



Future Generations

Is there any reason for today's Americans to care about what happens to tomorrow's Americans? After all, what have tomorrow's Americans done for today's Americans? Moreover, since tomorrow's Americans don't vote, we can dump on them with impunity. That's a vision that describes the actual behavior of today's Americans. It would be seen as selfish, callous and ruthless only if it were actually articulated. Let's look at it.



Businesses, as well as most nonprofit enterprises, by law are required to produce financial statements that include all of their present and expected future liabilities. On top of that, they are required to hold reserves against future liabilities such as employee retirement.

By contrast, the federal government gets by without having to provide transparent and honest financial statements. The U.S. Treasury's "balance sheet" does list liabilities such as public debt, but it does not include the massive unfunded liabilities of Social Security, Medicare and other federal future obligations. A conservative estimate of Washington's unfunded liabilities for the year ending in 2011 is \$87 trillion. That's more than 500 percent of our 2011 GDP of \$15 trillion.

Former Congressmen Chris Cox and Bill Archer have written an article — "Why \$16 Trillion Only Hints at the True U.S. Debt," *The Wall Street Journal* (November 26, 2012) — pointing out our dire economic straits. They say, "When the accrued expenses of the government's entitlement programs are counted, it becomes clear that to collect enough tax revenue just to avoid going deeper into debt would require over \$8 trillion in tax collections annually. That is the total of the average annual accrued liabilities of just the two largest entitlement programs, plus the annual cash deficit." Let's analyze that.

Washington would have to collect \$8 trillion in tax revenue, not to pay off our national debt and have reserves against unfunded liabilities, but just to avoid accumulating more debt. Recent IRS data show that individuals earning \$66,000 and more a year have a total adjusted gross income of \$5.1 trillion. In 2011, corporate profit came to \$1.6 trillion. That means if Congress simply confiscated the entire earnings of taxpayers earning more than \$66,000 and all corporate profits, it wouldn't be enough to cover the \$8 trillion per year growth of U.S. liabilities.

Given this impossible picture, the message coming out of Washington, especially from our leftist politicians and the news media, is that we solve our budget problems by raising taxes on the rich. If Americans were more informed, such a message would be insulting to our intelligence. There are not enough rich people to satisfy Congress' appetite.

In 2011, Congress spent \$3.7 trillion. That turns out to be about \$10 billion per day. According to IRS statistics, roughly 2 percent of U.S. households have an income of \$250,000 and above. By the way, \$250,000 per year hardly qualifies as being rich. It can't even buy a Learjet.



Written by [Walter E. Williams](#) on December 6, 2012

Households earning \$250,000 and above account for 25 percent, or \$1.97 trillion, of the nearly \$8 trillion of total household income. If Congress imposed a 100 percent tax, taking all earnings above \$250,000 per year, it would bring in about \$1.9 trillion. That would keep Washington running for 190 days, but there's a problem because there are 175 more days left in the year.

The profits of the Fortune 500 richest companies come to \$400 billion. That would keep the government running for another 40 days, to mid-July.

America has 400 billionaires with a combined net worth of \$1.3 trillion. If Congress fleeced them of their assets, stocks, bonds, yachts, airplanes, mansions and jewelry, it would get us to at least late fall.

The fact of the matter is there are not enough rich people to come anywhere close to satisfying Congress' voracious spending appetite. The true tragedy for our future is that there are millions of uninformed Americans who will buy the political demagoguery and treachery that our problems can be solved by taxing the rich.

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