



## Ideas Have Consequences

by John Hendrickson

In the spring of 1939 the United States was still in the midst of the Great Depression. The nation was suffering from high unemployment and an economy that had ground to a halt. President Franklin D. Roosevelt through his New Deal was using the full force of the federal government to try to pull the nation out of Depression and to provide relief to the unemployed. The New Deal, which was launched in the historic first hundred days of the Roosevelt administration, was not successful by 1939 in ending the economic crisis. Secretary of the Treasury Henry Morgenthau, Jr., offered a candid and dismal assessment of the New Deal to congressional Democrats:

We have tried spending money. We are spending more than we have ever spent before and it does not work. And I have just one interest, and if I am wrong...somebody else can have my job. I want to see this country prosperous. I want to see people get enough to eat. We have never made good on our promises...I say after eight years of this Administration we have just as much unemployment as when we started...And an enormous debt to boot!<sup>1</sup>

Morgenthau's testimony of the New Deal should serve as a reminder to policy makers today who are embracing the New Deal and Keynesian model to rescue the nation out of the current economic recession. Richard M. Weaver, a professor of English and author of *Ideas Have Consequences*, was a leading conservative intellectual in the post-war era and wrote powerfully on the role of ideas. Columnist George F. Will stated that "ideas have large and lasting consequences," and public policy is driven by ideas and philosophies that shape our nation and character.<sup>2</sup>

President Barack Obama and Democrat leaders have launched an all-out offensive against the economic recession. The Administration continued the federal bailouts of the financial industries, took over portions of the auto industry, appointed various czars to oversee federal programs, and called for new regulations and expansion of the regulatory bureaucracy, all for the purpose of ending the recession. The cornerstone of the Administration's policy was the \$787 billion stimulus bill that was going to revive employment and business confidence and focus on infrastructure spending. The stimulus has not worked, and unemployment has increased to 9.5 % nationally and even higher in some localities, which has resulted in calls for a larger second stimulus bill.<sup>3</sup>

In addition, the Administration is pushing for a radical environmental agenda and to create universal health care by allowing the federal government to take responsibility. Both the environmental and health care programs if passed by Congress would require significant amounts of tax revenues that would further cripple the economy. The federal budget is already at \$3 trillion, the national debt is at \$11 trillion, and the deficit for the current fiscal year is approaching \$2 trillion. Douglas W. Elmendorf, Director of the Congressional Budget Office, stated in testimony before the U.S. Senate Budget Committee that "under current law, the federal budget is on an unsustainable path — meaning that federal debt will continue to grow much faster than the economy over the long run."<sup>4</sup> Robert Samuelson wrote that "without anyone noticing, our national government is on the verge of a permanent expansion that would endure long after the present economic crisis has (presumably) passed and that would exceed anything ever experienced in peacetime."<sup>5</sup>

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Another large problem on the horizon is the entitlement crisis with the big three programs of Social Security, Medicare, and Medicaid. All three programs are in serious financial trouble, and many Americans are dependent on these entitlements. The CATO Institute states that spending on these three entitlement programs “is expected to roughly double from \$1.27 trillion in FY08 to \$2.42 trillion by FY18.”<sup>6</sup> Entitlements already count for about 53% of the federal budget.

The Congressional Budget Office also “estimates that in fiscal years 2009 and 2010, the federal government will record its largest budget deficits as a share of GDP since shortly after WWII.”<sup>7</sup> CBO also estimates that “federal debt held by the public will soar from 41 percent of GDP at the end of fiscal year 2008 to 60 percent at the end of fiscal year 2010.”<sup>8</sup> It is clear that the nation cannot continue on the present course of massive government expansion. “This expansion may not be good for us, but we are not contemplating the adverse consequences or how we might minimize them,” noted Samuelson.<sup>9</sup>

In the 1932 presidential campaign, President Herbert Hoover warned that the debate between him and Governor Roosevelt was not just between two men or even two political parties, but between two philosophies of government. Robert Samuelson notes that the “deeper source of our predicament is a self-indulgent political culture that avoids a rigorous discussion of government’s role.”<sup>10</sup> This is the fundamental question that must be considered and answered.

As President Obama and Democrats champion the legacy of FDR, it is important to understand the ideas that shaped the New Deal. “The legacy of the New Deal was an expanded federal government,” noted historian Burton Folsom.<sup>11</sup> President Obama and Democrat leaders are building upon the progressive legacy of using the force of the federal government during times of economic crisis, but also using the economic crisis to launch another Great Society. The President has also shown his commitment to the progressive notion of the “living” Constitution by his nomination of Judge Sonya Sotomayor to the United States Supreme Court.

The ideas of fidelity to the Constitution, limited government, and economic liberty need to be restored to prominence. “All of this would have astounded and appalled the Founding Fathers...,” noted Patrick J. Buchanan in reference to the policies of the Obama administration.<sup>12</sup> Ideas truly have consequences and the future and soul of the nation depends on what ideas we choose to follow. America is truly an exceptional nation, but citizens must understand the need to return toward constitutional government and repent from the ways of progressivism and modern liberalism.

## Endnotes

<sup>1</sup>Morgenthau Diary, May 9, 1939, Franklin Roosevelt Presidential Library, quoted in Burton W. Folsom, Jr.’s *New Deal or Raw Deal? How FDR’s Economic Legacy Has Damaged America*, Simon & Schuster, New York, 2008, p. 2.

<sup>2</sup>George F. Will, “One Man’s America,” *Cato Policy Report*, September/October 2008, CATO Institute, Washington, D.C., 2008.

<sup>3</sup>The money from the first stimulus bill has not been allocated and some economists are urging a larger second stimulus to be directed specifically at infrastructure projects.

<sup>4</sup>Douglas W. Elmendorf, “The Long-Term Budget Outlook, Testimony before the Committee on the Budget, United States Senate,” Congressional Budget Office, Washington, D.C., July 16, 2009, p. 1.

<sup>5</sup>Robert Samuelson, “The Consequences of Big Government,” *Real Clear Politics*, July 13, 2009, <<http://www.Realclearpolitics.com>> (July 13, 2009).

<sup>6</sup>Chris Edwards, “Cutting Federal Spending,” in *Cato Handbook for Policymakers, 7th edition*, CATO Institute, Washington, D.C., 2008, p. 49.

<sup>7</sup>Elmendorf, p. 1.

<sup>8</sup>Ibid.

<sup>9</sup>Samuelson.

<sup>10</sup>Ibid.

<sup>11</sup>Folsom, p. 264. Also see *Public Interest Institute BRIEF*, “The Fourth Wave of Progressivism,” <<http://www.limitedgovernment.org>>.

<sup>12</sup>Patrick J. Buchanan, “Socialist America Sinking,” *Buchanan.org*, July 17, 2009, <<http://www.buchanan.org>> (July 17, 2009).

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