Has Government Become Too Big?

Regis Nicoll

November 9, 2017

Thomas Jefferson is said to have quipped, "a government big enough to give you everything you want is a government big enough to take away everything that you have." While history does not support the Jeffersonian attribution, it does support the conclusion—witness Soviet Russia, Communist China, and North Korea.

But how big is too big? At what point does the size of government become an obstacle to effective governance and the common good?

Plainly, government needs to be large enough to protect the governed and their property, but not so large that it becomes a threat to those ends.

Of course when a country spends over $0.5 trillion *each year* more than it takes in, it is safe to say it has reached beyond what it can effectively govern. For ten years running, the U.S. has done just that. While some will argue that the problem is not spending, but revenue—*we just need to get the rich to pay their "fair share" and the not-quite rich to pay "a little more"*—the devil is in the details.

Raise Taxes?

Back in 2012, William Voegli, senior editor for the *Claremont Review of Books*, figuredthat balancing the budget would require pinching the rich (those "one-percenters" making over $352,055 per year) for 90 percent of their income *and* the not-quite rich (those making between $150,400 and $352,055) for 70 percent of theirs.

However, if we insist on taxing the rich at those levels, we could soon find that there are no rich to tax, as the flight of actor Gerard Depardieu from France to Belgium warns. If we choose to close the shortfall by raising taxes on "un-rich"—that is, everyone else—it would create a real and focused grievance for the already struggling working class (the "99 percenters") that the Occupy Wall Streeters sorely lacked.

Then there's the problem of the declining taxpayer base. Whereas, there were 8.6 workers for every retiree in 1955, there are 2.9 today, and 2.3 projected for 2030. (Sadly, it is a problem made worse by a culture of death, which, in the last forty years, eliminated 50 million individuals from the tax rolls before they drew their first breath.)

The bottom line is that we can't tax our way out of the deficit, much less the federal debt (currently, a staggering $20 trillion and rising). That means getting our fiscal house in order will largely depend on reducing spending by trimming the girth of government.

Big and Growing

In 1789, the federal government consisted of about 50 employees in three departments: State, Treasury, and War. Today there are 4.4 million federal employees working in hundreds of departments, organizations and agencies. Although an exact figure is hard to pin down, estimates vary anywhere between 200 and 500 federal entities with duplication of effort, overlap, and inefficiency, rife.

For example, a GAO report documenting waste, duplication, and fragmentation in the federal government identified: 15 agencies involved with food safety, 80 programs concerning economic development, 100 programs covering surface transportation with an additional (!) 80 services for "transportation-disadvantaged" persons, 82 programs on teacher quality, 20 homelessness programs, and the list goes on. And that was in 2011.

The bad news: Leviathan is not only big and inefficient; until quite recently, he has grown at a rate of 5.6 percent per year. Putting him on a diet requires understanding the conditions that enabled him to reach a size that would have been unimaginable to the nation's Founders.

The "Ratchet Effect"

In his book *Crisis and Leviathan*, economic historian Robert Higgs notes that until 1900, the federal government was limited to "national defense, domestic order, enforcement of private contracts, and the regulation of monopolies" with a smattering of services deemed essential to the public good, like "street maintenance, education, and sanitation."

Then, from 1916 to 1945, the national emergencies of World War I, the Great Depression, and World War II, set the stage for Big Government. Each crisis led to a rapid expansion of government with greater control over the private sector and an increasingly progressive income tax structure.

And while government was scaled back in each post-crisis period, it, and the revenue machine sustaining it, were never scaled back to pre-crisis levels. Instead, says Higgs, successive emergencies produced a "ratchet effect," enabling government to grow, not in "traditional governmental functions," but in "new functions, activities, and programs—some of them completely novel, others previously the responsibility of private citizens."

While serving as White House chief-of-staff, Rahm Emanuel tipped the hand of the ruling class when he stated, “You never let a serious crisis go to waste,” explaining, “what I mean by that it’s an opportunity to do things you think you could not do before”—hmm, like singling out conservative groups for increased scrutiny by the IRS, promoting “freedom of worship” versus “freedom of religion,” and mandating a health care law that gives government control to one-sixth of the U.S. economy?

Starving Leviathan

According to a study cited by the CATO Institute, the optimum size of government (in terms of total federal and state spending) should be less than 25 percent of the gross domestic product. The U.S. government is currently running at about 36 percent of the GDP with the biggest area of growth over the last 100 years in “entitlement programs” (Medicare, Medicaid, social security, welfare, food stamps, etc.). Those programs, which amount to nearly one-half of the total, were virtually non-existent prior to the twentieth century. It reflects the thinking of the Founding Fathers that, as James Madison put it, “Charity is no part of the legislative duty of government.” It seems that the Founders understood what our modern leaders have forgotten, or dismissed: in the area of compassion, services to the needy are best administered by those closest to the problem—that is, local and regional organizations, like churches, faith-based institutions, civic groups, and volunteer associations. In fact, for the first nineteen hundred years of its existence, the Church took the lead in social work, establishing hospitals, orphanages, food distribution systems, and houses for the poor and aged.

As I have noted previously, when Jesus taught about the duty to the poor, he was not speaking to Roman consuls about their duties; he was speaking to private citizens about theirs. Until the modern era, Christians accepted the biblical division of responsibility, by which the Church, not the state, is the instrument of charity.

That is not to say that the state has no responsibility to alleviate human need in the wake of widespread emergencies (e.g., the Great Depression, Dust Bowl, hurricane Irma). Rather, it is a reminder that the state’s involvement should be limited and temporary—augmenting, not usurping, the responsibilities of the Church and other mediating organizations established to serve the common good.

To starve the leviathan, the Church must reclaim its biblical role. In partnership with other mediating groups, the Church must be a compassion supplier that progressively reduces the demand for state involvement in social service.