies. You do *not* hear the explosion of missiles fired by attacking aircraft. Nor—with rare, tragic exceptions—are you ever likely to hear the detonation of suicide bombs or the gunfire of terrorists. For much of this, you owe thanks to the U.S. Army, Air Force, Navy, Marines, and Coast Guard, as well as the Central Intelligence Agency (CIA) and National Security Agency (NSA).

But the protection of our safety and health is only the beginning of the important role of the federal government.

Let’s take another look—literally—at your pizza. You paid for your pizza with dollars—money printed by the federal government and whose value is protected, one hopes, by the United States Federal Reserve.

Uncle Sam regulates (and subsidizes) the wheat farmers who grew the wheat that General Mills turned into the flour that Pizza Hut turned into your pizza dough.

The federal government similarly regulates, through a dozen different federal laws and agencies all the companies in the chain of production and sale that escorted your pizza to your microwave and your plate.

The Environmental Protection Agency (EPA) oversees the Clean Water Act and the Clear Air Act, with the goal of ensuring that safe water is used to make the pizza tough and the companies that make the cheese, tomato, onion, and black olive toppings do not foul the air.

The Fair Labor Standards Act (FLSA), the National Labor Relations Act (NLRB), and the Occupational Safety and Health Administration (OSHA) interact to make sure that the workers who produce the pizza dough are paid at least the minimum wage, are free to organize unions and bargain collectively and not placed in harm’s way. The Food and Drug Administration (FDA) seeks to guarantee that the pizza itself is safe to eat. Uncle Sam also regulates the safety of the microwave you used to heat the pizza, through the Consumer Product Safety Commission, and helps

to guarantee a steady supply of the electricity your microwave requires to “nuke” your pizza.

Finally, the Securities and Exchange Commission (SEC) operate, on behalf of individual and corporate investors, to prevent potential investors from being fleeced as they consider whether to buy stock in the Best Ever Pizza Company, Inc. Indeed, a string of federal agencies seek to ensure the transparency and integrity of the long string of organizations—from manufacturer to bank to insurer, and from markets in general to the individual corporations listed on New York Stock Exchange and NASDAQ—that made money from your pizza’s long trip to your mouth.

It is nearly 6 PM. Time to face up to today’s mail. Now that you’ve had a bite to eat and some suds to drink, the bills won’t look so bad. What’s this? Not another invitation to join the AARP? You only just turned 50! OK, go ahead and recycle it. But in a few years, you will want to participate in the two giant federal programs that the AARP most cares about: Social Security and Medicare.

Even though the kids playing basketball will really be the ones paying your federal government pension and financing your federal government health insurance program, when you turn 65 you will feel like most Americans that Washington is simply giving you back your own money. In the meantime, your payroll taxes help ensure that your widowed mother at age 85 gets enough in her monthly Social Security checks to stay in the home you were raised in. And thank goodness she has Medicare to pay for her visits to the doctor, cover the cost of her cataract operation, and defray the bulk of her expenses for the drugs she must take for her asthma, diabetes, and high blood pressure.

As you turn to open the front door and head inside, you notice a soggy newspaper stuck in the bushes that surround the porch. Damn! Why can’t the newspaper guy throw straight?

You forgive him quickly. He gets up at 5 A.M. every day to deliver your copy of the Milwaukee Journal-Sentinel, then heads off to work for only a bit over the minimum wage at McDonald’s. You’ve seen him there by 7 A.M., flipping burgers and cooking fries. You count yourself lucky.

But as you retrieve the newspaper, you can’t help but glance at the dismal headlines.

“Unemployment Rate Stuck at 5%...Many Jobless for Over A Year”

“Poverty in Nation Rises Again”

“Despite ObamaCare, 25 Million Still Uninsured”

“U.S. Students Lag Behind Other Nations in Test Scores”

“Potholes Spread as American Roads Decay...More Bridges in Trouble”

“Government Debt Rises to Record Level”

You mutter out loud, “Why can’t government get *anything* right?”

You have to admit, though, that (except for the soggy paper and the depressing headlines) it’s actually been a great start to the weekend. Warm weather. Blue sky. A slight breeze. Tasty pizza. A cold beer. And in a few minutes, the oldies-but-goodies TV station will be showing a re-run of “Happy Days.”

So before heading indoors, you toss the soggy paper into your government-owned recycling cart. Next week, government employees will dump its contents into a government-owned recycling truck and haul the truckload to a government-run recycling center.

On their way, the sanitation workers will drive along government-owned, government-operated streets. They may wave at government police officers and government firefighters they see en route. They will pass two government-owned elementary schools, a government-financed high school, and a government-operated public university.

Summer’s here, so they may even discuss which government national park to visit on vacation. Grand Canyon? Yellowstone? Statue of Liberty?

And as always, they will debate whether, once they’ve hit age 65 and switch to the government Medicare program, they should start to claim their government pension benefits from Social Security.

Now back to you—the Milwaukeean who just enjoyed some hot slices of pizza and some cold beer.

You are a fair-minded person. As you sit down to watch the re-run of “Happy Days,” you realize you let the soggy newspaper tick you off too much. You may not pay a lot of attention to government, but you know in your heart that the accusation you made— “Why can’t government get *anything* right?”—is untrue and unfair.

The true and fair question—the question that, somewhere deep inside, you recognize you really meant to ask is—is: “Why can’t government do all the things it’s meant to do; do them really well; and stop doing the stuff it has no business doing?”

You pay enough in taxes. You pay local property taxes, state sales and income taxes, and federal income and payroll taxes. So does everyone on your block. So do most people in your city and state. So do most people in the country.

So with all that money and power in hand, why is government often missing, or broken, where we most need it the most? And why does government so frequently intrude, and try to boss us around, when we don't need it?

In short, why doesn't government do the job it's *supposed* to do—and no more?

Good questions. Tough questions. Time to turn on the TV. Maybe when the show is over, you'll look for an answer. Perhaps on a website. Maybe in a book. Someone has to have the answer.