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## Completing Reagan's Work

By Richard W. Rahn

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Where is the debate about which government responsibilities should be handled at the local, state and federal level? The 10th Amendment to the U.S. Constitution provides: "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the States respectively, or to the people."

As the presidential candidates evoke the memory of Ronald Reagan in their remarks, it would be nice to hear how they intend to complete some of the unfinished business of the Reagan revolution.

Before the CPAC convention in 1977, Reagan said: "We believe that liberty can be measured by how much freedom Americans have to make their own decisions, even their own mistakes. Government must step in when one's liberties impinge on one's neighbor's. Government must protect constitutional rights, deal with other governments, protect citizens from aggressors, assure equal opportunity, and be compassionate in caring for those citizens who are unable to care for themselves.

"Our federal system of local-state-national government is designed to sort out on what level these actions should be taken. Those concerns of a national character — such as air and water pollution that do not respect state boundaries, or the national transportation system, or efforts to safeguard your civil liberties — must of course be handled at the national level. As a general rule, however, we believe that government action should be taken first by the government that resides as close to you as possible."

In the last 80 years, there has been not only a huge growth in government but a tremendous shift in government spending from the state and local level to the federal level. In 1928, federal government spending was about 3 percent of gross domestic product versus 21 percent today, and state and local spending was about 7 percent of GDP versus 12 percent today (after deducting federal government transfers to the states).

Take an issue such as health care. Many on the left are pushing for a national health care system or at least a national health care insurance system. Why should this be at the national level? Individuals needing health care live in localities and states. Thus, would it not be more appropriate for this to be dealt with at the local or state level?

The American left is fond of pointing out the alleged success of the Scandinavian welfare and health care systems. But what they fail to note is the Scandinavian countries all have small, 5 million to 9 million, largely homogenous populations, about the size of the average U.S. state. Almost no one on the left claims that a very large country — Russia, China, or even the United Kingdom — should be the model for a U.S. health-care system.

Thus does it not make far more sense to have each of the states experiment with what kind of health care system is best for their citizens? The more successful models will be copied by other states over time. It is exactly this kind of competition between states that our Founding Fathers had in mind when they set up the federal system.

Whether one agrees with Gov. Mitt Romney's Massachusetts health insurance program, he at least deserves credit for taking the initiative rather than saying it is the federal government's responsibility. By contrast, the Clintons did not create a program in Arkansas in an attempt to cure problems they whine about.

Does it seem rational for Fairfax County, Va., one of the richest counties in the United States, to receive money from the federal government for low-income housing, when some of that money comes from taxpayers in poor counties in Mississippi? Is it sensible for the federal government to tax people in Alabama, a relatively low-income state, to pay for a bridge that collapses in high-income Minnesota? Given that children are educated in their neighborhoods, what value is served by dollars for education being taken from the neighborhood and sent through highly paid Washington bureaucrats to have a portion sent back?

Decentralized federal countries like the United States and Switzerland tend to perform better than highly centralized ones. Both the American states and the Swiss cantons are engaged in tax competition with their counterparts, which leads to both more efficient government and lower taxes. Despite the relative success of the U.S. federal system, the debate about which activities should be sent back to the states needs to be rekindled.

Others have proposed that each legislative proposal be required to stipulate what provision in the Constitution authorizes enactment of such legislation. The idea is useful because it would encourage those who vote for new laws and regulations to think for at least a couple of minutes about whether a proposal is an appropriate function of government, and, if so, at what level — federal, state or local. The federal government has taken on functions it was never intended to perform and does not perform well.

It is time to renew this debate.

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