

It takes a certain amount of chutzpah to write an essay titled “What Every American Wants.” But if anyone has the credentials to attempt it—and succeed—it’s Nobel Prize-winning economist Milton Friedman.

Every American, he says, would like to see less of each paycheck go to government and more go into the category known as “take-home” pay.

We may differ on how to achieve this—have government do less or operate more efficiently or farm out some functions to private entities. But how many working Americans would refuse a chance to have less pay deducted and more left for personal use?

Not everyone wants to cut government spending, but, as Friedman says, it’s hard to get a fatter paycheck any other way. Give government a dollar, he says, and it will spend that and more. In fact, it will spend right up

of the economy to another—and simple consumption is no match for investing. Growth occurs when individuals invest and create jobs, which is why we need a large tax cut—and soon.

As for President Bush’s 2004 budget, Friedman likes much of what he sees, especially the proposal to speed up the 2001 tax cut and make it permanent, end the tax on investors’ dividend income, and make it easier and more practical to save in IRAs and 401(k)-type plans.

These measures, Friedman says, would restrain government spending and promote long-term growth. They would create jobs, which means fewer Americans would lack health insurance. And, contrary to what we hear from critics, they’d benefit nearly everyone. (To learn more, visit “Reality Check” at www.heritage.org.)

CUT AND SPEND

by Edwin Feulner

“HOW MANY WORKING AMERICANS WOULD REFUSE A CHANCE TO HAVE LESS PAY DEDUCTED AND MORE LEFT FOR PERSONAL USE?”

to what Friedman calls the “politically tolerable deficit”—the amount of deficit spending it can get away with before citizens become concerned.

That leaves only the question of how to get there. What, among all that government provides, can we do without? There’s plenty to pick from. Corporate “welfare” alone, which includes large subsidies to *Fortune 500* companies, costs us \$90 billion a year, or about \$850 per household. Another \$20 billion goes to pork. Pass the budget ax—please.

And then, which tax cuts should be made first? Friedman says he prefers those that provide what he calls a “double whammy”—cuts that give government less money to waste and increase the amount available for investment and risk-taking.

What about the rebates tax-cut foes often tout? Sure, it’s nice to get that \$300 or \$600 check, as many of us did in 2001. But making more money available to consumers merely shifts consumption spending from one sector

Yes, wealthier people tend to own more stocks. But 84 million Americans have some stake in the market now, and the economic growth we can expect from a dividend tax cut would help everyone’s pension plan—and everyone’s job prospects.

Yes, those in the upper income brackets will gain the most if the 2001 tax cuts are accelerated and made permanent. But those are the people who invest money and take the risks that create jobs and wealth for the economy as a whole. (They’re also the ones who pay most of the taxes.)

And yes, at least for a short while, accelerating the tax cuts would create budget deficits—with any luck, right up to Friedman’s “limit of political tolerance.” Which should mean more cuts in government spending. Which should mean more take-home pay.

Which, as Friedman says, is what every American wants.

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