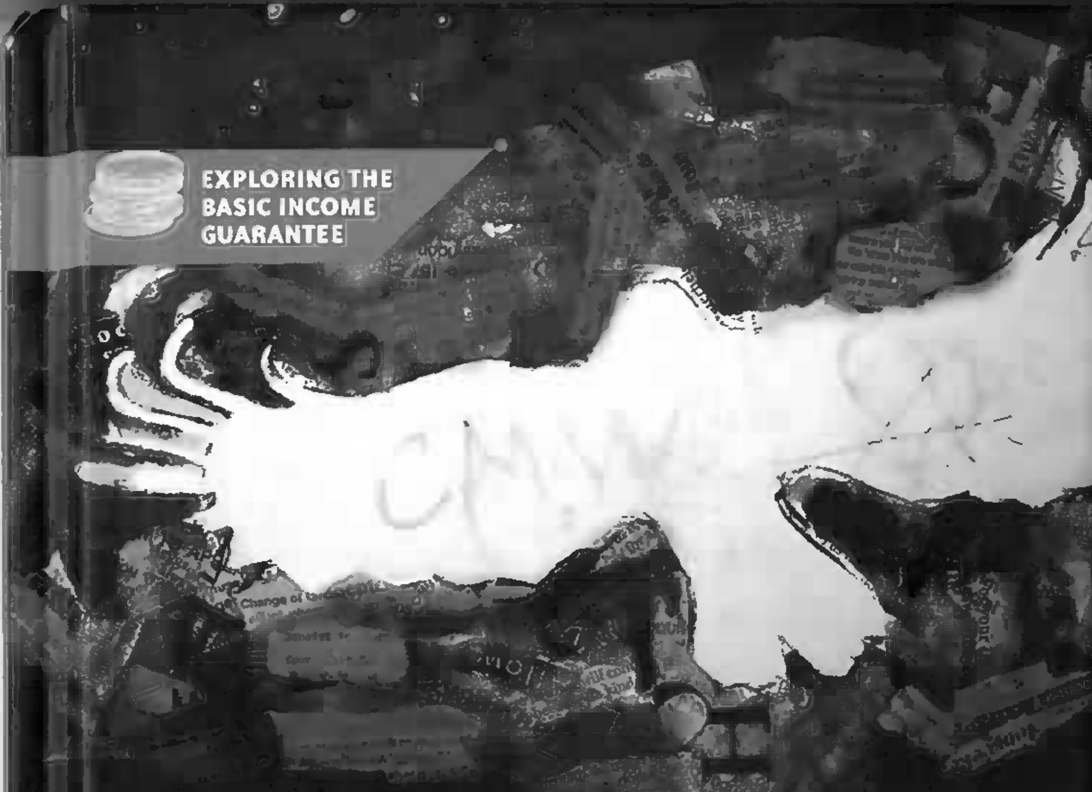
EXPLORING THE BASIC INCOME GUARANTEE



BASIC INCOME AND THE FREE MARKET

Austrian Economics and the Potential for Efficient Redistribution

Edited by
Guinevere Liberty Nell

BASIC INCOME AND THE FREE MARKET

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CHAPTER 4

Taming Leviathan with a Basic Income

Cameron Weber

Introduction[1]

Anne Krueger in 1974s "The Political Economy of the Rent-Seeking Society" describes how incremental political interventions into the market eventually accumulate enough that they prevent the market from efficiently allocating society's scarce resources. Arguably, the United States is at that point today. The United States is experiencing its worst period of prolonged underemployment since the foundation of the modern welfare state in the 1930s. Ted Burczak (2006: 139) calls this market malfunctioning, the welfare state "confront[ing] intractable Hayekian knowledge problems." Robert Higgs describes "regime uncertainty," which is the property rights uncertainty that results from changing and unpredictable policies.

Perhaps it is time for the United States to go back to the basics. Other authors in this collection propose and debate philosophical, ethical and economic rationales for a basic income as part of the modern State, as well the difficulty of changing "regimes" due to the rent-seeking involved for any policy changes.

This chapter takes a different tack and derives one measure of the actually existing welfare state in the United States. After some theoretical underpinnings regarding the factors that led the United States into the worst economic situation in 75 years, this chapter will argue that the welfare state has grown so large that the market is no longer working to bring economic growth, capital investment and employment creation. Current US Government (USG) spending will be presented and classified in order to measure the actually existing welfare state. It is then possible to "assume away" this "Leviathan" (as Thomas Hobbes [1651] called the State, arguing for a benevolent sovereign to save man from himself) and redistribute the savings as a basic income under a Hayekian ideal. The next section will do this, in a sort of *gedankenexperiment.*

The Hayekian ideal of the rule of law is both general (predictable and known) and equal (where everyone is treated the same). "The rule of law is therefore not a rule of the law, but a rule concerning what the law ought to be, a meta-legal doctrine or a political *ideal*" (Hayek, 2011: 311, emphasis added). Following the "what if" *gedankenexperiment*, this ideal will be applied to the actually existing taxation regime, by introducing a flat tax, along with the basic income, which meets the Hayekian ideal. In the concluding section, some dynamic implications of a "reset" of the welfare state will be considered from an Austrian theoretical perspective.

Theoretical Foundations

The work of Schumpeter and Hayek will frame our analysis of the actually existing State. Both Schumpeter and Hayek discuss the transformative nature of the welfare state on economic activity. Following both, we *hypothesize* that perhaps the reason for our current economic malaise in the United States is that the welfare state has so distorted economic incentives that we need to completely rethink how a social safety net is provided under "modern capitalism."

Schumpeter in 1942s *Capitalism, Socialism, and Democracy* describes how democratic "capitalism" sows the seeds of its own demise. Politicians (and the academy) have the incentive (and through democracy, the means) for the State to grow. Societal time-preferences decrease as resources are increasingly distributed through political means as opposed to the market, and as the State replaces the family as "parent." Finally, the technocracy increases to such a degree that the forward movement of capital accumulation and wealth creation grinds to a halt.

> Faced by the increasing hostility of the environment and by the legislative, administrative and judicial practice borne of that hostility, entrepreneurs and capitalists—in fact that whole stratum that accepts the bourgeois scheme of life—will eventually cease to function (Schumpeter, 1950: 156).

Hayek in 1960s *The Constitution of Liberty* writes how the State fills in to provide relief because private contracts in the market can't price-in private insurance for unforeseen future circumstances. A "uniform social standard" develops, which is arbitrary by definition, and the provision of welfare moves from a form of insurance to a form of State compulsion. The provision of welfare (the prevention of destitution) turns from relief to "just distribution" and is "merely a new method of pursuing the old aims of socialism" (Hayek, 2011: 408). Further the monopolization of welfare provision by the State (no matter how well intended its initiation) leads to inefficiencies due to the lack of competition which by definition occurs with monopoly. The State monopoly crowds out other forms of potentially more efficient welfare provision.

> "Social insurance" thus from the beginning meant not merely compulsory insurance but compulsory membership in a unitary organization controlled by the state...If we commit ourselves to a single comprehensive organization, because its immediate coverage is better, we may well prevent the evolution of other organizations whose eventual contribution to welfare might be greater (2011: 407–8).

Additionally, the welfare state programs become so complex that they lose generality and equality. Only the "experts" who administer the programs understand the programs in all their complexity. The technocrats use this expertise (and others' lack of knowledge) to grow their own programs because in general, "they are in favor of the principles underlying the policy" (2011: 412).

> The extreme complexity and consequent incomprehensibility of the social security systems create for democracy a serious problem. It is hardly an exaggeration to say that, though the development of the immense social security apparatus has been a chief factor in the transformation of our economy, it is also the least understood...And it produces the paradox that the same majority of the people whose assumed inability to choose wisely for themselves is made the pretext for administering a large part of their income for them is in its collective capacity called upon to determine how the individual incomes are to be spent (2011: 411).[2]

'Government' versus the "Welfare State"

To begin analysis it is necessary to define exactly what is meant by the welfare state in the United States. The Constitution is silent on which cabinet departments are authorized, limiting itself to discussing the limits of government not its form. Therefore we will begin where the nation began. President George Washington created the Departments of Defense, Justice, State, and the Treasury in 1789. These were the only federal agencies until the creation of the Department of the Interior in 1849 under President Zachary Taylor. For simplification's sake Washington's government is used as the basis for our post–welfare state model, this is called *government.*

Implicit in this approach is that although capturing federal funding levels in analysis we are not making a determination as to state-level funding of welfare programs. The basic income analysis is based on federal funds alone, including those funds which are transferred to the states. Many US state-level welfare programs use federal matching funds, so focusing on USG funds alone might be justified as we imagine the "reset" of the welfare state as is toward a basic income. In addition, it would be nearly impossible to capture all state-level activity in this chapter given space in the present collection

Until the New Deal and the modern welfare state, the individual states outspent the US government. The *President's Budget for Fiscal Year 2012* describes the transformational nature of the 1930s:

> Throughout most of the Nation's history prior to the 1930s, the bulk of Federal spending went towards national defense, veterans benefits and interest on the public debt. In 1929, for example, 71 percent of Federal outlays were in these three categories. The 1930s began with Federal outlays equaling just 3.4 percent of GDP. As shown in Table 1.2 the efforts to fight the Great Depression with public works and other non-defense Federal spending, when combined with the depressed GDP levels, cause outlays and their share of GDP to increase steadily during most of that decade, with outlays rising to 10.3 percent of GDP by 1939 and to 12.0 percent by 1941 on the eve of U.S. involvement in World War II. (pp. 7, 8)

Today federal outlays are close to 25 percent of GDP. See Higgs (1989) for more information on the growth of government during the Great Depression, World War II and post–World War II periods of US history. It is the pre–welfare state form of American federalism that is implicit in our thought experiment for a post–welfare state America.

The remaining 13 cabinet departments (and the independent sub-cabinet agencies itemized in the *President's Budget FY2012*; Table 4.1 in this chapter contains a full list) are classified into three categories; social-welfare, corporate-welfare, and the military-industrial-security complex (also a form of corporate-welfare, but a separate category in that national defense is authorized in the Constitution).

Table 4.1[3] Outlays by agency: 2010 (in millions of dollars)

A. George Washington's Government	
Department of Defense – Military Programs	666,715
Department of Justice	29,556
Department of State	23,802
Department of the Treasury	444,338
Executive Office of the President	582
Legislative Branch	5,839
Judicial Branch	7,181
US Citizenship and Immigration Services (from DHS)	–533
Total	1,177,480
B. Military-industrial-security complex	
Department of Homeland Security (except USCIS)	44,990
Department of Veterans Affairs	108,274
Other Defense Civil Programs	54,032
Total	207,296
C. Social welfare	
Department of Housing and Urban Development	60,141
Department of Health and Human Services	854,059
Department of Education	92,858
Department of Labor	173,053
Department of Transportation	77,750
Social Security Administration (On-Budget)	70,758
Social Security Administration (Off-Budget)	683,420
Total	2,012,039
D. Corporate welfare	
Department of the Interior	13,164
Department of Agriculture	129,460
Department of Commerce	13,236
Department of Energy	30,778
Corps of Engineers–Civil Works	9,876
Environmental Protection Agency	11,007
International Assistance Programs	20,041
National Aeronautics and Space Administration	18,906
National Science Foundation	6,719
Small Business Administration	6,128
Total	259,315
E. Overhead	
General Services Administration	861
Office of Personnel Management	69,915
Total	70,776
Total USG Spending (A + B + C + D + E)	3,726,906
Government (A + B)	1,384,776
Welfare State (C + D)	2,271,354
Welfare State % of Total USG Spending	61%
Welfare State % of Overhead (61% x E)	43,150
Welfare State Plus Overhead	2,314,504
Government Plus Overhead	1,412,379

The first category is what we most often think of when we say the "welfare state"; those departments dispensing funds for social-welfare programs. These departments include Housing and Urban Development, Health and Human Services,[4] Education, Transportation, Labor[5] and the subcabinet Social Security Administration (which manages the Social Security retirement program as well as some smaller programs such as disability). Corporate-welfare agencies are the Departments of Interior, Agriculture, Commerce, Energy, the independent Environmental Protection Agency and Small Business Administration, and foreign aid (International Assistance Programs). It is these social- and corporate-welfare departments and programs combined which are termed the *welfare state*, a category we are juxtaposing analytically with (George Washington's) *government*.

The remaining two departments, which we will categorize as the military-industrial-security complex, are Veterans Affairs and Homeland Security.[6] We are also including Other Defense Civil Programs as part of this last category. The reasoning here is that if the activities of these departments and independent agencies are indeed part of national defense, then they could be consolidated within the Department of Defense. We are explicitly accepting the public good character of the defense programs, national defense being what Hayek (2011: 381) calls an "unquestioned field of government activity" (of course not everyone will agree on the specific form of the programs we are calling national defense, especially the National Defense Authorization Act of 2012, as amended, authorizing indefinite detentions for American citizens without a trial and the USA/PATRIOT Act with its open-ended surveillance provisions). Therefore both Category A and Category B in table 4.1 are considered *government* as opposed to the *welfare state* Categories C and D.

Welfare State Expenditures and the Basic Income: Back-of-the-Envelope

Table 4.1 shows that the welfare state was about 61 percent of USG spending in 2010. When allocated its share of administrative overhead, General Services Administration (GSA) and Office of Personnel Management (OPM), the welfare state costs approximately \$2.3 trillion.[7] The US Census Bureau (2010) reports that there were approximately 234.5 million people aged 18 and over living in the United States in 2010. Thus a back-of-the-envelope estimate would mean that by removing all of the USG welfare state programs the State could distribute a little less than \$10,000 annually to each adult in the United States as a basic income. The 2009/2010 official poverty level for a single person family in the 48 states and Washington, DC, was $10,830 (HHS 2010), so this initial calculation means a basic income at slightly below the poverty level.

We meet the Hayekian rule of law ideal in this redistribution as everyone (who is an adult) receives the basic income and everyone receives the same amount.

Redistributing the savings gained from dissolution of the welfare state to a universal BIG addresses what Nell (Chapter 1) sees as missing in Austrian theory, a disconnect between the *willingness* and *ability* to pay in the market where value is realized through subjective exchange. General and equal resource redistribution might also help address what Burczak (2006) sees as missing from theories of a market economy, the acknowledgement of a lack of resources (capabilities) for some people which can create inequality, poverty, and alienated labor without the ability to buy into the means of production. A basic income might allow adults to exercise an ability to pay and/or to participate in employee stock-ownership plans at higher rates than under the current social relations (statism) of the modern welfare state.

Other Costs of the Welfare State

Tullock (1967) writes that there are *indirect* costs to creating and maintaining the welfare state (table 4.1 captures the *direct* costs of the welfare state). Particularly we will address the indirect costs of lobbying and tax-code inefficiencies. *Roll Call* reports that official spending for lobbying activities was $3.5 billion in 2010 (Roth and Knott, 2011). Following the back-of-the-envelope analysis it can be assumed that 61 percent of this lobbying went for welfare state activity or, a total of around $2 billion. This might imply that each lobbying dollar buys 34 dollars in welfare state expenditures ($2.3 trillion/$67 billion). However, this estimate of returns to lobbying is not conservative as ignores the "status quo" effect of budgetary roll over year-to-year. Even if it's plausibly assumed that direct lobbying accounts for only 10 percent of welfare state expenditures, there is still a return of three dollars for every one dollar of lobbying. It is obvious that this return to lobbying might help explain both the continuance and growth of the welfare state.

Some of this $3.5 billion went towards social-welfare in the form of lobbying for additional or continual payments to those not-for-profit organizations which administer social-welfare programs in the United States. In addition both not-for-profit organizations and corporations implement International Assistance. This lobbying generally returns grants and/or contracts for implementing foreign aid programs, which are classified as corporate-welfare for the purpose of this chapter.

It is well known that the US has one of the highest corporate income taxes in the industrialized world, and, that not all corporations actually pay this rate due to the many special-interest exceptions in the applicability of the tax. Much of the lobbying of course goes toward obtaining the exemptions from this corporate tax. This complicated and ever-changing tax code adds untoward complications in entrepreneurial decision making, reducing potential economic activity by some immeasurable amount due to a long-term tax policy investment climate which is unknowable due to nongenerality in the tax code. For example, the Affordable Care Act of 2010 was signed into law by President Obama in March 2010 and a ruling as to what is to be covered under the mandated insurance was not issued by HHS until January 2012. Meanwhile, the regulatory status of almost 17 percent of the economy (the health-care sector) was in technocratic limbo for almost two years. The Act funds an additional 16,000 IRS agents.

Due to this complicated tax code we can add direct tax compliance costs of a minimum of $107 billion, as reported by the GAO (2011b), of which again we will assign 61 percent to the welfare state, or, $65 billion. Therefore the indirect costs of funding the welfare state as measured by estimated lobbying and tax compliance costs (and ignoring the unquantifiable effects of nongenerality on economic growth) are $67 billion, a mere drop-in-the-bucket compared to the estimated $2.3 trillion in welfare state outlays.

Generality in Tax Law

The next step in analysis in the "what if" hypothetical situation of replacing the welfare state with a basic income is to use the same Hayekian ideal to determine the flat tax on income needed to fund the US government as is. For generality and equality every unit of income is taxed the same, regardless of by whom it is earned.

> In no sense can a progressive scale of taxation be regarded as a general rule applicably equal to all – in no sense can it be said that a tax of 20 percent on one person's income and a tax of 75 per cent on the larger income of another person are equal. (Hayek, 2011: 441–42)
>
> It is the great merit of proportional taxation that it provides a rule which is likely to be agreed upon by those who will pay absolutely more and those who will pay absolutely less and which, once accepted, raises no problem of a separate rule only applying to a minority (Hayek, 2011: 441).

Table 4.2 Government with BIG fiscal year 2010

	Adult Population	*National Income*	*Outlays*	*Income-Tax Rate*
Government	234.5m	$14.9 trillion	$1.4 trillion	9.4%
Government and basic income	234.5m	$14.9 trillion	$3.7 trillion	24.8%
	(2010.census.gov)	(bea.gov)	(from table 4.1)	(Outlays/Income)

It is also necessary to assume a balanced budget under the ideal of equality where it may be seen as unjust to pass on public debt to those not yet born. (What to do with the current $10 trillion in national debt held by the public [Treasury, 2011], the $673 billion in unfunded federal employee pensions [Losey, 2011], or, the $61.6 trillion in unfunded Social Security, Medicare and Medicaid liabilities [Cauchon, 2011] will have to wait for another day.) A balanced-budget rule prevents increasing the basic income without increasing the flat-tax rate.

Table 4.2 shows that with government alone a flat tax would be 9.4 percent. When we add the basic income (again equal to today's welfare state as derived above) the tax rate becomes 24.8 percent. This is of course equivalent to saying that the federal government's share of the US economy in 2010 was almost 25 percent.

A Note on Dynamics

"One French writer had even written: 'Society is purely and solely a continual series of exchanges.... commerce is the whole of society.'" This reference by Israel Kirzner (2009: 77) to Destutt de Tracy (1817) might be read as indicating that economics was originally about wealth creation as a process, not about static equilibrium. This dynamic sense of human exchange, with society organizing itself around an adjusting price signal, has been diminished due to the massive build-up of the welfare state and the political (and technocratic) as opposed to market allocation of resources.

Austrian theory states that price flexibility is necessary for a free and prosperous society. "Market prices for productive resources reflect the interplay of subjective valuations of all individuals participating in buying and selling" (Harper, 2003: 77), and, "We must look at the price system as such a mechanism for communication of information if we want to understand its real function—a function which, of course, it fulfills less perfectly as prices grow more rigid" (Hayek, 1990: 86).

By defunding the welfare state programs and redistributing the savings as a basic income with economic decision making by the individual instead of planning by the State, a back-of-the-envelope analysis might say that price flexibility in the US economy would increase by around 15 percent. This chapter has shown that in 2010 the US government was around 25 percent of the economy, 61 percent being the welfare state. Thus the welfare state is 15 percent of the economy ($0.61 \times 0.25 = 0.1525 \approx 15\%$). This estimate for increased price-signaling assumes "perfect price-rigidity" for welfare programs, as the bureaucrats and their stakeholders determine welfare state distributions based usually on fixed schedules of prices and/or subsidies.

From an "Austrian" perspective removing this welfare state in a *gedankenexperiment* may result in some interesting dynamics as society moves toward voluntary exchange. We might expect to see institutions of mutual aid and cooperation developing in a post–welfare state society, without the "crowding out" of mutualism that the welfare state has wrought. (See Beito [2000] for an extensive examination of the transformation from mutual aid to government social programs in US history.) We might also expect a cultural shift from one of State paternalism to one of entrepreneurial alertness and individual dignity and responsibility. For example, Nell and Richmond (Chapter 9) make the case that the basic income would encourage entrepreneurial risk-taking by minimizing the downside risk of failure.

The dynamics of democracy in the United States may be changed with a "reset" of the welfare state toward the Hayekian ideal. This generality and equality under law may or may not address some of the issues raised in Hans-Herman Hoppe's *Democracy: The God That Failed* (2001).

> In particular, democracy is seen as promoting an increase in the social rate of time preference (present-orientation) or the "infantilization" of society. It results in continually increased taxes, paper money and paper money inflation, an unending flood of legislation, and a steadily growing "public" debt. By the same token, democracy leads to lower savings, increased legal uncertainty, moral relativism, lawlessness, and crime. Further, democracy is a tool for wealth and income confiscation and redistribution. It involves the legislative "taking" of the property of some—the haves of something—and the "giving" of it to others—the have-nots of things. And since it is presumably something valuable that is being redistributed—of which the haves have too much and the have-nots too little—any such redistribution implies that the incentive to be of value or produce something valuable is systematically reduced. In other words, the proportion of not-so-good people and

> not-so-good personal traits, habits, and forms of conduct and appearance will increase, and life in society will become increasingly unpleasant. (Hoppe, 2001b)

Only a post–welfare state spontaneous order would tell what the future may bring, though plausible hypotheses may be possible. ("Spontaneous order' is F. A. Hayek's useful description of precisely what it is that economists have been trying to explain for two centuries" [Levy, 2002: xiii, n. 1].)

The change from a progressive income tax, with special-interest loopholes, to a simplified flat tax based on personal income may reduce the business cycles exacerbated by excessive financialization of the economy. Removing the double-taxation on equity and the write-off of interest payments on mortgage and corporate debt might minimize the harm that attempted central bank manipulation of society's time-preferences cause simply due to the fact there will be less debt and more equity in the economy. (For more on financialization see Taleb [2007]. For more on the "Austrian" explanation for the business cycle based on monetary authority attempted manipulation of the market-interest rate, see Wicksell [1962], Mises [1971], and Hayek [1966].) It also might be expected that a simplified and predictable tax code could lead to a more rapid rate of economic growth in the United States. "There is probably no single factor which has contributed more to the prosperity of the West that the relative certainty of the law which has prevailed here" (Hayek, 2011: 315).

Michael Brostek of the US Government Accountability Office has testified to Congress on the complexity of the tax code and how this then leads to noncompliance and a "tax gap" of revenues that could have been received but were not (GAO, 2011b). The benchmark tax gap study was made in 2001 and found a gap of $345 billion. It is estimated to be around $500 billion today. A simplified, general, equal, and predictable tax might help remove this tax gap by reducing tax avoidance. This works out to another $2,000 per person per year, raising the basic income to $1,000 per month per adult, an income higher than the poverty level.

Conclusion

Using the work of Anne Krueger (1974), Joseph Schumpeter (1950), and F. A. Hayek (2011) this chapter has attempted to contextualize the current economic malaise in the United States as being due to the fact that the welfare state has grown too large to allow for the efficient allocation of resources through the entrepreneurial market process. There are price rigidities (politically based and experts-based as opposed to market-based resource allocations) and cultural changes (State dependency and technocracy), which we hypothesize in our *gedankenexperiment* have helped to create our current economic malaise. This malaise in itself, one could reasonably propose, calls for a rethinking of the current welfare state under "modern capitalism."

We have calculated, based on USG outlay data for Fiscal Year 2010, the actually existing welfare state and found it to be around 61 percent of USG spending, or, around 15 percent of the US economy. The logical extension in our thought experiment then is to calculate what a basic income would be if we were to remove the government welfare programs and (re)distribute the savings at the *same amount* to *every person* in the United States age 18 and over following Hayek's political ideal of generality and equality in the rule of law. We find that the basic income would be approximately $12,000 per year, per person, an amount slightly greater than the poverty line. This basic income (re)distribution would address what Nell (Chapter 1) sees as a failure in the current Austrian market process theory; the lack of a confrontation with the disconnect between the *willingness* and *ability* to pay. The basic income approach for income (re)distribution also addresses Burczak (2006) who writes that current social relations prevent the less well-off in society from having the capabilities (material resources) to share in the ownership of the means of production. The basic income would improve both the current-income ability-to-pay in the market as well as improve the chances for an individual to buy into society's productive forces, and would do both under a rule of law which is both general and equal.

Further Hayek's political ideal is applied to the actually existing tax code with the finding that every unit of income should be taxed the same, without any tax write-offs for any special-interest groups. Under the current USG share of the economy of 25 percent, it follows that the flat income-tax rate would be 25 percent. This is the tax rate that would allow a basic income for every adult at slightly above the poverty line. (We also find that if we were to remove the welfare state expenditures, without [re] distributing the savings as a basic income, the tax rate would be approximately 9 percent.) An additional finding is that a balanced-budget rule is required to prevent a majority from voting for an increased basic income without a concomitant increase in the tax rate under the equality ideal to prevent passing debt to those not yet born nor yet able to vote.

Lastly using Austrian theory we hypothesize some dynamic results based on the *gedankenexperiment* reforming the welfare state from one of bureaucracy to one of a basic income. Perhaps,

(a) We would see an increase in mutual aid and other "social insurance" without the State monopolies crowding out voluntary cooperation,
(b) We would experience an increase in entrepreneurial activity and economic well-being thanks to an increase in factor mobility (we have removed 15% of the price rigidities due to the nonmarket resource allocations of the welfare state status quo) and predictability in the tax code,
(c) Debt in the economy (due to tax write-offs for interest payments under the status quo) would be reduced and with it the exacerbated boom and bust cycles that occur as the monetary authority attempts to manipulate market-interest rates.

Notes

1. Thank you to Guinevere Liberty Nell for her feedback on this work and for accepting it in this book too. Thank you also to my many students who have given me insight on the political philosophy of distributing income.
2. Hayek (2011: 411, n. 10) quotes from Mises (1949: 613), "Is it reasonable to assign to wards the right to elect their guardians?"
3. The data in table 4.1 is from *President's Budget FY2012*, Table 4.1. The President's Budget total outlay amount is \$3,456,213,000,000. Table 4.1 shows total outlays of \$3,726,906,000,000. There is a difference between Table 4.1 and the President's Budget of \$270,693,000,000. This difference is due to what is classified by the President's Budget as "undistributed offsetting receipts," "allowances," and "other independent agencies," which we cannot to assign to specific programs for the purpose of our classification exercise. DHS USCIS (a profit center) data is from the 2010 DHS Annual Financial Report.
4. HHS has two major subdepartments, one is the Centers for Medicare and Medicaid Services. The other is the Food and Drug Administration (FDA). The FDA might be seen as an instrument of economic monopoly (creating barriers to entry and therefore limiting competition, cf. Armentano [1978]) and therefore as corporate-welfare. However this finding aside we are categorizing the FDA as social-welfare in order to be consistent in categorizing overall HHS spending.
5. The Department of Labor also dispenses corporate-welfare, however in 2010, 92.5 percent of DOL outlays were for unemployment

insurance, see *President's Budget FY2012*, Table 3.2, "Outlays by Function and Subfunction: 1962–2016" (2011: 75).

6. Note that the US Citizenship and Immigration Services, a profit center due to user fees, is classified apart from the rest of DHS as a necessary part of Washington's government.
7. It is only possible to get approximate data; the GAO is unable to express an opinion on the Financial Statement of the USG because of material weaknesses in internal controls. See www.gao.gov/financial/fy2010/10gao2.pdf for more information.

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