

# The U.S. Debt Crisis from the Founders' Perspective

Tuesday, October 15, 2013 | 0422 GMT



**By George Friedman**

*Founder and Chief Executive Officer*

The U.S. government is paralyzed, and we now face the possibility that the United States will default on its debt. Congress is unable to resolve the issue, and President Obama is as obstinate as the legislators who oppose him. To some extent, our political system is functioning as intended -- the Founding Fathers meant for it to be cumbersome. But as they set out to form a more perfect union, they probably did not anticipate the extent to which we have been able to cripple ourselves.

Striving for ineffectiveness seems counterintuitive. But there was a method to the founders' madness, and we first need to consider their rationale before we apply it to the current dilemma afflicting Washington.

## **Fear and Moderation**

The founders did not want an efficient government. They feared tyranny and created a regime that made governance difficult. Power was diffused among local, state and federal governments, each with their own rights and privileges. Even the legislative branch was divided

into two houses. It was a government created to do little, and what little it could do was meant to be done slowly.

The founders' fear was simple: Humans are by nature self-serving and prone to corruption. Thus the first purpose of the regime was to pit those who wished to govern against one other in order to thwart their designs. Except for times of emergency or of overwhelming consensus, the founders liked what we today call gridlock.

At the same time, the founders believed in government. The U.S. Constitution is a framework for inefficiency, but its preamble denotes an extraordinary agenda: unity, justice, domestic tranquility, defense, general welfare and liberty. So while they feared government, they saw government as a means to staggeringly ambitious ends -- even if those ends were never fully defined.

Indeed, the founders knew how ambiguous their goals were, and this ambiguity conferred on them a sense of moderation. They were revolutionaries, yet they were inherently reasonable men. They sought a *Novus Ordo Seclorum*, a "New Order of the Ages," a term that was later put on the Great Seal of the United States, yet they were not fanatical. The murders and purges that would occur under Robespierre or Lenin were foreign to their nature.

The founders' moderation left many things unanswered. For example, they did not agree on what justice was, as can be seen in their divided stance on slavery. (Notably, they were prepared to compromise even on something as terrible as slavery so long as the Constitution and regime could be created.) But if the purpose of the Constitution was to secure the "general welfare," what was the government's role in creating the circumstances that would help individuals pursue their own interests?

There is little in the Constitution that answered such questions, despite how meticulously it was crafted, and the founders knew it. It was not that they couldn't agree on what "general welfare" meant. Instead, they understood, I think, that general welfare would vary over time, much as "common defense" would vary. They laid down a principle to be pursued but left it to their heirs to pursue it as their wisdom dictated.

In a sense, they left an enigma for the public to quarrel over. This was partly intentional. Subsequent arguments would involve the meaning of the Constitution rather than the possibility of creating a new one, so while we would disagree on fundamental issues, we would not constantly try to re-establish the regime. It may not have been a coincidence that Thomas Jefferson, who hinted at continual revolution, did not participate in the Constitutional Convention.

The founders needed to bridge the gaps between the need to govern, the fear of tyranny and the uncertainty of the future. Their solution was not in law but in personal virtue. The founders were fascinated by Rome and its notion of governance. Their Senate was both a Roman name

and venue for the Roman vision of the statesman, particularly Cincinnatus, who left his farm to serve (not rule) and then returned to it when his service was over. The Romans, at least in the eyes of the founders if not always in reality, did not see government as a profession but rather as a burden and obligation. The founders wanted reluctant rulers.

They also wanted virtuous rulers. Specifically they lauded Roman virtue. It is the virtue that most reasonable men would see as praiseworthy: courage, prudence, kindness to the weak, honoring friendship, resolution with enemies. These were not virtues that were greatly respected by intellectuals, since they knew that life was more complicated than this. But the founders knew that the virtues of common sense ought not be analyzed until they lose their vigor and die. They did not want philosopher-kings; they wanted citizens of simple, clear virtues, who served reluctantly and left gladly, pursued their passions but were blocked by the system from imposing their idiosyncratic vision, pursued the ends of the preamble, and were contained in their occasional bitterness by the checks and balances that would frustrate the personal and ideological ambitions of others.

The Founding Father who best reflects these values is, of course, George Washington. Among the founders, it is he whom we should heed as we ponder the paralysis-by-design of the founders' system and the current conundrum threatening an American debt default. He understood that the public would be reluctant to repay debt and that the federal government would lack the will to tax the public to pay debt on its behalf. He stressed the importance of redeeming and discharging public debt. He discouraged accruing additional debt and warned against overusing debt.

However, Washington understood there would be instances in which debt had to be incurred. He saw public credit as vital and therefore something that ought to be used sparingly -- particularly in the event of war -- and then aggressively repaid. This is not a technical argument for those who see debt as a way to manage the economy. It is a moral argument built around the virtue of prudence.

Of course, he made this argument at a time when the American dollar was not the world's reserve currency, and when there was no Federal Reserve Bank able to issue money at will. It was a time when the United States borrowed in gold and silver and had to repay in the same. Therefore in a technical sense, both the meaning and uses of debt have changed. From a purely economic standpoint, a good argument can be made that Washington's views no longer apply.

But Washington was making a moral argument, not an argument for economists. From the founders' perspective, debt was not simply a technical issue; it was a moral issue. What was borrowed had to be repaid. Easing debt may power the economy, but the founders would have argued that the well-being of the polity does not make economic growth the sole consideration. The moral consequences are there, too.

## The Republic of the Mind

Consequently, I think the founders would have questioned the prudence of our current debt. They would ask if it were necessary to incur, and how and whether it would be paid back. They would also question whether economic growth driven by debt actually strengthens the nation. In any case, I think there is little doubt they would be appalled by our debt levels, not necessarily because of what it might do to the economy, but because of what it does to the national character. However, because they were moderate men they would not demand an immediate solution. Nor would they ask for a solution that undermines national power.

As for federally mandated health care, I think they would be wary of entrusting such an important service to an entity they feared viscerally. But they wouldn't have been fanatical in their resistance to it. As much as federally mandated health care would frighten them, I believe fanaticism would have frightened them even more.

The question of a default would have been simple. They would have been disgusted by any failure to pay a debt unless it was simply impossible to do so. They would have regarded self-inflicted default -- regardless of the imprudence of the debt, or health care reform or any such subject -- as something moderate people do not contemplate, let alone do.

There is a perfectly valid argument that says nothing the founders believe really affects the current situation. This is a discussion reasonable and thoughtful people ought to have without raised voices or suspicion that their opponent is vile. But in my opinion, we have to remember that our political and even private life has been framed by our regime and therefore by its founders. The concept of limited government, of the distinction between public and private life, of obligation and rights, all flow from the founders.

The three branches of government, the great hopes of the preamble and the moral character needed to navigate the course continue to define us. The moral character was always problematic from the beginning. Washington was unique, but America's early political parties fought viciously -- with Aaron Burr even shooting Alexander Hamilton. The republic of the mind was always greater than the republic itself. Still, when we come to moments such as these, it is useful to contemplate what the founders had in mind and measure ourselves against that.

Send us your thoughts on this report.

— — — — — — — —

**Dr. George Friedman**

Dr. Friedman is the Chief Executive Officer of Stratfor, a company he founded in 1996 that is now a leader in the field of global intelligence. In addition to his responsibilities as CEO, Friedman guides Stratfor's strategic vision and oversees the development and training of the company's intelligence unit.

---

***About Stratfor***

Stratfor is a privately owned publisher of geopolitical analysis. Our analysts use a unique, intel-based approach to study world affairs.

***The U.S. Debt Crisis from the Founders' Perspective*** is republished with permission of Stratfor.

---

**STRATFOR**

Stratfor Forecasting, Inc.  
221 W. 6th Street, Suite 400  
Austin, TX 78701, USA  
[www.Stratfor.com](http://www.Stratfor.com)