

# **The Role of Government in the 21<sup>st</sup> Century:**

**Testimony Before the  
U.S. Senate  
Budget Committee**

by Dr. Lawrence W. Reed  
President  
Mackinac Center for  
Public Policy







What do economics, experience, and political philosophy tell us about government and its proper role in society? Mackinac Center for Public Policy President Lawrence W. Reed addressed that critical question before a field hearing of the United States Senate Budget Committee on February 25, 1995. Here is his testimony.



**M**r. Chairman, thank you for the opportunity to address this field hearing of the Senate Budget Committee on the subject of "The Role of Government in the 21<sup>st</sup> Century." I commend you and the members of your committee for your eagerness to reach out and seek the thoughts of citizens in Michigan on this critical question.

So that you may understand the philosophical foundation of my thinking about the role of government, allow me at the start to express the following seven principles. I believe they are of profound importance, and ought to be enshrined in the cornerstones of the capitol buildings in Washington and in the 50 states. They are not original with me, but rather, they represent the wisdom of many.

# 1

If a people are free, they will not earn equal incomes; conversely, show me a people who have equal incomes, and I will show you a people who are not free.

# 2

What belongs to you, you tend to take care of; what belongs to no one or everyone tends to fall into disrepair.

# 3

It isn't enough to focus on the short-term effects of a law or policy on a few special interests. The long-run effects on all people must be considered as well.

# 4

If you encourage something, you get more of it; if you discourage something, you get less of it.

# 5

Nobody spends somebody else's money as carefully as he spends his own.

# 6


Government has nothing to give anybody except what it first takes from somebody.

# 7

A government that is big enough to give you everything you want is big enough to take away everything you have.

Those principles, I believe, were pervasive in the thoughts of those present at our country's founding and shaped the role of government through much of the nation's history. They bear little relation, however, to events and policies of much of this century. We now have a government in Washington—and likewise but to a lesser extent, governments in the 50 states—that practices forcible redistribution of wealth, makes war on private property, sacrifices the long-run good for the short-run "fix," taxes and regulates beyond reason and then wonders why people don't work as hard or produce as much, squanders billions on things that nary a soul would willingly spend a nickel of his own money for, and uses its power of the purse to bully the very people who earned the purse in the first place.

My friend and fellow economist, Steven Moore of the Cato Institute, testified before this very committee recently and revealed that government is America's #1 growth industry. He reminded you of a sobering statistic: In 1992, and for the first time in our history, there were more Americans employed by government than by the entire manufacturing sector of the U.S. economy. If the federal government alone were an independent economy, it would be larger than the entire gross domestic product of every



nation in the world except for Japan and Germany.

"It is no accident," Moore told you, "that as government has grown larger over the past four decades, there has been a steady erosion in the percentage of Americans who trust government to do the right thing. In the 1960s, roughly 60 percent of Americans said they had confidence in government 'most of the time,' while today, less than 25 percent do."

Clearly, government in the 21<sup>st</sup> century must not look anything like the government of the 20<sup>th</sup> century.

## The Government "Game"

Imagine playing a game—baseball, a game of cards, "Monopoly" or whatever—in which there was only one rule: anything goes. You could discard the "instruction book" from the start and make things up as you go. If it "works," do it. If it "feels good," why not? If opposing players have a disagreement—well, you can just figure that out later.

What kind of a game would this be? Chaotic, frustrating, unpredictable, impossible. Sooner or later, the whole thing would degenerate into an expensive free-for-all. Somebody would have to knock heads together and bring order to the mess. Simple games would be intolerable played this way, but of the deadly serious business of government, the consequences of throwing away the instruction book are almost too frightful to imagine. It has given us a government that plays Robin Hood, Santa Claus, Mother Hen and Machine Gun Kelley all at the same time, inflicting real damage on real people who have victimized no one.

The most profound political and philosophical trend of recent times is a serious erosion of a consensus about what government is supposed to do and

what it's not supposed to do. Far too many people have thought and acted as though government exists to do anything for anybody any time they ask for it, from day care for their children to handouts for artists to corporate welfare. In a series of lectures to high school seniors recently, I asked the students what they thought the responsibilities of government were. I heard, "Provide jobs," or some form of "Get me a check," far more often than I heard, "Guarantee our freedoms." In fact, I think the only time I heard the last was when I suggested it myself.

Washington once warned, "Government is not reason; it is not eloquence. It is force. And like fire, it can either be a dangerous servant or a fearful master." Wisdom like that prompted him and our other Founders to write a Constitution which contained a Bill of Rights, separation of powers, checks and balances, and dozens of "thou shalt nots" directed at government itself. They knew that a government without rules or boundaries, that does anything for anybody, that confuses rights with wants, will yield intolerable tyranny.

## Restoring America's Spirit

We have tossed away the spirit, if not the letter, of America's founding instruction books, and until we restore it and give it life and meaning in our public lives, we will drift from one intractable crisis to the next. You as elected leaders can do much to restore that spirit in the following ways:

1  
Never miss an opportunity to educate a constituent about the document you've sworn to uphold, even if that means telling that constituent bluntly, "I'm sorry, but what you want is not within my power to give. It isn't mine, and I can't find anything in the Constitution that says it ought to be." You

have read the Constitution, so you know what your job is. Don't demean yourself by catering to those who see government simply as a route to get something at someone's expense. Remember the advice of, again, George Washington: "If to please the people, we offer what we ourselves disapprove, how can we later defend our work? Let us raise a standard to which the wise and honest can repair; the rest is in the hands of God."

## 2

Make the House and Senate ring once again with stirring words of freedom and liberty. Make those noble principles key ingredients in considering every proposal. If the question is free trade, for instance, don't decide it simply by what the cold numbers from an econometric model might suggest or what might be in the immediate financial interest of certain influential groups; think about such things as what would defend and extend the rights of free people.

## 3

Be bold and visionary in word and deed. History remembers those who stood for something, who got out in front and led. Imagine if Abraham Lincoln had been advised to moderate and be all things to all people: he might have given us the *Emancipation Approximation*. Or if General MacArthur had told the Filipino people not "I Shall Return" but rather, "I hope to see you later." Or if Martin Luther King's most eloquent address had been entitled, "I have a suggestion."

## 4

Spend less time concocting new schemes and contrivances for government to engage in, and spend more time searching for existing



ones that deserve to be repealed. Consider the moral backwardness that so many government-erected barriers to opportunity present. Speak of the deleterious actions of government in terms of trampled rights, broken dreams, and ruined lives. Don't allow those who think that government has all the answers to claim a monopoly on compassion—remind them that the costs of their compassion are reckoned in such terms as inner cities that look like they've recently fought—and lost—a major war.

For instance, when the city of Detroit imposes—as it does—a tax burden that is seven times the average burden in Michigan municipalities, that is not just bad economics. It is an affront to every citizen of that city who wants the best for his or her family, who wants simply a chance to be productive and self-reliant. Those high taxes, coupled with a welfare system that penalizes effort and an education monopoly that fails to teach, should evoke visions of hungry children, of boarded-up businesses that were once the dreams of struggling fellow Americans, of homes torn apart because of the breadwinner's inability to pay the bills of bloated government.

Does anyone really, in their heart of hearts, believe that a federal government mired in debt and chronic deficits giving Detroit \$100 million of money taken from hard-working people all across America represents what's right or economically defensible?

Economists for the Cato Institute have shown that each 1 percent increase in the federal tax burden results in a loss of about 1.5 million jobs. Dozens of studies have shown that excessively restrictive zoning laws, building codes, and taxes constitute the greatest obstacles to affordable housing for the poor. Endless regulation curtail entry into markets and freeze out many a would-be entrepreneur

from creating new businesses. These are real live people we're talking about, who suffer the consequences of these interventions, and who have children to care for.

We must even work to change the way we employ certain words, like "public servant." Why is it that people who go to work for government are the only ones commonly referred to as "public servants"? Why isn't "public servant" a term reserved for those heroes in the *private* sector who create jobs, invent machines, cure illnesses, build businesses, serve customers, volunteer to assist the needy in their communities, and pay the bills of government through their taxes? When the barriers erected by "public servants" crush the self-reliance of citizens like those in Detroit, where is the outcry of righteous indignation?

I believe, senators, that in the last decade, Americans have been leaping up the learning curve when it comes to comprehending the role of government. In many ways, they are now beginning to speak with uncommon clarity about their yearning for *dramatic* change, not incremental change. They are rejecting the idea that compassion is what happens when politicians spend other people's earnings. They can't be so easily bought any more with pork from Washington. They are coming to their senses. They are telling us that government cannot tax, spend, and regulate our way to progress and prosperity. They have handed you an opportunity to lead this great nation to a higher plane, to a renewal of its original purpose.

If you were expecting from me a laundry list of spending cuts, or a message heavy on statistics, I may have disappointed you. I assumed that you are overwhelmed with that sort of thing by now. I wanted, instead, to challenge you to think about fundamental principles and put them to work for you as you reshape Washington.

Finally, let me say that somewhere along the line in this century, millions of Americans—elected officials among them—forgot just how beautiful and inspiring it is to be free. Sometimes it takes the testimony of an immigrant to remind us of that, which brings me to a closing story:

I recall, on one of the nightly newscasts shortly after the extraordinary Mariel boatlift, seeing a woman stepping onto the tarmac at the Miami airport. She immediately fell to the ground and kissed the earth. When she arose, tears in her eyes and with no possessions but the clothes on her back, a reporter asked, "Are you happy?" She replied without hesitation, "Yes, yes." The reporter then asked, "Why?" And she said in a fashion that suggested bewilderment that such a question was even necessary, "Because I'm free, I'm free."

Senators—as you redefine the role of government in the 21<sup>st</sup> century—please put freedom at the top of your agenda.

Thank you.

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**MACKINAC CENTER**  
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Mackinac Center for Public Policy  
140 West Main Street • P.O. Box 568  
Midland, Michigan 48640  
Phone: (517) 631-0900 • Fax: (517) 631-0964  
E-mail: [mcpp@mackinac.org](mailto:mcpp@mackinac.org)  
Web: <http://www.mackinac.org>