

## **The Debt Ceiling and the Pursuit of Happiness**

A welfare state that led to permanent austerity would betray the principles that have made American culture exceptional.

By [ARTHUR C. BROOKS](#)

The battle over the debt ceiling is only the latest skirmish in what promises to be an ongoing, exhausting war over budget issues. Americans can be forgiven for seeing the whole business as petty, selfish and tiresome. Conservatives in particular are beginning to worry that public patience will wear thin over their insistence that our nation's government-spending problem must be remedied through spending cuts, not by raising more revenues.

But before they succumb to too much caution, budget reformers need to remember three things. First, this is not a political fight between Republicans and Democrats; it is a fight against 50-year trends toward statism. Second, it is a moral fight, not an economic one. Third, this is not a fight that anyone can win in the 15 months from now to the presidential election. It will take hard work for at least a decade.

Consider a few facts. The Bureau of Economic Analysis tells us that total government spending at all levels has risen to 37% of gross domestic product today from 27% in 1960—and is set to reach 50% by 2038. The Tax Foundation reports that between 1986 and 2008, the share of federal income taxes paid by the top 5% of earners has risen to 59% from 43%. Between 1986 and 2009, the percentage of Americans who pay zero or negative federal income taxes has increased to 51% from 18.5%. And all this is accompanied by an increase in our national debt to 100% of GDP today from 42% in 1980.

Steve Moore gives an update on the debt ceiling negotiations and refutes Democrats' charge that Ronald Reagan was a tax hiker.

Where will it all lead? Some despairing souls have concluded there are really only two scenarios. In one, we finally hit a tipping point where so few people actually pay for their share of the growing government that a majority become completely invested in the social welfare state, which stabilizes at some very high level of taxation and government social spending. (Think Sweden.)

In the other scenario, our welfare state slowly collapses under its weight, and we get some kind of permanent austerity after the rest of the world finally comprehends the depth of our national spending disorder and stops lending us money at low interest rates. (Think Greece.)

In other words: Heads, the statist win; tails, we all lose.

Anyone who seeks to provide serious national political leadership today—those elected in 2010 or who seek national office in 2012—owe Americans a plan to escape having to make this choice. We need tectonic changes, not minor fiddling.

Rep. Paul Ryan's (R., Wis.) budget plan is the kind of model necessary. But structural change will only succeed if it's accompanied by a moral argument—an unabashed cultural defense of the free enterprise system that helps Americans remember why they love their country and its exceptional culture.

America's Founders knew the importance of moral language, which is why they asserted our unalienable right to the pursuit of happiness, not to the possession of property. Similarly, Adam Smith, the father of free-market economics, had a philosophy that transcended the mere wealth of nations. His greatest book was "The Theory of Moral Sentiments," a defense of a culture that could support true freedom and provide the greatest life satisfaction.

Yet today, it is progressives, not free marketeers, who use the language of morality. President Obama was not elected because of his plans about the taxation of repatriated profits, or even his ambition to reform health care. He was elected largely on the basis of language about hope and change, and a "fairer" America.

The irony is that statists have a more materialistic philosophy than free-enterprise advocates. Progressive solutions to cultural problems always involve the tools of income redistribution, and call it "social justice."

Free-enterprise advocates, on the other hand, speak privately about freedom and opportunity for everybody—including the poor. Most support a limited safety net, but also believe that succeeding on our merits, doing something meaningful, and having responsibility for our own affairs are what give us the best life. Sadly, in public, they always seem stuck in the language of economic efficiency.

The result is that year after year we slip further down the redistributionist road, dissatisfied with the growing welfare state, but with no morally satisfying arguments to make a change that entails any personal sacrifice.

Examples are all around us. It is hard to find anyone who likes our nation's current health-care policies. But do you seriously expect grandma to sit idly by and let Republicans experiment with her Medicare coverage so her great-grandchildren can get better treatment for carried interest? Not a chance.

If reformers want Americans to embrace real change, every policy proposal must be framed in terms of self-realization, meritocratic fairness and the promise of a better future. Why do we want to lower taxes for entrepreneurs? Because we believe in earned success. Why do we care about economic growth? To make individual opportunity possible, not simply to increase wealth. Why do we need entitlement reform? Because it is wrong to steal from our children.

History shows that big moral struggles can be won, but only when they are seen as decade-long fights and not just as a way to prevail in the next election. Welfare reform was first proposed in 1984 and regarded popularly as a nonstarter. Twelve years of hard work by scholars at my own institution and others helped make it a mainstream idea (signed into law by a Democratic president) and perhaps the best policy for helping the poor to escape poverty in our nation's history. Political consultants would have

abandoned welfare reform as unworkably audacious and politically suicidal. Real leaders understood that its moral importance transcended short-term politics.

No one deserves our political support today unless he or she is willing to work for as long as it takes to win the moral fight to steer our nation back toward enterprise and self-governance. This fight will not be easy or politically safe. But it will be a happy one: to share the values that make us proud to be Americans.

Mr. Brooks is president of the American Enterprise Institute and author of "The Battle: How the Fight Between Free Enterprise and Big Government Will Shape America's Future" (Basic Books, 2010).