



Cradle to Grave: The Obama Campaign's Fantasy for American Life

Kevin Glass

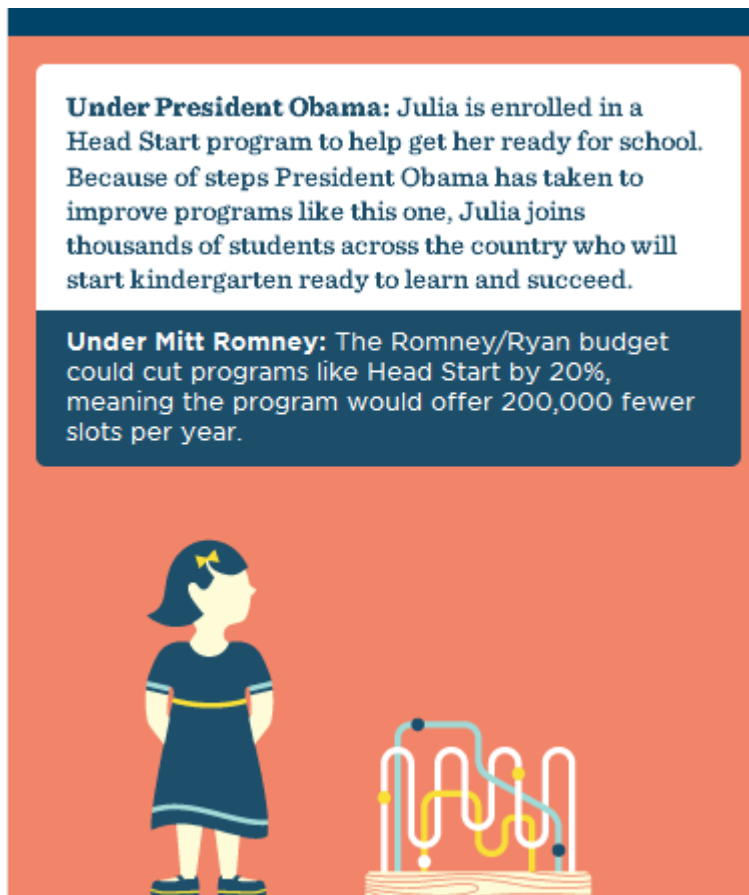
The Obama campaign has a cringe-inducing propaganda slideshow called "[The Life of Julia](#)" intended to illustrate how the Obama Administration's policies will give government help to a young woman as she is educated, works, starts a family and retires.

If you had to stifle a guffaw, you're not alone.

Yes, the Obama Administration's policies alone can be the savior for American children everywhere - all it takes, apparently, are piles and piles of taxpayer money thrown around recklessly. And by the end, children will still be able to retire and live comfortably on the totally-stable programs of Medicare and Social Security!

The dream that Obama has for Julia's life is scary. There was a time that the "cradle-to-grave" formulation of the welfare state was disparaging. President Obama takes pride in having the government's fingers pushing Julia along at every stage of her life. This is the fantasyland that the Obama Administration is living in - absolutely no mention of the unprecedented debt and deficit that the government has racked up in the last four years and the effect that will have on the economy as the next generation comes of age.

First off, the Obama Administration pretends like the Head Start program is going to be the most vital part of a young child's life:

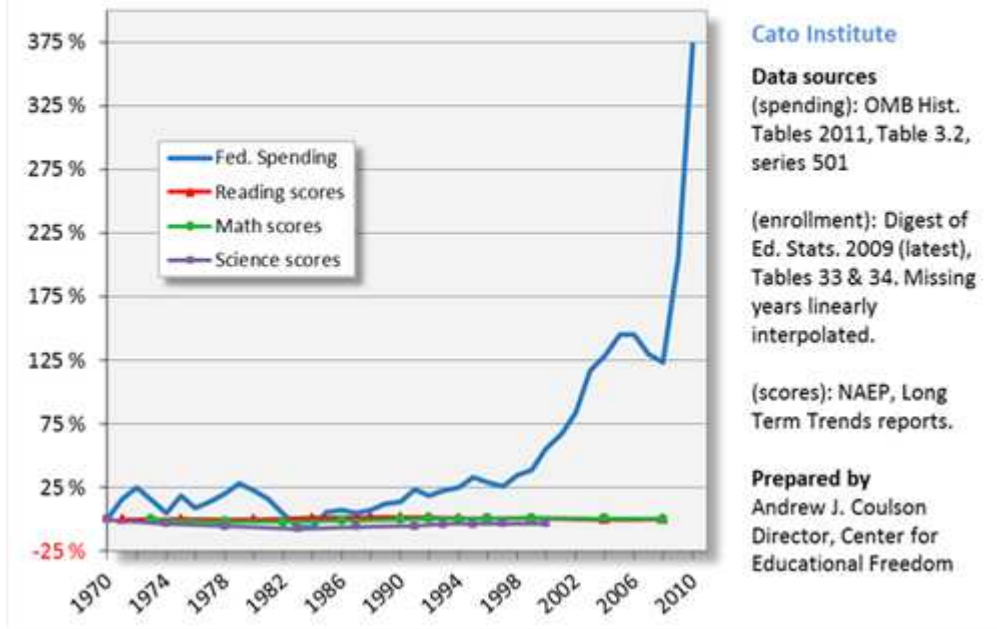


Apparently, what matters in early education is federal money thrown blindly at something identified as a "problem." The Heritage Foundation [reports](#) that the Head Start program yields "zero lasting benefits for participating children."

Unfortunately, a new (long overdue) report published by the Department of Health and Human found that the \$150 billion that taxpayers have "invested" in Head Start since 1965 is yielding zero lasting benefits for participating children. According to the Head Start Impact Study: "the benefits of access to Head Start at age four are largely absent by 1st grade for the program population as a whole." The Heritage Foundation reviews the findings of the new evaluation in a forthcoming Backgrounder report concluding: "Head Start has little to no effect on cognitive, socio-emotional, health, and parenting outcomes of children participating in the program."

American children have been failed by the public schools system over the past fifty years, and gobs of federal money have done nothing to mitigate the problem. Andrew Coulson of the Cato Institute produced a graph showing near [zero correlation between federal education spending and student performance in recent decades](#).

Figure 2. Inflation-Adjusted Federal K-12 Spending Per Pupil and Achievement of 17-Year-Olds, % Change since 1970



So, after the Obama Administration has dropped taxpayer money into failing schools with no sign of marked improvement, we find Julia in high school.



Better hope Julia doesn't live in D.C.! Otherwise, she'll be confined to a high school in one of the worst public systems in the country after the Obama Administration killed off an important school choice program.

President Obama and Democrats have time and time again campaigned against promising school choice programs that have been shown to improve test scores and graduation rates for high school students across the United States. Though they were able to kill off D.C.'s school choice program, Republican governors in Indiana, Michigan and Louisiana have been able to pass reform plans that show great promise in improving outcomes.



Under President Obama: As she prepares for her first semester of college, Julia and her family qualify for President Obama's American Opportunity Tax Credit—worth up to \$10,000 over four years. Julia is also one of millions of students who receive a Pell Grant to help put a college education within reach.

Under Mitt Romney: The American Opportunity Tax Credit would be allowed to expire, and Pell Grant funding would be slashed for 10 million students.

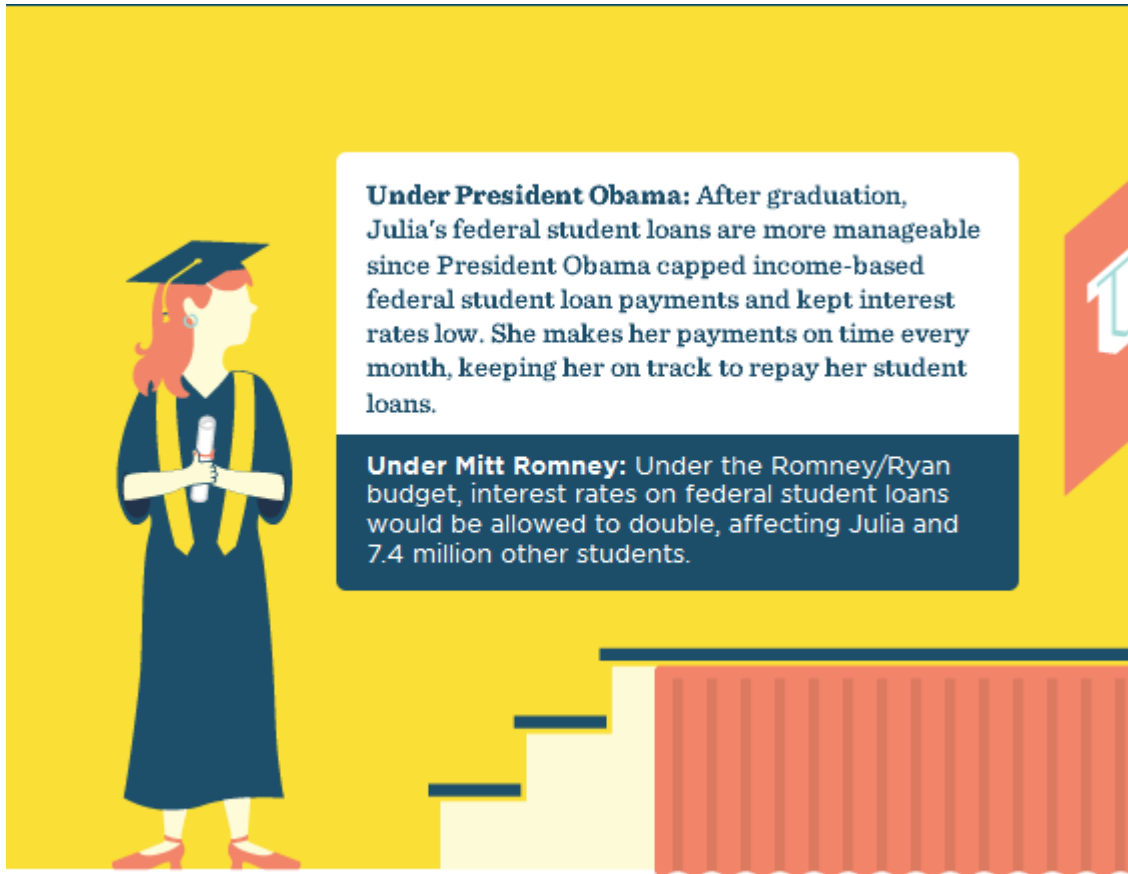
President Obama has been hot on the campaign trail recently bemoaning how expensive college has become. He's either ignorant to the economics or just blindly pandering to college students and hopefuls. [Pell Grants and other forms of federal aid to students and colleges are one of the major drivers of tuition increases.](#)

Perhaps worse for students than a crowding out effect is the Bennett Effect, named for William Bennett, who 25 years ago as Secretary of Education wrote for the New York Times, "Increases in financial aid in recent years have enabled colleges and universities blithely to raise their tuitions."

If subsidies puff up buying power and shift prices higher, as economics courses teach, could federal aid for college help create an affordability problem? After all, the federal government began spending more on college aid with the Higher Education Act of 1965 and the full funding of Pell Grants in 1975. Since 1979, tuition and fees have tripled after adjusting for inflation. That's much faster than the increase for real estate and teacher pay.

As Smart Money's Jack Hough writes, "aid should become more thoughtful instead of more plentiful." Simply turning up the knobs on federal subsidies won't solve this problem.

We turn now to Julia's post-graduate situation - in which President Obama has kept interest rates on her student loans artificially low.



Under President Obama: After graduation, Julia's federal student loans are more manageable since President Obama capped income-based federal student loan payments and kept interest rates low. She makes her payments on time every month, keeping her on track to repay her student loans.

Under Mitt Romney: Under the Romney/Ryan budget, interest rates on federal student loans would be allowed to double, affecting Julia and 7.4 million other students.

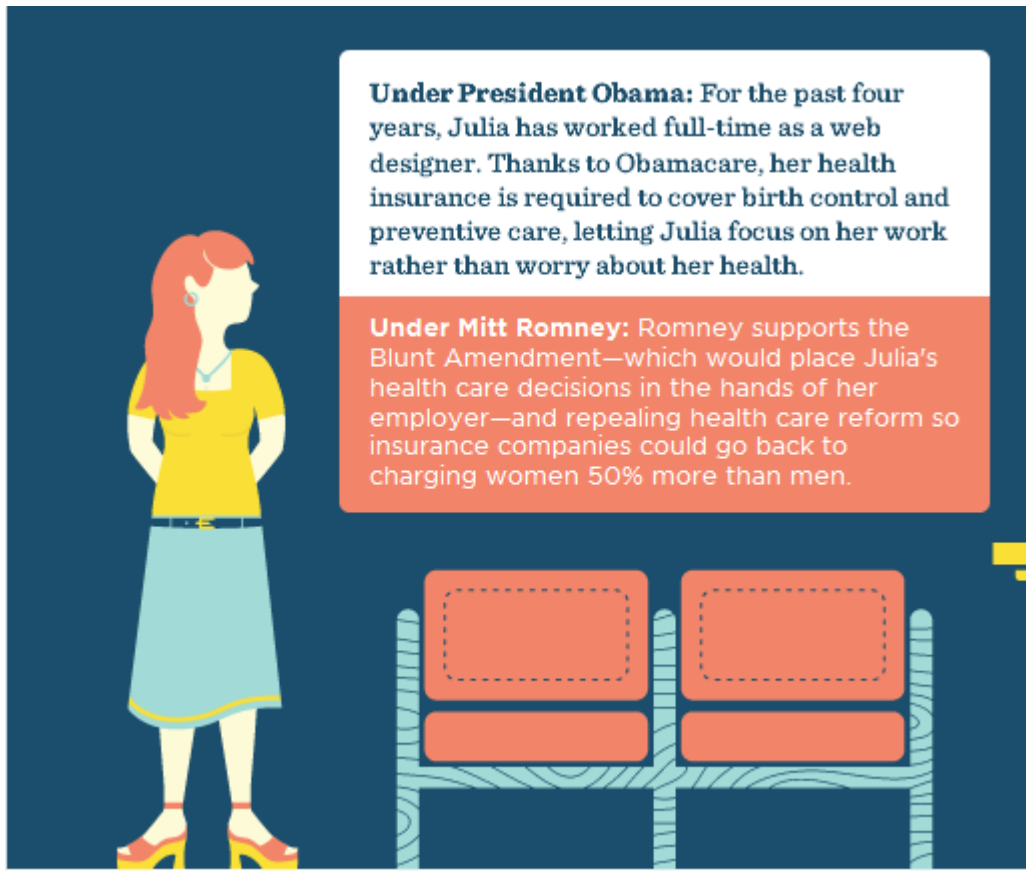
The debate over interest rates on federal student loans is absolutely absurd. This does very little to help kids who are currently in school - it's mostly a hand-out to people who have already graduated. And as bad as some graduates have it in the current economy, at least they have college degrees - which makes them part of a pretty privileged interest group.

As the American Enterprise Institute [reports](#), the Obama Administration proposes spending \$30 billion in order to save college graduates with student loan debt only about \$25/month.

Now that temporary dip is set to expire, with undergraduate Stafford loans reverting to the standard 6.8% rate. The impact? Not much. U.S. PIRG, the big "student advocacy" lobbying outfit, calculates the change would cost the average new borrower \$2,800 over a 10-year repayment term. That's about \$25 a month. Former CBO Director Douglas Holtz-Eakin has pegged the impact at \$7 a month.

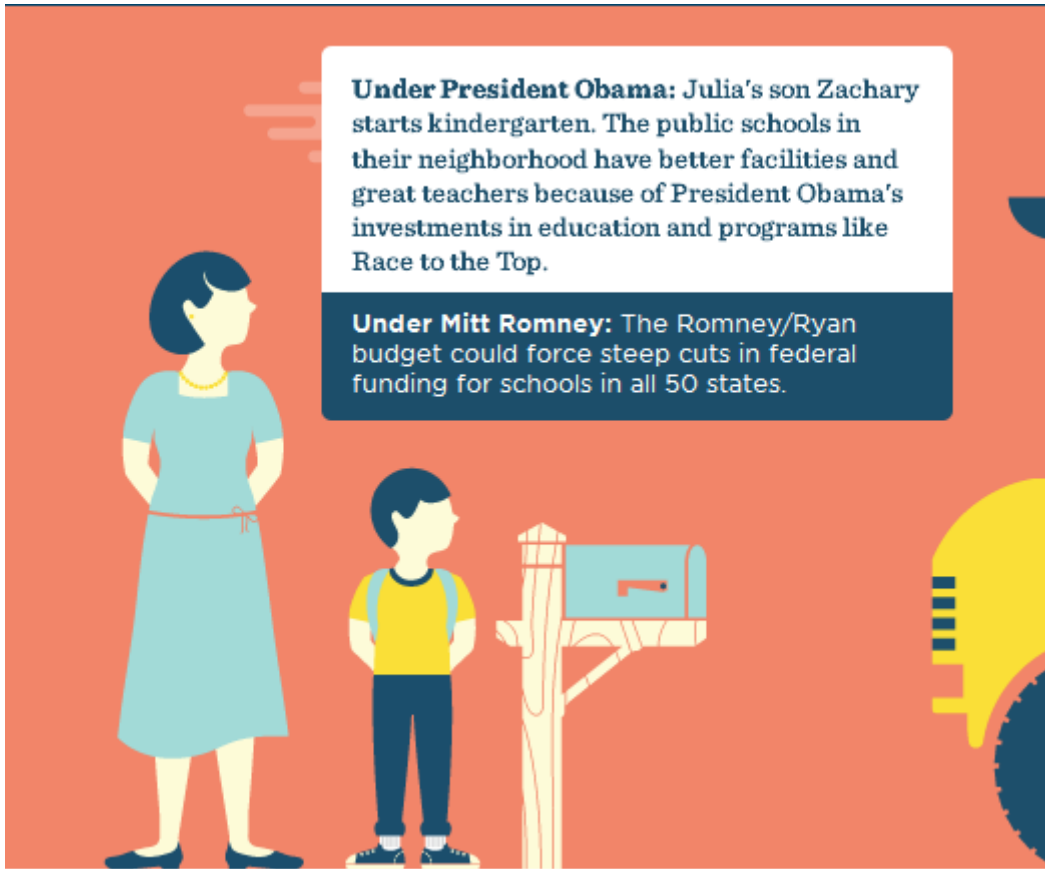
It's not like the U.S. is projected to collapse under a mountain of crushing debt in the next twenty years or anything. What's a little \$30 billion expense?

Next we find Julia a few years into her web design career, thankfully reaping the benefits of Obamacare!



Thank goodness, because before Obamacare, Julia and other American women were living in constant horror in their health insurance situations. Now, though, the Obama Administration has forced Julia's web design company to cover contraception - that \$9/month that she'd have to pay out of pocket would be otherwise crippling - but Julia is probably covered for prostate cancer as well! No, let's ignore the absurdity that Julia is now covered by federal mandate for a whole host of issues that she would never concern herself with. The federal government knows what kind of health insurance coverage is best, and Julia's got it!

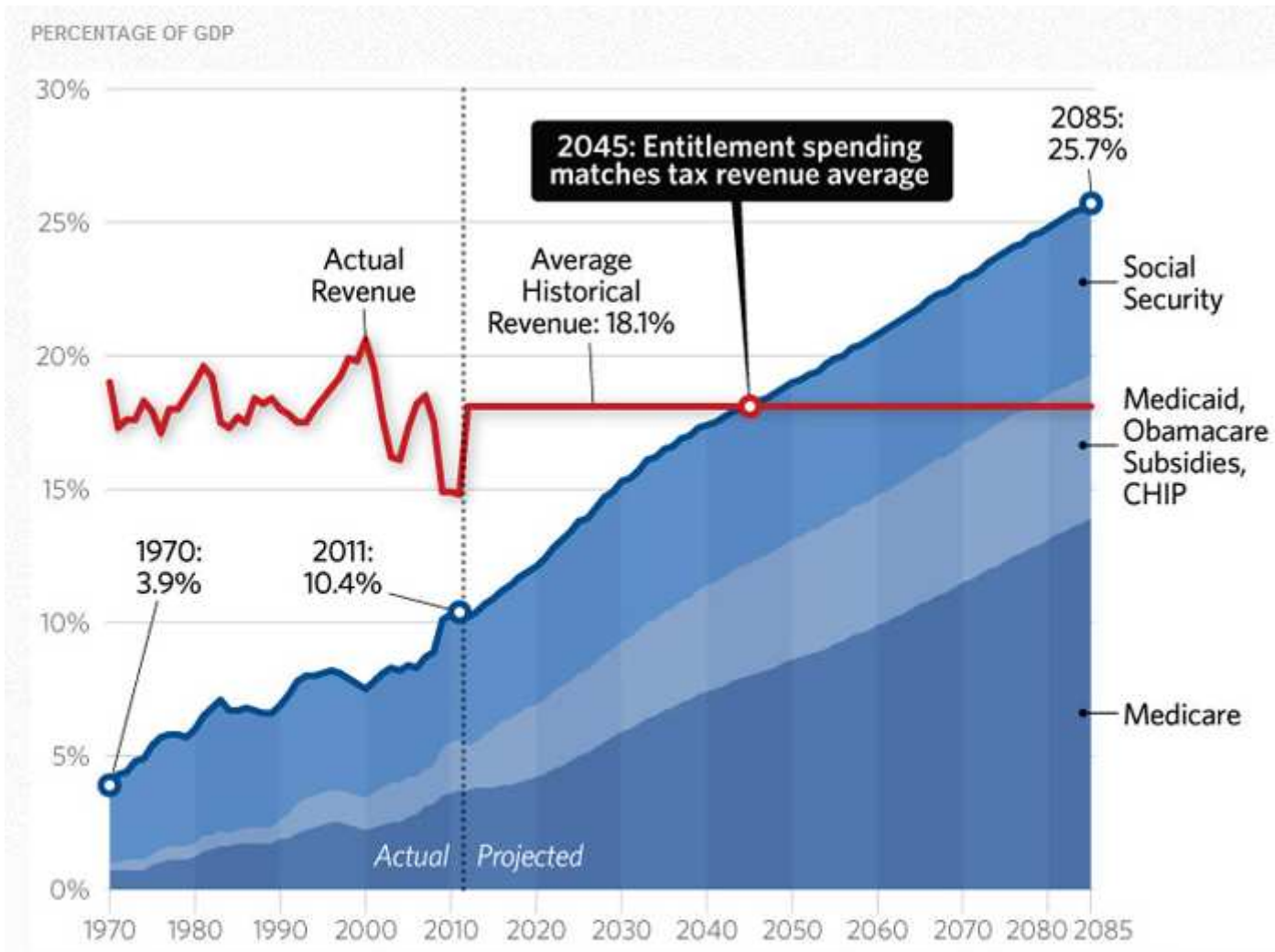
Now we find Julia starting the same cycle for her child that she herself started when she was young!



Again, we're all hoping that Julia doesn't live in the District of Columbia, where her child has been confined to a failing public school system. Hopefully she's in a state that helps her send her child to a better school.

This is Julia at age 37 - which means if Julia is 3 years old today, it's the year 2046. If Barack Obama's budget is followed, the economy will have long ago collapsed under the weight of debt and deficit brought on by out of control entitlement spending. But Obama is going to go on pretending that these programs are just fine, and both the American economy and Julia are doing fine in 2046.

According to the Heritage Foundation and the CBO, a mere one year earlier in Julia's life - in 2045 - [is when entitlement spending alone is going to overwhelm historical average tax rates.](#)

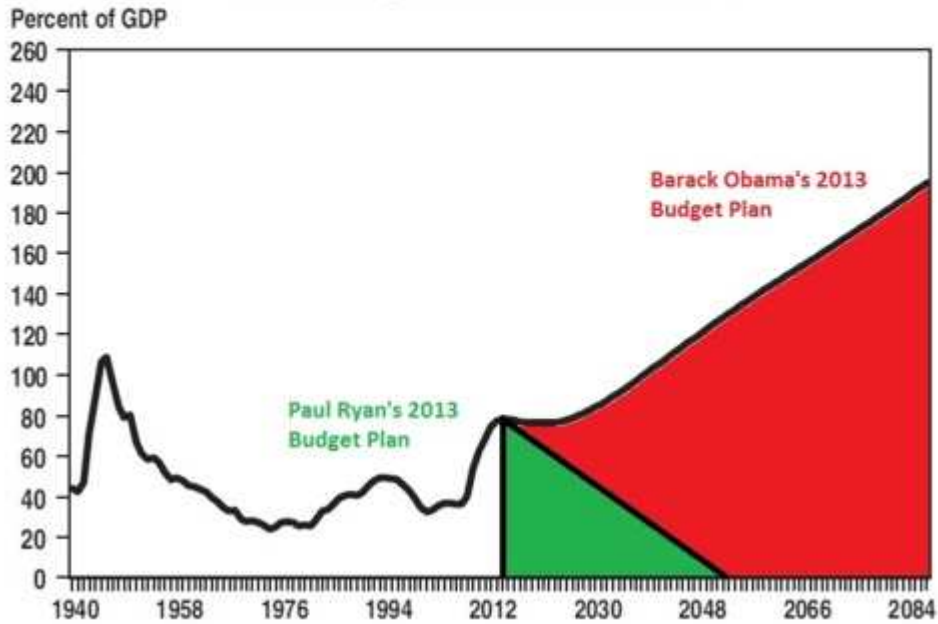


Source: Congressional Budget Office (Alternative Fiscal Scenario).


Take the plan that the Obama campaign is constantly comparing their plan to: the Paul Ryan plan. Let's look at a graph of what happens over the course of Julia's life under the two regimes:

Obama vs. Ryan

Publicly Held Debt Under 2013 Budget Plans Extended





Julia must be living in a kind of alternate reality where, after President Obama leaves office, a serious budget reformer comes in with significant entitlement reforms that get debt and deficit under control. That would be the only assumption possible considering Julia's relatively normal life at age 37.

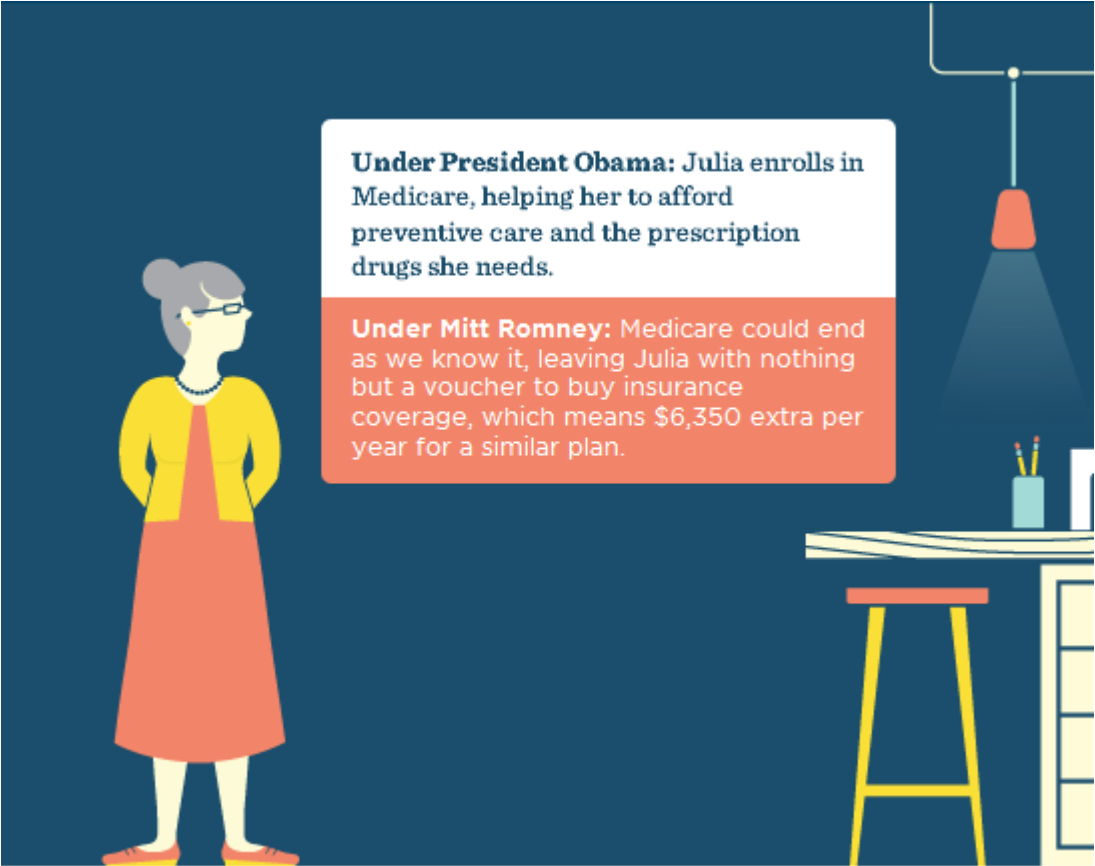


Under President Obama: Julia starts her own web business. She qualifies for a Small Business Administration loan, giving her the money she needs to invest in her business. President Obama's tax cuts for small businesses like Julia's help her to get started. She's able to hire employees, creating new jobs in her town and helping to grow the local economy.

Under Mitt Romney: The Romney/Ryan budget could cut programs like the Small Business Administration by 20%.



Now Julia's a mid-career woman starting her own business! Let's hope that she doesn't have to organize her small business as a sole proprietorship! That would force Julia into a class of people that President Obama sees as a piggy bank to pay for every government program he wants to pass. Obama wants to raise top individual tax rates and institute a "Buffett Rule", disproportionately harming small business owners. Hopefully she will be smart enough not to hire *too* many employees as well and then be forced to provide them all with health insurance subject to numerous government mandates!



Under President Obama: Julia enrolls in Medicare, helping her to afford preventive care and the prescription drugs she needs.

Under Mitt Romney: Medicare could end as we know it, leaving Julia with nothing but a voucher to buy insurance coverage, which means \$6,350 extra per year for a similar plan.



Finally, we find Julia at the end of her road, living comfortably and retired, all thanks to the federal government! In fact, she's subsisting on government-provided Social Security and Medicare.

Once again, the Obama campaign is simply ignoring the greatest issue facing our time: the entitlement spending driving debts and deficits that are going to sink America in little more than twenty years. Reality check: Medicare and Social Security face a \$63 trillion long-term deficit - \$35 trillion of which is going to come due within Julia's lifetime.

Skip the "Julia" slideshow. Listen to Rep. Paul Ryan's urgent plea for us to actually take the entitlement crisis seriously.