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The rich pay more than their fair share

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By James R. Harrigan and Antony Davies

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The government's new fiscal year starts on October 1. This year marks the fourth consecutive time the deficit has surpassed \$1 trillion. A fiscal year is to accountants what the calendar year is to the rest of us: a time to take stock of what we need to do better. Where Washington is concerned, it's time for some New Year's resolutions.

Fifty-five percent of federal spending occurs automatically. This "mandatory spending," on Social Security, Medicare, Medicaid, unemployment compensation, welfare, civilian and military retirement and veterans' benefits is determined by the number of people who qualify for the programs, not by congressional action and a presidential signature.

But instead of a hard discussion about the merits of mandatory spending, we are served up a national debate every four years on who should pay for it all. Given the trillion dollar deficit, it should be clear to anyone with a 6th grade education that we have not sufficiently answered that question.

For the sake of simplicity, let's assume that the federal budget plays out over the calendar year. By comparing how much different groups of taxpayers pay, we can get a clear picture of who actually pays for government, and how much.

So who does pay?

Let's start with the poorest Americans. According to the Congressional Budget Office's latest figures, the poorest 20 percent of Americans paid three-tenths of one percent of all federal taxes. This year, tax revenues cover only 70 percent of federal spending, so that segment of the population paid for two-thousandths of federal spending.

If the government's fiscal year started on January 1, the poorest 20 percent would pay for all the government spending from midnight through 6:30 p.m. on New Year's Day. In other words, they would be done paying for government at about the same time your New Year's Eve hangover was lifting. For sports fans, it would be during half-time of the Rose Bowl.

The next poorest 20 percent of Americans pay enough to fund the government for the next 10 days, taking us to January 11. Middle-income Americans pay for a little over three weeks, taking us to February 4. In other words, when half of Americans pool their taxes together, the total only pays for 35 days of government spending.

Those from middle-income up to, but not including, the wealthiest 10 percent pay for February 5 through May 2. We're only four months into the year, and 90 percent of Americans have paid all they are going to pay toward the government's spending.

Those in the top 10 percent but not the top one percent pay for May 3 through July 17. The top one percent pays for the 56 days, from July 17 through September 10. And for 2012, September 10 was Deficit Day. That's the day that the tax revenues ran out. From September 11 through December 31, every dime the government spends is borrowed money. The people who will pay for this lion's share of the year—112 days—can't vote because they haven't been born yet. At least for these people, this is taxation without representation.

It should be clear that "taxing the rich" to make them "pay their fair share" will simply not work. They have been paying more than their fair share for years. Balancing the budget requires bringing spending under control. And this means redefining "mandatory spending" to reflect facts, not pipedreams. This should be our New Fiscal Year's resolution, and both candidates for the top office in the land should pledge firmly, and publicly, to make it.

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