
WHY GROWING GOVERNMENT IS A GREATER POLITICAL MENACE THAN GROWING INEQUALITY

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In his important new book, *The Crisis of the Middle-Class Constitution*, Ganesh Sitaraman argues that growing economic inequality over the last several decades and the resulting decline of the middle class is “the number one threat to American constitutional government.”¹ He also contends that the American Founding Fathers sought to establish a “middle-class constitution” in which the avoidance of extremes of wealth and poverty would ensure the stability of democratic government, and that the struggle to preserve and extend the middle-class constitution is a major theme of American constitutional history.

These are bold and provocative claims, but large elements of them fail to withstand scrutiny. Economic inequality is not as serious a threat to our political system as the growing size and complexity of government. These forces make it increasingly difficult for ordinary people to exercise effective control over government—or even to understand what it is doing. Ironically, the policies Sitaraman and others advocate as solutions to inequality would make this problem worse.

In addition, Sitaraman’s focus on the Founders’ fear of excessive inequality of wealth leads him to ignore their much stronger concern for protecting liberty and property rights, and limiting and decentralizing government power. These latter ideas can help us address the more dangerous elements of our present situation.

While Sitaraman overstates the dangers of inequality, he is right to highlight the perils of declining opportunity for the poor and lower-middle class, and the ways in which the modern state offers all too many opportunities for the wealthy and powerful to enrich themselves at the expense of the public interest. These are difficult challenges to overcome. But there are ways to mitigate these problems, while simultaneously reducing the size and complexity of government that have undermined democratic accountability and empowered unscrupulous elites.

In a series of insightful chapters early in the book, Sitaraman contrasts America’s “middle-class constitution” with the “class warfare” constitutions of ancient Rome and early modern political theorists such as Machiavelli, among

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¹ GANESH SITARAMAN, *THE CRISIS OF THE MIDDLE-CLASS CONSTITUTION* 3 (2018).

others. The latter sought to balance economic classes by giving each control over different institutions of government. By contrast, the U.S. Constitution does not give over any branch of government to either the wealthy or any other class. Rather, according to Sitaraman's analysis, the Founders relied on the "relative" economic equality of America to keep the wealthy in check. Sitaraman quotes James Madison, Thomas Jefferson, and other Founders on the desirability of avoiding extremes of wealth and poverty in order to ensure constitutional stability. He also cites data from economic historians suggesting that early America's income distribution (at least among whites) was more equal than that of European nations.

Whether the Constitution was really designed to constrain wealth disparities by keeping the wealthy from accumulating too much income and property is questionable. While many of the Founders indeed feared potential elite domination in the event that inequality became too great, they also placed great emphasis on the need to protect property rights and economic liberty. In an otherwise thorough and penetrating analysis of Madison's Federalist 10, Sitaraman neglects to consider the famous passage where the "Father of the Constitution" wrote that "the protection of different and unequal faculties of acquiring property" is "the first object of government."² Similarly, in his famous 1792 essay "On Property," Madison wrote that "Government is instituted to protect property of every sort. . . This being the end of government, that alone is a just government, which impartially secures to every man, whatever is his own."³

Other leading Founders, including Alexander Hamilton, John Adams, Robert Morris, and others, made similar statements emphasizing the importance of protecting property rights. To put it mildly, they do not come across as men eager to use redistribution or regulation to constrain disparities of wealth and income.

This is not to suggest, however, that they wanted to give the wealthy free rein to control government power as they see fit. Some of the Founders feared not just that the poor might expropriate or abuse the rich, but also that the latter might oppress the former. They hoped that abuses of power—including both those of the wealthy and those of majority public opinion—would be constrained by elaborate systems of checks and balances such as the separation of powers, federalism, and judicial review, among others. The fact that the powers of the new federal government were intended to be strictly limited in scope ("few and defined," as Madison put it), was another important source of constraint.

Of course, what the Founders hoped or expected may not be fully relevant to the present day, given vast changes in conditions. As Sitaraman notes, concern about inequality and the power of the wealthy increased during the late

² THE FEDERALIST NO. 10 (James Madison).

³ JAMES MADISON, ON PROPERTY (1792), *reprinted in* THE PAPERS OF JAMES MADISON (William T. Hutchinson et al. eds., 1962).

nineteenth and early twentieth centuries, and has grown again during the present era.

Still, inequality and the threat of domination by the wealthy is not as great a threat as Sitaraman and others claim. In line with a great many other thinkers, Sitaraman contends that the growth in income inequality since the early 1970s has increased the relative political power of the wealthy, quite likely even to the point where we are threatened with the establishment of an “oligarchy.”

So far at least, the evidence provides little support for such sweeping claims. Like other commentators concerned about the political effects of economic inequality, Sitaraman relies heavily on the work of political scientist Martin Gilens in his important 2012 book *Affluence and Influence*,⁴ and his later article coauthored with Benjamin Page.⁵ Gilens’ and Page’s work does indeed show that affluent Americans have far more influence than the poor and middle class. But it also shows little or no increase in the influence gap between the mid-1960s and mid-2000s (the period covered by their work). Indeed, Gilens’ book indicates that, during that timeframe, the period when the federal government was most responsive to the views of poor and lower-class Americans was the administration of George W. Bush! While the wealthy do have greater per capita influence than the poor, growing income inequality probably has not done much to increase the gap.

Moreover, other studies indicate that the middle class and the wealthy actually agree on most issues (over 90 percent of those analyzed by Gilens and Page), and that the wealthy “win” only about half the time in the relatively rare instances when the two groups differ.⁶ American politics is currently in flux, and it is possible there will be some sort of realignment in the next few years. But, at least at the moment, it does not appear that conflict between economic classes is anywhere close to being the main axis of divergence in our political system. In the 2016 election, race, religion, and education⁷ were far more significant determinants of vote choice than income.

On average, a wealthy person has greater influence per capita than a middle-class one. But that is considerably mitigated by the fact that the wealthy are not a unified bloc, are at odds with each other on many issues, and regularly prioritize political agendas unrelated to economic class differences.

Nonetheless, Sitaraman is right to worry that the middle class—and ordinary voters generally—have to a considerable degree lost meaningful control over

⁴ MARTIN GILENS, *AFFLUENCE AND INFLUENCE* (2012).

⁵ Martin Gilens & Benjamin I. Page, *Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens*, 12 *PERSPECTIVES ON POL.* 564 (2014).

⁶ Dylan Matthews, *Remember that Study Saying America Is an Oligarchy? 3 Rebuttals Say It’s Wrong*, VOX (May 9, 2016, 8:00 AM), <https://www.vox.com/2016/5/9/11502464/gilens-page-oligarchy-study> [<https://perma.cc/7V2T-VKSK>].

⁷ Nate Silver, *Education, Not Income, Predicted Who Would Vote for Trump*, FIVETHIRTYEIGHT (Nov. 22, 2016, 2:53 PM), <http://fivethirtyeight.com/features/education-not-income-predicted-who-would-vote-for-trump/> [<https://perma.cc/HH7C-TLJ9>].

government. The culprit is not income inequality, but the enormous size and complexity of the modern state, combined with voter ignorance.

As of 2015, government spending at all levels amounted to 37.6% of GDP,⁸ and state and federal governments also regulate nearly every aspect of human life. It is virtually impossible for voters to keep track of and effectively monitor more than a small fraction of all this government activity. As James Madison put it Federalist 62, “[i]t will be of little avail to the people, that the laws are made by men of their own choice, if the laws be so voluminous that they cannot be read, or so incoherent that they cannot be understood”⁹

Voters’ ability to monitor the modern state is further constrained by rational ignorance.¹⁰ Because of the very low likelihood that any one vote will make a difference to electoral outcomes, there is little incentive for most citizens to devote more than a small amount of time to following political issues. Surveys repeatedly show widespread ignorance about even basic political facts, such as the names of the three branches of government,¹¹ and the distribution of federal spending (where most are ignorant of the crucial fact that entitlement spending is, along with defense, by far the largest component of the budget).¹²

In addition to having little incentive to acquire political knowledge, voters also have little reason to evaluate the information they do get in a logical way. Instead, most tend to be highly biased¹³ in their evaluation to political knowledge, a tendency exacerbated in recent years by growing polarization and partisan hatred.¹⁴

The combination of voter ignorance and large, complex government enables organized interest groups to “capture” areas of public policy that voters are largely unaware of. It also provides fertile ground for politicians and activists to exploit political ignorance for their own benefit. Donald Trump’s 2016

⁸ *General Government Spending*, OECD, <https://data.oecd.org/gga/general-government-spending.htm> [<https://perma.cc/ML9Q-GQZZ>] (last visited Mar. 23, 2018).

⁹ THE FEDERALIST NO. 62 (James Madison).

¹⁰ Ilya Somin, *Democracy and Political Ignorance*, CATO UNBOUND (Oct. 11, 2013), <https://www.cato-unbound.org/issues/october-2013/smaller-government-smarter-government> [<https://perma.cc/9HJT-8PHZ>].

¹¹ Ilya Somin, *Public Ignorance About the Constitution*, WASH. POST (Sept. 15, 2017), https://www.washingtonpost.com/news/volokh-conspiracy/wp/2017/09/15/public-ignorance-about-the-constitution/?utm_term=.9d27c2da5fe1.

¹² Ilya Somin, *The Perils of Public Ignorance About Federal Spending*, WASH. POST (Mar. 1, 2017), https://www.washingtonpost.com/news/volokh-conspiracy/wp/2017/03/01/the-perils-of-public-ignorance-about-federal-spending/?utm_term=.6d51f173332f.

¹³ Ilya Somin, *Even Mathematically Literate People Become Innumerate When They Focus on Political Issues*, VOLOKH CONSPIRACY (Sept. 9, 2013, 11:45 AM), <http://volokh.com/2013/09/09/even-mathematically-literate-people-become-innumerate-focus-political-issues/> [<https://perma.cc/LRZ8-8MEF>].

¹⁴ Ilya Somin, *The Perils of Partisan Bias*, WASH. POST (Dec. 16, 2016), https://www.washingtonpost.com/news/volokh-conspiracy/wp/2016/12/16/the-perils-of-partisan-bias/?utm_term=.88a64a1f895d.

presidential campaign took such exploitation to new levels.¹⁵ But what he did was just an extreme example of tactics that are also used by more conventional politicians.¹⁶

In the last part of his book, Sitaraman briefly outlines a series of tentative policy proposals intended to protect our constitutional system by reducing income inequality and the political influence of the rich. Whatever their other merits, nearly all of them would expand the size and complexity of government. Examples include new government regulation of the financial system, increased political control of campaign speech and contributions, and expanded application of antitrust law to break up firms that are supposedly too large, even in cases where their size does not harm consumers.

If adopted, such an agenda would make it more difficult for ordinary voters to exercise meaningful control over government, not less. And it would likely provide both politicians and powerful interest groups new opportunities to “capture” policy for their benefit, often at the expense of the general public. Misdiagnosing the cause of the disease leads Sitaraman to suggest cures that might well make it worse rather than better.

At the same time, Sitaraman is right to worry that opportunity has declined for many poor and lower-middle class Americans. And he is also right to fear that such an environment creates opportunities for dangerous demagogues. Historically, periods of slow growth and declining opportunity have helped foster xenophobia, intolerance, and scapegoating of minorities.¹⁷ Trump’s unexpected electoral success is one of a number of developments suggesting that our own time may not be an exception to these troubling patterns.

There is no easy solution for these problems—nor for the perils of political ignorance. But there are steps we can take that will simultaneously expand opportunity for the poor and middle class, and also constrain the size and scope of government. For example, reducing zoning restrictions on housing development could increase GDP by as much as 9.5% and greatly expand job opportunities for the poor by enabling more to move to areas with better employment prospects.¹⁸ Major gains can also be achieved by cutting back on licensing restrictions, which increase costs for consumers and close off job

¹⁵ Ilya Somin, *Political Ignorance Haunts 2016 Campaign*, CNN (May 12, 2016), <https://edition.cnn.com/2016/05/12/opinions/political-ignorance-somin/index.html> [https://perma.cc/VH4K-EHCZ].

¹⁶ Ilya Somin, *Jonathan Gruber Was Right About Political Ignorance*, WASH. POST (Dec. 12, 2014), https://www.washingtonpost.com/news/volokh-conspiracy/wp/2014/12/12/jonathan-gruber-was-right-about-political-ignorance/?utm_term=.9e7dab57a7b0.

¹⁷ See generally BENJAMIN M. FRIEDMAN, *THE MORAL CONSEQUENCES OF ECONOMIC GROWTH* (2005).

¹⁸ Edward Glaeser, *Reforming Land Use Regulations*, BROOKINGS INST. (Apr. 24, 2017), <https://www.brookings.edu/research/reforming-land-use-regulations/amp/> [https://perma.cc/BXQ6-H8VS].

opportunities for millions of poor and lower-middle class Americans.¹⁹ Decentralizing more power to the state and local level could expand opportunities for Americans to “vote with their feet”²⁰ (where they have stronger incentives to make good decisions than with ballot box voting) and also help mitigate the dangerous partisan hatred which is helping to poison the political system.²¹

These ideas are just a few of the many ways in which we can expand opportunity and mitigate the dangers of unaccountable government. Many of them would reduce income inequality, as well—especially in the case of zoning reform.

It is a mistake to conclude we must grow government in order to combat growing inequality. But we do need take steps to expand economic opportunity and reform a government that has become dangerously unaccountable.

¹⁹ Ilya Somin, *How Occupational Licensing Laws Inhibit Interstate Mobility*, WASH. POST (Dec. 12, 2017), https://www.washingtonpost.com/news/volokh-conspiracy/wp/2017/12/12/how-occupational-licensing-laws-inhibit-interstate-mobility/?utm_term=.36dbd9582c68.

²⁰ Ilya Somin, *Moving Vans More Powerful than Ballot Boxes*, USA TODAY (Oct. 18, 2016), <https://www.usatoday.com/story/opinion/2016/10/18/mobility-zoning-licensing-voting-minorities-column/91990486/> [<https://perma.cc/PMR5-CMFM>].

²¹ Ilya Somin, *How Federalism Can Help Save the Failing “Marriage” Between the Red and Blue States*, WASH. POST (Jan. 3, 2017), https://www.washingtonpost.com/news/volokh-conspiracy/wp/2017/01/03/how-federalism-can-help-save-the-failing-marriage-between-the-red-and-blue-states/?utm_term=.7613f3e52f6d.