



## **Demands are Only Growing Bigger for a Shrinking Base of Taxpayers**

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The old-fashioned term "taxpayers' money" has recently resurfaced in Washington - but only to describe some of the TARP funds used in the government takeover of auto companies and financial institutions.

"Taxpayers' money" is almost never used in Washington to describe any of the other dollars in the \$3.5 trillion federal budget. These dollars, divided into familiar categories of entitlement and discretionary spending, are thought of by most Washingtonians as the "government's money."

Washington is awash in money - dollars taken by the IRS from the people who earned them and dollars borrowed all around the world.

In Washington, success is measured by how many new federal spending programs get enacted. Washington's champion spenders - from the president on down - appear to suffer from a delusional psychosis about money. They believe that federal spending is a healing balm. It has magical powers. If applied often enough in large enough quantities, it will cure everything.

Applied in the right places, federal money also enhances their political powers and control. That is the main reason for thousands of spending programs added to the federal budget since 1965. President Obama is now expanding federal spending by a whopping 30%.

Privileged Washingtonians forget that real people have had to work, save and invest, often at great sacrifice, to produce the money that government spends so extravagantly. In pursuit of their careers, federal spenders pretend not to know that the taxpayers of America would have been greatly benefited had they not been forced to send their money to Washington.

Hardworking families could have paid a lot of bills and sent a lot of kids to college with the \$300,000 of "taxpayer money" the government spends every week or so to fly Speaker Nancy Pelosi home to San Francisco for a round of political fundraisers and parties.

American taxpayers could do a lot of good for themselves and others with the \$400 billion in taxpayer money that Washington spends each year on the 55% of government programs that admittedly fail to accomplish their purposes.

When retained and put to work by the skilled, industrious people who produce it, taxpayers' money tends to multiply - usually by a factor of 3 to 1, according to a study by distinguished economist Christina Romer (now President Obama's chief economic adviser).

When government commandeers the taxpayers' money and spends it, the money tends to shrink. Nearly all modern economic analyses confirm that the "multiplier effect" of government spending is less than 1. Predictably, the highly touted "stimulus" package has not had its hoped-for effect.

Years ago, Milton Friedman told his students that a dollar of government spending produces less than a dollar of economic growth. He was right. The government doesn't create wealth. It just takes money from people who produce it and moves it around.

More than 85% of the personal income tax is paid by a small, overtaxed band of Americans who in number are less than 25% of eligible voters. The total number of income-tax payers is less than 55% of eligible voters. These people also bear the economic burden of nearly all the income tax collected from corporations.

Taxpayers pay government's bills - but they have little control over how much of their money government spends or for what.

Obama plans to spend another \$1.5 trillion of their tax money in nationalizing health care, even though the taxpayers who will pay 80% to 90% of that are overwhelmingly opposed to socialized medicine. If the president succeeds in forcing it upon them, they will get less health care (at a higher price) and suffer a backbreaking tax increase to boot.

The plight of taxpayers and their money is likely to get even worse after the next election.

Extrapolating from data compiled by the Congressional Joint Committee on Taxation, and taking into account the president's plan for "credits" that will remove more of his supporters from the income-tax rolls, we estimate that a majority of people who vote in the next election will be nontaxpayers, fully able to tax an oppressed minority with impunity, without themselves paying any income tax at all.

To them, government spending will seem free - and their demand for more of it will be infinite.

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