



"What were they thinking?"  
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On why efforts to terminate or curtail public programs always confront

## The "Entitlement Ethic"

Once a government establishes a program—particularly a program with specific, identifiable beneficiaries—the program is almost impossible to terminate. Thus, public programs stick around for a long time. Even when the problem that the program was designed to solve has gone away, the program itself often continues on.

Almost four decades ago, Kim Spurduto and I wrote an article, "Medical Schools and the 'Entitlement Ethic,'" to explain the longevity of the "capitation program" that provided a subsidy to medical schools. Originally designed (in 1963) to solve the U.S. "doctor shortage," the financial support came with a condition: A medical school received funding only if it expanded its enrollment.

In 1971, with the national doctor shortage totaling 50,000, Congress renewed and modified the program. It quadrupled general operating support and added a "capitation grant" of \$2,500 for each student enrolled in medical school (with an increase to \$4,000 for a student in the final, fourth year). Again, a medical school was eligible for this support only if it increased its enrollment.

It worked. In 1976, Congress found that the U.S. "no longer [had] an insufficient number of physicians and surgeons." Indeed, physicians per 100,000 population had jumped from 250,000 in 1960 to 363,000 15 years later—a 45% increase.

Nevertheless, Congress did not eliminate the program. Why?

One obvious factor was the program's success. Clearly, it had contributed to the growth in the nation's supply of doctors.

Without the program, however, many of the nation's medical schools would have been in financial trouble. In the 1975-1976 academic year, 31 medical schools received over \$1 million in capitation funds. For 20 schools, the program accounted for 10 percent or more of their expenditures. For 65—more than half of the

nation's 111 schools—it was over 5 percent. The medical schools wanted the federal government to continue to support them in the lifestyle to which they had become accustomed.

Indeed, the benefits of any government program create dependents. The program changes its beneficiaries' behavior and alters their expectations. Moreover, with the passage of time, the program acquires an aura of legitimacy. The dependency relationship is accepted as the natural way that society deals with the problem and runs the program.

With this slow evolution—from short-term fix to entrenched legitimacy—comes an aversion to terminating these relationships (and dependencies) that the government itself has created. Spurduto and I called this "the entitlement ethic":

Once government establishes a program, those who receive its benefits conclude that they are entitled to them and so do many citizens.

*Why are public programs so hard to terminate? Because each one creates not only a large number of direct beneficiaries. It's continued existence gives the program an aura of legitimacy—broad public acceptance that this is how society deals with the problem.*

This entitlement ethic is not an explicit doctrine. It cannot be found in any law. Indeed, many programs that create a class of beneficiaries come with expiration dates. Then, however, the issue is usually not whether the program should be continued or terminated, but what modifying improvements are needed.

The entitlement ethic reflects our human benevolence. Even beneficiaries who don't automatically create a feeling of beneficence gain from this never stated, but nevertheless very

real, entitlement ethic. (Do you feel sorry for your local medical school?) After all, the government created the relationship (even if the beneficiaries asked it to do so) and thus has also created its own obligation.

Still, whenever a government program comes up for renewal, there are people who want to eliminate it. The resulting struggle engages a variety of interests with a variety of objectives. These include:

- ❖ The "defenders" who want the program to continue.
- ❖ The "terminators" who seek to eliminate it.
- ❖ The "activists" who try to use the program to achieve new policy objectives.

Indeed, in 1976, Congress shifted its capitation grants on a new problem: too many medical-school graduates were choosing lucrative specialties not primary care.

The effort to renew or modify an established program does not, however, produce a philosophical debate over the legitimacy of an "entitlement ethic," or a political debate about the macro value that society gains from the program.

Rather, the debate tends to focus on whether a specific collection of individuals or institutions should lose their benefits. Terminating the program may well benefit some—if only citizens, who pay the taxes (or the government's debt service) that support the program.

Almost four decades ago, Kim Spurduto and I observed: "Termination is rarely tried because it is difficult; termination appears all the more difficult because it is rarely tried." **B**

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