

Have They Lost Their Heads?

By Senator Glenn Grothman

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I sometimes wonder about the future of the state of Wisconsin when so many of our elected officials are reluctant to ever say “No” to the special interests. It recently became apparent that the State will receive \$652 million less than expected in sales and income tax receipts than predicted when the budget was passed in October. It will be interesting to see if the politicians respond by deciding to spend any less or if they respond by borrowing more or taxing more.

But as irresponsible as the politicians are in Madison, I am more afraid of what I see in Washington – an almost complete inability to say “No” as they plunge our nation deeper in debt – or just devalue our currency thus making the population poorer. Specifically, I’m talking about this “stimulus” package of \$168 billion dollars. How could anyone possibly think this will make our nation more prosperous? The total amount - about \$550 for each person in the country - can only come from raising taxes, borrowing (much from other countries) or further devaluing our currency. The federal government is already over \$9 trillion in debt – about \$30,000 per man, woman and child in this country. The foreign countries which own the most of our debt are Japan and China – each holding over \$400 billion a piece - even without the stimulus package the federal government will run a deficit of \$450 billion this year. Recently, for the first time since I was a child, the Canadian dollar was worth more than the American dollar - the value of the dollar compared to the Euro has fallen even further. Total federal taxes are already over 20% of our gross domestic product – historically quit high in the post war era.

Now politicians of both parties – George Bush and John McCain as Republicans - Hillary Clinton and Barack Obama as Democrats, have voted to either borrow more money (perhaps from the Chinese) or further devalue the dollar by issuing \$168 billion in checks. If the President of Guatemala or the Ivory Coast had cooked up such a foolish plan to make people wealthier, we would laugh. The economic illiteracy of these third-world countries would amuse us and we would be grateful to be living in the United States of America where our leaders are more sophisticated. But it is our great country that is falling for such foolishness (our own Representative Jim Sensenbrenner being a notable -- and rare -- exception.) I can't even imagine what they were thinking politically in that I have yet to find anyone who thinks this is a good idea. If issuing \$1,000 checks is a smart thing – why not \$10,000 checks?

I should point out issuing checks is not the same as reducing tax rates which increase production. For example, the American corporate tax rates are some of the highest in the industrialized world. To cut these rates would stimulate the economy by encouraging more production.

Alexis de Tocqueville, the French visitor to America in the 19th century wrote favorably of our country. However, he felt that the Achilles Heel of the country in which elections played such a large part was that eventually Congress would try to buy voters with public money. I am afraid we are getting to this point. In the upcoming election we must be wary of politicians promising to spend more money. We will never become wealthier by borrowing more or further devaluing our currency.

To share your thoughts, contact me in Madison at 1-800-662-1227 or email me at Sen.Grothman@legis.wisconsin.gov.