

# What Has Increased 1,377% since 1960?

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Do you know what has increased 1,377% since 1960?

You can probably guess that it wasn't per-capita personal income. That increased 159% in constant dollars between 1960 and 2012. (All dollars hereafter are expressed in 2012 dollars.)

The fact of this increase in per-capita income is not widely known. The left-spinning media apparently does not want to advertise what capitalism has accomplished in spite of the fact that free-market capitalism has been severely crippled over the years by government cronyism, mercantilism, corporatism, socialism, dependency, debt, and regulatory overkill.

Spending on national defense also didn't increase 1,377%. In 1960, the cost of national defense was \$2,321 per person, versus \$2,874 per person in 2012, for an increase of 24%. But as a percentage of gross domestic product, national defense is about 14% of GDP today, versus 35% in 1960, when, ironically, Dwight Eisenhower, the president who had warned about the military-industrial complex, was completing his second term in office. The reason that defense spending has increased in absolute dollars but decreased as a percent of GDP is that GDP has increased so much over the intervening years.

So what has increased 1,377%? Answer: healthcare spending by all levels of government (federal, state, and local). It has increased from \$228 per capita in 1960 to \$3,369 per capita in 2012.

Spending changes for various categories from 1960 to 2012 are tabulated in Table 1. The source is published statistics, adjusted by me as needed to correct for incompleteness, ideological bias, and inflation.

The reason for picking 1960 as a base year is that numerous government programs, laws, initiatives, and military conflicts took place or came into being after that year. Below is a sampling of those that arose in just the two decades after 1960, along with the president who was in office at the time.

Top Spending Categories	1960 \$ (% GDP)	2012 \$ (% GDP)	Change in Per-Capita Spending
Healthcare	228 (3)	3,369 (17)	+1,377%
Welfare	376 (6)	2,519 (12)	+570%
Pensions	564 (9)	3,296 (16)	+ 484%
Education	845 (13)	2,890 (14)	+242%
Defense	2,321 (35)	2,874 (14)	+24%
All Spending	6,589	20,157	+206%

**Table 1.** Federal, State and Local Spending Per-Capita and Percent of GDP for 1960 and 2012, in Constant 2012 Dollars

- The executive order allowing collective bargaining for federal workers, thus setting the stage for the massive pension and retiree medical costs for public-sector workers of today (Democrat John F. Kennedy)
- The Vietnam War (Democrats JFK and Lyndon Baines Johnson)
- Medicare, Medicaid, the Great Society, the War on Poverty, the Voting Rights Act, and the Civil Rights Act (LBJ)
- Closing the gold window, thus completely severing the dollar from the anchor of a precious metal (Republican Richard Nixon)
- Wage and price controls (Nixon)
- The Health Maintenance Organization Act (Nixon)
- The Environmental Protection Agency (Nixon)
- Title VII of the Civil Rights Act and establishment of the Equal Employment Opportunity Commission (Nixon)
- The Employee Retirement Income Security Act (Republican Gerald Ford)
- Department of Education (Democrat Jimmy Carter)
- Department of Energy (Carter)
- The abolition of the Civil Aeronautics Board and deregulation of much of the transportation industry (Carter)

Without debating the pros and cons of the foregoing events, most of them resulted in an increase in government spending and significant cultural and social changes, including a marked increase in unmarried births and single-parent families, which in turn have caused even more social-welfare spending, in an unvirtuous vicious circle. During the same period, social mores changed about women working, a change that resulted in higher GDP growth as women entered the workforce.

Government spending has increased so much since 1960 that the deficit this year is \$4,224 per person, versus a surplus in 1960 of \$109 per person. Far worse, the accumulated federal debt per capita has gone from \$12,642 in 1960 to \$61,433 today. Some believe that the real debt is more than \$600,000 per person when federal, state, and local unfunded liabilities are included.

One thing is certain: Healthcare spending won't increase another 1,377% as a result of ObamaCare. That's because it can't. The nation is already bankrupt and will default on its debts and obligations long before spending on healthcare or anything else increases another 1,377%.

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