

For the last several months the government has been spending taxpayer dollars at a record pace. First, the Congress passed the trillion dollar "so-called" stimulus, then a pork-filled \$410 billion spending bill to continue to fund the federal government for the next seven months. Now President Obama is proposing a massive \$3.6 trillion budget for the next fiscal year. In the current fiscal year, the federal government will spend more than \$4 trillion or 28.5% of the economy--that is the highest level of government spending since World War II. Families are tightening their budgets and small businesses are cutting back. State and local governments are forgoing projects and reducing spending. The federal government needs to do the same. If families and businesses are making sacrifices why isn't the federal government? The President's spending proposal is SO large that some estimates indicate 250,000 bureaucrats may be needed to spend all the money. The course our government is currently on is like an out of control car on an icy highway. The potential outcome is obvious to any observer. This runaway spending will continue to hurt our economy and it must stop. We can't spend our way to better times. The \$3.6 trillion budget President Obama is proposing includes the largest tax increase in U.S. history. Taxing Americans with hundreds of billions of dollars is wrong. Christina Romer, the Chair of the President's Council of Economic Advisors said that "tax increases are highly contractionary." Increasing taxes during a recession will only prolong the pain. President Obama's budget proposes to raise taxes on energy. The Administration is banking on \$646 billion in new revenue from a so-called "cap and trade" program to pay for much of his budget. This new tax would be on the fuel you put in your car and your home gas and electric bill. This tax comes out to almost \$3, 100 for every American household per year. This is the last thing hard working families need who are trying to make ends meet during a recession. The tax increases included in this measure will also hit small businesses hard. Small businesses create 70% of new jobs each year, so taxing them more will result in more job losses that would be devastating to our economy. This budget will raise taxes on investments by raising the top tax rate on capital gains and dividends by one-third only discouraging long-term investments and taking needed capital out of the marketplace. One of the most disturbing taxes in this budget deals with charitable giving. This is a no-win situation. Under the plan, families who make more than \$250,000 per year would have limits placed on the amount of tax deductions they can claim for their donations to charities. Charities that help people in need are estimated to lose nearly \$16 billion in donations each year if this budget passes. Increasing taxes during a recession will be the nail in the coffin for our economy. This budget does not just tax the rich as proponents claim, but it will hit families and small businesses with a one-two punch during an already difficult time, hitting those in lower socio-economic circumstances the hardest. Herbert Hoover raised taxes during a recession and it led to the worst depression in history. We need to learn from mistakes made before, so they are not repeated again. Recently President Obama has announced his proposed budget would cut the deficit in half by the end of his term. Though this has an impressive sound to it, as is often the case, we ought to look behind the curtain at the actual numbers. The President's recent stimulus bill - which I opposed - quadrupled the deficit. On top of that, the President has announced \$1 trillion in new spending. Add to that additional bailouts of troubled companies, potentially more "stimulus" spending and supplemental war costs and the projected deficit reaches a staggering \$1.85 trillion. For perspective, the largest deficit this country has ever run was in 2008 at over \$400 billion. So when the President tells us that his budget halves the

deficit by the end of his term, his words obscure the meaning of what he's actually saying. Because even when you whittle away half of the projected \$1.85 trillion deficit, it's still higher than the previous record. We deserve better and the American taxpayer needs to understand the magnitude of the deficits we're passing on to our children and their children.

