

IMPRIMIS

Because Ideas Have Consequences

February 1994 Volume 23, No. 2

22nd
year

505,000 subscribers

"A Return to Big Government— and How to Stop It"

by Caspar W. Weinberger
Chairman, Forbes Inc.

In May of 1993, Caspar W. Weinberger became the second chairman of Forbes Inc. Previously publisher of *Forbes*, the world's largest circulation business magazine, he also served as U.S. Secretary of Defense, U.S. Secretary of Health, Education, and Welfare, chairman of the Federal Trade Commission, and director of the U.S. Office of Management and Budget.

His early political experience was gained as a California state assemblyman and director of finance for the state of California. During World War II, he saw active military service as a U.S. Army captain, 41st Infantry Division, and a member of General Douglas MacArthur's intelligence staff.

In addition to heading *Forbes*, Mr. Weinberger currently is counsel to the international law firm of Rogers and Wells. ▲

Preview: *No longer do our leading politicians agree with Thomas Jefferson that the government that is best is that which governs least. The 1990s have seen a return to big government. Former Secretary of Defense Caspar W. Weinberger says in order to stop it, we must first reclaim the old values of independence and self-reliance that were once the core of the American experience, and we must "believe in ourselves again."*

Mr. Weinberger addressed an audience of 450 business and community leaders in Tulsa, Oklahoma at Hillsdale College's Shavano Institute for National Leadership September 1993 seminar, "Taking on Big Government."

As Americans, you and I share a common problem that threatens not only our future but the future of our children. It is not the size of the federal deficit, or the burden of overtaxation, or the shrinking purchasing power of our income. Nor is it the skyrocketing cost of health care, or the breakdown of public education, or the explosion of regulation.

These are all symptoms of the *real* problem, which is big government.

Reagan and Rolling Back Big Government

In the 1980s an extraordinary leader attempted to take on big government and to roll back its power over the lives of its citizens. Whatever one's opinion may be about the success of President Ronald Reagan

in fulfilling his self-appointed mission, one thing is clear: He made the phrase, "Government is the problem, not the solution," a call to arms for millions of Americans who until then had given up hope of redirecting, let alone reforming, the political process.

We were particularly fortunate that the sea change in our whole political agenda was supported by an equally courageous and visionary leader in Great Britain—Prime Minister Margaret Thatcher. This sea change was so profound, so powerful, that even many of its opponents admitted that it was *the* major intellectual and political event of the last half century and, combined with a strong defense policy, had more to do with destroying communism in Eastern Europe and the former Soviet Union than any other cause.

Reagan made a compelling case that the whole approach to government since the days of Progressivism and the New Deal was wrong. Government does not, he argued, have the ability to meet more than a very narrow range of responsibilities, and there are real risks in using the federal bureaucracy as an instrument of change.

The more we turn to government and the more government takes on, the more it costs and the more it takes *from* us, for government has no resources it has not first extracted from its citizens. So it is inevitable that as governmental power expands, individual freedom contracts.

Clinton and Expanding Big Government

Now, sadly, under the new Democratic administration in the 1990s, we are seeing a deliberate repudiation of the sea change of the 1980s. President Clinton urges us to turn again to Washington, D.C., as the ultimate problem-solver. Of course, he does not share the same political mandate as Reagan. His is a minority government, which received only slightly more than 40 percent of the popular vote. But President Clinton has sufficient power to undo much of what President Reagan accomplished.

The U.S. is already suffering from a return to unchecked federal expansion and federal spending. There are more and more instances in which individuals' rights—to make their own decisions, to exercise their own judgments, to reach their own goals—are subjugated to the state's "superior" right to intervene for "our own good." Sometimes this takes the form of an assault on private property laws in the name of dubious environmental theories. Sometimes it means the imposition of new, crippling regulations and taxes on small businesses. It can even distort freedom of religion into prohibition against prayer.

Unchallenged big government is back—with a vengeance. And President Clinton and his followers seem prepared to make sure that it grows at an even faster rate than before. They sincerely believe that big government is not only capable of solving nearly all our problems, but that it is the only agency that *should* solve them. In short, they trust big government more than they trust the American people. But they are always careful to deny this—just as they are always careful to create a rhetoric of "New Democrats" to appeal to the natural conservatism of the majority.

Socializing Health Care

All the plans coming out of the White House these days spring from the philosophy that government must be enlarged, strengthened, and

"reinvented." Look, for example, at the Clinton health care plan, which has been pitched as the main product of the "new and improved" federal bureaucracy. As one



"...it is inevitable that as governmental power expands, individual freedom contracts."

observer has said:

"The Clinton health care plan is a sweeping bureaucratic attempt to control the means and ends of production. It dictates what doctors, hospitals, and insurance companies can charge and how they can conduct their businesses. It also dictates what services patients can receive and from whom. And then it taxes everyone to the hilt to pay for a far worse system than we have now."

But of course they don't use the word "taxes." The preferred term is "compulsory premium payment." This is typical of the misleading sugar-coating the Clintons use to gloss over things they fear may lose them votes.

If everybody is going to be insured and given an absolute right to health care, there is going to be a great increase in demand. But because the government is also going to place artificial limits on the supply

(through price controls, regulations, and mandated health care collectives), severe rationing and sharply reduced quality of services will inevitably result.

As for paying for its plan, the Clinton administration has declared that savings in Medicare and Medicaid of 20 percent will cover a large part, yet past experience shows that Congress will never cut this much. Even a 10 percent reduction would be, as a recent article in the *Wall Street Journal* has noted, unprecedented. Say, however, that a 10 percent reduction *was* achieved; combined with the increased demand that the Clinton plan fails to account for, at least an *additional \$70 billion* will have to be raised through new taxes the first year, and the figure will increase every year. To make up for the tax revenue losses the plan encourages (through layoffs, early retirements, and fewer new jobs), *another \$50 billion* a year will also have to be found.

The Clinton administration's response to such shortfalls will be to raise taxes even higher. Theoretically, it will have to raise personal income taxes 18 percent more (on top of all the other increases it has in store),

but says the *Journal*, even that wouldn't be enough, because higher marginal tax rates would lead to less revenue-producing activity. The Clinton administration has tried to reassure that other alternatives like corporate taxes and so-called "sin taxes" will be heavily relied upon. However, corporate taxes will also result in less revenue, and even in this somewhat secular society of ours, I doubt that we can commit enough sin to pay for anything on the scale of the Clinton health care plan.

Increasing Federal Spending and Taxation

There is further evidence that the sea change of the 1980s is being repudiated by our new pro-big government leaders in the 1990s.

In January of 1993, President Clinton vowed that he was going to make substantial reductions in the U.S. deficit through a



HILLSDALE COLLEGE

PURSuing TRUTH · DEFENDING LIBERTY SINCE 1844

33 EAST COLLEGE STREET
HILLSDALE, MICHIGAN 49242

HILLSDALE.EDU | (517) 437-7341