I’ll have what he’s having, except for the bill – you can give that to him too.

How exciting, President Obama was going to give a speech regarding the national debt. He had ignored the recommendations of his debt commission last fall when he introduced his budget proposal, but now, surely, he would lay out a real plan for deficit reduction. [Um, no.](http://online.wsj.com/article/SB10001424052748703730104576260911986870054.html?mod=WSJ_Opinion_LEADTop) Rather than offer a solution he offered a platitude, “tax the rich.”

A real problem arises when we think that we can address our budget deficits via increasing the progressivity of the income tax. It is that fewer and fewer people actually have jobs. [The lowest percentage of Americans have jobs since 1983; and only 66.8%, of men have jobs, the lowest percentage ever recorded.](http://www.usatoday.com/money/economy/employment/2011-04-13-more-americans-leave-labor-force.htm?loc=interstitialskip) The top 25% of income earners already [pays over 86% of federal income taxes.](http://www.ntu.org/tax-basics/who-pays-income-taxes.html) The problem, then, is that squeezing fewer income earners even more only serves to further disincentivize them from future work. What President Obama needs to understand Is that you can, in fact, pump a well dry.

Something has to give, and the options are not infinite. We must either dramatically lower entitlement spending or we must stick the bill to everyone. That means if seniors want a lavish Medicare and Social Security system, they’ll need to help pay for it. Since they are retired, altering the income tax won’t cut it. The only way to tax seniors is through a consumption (sales) tax.

Do we need a national sales tax? No, we could lower entitlement spending; but if we fail to do so, the only real option to pay for it is a broad based sales tax. People who receive entitlements want what you’re having while sticking you with the bill. The problem is that there is no such thing as a free lunch. Either we pay for lunch directly, or we pay the government to buy lunch for us - after they pocket our tip money.

Who doesn’t believe in a free lunch? China. [They’re saving up to buy one really big buffet](http://www.economist.com/node/18560525). If ever there was a [Manchurian Candidate](http://en.wikipedia.org/wiki/The_Manchurian_Candidate_%281962_film%29), I’m pretty sure he’d tell us that our increasing national debt was under control and that we shouldn’t worry too much about it. If we ever needed money, we could just tax the rich. In the meantime, he would continue to mortgage the country to China. Thankfully, we live in world where that would *never* happen.