

Why “Stimulus” Always Fails

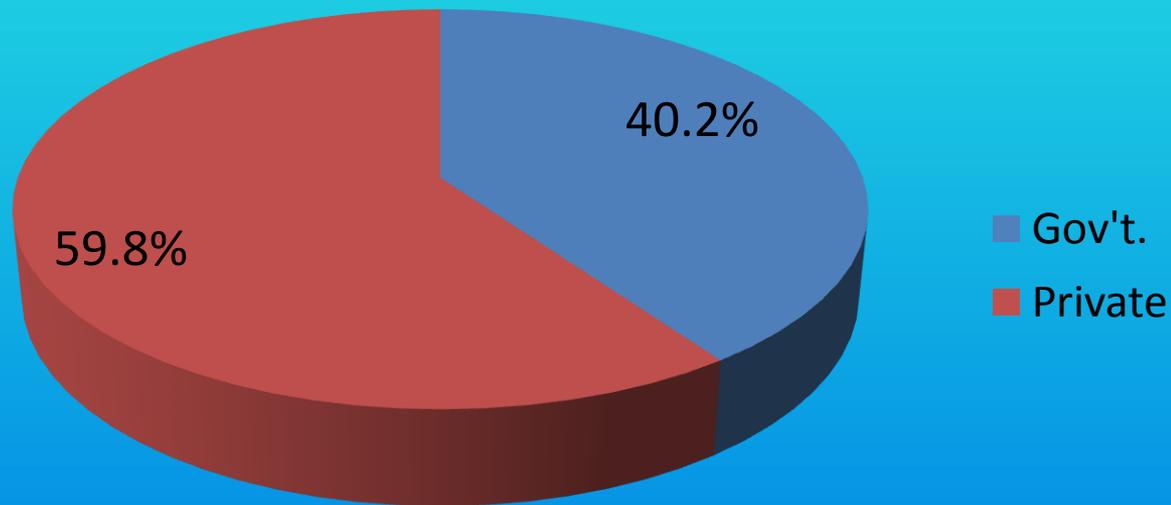
Government spending to boost the economy cannot work. Here’s why.

Basic Economic Principles

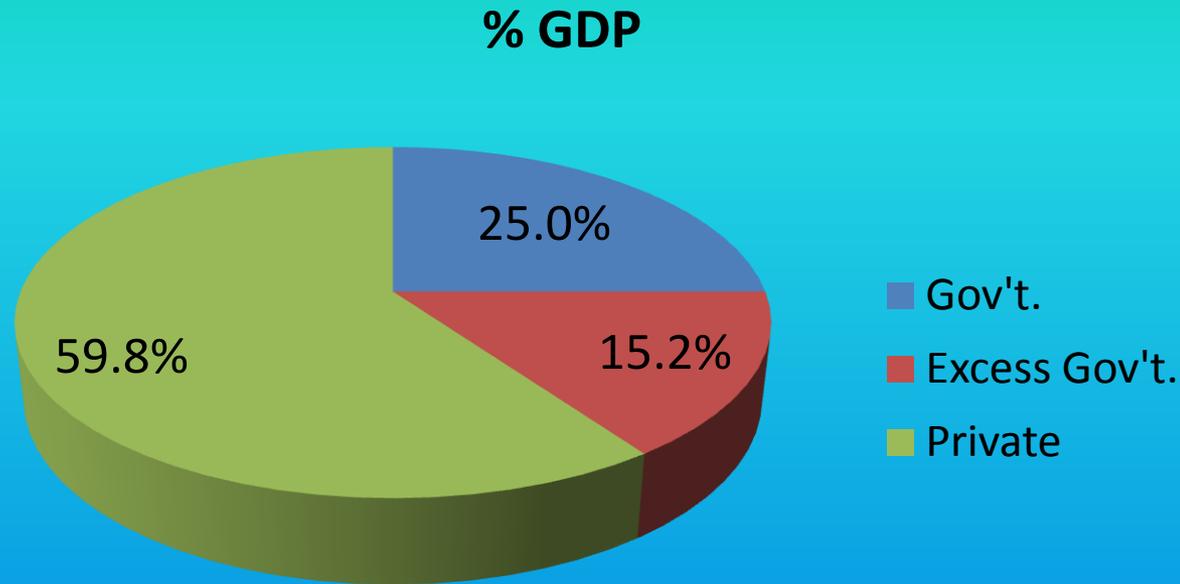
- The total wealth of a nation is its Gross Domestic Product (GDP – the total goods and services that represent the American economy)
- Wealth can only be produced by making something or producing a service that has greater value than what was used to make and/or provide it.
- Government has nothing of value with which to make something or provide a service that it does not confiscate from the private sector.
- Therefore, Government can never create wealth.
- A stable economy cannot exist without basic government services, such as the military, police, fire, courts, etc.
- Our US Constitution, State Constitutions, and local government charters provide the authority for providing these necessary services.
- These Constitutional, minimum services impose a requirement on citizens to fund those government services, so some minimum floor of government spending, and citizen taxpaying, is required to establish a stable economy.
- Historically, that has been from 7% to 12% of GDP when not engaged in a world war, and from 1903 – 2010, and average of 25% of GDP.
- Today it is 40.2% of GDP.

Where is All the Money?

% Gross Domestic Product (GDP)



What Happens With Stimulus and Other Excess Government Spending?



Assuming the Government can live on 25% (the average from 1903 through 2010), that 15.2% (25% + 15.2% = 40.2% from the previous chart) is wealth unavailable for creating jobs because the Government took it by force. ***How many jobs might be there today if Government lived within its means?***

Gov't. Spending ↑ ≈ Jobs & Economy ↓

So what?

- The US had a GDP in 2010 of \$14.7 Trillion.
- 15.2% (excess government spending) of \$14.5 Trillion is **\$2.2 Trillion**
- Imagine the jobs that would be created by the private sector if the Government did not confiscate that money by force.*

- The per capita US GDP in 2010 was \$46,860.
- 15.2% of \$46,844 is \$7,120.
- Per capita GDP in 2010 would have been \$53,980 if Government lived within its Constitutional mandate.
- How would that per capita difference have made a difference in your household?
 - Less debt?
 - Improved value of home (that creates jobs)?
 - Avoided foreclosure?
 - More investments (that creates jobs)?
 - More giving to charity so the truly needy are helped?
 - Less Government dependency?

So Why Does “Stimulus” Always Fail?

- Only the private sector can create net, new jobs.
- Jobs created by Government spending means more money had to be taken out of the private sector than what it costs to create the jobs, thus resulting in a net loss of jobs. That is why the unemployment rate has gone up with the Stimulus spending.
- When money is created out of thin air, rather than confiscated through taxes and fees, the value of a dollar decreases (same GDP divided by more dollars), resulting in inflation, making what you have saved worth less – and you pay in the end.

How Are Things Working Out For You Now?

- 47% of Americans pay no net income tax.
- Government never reduces a budget – they only grow.
- Government sees 100% of what you earn as theirs, and they alone decide what you get to keep.
- The top 1% of income earners (>\$380,354 AGI) pay 38% of income taxes.
- The top 5% of income earners (>\$159,619 AGI) pay 60% of income taxes.
- The top 10% of income earners (>\$113,799 AGI) pay 70% of the income taxes, and it is their money that creates almost all jobs.
- The bottom 40% of wage earners (<\$30,000 AGI) get more money back from the government than they pay in.

(Note: AGI is Adjusted Gross Income from 2008 IRS data)

Is it fair that some pay more out of each dollar they earn than others?

Do you know how government defines a “budget cut”? If they had \$1,000,000 last year and want \$1,500,000 this year, but only get a \$200,000 increase to \$1,200,000 – they call that a \$300,000 **cut**!

Just how stupid do they think we are?

What Works for Us All?

- ✓ We all pay our fair share **and** reduce gov't spending.
- ✓ Make sure all Americans bear the same tax burden.
- ✓ For every dollar an American earns, *everyone* pays 9% - no deductions.
- ✓ For every dollar an American company has in net profits, pay 9% - no deductions, no loopholes.
- ✓ For every dollar spent at the retail level for *new* products and services, pay 9% national sales tax – no exceptions, no European-style Value Added Tax (VAT).
- ✓ Substantial elimination of Federal Government agencies, departments, and programs whose existence is not Constitutionally justified to reduce spending.

This way, we are all helping push the wagon, while only the truly deserving, needy, few ride in the wagon. The kid who carries out your groceries is paying the same, for every dollar earned and spent, as the millionaire.

Equal under the law, equal under taxation.