



## A Choice for the Condemned

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"There he goes again, folks," Ronald Reagan might say, shaking his head ruefully, as Barack Obama goes charging off on that same spavined old big-spending government horse, riding straight into a box canyon where certain disaster awaits America.

The president's planned fiscal excesses beyond 2010 cannot plausibly be attributed to the recession, blamed on George W. Bush or justified by economic principles, Keynesian or otherwise. They are simply irresponsible to the point of willful endangerment. The public debt will be at least an astronomical 91 percent of gross domestic product (GDP) in 2020 - and the gross debt will be at least 123 percent of GDP (compared with 125 percent in Greece) and greatly in excess of the fatal "tipping point" identified by recent academic research.

Right now, about 42 cents out of every dollar being spent by President Obama is borrowed - mostly from foreigners - and if he continues to stoke the crisis, America's Triple A bond rating will be downgraded within a few years, the Treasury's borrowing costs will skyrocket, and Washington will try to inflate its way out of debt by printing lots of cheap new dollars, thereby destroying people's savings and impairing lives and livelihoods for generations to come. None of this is necessary; it's Mr. Obama's choice.

He's risking America's future by running up the debt in a hurry-up effort to get in place as quickly as possible - while he still can - his planned expansion of the welfare state and thereby permanently commandeering for its targeted beneficiaries a disproportionately large share of America's future financial capacity.

At least \$4.3 trillion of this kind of additional spending for 2011-20 is buried in his budget. Furthermore, going back to 2009-10, there is another \$1.2 trillion, and going forward, Obamacare will add at least another \$1 trillion to the accumulated deficits.

There is a method to all this madness. Mr. Obama is using public-sector debt not only to pre-empt for his own ideological purposes the financial capacity of future generations, he also is seeking to pre-empt the prerogatives of voters and their elected representatives in Congress for the indefinite future.

Economist Gene Steuerle at the Urban Institute points out that there may soon be no "fiscal slack," and therefore no "fiscal democracy," left in America: All tax revenues will have been pre-committed and all spending predetermined by the current Congress and president. It is already the case that mandated expenditures plus interest on debt are consuming all tax revenues and will soon greatly exceed them.

Mr. Obama's next step is to commandeer the economy's capacity to pay taxes, and here again, the cleverness of his debt maneuver is apparent.

Having proposed to run up the debt to irresponsibly high levels and already having built large spending increases into his budget, thereby giving them the appearance of reality, President Obama has scared the pants off everyone in what amounts to a political protection racket.

Now he is calling for "fiscal responsibility." Taxes must be increased to put the nation's fiscal house in order, Mr. Obama will say. He also has appointed a National Commission on Fiscal Responsibility and Reform, whose report in December likely will say: "Yes, Mr. President, taxes must be increased by an additional \$1 trillion to \$2 trillion in order to bring the debt down to fiscally responsible levels."

Paul Volcker, one of Mr. Obama's key advisers, recently said that a value-added tax (VAT) may be the solution. Indeed, the VAT is the perfect tax for a big-government politico like Mr. Obama. (It can be disguised so that everyone thinks someone else is paying the tax.)

However, no matter how tricky the tax, a tax increase big enough to make a dent in Mr. Obama's spending-and-debt spree will, dollar for dollar, do far more damage to the economy than it adds to the Treasury's revenue receipts. And insofar as Americans' jobs and prosperity are concerned, another round of multitrillion-dollar tax increases (on top of the \$1 trillion he already has in the works) will break the economy's back.

Mr. Obama is giving Americans a choice of weapons with which to commit economic suicide: debt or taxes.

Germany and other members of the European Union may rescue Greece from its own profligacy and fiscal self-destructiveness, but who, pray tell, is going to rescue America from President Obama?

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