

**THE MINUTEMAN ALMANAC**

**BY**

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# The Minuteman Almanac

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## PART ONE

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# The Minuteman Almanac

## 1. Introduction

When our country was in a state of crisis at the time it severed relations with King George of England, there were those who stepped forward to defend their homeland. One group was comprised of ordinary citizens with special training who during the calamities of the time decided it was in their best interests to take up arms and defend the homeland. They were called Minutemen. As the story goes, they were called this because they needed to be ready upon a minutes notice to step out of their secure homestead and face the unknown. They did this in order to make a new future for themselves and future generations they would engender.

Today, Americans have a hard time understanding what would capture one's heart and mind with enough desire to place oneself in harm's way for the concept of liberty or perhaps an aggravation with the problems of their time. These are the type people today would listen to talk radio and call in frequently to voice their opinions. They also include those who have volunteered in the armed services and have gone into battle for this country in every conflict for over 200 years.

Undoubtedly, Americans needs these defenders of liberty to keep stepping forward.

There are enemies from without and there are enemies from within. Sometimes we have a hard time in the world of international diplomacy to figure out who is on our side and who is against us. Countries sometimes say one thing openly but then take actions which are not what we would expect from those who say they are our allies. There are those in these perilous times who are openly out to harm America but they don't stand up and fight like enemies of old. We have a difficult time finding the enemy and securing the battlefield.

We can be confronted by enemies from within that some people recognize as enemies yet others hail them as heroes. It may not be easy to comprehend what is good for the whole of America. We do not know in the long haul what is needed or what is good for the shorthaul and when we need to worry about either. Americans participate in a republican form of government. We elect people at the local, state and federal level to make decisions for the public good. These elected people can serve part-time depending on the post they serve in. They could serve full-time for several years and then after public service return to the proverbial farm and continue their private lives. They can be lifelong politicians who make their sole livelihood by hauling public-policy. Each one tries to do the best they can. Every once in a while some are found to be crooked and look out for themselves more than the public good. Eventually, they get so brash as to get caught and then the scandal breaks. But by and large Americans elect good people to public office.

It's getting harder and harder to get elected due to the white-hot crucible of campaigning. Sometimes good people are intimidated from running for office due to the "heat of the kitchen". But still they come forward year after year to take part in arguably, of course, the best form of government on planet Earth. It's been tried and true and our system of governance has shoved America to the forefront of world politics. We have by far a more transparent system of governance than any other country. It makes it difficult to move quickly and makes it difficult to get it right and it gives many players input into the policies that are hammered out to be just the thing for "the public good".

But what if circumstances evolved over decades which made subtle revisions to the system which are not really for the public good. Where subtleties in the political world and subtleties in the economic world started to show themselves as dangerous situations that needed to be recognized as such. These situations could present peril for the nation. Public policies can be crafted in Washington, DC from the highest offices in the land which are counter-productive to American interests yet due to inattention or habit are not recognized for the trouble they present. When these work from day to day no one takes much notice. But having been started on a false

foundation they cannot long stand without imbalance and are ready to crumble. These have as a result dire consequences. These matters require the utmost attention and they must be analyzed debated and understood by all.

If such dangers were found they should be uncovered and recognized for what they are- errant public policies needing to be corrected. Lacking correction, we would continue the day to day belief that all is well. It has been said that simple observation of cause and effect can give you a false sense of security. Consider the barnyard chicken that daily sees the farmer arrive, the grain go into the feed trough and the excitement of another day's feed. The chicken could get the impression that from day to day observation, the farmer is a great chicken lover who loves and cares for chicken kind. The chicken holds this firm belief all the way up to the final day the farmer breaks its neck for a meal of a different sort, Some things could be greater trouble afoot than many currently recognize.

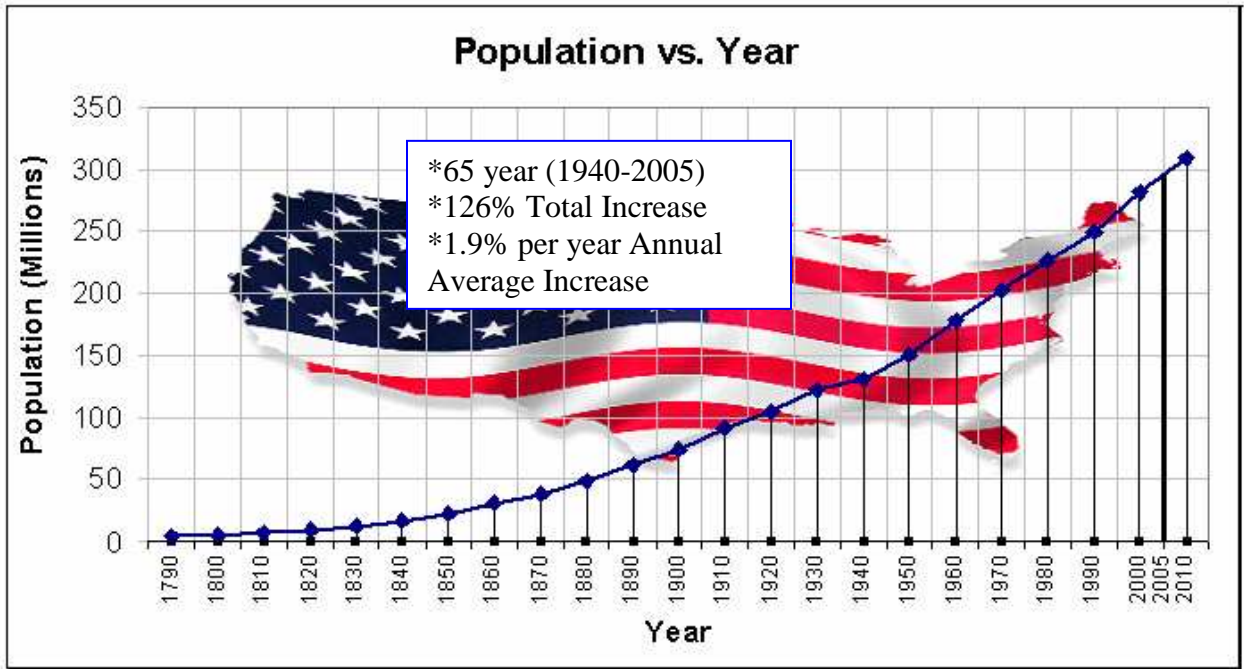
Things we see day to day may not be altogether what they seem. And so it is a collection of facts and figures have been brought together to give clues about the reality puzzles of the present. This can help us understand the political world and economic world just as a farmer may keep an almanac to help him understand the best activities needed today to bring about the desired result tomorrow.

## 2. United States Population Growth

In 1790, the first census of the US was taken and the population was 3,893,374 persons. Every 10 years since then the census has been taken. So we have a very accurate charting of the growth of our population. Figure 1 shows the population graph plotted over time. The population of the US in 1940 was 130,962,661 persons. The population in the year 2005 has been projected from the value of the census of 2000 and is estimated to be 296,410,404 persons. If you take the percent growth from 1940- 2005 the number of Americans increased from 130.9 million to 296.4 million. This is a 165.5 million person increase in population or about 126%

growth. This growth divided by the 65 year period indicates about 1.9% per year average increase of population growth during the 1940 -2005 time span. This will be a useful number to remember as we analyze further facts and figures.

**Figure 1**



Source: U.S. Census Bureau, Statistical Abstract of the United States: 2008 Table 3.

Year	Population	Decade Increase
1790	3,893,374	
1800	5,236,631	
1810	7,036,509	1,799,878
1820	10,037,323	3,000,814
1830	12,785,928	2,748,605
1840	16,987,946	4,202,018
1850	23,054,460	6,066,514
1860	31,183,582	8,129,122
1870	38,155,505	6,971,923
1880	49,371,340	11,215,835
1890	62,168,811	12,797,471
1900	74,607,225	12,438,414

Year	Population	Decade Increase
1910	91,641,195	17,033,970
1920	105,273,049	13,631,854
1930	122,288,177	17,015,128
1940	130,962,661	8,674,484
1950	149,895,183	18,932,522
1960	178,554,916	28,659,733
1970	203,302,031	24,747,115
1980	226,545,805	23,243,774
1990	248,709,873	22,164,068
2000	281,423,231	32,713,358
2010	308,900,000	12,500,000

If we look at each decade from 1940 to 2005 we can see that there was 19 million added in the 40s and 28.7 million added in the 1950s. This jump is what we call the baby-boom. The 1960s saw 24.7 million and the 1970s 23.2 million. The 1980s brought us 22.2 million new Americans. The decade of the 90s jumped to 32.7 million persons. This jump is every bit as large as the onset of the baby-boom yet it is not from new births that the population has increased. The increased growth was from immigration and the large majority of that was illegal immigration. In the years from 2000 to 2005 there is a 15 million person increase which is on pace to match the large growth of the 90s. Again this is most probably due to illegal immigration. In any event let's remember that our average annual increase of population has been 1.9% for the above 65 year interval. Just for clarity the total percent increase is found by taking the final value less the start value and divide this by the start value. The answer is then multiplied by 100 for the total percent increase. This total percent increase is then divided by the number of years in total interval of time to get an average annual percent increase.

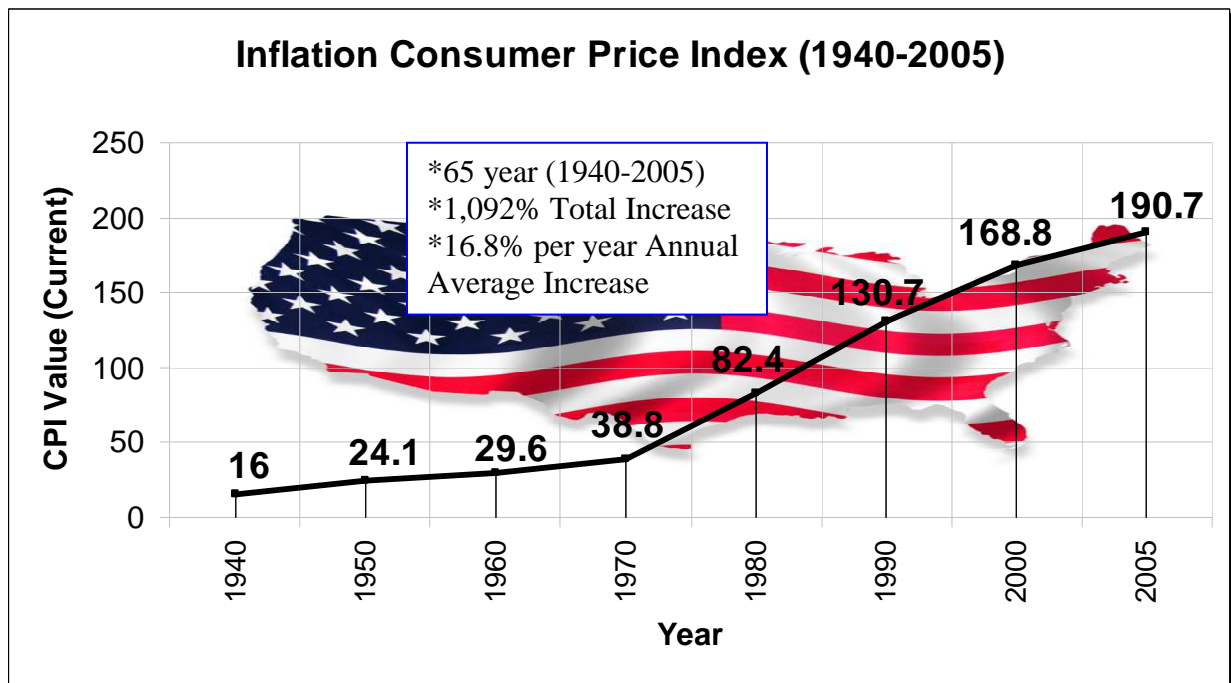
### 3. United States Inflation and Consumer Price Index(CPI)

The Consumer Price Index(CPI) was started in 1919 by the US Bureau of Labor Statistics(BLS) and continues to be calculated monthly. This is a market basket analysis of what Americans pay daily for certain necessities of life. According to the BLS the CPI covers food and beverages, housing, apparel, transportation, medical care, recreation, education, communication, and other goods and services from tobacco to haircuts to funeral expenses. There are more than 200 categories in eight groups. If you keep track of what these items cost over a long period of time you can see there is an increase in the value charged for what the market basket costs. The increase in value is one measure of inflation. What it cost to live in the year 1940 is far different than what it cost to live in the year 2005. One way to account for this difference is to use the Consumer Price Index (CPI) to see how much the market basket values have changed.

See Figure 2 for a graph and table of the CPI from 1940 through 2005. These figures have been

adjusted by the US Department of Labor such that 100 occurred in the 1982 /84 timeframe for comparison purposes. In 1940 the consumer price index was about at 16.0. In the year 2005, the CPI was 190.7. If we take the growth in this index over that time it grew by 174.7. This increase in value over the 1940 index is 1,092%. The total increase divided by the 65 year period shows the Consumer Price Index rose an annual average of 16.8% in this time span. This is the inflation Americans have had since 1940. In looking at the graph it appears inflation was relatively minor up until about 1970 when it started to rise more dramatically. It has risen more or less constantly since that time.

**Figure 2**



Source: U.S. Department of Labor Bureau of Labor Statistics

4. Federal Government Spending Growth

The federal government outlays in 1940 were \$9.5 billion and in 2005 federal outlays were \$2,472.2 billion. This is a 25,923% overall increase or 399% per year average increase. The federal spending before World War II in 1940 was \$9.5 billion. There were 130,962,661 Americans so the per capita budget was about \$73 per person. In 2005 65 years later the

spending is at \$2,472.2 billion and the population is about 296,410,404. This makes the per capita budget \$8,341 per person in 2005.

This is a 11,326% increase in per capita spending. If we tried to account for inflation you could expect a 1940 CPI of 16 and a 2005 CPI of 190.7 to increase the \$73 per capita to be equal to \$870 per capita in 2005. Subtracting this \$870 from the \$8,341 you get \$7,471. Therefore excluding population and inflation growth there has been 10,134% increase in spending due to expanding federal government expenditures.

Figure 3 below shows the five year interval total federal outlays. Figure 4 shows the per capita federal outlays. In Figure 3 the five year federal outlays are listed on the graph. It is interesting to compare if you are in the workforce what your five year salary percent increases were from your W-2 income. My guess is if you match the intervals of increases of your income it will not begin to keep pace with the rate of federal spending increases. Government growth far outstrips family income.

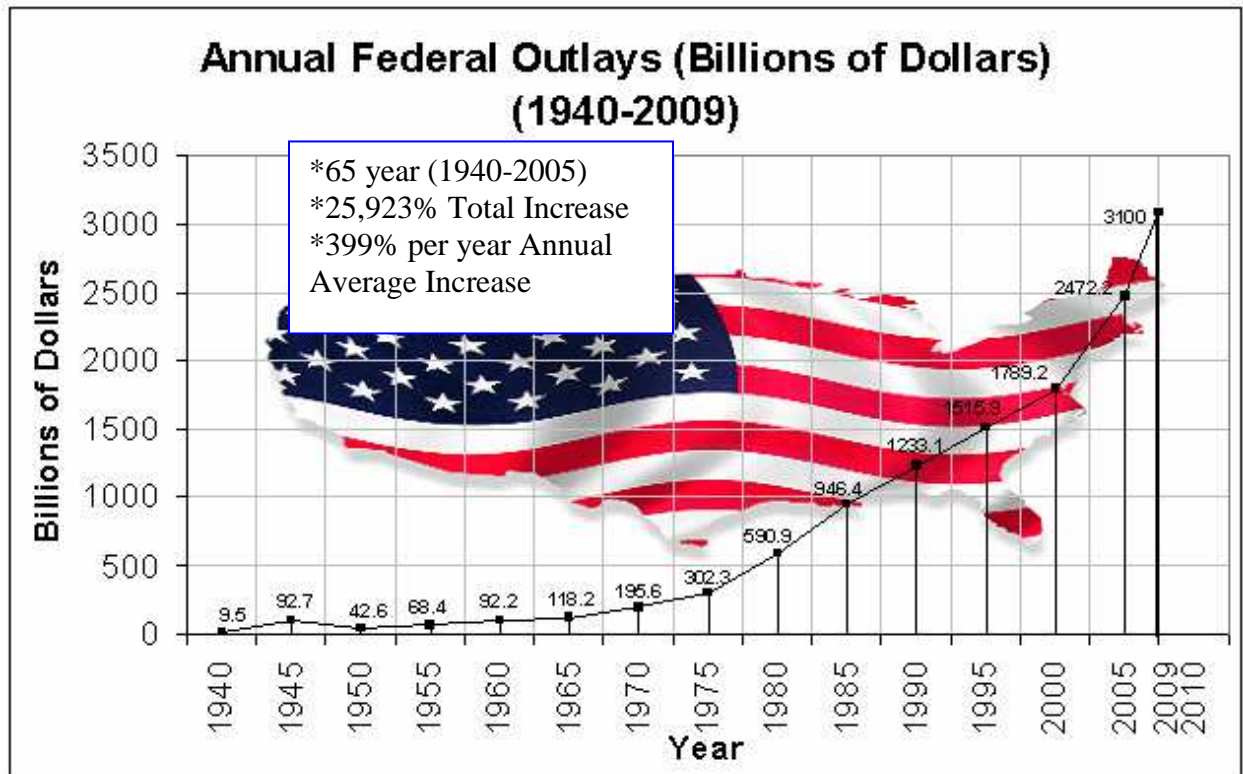
Some will say that the population is increasing and that there are more people paying in each year and that accounts for the federal increases. To account for this we have simply taken out the population increase each year by calculating it on a per capita basis. See Figure 4. We have also adjusted the per capita spending by estimating the impact of CPI inflation. See how your paycheck increases matchup. So while population grew at 1.9% per year average and while CPI inflation grew at 16.8% per year average these two factors combined could account for 18.7% per year average increase. The actual annual average increase of federal outlays was 399%.

Remember we are taking a final value and subtracting the start value which is then divided by the start value and multiplied by 100 for per cent growth total. The total increase in percent is then divided by the interval which is 65 years to arrive at an average annual increase.

The federal government then grew  $399 / 18.7 = 21.3$  times faster than population and inflation. If the federal government continues to grow faster than the income of the taxpayers who support it then eventually the taxpayer has less disposable money to spend and the government has more

money to spend. This was not the founding fathers plan for America. King George's tax policies don't look so bad in light of this.

**Figure 3**



Source: United States Census Office of Management and Budget

## Figure 4

**Federal Annual Outlays per Capita (1940-2005)**

Year	Annual Federal Outlays (Billions)	Population	\$Outlays/Capita
1940	9.5	130,962,661	\$72.50
1945	92.7		
1950	42.6	149,895,183	\$284.00
1955	68.4		
1960	92.2	178,554,916	\$516.00
1965	118.2		
1970	195.6	203,302,031	\$962.00
1975	302.3		
1980	590.9	226,545,805	\$2,608.00
1985	946.4		
1990	1233.1	248,709,873	\$5,038.00
1995	1515.9		
2000	1789.2	281,423,321	\$6,358.00
2005	2472.2	296,400,000	\$8,341.00

\*65 year (1940-2005)

\*11,326% Total Increase

\*174% per year Annual Average

### 5. State Government Spending Growth

After having spent some time in the Florida House of Representatives I can tell you the typical growth rate of spending in Florida has been quite remarkable. In Florida from 1981/82 to 2006/07 the 25 year period spending went from \$9.5 billion to \$74.8 billion. This is a 687% total increase or an annual average of 27.5% per year.

This is the norm, however, there were brief periods when the growth rate was only 1 to 2% per year. Some years the revenue picture changed dramatically like after September 11, 2001 and the Florida Legislature had to go back into special session to reduce the mid year budget in some cases by 1 to 2%.

So for Florida in the last 25 years the spending growth is such that it will double about every eight years. Even though Florida has been a high growth state being in the Sun Belt other states will show similar growth. In 1998 the Cato Institute researchers Stansel and Moore reported that actual state revenue growth from 1992 through 1998 was 45.3% while population and inflation accounted for only 22.3% of the growth.

On a per capita basis in Florida in 1975 there was \$928 per person but in 2006 the per capita spending was \$4,135. In Figure 5 total state government expenditures from 1950 to 2005 are

presented. Aggregate figures on state's spending from the US Department of Commerce Census Bureau indicate that in 1950 the state's spent \$15.3 billion with a per capita spending of \$102. By 2005 this rose to \$1,470 billion with a per capita spending of \$4,961. This is a 4,763% increase from 1950 to 2005 for an average annual increase of 86.6% increase per capita.

The states complain of unfunded federal mandates. The state has to send money to counties for certain programs. The counties complain of unfunded state mandates. And on and on it goes. In 1950 the CPI was 23.5 and 2005 it was 190.7. This is an 811% increase. We would expect based on CPI inflation that the per capita cost of \$102 would rise to \$828. Reducing the 2005 per capita state spending to \$4,133. It is clear that state spending excesses have taken a greater and greater portion of the family budget. The spending went up 4,133 / 102 or 40 fold in the 55 year period adjusting population and inflation. Why so much State Government?

## Figure 5

**State Government Total Expenditures per Capita (1950-2005)**

Year	Millions	\$ Per Capita
1950	15,331	102
1960	35,149	197
1965	51,784	271
1968	73,385	369

Source: 1970 American Almanac, pg. 419, No.: 597

Year	Millions	\$ Per Capita
1995	836,893	3192
2000	1,084,097	3860
2005	1,470,462	4961

Source: U.S. Dept. of Commerce and Census.gov

### State Expenditure Growth

\*55 year

\*9,491% Total Increase

\*173% per year Annual Average Increase