

# One Man's America

With America suffering from a host of economic ills, and a pending presidential election that offers little reason for hope, you can forgive Americans for wondering what the future holds. Perhaps no one is more qualified to weigh in on that future than George F. Will, the Pulitzer Prize-winning columnist for the *Washington Post* and *Newsweek*. At a July 24 Cato Book Forum for his latest book, *One Man's America: The Pleasures and Provocations of Our Singular Nation*, Will said he was nervous about the out-of-control growth of the entitlement state, but that he remained optimistic for other reasons. Read his presentation in full here, or watch the video at [www.cato.org](http://www.cato.org). Just click the "events" tab and then click "event archives."

It's a pleasure to be at Cato to talk about books, because in spite of all the hoo-ha about the Internet and new media, I continue to believe not just that ideas have consequences but that only ideas have large and lasting consequences, and that books remain the primary carriers of ideas.

The Cato Institute certainly exemplifies this. Mr. Samples's book *The Fallacy of Campaign Finance Reform* is a major contribution to rolling back the regulation of political free speech. Gene Healy's splendid book *The Cult of the Presidency* is a very timely reminder that we invest irrational and dangerous hopes in the presidency. And I'm very much indebted to Brink Lindsey's *The Age of Abundance* on affluence in America and the transformation of American culture as a result of this.

The book I've assembled, *One Man's America: The Pleasures and Provocations of Our Singular Nation*, is a little bit different because it's very light on controversies about the current political agenda. It's more about American history and culture and interesting people you meet around the country. My hope is that at a moment when there's considerable argument as to what consti-

tutes conservatism, people can read this and say, "Ah, *that's* a conservative sensibility." I tend to believe sensibility precedes philosophy and ideology, and that there really are two fairly distinct sensibilities, a liberal sensibility and a conservative sensibility. I hope, after having read my book about Hugh Hefner and Bill Buckley and the Dust Bowl and the Bakersfield sound and country music and all the rest, people will close it and say, "Well, I got it. That's what one conservative's mind playing on a wide range of reality looks like." I leave it up to them to decide whether they are conservative or not.

It's a very strange moment for those of us who are conservatives. We are facing, as the housing rescue bill proceeds through Congress, what I think can be called another prescription drug entitlement moment, during which conservatives either will or will not stand up and be counted. I wouldn't hold my breath.

It's a moment in which the cognitive dissonance of the country—the gap between the rhetorical conservatism and the operational liberalism of the country—becomes so discordant as to get everyone's attention.

In the next hour, as happens every hour

of every day, the center of the American population will move two feet farther south and west. It didn't cross the Mississippi river until the 1980 census; today it is southwest of St. Louis, heading for Clark County, Nevada—which is Las Vegas—and Maricopa County, Arizona—which is Phoenix. This shift of the political weight of the country largely explains why when George W. Bush leaves office at noon, January 20, 2009, all of the elected presidents for 45 years will have come from Georgia, Arkansas, Texas, or Southern California. And this tends to give some people the soothing feeling that demography must be destiny, and therefore the shift of the political weight of the country toward the more traditionally conservative and indeed libertarian parts of the country guarantees a conservative ascendancy. The problem with that is that also in the next hour the federal government will, as it does every hour of every day, spend another \$193 million on entitlement programs.

There is a disjunction in the American mind without precedent in history. For more than two centuries the assumption has been that the very process that produces enhanced national wealth—the dynamic market capitalist economy—simultaneously would produce increased family and individual security. Today a great many Americans believe that the market economy undermines family security. This is producing an epidemic of quite irrational apprehension. Never have Americans been more prosperous than they are today, but rarely have they felt more precarious. And this is setting us up for what I would call the cultural contradiction of the welfare state.

About 45 years ago, Daniel Bell, distinguished sociologist at Harvard, published a book called *The Cultural Contradictions of Capitalism*. His argument, much bowdlerized, in simplicity was that capitalism depends on certain social capital of stern virtues—thrift, industriousness, deferral of gratification. The problem is that those

stern virtues produce wealth, affluence, leisure, comfort, indolence, and self-indulgence, which in turn undermine thrift, industriousness, and the deferral of gratification. In other words, capitalism undermines its own moral prerequisites.

Something of the sort I think may be happening with the welfare state—particularly in the context of an aging population. Given the fact that a welfare state exists to transfer wealth from the working young and middle-aged to the retired elderly, a welfare

American savings rate went negative.

Today, in this country, there are more than 105 billion credit cards, approximately 9 per cardholder. Although this is an unreliable figure because it is based on self-reporting, the estimate is that the average household is carrying \$12,000 of credit card debt. It is a generally accepted figure, I think, that household debt is now at about 140 percent of household income. Small wonder then that the American people have, to keep the party going, turned their homes into ATMs.

this happening.

And with regard to competent medicine, there was virtually no medicine in 1935. In 1924, Calvin Coolidge—the sainted Coolidge, the last president with whom I fully agreed—was living in the White House with access to the best medicine the country had to offer. His 16-year-old son played tennis without socks; he got a blister, it got infected, and he died. There was very little medicine could do at that point. It is estimated that at least a quarter of the medical treat-



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state depends on a rapid rate of economic growth to throw off the revenues to pay the bills. But a welfare state, by whetting the appetite for security, and by giving people a sense of entitlement to protection against the risks of the churning of a market economy and the creative destruction of capitalism, produces a political backlash, a political drive to provide security that is incompatible with the economic dynamism that a welfare state presupposes. Hence the welfare state begins to undermine through its entitlement mentality its own prerequisites.

It also I think produces a kind of infantilism on the part of people, by insulating them from the real choices necessary for a responsible society of self-sufficient individuals. Just consider the American savings rate, or lack thereof. In the 1980s, the American people saved approximately 10 cents of every dollar of disposable income. In the 1990s, they saved about a nickel. In 2005, for the first time since the Great Depression, the

And small wonder when you democratize credit as we have done. When, with credit cards and internet purchases and catalog shopping, you so thoroughly separate the pleasure of purchasing and the pain of paying for it, you are setting a country up for a delusional life.

Now I used the phrase a moment ago about the welfare state in the context of an aging population. If we date the arrival of the welfare state—somewhat capriciously—at the enactment of the Social Security Act in 1935, it is fair to say that the welfare state today exists to subsidize two things that did not exist in 1935. One is protracted retirement and the other is competent medicine.

In 1935, retirement as we think of it—a prolonged period of subsidized leisure after work—was a luxury of a tiny, economically and physiologically blessed people in the country. The span of retirement in the 20th century increased from 2 years to almost 20 years. We simply didn’t anticipate any of

ments now in use—diagnostic, therapeutic, and pharmacological—did not exist in 1965 when Medicare was enacted.

We have put in place as a matter of right an entitlement. We have attached the most rapidly growing portion of the population—the elderly—to the most dynamic sector of American society—this scientifically intensive health care industry—as a matter of right. And we’re going to pay a very steep price for this.

We also are poised to see in the coming year or two the most astonishing tax increase in American history imposed upon the country automatically with the expiration of the Bush tax cuts. Will Rogers famously said, “The only difference between death and taxes is that death doesn’t get worse every time Congress meets.” Taxes will get very much worse without Congress doing anything under this dispensation.

To listen to our politics, you have to listen with a third ear to hear what is not said. And

it is encouraging to see that no one was actually calling for the repeal of the emblematic achievement of the 1980s, the Reagan tax cuts—going back to when we had 70 percent marginal tax rates. But if we revert to a 39.6 percent marginal tax rate, then add in increases in the Social Security and the Medicare taxes, and then add in the average top rate in the states, which is 6.5 percent, you're getting close to 60 percent marginal tax rates for the top income earners in the United States. It is politically incorrect, but correct, to note that those people are the most creative class in the country when it comes to wealth and job creation. Add to this stew of coming problems the fact that we now have a dangerous emphasis on widening inequality of income in the United States, and we are set up for some confusing responses to problems, some real and some not.

There is indeed a widening inequality in income in the United States. The cure for it as far as I can tell is for Americans to drop out of school sooner. Two centuries ago the great source of wealth in the Western world was land, a century ago the great source of wealth was fixed capital. Today the great source of growth is human capital—mind, learning, the capacity to handle information. The slogan “you earn what you learn” is a good one. What we've seen from the market is a widening, emphatic return on the yield to education. The market is saying at the top of its considerable lungs, “stay in school.” The problem is—and I hate to break this news bulletin here—that half of America's children are of below average intelligence.

As I speak at the F. A. Hayek auditorium,

let me say that we are set up for what Hayek called the Fatal Conceit. That is, the belief that government can know and plan the unfolding future and should do so. That is a recipe for what my good friend Patrick Moynihan used to call iatrogenic social problems. In medicine, an iatrogenic problem is a disease or problem caused by medicine. In social life, an iatrogenic social problem is a problem caused by government's attempt to solve a problem.

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The good news is that while all of these indicators are for a recrudescence of misplaced government confidence, that contains the seeds of its own correction. Do remember the following: between 1938 and 1964, there was no liberal legislating majority in this town. In 1938 the country responded against Roosevelt and his court-packing plan, and brought the New Deal to heel. Between that and the anti-Goldwater landslide, conservative Southern Democrats and Republicans kept the government on a more or less even keel. For two years after Goldwater lost 44 states, liberalism had its

way. And, four years later, in 1968, Republicans began the process of winning 7 of the next 10 presidential elections. The market in politics, as well as in economics, does seem to work, and there does seem to be a self-correcting mechanism.

I think the American people broadly remain wise. Broadly remain convinced that a benevolent government is not always a benefactor. Broadly remain convinced that capitalism does not just make us better off; it makes us in some senses better. They're broadly convinced that when Jack Kennedy said, “Ask not what your country can do for you. Ask what you can do for your country,” one sensible response is that one thing you can do for your country is to reserve a spacious portion of your own life for which you—not your country—are responsible.

I think most Americans still understand what Milton Friedman meant when he said: Take any three letters from the alphabet, put them in any order you want, and you will have an acronym designating a federal agency we could do without. I think most Americans still understand what Robert Frost meant when he said “I'm against a homogenized society because I want the cream to rise.” And most of all I think they understand what Ronald Reagan meant when he said, “I do not want to go back to the past; I want to go back to the past way of facing the future.”

It is my understanding that the purpose of the Cato Institute is to do precisely that, and I thank them for having me here today to talk about my book. Thank you very much.



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