1. The Revolt against Big Government

The 20th century has been marked by a grand experiment in government. There has been virtually no aspect of society in which social scientists, politicians, and bureaucrats have not presumed to use the levers of government power in order to better the human condition. The advocates of big government have pretty much had their way after convincing most Americans that they had their interests at heart and, equally important, had the necessary information and expertise to solve their problems.

From Social Security to farm acreage allotments, from transportation regulation to employer-employee relations, from covert foreign operations to social engineering through the tax code, the statists have forged ahead, seemingly indifferent to the costs involved and disdainful of the individual liberties trampled underfoot.

We believe that on November 8, 1994, the American people finally concluded that the experiment in big government was a failure. And they said so in no uncertain terms. While the Republican party was the obvious beneficiary of what we view as a sea change in American politics, the recent elections were not a partisan statement. If the new Republican majority in Congress does not shift from the old paradigm, if it merely tinkers with marginal reforms, leaving the vast bulk of the welfare-regulatory state in place, it is likely to be run out of town in short order, with little concern for partisan sentiments.

If me Democratic party wants to be in a position to take advantage of possible GOP timidity, it would be well advised to reinvent itself, instead of government. Freed of the special-interest shackles of the labor union movement (which now accounts for only 11 percent of the nongovernmental workforce); recognizing a growing constituency within the African-American community that supports free markets, lower taxes, and school choice; and faced with the reality of a middle-class revolt against much of their traditional policy agenda—not to mention the White House—Democrats have every incentive to outflank Republicans on issues of limited government. Indeed, the policy recommendations of the Progres-

sive Policy Institute are not infrequently more market oriented than the positions taken by many senior, careerist Republican legislators.

Some public officials and commentators have understood the message of November 8 better than others. Sen. Bob Kerrey (D-Neb.) has been trying urgently to get his colleagues to grapple with the looming problem of entitlement bankruptcy. Elaine Kamarck, a senior policy adviser to Vice President Gore who is in charge of White House efforts to reform government, wants the reinventing government project to move beyond the question of how government should work to the more crucial question of what government should do.

However, Peter Jennings of ABC News called the election "a temper tantrum'' by voters who don't understand that ''there are no quick solutions to many of the complications we face in the late 20th century." Rep. Richard Gephardt (D-Mo.) said recently, "We're sent here, Democrats or Republicans, to solve problems for the American people." With all due respect, we believe that's exactly the perspective the American people were rejecting last November. The American people can solve their own problems if the federal government will only get out of their way and out of their pocketbooks.

The Cato Institute, while clearly dedicated to advancing a market-liberal policy agenda, has always carefully avoided partisanship. It has been our position that, with the exception of a remnant of hard-core redistributionist egalitarians, Republicans, Democrats, and independents all share the same basic policy goals: peace, prosperity, and personal liberty. There is an emerging consensus that strictly limited government is the best way to achieve all three of those objectives. It is in that nonpartisan spirit that this *Handbook* is being offered to members of the 104th Congress.

There are, at bottom, essentially two ways to order societal affairs. One is coercively, through the mechanisms of government—what we call political society. The other is voluntarily, through the private interaction of individuals and associations—what might be termed civil society. That we need an element of political society to protect our rights to life, liberty, and property from threats at home and abroad seems clear enough. Yet it should also be clear that a proper goal of public policy should be to minimize the level of coercive intervention in society, that we should strive to maximize civil society and minimize political society.

Indeed, it could be argued that Oliver Wendell Holmes misplaced the emphasis when he wrote, "Taxes are what we pay for civilized society." From a market-liberal or Jeffersonian perspective, the level of government

taxation and social and economic regulation is a measure of the *failure* to civilize our society. It should be the task of the 104th Congress to tear out the tendrils of the state that now reach into every corner of civil society.

Each chapter in the *Handbook* offers a realistic road map for doing just that. Cato's policy staff and our colleagues outside the Institute have written these chapters with an eye to what could, in fact, be accomplished over the two-year horizon in the 104th Congress, unless another time frame is specifically mentioned. It should be noted, too, that because chapter 8 focuses on the federal budget, it of necessity touches on issues covered in other chapters. The budget chapter 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 action. Before reading through these chapters, however, it is worth reflecting for a moment on how we arrived at a situation in America where such radical surgery has become necessary.

The vision of the Founders was one of an island of political society in a vast sea of civil society. While the Framers were obviously wrong in limiting the franchise to white males, they were correct in limiting the exercise of that franchise to electing public officials who could themselves vote only on issues that fell within the powers of the federal government enumerated in the Constitution. As Roger Pilon points out in Chapter 3, the erosion of the enumerated powers doctrine, especially through a gross misinterpretation of the intent of the Commerce Clause, has regrettably allowed the United States to abandon its limited-government heritage and join the rest of the world in the costly, failed efforts to reshape society in the image of government planners. While our experiments in statism have generally been more benign than those in Europe and elsewhere over the course of this century, their philosophical origins, as the late Nobel laureate F. A. Hayek demonstrated in his classic *Road to Serfdom*, had much in common.

The enthusiasm for scientism and planning that animated the big government enthusiasts in America in the 1930s and 1940s set in motion a systemic bias toward increased federal involvement in our lives that is with us to this day. The mandate of November 8 is for this Congress to reverse that bias. Keep in mind that government spending at the federal, state, and local levels accounted for less than 10 percent of national income in the early part of this century. By 1950 that figure had risen to 26 percent. Today government spending at all levels accounts for an appalling 43 percent of national income.

And that says nothing of the huge burden of regulation, estimated to cost the American economy some $600 billion annually. The very real opportunity costs are surely much greater, given the fact that the market is fundamentally a discovery process, and each time we narrow the choices available to entrepreneurs we short-circuit that process.

Absent constitutional constraints, it is not surprising that we have witnessed that burdensome explosion of government growth. The members of the 104th Congress are familiar with the phenomenon of concentrated benefits and dispersed costs. That's why more than 90 percent of those who testify before Appropriations Committee hearings favor the legislation under consideration. We know, too, that Milton Friedman is correct when he speaks of the "tyranny of the status quo," whereby a bill can be debated for a decade, pass into law by a single vote, and from that point forward the only debate is over how much its budget is going to be increased in the coming year. To ask whether the legislation achieved its purported objective or perhaps cost a bit more than its proponents had suggested has not been considered polite in the halls of Congress over the past several decades. That must change.

Indeed, one of the important reasons why congressional term limitation is so essential, and why some 80 percent of Americans from across the political spectrum support the concept, is that a true citizen-legislature will have no compunction about tearing down the vast inventory of existing legislation that is doing positive harm to our nation every day.

Just as both Republicans and Democrats strongly support term limits, so too is there a growing bipartisan consensus in favor of a return to federalism. Thomas Jefferson warned us that "when all government, domestic and foreign, in little as in great things, shall be drawn to Washington as the center of all power, it will . . . become as venal and oppressive as the government from which we are separated." Thus the Founders created a federal republic with the powers of the central government strictly limited. After two centuries, however, those constitutional restraints on the federal government have been eroded. Today many members of Congress are responding to popular hostility toward Washington by proposing that such federal programs as welfare and environmental regulation be returned to the states. And Gore Vidal wrote recently in the *Nation,* "Why not just eliminate the federal income tax? How? Eliminate Washington, D.C. Allow the states and municipalities . . . to tax [their] citizens and then provide the services those citizens wanted." He suggested that the federal government be left with only "some sort of modest defense

system, a common currency and a Supreme Court to adjudicate between the regions as well as to maintain the Bill of Rights."

The business community has discovered over the past 30 years that centralized, command-and-control organizations don't function well. The same is true for government. As Elaine Kamarck says, "In order to survive [in the Information Age], an institution has to be able to move quickly—and large central bureaucracies, whether in the corporate world or in the government, inhibit rapid movement." That lesson has been learned only imperfectly in the White House, of course; when Americans concluded mat the Clinton administration's health care reform package would essentially turn control of health care over to the federal government, they overwhelmingly opposed the plan. It is our view that Americans today not only oppose new grand federal schemes, they also favor getting rid of old ones.

A Gallup Poll, taken for the University of Michigan American National Election Survey last summer, asked the following question: "How much of the time do you think you can trust government in Washington to do what is right?" Here is the response:

Always	3%
Most of the time	14%
Only some of the time	73%
Never	9%

Remarkably, the "never" option wasn't even part of the survey—it was volunteered. With 82 percent of the American public highly skeptical of the efficacy of federal government interventions, it is logical that the *Handbook* should have a federalism theme throughout. We urge this Congress to initiate a massive devolution of power from Washington, D.C., to the states and to end federal mandates, whether funded or not. The Fourteenth Amendment demands mat the federal courts prevent the states from denying the personal and economic liberties guaranteed all American citizens in the Constitution. Beyond that, however, the Tenth Amendment should prevail. It says in its entirety: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

We are encouraged by the increasing recognition of the importance not just of the Tenth Amendment but also of the Fifth Amendment's protection of private property. There is an unmistakable trend in judicial thinking today that rejects the inchoate distortions of the clear meaning of the

Constitution that gained dominance in the judiciary after Franklin Roosevelt's threat to pack the Supreme Court. A return to constitutional first principles dovetails nicely with the new political spirit in America. We would respectfully remind the members of the 104th Congress that they have taken an oath to uphold the Constitution of the United States of America, and urge them to return to the admirable 19th-century tradition of debating the constitutionality of legislation, as well as the merits.

The politics of all this change need not assume a partisan edge. The collapse of the socialist worldview has led a growing number of leaders formerly seen as being on the "left" to view entrepreneurship and dynamic capitalism in a more favorable light, without giving up their commitment to civil libertarianism. Joel Kotkin, a contributing editor of the *New Democrat*, for instance, urges the Democratic party to "take up the potent issue of devolution of government services away from Washington toward state and local governments" and "begin to fashion an economic program attuned to the needs of the emerging entrepreneurial economy" while sticking to the party's traditional principles of "effective government, tolerance, equal rights under the law, and maintaining a strict separation of church and state." Nadine Strossen, the president of the American Civil Liberties Union, who understands the nexus of property rights and civil liberties, is another example. On the right, more and more social conservatives, who have historically hoped to use the power of the state to enforce their vision of a moral society, are recognizing the inherent contradiction of such an approach. As Don Eberly of the Commonwealth Foundation writes, "The purpose of cultural movements is to build up a new vision for the good society, embracing all citizens, regardless of politics. It is about changing people and strengthening civil society, not just directing the affairs of government. . . . Honesty in politics admits to the limitations of politics to treat the deepest roots of our moral and social crisis."

In 1995 we live at a time when the myth of the omnipotent state has been exploded. It is important for this Congress, in particular, to break out of the old paradigm and not be intimidated by the status quo. The federal government today, in direct opposition to the mood of the nation, holds awesome power over our lives. Its taxes and regulations are sapping the strength and vitality out of the economy and harming our standard of living. Its threats to our civil liberties range from civil forfeiture initiatives, which take our property with no compensation, to efforts to mandate a computer "clipper chip" that would allow the government to spy on virtually all Americans. And as might be expected of any bureaucracy,

the Pentagon has insisted on maintaining a mission, defense budget, and force structure consistent with those of the height of the Cold War, despite the collapse of the Soviet Union and the absence of anything approaching a comparable threat to national security.

There is, it seems to us, a moral imperative to reclaim our heritage as a free people and our right to live in civil society. The 104th Congress arrives in Washington at a unique point in our history, and it should dedicate itself to doing no less. All of us at the Institute hope the *Cato Handbook for Congress* will assist in achieving that goal.

Suggested Readings

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.

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

Friedman, Milton, and Rose D. Friedman. *Free to Choose*. New York: Harcourt Brace Jovanovich, 1986.

F. A. Hayek. *The Road to Serfdom*. Chicago: University of Chicago Press, 1944.

Murray, Charles. *In Pursuit of Happiness and Good Government*. New York: Simon and Schuster, 1988.

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