I. Introduction

According to President Clinton, the era of big government is over. Oddly enough, it is, everywhere but in his policy proposals. Around the world, the coercive mechanisms of government have been tried and found wanting. Countries from Russia to South Africa to Argentina to Great Britain are trying to limit political society and allow civil society to reemerge and flourish.

Here in the United States, however, governments at all levels continue to grow. Governments now raise in taxes and spend some $2.6 trillion a year, money that is withdrawn from civil society and spent according to the dictates of politics rather than the choices of those who earned it. Disillusionment with the fruits of big government has grown along with its ambitions. To the question, "Which do you favor, a smaller government with fewer services or a larger government with many services?" the percentage responding "smaller government" rose from 49 in 1984 to 60 in 1993 to 68 in 1995. Note that the question doesn't even remind people that more services mean more taxes. Another regular poll question is, "How much of the time do you think you can trust the government in Washington to do what is right?" In 1964, 14 percent said "always" and 62 percent said "most of the time." By 1994 "always" had virtually disappeared, and "most of the time" was down to 14 percent. "Only some of the time" had risen 22 percent to 73 percent, while 9 percent *volunteered* the response of "never."

Some commentators would argue that the enthusiasm for limiting government, evident in the 1994 election, had receded by 1996, when incumbents were generally reelected. But it would have been hard for voters disillusioned with big government to identify the party of smaller government in 1996. President Clinton declared that "the era of big government is over," while the Republican Congress moved the country a giant step toward socialized medicine. When the presidential candidate of the presumably small-government party says that the crucial difference in the election is whether government will grow by 14 percent or 20 percent, a

voter can hardly express a preference for "smaller government with fewer services" at the ballot box.

The initiatives placed before the voters in 1996 gave a clearer picture of popular opinion. Term limits and tax limits passed in many states; California voters endorsed racial equality under the law and turned down the latest anti-business ploy; and the voters of both trend-setting California and conservative Arizona endorsed alternatives to the futile war on drugs. The "less government, more freedom" message may have been difficult to send via the candidates, but it was clear in the realm of direct democracy.

The Costs of Big Government

As we've seen, however, a popular desire for less government is always difficult to translate into substantive reform. It seems to be the nature of democracy that those who seek power and privilege from government are more energetic in the political arena than those who seek only to be left alone. That reality has been described many times over the years. Thomas Jefferson wrote, "The natural progress of things is for liberty to yield and government to gain ground." The public-choice economists have explained how every government program provides benefits to a few people while diffusing the costs over all taxpayers or consumers. Congress is more likely to hear from those who receive the concentrated benefits than from those who pay the diffused costs.

In *The Culture of Spending,* James L. Payne quantified the situation in which members of Congress find themselves: At 14 randomly selected appropriations hearings, there were 1,060 witnesses, 1,014 of whom supported the program in question, while only 7 opposed it. Even members of Congress committed to limited government will find it difficult to remember their commitment after such a barrage of pleas for government services.

Milton and Rose Friedman argued in *The Tyranny of the Status Quo* that Congress typically debates a new program at some length. But after the program is implemented, subsequent Congresses debate only the amount by which its budget should be increased. And in the case of an "entitlement" program, members of Congress tend only to wring their hands about its "uncontrollable" growth.

The nature of government is to grow. Only rarely can a sustained assault by the nonpolitical forces of civil society present a successful challenge to the entrenched interests of political society. But the absence of a truly reprehensible state against which to rebel, as in Eastern Europe and South

Africa, or a looming fiscal collapse, such as those that fostered reform in New Zealand and Argentina, should not blind us to the real costs of excessive government.

One obvious cost of our gargantuan government is reduced economic growth. In a world of global markets and rapid technological progress, we struggle along with annual growth rates far below what we achieved from World War n until the mid-1970s. With less taxation and less regulation, we could be far wealthier. That's not a great loss to Bill Gates or probably to many of the readers of this *Handbook,* but higher economic growth would mean a great deal to middle-class Americans and those who have the least.

Another cost is the loss of our freedom. We still live in one of the freest countries in the world, but each new government program takes away just a little of that freedom—the freedom to spend our money as we choose, to go into the businesses we choose, to negotiate with our employers over compensation and benefits. Some government programs, of course, take away large parts of our freedom—such as the freedom to choose how much to invest for our retirement and where to invest it, or the freedom to choose the schools that are right for our children, or the freedom of doctors and patients to choose appropriate medicines.

A related cost of big government, but one not often recognized, is the harm it does to morality and responsibility. Expansive government undermines the moral character necessary to both civil society and liberty under law. The "bourgeois virtues" of work, thrift, sobriety, prudence, fidelity, self-reliance, and a concern for one's reputation developed and endured in part because they are the virtues necessary for survival and progress in a world where wealth must be produced and people are responsible for their own flourishing. Government can't do much to instill those virtues in people, but it can do much to undermine them. As David Frum writes in *Dead Right,*

> Why be thrifty when your old age and health care are provided for, no matter how profligately you acted in your youth? Why be prudent when the state insures your bank deposits, replaces your flooded-out house, buys all the wheat you can grow, and rescues you when you stray into a foreign battle zone? Why be diligent when half your earnings are taken from you and given to the idle? Why be sober when the taxpayers run clinics to cure you of your drug habit as soon as it no longer amuses you?

Frum sums up government's impact on individual character as "the emancipation of the individual from the restrictions imposed on it by limited

resources, or religious dread, or community disapproval, or the risk of disease or personal catastrophe." David Boaz notes in his new book *Libertarianism: A Primer*, "One might suppose that the very aim of libertarianism is the emancipation of the individual, and so it is—but the emancipation of the individual from artificial, coercive restraints on his actions. Libertarians never suggested that people be 'emancipated' from the reality of the world, from the obligation to pay one's own way and to take responsibility for the consequences of one's own actions." People should be free to make their own decisions and to succeed or fail according to their own choices. When we try to limit that freedom, when we shield people from the consequences of their actions, we get a society characterized not by thrift, sobriety, diligence, self-reliance, and prudence but by profligacy, intemperance, indolence, dependency, and indifference to consequences.

By taking away money, liberty, and responsibility, the growth of government necessarily shrinks civil society. Civil society is that whole network of relationships among people, from families to businesses to charities and nonprofit associations, that are formed on the basis of consent. It is contrasted with political society, or government, the distinguishing characteristic of which is coercion. When government spends more money, assumes new functions, or forbids peaceful private actions, it narrows the realm of civil society and thus reduces the ability of people to come together in civil society to accomplish their mutual goals. Communitarians who deplore the decline of community and cooperation should look to big government for an explanation.

Controlling Government

The Constitution of the United States is the best device ever created for limiting government. It was designed by remarkably wise men to solve the problem that had vexed lovers of freedom for centuries: how to establish a government that could protect individuals from each other without giving it the power to take away their freedom. The Constitution provided for a federal government that would protect the United States from foreign enemies, guarantee the citizens of every state a republican form of government, issue a common currency, and do very little else. The basic functions of punishing criminals and enforcing contracts were left to state and local governments, and the infinite variety of social needs was left to individuals and civil society. The challenge was to create a federal government strong

enough to accomplish the tasks for which it was intended but constrained by the Constitution from assuming additional powers.

Over the years, however, we have let the federal government exceed the bounds that the Founders wisely placed on it. We have moved from James Madison's statement on the floor of Congress in 1794 that he could not "undertake to lay his finger on that article of the Federal Constitution which granted a right to Congress of expending, on objects of benevolence, the money of their constituents" to Franklin Roosevelt's 1935 plea to the House Ways and Means Committee, "I hope your committee will not permit doubts as to constitutionality, however reasonable, to block the suggested legislation." Today, Congress has gotten into the habit of hardly bothering to search the Constitution for authority before passing legislation.

If we wish once again to live under limited government—and we believe the American people do—then the Constitution is our guide to getting there. Congress should examine every proposed piece of legislation and every existing agency and law in the light of the delegated, enumerated, and thus limited powers granted it by the Constitution. Instead of getting caught up in partisan battles, in ephemeral and essentially minor issues, it is important to step back, get a sense of perspective, and begin to conform American public policy to the Constitution and its design for limited government.

Although this is not a Handbook for the Supreme Court, we urge the Court as well to remain mindful of its obligation under the Constitution to protect the liberties of the people from intrusion by the political branches. As Alexander Hamilton wrote in the *Federalist* no, 78,

> Where the will of the legislature, declared in its statutes, stands in opposition to that of the people, declared in the Constitution, the judges ought to be governed by the latter rather than the former. The prior act of a superior ought to be preferred to the subsequent act of an inferior and subordinate authority; and that accordingly, whenever a particular statute contravenes the Constitution, it will be the duty of the tribunals to adhere to the latter and disregard the former.

If members of Congress conclude that the powers granted to them under the Constitution are inadequate to undertake the tasks that ought to be performed by the federal government on the eve of the 21st century, they should abide by the rule of law and propose amendments to the Constitution granting them those new powers. Believing that the strength of a federal system is that it divides power and offers a natural scope for experimentation, we would likely oppose such a request for new powers; but the

debate over Congress's power would be in keeping with the amendment process established in the Constitution.

An Agenda for Reform

The Constitution is the blueprint for limited government. This *Handbook* is offered as a more detailed guide to a reform agenda. The chapters of the *Handbook* proceed logically through the vast expanses of the federal government with suggestions for comprehensive change. In Chapter 3, Roger Pilon expands on the need for adherence to the Constitution. Then two fundamental structural reforms are suggested: an end to the delegation of legislative powers to unelected, unaccountable bureaucrats and limits on the terms of members of Congress.

The next section of the *Handbook* looks at ways to solve an immediate problem: the inexorable growth of federal taxing and spending. Chapter 6 focuses on the domestic budget and thus of necessity touches on issues covered in other chapters. It has in some instances assumed a less ambitious reduction of federal programs than outlined in other chapters in order to present a more immediate case for legislative reform. Adopting the recommendations made in subsequent chapters would allow further reduction in taxes and spending.

The third section, for instance, offers an "abolition agenda." When the federal government has so far exceeded its constitutional bounds, the goal of members of Congress should not be to simply trim federal spending but to abolish those agencies and departments that are not authorized in the Constitution, or have failed in their purpose, or have outlived their usefulness, or are an unwarranted expense.

The chapters in the fourth section deal with a troubling trend in contemporary policy: a growing infringement on civil liberties in America. From the Communications Decency Act to proposed "anti-terrorism" measures, from the restrictions on election-related speech to intrusions on our privacy, from the frightening assaults at Waco and Ruby Ridge to the narrowing of protections for criminal defendants, the federal government is restricting too many of our traditional freedoms. Both liberals and conservatives should be concerned about the intrusion of federal power into every corner of society.

In the next few sections, Cato's scholars recommend reforms in the whole range of domestic policy—Social Security, welfare, regulation, the environment, and more. Finally, we return to the main constitutional function of the U.S. government—foreign and defense policy—and offer

some recommendations for keeping Americans at peace and safe from foreign threats.

House Republicans have drawn up a "Framework" similar to the mission statements that corporations are increasingly adopting. As Rep. John A. Boehner of Ohio, chairman of the Republican Conference, says, "In any good company today, all the employees have a good idea what the goals are, where they're heading and why. I don't think we should operate any differently." The Constitution of the United States serves as an excellent mission statement for the federal government and for Congress, and we respectfully submit this *Handbook* as an agenda for carrying out that mission in 1997-98.

Conclusion

For those who go into government to improve the lives of their fellow citizens, the hardest lesson to accept may be that often there is no good reason for Congress to "do anything" about a problem—such as education, crime, or church burning. The advice given here may seem negative. Critics will object, do you want the government just to stand there and do nothing while this problem continues? Sometimes that is exactly the best thing for Congress to do. The Chinese philosopher Lao-tzu urged the ruler ("the sage") to refrain from acting, to accept the good with the bad, to let the people pursue their own actions. Among the advice offered in the *Tao Te Ching* is the following:

> Exterminate the sage [the ruler] and discard the wisdom [of rule],
> And the people will benefit a hundredfold. . . .
> The more prohibitions there are,
> The poorer the people will be.
> The more laws are promulgated,
> The more thieves and bandits there will be.
> Therefore a sage has said:
> So long as I "do nothing" the people will of themselves be transformed.
> So long as I love quietude, the people will of themselves go straight.
> So long as I act only by inactivity the people will of themselves become prosperous.

Members of Congress must recognize, understand, and men defend the limited role of the federal government. It isn't just the Supreme Court that is enjoined to enforce the Constitution; the president and members of Congress also take an oath to uphold the Constitution, and they should also take care to see that the government's actions are not just prudent

but constitutional. We are all tempted from time to time to demand something of government, whether limits on speech we find offensive, a subsidy for our business, compensation for a failed investment, or whatever. That's why we agree at the constitutional level that none of us will be able to use government in that way. There is no higher duty for members of Congress than to remind us of the constitutional limits on government when we forget them.

Suggested Readings

Boaz, David. *Libertarianism: A Primer*. New York: Free Press, 1997.

Boaz, David, and Edward H. Crane, eds. *Market Liberalism: A Paradigm for the 21st Century*. Washington: Cato Institute, 1993.

Crane, Edward H. "Defending Civil Society." *Cato's Letter* no. 8. Washington: Cato Institute, 1994.

Epstein, Richard. *Simple Rules for a Complex World*. Cambridge, Mass.: Harvard University Press, 1995.

Friedman, Milton. *Capitalism and Freedom*. Chicago: University of Chicago Press, 1962.

Friedman, Milton, and Rose D. Friedman. *The Tyranny of the Status Quo*. San Diego: Harcourt Brace, 1984.

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