



## Poverty Created By and For Big Government

The Census Bureau recently shook up the nation with its report that the poverty rate for 2009 had increased dramatically over that of the previous year. The federal government considers one to be impoverished if one's income is \$10,830 or less, or \$22,050 for a family of four.



The number of Americans within those categories grew in 2009 by nearly a full percentage point to 14.2 percent, or 43.6 million people — a 3.8 million increase over 2008. The poverty rate now stands at its highest level since 1994, while the actual number of those living in poverty is the greatest in 51 years.

To put that in perspective, the poverty crisis suffered by America 51 years ago is exactly what inspired Lyndon B. Johnson to initiate the War on Poverty in his first State of the Union address in 1964. Among the federal programs created to combat this socio-economic problem were the Job Corps and the Social Security Act of 1965, the latter of which introduced the father of all entitlement programs: Medicare/Medicaid.

Since then, these agencies have become an indelible part of American life, used by the poor and, especially in the case of Medicare, the not-so-poor. But despite their abundant patronage, these massive, unconstitutional programs have neither eliminated poverty nor become even remotely efficient or affordable.

Every year, the Job Corps provides 60,000 young Americans, ages 16-24, with vocational, on-the-job and life training to prepare them for the workplace. The cost to taxpayers is approximately \$1.5 billion per year, or \$25,000 per participant. Such a price tag is excessive, rivaling the cost of either a community college vocational-training education or the wages for a participant's first year in the economic sector. Not surprisingly, as with most federal programs, the Job Corps is redundant, as the specific learning experiences it offers are already available in public schools (also funded by taxes), the private sector (which typically assumes responsibility for on-the-job training), and the home (where it is the parents' role to nourish the child's physical/emotional/spiritual/intellectual development). That said, the Job Corps also strips the economy of \$1.5 billion of productive money on an annual basis.

Of course, the impact of the Job Corps pales in comparison to that of Medicare and Medicaid, the inherent fiscal weaknesses of both of which have been well documented.

Medicare, which provides health "insurance" to 45 million Americans 65 and over, is funded through a payroll tax of 2.9 percent split between the employee and the employer. Despite stripping the economy of more than 3 percent of its value annually, the program is still unable to adequately fund itself: Since 2008 the Medicare trust fund has been paying out more than it brings in. Like any Ponzi scheme, this unsustainable economic model is destined to come crashing down. Medicare has unfunded obligations of \$37.8 trillion — roughly 2.5 times the size of the U.S. economy — a great deal of which is coming due soon. As the massive Baby Boomer population ages, they will put incredible pressure upon the system, ultimately bankrupting Medicare. Most economists, as well as the Medicare trustees, believe the fund will be in the red by 2017. Upon its collapse, what will the federal government do? It has done nothing yet to prepare for Doomsday, though it may be only seven years away. So a financial crisis — and tax



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tsunami — are looming for American taxpayers and Medicare beneficiaries, as well as those who must be paid to provide for their care.

Medicaid, another onerous drain on the economy, provides medical and health-related services and funding to the poor. Even though it's a federal edict, it uses a combination of federal/state/local funding and state management of Medicaid recipients. In 2007, there were an average 49.1 million Americans receiving Medicaid. The federal outlay that year was \$190.6 billion, while the states pumped in another \$142.6 billion for a total of \$333.2 billion. That number is expected to reach \$673.7 billion by 2017, the very same year Medicare comes to a crossroad. It should be noted that the program is notoriously abused, with some states such as New York providing recipients with products and services that those on private health insurance would never receive without considerable out-of-pocket expense. In the Empire State the cost to local/state/federal taxpayers is a staggering \$16,000 per Medicaid recipient. Outlandish, to say the least.

These incredible burdens placed on productive sectors of the economy make it painfully obvious to the reasonable mind that the Job Corps, Medicare, and Medicaid *have created poverty rather than alleviated it*. In its effort to combat the very poverty it had created through taxation and regulation of a productive private sector, the federal government — through Medicare and Medicaid — managed to create even more poverty by adding to the cost of doing business (which inhibits job growth, stunts wages, and sends jobs overseas) and living (which prevents people from spending as much as they could in the free market, which would then encourage economic development and squash poverty). Whenever monies — *hundreds of billions annually* for Johnson's long-running War on Poverty — are forcibly removed from the private sector, then the private sector is unable to use that money to make products, provide services, employ people, and increase the standard of living. Thus, the average worker, because of diminished employment opportunities, is impoverished by the invisible hand of the government. That individual then relies on government subsidies, further stressing the system of dependence unleashed by our rulers, which will then again take away even more jobs and opportunity further down the road. Truly a vicious cycle.

Yet most Americans, not understanding this mechanism, submit to big government's supposedly well-intentioned programs. The government is then empowered to strengthen its paternalistic ways, introducing more policies and therefore, more control.

In light of the horrific news that poverty in the United States is spiraling out of control, it wouldn't be surprising if the Obama administration introduced a new War on Poverty with more entitlements in the coming years (or months), further providing for the needs of lower-income Americans with an expansion of the health, food, cellphone, housing and home-heating benefits already being provided, taking the very same from everyone else.

These are dangerous waters the government is leading us into. And if that government is left unchecked, we will drown in a sea of debt and lost liberty, as it washes away everything that America once was and could be again.



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