Labor Day 2012

By Richard Kelley

This weekend, we celebrate Labor Day across the U.S. In addition to its salute to America’s working men and women, the holiday marks the end of summer, the start of a new school year and the opening of football season.

For millions, it also means a day off from work, a trip to the beach, a drive to the mountains, a picnic in the park or perhaps a backyard barbecue.

For many who live along the U.S. Gulf Coast, Labor Day 2012 means cleaning up or trying to salvage something from the destruction left by Hurricane Isaac.

Labor Day was set aside as a federal holiday 118 years ago. As we pay tribute to America’s workers this year, it is important that we also stop and take a broader look at the condition of our nation. I say this because this year, as happens every four years, Labor Day is also the start of the last lap in America’s presidential and congressional election campaigns – and contests for state and local offices as well.

We are about to elect the men and women who will be making vital decisions that will set the course not only for labor but for every one of us – young, old, working, retired, infants, students, males, females, employed, unemployed, etc. – for years to come.

Where are we? Where are we headed? Is that where we want to be? Will everyone benefit?

I see two enormous issues awaiting solution:

Unemployment and Federal Spending.

Times are tough. The federal Bureau of Labor Statistics reports that 8.3 percent of the U.S. workforce is unemployed. That number has been above 8 percent every month since February 2009. It was as high as 10 percent in October 2009.

To put it another way, 12.8 million workers out of a workforce of 155 million are unemployed. This is the statistic most often reported in the media – what the federal government defines as “U-3 Unemployed.”

But, wait! Look at the broader “U-6 Unemployed” number, which includes people who want to work full-time but are not counted as “U-3 Unemployed” because:

• They may have a temporary, part-time job.
• They are discouraged and are no longer actively looking for work.
• They have exhausted their unemployment payments.

The current “U-6 Unemployed” rate – the real unemployment rate – is 15.0 percent. That means there are 23.3 million people who would like to work, or work more, if they could find a regular, full-time job – a number just between the entire population of Texas (25.7 million) and New York (19.5 million), the country’s second and third most-populous states.

In regard to federal spending, for decades our government has spent more every year than it has received in taxes, fees, etc. The below graph (all graphs courtesy of the Heritage Foundation, www.heritage.org) shows that every administration since John F. Kennedy’s has had a deficit but that spending has generally tracked revenue. In 2001, the national debt was a manageable $5.95 trillion. (How much is a trillion? See sidebar on page 3 – you’ll be astonished.)

Continued on page 2

Budget Deficits as a Percentage of GDP by Administration
In the past decade, federal revenue has stagnated but federal spending has continued to soar, in fact much faster than at any other time in history.

In 2012, the federal government’s books will show this:

<table>
<thead>
<tr>
<th>Spending</th>
<th>$3.6 trillion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$2.5 trillion</td>
</tr>
<tr>
<td>Deficit</td>
<td>$1.1 trillion</td>
</tr>
</tbody>
</table>

That is where the U.S. is today and, as Obamacare kicks in and the wave of Baby Boomers retires over the next few years, the cost of federal entitlement programs will rise dramatically – possibly double. No amount of tax increases on the “wealthy,” even 100 percent of their income, can even come close to paying for the massive costs of federal entitlement programs, which already consume 63 percent of federal spending.

Federal Revenue vs. Spending - Inflation Adjusted Dollars

To cover this type of unbridled federal spending, since 2001 the national debt limit has been raised 13 times to borrow an additional $10.4 trillion. In a few days the total national debt will hit a record $16 trillion!

If the typical U.S. family, with an annual household income of $51,360, spent money at the same rate (i.e., the spending-to-income ratio) as the federal government, the family budget would look like this:

<table>
<thead>
<tr>
<th>Spending</th>
<th>$73,319</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings</td>
<td>$51,360</td>
</tr>
<tr>
<td>Deficit</td>
<td>$21,959</td>
</tr>
</tbody>
</table>

That deficit – and the borrowing to pay for it – would be part of the family’s accumulated debt of $325,781 (i.e., the household’s counterpart of the U.S. national debt). Can you imagine how long that family’s credit card company would let that kind of spending continue?

Everything the federal government gets into means less freedom of choice and opportunity for everyone, no matter what your station in life.

So, as you fire up the grill, drop a hot dog into a bun and sip a cold drink this weekend, take a moment to think about what each and every one of us can do to help reduce the size and scope of government, increase job opportunity and get this wonderful country back on the path that has made it the greatest nation on earth for 236 years.

Happy Labor Day 2012!
How Much is a Trillion?

A trillion (1,000,000,000,000) is a thousand billion (1,000,000,000), or if you prefer, a million million. In other words, it’s a concept that defies the imagination.

To try getting my mind around the concept of a “mere” billion (one thousand times smaller than a trillion), I went to the website mathforum.org, which explains it as follows:

“How big is a billion? If a billion kids made a human tower, they would stand up past the moon. If you sat down to count from one to one billion, you would be counting for 95 years. If you found a goldfish bowl large enough hold a billion goldfish, it would be as big as a stadium.

“A billion is a difficult number to comprehend, but one advertising agency did a good job of putting that figure into perspective in one of its press releases:

- “A billion seconds ago it was 1959.
- “A billion minutes ago Jesus was alive.
- “A billion hours ago our ancestors were living in the Stone Age.
- “A billion dollars ago was only 8 hours and 20 minutes, at the rate Washington spends it.”

And remember, a trillion is a thousand times bigger than a billion!