

THE WALL STREET JOURNAL.

March 25, 2010

Welcome to Europe

America has changed its course, perhaps forever.

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Late Sunday night America made its largest public-policy course change since the 1930s: Congress moved 17% of our national economy from the market place to full regulation and control by the federal government. The vote in the House was close, 219-212, but our country's health care system will now be organized, operated and regulated by the federal government.

Tens of thousands of new employees, supervisors and investigators will be in charge of our health-care system's day-to-day operations. And the Heritage Foundation estimates the original Senate bill will retard economic growth to the tune of 620,000 lost jobs.

Add to that the new income-tax increases that will soon be with us. The Bush tax-rate reductions expire at the end of this year, so that the top personal income tax rate will go from 35% to 39.6% and the dividend and capital gains tax rates will rise from 15% to 20%.

Then will come the ObamaCare tax increases. There will be a new 3.8% Medicare tax increase on investment incomes--interest, dividends, capital gains, annuities, royalties and rents--for individuals with annual adjusted gross incomes over \$200,000. Those increased rates are

estimated to reduce disposable income by \$17.3 billion a year. A second Medicare tax increase will take 0.9% of upper-income workers' earnings.

Soon the government will fully regulate health care. As The Wall Street Journal pointed out last weekend, "ObamaCare is really about who commands the country's medical resources. It vastly accelerates the march towards a totally state driven system . . . [and] government rationing will become inevitable [while] . . . doctors, hospitals, and insurance companies will over time become public utilities." Even worse, the government will begin to decide "what kind of treatment options patients are allowed to receive."

And a Republican House Ways and Means Committee report estimated that 16,500 IRS agents will be employed to make sure that people sign up--and pay for--the health insurance they will be forced to purchase.

Consider the impact these policies will have on our country and all of us.

First, tax rates will continue to increase for most everyone as the federal government needs more revenue to cover ever-expanding expenditures. Economist Stephen Entin estimates that the investment taxes discussed

above would depress gross domestic product by some 1.3%, reduce capital formation by 3.4%, and thus reduce the after-tax incomes of everyone not paying these taxes by perhaps 1.2%. In other words, federal taxes will rise and personal incomes will fall.

Second, our national debt will continue to mount. From about 1970 to 2008, the U.S. government debt was between 33% and 69% of GDP. The Obama administration projects the national debt will increase to 100% by 2012 and to over \$25 trillion by 2020. This will result in fewer jobs and less income for many years as it suppresses our economy.

Third, the federal government's massive interventions, from the General Motors bailout to a prospective cap-and-trade policy, command and control of national health care, and the large increases in the size and scope of government, will slow our growth and depress our economy even more.

Finally there comes the growing loss of trust in America's government. We have seen the national disbelief in the huge government expansions, spending and control over our society. In the health-care debate people figured that the whole bill was some sort of scam to help senators and congressmen in their home districts. There was the Cornhusker Kickback for Nebraska, special dollars for Tennessee, North Dakota, Louisiana, Connecticut, and other states and districts.

As a result of last Sunday's vote, the Europeanization of America is coming to pass, for individual choice and opportunity are being replaced by statism.

Contrast this new American policy direction with our country's history, and it leads to an even worse conclusion. We held our country together in the Civil War, fought two wars in Europe to keep its nations free, won the Cold War, survived the social upheavals of the 1960s and the economic challenges of the '70s, and built a greatly expanded American economy and opportunities in the 1980s.

But now, for the first time in our history, we are becoming just another European nation, with bigger government, higher taxes, more regulation of almost everything, and the basic public-policy preference that the government, not we the people, should be in charge of the nation's choices.

So America has indeed changed, perhaps forever, as the White House and brazen congressional leadership nationalized 17% of our economy, replacing individual choices with governmental regulation. The sunset of the American belief in economic growth and individual choice and responsibility is now with us. If we do not change our course, that will be a shame.