



## It's the Spending, Stupid

Now there's a message I hope you'll see and hear a lot between now and election day — on bumper stickers on the backs of cars, in email messages and letters to the editor, on radio talk shows and a hundred other places; including in front of every polling place in the country, if that were allowed.

Please do your share to pass it around — including sending this column to a few dozen friends and family members who should read it. I wish I could take credit for the slogan — an obvious twist on the James Carville/Bill Clinton message two decades ago — but I can't. It was the headline in a Daniel Henninger column earlier this month in the *Wall Street Journal*.



Henninger began by quoting the President at a town-hall meeting in Fairfax, Va., where our Obfuscator in Chief attempted to explain the election victories of various Tea Party candidates.

"They saw the Recovery Act. They saw TARP. They saw the auto bailout. And they look at these and think, 'God, all these huge numbers adding up.' So they're right to be concerned about that."

Right. You feel our pain. I think we've heard that before.

Of course, the President could also have mentioned new deficits of more than a trillion dollars a year, two \$3-trillion budgets since he took office, and a trillion-dollar healthcare entitlement shoved down our throats. Voters aren't just "concerned," Mr. President. Many of them have had it up to here with bloated, wasteful government spending. They are, to quote a wonderful old movie, mad as h\*\*l and they're not going to take it anymore.

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If you consider yourself one of the "they" referred to above, you can take heart from the latest poll results. Last week the Rasmussen poll queried potential voters. Nearly seven out of 10 — an outstanding 68 percent of the total — said they want smaller government and lower taxes, even if that comes at the cost of fewer services.

The number was highest, of course, among people who identified themselves as Republicans, with 88 percent saying they wanted spending reduced. Democrats scored the lowest, but a still impressive 44 percent in favor of cuts. And where did the independents fall? Some 74 percent joined the anti-spending crowd.

My liberal friends, you've got trouble. Big trouble. And not just in River City. I'm not sure there's a lie big enough, or a smear nasty enough, to keep you from getting your heads handed to you this fall.

If I were running against an incumbent, one of the first questions I would ask is, where were you when



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the tax cuts expired? And why did you do *nothing* to preserve them?

In case you've missed all the hullabaloo, here's what's happening ... or, to be accurate, not happening.

Back in 2001, blessed by a healthy Republican majority in the House and Senate, George Bush persuaded Congress to approve some of the largest tax cuts in our country's history. The Democrats couldn't stop the legislation, but they very cleverly exacted a condition: The tax cuts would expire on Dec. 31, 2010, unless Congress extended them.

We're getting awfully close to the witching hour and thus far, Congress hasn't done a thing — except expend a lot of hot air. If Congress does nothing over the next three months — and usually, I've got to admit, that's *exactly* what I wish the esteemed men and women who represent us would do — you and every other taxpayer in this country will see a lot more money taken from your pocket next year and given to Uncle Sam.

In fact, it will amount to the largest tax increase in U.S. history. And it will impact almost every taxpayer in the country. The front-page story in my local paper said it all: "Unless Congress acts, almost all earning levels will be paying more — from the wealthy to the working poor."

And please don't let anyone sucker you into believing that what's at stake here are "tax breaks for the wealthy." That is a bunch of hokum. Listen to this: "A typical family of four with a household income of \$50,000 a year would have to pay \$2,900 more in taxes in 2011, according to a new analysis by Deloitte Tax LLP, a tax-consulting firm," according to a story by the Associated Press.

But if you do make more than Obama's \$250,000 threshold, get ready to be really hammered. Starting on Jan. 1, 2011, the top marginal income-tax rate is set to increase to 39.6 percent from 35 percent. The phase-out of itemized deductions will raise that rate to 40.8 percent. Now that ObamaCare has passed there will also be a 3.8 percent healthcare tax, starting in 2013. So the total Federal tax rate for our highest earners will be 44.6 percent.

But, in fact, it will be even higher. When the Bush tax cuts expire, taxes on stock dividends and capital gains will go from 15 percent to 20 percent. President Barack Obama has said he would like to see them raised as high as 28 percent.

And here's an astounding fact that is known (or should be) to every member of Congress: Whenever Congress has increased taxes on capital gains in the past, actual tax collections have gone down.

That's right: When government raises the tax *rate*, actual receipts drop. When you think about it, it's not hard to understand why. Capital gains only occur when someone sells an investment and reports making a profit on it. But most of the time, they don't have to sell. Given the mood of the country right now, how many investors will sit on their holdings rather than give more and more of them to a greedy, grasping, irresponsible government?

Oh, and there's one more monstrosity racing down the road toward us. That is the re-imposition of the dreaded estate tax. Beginning next year the estate tax is slated to return to 55 percent on inheritances above \$1 million. Right now, because Congress did nothing last year, the estate tax is zero. That explains the delirious joy on the part of the heirs of such billionaires as John Kluge and George Steinbrenner.

By dying this year, they saved their families over a billion dollars in taxes. Imagine — their heirs got all the money, not Uncle Sam. No wonder the distributionists among us are having apoplexy.

Where does all that money go? Part of it makes certain that Federal employees now make, on average,



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more than *twice as much* as workers in the private sector. That's the startling conclusion of an analysis by *USA Today*, which found that anyone lucky enough to be gobbling at the Federal trough receives, on average, some \$41,791 in benefits a year.

That's in addition to a salary, on average, of \$81,258 a year. Private workers, in comparison, earn only \$61,051 in total compensation.

Let me repeat the first number, to make sure you grasp it. The average benefits of a Federal employee, above and beyond the salary he or she actually gets paid, comes to \$41,791 a year.

If that isn't enough to make you want to throw some tea into Boston Harbor — and a whole bunch of incumbents along with it, I don't know what will.

Until next time, keep some powder dry.

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