

[◀ Back to Article](#)[🖨 Click to Print](#)

TIME

Monday, Sep. 17, 2012

One Nation On Welfare. Living Your Life On The Dole

By Michael Grunwald

The sun is shining on Miami Beach, and I wake up in subsidized housing. I throw on a T-shirt made of subsidized cotton, brush my teeth with subsidized water and eat cereal made of subsidized grain. Soon the chaos begins, two hours of pillow forts, dance parties and other craziness with two hyper kids and two hyper Boston terriers, until our subsidized nanny arrives to watch our 2-year-old. My wife Cristina then drives to her subsidized job while listening to the subsidized news on public radio. I bike our 4-year-old to school on public roads, play tennis on a public court and head home for a subsidized shower. Then I turn on my computer with subsidized electricity and start work in my subsidized home office.

It's just another manic Monday, brought to us by the deep pockets of Big Government. The sunshine is a natural perk, and while our kids are tax-deductible, the fun we have with them is not. The dogs are on our dime too. Otherwise, taxpayers help support just about every aspect of our lives.

Of course, we're taxpayers too, and we don't exactly fit the stereotype of entitled welfare queens. Cristina is an attorney and until recently was a small-business owner. I'm a journalist, an economic red flag these days, but I work for the company behind the Harry Potter and Batman movies, so at press time I was still getting paid. My family's subsidies are not the handouts to the poor that help fuel America's political culture wars but the kind of government goodies that make the comfortable even more comfortable. Our federally subsidized housing, for example, is a two-story Art Deco home in the overpriced heart of South Beach. But our mortgage interest is a personal deduction, my home office is a business deduction, and federal subsidies keep our flood insurance cheap. Even our property taxes are deductible. So thanks for your help.

The 2012 election is shaping up as a debate over Big Government, but it is only loosely tethered to the reality of Big Government. The vast majority of federal spending goes to defense, health care and Social Security plus interest payments on the debt we've run up paying for defense, health care and Social Security. Nondefense discretionary spending--Washingtonese for "everything else," from the FBI to the TSA to the center for grape genetics--amounts to only 12% of the budget.

Still, it's a big government. The U.S. did not spend even \$1 billion in 1912; it will spend \$3.8 trillion in 2012 on everything from Missing Alzheimer's Disease Patient Assistance (\$593,842) to Snow Survey and Water Supply Forecasting (\$9,409,400), from mortgage insurance for manufactured homes (\$64,724,187) to ironworker training on Indian reservations. There will be an additional \$1.3 trillion in tax expenditures, federal benefits (like the deductions for my 401(k) and my nanny's salary) that are basically identical to those normal spending programs except that they happen to be provided through the tax code.

The rise of the Tea Party and the weakness of the Obama economy have fueled a Republican narrative about Big Government as a threat to liberty, redistributing wealth from honorable Americans to undeserving moochers, from taxpaying "makers" to freeloading "takers." In fact, most Americans are makers and takers--proud of our making, blind to our taking. Republicans often point out that only half the country pays income taxes, but just about all Americans pay taxes: payroll taxes, state and local taxes, gas taxes and much more. The problem is that we pay in \$2.5 trillion and pay out \$3.8 trillion. And those trillions of dollars don't all go to undeserving moochers, except insofar as we're all undeserving moochers.

7 a.m.: Subsidized food, water, electricity and clothing

The right routinely portrays government as a giant mess of Solyndra failures, lavish agency conferences in Vegas and pork for society's leeches. But my taxpayer-supported morning didn't feel like mooching at the time.

For example, my family pays for that water I use to brush my teeth, about \$100 a month. But that's a small fraction of the true cost of delivering clean water to our home and treating the sewage that leaves our home. And it certainly doesn't reflect the \$15 billion federal project to protect and restore the ravaged Everglades, which sit on top of the aquifers that provide our drinking water. Most Americans think of the water that comes out of our faucets as an entitlement, not a handout, but it's a government service, and it's often subsidized.

Similarly, my family pays more than \$200 a month for the electricity that powers our toaster at breakfast. But that number would be much higher if the feds didn't subsidize the construction, liability insurance and just about every other cost associated with my utility's nuclear power plants while also providing generous tax advantages ("depletion allowances," "intangible drilling costs" and so forth) for natural gas and other fossil fuels. The \$487 we're paying this year for federal flood insurance is also outrageously low, considering that our low-lying street floods all the time, that a major hurricane could wipe out Miami Beach and that the Property Casualty Insurers Association of America estimates that premiums in high-risk areas would be three times as high without government aid.

Some federal largesse--tax breaks for NASCAR racetracks (\$40 million) and subsidies for rum distilleries (\$172 million) and rural airports (\$200 million)--is just silly. There's no reason my poker buddies should be able to deduct the gambling losses I inflict on them once a month. (Just kidding, guys!)

The silliest handouts that brighten my morning are the boondoggles that funnel billions to America's cotton

and grain farmers and maybe knock a few cents off the price of my T-shirts and my kids' breakfast waffles. Uncle Sam sends at least \$15 billion every year to farmers and agribusinesses in the form of grants, loans, crop insurance and other goodies. The farm lobby is so omnipotent in Washington that when the World Trade Organization ruled that U.S. handouts give our cotton farmers an unfair advantage over Brazil, the U.S. cut a deal to shovel \$147 million a year to Brazilian cotton farmers rather than kick our own farmers off the dole. Our food and clothing may seem cheap, but, oh, we pay for them.

9 a.m.--1 p.m.: Subsidized transport, shelter, exercise and jobs

Reasonable people can disagree about most government aid. I enjoy NPR, even though I don't really see why it needs about \$3 million a year of our tax dollars to produce good journalism; public-radio stations receive only about 15% of their revenue from the government anyway. On the other hand, I think my \$500 Florida tax rebate for the energy-efficient water heater that warms my shower made great sense, promoting economic, environmental and national security by reducing fossil-fuel use.

Unless you're a hardcore libertarian, it probably doesn't bother you that the city of Miami Beach spends \$500 million a year building roads, fixing potholes, picking up trash, putting out fires and creating bike lanes that make my cycling somewhat less life-threatening. The city also owns my local tennis courts, which are receiving a somewhat controversial \$5 million upgrade, as well as the playground my 2-year-old visits frequently and the track where Cristina and I work out much less frequently. My mayor, Matti Herrera Bower, told me tennis players are the city's most aggressive and obnoxious special interest. We're the farmers of Miami Beach.

When I spoke to Bower, a former dental assistant and PTA mom who got into politics after years of community activism, the FBI had just busted a bunch of city code inspectors for shaking down a nightclub owner, and the city manager had just quit. MIAMI BEACH SINKING IN A VAST SWAMP OF DISHONESTY, a Miami Herald column declared. Citizens notice the bad news, Bower said with a sigh, but they don't appreciate that government keeps them safe and cleans their streets. They're not too interested in learning more, either; Bower holds regular Mayor on the Move forums to bring City Hall to Miami Beach's neighborhoods, but only two residents showed up to the last one. "There's this perception that government is all dirty, and perception is 99% of what matters," Bower says. "People are busy living their lives. They don't understand where their taxes go and what they get."

One thing my family gets from government is Cristina's paycheck from an advocacy group called Americans for Immigrant Justice, which is nearly 30% funded by the feds. Cristina is paid less than she would make at a private law firm, though more than most Americans, to represent undocumented minors in detention centers--in other words, kids in jail, some as young as 6, many victims of gang rape, gang terror or horrific family abuse. Cristina helps save the time of judges and immigration officials by advising these kids about their rights, and she probably saves taxpayers money overall by advising her clients when they have no legal case for staying. That said, it's unlikely that her job would exist without Uncle Sam's help.

This is true for huge numbers of Americans. Government is still America's largest job sector, directly employing about 22 million workers at the federal, state and local levels--which means teachers, cops, prison guards, park rangers, coroners, prosecutors, you name it. It is impossible to estimate how many jobs the federal government creates indirectly through contracts for everything from fighter jets to the guys who manage my tennis courts. Other industries depend on government, like health care, lobbying and Washington real estate. And the entire nonprofit world depends on the charitable tax deduction, which costs the Treasury about \$40 billion a year. Obama proposed to limit it for rich donors, but charities went berserk, and with antitax Republicans running the House, Congress isn't eliminating tax breaks these days.

That's especially true of the tax breaks that deprive the Treasury of the most revenue because they tend to go to taxpayers with the most income. Take that mortgage-interest deduction, the third-costliest tax expenditure at \$94 billion a year. It's available only to homeowners, who tend to be better off than renters. And since it's a deduction from your income, it's worth more to taxpayers who earn more. That's because the higher your income, the higher your tax bracket. And if you are in the top brackets, you can deduct a bigger portion of your mortgage interest from your taxes. Politicians love providing benefits through the tax code because it makes them look like tax cutters rather than spenders. And a politician who tried to get rid of the mortgage deduction would probably become an ex-politician.

1 p.m.--6 p.m.: Subsidized medicine, savings and businesses

I usually spend most of the afternoon in my office, with occasional soccer breaks when 2-year-old Lina bangs on my door and shouts, "Kick ball me!" I often grab lunch with a friend--maybe Xavier, a private-equity guy, or Damian, a developer, or Alan, an environmental activist. I do physical therapy twice a week for a bum shoulder. Except for my escape with Lina, who'd be a more convincing athlete if she didn't carry a doll onto the field, this is all subsidized too.

The physical therapy is helping my aching shoulder, but it's also helping drive the U.S. toward insolvency. We're not Greece or anything like Greece, but we do have a long-term debt problem, and it's almost entirely a result of rising health care costs. On graphs of long-term government-spending projections, health care looks like a ski slope, and everything else looks like a sidewalk. Most of the problem is Medicare and Medicaid, which spend about \$800 billion and rising a year to cover the elderly and the poor. But the tax advantages for health care are the country's costliest tax expenditure, draining the Treasury of \$184 billion a year. Health benefits provided by employers are tax exempt, which encourages Time Inc. to give me better benefits than it otherwise might have. That may have encouraged me to get my shoulder checked out earlier than I otherwise would have, which might save me from costly surgery. Then again, my orthopedist might not have done an MRI in addition to an X-ray if I didn't have such comprehensive insurance; when the tax code rewards a behavior, like consuming health care, people do more of that behavior.

I also benefit from another huge loophole in the tax code: the exemption for 401(k)s and other savings plans, which costs the Treasury \$138 billion a year. Every \$500 I save for retirement depletes the Treasury of about

\$135 it would otherwise take from me in taxes. Yes, there is a legitimate policy interest in promoting saving, but this is another example of the tax code incentivizing people with money to do things they would have done anyway, like own a home, buy health insurance or hire a nanny. Investors and financiers also enjoy huge tax advantages like Wall Street's \$1 billion to \$2 billion carried-interest loophole, which keeps hedge-fund managers' taxes at janitor levels.

But my sweetest tax advantage does not come from being a homeowner, a patient or a saver. It comes from being a kinda-sorta businessman. If you make decent money and you're not deducting business expenses, get an accountant--which, incidentally, is also tax-deductible. On my tax forms, I'm not just a dude at a magazine. I'm also an "author, lecturer," which lets me slice some personal business expenses off the top of my income. I'm conservative about deductions--nothing to see here, IRS!--but my accountant says those business-ish lunches with my work-related pals are partly deductible. So are most books I buy, 17% of my utility bills--my home office is 17% of our home--and some of my travel. I don't know how much I'll deduct from my trip to San Francisco for my brother's wedding, but it won't be nothing, because I did some book interviews while I was there.

The business community frequently complains about taxes, but the tax code turns out to be cluttered with probusiness incentives. In fact, as we discovered when Cristina opened a retail store just as the recession hit, the only thing that's more advantageous for tax purposes than opening a business is opening a failing business. When the store lost money during the Great Recession, the losses helped reduce our tax liability by more than half. We learned an expensive lesson in entrepreneurial risk taking, but Uncle Sam made it much less expensive.

6 p.m.: Even the electronic babysitter is subsidized

The workday ends. Cristina drives home, past a \$49 million federally funded rail tunnel, and gets cash from our bank, which was bailed out to the tune of \$45 billion by the U.S. government. Our nanny takes a public bus home. Then it's another hour of gymnastics, charades and other unsubsidized fun before we deposit the kids in front of the TV--not to watch mindless crap, because we would never tranquilize them that way, but to watch worthy programs like Dinosaur Train and Sid the Science Kid that tend to be supported by federal grants. It's a much better way to tranquilize them.

My life on the dole is hardly unique. The website [cfs.gov](http://www.cfs.gov) lists 2,238 federal assistance programs, from the \$7.5 million Incentive Grant to Prohibit Racial Profiling to the \$4 million Wild Horse and Burro Resource Management. Redundancies jump off the screen. The \$24 billion-a-year Agriculture Department is essentially running a bonus government for rural America with its own education, housing, transportation, energy, health, business-promotion and environmental-regulation programs. The \$2.5 billion-a-year Bureau of Indian Affairs supports a duplicate government for Native Americans. I suggested to one Administration official that the \$662 billion the Pentagon spends on service members, their families and veterans is yet another U.S. government. "No, the Pentagon runs a Swedish government," he corrected me. "It's a socialist paradise!"

Government investments affect our lives in all kinds of subtler ways, from the Pentagon research that led to the development of the Internet I use for work to the one-sided deal that subsidized a \$213 million arena for the basketball team I root for obsessively. Americans tell pollsters they don't like government, much less the taxes they pay to fund government, but they tend to support Medicare, the military and most other services that government provides. This is why politicians tend to spend a lot more time talking about shrinking government than actually shrinking government. President Obama talks a lot about trimming the fat, and Republican leaders talk about almost nothing but trimming the fat. But the status quo has largely prevailed.

The explosion of Big Government under Obama is mostly a myth; the public workforce has actually shrunk by half a million workers during his presidency. That said, Obama hasn't been much of a fat trimmer, either. His halfhearted efforts to rein in excessive spending got off to a laughable start in April 2009, when he publicly ordered his Cabinet to find \$100 million-with-an-m worth of waste to cut, a rounding error in a \$3.6 trillion-with-a-t budget. He later killed a \$143 million fighter jet the Pentagon didn't want as well as a \$190 million maritime navigation system rendered obsolete by GPS, then agreed to more than \$2 trillion in long-range cuts after Republicans threatened to force the Treasury into default in 2011. But those cuts are still mostly theoretical, depending on what happens in the fall election. Meanwhile, the Republican Party has rallied around House Budget Committee chairman Paul Ryan's long-term blueprint for deep (and specified) deficit-expanding tax cuts paired with deep (but mostly unspecified) cuts in nondefense spending. GOP presidential nominee Mitt Romney embraced the Ryan plan during the primaries and then put Ryan on his ticket, but he has been even cagier about what he intends to cut beyond small-dollar Republican targets like Amtrak and NPR.

Independent analysts have suggested that if the U.S. actually followed the Ryan outline, by 2050 there would be no room in the budget for anything but defense, Social Security and health care. But even if Republicans take back Washington, cutting isn't a foregone conclusion; government spending exploded when they controlled the nation's capital in the Bush era. Every line item has lobbyists watching its back, and when you can get a reputation as a fiscally responsible budget cutter without doing the politically difficult budget cutting, why bother?

10 p.m.: Subsidized delivery

My family's asleep. I'm reading the mail, courtesy of the U.S. Postal Service, which is hemorrhaging cash in the e-mail era. The USPS is a classic example of a problem Washington can't fix. It clearly needs to cut costs and raise revenues. But the obvious cost reducers, like ending Saturday snail-mail delivery and closing rural post offices, and the obvious revenue enhancer, increasing stamp prices, are DOA on Capitol Hill.

Liberals are correct that we rely on government much more than we realize. Conservatives are correct that government tries to do too many things. Republicans have seized on the Obama campaign's Life of Julia online tool--showing how one woman might benefit from Head Start, tuition aid, Medicare and other federal programs during her life--to accuse Democrats of viewing Americans as cradle-to-grave wards of the state. Democrats

have portrayed Republicans as antigovernment absolutists in thrall to the Tea Party, eager to deprive Americans of benefits we like and expect. There's some truth in those critiques too.

But those of us who think government has an important role to play in American life ought to support reining in the excesses that give government a bad name. When I asked analysts at the antigovernment Cato Institute and the liberal Center on Budget and Policy Priorities what was the most wasteful government spending, they all gave the same answer: farm subsidies. A coalition of taxpayer activists and green groups recently proposed axing \$700 billion worth of environmentally destructive federal largesse, from fossil-fuel subsidies to sprawl roads to pork-barrel water projects that drain wetlands. There is broad agreement among eggheads that tax perks for yachts, corporate jets and mortgage interest on mansions ought to go as well.

But it's hard to see the finger-in-the-wind political world following the wonk world's lead. The costliest spending programs affect the military and the elderly. And the costliest tax expenditures affect families like mine. We're the kind of moochers who vote.



Find this article at:

<http://www.time.com/time/magazine/article/0,9171,2123809,00.html>

Copyright © 2012 Time Inc. All rights reserved. Reproduction in whole or in part without permission is prohibited.

[Privacy Policy](#) | [Add TIME Headlines to your Site](#) | [Contact Us](#) | [Customer Service](#)