



The Welfare State and Sovereign Debt: Heading For a Cliff

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The welfare state creeps up on us slowly, in stages: a program here, enjoying broad support; another there, less noticed; small increments everywhere, barely noticed, like corporate tax breaks buried in a dense code. And so it goes, until, before we know it, we find ourselves, as with a free credit card, buried in debt—\$28 trillion and growing in America today, not counting unfunded liabilities vastly exceeding that, to say nothing of state and local debt as far as the eye can see. And none of that speaks to regulatory redistribution—compelling or restricting some for the benefit of others—the “off-budget” branch of the welfare state; or to central banks, whose low or even negative interest rates only spur exploding debt. All of this because we’ve come to think that the purpose of government is to solve our every problem, however personal, mostly with “free stuff”; or, more recently, because we’re obsessed with chasing a vacuous “equity.”

How can an ambitious politician resist giving the people what they think they want, but don’t want to pay for, when he can pass the bill off to future generations? They don’t vote, after all; not for some time, at least. And when they do, he, and we, may be long gone.

Cynical? There it is. And America’s not alone in this. (Indeed, our early progressive planners went to school on Bismarck’s welfare state.) How long have parts of Europe been bailing out other parts, and getting increasingly entangled in the process? How’s it going with the centralization of Covid vaccine production and distribution? We’ve seen this debt and centralization play before. It does not end well.

So what’s to be done? In America we once had an answer: a Constitution, meant not merely to order our political affairs but to limit our governments as well—and to limit us, the people, too. Otherwise we could have written and ratified a one-line document: “We the people authorize, institute, and empower the government to do good as decided from time to time by a majority of the people (or, more likely, by whatever special interests can get to government officials)” — pretty much what we have today.

America’s Founders had better sense than that. And so did generations of Americans who came long after, concerned not with what government could do *for* them but what it could do *to* them. With a sober understanding of human nature and the nature of government, and drawing on the natural rights vision outlined in the Declaration of Independence, they wrote, ratified, and largely lived under a Constitution that authorized the federal government to do the few things they

thought proper for it to do, mainly things we couldn't do for ourselves or do at the state level, leaving most power with the states or in our own private hands. It wasn't perfect, for sure. It took the Civil War to end the Faustian bargain that recognized slavery—needed to ensure initial unity—and the passage of the Civil War Amendments to correct and further the original design for liberty under limited government.

But as the 20th century was dawning, progressives began rethinking things. Coming from the elite universities of the Northeast, they were social engineers, enamored of the new social sciences. European models inspired them, especially British utilitarianism, which had supplanted natural rights theory and nicely rationalized the pursuit of political ends through legislation—better, they thought, than common law litigation grounded in timeless principles like liberty, property, and contract.

They faced headwinds, however: the courts, judges and justices bound by oath to enforce the Constitution's strictures. Things came to a head early in 1937. Shortly after his landslide reelection, Franklin Roosevelt threatened to pack the Supreme Court with six new members. Uproar followed. Congress balked. Though the plan failed, the Court got the message. That year it read Congress's limited powers broadly, opening the floodgates for the modern redistributive and regulatory state; in 1938 it reduced economic liberty to a second-class status; and in 1943 it blessed the modern executive, administrative state—all without constitutional amendment. In short, it turned the Constitution for limited government on its head.

As programs poured through, attitudes and behavior adjusted accordingly. Today, large segments of the population, including businesses, have become entangled in and dependent on government. And as usual, every such scheme has unintended consequences, which call only for more schemes by way of correction—and more bureaucrats, confident that they can plan our lives better than we ourselves can, left to our own devices.

And the debt grows. The new Biden administration has just pushed a nearly \$2 trillion bill through Congress on a straight party-line vote. And it promises vastly more spending ahead. True, federal debt has increased under every modern American president, but since 2000 it's increased exponentially, from \$5.7 trillion to over \$28 trillion today, from 55% of GDP to 130%, higher than at any time since World War II. Low interest rates and low inflation can lull us into thinking that government debt isn't a problem. But it is. This can't go on forever, especially when you look at our entitlement programs' so-called trust funds. They go broke in less than a decade (2024 for Medicare). Here again, as always, those who'll pay the price, when the day comes, are those who can least afford it.

That day will come, unless we ourselves come to grip with economic reality, to say nothing of political rectitude. If it's wrong to use another for our own ends, using each other for collective ends we variously share and oppose is no less wrong, but more foolish when freedom is at hand to enable each of us to pursue his own ends as he wishes.

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