

Pitchfork time

by *Patrick_Buchanan*

In his campaign and inaugural address, Barack Obama cast himself as a moderate man seeking common ground with conservatives.

Yet, his budget calls for the radical restructuring of the U.S. economy, a sweeping redistribution of power and wealth to government and Democratic constituencies. It is a declaration of war on the Right.

The real Obama has stood up, and lived up to his ranking as the most left-wing member of the United States Senate.

Barack has no mandate for this. He was even behind McCain when the decisive event that gave him the presidency occurred — the September collapse of Lehman Brothers and the market crash.

Republicans are under no obligation to render bipartisan support to this statist coup d'etat. For what is going down is a leftist power grab that is anathema to their principles and philosophy.

Where the U.S. government usually consumes 21 percent of gross domestic product, this Obama budget spends 28 percent in 2009 and runs a deficit of \$1.75 trillion, or 12.7 percent of GDP. That is four times the largest deficit of George W. Bush and twice as large a share of the economy as any deficit run since World War II.

Add that 28 percent of GDP spent by the U.S. government to the 12 percent spent by states, counties and cities, and government will consume 40 percent of the economy in 2009.

We are not "headed down the road to socialism." We are there.

Since the budget was released, word has come that the U.S. economy did not shrink by 3.8 percent in the fourth quarter, but 6.2 percent. All the assumptions in Obama's budget about growth in 2009 and 2010 need to be revised downward, and the deficits revised upward.

Look for the deficit for 2009 to cross \$2 trillion.

Who abroad is going to lend us the trillions to finance our deficits without demanding higher interest rates on the U.S. bonds they are being asked to hold? And if we must revert to the printing press to create the money, what happens to the dollar?

As Americans save only a pittance and have lost €” in the value of homes, stocks, bonds and other assets €” \$15 trillion to \$20 trillion since 2007, how can the people provide the feds with the needed money?

In his speech to Congress, Obama promised new investments in energy, education and health care. Every kid is going to get a college degree. We're going to find a cure for cancer.

Who is going to pay for all this?

The top 2 percent, the filthy rich who got all those Bush tax breaks, say Democrats. But the top 5 percent of income earners already pay 60 percent of U.S. income taxes, while the bottom 40 percent pays nothing.

Those paying a federal tax rate of 35 percent will see it rise to near 40 percent and will lose a fifth of the value of their deductions for taxes, mortgage interest and charitable contributions.

Yet, two-thirds of small businesses are taxed at the same rate as individuals. Consider what this means to the owner of a restaurant and bar in Los Angeles open from noon to midnight, where a husband and wife each put in 80 hours a week.

At year's end, the couple finds they have actually made a profit of \$500,000 that they can take home in salary.

What is the Obama-Schwarzenegger tax take on that salary?

Their U.S. tax rate will have hit 39.6 percent.

Their California income tax will have hit 9.55 percent.

Medicare payroll taxes on the proprietor as both employer and salaried employee will be \$14,500. Social Security payroll taxes for the proprietor as both employer and employee will be \$13,243.

In short, U.S. and state income and payroll taxes will consume half of all the pair earned for some 8,000 hours of work.

From that ravaged salary they must pay a state sales tax of 8.25 percent, gas taxes for the 50-mile commute, and tens of thousands in property taxes on both their restaurant and home. And, after being pilloried by politicians for having feasted in the Bush era, they are now told the tax deduction they get for contributing to the church is to be cut 20 percent, while millions of Obama voters, who paid no U.S. income tax at all, will be getting a tax cut "i.e., a fat little check" in April.

Any wonder native-born Californians are fleeing the Golden Land?

Markets are not infallible. But the stock market has long been a "lead indicator" of where the economy will be six months from now. What are the markets, the collective decisions of millions of investors, saying?

Having fallen every month since Obama's election, with January and February the worst two months in history, they are telling us the stimulus package will not work, that Tim Geithner is clueless about how to save the banks, that the Obama budget portends disaster for the republic.

The president says he is gearing up for a fight on his budget.

Good. Let's give him one.

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