Taxes: Indiana vs Illinois

Cal Thomas, “Contrasts in Black and Red,” Townhall.com, 1/18/11

The contrast between what Illinois Democrats did last week and what Republicans have done in Indiana, Wisconsin, Iowa, Virginia, and New Jersey, could not be clearer.

In Illinois, Democratic legislatures and a Democratic governor pushed through a massive 67 percent personal income tax hike (and a 46 percent boost in corporate taxes), claiming an accompanying “cap” would mean no new spending. Sure. Illinois is caught in a trap of its own making, agreeing with unions (the Democrat base) to pay exorbitant amounts of retirement and health benefits to public employees the state cannot afford. Governors in nearby states are inviting Illinois residents and businesses to move from Illinois. No doubt many will accept those invitations, taking there money and jobs with them.

California is a failing state, having overpromising public-sector workers at the expense of the private sector. And it’s not alone. According to Bloomberg, “More than 80 percent of the nation’s 27 million state and local government workers and retirees are covered by public pensions. Yet the median state plan had enough money to pay 76 percent of its obligations as of Aug. 20, 2010.” Data compiled by the University of Rochester and Northwestern University found that “six cities -- Boston, Chicago, Cincinnati, Jacksonville, Fla., Philadelphia and St. Paul, Minn. -- will run out of pension money by 2020.” States that have had enough have Republican governors who are committed to reducing spending and taxes.

In his State of the State of addresses last week, Indiana Republic Mitch Daniels, properly took credit for policies that have placed his state among the financially strongest in the nation: lowest property taxes in the country and matching spending to income by eliminating “nice to do” programs, focusing instead on “must do” ones. Daniels noted, “Elsewhere state government payrolls have grown, but here, we have the nation’s fewest state employees per capita, fewer than we did in 1978.” He said that during the current recession “at least 35 states raised taxes, but Indiana cut them. Since ’04, the other 49 states added to there debt, by 40 percent; we paid ours down by 40 percent.” Other states when into the red, he said, but in Indiana “our savings account remains strong, and our credit AAA.”

Daniels spoke of “protecting the taxpayers” and added, “...whatever course others may choose, here in Indiana we live within our means, we put the private sector ahead of government, the taxpayers ahead of everyone, and we will stay in the black, whatever it takes.”

Unless you’re a retired state employee in Illinois, you are probably on your feet shouting, “Yes! This is what I’ve been waiting to hear!”

President Obama and too many other politicians emphasize “public service” as if government work is superior to a vibrant private sector that creates jobs, goods and services people want. Governor Daniels has the right priority: people and jobs first, government second. If Daniels hasn’t decided to run for president, he should. This is a
platform that has not only worked in Indiana but, if adopted by federal government (and other states), would work nationally.

Many Democrats who voted for Illinois tax increases were lame ducks who will pay no political price for their cowardly vote. Besides, it wasn’t their money. That’s why it’s so easy to spend.

If politicians in other financially troubled states won’t follow Indiana’s example, people can move to states with lower taxes. But no one can escape the federal government.

Short term limits or regular turnovers in Congress until they “get it,” a more radical approach may be necessary. Suppose there was a groundswell of taxpayers who announced they will no longer pay for government and, in fact, will start reducing payments to government if politicians won’t significantly cut spending? They would get there attention.

There aren’t enough prisons to house thousands, perhaps millions, of taxpayers who cry “enough” and demand that Washington live within it’s means. It’s time to starve the beast. If Dracula doesn’t get blood, he dies. If Washington can’t suck more money out of us and must stop borrowing, it will be forced to cutback, like so many have done in this recession.

Anyone ready to lead the second American Revolution?