

# How big a government do we want? A reply to Robert J. Samuelson

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In a *Newsweek* article published online, economist Robert J. Samuelson states the following:

**How big a government do we want?** For four decades, federal spending has averaged 21 percent of gross domestic product. An aging population and high health costs mean that average spending, as a share of GDP, will rise by a third or more in the next 10 to 15 years if today's programs simply continue.

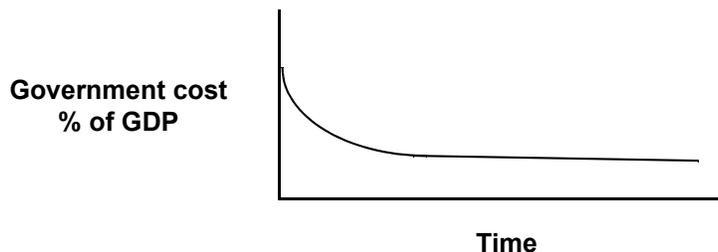
[Robert J. Samuelson, "Obama Abdicates on the Budget", *Newsweek*, 2011-04-26, paragraph 4, [www.newsweek.com/2011/04/26/obama-abdicates-on-the-budget.html](http://www.newsweek.com/2011/04/26/obama-abdicates-on-the-budget.html) ]

I invite you to take a moment to answer Samuelson's question: ***How big a government do we want?***

## Commentary

Samuelson says that the cost of government is growing faster than the economy. This is equivalent to a family's expenditures growing faster than their income. This is unsustainable, so cuts are necessary.

**The optimal solution** is to drive the cost of government — expressed as a percentage of the size of the economy — down toward an asymptotic value, and the way to achieve this is through **a citizen-controlled ceiling on the cost of government**, as provided in ***The People's Amendment*** and ***The People's Initiative***:



**In theory**, citizen control is necessary because a citizen vote is private, preventing interest groups from controlling a citizen vote. In addition, the people earn the money that finances the government, so they will tend to approve measures for fiscal restraint in order to protect their money.

**In practice**, we can see that citizen control is necessary because we have learned that our only realistic hope to control the cost of the Washington State government is through initiatives.

## Balancing a budget

Isn't a balanced-budget requirement the way to make government fiscally responsible?

It is a mistake to think that since balancing a budget is a good discipline for a private business or a family, we can obtain the same effect by requiring a government to balance its budget. Why doesn't it work for a government? A government is fundamentally different because it is a business that is necessarily monopolistic, so it can balance its budget simply by coercing more money from its customers — the citizens.

Our Democrat-controlled state legislature illustrates this principle, for they fulfill the constitutional balancing provision largely by raising taxes and fees so as not to disappoint the interest groups that feed the Democrat coffers and that

provide the Democrats votes. As I write, the state legislature is considering a strategy for circumventing the 2/3 vote requirement for new taxes that was approved by the people via I-1053 in November 2010. The strategy is to transform a previously approved temporary tax for funding Safeco Field into a permanent tax for funding other programs. Due to the current recession, some state and local governments throughout the nation are raising the cost of traffic violations by huge amounts. These examples illustrate how a government monopoly typically obtains money to balance its budget, namely, by arbitrarily raising its prices.

### Direct democracy

Isn't direct democracy a poor form of government that our founders denigrated?

In the Federalist Papers, James Madison disparages the concept of direct democracy, engendering the idea that we sometimes hear today that direct democracy is mob rule. Madison had no factual basis for his disparaging disposition, and he could just as well have said the same of representative democracy, or republic, in light of the dysfunctional Roman republic, which eventually self-destructed.

***We are privileged, today, to have firsthand experience in direct democracy because initiatives are an innovation of the 1900s.*** Thus far, nearly half of the states have adopted an initiative process, and we are privileged that Washington is one of these states; California is another.

In both Washington and California, the citizens tend to elect fiscal liberals to the legislature, while also tending to approve initiatives for fiscal restraint. Why? Because the political dynamics of representative democracy are different from those of direct democracy.

***Representative democracy*** is largely controlled by interest groups, which achieve their power through a divide-and-conquer strategy in the legislature, and this is possible because legislator votes are public. Fiscal liberals run on promises of the favors that they'll provide for particular interest groups, giving the impression that the people will get something for nothing.

***Direct democracy***, by contrast, can't be controlled by interest groups because a citizen vote is private. So when an initiative asks the people if they want to restrain the ability of the government to get their money, the people usually say yes. If citizen votes were, like legislator votes, public, we could expect that, through intimidation, interest groups, such as unions, would coerce people to vote their way, and initiatives for fiscal restraint would fail.

If James Madison were alive today, he wouldn't blindly argue that direct democracy means mob rule. Rather, he would study the results of modern governance, and he would see the following:

***Fiscal irresponsibility is the legacy of representative democracy due to interest-group control.***

***Fiscal restraint is the legacy of direct democracy due to the absence of interest-group control, thereby allowing people to realize their natural propensity to protect their money.***

### Conclusion

So how big a government do we want?

We want it as small as we can make it.

And now small is that? How small is the asymptote illustrated in the figure?

We'll only find out through experience — through the experience of employing a citizen-controlled ceiling on the cost of government over the years.