



Written by [Michael Tennant](#) on August 4, 2011

Paying Telephone Customers Forced to Buy Cellphones for Others

To the cheers of those already getting the proverbial free lunch, the federal government, ever eager to expand the category of “rights” in pursuit of more power, has stepped into the breach. “People receiving government support such as Medicaid or food stamps,” writes the [Pittsburgh Tribune-Review](#), are now also eligible to receive cellphone service at others’ expense.



Those who actually have to pay for their telephone service may have noticed a Universal Service Fund charge on their monthly bills. Mandated by the Telecommunications Act of 1996, the fund consists of money extorted from all telecommunications providers — currently 14.4 percent of each company’s interstate and international end-user revenues (adjusted quarterly by the [Federal Communications Commission](#)). The companies, in turn, pass on that cost to their customers, who end up paying more for telephone service than they otherwise would. The money is used to help low-income persons obtain telephone service, now including cellphone service.

In Pennsylvania there are two free cellphone programs: Virgin Mobile’s Assurance Wireless, which is available in 26 states plus the District of Columbia, and Tracfone Wireless’s SafeLink, available in 39 states. Gary Carter, manager of national partnerships for Assurance, told the *Tribune-Review* that “Assurance and SafeLink get \$10 per subscriber monthly from the Universal Service Fund, which covers the cost of 250 minutes,” and each user gets a free, no-frills cellphone. Assurance says that over 5.5 million Pennsylvanians could qualify for the program. Neither company would specify how many Keystone State users it has, though SafeLink stated it has more than 2 million users nationwide.

As with any government wealth redistribution program, the free cellphone program has its defenders. Carter, who can hardly be considered an unbiased observer, told the newspaper, “The program is about peace of mind. It’s one less bill that someone has to pay, so they can pay their rent or for day care.... It is a right to have peace of mind.”

Yes, you read that correctly. The right to a cellphone is actually, to Carter’s way of thinking, an outgrowth of the broader “right to have peace of mind.” This, of course, is reminiscent of FDR’s “Four



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Freedoms,” which included “freedom from want” and “freedom from fear,” not of the Declaration of Independence, which only asserted the right to pursue happiness, not the right to attain it on the backs of others. The Founders’ vision gave Americans the greatest amount of liberty and prosperity ever experienced in human history; FDR’s vision has produced the Leviathan state, an enormous and continually growing national debt, a debased currency, and a declining standard of living.

Another defender of the right to a cellphone is Carnegie Mellon University economics and psychology professor George Loewenstein, who, according to the *Tribune-Review*, argued that while “phone companies could lose money from the programs if customers seek free service when they otherwise might have found a way to pay for it,” “the programs likely benefit the overall economy as having a phone can help people find jobs.”

Loewenstein is committing the classic fallacy, described most famously by [Frederic Bastiat](#), of examining only the visible effects of a policy while ignoring the invisible ones. Certainly some persons may get work as a result of being given cellphones; but the money confiscated from those coming by their phone service honestly would surely have been spent in other ways, providing work for other people. (Carter made a similar mistake in saying recipients of free cellphone service have “one less bill ... to pay” while ignoring the fact that to make that possible, others have one more bill to pay.)

Loewenstein clearly believes that a cellphone is a need in 2011, saying, “We’ve hit a tipping point” where cellphones are a must because “public phones are gradually disappearing.”

Robert Rector of the Heritage Foundation begs to differ. Rector, writes the *Tribune-Review*, “said that with \$910 billion of the national budget slated for low-income assistance, he finds free cell phone programs ‘particularly wasteful and unnecessary.’”

“Our society cannot afford to give free everything to everybody,” he said. “Most poor people already had adequate telephone service and will continue to do so.”

Rector’s retort is correct as far as it goes. However, even if cellphones really were a necessity in this day and age, it would no more be within the federal government’s power to force Peter to pay for Paul’s cellphone than it is for Washington to coerce Peter into buying Paul’s groceries, a far more urgent need in any era. Though the government does both, doing so is clearly outside the bounds of the Constitution; and even if it were constitutional, as a form of legalized theft it would still be immoral.

Don’t hold your breath waiting for Republicans in Congress to put an end to the Universal Service Fund and its cellphone giveaways. They look at the fund as a vast pool of free money rather than a violation of the Constitution. During the debt-ceiling fight they [circulated a document](#) calling not for abolishing the program but for diverting the money in the fund to reduce the deficit.



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