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The Dependency Crisis More Americans live off government, and the Obama administration is encouraging the trend

By Pete du Pont

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For the past several years, America's public policy has been changing, not by chance but by an intentional effort to reshape our nation. The goal of the current federal government, led by the Obama administration, is to expand its influence and control of everything. Its regulatory policies, unprecedented peacetime spending increases, and expanding influence over private decision-making serve to increase government's reach into everything, from schools, businesses, banks, families and individuals, to cars, roads, and personal health care.

The continual push of the Obama administration toward government-centric policies and large spending increases has compounded the lack of control of federal spending during the Bush administration. As a result, more and more Americans are dependent on the federal government. But what may be even more surprising is the historic magnitude of this increase in dependency on government.

A study released by the Heritage Foundation earlier this month found that dependency on the federal government rose 23% in just the first two years of the Obama administration, with 67 million people now relying on some federal program. That is the largest two-year increase since the Carter administration. The "2010 Index of Dependence on Government," written Heritage's William Beach and Patrick Tyrrell, found that after two decades of slower growth in the dependency index in the 1980s and '90s, dependency has picked up again since 2000 and has "recently been on an upward tear like never before."

Of course, this increase in dependency has negative implications for our nation's finance as well. Federal spending under President Bush grew faster than inflation, and in his last three years in office was between \$2.7 trillion and \$3.0 trillion per year. By the end of 2009, nine months into President Obama's first term, federal spending had grown to \$3.5 trillion. The last time America had spent that much as a percentage of GDP was in 1945, the last year of World War II, when this writer had just turned 10.

With the growth in dependency and the related growth in spending, the federal debt held by the public as a share of GDP was also growing: 40.5% in 2008, 54.1% in 2009, 62.8% in 2010, and 67.7 percent last year, adding more than \$4 trillion to the debt in just three years.

Unfortunately the policies advocated by the Obama administration do nothing to reverse the growing dependency on government or to the fiscal calamity. Instead, the Obama policies push us in the wrong direction, with their focus on increasing taxes and government control of health care, energy and numerous other parts of our lives.

In 2009 the top 1% of Americans paid a higher share of income taxes (36.7%) than the bottom 90% (29.5%). At the end of the year the Bush tax cuts expire. Unless Congress acts, taxes will go up on everyone, including "millionaires and billionaires," which the president defines to include small businesses earning as little as \$200,000.

The president's current taxing proposals would add \$1.5 trillion of tax increases over 10 years, including smaller tax deductions for giving to charities, higher taxes on oil producers, penalties on jet plane owners, and billions more taxes on hedge fund managers.

As for health care, we have already begun to see the negative impact of this transfer of 17% of the American economy from the marketplace of decisions by individuals, families, and health care providers to federal control and management. Unless the Supreme Court rules against it, we will really begin to feel its full effects in 2013 (with additional tax increases of 3.8% of income on taxpayers making more than \$200,000) and 2014, when the full brunt of its mandates begins to hit.

These three basic changes—raising government spending, raising taxes, and taking over 17% of the economy through health care control—are the serious changes to increase the scope, power, and regulation of our government, all of which will continue this administration's push to make more and more Americans dependent on the government. *

This failure to address the increase in dependency is disappointing. Especially given some of the alarming statistics in the 2012 Index of Dependency on Government that show where America and the American people are going if we don't change course:

- In the late 1960s, 12% of Americans paid no income taxes. By 2000 it was 34%, and in 2009 it had reached 49.5%.
- In the late 1960s, federal housing assistance was about \$2 billion of 2005 dollars. It got to some \$43 billion in the Bush administration and in 2010 it reached \$59 billion.
- The proportion of births out of wedlock in 1960 was 5.3%, but by 2009 it was up to 41%.
- Social Security needs 2.9 workers to pay taxes for each retiree receiving benefits. The current ratio is 3.3 workers per retiree, but it will reach 2.9 in 2015 and drop to 2.0 in the 2030s.
- One in 5 Americans (not including government employees) depend on government aid. Per capita dependence spending—in 2005 dollars went shot up from \$7,500 in 1962 to \$32,748 in 2010, which includes federal spending on health care, welfare, college education, housing, retirement and agricultural outlays. In 1962, 33.6 million Americans (including government employees)—about 18% of the population— depended on government; in 2010 it was 91.2 million—29.5% of the population.

All of these data suggest that difficult times are ahead of us unless we are more careful about what we do, what it costs, and who is responsible for it. That is why it is so important for Americans to debate the dependency-increasing policies pushed so far by the Obama

administration and embodied in his current budget and other proposals. In this vein the Heritage Foundation puts forth a serious question for today: "Are Americans near a tipping point in the nature of their government and the principles that tie it to our civil life?"

Heritage also asks: "Are Americans ready for the new class warfare, the battle lines of which are drawn by these dividing lines? These are questions increasingly in need of urgent answers. How Americans answer them may well determine the ultimate fate of their political system—and society." Americans will have a chance to start answering these questions this November.