Week 10 Primary Assignment: Is the national debt an indication that the Federal government is too big?

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Author Note

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The debate over the size and appropriate role of the U.S. federal government has been ongoing since the 18th century. The government today is very different from the libertarian principles on which the country was founded and now regulates nearly all aspects of people’s lives. As a result, government spending has been ever increasing, particularly on social welfare, healthcare and defense, on a faster rate than the revenue it is able to generate. The paper explores the link between rising national debt and big government, to argue that the former necessarily indicates the existence of the latter.

Historically, political progress in America was measured by the extent of liberty citizens enjoyed, which in turn, was indicated by a loose political control in which individual lives, as well as trade and economic activities, would be free of state manipulation and control. It signified the victory of individualism over state control. However, as time progressed, this notion was contrasted with the idea of socialism which saw using state power to solve social problems as increasingly acceptable. Eventually, it led to state-led social engineering in domain after domain in the U.S. which naturally led to a bigger form of government than was known previously.

Today, the U.S. national debt has reached nearly $21 trillion, half of what it was a decade ago. The overall amount that the U.S. owes is greater than the total U.S. economy and subsequently threatens to demean U.S’ financial standing in the international arena (Jones, 2018). To understand what led to the crises, it is important to understand the causes. As the role of the government grew over time, so did intervention, regulation and subsidization, and thus spending. This larger spending corresponds to how big the government becomes since more taxes are needed to support expanding initiatives.

Moreover, a lot of government agencies typically tend to spend the entire budget they are allocated to justify a larger budget for the next fiscal cycle. This leads to a self-perpetuating and vicious cycle that leads to a situation where the American people’s income becomes insufficient to support the expanding initiatives and budgets of the government. Consequently, the government has to borrow more to finance all of its programs, explaining how the national debt increased exponentially over the recent few years. Furthermore, a big government is not merely a group of various initiatives and public programs run by public offices. It is a complex and vast array of private and public institutions which includes contractors, non-profit and for-profit corporations, facilitators and agents.

Some of the programs that lead to substantial spending are: Medicare, Social Welfare and National Security. Moreover, the rise in debt creates a snowball effect as a result of rising interest payments from the expanding debt. The high interest and inflation rates between the 1970s and 1980s contributed significantly to the overall debt, and while interest rates and inflation declined in the following years, the overall national debt could not be reduced since revenue generation continued to be marginally less than the spending (Investopedia, 2019).

In addition, the mechanism that is used to fund Social Security lead to substantially high expenditures that have no apparent payoff. As the number of retirees increases, and so does their longer health span due to improved healthcare, the cost and the size of the payments needed gets increased exponentially. In healthcare, the Medicaid and Medicare programs also exceed their budgetary projection. The recent stimulus package of 2009, along with bailouts to the financial industry, further coupled with unemployment benefits and cuts in taxes substantially increased national spending. The rising national debt leads to more expenses and reduced sources of income, which in turn causes the national debt to further rise.

In conclusion, it is clearly visible that an increasing involvement of the state to regulate or control people’s affairs led to a government that keeps enlarging with time. A bigger government leads to unsustainable spending that current revenue generation measures cannot match. Hence, the growing national debt from increased borrowing to meet these expenses is one indication that the government has become too big. In my view, returning to the founding fathers’ vision of a limited government will lead to greater prosperity and success. It was a system that valued free markets, individual liberty and deregulation to create innovative solutions that would lead to much better outcomes than a large government could provide.

# References

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