Henry David Thoreau once pined that “the government that governs best governs least”. Maybe that was true in his day, but that was before they invented cruise control. Entitlement (mandatory) spending) accounts for over 60% of the US budget. These are programs that are funded by pre-arranged formulas. If Congress and the President “do nothing” that money still gets spent. Entitlements will only be reformed if Congress and the President “do something”.

Doing the responsible thing is politically tricky. This is why [Steny Hoyer](http://cnsnews.com/news/article/hoyer-says-federal-budget-may-not-be-bal) saws that the US won’t balance its budget for another 20 years – i.e. Congress won’t want to do too much too quickly. As [this chart reveals](http://dshort.com/charts/federal-debt-2011-budget.html?federal-debt-to-gdp-politics-update), Democrats have controlled at least one chamber of Congress (and almost always two) during the big increases in national debt over the last 100 years (WWI, The Great Depression, WWII, The Reagan/Bush years, and 2006 to present). Yet as [Dean Lacy points out](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1451268), the states that get the largest amount of federal spending per dollar spent in federal taxes tend to be red (Republican) states. The reason that entitlements are hard to roll back is because “everyone”, regardless of political party, feels entitled to their “fair share” of “free stuff”.

Budget deficits and entitlements tend to [rise much more quickly than they fall](http://www.cbo.gov/ftpdocs/116xx/doc11659/07-27_Debt_FiscalCrisis_Brief.pdf). It’s a derivative of Newton’s First Law of Motion – entitlements in motion tend to stay in motion, entitlements at rest tend to stay at rest, unless acted upon by an outside unbalanced force. What could be more outside the American mainstream and more mentally unbalanced than Congress? Given demographic trends, current entitlement programs will drive the US economy off a cliff unless corrected. Likewise, the use of cruise control will drive you off of a cliff unless you apply the brakes rounding a sharp curve. It’s time for Congress and the President to actively apply the brakes to counteract the demographic curve.

Medicare spending in 2010 was five times the amount it was just thirty years ago. Medicaid spending is up six fold – as a percentage of GDP. In 1971 the federal government spent 1% of GDP providing health care to the elderly and the poor, now they are spending 5.5%. That is not a sustainable growth trend.

Year Medicare Medicare Medicaid Medicaid

% GDP Spending % GDP Spending

1971 0.7% $7.5 billion 0.3% $3.4 billion

2010 3.6% $520 billion 1.9% $273 billion

Once you add in Social Security and income security (welfare) spending, entitlements now account for 13.2% of GDP compared to just 6.7% in 1971. How, when the country is wealthier today than it was in 1971, can more people be entitled to more free stuff than ever before? The sense of entitlement is astounding. Plenty of people in the US believe they are entitled to other people’s money by merely gracing the country with their presence. The bottom 40% of income earners already faces no federal income tax liability, yet they feel entitled to free stuff. Seniors feel entitled to generous Medicare payments, but they didn’t contribute enough money during their working years to even come close to paying for their own medical bills in retirement. Again, they feel entitled to other people’s money.

All play and no work will make the US a poor country. At what point are the actual US taxpayers entitled to expect others to work and help pay the bills? Is there a section of society that is permanently entitled to sponge off of everyone else with no strings attached? If so, where can I sign up?