

A monthly compilation of publication abstracts, events, and news

Reducing the Government by Half:

How and Why We Can Cut the Size and Cost of Government in Half in One Generation—the Next Twenty-five Years

by Grover G. Norquist

In the 1950s, conservatives said one of their major goals was to reduce or eliminate “deficit spending.” They meant that they wanted to limit the growth of federal spending. Liberals defended deficit spending as good, solid Keynesian economic stimulus. The Left welcomed the growth of the federal budget.

But deficit spending by the federal government was a flawed measure for conservatives to focus upon. The deficit was not the important number. The deficit was the difference between two more important numbers—how much the federal government took from the American people by force in taxes and how much the federal government spent each year. By the 1980s liberals discovered they could use concern over the deficit to oppose tax cuts and to push for tax hikes.

Now that the federal budget is in balance—indeed in substantial surplus—it is the right time for the conservative movement to establish a new goal. We said we wanted to balance the federal budget—we did. Now what? What is the measure of our success or failure in the years and decades to come?

I recommend that we set the goal of reducing the cost and size of government by half over the next twenty-five years—one generation. Why half? Because it is a large enough challenge to be worth the candle. Because it is eminently doable. Why a twenty-five year time horizon? Because it will take time to turn the nation around. Because we have to expect to have setbacks, lost opportunities, bad election years, wars and recessions. Certainly, we would welcome achieving our goal of “In Half” in a shorter time frame.

There are four measures of the size and scope of government. We should look to cut each in half over the next twenty-five years.

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#1 – Total government spending as a percentage of the economy.

In 1999, federal, state and local government spending was \$2.66 trillion or 34% of the economy. We must always focus on total government spending rather than make the mistake of looking only at the federal budget. While conservatives have been diligent—and somewhat successful—in policing federal spending (which has dropped from 21.5% of GNP to below 19% of GNP since the GOP took over Congress) state and local spending has increased rapidly. Tax Freedom Day was May 3 this year. In the next twenty-five years we must cut total government spending to below 17% of the economy and move Tax Freedom Day to the first week in March.



The Insider

MAY 2000, NUMBER 271

The Insider is published monthly by The Heritage Foundation’s Resource Bank, part of the External Relations Department. Begun in January 1978, *The Insider* abstracts recent publications, profiles the latest legal action, and reports newsworthy events in the conservative movement. The Resource Bank serves as Heritage’s liaison to a network of some 400 policy groups and over 2,000 leading scholars and activists worldwide. The deadline for all submissions to *The Insider* is the 10th of the month. Please contact Rosario Palmieri, Editor, *The Insider*, The Heritage Foundation, 214 Massachusetts Avenue, NE, Washington, D.C. 20002–4999, 202/546-4400, fax 202/544-0961, Insider@heritage.org.

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#2 – The cost of all government regulations as a percentage of the economy.

In 1999 regulations cost Americans more than one trillion dollars or 13% of the economic output of the nation. Again, we must measure regulations at all levels of government. If the conservative movement was to focus solely on government spending the Left could simply decide to increase government power and control through increased regulation rather than direct spending. We are already seeing this in the move to regulation through litigation.

#3 – Total government employment: How many Americans work for the government at all levels.

Today more than 15 million Americans work for state and local government. More than 900,000 Americans work for the quasi-governmental U.S. Post Office. When the government controls the pay, pension and careers of great numbers of Americans it builds a political base for its own expansion. Reducing the number of Americans dependent on the State for employment is a key measure of our success in limiting the cost and power of the government. This measure also allows conservatives to assess the success or failure of a mayor, governor or president over one year or four years. It is a hard number—have government payrolls increased or decreased?

#4 – Total assets controlled by government.

Government owns more than one-third of the land in the United States. State and local governments own and control pension funds of more than \$1.7 trillion dollars. The free-market environmental movement has begun to make the case that private citizens take better care of land and water than government. There is no more reason for government to own land than there is for government to own steel mills.

Today most of the 15 million state and local government employees have a defined benefit pension where they must wait ten years to “vest” in the pension system and then they receive benefits when they retire. States maintain multi-billion-dollar pension funds that are invested by government. A number of states have begun to give government employees the option of a defined contribution pension plan—a 401K or individual retirement account that would be controlled by the worker rather than the government. Florida just passed this option for its 600,000 state and local employees. If every one of the

state and local employees in the nation took this option we would increase the investor class in America from 48% of Americans to more than sixty percent. And it would take trillions of dollars out of the hands of government and put it into the hands of citizens.

Is it possible to cut government in half in one generation? Certainly.

We have already reduced the cost of national defense—one of the few legitimate functions of government—from six percent of GNP to 3 percent of GNP since victory in the Cold War. Welfare reform has dropped the number of welfare recipients by half since 1994.

We know that private schools cost half of what government schools cost. We know that less than half of the money politicians spend on public schools actually is spent in the classroom. Half of state and local spending is in the name of education. School choice through vouchers or tax credits would dramatically reduce the cost of government while greatly increasing quality.

Social Security is 22% of the cost of federal spending. If Americans were able to invest their FICA taxes in personal savings accounts we would not only create a nation of wealth owners in control of their own retirement, but we would have privatized one-fifth of federal spending.

Giving the Post Office to its employees and ending the postal monopoly on mail would privatize 900,000 jobs

and transfer tens of billions of dollars into private hands.

The conservative movement has become larger and stronger over the past two generations. Institutions such as The Heritage Foundation and the state-based think tanks, the property rights movement, taxpayer groups, conservative talk radio, and the Reagan Republican Party have created an infrastructure that allows us to compete and win against the labor unions, trial lawyers and corrupt big city machines.

But central to winning is keeping score. We must keep our eye on the goal of reducing the size, scope, power and cost of government at all levels. Measuring and reporting on the trend in government spending, regulations, government employment and State ownership of property will keep us focused and let us know if we are winning or losing the struggle.

Cutting the government in half in one generation is both an ambitious and reasonable goal. If we work hard we will accomplish this and more by 2025. Then the conservative movement can set a new goal. I have a recommendation: To cut government in half again by 2050.

Grover Norquist

Grover Norquist is President of Americans for Tax Reform, a coalition of taxpayer groups, individuals, and businesses opposed to higher federal and state taxes. Previously, he served on the National Commission on Restructuring the Internal Revenue Service and most recently was a member of the Advisory Commission on Electronic Commerce. He also authors a monthly column, "Politics," for *The American Spectator*.