



## The Real Problem of this Federal Republic

by Richard W. Rahn

It appears that a number of the new presidential candidates are not aware of the fact that the United States of America is a constitutional federal republic, and not a parliamentary democracy. Recent calls by some to abolish the Electoral College and drop the voting age to 16 are a sign that they lack an understanding of American history.

Would you prefer to live under a government which protected person, property, and ensured liberty, but limited the voting franchise — or live under a government with unrestrained majority rule where everyone could vote, even 16-year-olds?

The American Founders, having been students of history, had a strong distrust of democracy, being well aware of the many failures over the preceding 2,000 years. Democratic majorities had the persistent problem of overrunning minority rights. Unrestrained democracies tend to vote the citizens' benefits in excess of what they are willing or can pay for.

The Founders' solution was to create a constitutional republic with strong constraints on what democratic majorities could do. The Constitution, by design, is a very undemocratic document in that it limits the rights of the majority to restrict many basic freedoms, such as freedom of speech, religion, and so forth. It also limits what each branch — the legislative, the executive, and

the judicial — of the government can do, by setting out relatively few enumerated powers. All other powers are delegated to the states and to the people.

The Founders restricted voting to male property owners because they thought people that had “skin in the game” would be more responsible. Obviously, limiting voting to males and property owners would be unacceptable today, but there is a case for finding responsible and non-discriminating ways to limit the voting franchise. Allowing the people to be ruled by 16-year-olds, many of whom have not yet learned the relationship between work and success, and think free stuff is wonderful, is a formula for national suicide.

At the time, it was also the clear intent of the framers that most governmental activities would be carried out at the state and local level. It was not until WWI that the federal government became larger as a share of GDP than the combination of states. The Electoral College was in part created to make sure that the interests of the citizens of the smaller states would not be ignored or abused. It was explicitly designed to limit the voting power of citizens in large states relative to those coming from small states.

Some of the presidential candidates claim that it is unfair that a citizen of Wyoming has a vote that counts more than a citizen of California. The issue would be largely moot if relatively more government spending was at the state and local level. Some are also upset that each state gets two senators regardless of population — so a California senator represents roughly 70 times as many people as a Wyoming senator. Again, by very deliberate design.

GOVERNMENT SPENDING AS PERCENT OF GDP BY YEAR				
	1900	1950	2000	2018
Federal Government Spending (% GDP)	3.0	14.9	17.0	20.0
State & Local Government Spending (% GDP)	4.7	9.3	17.0	18.0

Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis, Angus Maddison

If the United States went back to a system where most government spending and activity was done at the state and local level, the representation imbalance would be even

less of a problem. The Constitution gives the federal government very few powers, most of them to ensure national defense, plus regulating international trade, determining nationalization, defining money, protecting patents and copyrights, and a few other smaller functions.

The federal government is expected to spend approximately \$4.7 trillion in the next fiscal year. Two-thirds of this spending is for Social Security, Medicare and Medicaid. Another \$642 billion goes for income support programs and welfare. All of these programs could be devolved back to the states — with each state designing what they considered necessary and appropriate for their own citizens. States could make compacts with each other to protect citizens that move from one state to another.

The federal government would only be left with those functions enumerated in the Constitution. The federal income tax could then be abolished, and each state would decide the form and structure of taxes that best met their needs. Some states might become highly socialistic, like Vermont and California. Others like Nevada, Florida, and Texas might choose to become even more free market.

Such a true federal system with most power and spending at the state and local level, where people could see how their money is being spent, could be expected to increase efficiency within the states because of the increased competition and, most importantly, would further protect liberty.

The federal government and all of its actors, including the president, would become less important — and less of a focus for the news corps, which would be a welcome relief. This reduced importance of Washington would make how the president and the Senate were elected less interesting. One can only hope.

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