

NATIONAL REVIEW

Freedom Conservatism vs. National-Debt Conservatism?

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Ramesh Ponnuru has kicked off a debate over just how different the freedom conservatives' statement of principles is from its national-conservative counterpart. One area of unambiguous clear blue water is the divide over the escalating federal debt. The FreeCons' statement repudiates the path it's on and urges a course correction; the NatCons seem to be so relaxed about the debt that they could be called "national-debt conservatives."

Largely because of emergencies, recessions, and the accelerating cost of entitlement programs, the federal debt stands at its highest level since World War II, relative to the size of the economy. Washington today shows no sign of stemming new red ink. Even with higher inflation, Congress has continued borrowing as if the country were in a deep recession. Worse, on unchanged policies, the Congressional Budget Office predicts debt would nearly double over the next 30 years, propelled by rising Social Security and Medicare spending driving up borrowing and interest payments.

The FreeCon statement elevates this to a frontline policy issue. "The skyrocketing federal debt — which now exceeds the annual economic output of the United States — is an existential threat to the future prosperity, liberty, and happiness of Americans," it says. "Existential" may be hyperbolic, but the signatories are right to call for urgent action, pledging to build "a constructive reform agenda that can restore America's fiscal sustainability, ensuring that future generations inherit a more prosperous and secure nation."

The NatCon statement, by contrast, doesn't mention the debt, nor does it lay out any conservative principle for managing public finance. Indeed, the only link to the federal budget in their statement at all is the higher spending proposed for rearmament, public research, manufacturing, and family welfare transfers — all things that, absent tax increases or spending reductions elsewhere in the budget, would worsen the debt path.

This relegation of the national debt as a priority is no oversight. The recent 112-page "handbook for conservative policymakers" from public-policy organization American Compass mentions the debt only twice, and then only as a downstream effect of running trade deficits. Prominent national conservatives regularly pooh-pooh efforts to defuse the debt time bomb as an

“obsession” of the old Reaganite right (ironic given that their lack of concern is closer to Reagan’s own debt record).

They are also unserious about the debt challenge. NatCon-sympathetic senator J. D. Vance, for example, rails against the prospect of any cuts to Social Security and Medicare — reform of which is near-inevitable to avoid an unprecedented debt explosion. Instead, he claims those who accept this reality “want to cut Social Security . . . so that we can send more money to Volodymyr Zelensky in Ukraine.”

No economist can predict with certainty the effects of continuing this path of ever-rising debt. But here’s what we do know: Higher debt burdens correlate with slower economic growth; negative shocks such as pandemics and recessions will occur, worsening the debt level further; fiscal crises hit countries suddenly and unexpectedly; and past governments have “inflated away” debts, imposing huge, arbitrary redistributions of wealth on their populations.

After World War II, administrations oversaw a steep decline in debt relative to GDP due to a combination of fast economic growth, near-balanced budgets, financial repression, and damaging inflationary bursts. Conditions today are more difficult. This time we have no military demobilization slashing spending, no low-hanging fruit for economic growth from women entering the labor force, and no prospect of inflating away the medical procedures and inflation-protected Social Security benefits Congress promises seniors.

Given this uncharted territory, NatCons’ nonchalance about the federal debt’s trajectory is striking. At other times, they paint themselves as the champions of national security. Yet a high debt burden risks making borrowing much more expensive when genuine national emergencies or wars hit, while crowding out defense spending with interest payments in benign periods.

NatCons have often indicated they prize families’ economic security. Yet gambling with the prospect of a fiscal crisis risks the prospect of a sharp set of tax rises or draconian spending cuts to balance budgets. All conservatives, of course, value Edmund Burke’s description of society as a partnership “between those who are living, those who are dead, and those who are to be born.” Yet politicians today are borrowing vast sums at the expense of unborn taxpayers, contributing to the recent humiliating rating-agency downgrade of U.S. sovereign debt.

Yes, the FreeCons don’t say precisely how they’d address the debt issue. Would their reforms be to the budget process, or the entitlement programs behind the exploding borrowing projections? Their statement is unclear — perhaps unsurprisingly, given it is a set of principles, not a policy manifesto. But the first step in dealing with a problem is admitting that you have one. The FreeCons do that, and the NatCons do not.

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