



**The empty case for big government: looking at Leviathan through rose-colored glasses; "To Promote the General Welfare: The Case for Big Government" and "Our Divided Political Heart: The Battle for the American Idea in an Age of Discontent"; Book review**

By David Boaz – November 1, 2012

To Promote the General Welfare: The Case for Big Government, edited by Steven Conn, Oxford University Press, 256 pages, \$19.95

Our Divided Political Heart: The Battle for the American Idea in an Age of Discontent, by E.J. Dionne Jr., Bloomsbury, 336 pages, \$27

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THE MOVEMENT for smaller government must really be doing well, considering all the attacks it has generated of late. Journalists decry "austerity" and "slashed" government spending from Athens to Albany. President Barack Obama seems to think he's running against people who wish that (as he put it) "everybody had their own fire service." And now two new books, from a leading Washington pundit and a bevy of elite professors, are bravely standing up for active government in this era of "free-market fundamentalism" and a "radical form of individualism that ... denigrates the role of government."

All this while big government has been chugging right along. Federal spending has doubled in the past decade, and the national debt has tripled. The Supreme Court just upheld a vast expansion of federal control over health care. Washington is working overtime to sign up more food stamp recipients, and it has actually taken ownership of such once-proud companies as General Motors and AIG.

You'd think big government wouldn't need much of a defense. It's an encouraging sign that its advocates disagree.

E.J. Dionne Jr. is a pillar of the Washington establishment--a former reporter for The New York Times, longtime columnist for The Washington Post, senior fellow at the Brookings Institution, and professor at Georgetown University's Public Policy Institute. He knows a great deal about American history and politics. And he's been tracking libertarianism for a long time. In his 1991 book *Why Americans Hate Politics*, Dionne wrote, "The resurgence of libertarianism was one of the less noted but most remarkable developments of recent years. During the 1970s and 1980s, antiwar, antiauthoritarian, antigovernment, and antitax

feelings came together to revive a long-stagnant political tendency." In *Our Divided Political Heart: The Battle for the American Idea in an Age of Discontent*, Dionne mentions libertarians only intermittently, but the individualism that he claims has become the creed of a growing segment of Americans is essentially libertarian in character. The libertarian idea has grown beyond a narrowly defined movement.

Conservatives often complain that U.S. history textbooks once celebrated the greatness and progress of America, but now teach children only Uncle Sam's sins. Well, they ought to love these two books, both of which tell largely triumphalist stories of how the federal government has moved from one successful intervention to another. Dionne focuses on the "irrepressible and ongoing tension" in U.S. history "between two core values: our love of individualism and our reverence for community." He enthuses over the expansion of the federal government's scope and power engineered by Alexander Hamilton, Henry Clay, Abraham Lincoln, Woodrow Wilson, Franklin D. Roosevelt, Lyndon B. Johnson, Barack Obama, and the Bushes *per se*.

Steven Conn and the scholars he assembles for *To Promote the General Welfare: The Case for Big Government* fill in the details, telling the tale of a "Dickensian America" languishing in "semi-barbarism" until the federal government took responsibility for dragging us out of the swamps and into civilized life. In transportation, education, banking, income security, health care, and communications, government at all levels has been there at every step. Unsurprisingly, given the subtitle, government here never makes a wrong move. If you've come to read about Prohibition, Jim Crow, or the Vietnam War, you've come to the wrong place.

So how strong is this case for big government? At a superficial glance, pretty compelling. America was without form and void, the book simply, and the federal government said, "Let there be light--and railroads, and schooling, and stable banking, and decent housing, and the post office, and the Internet," etc. The incessant accumulation of glorious "things the government did" wears down resistance.

But there are problems with this history. One, recently echoed by Obama and his former economic adviser Elizabeth Warren, is the confusion of society with government. The advocates of big government think they're scoring a point by telling us that no man is an island, that we exist in a society we didn't create. Dionne quotes the sociologist Robert Bellah: "It is only in relation to society that the individual can fulfill himself."

It is true that we're all born into a world we didn't create, and we all benefit from the complex and productive human ecosystem made possible by social interaction. But most of these successes, like most of society, are spontaneously ordered: You establish a few rules of property, contract, and market exchange,

and then people can create, build, and trade without any central direction. The result is the fabulous wealth of our modern world. Not just wealth for the Mitt Romneys and Mark Zuckerbergs, but a standard of living for the average American or European that exceeds anything in history.

We create the government, ideally, to perform certain functions, mostly having to do with protecting our life, liberty, and property. But we are not the government. The authors disagree, seeing a conflict between individualism and community, and operating from the mistaken assumption that anything too big for an individual to accomplish therefore requires government direction.

Conn and his colleagues take pains to explain how government gave us everything from the Post Office to intercontinental transportation. It's difficult, of course, to imagine a counterfactual history. What if government had not created a postal service or granted land to the railroads? Would we have sat in our homes, unable to travel or even to communicate with others? I don't think so; the evidence of both history and economic theory is that in a market entrepreneurs find ways to provide valuable services. Would we have had precisely the same transportation and communications systems? No, but we didn't try the alternative path.

But here's one counterfactual we can actually see: In many countries radio and television began as state monopolies. British or Scandinavian professors would therefore proclaim that it took the government to bring broadcasting to the people. As it happens, the United States took a different path: Entrepreneurs launched stations and developed new advertising platforms, and a robust private broadcasting industry sprang up.

Much of the case for big government rests on ignoring Frederic Bastiat's lesson of what is seen and what is not seen. We see what exists. We see that the government built highways, subsidized Ken Burns documentaries, bailed out Chrysler (twice), and operates schools. We don't see how all the money spent on such efforts might have been used had it been left in the hands of those who produced it. Would money in the competitive sector of the economy have been used more efficiently and effectively, to satisfy more human needs and produce more economic growth with the available resources? Economic theory suggests that it would, and empirical analysis consistently demonstrates that countries relying more fully on property rights and market exchange vastly outperform state-directed economies.

Lurking behind so many of these arguments is what we might call the magic money fallacy. People seem to think that money from the federal government just materializes out of nowhere. In fact, resources must come from somewhere. They can be taxed away from the productive private sector. They can be borrowed from the productive sector to be used in the coercive, non-competitive sector, and paid back later with tax money. Or the Federal Reserve can just

create money out of thin air--write "\$1 trillion" on a piece of paper, thus producing inflation.

Not only is the money not free, it is often forcibly diverted to politically chosen purposes. That's the reality that these books gloss over in gauzy talk of "community" and "government economic intervention on behalf of a common or national good." As the economist Thomas Sowell has famously written, "The first lesson of economics is scarcity: There is never enough of anything to satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics."

Some of government's accomplishments cited in these books bring to mind Foundation for Economic Education president Lawrence Reed's point: "Have you ever noticed how statisticians are constantly 'reforming' their own handiwork? Education reform. Health-care reform. Welfare reform. Tax reform. The very fact that they're always busy 'reforming' is an implicit admission that they didn't get it right the first 50 times."

So government is hailed for ending slavery and Jim Crow, but the long government enforcement of those repressive laws is passed over. In the last chapter of *To Promote the General Welfare*, Paul Light of New York University identifies the federal government's greatest accomplishments from 1945 to 2000. Several actually involve lifting the burden or reducing the power of government--devolving responsibility to the states, freeing trade, limiting nuclear weapons, reforming government operations, making government more transparent, deregulating sectors of the economy, reforming welfare, cutting taxes, even restraining spending. It's hardly a triumph of big government for government to correct its longstanding errors.

There is a Pollyannaish view of state power running through the liberal defense of centralization. A government with the power to establish, oversee, subsidize, or regulate education, transportation, communications, money, health care, and housing has sufficient power to do much harm. There is no consideration in these books of the federal government's shameful treatment of Indians. Nor do we hear about the incarceration of Japanese-Americans during World War II. Nor the role of the Federal Reserve and government regulatory agencies in creating and prolonging the Great Depression and the Great Recession. While both books praise the Progressives who ushered in many of government's advances, neither notes the Progressives' unsavory attitudes about race and eugenics, nor their twin disasters of alcohol Prohibition and drug prohibition. Any honest accounting of whether big government promotes the general welfare must at some point grapple with murderous big-government mistakes.

For instance, war. World War I just may have been the biggest disaster in history. It not only took 16 million lives, but as Jim Powell put it in a book title, "Woodrow Wilson's Great Blunder Led to Hitler, Lenin, Stalin, and World War II." Yet you

won't find WWI discussed in *To Promote the General Welfare*. Dionne does mention it, mostly to lament that it "unleashed a deep cynicism about public life and grand aspirations." As well it should have. World War II, which grew out of the Progressive Wilson's great blunder and cost 60 million lives, goes similarly unexamined.

The real conflict in political theory, contra these authors, is not between individualism and community. It's between voluntary association and coerced association. The case for big government should be cross-examined by looking at costs as well as benefits, risks as well as achievements, what is not seen along with what is seen, and the repeated horrors that have stemmed from leaving state power unconstrained. No wonder statisticians are getting nervous.

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