

## **The crisis of liberalism**

### **Chronicle guest View- In The Public Interest**

John Hendrickson

May 4, 2016

The national debt has risen to over \$19 trillion, and this unfortunate milestone suggests some serious fiscal problems ahead for the United States. The driving factor for the debt is uncontrolled government spending, which is caused by both political parties and the escalating costs of entitlement programs such as Social Security, Medicare, Medicaid, and most recently the Patient Protection and Affordable Care Act. The fiscal crisis is not being addressed, and this represents the greatest policy challenge confronting the nation today. In addition to the escalating debt and cost of entitlement programs, the national economy continues to grow very slowly, and key economic sectors such as manufacturing are suffering because of tax, regulatory, and trade policies that hinder growth and job creation.

Jeffrey Miron, Director of Economic Studies at the Cato Institute, wrote that "many recent policy changes have worsened the U.S. fiscal situation. These changes include the creation of Medicare Part D (\$65 billion in 2014), new subsidies under the Affordable Care Act (\$13.7 billion in 2014), the expansion of Medicaid under the ACA (from \$250.9 billion in 2009 to \$301.5 billion in 2014), higher defense spending (from \$348.46 billion in 2002 to \$603.46 billion in 2014), increased spending on veterans' benefits and services (from \$70.4 billion in 2006 to \$161.2 billion in 2014), and greater spending on energy programs (average annual spending was \$0.52 billion over 1998-2002 but \$11.43 billion over 2010-2014)."

Miron argues that a "key policy lesson" from this fiscal crisis is that in order "to avoid a fiscal meltdown in the next few decades, the United States must slow the growth rate of federal expenditures, especially on health care." Michael Tanner, a Senior Fellow at the Cato Institute and author of *Going for Broke: Deficits, Debt, and the Entitlement Crisis*, notes that the costs of the unfunded liabilities of entitlement programs exceeds \$90.5 trillion, and these programs "alone account for 47 percent of federal spending today, a portion that will only grow larger in the future" This means that the increase in costs of entitlements along with interest payments on the debt will place greater pressure on the federal budget. This is why the national debt and the fiscal crisis is arguably also one of our greatest risks to national security.

This fiscal crisis also represents a crisis of liberalism. As columnist Terry Jeffery wrote: "Since the 1930s, the liberal vision of the welfare state, where a growing percentage of the population is dependent on the government, has been transforming America." The welfare state, which had its creation in President Franklin D. Roosevelt's New Deal, was greatly expanded under President Lyndon B. Johnson's Great Society, and has continued to expand in the aftermath of

the 1960s, has led directly to this crisis. "Now Americans can collect, among other federal benefits, Social Security, Medicare, Medicaid, disability insurance, food stamps - Obamacare subsidies," wrote Jeffery. This is why reforming entitlements must be a top priority to preserve these programs for not only those who have and are paying into these entitlements, but also to avoid bankrupting the federal government. Although Republicans and Democrats can share in the responsibility of creating this fiscal crisis, a larger portion of the blame must fall on liberalism, whose philosophy calls on the federal government to assume greater control of almost all aspects of American life.

It is often assumed by many liberals that looking towards free-market and limited-government reforms to entitlements and other policies is "heartless," but the question has to be raised whether all of this spending has really improved the lives of Americans. Policymakers must start to seriously address the crisis of liberalism or the fiscal crisis will lead to the further decline of the United States.

The views expressed in this column are those of the author and not necessarily those of the Public Interest Institute. They are brought to you in the interest of a better informed citizenry.