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The Swedenization of America [1]

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Following the failure of George W Bush?s social reform ? labeled the "ownership society" ? there is one question that conservatives cannot escape in the run up to the presidential election. Is there any prospect of reclaiming limited government again? An interesting debate [3] getting started.

Military spending is not the problem. Despite Iraq and Afghanistan, defense spending accounts for only 20 percent of the federal budget or 4 percent of GDP ? lower than during Jimmy Carter's presidency. Driving big government has been the 65 percent of the federal budget (or 13.1 percent of GDP) spent in 2003 for "human resources" - the budget category including Social Security, Medicaid, Medicare, Veterans programs etc.

At least overall spending has slightly improved: from 22.2 percent of GDP in 1981 to 20.3 percent now. But despite two decades of the conservative think tanks churning out concepts for shrinking the welfare state, federal government is bigger and more influential now than in1980, when Reagan famously said: "government is not the solution to the problem, government is the problem".

Unfortunately it seems much harder for conservatives to dismantle the welfare state than for 'liberals' to build it. As the New Republic stated, celebrating the 10th anniversary of a rare conservative victory, the abolishing in 1996 of the Aid the Families with Dependant Children:

Welfare bashing has lost its political resonance?(and) welfare reform has expanded the constituency for activist government. Democrats now have more political room to fight Republican austerity ? and to propose, in its place, a stronger safety net.

If American conservatives where not able to use the prosperous past decade in power as an opportunity to reduce the public sector, what can they possibly achieve in the more difficult years of retiring baby-boomers that lay ahead?

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