



The Obsolete New York Model

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By Myron Magnet

Where a tax-eating majority votes itself a permanent income.

It's worth recalling that when the Founding Fathers led the American colonists in revolt against British oppression, they weren't rebelling against torture on the rack or being chained in galleys or having to let aristocrats deflower their daughters. They were rebelling against taxes. To them, having to pay duties they hadn't voted for themselves was a tyrannical taking of property—theft—and, in true Lockean fashion, they concluded that since government exists to protect life, liberty, and property, a regime that does the opposite renders itself illegitimate. What would they make, then, of today's New York City, where 1.2 percent of the taxpayers—40,000 households—pay 50 percent of the income taxes, and half the households pay no income tax at all? If the tax code ensures that those who pay the bulk of the taxes are always a minority of those who vote for the legislature that imposes the taxes, isn't that taxation without representation? Isn't it also the tyranny of the majority that the Founders tried to prevent?

A state of affairs so opposed to the Founders' vision could never have come about all at once. It took shape in emergency spurts, sparked by upheavals like the Civil War, which prompted crisis measures like the first federal income tax (made legal retrospectively in 1913 by the Sixteenth Amendment). For New York, the cataclysmic turning point was the Depression. Gotham was the New Deal metropolis, with New York senator Robert F. Wagner and Gotham mayor Fiorello La Guardia falling over each other to make the city the showcase for President Franklin D. Roosevelt's big programs, designed (among other aims) to turn urban ethnics—whose normally supportive banks and charities the Depression had crushed along with their jobs—into the foundation of Democratic Party power.

As New York's governor, FDR had already begun in 1931 to provide the state's jobless with welfare proper—direct relief in money, food, and clothing—for the first time in over half a century. As president, he made the program national in 1933 through the Federal Emergency Relief Administration, and La Guardia quadrupled Washington's funds with lavish state and city supplements. After the mayor heard that insolent city workers were worsening the already-painful humiliation of getting aid, he rushed down to a Lower East Side relief station to investigate. When he saw abashed applicants waiting and waiting, while an official in a hat lounged with his feet on a desk, smoking a cigar, La Guardia famously strode over to him, knocked the cigar out of his mouth and the hat off his head, and barked, "Take your hat off when you speak to a citizen!" Later he announced, "That's another s. of a b. that has no job." In 1935, the feds instituted another cash relief program, this one for fatherless families: Aid to Dependent Children, which was supporting 700,000 kids nationwide by 1939 and later became the main U.S. welfare scheme. In addition to such cash programs, FDR's Public Works Administration put New Yorkers to work building the Triborough Bridge, the Lincoln Tunnel, and La Guardia Airport; by 1936, the Works Progress Administration had employed 250,000 Gothamites to construct, under the direction of La Guardia and Parks Commissioner Robert Moses, public swimming pools, beaches, playgrounds, and hospitals.

La Guardia had set about constructing the first welfare city from the moment he entered City Hall. In his 1933 campaign, he had floated the unprecedented idea of government housing, and when he won, the White House offered to fund a New York City Housing Authority if the new mayor would set it up. On a frigid December 3, 1935, the nation's first-ever public housing project opened on the Lower East Side. "A great constitutional lawyer two years ago told me it would be a cold day when the government builds houses," said La Guardia at the dedication of the 122-unit complex, proudly highlighting the radicalism of his accomplishment. "Well, he was right that time." Constitutional or not, eight more projects arose during La Guardia's three terms in City Hall. In addition, with \$315 million in bond financing, the mayor took over the city's three ailing and deteriorating private subway companies, along with its bus lines, in 1939 and 1940, turning transportation into a government-subsidized public service and transit workers into civil servants. To accompany his publicly funded municipal hospitals, he also set in motion a subsidized health-insurance program, which began operating just before he died in 1947.

Taken together, all these programs not only expanded government unimaginably but also created a comprehensive new rationale for it, very different from the Founding Fathers' political philosophy. Not content with ensuring the liberty in which individuals are free to pursue their own happiness in their own way, government was now going to hand it to them. "We are trying to make people happy," La Guardia announced. "We are going to make our city a real heaven," he promised, taking politics into a realm beyond the mere art of the possible.

A much subtler thinker, Roosevelt—in the spirit of never letting a good crisis go to waste, as a modern Democrat would put it—calculatedly used the Depression as an occasion to remake society in accordance with his own vision of "social justice" and freedom, though his new birth of freedom stood Lincoln's on its head. "Necessitous men are not free men," he postulated. The great corporations and the tycoons who controlled them before the New Deal, he said, "had concentrated into their own hands an almost complete control over other people's property, other people's money, other people's labor—other people's lives. For

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too many of us, life was no longer free; liberty was no longer real; men could no longer follow the pursuit of happiness. Against economic tyranny such as this, the American citizen could appeal only to the organized power of government.”

But while big government existed to protect the individual from big business, the individual paradoxically faded out in FDR’s worldview, changed in the president’s imagination into a unit in the great social machine. “For it is literally true that the ‘self-supporting’ man or woman has become as extinct as the man of the stone age,” he declared. “Without the help of thousands of others, any one of us would die, naked and starved.” Moreover, the great social machine is better off without the rugged individuals of yore, since in Roosevelt’s conventional (and mistaken) economic theory, the Depression was a crisis of overproduction, with an excess of goods and services forcing down prices and wages. “The day of the great promoter or financial Titan, to whom we granted everything if only he would build, or develop, is over,” FDR pronounced. “Our task now is not discovery, or exploitation, of natural resources, or necessarily producing more goods. It is the soberer, less dramatic business of administering resources and plants already in hand, . . . of distributing wealth and products more equitably.” Progress was something that had already happened; in FDR’s view—before the war, at least—America had reached the end of history.

Once you start talking about government’s equitable distribution of wealth—about giving government the power to define and create “fairness,” as Hayek put it—you have begun to leave democracy behind. And while both FDR and La Guardia were extraordinary visionaries with sincere sympathy for ordinary people, theirs was not a democratic vision. Roosevelt’s patrician paternalism saw the world from an Olympian height, from which individuals, in the shadow of the immense, almost superhuman institutions that concerned him, looked tiny and indistinguishable. The scale of his imagination was much grander than the Founders’ vision of a government powerful enough to protect individuals from the depredations of others but strictly limited and hedged by checks and balances to keep it from becoming an instrument of oppression, as history shows most governments have been.

In the same vein, La Guardia bristled at being called a “politician,” preferring the honorific “municipal officer.” In true Progressive fashion, he dreamed of government by enlightened, public-spirited experts, as opposed to venal (but democratic) Tammany-style pols, and he kept trying to soar above politics, defining himself as a “progressive” rather than a “regular” Republican. He flitted from party to party, winning the mayoralty in 1933 as the Fusion candidate, in 1937 as the Fusion, Republican, Progressive, and American Labor Party candidate, and in 1941 as the Republican candidate endorsed by his best Democratic friend, FDR. “You know I am in the position of an artist or a sculptor,” he explained. “I can see New York as it should be and as it can be if we all work together”—if, in other words, the voters would give him the power to mold their world into the shape he desired for them. Any great leader needs a vision, of course—needs to show people the world as it could be. But it is not surprising that the five-foot-two dynamo’s enemies called him the “midget Mussolini” or that he kept on his desk a figurine of that other dynamo of short stature who tried to impose his gigantic will on the world, Napoleon Bonaparte.

The Founders recognized the danger of a freely elected government’s becoming what Declaration of Independence signer Richard Henry Lee called an “elective despotism.” In their urgency to combat the Depression with all possible weapons, the New Dealers discounted that peril.

As so often happens, the emergency measures didn’t disappear when the emergency ended. But they needed an updated rationale. They got one in August 1943, when, after Gotham’s wartime job opportunities and its rich smorgasbord of welfare benefits had drawn waves of new black migrants into the city, a white cop summoned to settle an unruly dispute shot an unarmed black soldier, and Harlem erupted in riots. Even sober working people joined in the arson and looting, smashing windows and carrying off merchandise “in bundles and baskets and parcels.” Six died; property damage totaled \$15 million. Mayor La Guardia’s response was to turn all the machinery of the new welfare city to eradicating the racial inequality that, in his view, had sparked the riots—though a Brooklyn grand jury at that very moment recommended better policing as the solution to that borough’s African-American lawlessness. Roundly condemning the Brooklyn approach, the mayor gave the welfare city a new justification: creating racial justice. For the first time, though, with New Deal money no longer flowing, the cost of welfare put the city budget in deficit. La Guardia’s successors raised taxes by driblets and drabs, a hotel levy here, a sales-tax boost there.

La Guardia was ahead of his time, but over 20 years later, when John Lindsay took over city hall during President Johnson’s War on Poverty and Nelson Rockefeller’s long, liberal reign as New York’s governor, the nation had caught up. Redressing three centuries of racial wrongs became America’s Number One political crusade. As always, New York marched in the vanguard, with LBJ taking as his chief antipoverty model a Lower East Side far-left community-organizing group called Mobilization for Youth, which emphasized confrontational political activism to change “the system,” poverty’s supposed cause.

Lindsay himself—a “progressive” Republican like La Guardia, though without the genius—adopted a dumbed-down version of Marx’s already-crude idea that ideas and values are merely an automatic reflection of the economic “base.” So he set out to provide poor black New Yorkers with middle-class incomes, middle-class housing in middle-class neighborhoods, and middle-class political control of schooling as a way of making them middle-class citizens with a middle-class outlook. The result of such governmental largesse was exploding welfare dependency, anarchic housing projects, family collapse, and open warfare between activists and teachers whose destructive consequences proved ineradicable. As the welfare rolls shot up under radical social-services chief Mitchell “Come-and-Get-It” Ginsberg, and as businesses and middle-class taxpayers began fleeing the disorder, taxes shot up, too, and New York City imposed its first personal income tax during Lindsay’s first year in office, 1966.

But over the following decades—and despite all the War on Poverty foolishness that turned so many of its supposed beneficiaries into an intergenerational underclass—the Civil Rights Act of 1964, along with a transformation of white attitudes about race, really accomplished the civil rights revolution that the country desired, fully opening American opportunity to African-Americans. Much effort went into denying this accomplishment—from blacks whose identity rested on their sense of grievance,

from unionized service providers and clients fearful of losing their incomes, from politicians and advocates staring into the dustbin of history. But with the election of an African-American as president, even many blacks who once resisted the idea are starting to imagine themselves as an equal part of the American nation.

A democracy can't tax citizens without a rationale, however cockeyed, as much of the War on Poverty's rationale was. That's part of the reason for the outrage over the Bush-era congressional earmarks to build a bridge to nowhere or remove tattoos or combat obesity: giving legislators taxpayer money to disburse as they saw fit, with no stated national purpose, pulled the veil off the great taxation machine and revealed parts of it, at least, as a racket—as theft, the Founders would say. Now our polity stands at an inflection point. “New Deal II: The War on Poverty” is over, its mission accomplished, though by different means than it foresaw. What do we do with the government machinery it justified?

A strangely fortunate by-product of the War on Poverty's focus on minorities was that it largely insulated white America from the most destructive and demoralizing welfare programs and attitudes that retarded progress among many of the black and Hispanic poor. It shunted the New Deal welfare state onto a branch line, while England and Europe hurtled down the welfare state's main line to much more widespread dependency and idleness, low growth, limited horizons, little innovation, and a grossly bloated public sector, with countless unproductive government drones gobbling up a porcine share of GDP and further constricting liberty through meddling, “fairness”-promoting diktats.

But in New York, with its vast population of the hereditary minority poor, we now have something less like the rest of America and more like the European welfare state: heavily and inequitably taxed; undemocratic, unsustainable, and largely pointless; with government telling us what to eat and where to smoke, using its total control of the school system to accomplish little beyond boosting costs dramatically, subsidizing or dictating the rents on half of the city's rental apartments, forcing private health-insurance buyers to subsidize the care of the indigent, and prohibiting us from asking whether those who use the services we pay for are here legally. Our public services, even vital ones like the subway, work badly, because they operate less for the convenience of their users than for the sake of their unionized, overpaid employees, now not so much public servants as the public's masters, through the vast political might they wield over so powerful a government.

On top of which, New York State, judged the “least free” in the nation in a new George Mason University study of personal and economic liberty, is quicker than the other 49 states to wield eminent domain to take away private property and give it to someone else, the absurd extreme of government-forced redistribution. Such unfreedom—along with “swarms of officers to harass our people, and eat out their substance”—would have driven the Founders to arms, but New Yorkers have no idea of how to reform a government that is essentially a one-party elective despotism with no checks and balances, and no democratic levers of change, such as voters' initiatives and referenda. For us, the clearest solution is to leave, as millions of middle-class individuals and most of our Fortune 500 headquarters have done over the last half-century.

Struggling under the accumulated burden of eight decades of “progressive” government, we New Yorkers can serve as a warning to our fellow Americans as President Obama, following the New Deal playbook, seeks to use the current financial crisis to provide a new rationale and legitimacy for the gargantuan machinery of the federal government. Our economic ills, the president contends, require expanding the welfare state to include the majority of Americans not just in Medicare and Social Security but also in government-subsidized and -controlled health care and higher education—all paid for by an ever smaller percentage of the citizens, in the name of European-style redistributionist “fairness.” Logically, this plan is a non sequitur (in the process of turning, by constant repetition, into a Big Lie), since health care and education have nothing to do with the causes or cure of our present economic woes. But logic aside, consider New York's government-controlled services and ask if they are worth taking to nationwide scale. Take a good look at the president's tax plans, too, which will end up with many more Americans paying nothing and many fewer paying most of the bills. Once the tax eaters outnumber the taxpayers and can vote themselves an income, you have arrived at elective despotism.

And despotism is the real issue, much larger than high taxes and bad services provided by public employees whose pensions and lifetime health benefits dwarf those of most taxpayers who struggle to support them. Just look beyond European-style New York to Europe proper. In the name of “fairness,” European governments have criminalized free speech, with France prosecuting Brigitte Bardot, and Switzerland and Italy prosecuting Oriana Fallaci, for anti-Muslim statements, while the British home secretary who charged her husband's porno movie rentals to the taxpayers has barred Dutch M.P. Geert Wilders and American talk-show host Michael Savage from Britain for fomenting anti-Islamic hatred. The Scandinavian countries have outlawed antihomosexual speech as well.

As Theodore Dalrymple has written in these pages, governments that take charge of life's important matters—health care, pensions, the education of children—infantilize their citizens, making them so frivolous and torpid that they become unwilling even to defend their country and their way of life. “I have never learned to fight for my freedom,” Mark Steyn quotes one Dutchman saying ruefully about the Islamization of his country. “I was only good at enjoying it.” In this spirit, 15 British sailors surrendered without a shot to an Iranian gunboat in the Persian Gulf two years ago. “From the outset, it was very apparent that fighting back was simply not an option,” said a marine captain among these latter-day representatives of Lord Nelson's indomitable tars. “Had we chosen to do so, then many of us would not be standing here today.” Such unblushing cowardice makes the Royal Navy, for all its costly weaponry, about as fearsome as the expensively armed Saudi or Egyptian air forces.

More important still, the propounders of the individualist work ethic, from Alexander Hamilton onward, had it right: a free society isn't one that alleviates the burden of supporting ourselves and our families, but rather one that provides the opportunity to labor in a way that brings to light whatever human excellence may lie within us—a way that perhaps even adds to the sum of human progress. As opposed to FDR's immense governmental machine throbbing mightily at the end of history, how much grander is

Edmund Burke's vision of society as "a partnership in all science; a partnership in all art; a partnership in every virtue and in all perfection." It is a vision in which some can be the Titans Roosevelt rejected—not just the Morgans and the Vanderbilts that New York produced, but also its Edith Whartons and its Herman Melvilles. Most crucially, all can be humans, free citizens with a sense of purpose, not cogs.

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