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## Will America follow Cali's example?

By: **Frank J. Donatelli**

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If you want to see what President Barack Obama's America will look like, look no further than California right now. Out-of-control spending, deficits as far as the eye can see and unsustainable promises to key interest groups have all combined to bring the Golden State to the brink of economic collapse. The governor and the state Legislature are struggling to close a budget deficit that has reached \$42 billion.

The similarities between what Obama wants to do nationally and what California has already done should give Congress pause before it gives the president a blank check to remake our economy.

Let's first dispose of the last-gasp liberal charge that the state suffers because taxes aren't high enough as a result of the Proposition 13 revolution 30 years ago. In point of fact, California's spending has been out of control for at least two decades. As the libertarian CATO Institute has pointed out, since the 2005 fiscal year, state spending has grown twice as fast as the population and inflation. No amount of additional taxes could have sustained this spending pace. California's sales and income tax rates are already among the highest in the country, which explains the migration of high-income earners and taxpayers out of the state. Higher taxes for the remaining taxpayers would just make the situation worse.

Obama also wants to make America's tax system more progressive. Remember that 5 percent of taxpayers in America already pay more than half of all income taxes. History tells us that higher rates will not produce anywhere near the revenue projected by the administration — certainly not remotely enough to pay for Obama's new massive spending schemes. Indeed, Obama has also promised a "middle-class tax cut" for 95 percent of America, his rough equivalent of the Prop 13 limitation in California decried by liberal activists.

Obama's revenue plan mirrors California's current tax system. He proposes steeply progressive income taxes on relatively few to fund the entire structure of massive increases in domestic spending. The California experience tells us there is no possible way that 5 percent of the country can pay for what he is promising.

What is he promising to spend? He is proposing massive new health care spending and has promoted a new health care entitlement similar to California's. This comes at a time when the trustees of the Social Security and Medicare "trust funds" issued a gloomy assessment that our current entitlement programs are already on the verge of bankruptcy. Obama is offering a new set of promises even though we can't fund our existing ones.

The 2010 Obama budget also calls for massive increases in virtually every category of domestic discretionary spending, including education, clean energy development, public transportation, public infrastructure and housing, not to mention billions for more bailouts for politically sensitive industries. In the midst of these huge increases, the president made a major pitch to find \$17 billion in savings from other parts of the budget. The Democratic Congress shot down those meager reductions.

Even with his rosy economic assumptions, cancellation of the Bush tax cuts, imposition of

a new carbon tax and minimal defense increases, including declining payments to fund the war in Iraq, the president projects annual deficits of one-half to three-quarters of a trillion dollars for as far as the eye can see. If he serves two full terms, Obama's accumulated debt will be larger than the combined debt of his 43 predecessors.

And he didn't even win the Cold War.

A heavily progressive income tax paid by fewer and fewer taxpayers combined with out-of-control social welfare spending can only produce hugely expanding deficits, stagnation and less economic growth. In short: California. Like California, we'll soon learn this hard lesson: If government insists on redistributing wealth, we will all have less of it.

*Frank Donatelli is chairman of GOPAC, a center for training and electing future Republican leaders.*

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