Data Show California Is a Living Example of the Good Intentions Fallacy

During <u>a speech</u> at Harvard several years ago, Charlie Munger related a story about a surgeon who removed "bushel baskets full of normal gallbladders" from patients. The doctor was eventually removed, but much later than he should have been.

Munger, the vice chairman of Berkshire Hathaway, wondered what motivated the doctor, so he asked a surgeon who participated in the removal of the physician.

"He thought that the gallbladder was the source of all medical evil, and if you really love your patients, you couldn't get that organ out rapidly enough," the physician explained.

The doctor was not motivated by profit or sadism; he very much believed he was doing right.

The Righteousness Fallacy

The anecdote is a perfect illustration of the righteousness fallacy, which Barry Brownstein noted is rampant in modern politics and <u>a key driver of democratic socialism</u>.

The Righteousness Fallacy (also known as <u>the fallacy of good intentions</u>) is <u>described</u> by author Dr. Bo Bennett as the idea that one is correct because their intentions are pure.

It recently occurred to me that California is a perfect example of this fallacy. Consider these three facts about the Golden State:

1. California spends about \$98.5 billion annually on welfare—the most in the US—but has the highest poverty

- rate in America.
- 2. California has <u>the highest income tax rate</u> in the US, at 13.3 percent, but <u>the fourth greatest income inequality</u> of the 50 states.
- 3. California has <u>one of the most regulated housing markets</u> <u>in America</u>, yet it has the highest homeless population in American and <u>ranks 49th</u> (per capita) in housing supply.

The Danger of Favoring Intent over Result

That politicians would persist with harmful policies should come as little surprise. The Nobel Prize-winning economist Milton Friedman <u>once observed</u> the uncanny proclivity of politicians "to judge policies and programs by their intentions rather than their results."

In his book *Capitalism and Freedom*, Friedman <u>described the</u> <u>danger</u> of such thinking.

[The threat comes] ... from men of good intentions and good will who wish to reform us. Impatient with the slowness of persuasion and example to achieve the great social changes they envision, they're anxious to use the power of the state to achieve their ends and confident in their ability to do so. Yet... Concentrated power is not rendered harmless by the good intentions of those who create it.

I don't doubt that California lawmakers, like the physician who was removing healthy gall bladders, believe they are doing the right thing. Yet they, like the physician, need to wake up to reality and realize they aren't making people better.

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