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The Rise of Government and the Decline of Morality

James A. Dorn



 A Classic Essay Updated - Preface To The 2010 Edition



The first version of this essay was presented as a lecture by the author at the historic Chautauqua Institution in 1995. The essay originally appeared in *The Freeman* (March 1996) and was reprinted with minor revisions as *Cato's Letter #12* (1996). That version is still available on the Internet [here](#). In the intervening years the federal government has continued to grow in size and scope. Today Congress annually spends nearly \$4 trillion, the federal share of GDP has risen to 25 percent, and the U.S. debt exceeds \$12 trillion. Washington has bailed out financial firms, insurance firms, and automobile firms, and has taken over the mortgage and student loan markets. We are now more dependent on government for our health care, pensions, and future than ever before.

The recent financial crisis has expanded the power of government to an alarming degree. Tea parties have revealed the disillusion of millions of Americans with the rise of government and the decline of morality. The crisis has damaged, unfairly, the vision of market liberalism. It is essential, therefore, to reexamine and articulate the principles of a free society and to understand the danger to liberty that the new progressivism poses.

Using other people's money and promising free lunches are the two things politicians thrive on. It is important that the American people not be duped by that rhetoric. I hope this revised essay will help shine new light on the fundamental principles that made America great.

Government and Morality

The growth of government has politicized life and weakened the nation's moral fabric. Government intervention—in the economy, the community, and society—has increased the payoff from political action and reduced the scope of private action. People have become more dependent on the state and have unwittingly sacrificed freedom for a false sense of security.

One cannot blame government for all of society's ills, but there is no doubt that economic and social legislation, especially since the mid-1960s, has had a negative impact on individual responsibility. Individuals lose their moral bearing when they become dependent on government. Subsidies, bailouts, and other aspects of the "nanny state" socialize risk and reduce individual accountability. The internal moral compass that normally guides individual behavior will no longer function when the state undermines incentives for moral conduct and blurs the distinction between right and wrong.

More government spending is not the answer to our social, economic, or cultural problems. The task is not to reinvent government or to give politics meaning; the task is to limit government and revitalize civil society. Government meddling will only make matters worse.

If we want to help the disadvantaged, we do not do so by making poverty pay, restricting markets, prohibiting school choice, discouraging thrift, and sending the message that the principal function of government is to take care of us. We do so by eliminating social engineering and welfare, cultivating free markets, and returning to our moral heritage.

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Early 20th Century Virtue: Lessons from the Immigrants

At the beginning of the 20th century there was no welfare state. Family and social bonds were strong, and civil society flourished in numerous fraternal and religious organizations. Total government spending was less than 10 percent of GNP, and the federal government's powers were narrowly limited.

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Baltimore's Polish immigrants provide a good example. Like other immigrants, they arrived with virtually nothing except the desire to work hard and to live in a free country. Their ethos of liberty and responsibility is evident in a 1907 housing report describing the Polish community in Fells Point:

A remembered Saturday evening inspection of five apartments in a house [on] Thames Street, with their whitened floors and shining cook stoves, with the dishes gleaming on the neatly ordered shelves, the piles of clean clothing laid out for Sunday, and the general atmosphere of preparation for the Sabbath, suggested standards that would not have disgraced a Puritan housekeeper.

Yet, according to the report, a typical Polish home consisted "of a crowded one- or two-room apartment, occupied by six or eight people, and located two floors above the common water

supply."

Even though wages were low, Polish Americans sacrificed to save and pooled their resources to help each other by founding building and loan associations, as Linda Shopes noted in *The Baltimore Book*. By 1929, 60 percent of Polish families were homeowners—without any government assistance.

Today, after spending billions of dollars on anti-poverty programs since the mid-1960s, Baltimore and other American cities are struggling for survival. Self-reliance has given way to dependence and a loss of respect for persons and property.

The inner-city landscape is cluttered with crime-infested public housing and public schools that are mostly dreadful, dangerous, and amoral—where one learns more about survival than virtue. And the way to survive is not to take responsibility for one's own life and family, but to vote for politicians who have the power to keep the welfare checks rolling.

Dysfunctional behavior now seems almost normal as people are shot daily and the vast majority of inner-city births are to unwed mothers on welfare. In addition to the moral decay, high tax rates and regulatory overkill have driven businesses and taxpayers out of the city and slowed economic development. It's not a pretty picture.

In sum, the growth of government and the rise of the "transfer society" have undermined the work ethic and substituted an ethos of dependence for an ethos of liberty and responsibility. Virtue and civil society have suffered in the process, as has economic progress.

The Role of Government: Conflicting Visions

Market-Liberal Vision

The Founding Fathers recognized that the nature of government is force, and they sought to limit the use of that force to the protection of life, liberty, and property. Markets, both formal and informal, could then be relied on to bring about economic prosperity and social harmony.

In a free society, the relationship between the individual and the state is simple. Thomas Jefferson stated it well: "Man is not made for the State but the State for man, and it derives its just powers from the consent of the governed." The fact that the Founders never fully realized their principles should not divert attention from the importance of those principles for a free society and for safeguarding the dignity of all people.

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Behind the U.S. Constitution lies the tradition of natural rights: Individuals have certain inalienable rights, the most fundamental of which is the right to be left alone, to be free, with the corresponding obligation to respect the freedom and property of others. Under the higher law of the Constitution, justice requires equal protection of persons and property. As James Madison, the chief architect of the Constitution, wrote, “that alone is a just government, which impartially secures to every man, whatever is his own.”

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From a classical-liberal perspective, the primary functions of government are to secure “the blessings of liberty” and “establish justice”—not by mandating outcomes, but by setting minimum standards of just conduct and leaving individuals free to pursue their own values within the law. The “sum of good government,” wrote Jefferson, is to “restrain men from injuring one another,” to “leave them . . . free to regulate their own pursuits of industry and improvement,” and to “not take from the mouth of labor the bread it has earned.”

The Jeffersonian philosophy of good government was widely shared in 19th-century America. Indeed, Jeffersonian democracy became embodied in what John O’Sullivan, editor of the *United States Magazine and Democratic Review*, called the “voluntary principle” or the “principle of freedom.” In 1837, he wrote,

The best government is that which governs least . . . [Government] should be confined to the administration of justice, for the protection of the natural equal rights of the citizen, and the preservation of the social order. In all other respects, the voluntary principle, the principle of freedom . . . affords the true golden rule.

During the 19th century, most Americans took it for granted that the federal government has no constitutional authority to engage in public charity (i.e., to legislate forced transfers to help some individuals at the expense of others). It was generally understood that the powers of the federal government are delegated, enumerated, and therefore limited, and that there is no explicit authority for the welfare state. In 1794, Madison expressed the commonly held view of the welfare state: “I cannot undertake to lay my finger on that article of the Constitution which grant[s] a right to Congress of expending, on objects of benevolence, the money of their constituents.” From a classical-liberal or market-liberal perspective, then, the role of government is not to “do good at the taxpayers’ expense,” but “to prevent harm.”

The general welfare clause (art. 1, sec. 8) of the U.S. Constitution cannot be used to justify the welfare state. That clause simply states that the federal government, in exercising its enumerated powers, should exercise them to “promote the general welfare,” not to promote particular interests. The clause was never meant to be an open invitation to expand government far beyond its primary role of night watchman.

“With respect to the words ‘general welfare,’” wrote Madison, “I have always regarded them as qualified by the detail of powers connected with them. To take them in a literal and unlimited sense would be a metamorphosis of the Constitution into a character which there is a host of proofs was not contemplated by its creators.”

Yet, what Madison feared happened: “Progressives” who sought to use government to do good (with other people’s money) overtook the Madisonian vision of limited government. “Public charity” gradually became the norm. Unlike private charity, however, government transfers always involve coercion or the threat of force. Doing good with other people’s money is not a virtue but a vice.

Modern Liberal Vision

The transformation of the Framers’ constitutional vision began with the Progressive Era, accelerated with the New Deal, and mushroomed with the Great Society’s War on Poverty, which created new entitlements and enshrined welfare rights. Today, more than half the federal budget is spent on entitlements—the largest being Social Security, Medicare, and Medicaid. The newly passed health care legislation will add fuel to the fire of the welfare state. To pay for the \$100 trillion in unfunded liabilities in Social Security and Medicare means exorbitant tax increases that will place a heavy burden on future generations.

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The modern liberal's vision of government is based on a twisted understanding of rights and justice—an understanding that clashes with the principle of freedom inherent in the higher law of the Constitution. Welfare "rights" or entitlements are "imperfect rights" or pseudo-rights; they can be exercised only by violating what legal scholars call the "perfect right" to private property. "Rights" to welfare—whether to food stamps, public housing, health care, or business subsidies—create a legal obligation to help others. In contrast, the right to property, understood in the Lockean sense, merely obligates individuals to refrain from taking what is not theirs. For the modern liberal, justice refers to "social (or distributive) justice"—an amorphous term, subject to all sorts of abuse if made the goal of public policy, as F. A. Hayek has aptly noted in *The Constitution of Liberty* and other writings. As a norm for action, the concept of "social justice" leads to uncertainty and competition for government favors. The result is bigger government and corruption. The cost of the pursuit of social justice is the loss of freedom. Instead of creating certainty by limiting the range of government actions under a just rule of law, the modern liberal state has produced discord. Indeed,

when the role of government is to do good with other people's money, there is no end to the mischief government can cause.

Many Americans seem to have lost sight of the idea that the role of government is not to instill values, but to protect those rights that are consistent with a society of free and responsible individuals. Everyone has a right to pursue happiness, but no one has the right to do so by depriving others of their liberty and their property.

When democracy overreaches, there is no end to the demands on the public purse, and the power of government grows. The Founding Fathers sought to create a republic with limited government, not an unlimited democracy in which the "winners" are allowed to impose their will and vision of the good society on everyone else. In such a system politics becomes a fight of all against all, like the Hobbesian jungle, and nearly everyone is a net loser as taxes rise, deficits soar, and economic growth slows.

Bankruptcy of the Welfare State

Most voters recognize that the welfare state is inefficient and that there is a built-in incentive to perpetuate poverty. It should be common sense that when government promises something for nothing, demand will grow and so will the welfare state. That has clearly been the case with health care spending under Medicaid and Medicare—and it will be the case with Obamacare. For all the money spent on fighting poverty since 1965, the official poverty rate has remained roughly the same, about 14 percent. Government waste is only part of the problem; the welfare state is also intellectually, morally, and constitutionally bankrupt.

Intellectually Bankrupt

It is intellectually bankrupt because increasing the scope of market exchange, not welfare, is the viable way to alleviate poverty. The best way to help the poor is not by redistributing income but by generating economic growth. Poverty rates fell more before the War on Poverty when economic growth was higher.

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The failure of communism shows that any attenuation of private property rights weakens markets and reduces choice. Individual welfare is lowered as a result. The welfare state has attenuated private property rights and weakened the social fabric. When people look to government to provide retirement income, health care, mortgage guarantees, and various business subsidies, private initiative gives way to collectivist thinking. Economic decisions become politicized, and people lean more and more on government.

Morally Bankrupt

In addition to being inefficient and intellectually bankrupt, the welfare state is morally bankrupt. In a free society, people are entitled to what they own, not to what others own. Yet, under the pretense of morality, politicians and advocacy groups have created "rights" out of thin air. The rights to education, health care, housing, a minimum wage, and other "necessities" are now deemed to

be sacrosanct. Politicians have become the high priests of the new state religion of welfare rights and self-proclaimed “benefactors” of humanity. If there is a problem—any problem—Congress is there to solve it, regardless of whether the Constitution gives it the power to do so.

The truth is “the emperor has no clothes.” Politicians pretend to do good, but they do so through coercion, not consent. Politicians put on their moral garb, but there is really nothing there. Government benevolence, in reality, is a naked taking. Public charity is forced charity, or what the great French liberal Frederic Bastiat called “legal plunder.”

Constitutionally Bankrupt

The welfare state is also constitutionally bankrupt; it has no basis in the Framers’ Constitution of liberty. By changing the role of government from a limited one of protecting persons and property to an unlimited one of achieving “social justice,” Congress, the courts, and the president have broken their oaths to uphold the Constitution.

In contrast, Congressman Davy Crockett, who was elected in 1827, told his colleagues, “We have the right, as individuals, to give away as much of our own money as we please in charity; but as members of Congress we have no right to appropriate a dollar of the public money.”

What Should Be Done?

Polls show that most Americans distrust government and that more young people believe in UFOs than in the future of Social Security. Those sentiments express a growing skepticism about the modern welfare state. President Obama’s election does not mean most Americans have abandoned the principles of the U.S. Constitution and are in a rush to move toward a socialist state. What can be done to meet the challenge of safeguarding freedom?

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First, and foremost, we need to expose the intellectual, constitutional, and moral bankruptcy of the welfare state. We need to change the way we think about government and restore an ethos of liberty and responsibility. The political process will then be ready to begin rolling back the welfare state.

We also need to impose term limits on Congress, liberalize campaign finance laws, and return government to the people, rather than settle for the status quo of special interests and professional politicians.

Furthermore, we need to hold members of Congress accountable if they overstep their constitutional authority. Before considering new legislation, members of Congress should ask, “Is this legislation consistent with the enumerated powers of the federal government and with the spirit of the Constitution as a ‘charter of freedom’?”

Although Americans have grown accustomed to the welfare state, the disappearance of welfare would strengthen the nation’s moral fabric and reinvigorate civil society. We should end the parasitic state—not because we want to harm the poor, but because we want to help them help themselves.

The federal government has become bloated and unable to perform even its rudimentary functions. It is awash with debt and is endangering America’s future. The collapse of communism and the failure of socialism should have been warning enough that it is time to change direction.

It is time to get government out of the business of charity and to let private virtue, responsibility, and benevolence grow along with civil society—just as they did more than 150 years ago when Alexis de Tocqueville wrote in his classic *Democracy in America*:

When an American asks for the cooperation of his fellow citizens it is seldom refused, and I have often seen it afforded spontaneously and with great good will. If some great and sudden calamity befalls a family, the purses of a thousand strangers are at once willingly opened, and small but numerous donations pour in to relieve their distress.

The role of government in a free society is not to legislate morality—an impossible and dangerous goal—or even to “empower

people”; the role of government is to allow people the freedom to grow into responsible citizens and to exercise their inalienable rights.

The modern liberal’s idea of “good government” has divorced freedom from responsibility and created a false sense of morality. Good intentions have led to bad policy. The moral state of the union can be improved by following two simple rules: “Do no harm” and “Do good at your own expense.” Those rules are perfectly consistent in the private moral universe. It is only when the second rule is replaced by “Do good at the expense of others” that social harmony turns into discord as interest groups compete at the public trough for society’s scarce resources.

James A. Dorn is Vice President for Academic Affairs at the [Cato Institute](#). This essay is based on the author’s August 18, 1995, lecture at the Chautauqua Institution.

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