



## Cato's Tanner explores the problems linked to a growing welfare state

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Left-of-center critics cried foul when New Jersey Gov. Chris Christie warned that America is in danger of becoming a country full of “people sitting on the couch waiting for their next government check.” But [Michael Tanner](#) of the Cato Institute uses his latest National Review Online [column](#) to explore why Christie is on to something.

*In 1965, just 22 percent of all federal spending was transfer payments. Today it has doubled to 44 percent. That means that nearly half of all federal spending is simply government taking money from one person and giving it to another.*

*Or look at it another way: In 1965, transfer payments from the federal government made up less than 10 percent of wages and salaries. As recently as 2000, that percentage was just 21 percent. Today, transfer payments are more than a third of salary and wages. Worse, if one includes salaries from government employment, more than half of Americans receive a substantial portion of their income from the government. Conservatives often criticize transfer payments to the poor, and for good reason. At the federal and state levels combined, we spend nearly \$1 trillion per year on anti-poverty or means-tested programs that do more to promote a permanent underclass than to eliminate poverty. But the modern welfare state is much more than programs for the poor. It includes middle-class welfare, such as Social Security and Medicare, which are the real drivers of our future national insolvency. We think of Medicaid as health care for the poor, but as much as two-thirds of Medicaid spending goes to pay for long-term care such as nursing homes for the elderly, much of it for middle-class people sheltering assets. And the modern welfare state also includes corporate welfare, the military-industrial complex, and others living off the taxpayer's dime. The Export-Import Bank is as much welfare as TANF.*

*This is the road we are now on. The welfare state started with small programs targeted toward a small number of genuinely needy people. But as politicians figured out the electoral benefits of expanding programs and people realized they could let others work on their behalf, those programs grew until the point at which, today, every problem in society prompts calls for government action, response, or funding.*