"CAN WE AFFORD IT?"

The Programs We're Told We Can't Have — And Why That's Wrong

An FAQ for the Interdependence Project • economyofcare.org

Every time Congress debates healthcare, housing, education, or a living wage, the same three words end the conversation: **"We can't afford it."** This FAQ examines that claim program by program — and explains, using the insights of Modern Monetary Theory (MMT), why the real constraint is never the federal government's ability to spend. It is always a question of real resources, political will, and who the system is actually designed to serve.

PART I — THE BASICS

What does "We can't afford it" actually mean?

Q: When politicians say "we can't afford" Social Security, Medicare, or public investment in education — what do they mean?

They are using a **household budget analogy**: the idea that the federal government, like a family, must balance its income (taxes) against its spending, and that running a deficit means borrowing money it will one day have to pay back. This framing makes deficits sound dangerous and programs sound financially irresponsible.

The problem: The federal government is not a household. It is the *sole issuer* of the U.S. dollar. It cannot run out of its own currency the way a household can run out of money. It does not need to collect taxes before it can spend — it spends first and collects taxes afterward. This is not a fringe idea; it is how the U.S. monetary system actually operates.

Q: So the federal government can spend unlimited amounts on anything?

No — and this is the key insight of Modern Monetary Theory (MMT). The real constraint on federal spending is **not financial. It is physical.** The government is limited by:

• Available workers and productive capacity

• Supplies of real goods and services (hospitals, teachers, construction materials)

• Ecological limits

• Inflationary pressure — if spending outpaces the economy's productive capacity, prices rise.

When the economy has idle workers, unused factory capacity, or unmet social needs, federal spending to meet those needs does not cause inflation — it mobilizes resources that were already sitting idle.

Q: Why do politicians keep using the household analogy if it's misleading?

Because it is politically useful. The "we can't afford it" frame disciplines debate by making some spending appear reckless (social programs) while other spending escapes scrutiny entirely. Notice that the same members of Congress who invoke "fiscal responsibility" to block healthcare expansions rarely apply the same standard to **tax cuts for the wealthy, military budgets, or corporate subsidies**. The constraint is political — not economic.

PART II — PROGRAM BY PROGRAM

Existing Programs Framed as "Fiscally Unsustainable"

Q: Is Social Security going bankrupt?

No. Social Security has a funding mechanism tied to payroll taxes and a trust fund — and projections show the trust fund could be depleted around 2033, at which point benefits could be paid at about 79 cents on the dollar from ongoing payroll revenue. **But the federal government is not operationally constrained by the trust fund.** Congress can authorize spending at any time. The "bankruptcy" frame is misleading — it treats an accounting mechanism as if it were a cash balance. The real question is whether the economy will have enough workers and productive capacity to support retirees. That is a planning challenge — not a monetary one.

> **MMT Perspective:** "The government can always credit Social Security accounts. The real issue is ensuring enough workers and productivity to support beneficiaries — a challenge of workforce policy, not federal finance."

Q: Does Medicare drive the national debt in a dangerous way?

Healthcare costs in the U.S. are high — but that is a **pricing and delivery problem**, not a government budget problem. The U.S. spends far more per person on healthcare than any other country, mostly through private insurance. Expanding Medicare does not increase total healthcare spending — it changes who pays. The "Medicare is unaffordable" argument conflates the federal budget with total national health expenditures. A well-designed expansion can reduce administrative waste and lower overall system costs.

> **MMT Perspective:** "Health-care spending reflects real resource use — doctors, hospitals, equipment. If those sectors have capacity, expanding coverage need not be inflationary. The question is how we allocate existing health-care resources, not whether we can financially afford to."

Q: Is Medicaid "too expensive" to expand further?

The ACA Medicaid expansion has consistently shown it **reduces uncompensated care costs, improves health outcomes, and saves state money**. States that refused expansion paid more in emergency care costs than they would have spent on expansion. The "too costly" framing ignores downstream savings and the economic cost of untreated illness — lost work, reduced productivity, and preventable deaths.

> **MMT Perspective:** "Medicaid mobilizes existing medical capacity — clinics, nurses, community health workers who are already there. Expanding it employs real resources to meet real needs."

Q: Are food stamps (SNAP) a bloated program we can't sustain?

SNAP is one of the most cost-effective programs in the federal budget. Every dollar in SNAP benefits generates an estimated **$1.50–$1.80 in economic activity** because recipients spend immediately in local grocery stores. The program expands during recessions (when food insecurity rises) and contracts during recoveries — exactly as a well-designed automatic stabilizer should. Cutting it does not save real resources; it simply shifts the cost to hunger, illness, and lost productivity.

> **MMT Perspective:** "Food-assistance programs mobilize idle labor in agriculture and retail and support families who spend locally. Financing them redirects existing productive capacity — it does not strain it."

Q: What about housing assistance — are vouchers and public housing too expensive?

The U.S. has a housing affordability crisis. Millions of eligible low-income households are on waiting lists for Section 8 vouchers that never arrive. The federal housing budget is modest relative to other spending, and public housing investment would employ construction workers and generate long-term assets. **The constraint is political will, not money.** The same Congress that declined to fund more vouchers passed $1.9 trillion in tax cuts in 2017.

> **MMT Perspective:** "Building housing employs idle construction workers and uses available materials. The real resource question is: do we have the workers, the land, and the materials? In most U.S. cities, the answer is yes."

Programs Called "Nice to Have But Unaffordable"

Q: Why can't the U.S. afford universal childcare like other countries have?

It can. The U.S. already spends large sums subsidizing childcare indirectly through the tax code — mostly benefiting higher-income families. A publicly funded universal childcare system would **increase labor force participation** (particularly for women), boost GDP, and pay for itself in increased tax revenue and reduced welfare costs over time. Countries like France, Germany, Denmark, and Sweden all have comprehensive publicly funded childcare — it is a policy choice, not an economic impossibility.

> **MMT Perspective:** Childcare taps a large pool of under-employed caregivers. Providing it boosts labor-force participation and long-run output. The real constraint is training and facilities — both expandable.

Q: Is paid family and medical leave something we simply can't afford?

The U.S. is the **only wealthy country without a national paid family leave program**. Every other OECD nation provides it. The cost estimates for a robust national program run at roughly 0.5–1% of GDP — less than many recent tax cuts. Paid leave has been shown to increase worker retention, reduce turnover costs for employers, improve infant health outcomes, and support breastfeeding. The "unaffordable" claim has been repeatedly shown to be overstated.

> **MMT Perspective:** Leave policies increase worker retention and productivity. The real constraint is employer adjustment — manageable with phased implementation and targeted support for small businesses.

Q: Can the U.S. afford public investment in higher education and student debt relief?

The U.S. offered very low-cost public higher education for decades and built the world's most productive workforce as a result. Tuition costs at public colleges rose sharply after state funding cuts in the 1980s and 1990s — a political choice, not an economic necessity. **Large-scale student debt cancellation would inject purchasing power into the economy**, reduce a major barrier to homeownership and family formation, and cost a fraction of the 2017 tax cuts. Public investment in higher education expands the skilled labor force — which is the real productive asset.

> **MMT Perspective:** Education expands the skilled labor force. The real constraint is faculty and classroom capacity — both can be expanded. The financial cost is dwarfed by the economic return.

Q: Why was the Child Tax Credit expansion not made permanent?

The 2021 expanded Child Tax Credit — which made the credit fully refundable and increased its amount — **cut child poverty nearly in half in a single year**. It lapsed at the end of 2021 when Congress failed to extend it. The primary opposition cited cost and deficit concerns. Research has consistently shown that child poverty costs the U.S. economy far more in lost productivity, higher incarceration rates, and increased healthcare costs than the program itself. The "we can't afford it" argument, in this case, was directly contradicted by evidence of what we can't afford: child poverty.

> **MMT Perspective:** Supporting children in their early years generates the highest return of any public investment. The real resource question: do we have food, teachers, and healthcare capacity for all children? Overwhelmingly, yes.

PART IV — HEALTHCARE REFORM

De-Commodifying Health: "Too Expensive to Consider"

Q: Can the federal government afford Medicare for All?

Studies from the Political Economy Research Institute, Yale, and others have found that Medicare for All would **reduce total national health expenditures** — not increase them — by eliminating massive administrative overhead from private insurance (estimated at 30%+ of total health spending). The federal budget outlay would be large — but total national spending would fall. Opponents focus on the federal line item while ignoring the elimination of premiums, deductibles, and co-pays that households and employers currently pay. The "we can't afford it" framing deliberately looks at only one side of the ledger.

> **MMT Perspective:** Single-payer can lower overall health costs by reducing administrative waste. The real constraint is ensuring adequate numbers of doctors, nurses, and facilities — a workforce planning challenge, not a financial one.

Q: Why is long-term elder care always on the chopping block?

The U.S. is aging. The number of Americans over 65 will nearly double by 2060. The need for long-term care — nursing facilities, home care aides, community support — will be enormous. Yet **home and community-based care is chronically underfunded**, waiting lists for Medicaid home care run into the hundreds of thousands, and care workers are among the lowest-paid in the economy. The "unaffordable" frame keeps a labor-intensive sector starved of investment precisely because it serves mostly women, the elderly, and people with disabilities.

> **MMT Perspective:** Long-term care employs care workers — a sector with significant slack capacity. Investment here matches idle labor to urgent social need. It is a classic case where fiscal expansion is non-inflationary because real capacity exists to meet real demand.

PART V — GREEN INVESTMENT & PUBLIC EMPLOYMENT

Building the Future: "Trillions We Can't Afford"

Q: Can the U.S. afford large-scale climate and Green New Deal investment?

Climate change itself is estimated to cost the U.S. **hundreds of trillions of dollars** over this century in flood damage, drought, wildfire, displacement, and public health costs. The Green New Deal-style investments that opponents call "unaffordable" are, by comparison, a bargain. The physical resources to do the work exist: millions of unemployed and underemployed workers, idle industrial capacity, and vast amounts of land suitable for renewable energy. The constraint is not money — it is coordination, permitting, and political will.

> **MMT Perspective:** Climate-friendly infrastructure employs idle construction workers and repurposes existing industrial capacity. The real limit is ecological and logistical — not financial. Inaction has a far higher real cost than investment.

Q: Why is a federal job guarantee called "financially unrealistic"?

A federal job guarantee — an offer of a public service job at a living wage to anyone who wants one — would directly employ people who are currently unemployed. Those workers would produce real goods and services: building parks, staffing community centers, retrofitting homes, providing care. **This is the definition of mobilizing idle real resources.** The cost of the program rises during recessions (when unemployment is high) and falls during expansions — acting as a powerful automatic stabilizer. The "unrealistic" label reflects ideological resistance, not economic analysis.

> **MMT Perspective:** A job guarantee directly hires unemployed labor to produce goods and services that match idle capacity. It is inherently non-inflationary — it puts unused resources to work rather than competing for resources already in use.

Q: Can we afford major investment in public transit and resilient infrastructure?

The U.S. infrastructure deficit is estimated at over $2 trillion. Bridges, water systems, transit networks, and broadband are deteriorating. Investment in these assets creates immediate employment, generates long-run productivity gains, and reduces future maintenance costs. **The "we have to live within our means" argument applied to infrastructure investment is particularly incoherent** — it is equivalent to a family refusing to repair their roof because they don't want to run a deficit, and then paying for flood damage instead.

> **MMT Perspective:** Infrastructure construction employs real workers using real materials. When unemployment and idle industrial capacity exist, infrastructure spending is productively expansionary, not inflationary.

Who Gets the "We Can't Afford It" Treatment — and Who Doesn't?

The clearest evidence that "we can't afford it" is a political tool rather than an economic fact is its **selective application**. Consider what never gets the affordability test:

Tax cuts for high-income households

The 2017 Tax Cuts and Jobs Act added an estimated $1.9 trillion to the deficit over 10 years. Not once was it seriously delayed on affordability grounds.

Military and defense spending

The U.S. spends more on defense than the next 10 countries combined. Budget hawks rarely apply "we can't afford it" to Pentagon appropriations.

Corporate subsidies and tax expenditures

Hundreds of billions in tax preferences, direct subsidies, and regulatory advantages flow to corporations each year — rarely subjected to the fiscal discipline demanded of food stamps.

Bank bailouts and financial system support

The 2008 financial crisis response deployed trillions in guarantees and asset purchases virtually overnight. Affordability was not the frame.

Interest on the national debt

Payments on existing debt are made automatically — Congress has never voted "we can't afford interest payments." Only social programs get that treatment.

The conclusion is straightforward: "We can't afford it" is not a neutral economic fact. It is a political choice about whose needs deserve public investment — and whose don't. The Interdependence Project holds that a government for the people must apply the affordability question honestly — asking not "can we finance this?" but "do we have the real resources to do this, and is it worth doing for the people it serves?"

WHAT YOU CAN DO

When you hear "we can't afford it" — ask three questions:

1. **Do we have the real resources?** Workers, factories, land, materials — or are they idle?

2. **Who benefits?** Programs for working people, children, and the elderly are held to standards that tax cuts and military spending never face.

3. **What is the cost of NOT doing it?** Child poverty, untreated illness, crumbling infrastructure, and a destabilized climate all have real costs that dwarf the programs being blocked.

Explore the full Interdependence Project framework at **economyofcare.org**. Share this document. Bring it to your elected representatives.