

## *The Unhooked Leviathan*

**The Growth of American Government:  
A Morphology of the Welfare State,**  
by Roger A. Freeman, *Stanford, California: Hoover Institution Press, 1975.*  
*xviii + 201 pp., 26 tables. \$8.95 (paper \$5.95).*

BOTH THE AMERICAN economy and the American government started at a low base, so that growth was to be expected. Not anticipated, however, was that the third precious American possession, individual freedom, would progressively diminish as the others increased, apparently as a result of the increment.

Twentieth century Americans have watched the decrease of options in their income disposal, and in the normal exercise of choice as to health care, education and philanthropy. They often find that the government has substituted collective decision for personal wishes, and in the process has drastically reduced the status of personal responsibility for the upkeep of one's self and children. Many citizens, while aware of these changes, are too close to the action to understand the dynamics of it all. Roger A. Freeman, a veteran writer on public finance, offers this book of arresting if wearying statistics by way of full explanation. His compact volume of prose and tabulation is a modern account of the classic contest, man *vs.* state, given here in American style, focusing on the two decades, 1952-72. Correcting popular misconceptions, the author strongly makes these points: Government increase did not begin with the New Deal. The quantum jump in public services occurred roughly at mid-century. It probably was made possible because a warfare state is transformable into a welfare state.

From the outset, 1789, American economic growth was purposely stimulated by the Treasury Department which acquired and operated a national bank. Treasury Secretary Alexander Hamilton wrote the charter of other "money" banks as distinguished from land banks. He also founded the government-aided Society for Establishing Useful Manufactures, unsuccessful in his lifetime but the prototype of American commercial industry.

The national government, as distinct from the economy, began its increase when the military establishment was institutionalized with pensions and other veterans' benefits, and with the admission of new states and the enormous Louisiana Territory. Economists agree that the trend in public spending never had any way to go except upward. The rise did not become dangerous until the rate of expenditures went out of control and spectacularly ex-

ceeded that of production and population.

Libertarians like Freeman (it is permissible to call them conservatives) are very unwilling to accept the inevitability of monstrosity in government. They reject the assumption that personal liberty should be sacrificed to public service. They ask, what is social justice? Is it a divine imperative that a just government should force the sharing of total earnings among those who produce and those who do not? What is the American concept of equality? Is it that, while nature made men unequal as to talent, persistence and even luck, government has the duty of mandating the equality of living standards and social acceptance?

But suppose that such conditions of justice and equality could be achieved under an efficient and benevolent tyranny over a docile people. Even then, Freeman and his kind would consider the price too high. This book assumes that any diminution of freedom is lamentable, and that the threat of its loss is unacceptable. Instead of bothering to reiterate these axioms, Freeman goes on to examine the ways by which government outgrew and burst the seams of the sacred garments in which it was originally clothed.

The discipline that is required to maintain a democracy and a republic was sundered by the leadership of President Franklin Roosevelt. Ironically enough, he inveighed against the causes which he introduced and which neither he, nor any successor, has been able to subdue. Roosevelt condemned Herbert Hoover's expenditures which soon were vastly exceeded in depression and war. FDR in 1935 denounced "continued dependence upon relief [which] induces a spiritual and moral disintegration fundamentally destructive to the national fiber. . . ." But various forms of relief have become a way of life to thousands of families. Roosevelt spoke against the right of public workers to strike, calling it "unthinkable and intolerable." By 1973, there were 388 strikes in vital public services, such as school teach-

ing, trash collecting and fire fighting, but the chief executives of the nation, the states and the cities did not call upon the disciplines that are indispensable to self-government.

Established by the New Deal, the American service state marked time for a while and did not immediately or drastically increase the costs and works of the central government. It had taken 163 years, 1789-1952, for domestic services to reach \$34 billion. Yet most of the increase was in the twentieth century. In the first fifty-odd years of that period, government expenditures increased forty times, nearly three times faster than the national economy. The explosion took place in the two following decades, 1952-72, under presidents of both major parties, when the bill for domestic services shot up from \$34 billion to \$257 billion.

By this time the politicians who caused or consented to the extravagant changes had become adept at covering their footprints. Freeman points out that one of the cleverest ruses was the capture of the honorable name "liberal" by the left-wing statist. Liberalism in Europe and America had always been the natural barrier against invasions of the individual liberties by totalitarians of left and right. Anything done in the name of liberalism supposedly was right. Yet the counterfeit liberals under their pseudonym gradually sabotaged the fundamental rights which Americans took for granted.

Camouflage was another tactic of the socialist conquest. At first glance, the federal government seemed to have grossly expanded after 1952, and most Americans believed it. A second glance gave reassuring evidence that the central authority had only kept pace with postwar prosperity, multiplying at the same rate as the Gross National Product, or 3.5 times. Freeman's minute examination shows up the entire deception. The levy on the American people was excessive but less noticeable for being laid from different directions. More than five hun-

dred grants and loans from Washington were carried out in the states and localities. These transfers amounted to \$2.6 billion in 1952; \$36 billion in 1972; and a projected \$51.7 billion in fiscal '75. Persons working for the state and local governments jumped 139 percent, 1952-72. Outlays for health, education and welfare, mostly mandated in Washington, increased 1416 percent in those two decades where Freeman concentrates his attention.

It is inconceivable that the American people would have tolerated this magnitude of peacetime spending if candidly asked to give their consent-of-the-governed. But the citizenry was hoodwinked by presidential candidates who promised to economize, yet would not or could not do so. The electorate was thoroughly confused by the fiscal sleight-of-hand practiced both on Pennsylvania Avenue and Capitol Hill. For although in 1952-72, total civil governmental employment was up 92 percent, and every public service grew accordingly, it was all made to seem like a free lunch. The financing of the spending sprees was so cunningly disguised that few citizens realized how they were being fleeced. For example, there were federal income tax cuts in 1954, 1964, 1969 and 1975. The rate of spending was made to look less by numerous subterfuges. Among these: raiding the funds for national defense, adopting deficit budgets, and charging them off to the national debt, hiking property taxes mostly in non-federal jurisdictions, as well as by taking money from the consumer at the gasoline pump, the airline ticket window, the tobacconist and the liquor dealer.

All candidates for president, no doubt from good will and self-interest, promised governmental austerity. They soon were caught in the undertow of greed and weakness that runs below the placid surface of a popular republic. Among moderns, Dwight Eisenhower, probably the most sincere, kept his word for a while. He actually lowered federal expenditures between 1953-55. Ike succeeded in this reduction

by cutting \$10 billion from national defense, and by stabilizing domestic costs for those two years. Afterwards, he became a reluctant peacetime spender. Federal spending headed upward under Kennedy's New Frontier, and zoomed under Johnson's guns-and-butter policy for the Great Society. Nixon took the usual vow of frugality, but in his first two years spend an additional \$27 billion, despite a \$4 billion cut in national security.

In 1975 the people have a \$1.5 trillion economy, a \$500 billion government, and a \$528 billion national debt. Americans may ask whodunit, and what has been achieved? Freeman finds that the bogus liberalism was made fashionable by a relatively small number of intellectual elite, considerably left of center, who taught, wrote and influenced the multitude into jealous discontent. His *bête noir* is the immensely clever Professor John Kenneth Galbraith, whose seductive theme is that government should take from the earners and render social services to the yearners.

But neither the average citizen nor the elite radical can call the service state a success story. Outlays for social programs (health, education, welfare through income transfer, housing, community-planning and policing) have multiplied without showing much cost-quality relationship or bringing tranquility to our bewildered land. Productivity is lower in the public sector than in the private one. Schools have relatively more teachers but fewer pupils, college standards are lower, brave and well-paid policemen have not stemmed the criminal tide, care for dependent children has produced more of them, more broken homes, more unwed mothers, more absent fathers.

As the government grows, it turns the people from possessors to possessions. Many candidates and most polls keep telling us that big government is the greatest domestic menace to personal freedom. But seldom is heard the cry of protest—"Come the counterrevolution."

Reviewed by HOLMES ALEXANDER