

**Principles of the Entitlement State**  
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My topic concerns the first principles of what we are calling the “entitlement state,” and so I will spend most of my time going back to the foundations of this state in the Progressive Era and, especially, in the New Deal. The topic is of interest to us now, however, because of how deeply we are mired in the administrative apparatus of the entitlement state, and the indebtedness that comes with it, as I believe my co-panelists are going to detail. Historically, this entitlement state has been a reality of American government since Franklin Roosevelt’s New Deal of the 1930s; but its principled origins lie in the Progressive Movement of the late nineteenth and early twentieth centuries.

In light of the many social and economic changes in the country since the establishment of the American Constitution, Progressive reformers contended that the original conception of American government – with its separation of powers at the national level and its embrace of federalism to distribute power among various levels of government – was no longer up to the task of running a modern nation-state. They pressed for much greater federal regulation of private business than what they knew the Constitution allowed (as well as federal redistribution of private property), and they had a vision of doing this through a national bureaucracy of experts whom they believed could overcome much of the corruption of the political branches of government and rule instead on the basis of science. And so Woodrow Wilson – long before he became interested in public office – was a pioneering progressive intellectual on the new science of national administration – a science which Theodore Roosevelt put to use in his New Nationalism campaign calling for national regulation of business by means of expert

commissions. Wilson himself, though TR's rival for the presidency, implemented much of the New Nationalism once he defeated TR. It had to wait for the programs of the New Deal, however, for this vision to be given the opportunity for full implementation. This ambition for redistribution of property, through the development of a system of entitlements to be overseen by an enlarged bureaucracy, was founded on a new conception of freedom that we see at the heart of the New Deal, but which also had its origins in the Progressive Era.

Progressive and New Deal thinkers did not reject the idea of freedom outright; instead, they offered a radically new view of what it means to be free. While the Progressive/New Deal project clearly turned away from the original idea of liberty on which America was founded, FDR did speak of "new economic freedoms" that were to be secured by the New Deal program. In order to understand how the "new" freedoms of the entitlement state departed from the old freedoms in America, we must look first to the Constitution and the original American understanding of human liberty.

For the founders, the essential task of government was the protection of the life, liberty, and property rights of individual citizens. These aims are laid out in the Declaration of Independence, and we can also see that they inform the structure of the Constitution. We know from *The Federalist* that the framers of the Constitution took great care to distinguish American republicanism from older forms of self-government. While the so-called "petty republics" of ancient history had allowed the majority to control and wield the powers of government in a largely unfettered manner,<sup>1</sup> Madison and Hamilton explained that the United States would distinguish itself by allowing the "cool and deliberate sense of the community"<sup>2</sup> to govern while

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<sup>1</sup>Publius, *The Federalist*, ed. George W. Carey and James McClellan (Indianapolis: Liberty Fund, 2001), 9:37.

<sup>2</sup>*The Federalist*, 63:327.

simultaneously guarding the rights of individuals from the threats of tyrannical majorities – or what they called “majority factions.”<sup>3</sup> It was the very idea that majority faction poses the greatest danger to self-government which led the founders to circumscribe carefully the scope of national political authority. In the Constitution, the scope of the federal government was limited not only by a written enumeration of its powers, but even more importantly by several institutional “improvement[s]” like the separation of powers and representation which were designed to filter out the passionate impulses of the majority “adverse to the rights of other citizens, or to the permanent and aggregate interests of the community.”<sup>4</sup> For the founders, the government’s duty to protect rights from the threat of majority faction was grounded in the “laws of nature and of nature’s God,” and the role of government was therefore permanent.

To understand what FDR thought about this original American idea of liberty, and about the Constitutional measures the founders enacted for the purpose of protecting it, we must keep in mind that FDR was a committed progressive. I do not mean to say that FDR was, chronologically at least, a member of the Progressive Movement, since he rose to power well after that historical period known as the “progressive era.” Rather, FDR was committed to the ideas of progressivism. He announced this commitment in many places, but perhaps nowhere is the connection more clearly made than in his “Campaign Address On Progressive Government” from the 1932 campaign trail – or what is also called his “Commonwealth Club Address.” I will return to this speech in a moment, but suffice it to say for now that, in it, FDR identified his political program with the two giants of the progressive movement: Theodore Roosevelt and Woodrow Wilson.

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<sup>3</sup>*The Federalist*, 10:42-43.

<sup>4</sup>*The Federalist*, 9:38, 10:43.

In committing to progressive ideas on government, FDR committed to the wholesale remaking of the American political order that Progressives had initiated a generation earlier. He knew very well that if New Deal policies were to be implemented, then the American commitment to limited, constitutional government was going to have to be replaced with a new understanding of the national government as national problem-solver; this would be a transformation of government from one that had been concerned with the limited purpose of protecting individual rights to life, liberty, and property, to one that would constantly adapt itself to handle whatever social ills appear to be most pressing at any given time.

The intellectual argument for making this transformation had been made by America's progressives, and it was from the progressives that FDR had learned about government -- and of course FDR first cut his teeth in national politics in the progressive administration of Woodrow Wilson.

It was with the progressives that we saw the first serious, sustained, and comprehensive critique of the Constitution. While criticism of the Constitution can be found during any period of American history, the Progressive Era was unique in that such criticism formed the backbone of the entire movement. Progressive-era criticism of the Constitution came not from a few fringe figures, but from the most prominent thinkers and politicians of that time. Readers are reminded, in almost any progressive text they will pick up, that the Constitution is old, and that it was written to deal with circumstances that had long ago been replaced by a whole new set of pressing social and economic ills. The progressives understood the intention and structure of the Constitution very well; they knew that it established a framework for limited government, and that these limits were to be upheld by a variety of institutional restraints and checks. They also knew that the limits placed on the national government by the Constitution represented major

obstacles to implementing the progressive policy agenda. Progressives had in mind a variety of legislative programs aimed at regulating significant portions of the American economy and society, and at redistributing private property in the name of social justice – these are aims, of course, that would come to form the backbone of FDR’s New Deal. And both FDR and his Progressive teachers knew that the Constitution, if interpreted and applied faithfully, stood in the way of this agenda.

What kind of government, exactly, did Progressives want?

As a living entity, the progressives reasoned, government had to evolve and adapt in response to changing circumstances. While early American conceptions of national government had carefully circumscribed its power due to the perceived threat to individual liberties, progressives argued that history had brought about an improvement in the human condition, such that the will of the people was no longer in danger of becoming factious. Combined with a whole new host of economic and social ills that called out for a governmental remedy, progressives took this doctrine of progress and translated it into a call for a sharp increase in the scope of governmental power.

There may be no greater example of this phenomenon than Theodore Roosevelt’s speech on the New Nationalism in 1910, which became the foundation for his 1912 campaign to regain the presidency. The speech reflects Roosevelt’s turn, after his presidency, to a more radical brand of progressivism, and reflects the extent to which other progressives like Herbert Croly had come to influence his thinking.

Roosevelt called in the New Nationalism for the state to take an active role in effecting economic equality by way of superintending the use of private property. Private property rights, which had been serving as a brake on the more aggressive progressive policy proposals, were to

be respected, Roosevelt argued, only insofar as the government approved of the property's social utility.

New circumstances, Roosevelt argued, necessitated a new conception of government, and natural rights were no longer to serve as a principled boundary that the state was prohibited from crossing: "We grudge no man a fortune in civil life if it is honorably obtained and well used. It is not even enough that it should have been gained without doing damage to the community. We should permit it to be gained only so long as the gaining represents benefit to the community. This, I know, implies a policy of a far more active governmental interference with social and economic conditions in this country than we have yet had, but I think we have got to face the fact that such an increase in governmental control is now necessary."<sup>5</sup>

Woodrow Wilson had outlined a similar view of the extent of state power in a concise but revealing essay on the relationship between socialism and democracy, written in 1887. Wilson's essay starts out by defining socialism, suggesting that it stands for unfettered state power, which trumps any notion of individual rights:

"'State socialism' is willing to act through state authority as it is at present organized. It proposes that all idea of a limitation of public authority by individual rights be put out of view, and that the State consider itself bound to stop only at what is unwise or futile in its universal superintendence alike of individual and of public interests. The thesis of the state socialist is, that no line can be drawn between private and public affairs which the State may not cross at will."<sup>6</sup>

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<sup>5</sup>Theodore Roosevelt, "The New Nationalism," in *American Progressivism: A Reader*, ed. Ronald J. Pestritto and William J. Atto (Lanham, MD: Lexington Books, 2008), 217.

<sup>6</sup>Woodrow Wilson, "Socialism and Democracy," in *Woodrow Wilson: The Essential Political Writings*, ed. Ronald J. Pestritto (Lanham, MD: Lexington Books, 2005), 78.

After laying out this definition of socialism, Wilson explained that he found nothing wrong with it in principle, since it was merely the logical extension of genuine democratic theory. It gives all power to the people, in their collective capacity, to carry out their will through the exercise of governmental power, unlimited by any undemocratic idea like individual rights. He elaborated:

“For it is very clear that in fundamental theory socialism and democracy are almost if not quite one and the same. They both rest at bottom upon the absolute right of the community to determine its own destiny and that of its members. Men as communities are supreme over men as individuals. Limits of wisdom and convenience to the public control there may be: limits of principle there are, upon strict analysis, none. . . .

The difference between democracy and socialism is not an essential difference, but only a practical difference—is a difference of *organization* and *policy*, not a difference of primary motive. Democracy has not undertaken the tasks which socialists clamour to have undertaken; but it refrains from them, not for lack of adequate principles or suitable motives, but for lack of adequate organization and suitable hardihood: because it cannot see its way clear to accomplishing them with credit.”<sup>7</sup>

In this view, rights-based theories of self government, such as the republicanism to which the American founders subscribed, are far less democratic than socialism. As Wilson and his fellow progressives believed, rights-based theories of government limit the state’s sphere of action, thus limiting the ability of the people to implement their collective will, and thus represent something less than a real democracy.

Like TR and Wilson, FDR knew that the new kind of liberty at the heart of the entitlement state would require undoing the old kind, though he was not as direct about saying it.

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<sup>7</sup>Wilson, “Socialism and Democracy,” 78-79.

As I've mentioned, FDR cut his national political teeth in the Progressive era, which is where his ideas on national government clearly began to take shape. He served in the administration of Woodrow Wilson, as assistant secretary of the Navy. This was the very same position that TR had held some fifteen years earlier as a catalyst to his own national political career. FDR was a zealous advocate of the progressive policies of the Wilson administration, and was certainly influenced at this time by his immediate boss and mentor, Josephus Daniels, who was a well known progressive newspaperman. After his tenure in the Wilson administration, FDR bided his time, since the 1920s were not good for Wilsonian Democrats. But by the end of the decade, while Hoover was winning the presidency in 1928, FDR was winning the governorship of New York. He won by a slim margin, although he did it in a year when the Democratic presidential candidate did not carry the state. In 1930, he was re-elected very comfortably, and by 1932 was well positioned for the presidential contest, which was dominated by the issue of the Depression that had dragged on for more than 3 years. Hoover was held to account for the national economic woes, and so the real contest was on the Democratic side, where FDR emerged victorious from a very interesting contest at the Democratic National Convention. It was in accepting the Democratic nomination in Chicago that FDR pledged himself to what he called "a New Deal for the American people."

To understand this "New Deal," and to understand its conception of human liberty, we need to turn to FDR's Commonwealth Club Address, which he gave later that fall on the campaign trail and in which he got at the heart of his understanding of liberty.

As FDR explained in his address, there were two ways of understanding liberty in American political development. The first was the way of the founders and of 19<sup>th</sup> century America. It held that liberty was a negative right, and meant that government was merely to



secure the conditions whereby individuals could pursue their fortune and happiness in whatever way best suited them, free from centralized direction or guidance. Roosevelt explained that this understanding of liberty was appropriate for the frontier conditions of early America, and he conceded that it helped to create the great build-up in prosperity that took place in 19<sup>th</sup>-century America. The old kind of freedom, this negative kind of freedom, facilitated the unchecked greed of the businessman. But now that this unchecked individual enterprise had established the commercial prosperity of America, and now that America was facing a brand new set of economic and social problems, the old understanding of liberty had to be transformed.<sup>8</sup>

The turn of the tide, in FDR's view, was the settling of the frontier. The kind of individualism that had been necessitated by the frontier was now a threat to the common economic security. And so the previously unchecked growth of the business titans had to be reined in by an increasingly strong central authority.<sup>9</sup>

This expansion of central governmental authority over the traditional freedom of the individual, FDR knew, was a transformation in the American understanding of government. And so, while he acknowledged the continuing importance of the rights spoken of in the Declaration of Independence, he called in the Commonwealth Club Address for "the re-definition of these rights in terms of a changing and growing social order."<sup>10</sup> Whereas the founders understood the rights spoken of in the Declaration as permanent and natural – that is, as deriving from man's permanent nature, for FDR the meaning of liberty itself would change as history moved forward. It is in this crucial respect that FDR very much adopted the doctrine of progressivism: the

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<sup>8</sup>Franklin D. Roosevelt, "Commonwealth Club Address," in *The U.S. Constitution: A Reader*, ed. Hillsdale College Politics Faculty (Hillsdale, MI: Hillsdale College Press, 2012), 723-26.

<sup>9</sup>Roosevelt, "Commonwealth Club Address," 724.

<sup>10</sup>Roosevelt, "Commonwealth Club Address," 727.

founding-era notion of liberty might have held that individuals had rights that took precedence over the power of the state, but new, twentieth-century conditions meant a new meaning of liberty, one where democratic majorities had the liberty to use the power of the centralized state to achieve economic and social justice.

Given our focus on entitlements, we should pay very careful attention to a central passage of the Commonwealth Club Address, where FDR introduced a radically new conception of freedom with great subtlety. He cited the Declaration of Independence, rightly noting that it put forth a “contract” understanding of government. He refers here, of course, to the theory of social contract, where, according to the founders and the political theorists from whom they learned this theory, individuals possess rights by nature, prior to the formation of government, and thus government can only be legitimately empowered by the consent of the governed. But here’s how FDR put it: “Under such a contract rulers were accorded power, and the people consented to that power on consideration that they be accorded certain rights.”<sup>11</sup> According to FDR, the people give power to the government, and the government gives rights to the people. Rights, then, are not naturally and permanently possessed by individuals, but are instead the creation of government. Rights thus move from being the traditional political rights – liberty, property, etc. – to entitlement rights. The people give more and more power to government, so that they can then claim various entitlements from it. Thus, the more “rights” one wants – the right to healthcare, to a house, to a job, etc. – the more powerful government must become. And so, instead of a situation where an expansion of the scope of government might detract from the liberty of the individual, under FDR’s “re-definition,” our rights increase just as much as we are willing to have the power of the government increase.

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<sup>11</sup>Roosevelt, “Commonwealth Club Address,” 727.

While the Commonwealth Club Address is probably the clearest statement of FDR's principles, I think his Annual Message to Congress from 1944 provides one of the best examples of what these principles mean in terms of concrete entitlement policy. He put these policies in terms of what he called a "second Bill of Rights" – that is, the older understanding of liberty led to the first Bill of Rights, but under the new view of liberty, we must have a new statement of rights. And just as his language in the Commonwealth Club Address had suggested, these redefined rights were put forth in the form of entitlements – the more power government is given, the more of these new rights the people can get. Among the many new rights or freedoms that FDR listed were: the right to a job, the right to food, clothing, and recreation, the right to a home, the right to medical care and the opportunity to achieve and enjoy good health, the right not be afraid of old age, sickness, and unemployment, and the right to a good education.<sup>12</sup>

I think the most useful thing about the 1944 address is that in laying out these new freedoms, FDR also made clear that their accomplishment would require an assault on the old freedoms – especially those pertaining to individual property rights. He acknowledged in the address that measures such as a heavy tax on "unreasonable profits," a renegotiation of war contracts, and various forms of price controls would all be necessary, among other things, to bring about his new economic freedoms.

And thus with the Commonwealth Club Address and the 1944 Annual Message, we have two documents that get directly to the core of what freedom means for FDR and for America, and how the birth of the entitlement state relies upon a fundamentally new view of rights. As FDR said in the 1944 address, "true individual freedom cannot exist without economic security."

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<sup>12</sup>Franklin D. Roosevelt, "Annual Message to Congress," January 11, 1944, in *The U.S. Constitution: A Reader*, 746.

And, when laying out the new bill of rights in that same address he summed them up by saying:

“All of these rights spell security.”<sup>13</sup>

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<sup>13</sup>Roosevelt, “Annual Message,” 746.