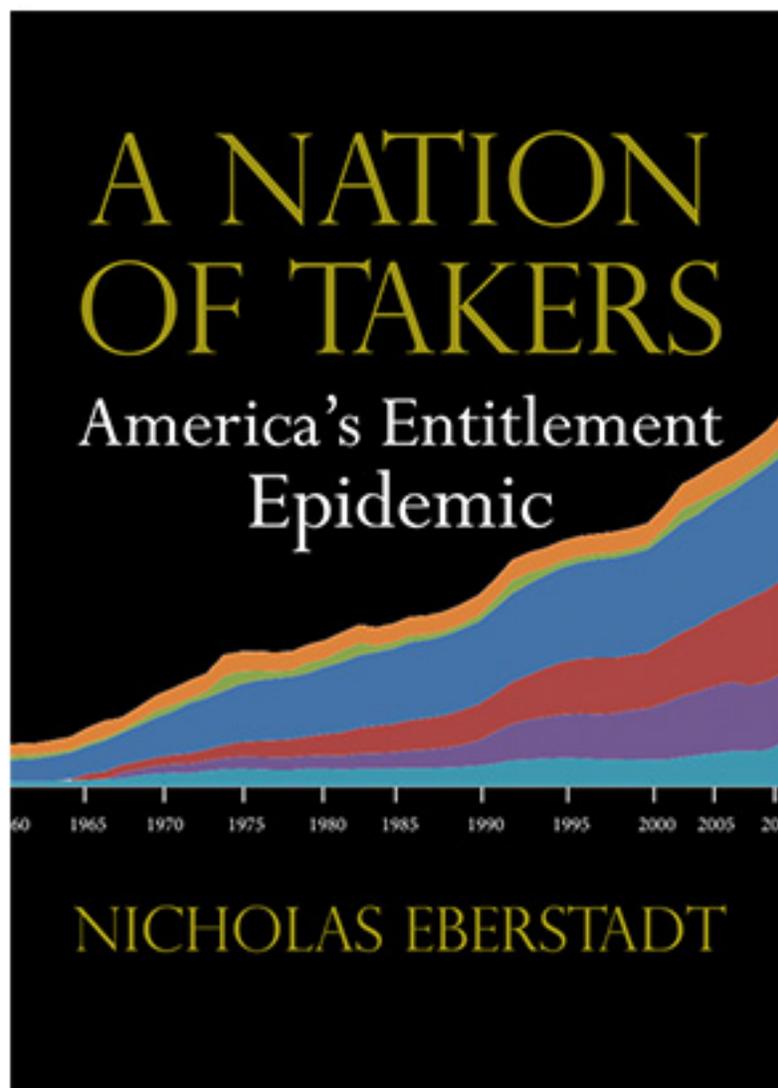


A Q&A with NICK EBERSTADT

AEI scholar Nick Eberstadt is often asked about the entitlement culture pervading the U.S. Now, he is offering exclusive, selected excerpts from his new book, "A Nation of Takers," to respond to a few of the most perplexing questions.



Q: “Why are more than 30 percent of family households receiving means-tested benefits but only 11.1 percent of family households are at the poverty line?”

It is worth noting, incidentally, that the level of means-tested benefit dependency for Anglos today is almost as high as it was for black Americans when Daniel Patrick Moynihan was prompted to write his famous report on the crisis in the African American family,²⁴ (although the degree of dependency on government entitlements for the families in question is arguably not nearly as extreme today among the former as it was in the early 1960s among the latter). In another eerie echo of the Moynihan Report, we may see today exactly the same statistical "scissors" nationwide opening up between trend lines in unemployment rates and welfare benefits that moved Moynihan to alarm about conditions in the African American community nearly half a century ago (see Figure 20).

Over the three decades 1979–1979, the unemployment rate has risen, and fallen, and risen again in successive cycles—but the proportion of Americans living in households seeking and receiving means-tested benefits has moved in an almost steady upward direction, essentially unaffected by the gravitational pull of the unemployment rate. The same is true for the relationship between means-tested benefits and the official poverty rate for American families (see Figure 21). Even together, the unemployment rate and the family poverty rate provide almost no predictive information for tracking the trajectory of the proportion of American families obtaining one or more means-tested benefits. (By 2009 the share of American families receiving poverty-related entitlements was almost three times as high as the official poverty rate for families—and it was well over three times as high as the national unemployment rate.)

There is one predictor of this "family dependency rate," however, that happens to be fearfully good—and this is calendar year. All other things being equal, the family dependency rate was on a relentless rise between 1979 and 2009: after controlling for the reported unemployment and family poverty rates, dependency was nevertheless increasing by over four percentage points every decade.²⁵ On this track, it will only be a matter of time before a majority of Americans are seeking and obtaining "antipoverty" benefits from the government—regardless of their wealth or their employment prospects. Entitlement recipience—even means-tested entitlement recipience—is now a Main Street phenomenon in modern America: a truly amazing turn of events for the nation of legatees to the Declaration of Independence. Entitlement dependence comes at great cost—and as Moynihan warned nearly forty years ago, "It cannot too often be stated that the issue of welfare is not what it costs those who provide it, but what it costs those who receive it." (pp. 37-38)

Q: “Which country has a higher fraction of men age 35-39 participating in the labor force – the U.S. or Greece?”

Paradoxically, labor force participation ratios for men in the prime of life are demonstrably lower in America than in Europe today. The paradox is highlighted in Figure 24, which contrasts labor force participation rates for men in their late thirties in the United States and Greece. In the United States, as in most modern societies, men in their late thirties are the demographic with the highest rates of labor force participation. And Greece, given its ongoing public debt and finance travails, is at the moment a sort of poster child for the over-bloated, unsustainable European welfare state. Be all that as it may: the fact is that a decidedly smaller share of men in their late thirties has apparently opted out of the workforce in Greece than in the United States. By 2003—well before the Great Recession—7.2 percent of American men in this age group were outside the workforce, as against just 3 percent in Greece. Nor is Greece an anomalous representative of European work patterns in this regard. Quite the contrary: According to the International Labor Office's LABORSTA database,³⁵ almost every Western European society was maintaining higher labor force participation rates than America by this criterion. Indeed: around the year 2004, thirteen members of the EU-15 reported higher participation rates for men in their late thirties than America's own (only Sweden's was a shade lower—Britain's data, for their part, do not break out participation rates for the thirty- five- to thirty-nine-year-old age group)., Europeans may take a great many holidays and vacations to the American eye—but the fact of the matter is that American men near the height of their powers are much more likely than their European brethren to go on permanent vacation.

How has America's great postwar male flight from work been possible? To ask the question is to answer it. This is a creature of our entitlement society and could not have been possible without it. Transfers for retirement, income maintenance, unemployment insurance, and all the rest have made it possible for a lower fraction of adult men to be engaged in work today than at any time since the Great Depression—and, quite possibly, at any previous point in our national history. For American men, work is no longer a duty or a necessity; rather, it is an option. In making work merely optional for America's men, the U.S. entitlement state has undermined the foundations of what earlier generations termed "the manly virtues"—unapologetically, and without irony. Whatever else may be said about our country's earlier gender roles and stereotypes, it was the case the manly virtues cast able-bodied men as protectors of society, not predators living off of it. That much can no longer be said. **(pp. 48-49)**

Q: “We’re the healthiest we’ve ever been so why is one in every 10 people of working age getting disability?”

Exhibit A in the documentation of widespread entitlement abuse in mainstream America is the explosion over the past half century of disability claims and awards under the disability insurance provisions of the U.S. Social Security program. In 1960 an average of 455,000 erstwhile workers were receiving monthly federal payments for disability. By 2010 that total had skyrocketed to 8.2 million (and by 2011 had risen still further, to almost 8.6 million).³⁶ Thus, the number of Americans collecting government disability payments soared eighteen-fold over the fifty years from 1960 and 2010. In the early 1960s almost twice as many adults were receiving AFDC checks as disability payments;³⁷ by 2010, disability payees outnumbered the average calendar-year TANF caseload by more than four to one (8.20 million vs. 1.86 million³⁸). Moreover, recipients of government disability payments had jumped from the equivalent of 0.65 percent of the economically active eighteen- to sixty-four-year-old population in 1960 to 4.6 percent by 2010. In 1960, there were over 150 men and women in those age groups working or seeking employment for every person on disability; by 2010, the ratio was 22 to 1 and continuing to decrease. The ratios are even starker when it comes to paid work: in 1960, roughly 120 Americans were engaged in nonfarm employment for every officially disabled worker; by December 2011 there were just over 15.³⁹

Although the Social Security Administration does not publish data on the ethnicity of its disability payees, it does publish information on a state-by-state basis. These suggest that the proclivity to rely upon government disability payments today is at least as much a "white thing" as a tendency for any other American group. As of December 2011 the state with the very highest ratio of working-age disability awardees to the resident population ages eighteen to sixty-four was West Virginia (9.0 percent—meaning that every eleventh adult in this age group was on paid government disability). According to Census Bureau estimates, 93 percent of West Virginia's population was "non-Hispanic white" in 2011.⁴⁰ In New England, by the same token, all-but-lily-white Maine (where ethnic minorities accounted for less than 6 percent of the population⁴¹ in 2011) records a 7.4 percent ratio of working-age disability payees to resident working-age population: more than one out of fourteen. On the other hand, in the District of Columbia, where so-called Anglos or non-Hispanic whites composed just 35 percent of the population in 2011,⁴² the ratio of working-age disability recipients to working-age resident population was 3.3 percent—less than half of Maine's, and bit more than a third of West Virginia's. **(pp. 52-53)**

Q: “Why is defense considered unaffordable for the richest country in history when it accounted for only 4.8 percent of GDP in 2010?”

A healthy measure of informed public skepticism toward any and all proposed military expenditures is not only suitable but essential for open democratic societies. A free people, after all, will jealously guard against impingements upon their liberties—including those arising from excessive, wasteful, or unwise outlays in the name of national defense.

But the notion that defense spending today is entirely or even mainly accountable for the burden of government that the American citizenry shoulders, though still widely believed, is by now utterly antique and completely at odds with the most basic current facts. The days in which the national security state arrogated more public resources than the welfare state are long past. U.S. government outlays on entitlements do not merely exceed those for defense nowadays: they completely overshadow defense outlays. Increasingly, moreover, our seemingly insatiable national hunger for government transfer payments to individual citizens stand to compromise our present and future capabilities for military readiness.

In 1961, the year of Eisenhower's admonition about the military-industrial complex, America was devoting close to two dollars on defense for every dollar it provided in domestic entitlement payments.⁶⁰ Up to that point, defense expenditures had routinely exceeded any and all allocations for social insurance and social welfare throughout American history.⁶¹ But in 1961 a geometric growth of entitlement payments was just commencing. Thanks to the unrelenting force of that spending surge, government transfer payments to individuals would surpass defense spending in just a decade—in 1971, in the midst of the Vietnam War. And for the following forty years, entitlements have continued to surpass defense expenditures—by progressively widening margins. By the year 2010 America was spending well over three times as much on transfer payments as on its entire national security budget—notwithstanding active and simultaneous overseas military campaigns in Iraq and Afghanistan (see Figure 27).

America's ramp-up of military outlays in the decade after the September 11, 2001 attacks is well known. Much less widely known is the fact that this massive upsurge in military spending was more or less eclipsed by the enormous increase in spending on domestic entitlements over those same years. This fact may be demonstrated in many different ways, but a comparison of current spending trends for defense and entitlements over the 2001–10 period of time may be clearest.⁶² In FY 2001 the United States spent \$305 billion on defense; for 2001–10, the cumulative total was \$5.05 trillion. **(pp. 66-67)**

Purchase the e-version of Nick Eberstadt's new book, “A Nation of Takers,” available now from Templeton Press at www.templetonpress.org/book/nation-takers.