



## Shrink Government By Paying For It

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Do you want to reduce the size of government? I mean, really reduce it, instead of just talking about it? There's one surefire way. Pay for the government we're buying. If that means raising taxes, so be it.

It's simple economics. To reduce consumption of a product, raise the price.

I'll explain. For decades, Americans have been buying big government at what has felt like a steep discount. Since 2001, we've fought wars, deposed dictators, and created huge government programs under Presidents George W. Bush and Barack Obama. Meanwhile, thanks to the Bush tax cuts, Americans have been paying historically low taxes.

In the meantime, the national debt has increased \$11 trillion just since Sept. 30, 2000 — equal to more than \$35,000 for every American currently living, or \$140,000 for a family of four.

None of this is a coincidence. When something is cheap, people consume more of it, and that includes government. During the past 14 years, we've gotten \$11 trillion of government for which we did not pay. Naturally, we've done what consumers always do when given free stuff: Accept it, and expect more. That will continue as long as we keep using this national credit card that never seems to come due. But come due it will.

The only way we'll ever shrink government, and the only way we'll stop increasing the debt, is if Americans finally understand the true costs of these national policies. That will only happen when they pay for them. Imagine if the average family of four had been required to pay \$140,000 more in taxes these past 14 years. Don't you think there would have been a much more vigorous debate about whether the United States could afford these military actions and big government programs?

In 2004, the late William Niskanen, chairman of the Cato Institute, made the same argument. The Cato Institute is not a left-wing outfit; instead, it supports greatly reducing government. Niskanen studied the growth of government from 1981 to 2000. He found that federal spending increased by half a percent of the nation's gross domestic product for each one percentage point decrease in tax revenues. In other words, as taxes were reduced, government grew. We were running deficits almost every year then, too.

Unfortunately, while both Republicans and Democrats like increasing the size of government, they don't like making Americans pay for it. The latter is especially true among Republicans. Years ago, the conservative movement adopted a theory known as "starve the beast." The thinking was by reducing the tax revenues sent to Washington, government naturally would shrink.

Conservatives weren't thinking like economists. Government did not shrink. Why would it? We weren't paying for it.

Even though it hasn't worked, "starve the beast" remains the dominant strategy among conservatives. Many Republicans at the federal and state levels have signed the Americans for Tax Reform's "Taxpayer Protection Pledge," stating they will resist efforts to raise taxes. Every current Republican member of Arkansas' congressional delegation has signed the pledge, as have the two Republicans challenging for seats in Congress: French Hill in the 2nd District and state Rep. Bruce Westerman in the 4th.

The pledge has been an effective tool for keeping Republicans in line on tax increases. Unfortunately, there hasn't been an equally effective "No spend pledge" where elected officials promise not to spend money the government doesn't have.

Don't you see the problem with that? Members of Congress can cut taxes but spend all they want because those most affected, the upcoming generations, don't vote yet.

I don't want to pay higher taxes any more than you do. But taxes aren't the real problem. Big government is. If it grows like it's projected to grow, eventually taxes must be raised, regardless of who has signed what pledge.

Let's close by proposing two principles. First, if taxes are cut, spending should be cut at least that same amount. And second, except in extraordinary circumstances, Americans must pay the full price for the government we are buying. It's the only way we'll make wise decisions about how much of it we want.