



Written by [Bob Adelman](#) on August 6, 2014

Welfare State Costs Taxpayers More Than \$2 Trillion a Year

Following the release of the latest budgetary statement from the U.S. Treasury, Ali Meyer dove into the statistical morass of charts and graphs to determine just how much the welfare state is paying out in benefits. Meyer, writing at CNS News, [concluded that](#) beneficiaries received over \$2 trillion from the American taxpayer last year, or almost 60 percent of all federal government spending. This included “means-tested” benefits — which require incomes to be below a certain level to qualify for them — as well as “non-means tested” benefits such as Medicare, Social Security, unemployment insurance, workers’ compensation and the like.



She missed the mark by half. First off, the Treasury statement only counts *federal* welfare benefit payouts and consequently leaves out state, municipal, and local welfare programs. Second, she leaves the subject of the cultural impact of turning the United States into a gigantic welfare state to someone else to decipher.

Peter Ferrara declared himself to be up to that task, writing in *Forbes* last summer about the financial and cultural costs of the welfare state and concluded that no one really knows precisely how much it costs. It’s just simply too large. Ferrara, the current general counsel for the American Civil Rights Union and an analyst for the conservative think tank the Heartland Institute, wrote,

The term “welfare state” does not begin to encompass the totality of America’s commitment of resources to aid the poor. It is more like a vast empire bigger than the entire budgets of almost every other country in the world. America’s welfare empire encompasses close to 200 or more federal/state programs, including 23 low income health programs, 27 low income housing programs, 30 employment and training programs, 34 social services programs, at least 13 food and nutrition programs, and 24 low income child care programs, among others.

The Heritage Foundation tried to measure just 79 of those federal programs back in April 2012 and testified before House Budget Committee that just counting the “means-tested” programs, the federal government was transferring a trillion dollars a year from taxpayers to the recipients. It concluded that that amount, if just simply transferred in cash to every lower income American family, those families would instantly be raised “to 200 percent of the federal poverty level, roughly \$44,000 per year for a family of four.”

Ferrara pointed out the obvious in his *Forbes* article: When people are paid not to work, they won’t work. “One major reason that poverty stopped declining after [President Johnson’s] War on Poverty started is that the poor and lower income population stopped working. In 1960, nearly two-thirds of



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households in the lowest income one-fifth of the population were headed by persons who worked,” Ferrara wrote. “But by 1991, this work effort had declined by about 50%, with only one-third of household heads in the bottom 20% of income working, and only 11% working full-time, year round,” he continued.

There is another cost to the welfare state that has nothing to do with money or funding or taxes or transfers. It has to do with the breakdown of the family. Wrote Ferrara, “The War on Poverty was also associated with the breakup of lower income families and soaring out-of-wedlock births.”

Attempts to measure the cost and size of the welfare state in America have failed. By extracting earnings by force from those who work and transferring them to those who don’t, the cultural character and strength that has been the glory of America is being weakened. By turning citizens into dependents, the work ethic among the poor has all but disappeared, while the incentive to continue to work hard among those who do is being diminished as well.

That’s the real cost of the welfare state in the United States.

A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.



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