

OBAMA-NOMICS WOULD SEND ECONOMY INTO A NOSE-DIVE

By Don Feder

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Someone needs to tell Barack Obama that the last time a Democrat won the White House with class warfare was 1948 (Truman vs Dewey).

Last week, before he picked the plagiarist as his running-mate, Obama was running ads saying John McCain would do everything for the super-rich but spread caviar on their toast and service their Learjets -- whilst he (Obama with his million-dollar income, sitting in his modest, \$4-million, home) was the tribune of the people.

Announcer: “Can we really afford more of the same? John McCain’s tax plan: For big corporations -- \$200 billion in new tax breaks. Oil companies -- \$4 billion. Companies shipping jobs overseas – keep their tax giveaways while 100 million Americans get no tax relief at all. For the change we need, Barack Obama. A plan that cuts taxes for middle-class families three times as much as John McCain would. Barack Obama for president.”

When a Democrat talks about cutting taxes for the middle class, he lacks – what’s the word? – credibility. The last Democrat who reduced the middle-class tax burden was John F. Kennedy. And in today’s political landscape, he’d be a Republican.

When Obama promises new spending (which goes hand-in-hand with tax hikes), that’s believable. But cutting taxes? We’re still waiting for the middle-class tax cut Bill Clinton promised us in his 1992 campaign. If Obama is the next president, we’ll get his

middle-class tax-cut when the Russians pull the last of their troops out of Georgia.

Like his running-mate, Joltin Joe Biden – Obama is a classic tax-and-spend liberal.

When he was in the Illinois state legislature, Obama never missed a chance to stick it to the taxpayer. He voted against repeal of the death tax, which falls particularly hard on the families of small business owners.

He also voted to close the “corporate tax loopholes” the left is always ranting about, including repealing business tax credits for research and development and educational and vocational training for employees. In a rapidly changing economy, we certainly don’t want to encourage corporations to help their employees get more education and training.

On June 12, 2008, Obama voted to raise the income tax bracket for individuals filing separately, with incomes of more than \$32,000, from 25% to 28%. As a member of the Senate’s Democratic majority, that’s his definition of “rich” – an individual taxpayer with an annual income above \$32,000.

In less than four years in Washington, Obama has established an impressive record. The National Journal rated him the most liberal member of the Senate in 2007.

The non-partisan National Taxpayers Union (NTU) rates members of Congress on every vote they cast that would have a significant impact on either taxes or spending.

In 2005, Obama’s first year in the Senate, the NTU gave him a 6% rating. In other words, he voted against taxpayers 94% of the time. In 2006, his NTU rating went up to 16%. For the sake of

comparison, McCain's taxpayer favorability rating was 78% in 2005 and 88% in 2006. (Biden's was 10% the first year and 11% the second).

Obama saying the rich (whose definition is elastic) aren't paying enough in taxes, is like Himmler saying: "Those Jews, they just have it too damn easy in the Reich."

The personal income tax is paid mostly by the rich. According to the CATO Institute's Stephen Moore, the wealthiest 1% of Americans earn 19% of all income, but pay 37% of the income tax. The top 10% pays 68% of the total.

The bottom 50% generates 13% of all income and pays just 3% of taxes. Obama's ad charges that under McCain's plan "100 million Americans get no tax relief at all." That's because they're hardly paying any income tax to begin with.

But for Obama, it's not enough for the wealthiest 10% of Americans to pay two-thirds of the federal income tax. He wants to raise the top rates on individuals and couples to 36% and 39.6%, back to where they were before the Bush tax cuts. He would also lift the \$102,000-cap on Social Security taxes. For those earning over \$250,000, there would be no cap on payroll taxes.

The foregoing would give the United States a marginal tax rate (the rate on each additional dollar earned) of well over 55% -- one of the highest in the world. Of the 30 leading industrial nations, only six have marginal tax rates of 55% or higher.

With a marginal tax rate that high, the rich will flee to tax shelters, instead of putting their money in the type of investments most likely to expand the economy. While Obama may not have noticed, the guy working the night shift at Store 24 isn't the engine that drives our economy.

McCain wants to lower the corporate tax rate from 35% to 25%. Obama would rather limit a woman's right to choose – including choosing infanticide – than cut business taxes.

The messiah who will be anointed Denver hasn't a clue why some corporations are "shipping jobs overseas." Couldn't have anything to do with the United States having the world's second highest corporate tax rate, could it?

The Paris-based Organization for Economic Cooperation and Development studies the impact of national tax burdens on economic growth and incomes. OECD warns, "Corporate taxes are most harmful for growth, followed by personal income taxes, and then consumption taxes."

At 35%, the United States has a higher corporate tax rate than France (34.4%), the United Kingdom (28%), Japan (30%), Germany (15.83%) and even that Scandinavian welfare state deluxe, Sweden (28%). And Barrack Obama intends to keep it that way – competitiveness be damned!

Whacking big business punishes the middle class. Who owns most corporate stock? Middle America -- individually or through mutual funds and other investment plans. According to the Securities Industry and Financial Markets Association, "More than half of all American households are invested in the stock market" in some fashion.

Lowering corporate taxes would create jobs, make America more competitive and boost the investments which will cushion our retirement, thus assuring that we don't spend our golden years dining on dog food. So, naturally, it makes absolutely no sense to Obama.

Obama doesn't just believe in raising taxes on the rich and business, he's passionate about it. (There's an intensity bordering on religious fervor.) He finds the Bush tax cuts "fiscally irresponsible and *morally troubling*."

In an April 16 Democratic debate, ABC's Charles Gibson noted that reducing the capital gains tax (which Obama wants to raise from 15% to 20%) would actually result in more revenue by encouraging investment.

Obama chose to ignore Gibson's observation and instead focus on what he calls "fairness." Obama: "Well Charlie, what I've said is that I would look at raising the capital-gains tax for purposes of *fairness*. We saw an article today which showed that the top 50 hedge-fund managers made \$29 billion last year -- \$29 billion for 50 individuals. And part of what has happened is that those who are able to work the stock market and amass huge fortunes on capital gains are paying a lower tax rate than their secretaries. That's not fair."

A few observations are in order: 1. Obama makes it sound like the secretary is paying taxes at a higher rate than the hedge-fund manager. What he's really saying – and you have to listen carefully -- is that the secretary is paying a higher rate on her *income tax* than her boss is paying on his *capital-gains tax*. 2. The hedge-fund managers could as easily lose huge fortunes as make them. 3. The hedge-fund manager provides capital for corporations to work their magic, and 4. The activities of the hedge-fund manager provides a job for the secretary (and a lot of other people) and not the reverse.

Still, good leftist that he is, Obama thinks higher incomes, larger profits and declining tax rates – except on those who pay little or no taxes– is absolutely obscene.

Which is hardly surprising given his background – the most elite prep school in Hawaii, Harvard Law School, “civil rights” (read: redistribute the wealth) lawyer, “community organizer” (read: agitate for more government spending), member of the Illinois legislature and the United States Senate.

Earlier in the campaign, Obama sneered at small-town Americans for clinging to religion, guns and resentment over illegal immigration, when times are tough.

Now he styles himself a champion of Middle America. But since he left school, roughly 20 years ago, Obama never: got dirt under his fingernails (or worked up a sweat off the basketball court), ran a business, generated any of the wealth he wants to redistribute or created a job.

The same might be said of McCain. But he did get through the toughest military academy in the country – one that’s physically grueling as well as intellectually challenging. In Vietnam, he flew attack aircraft on bombing missions (an occupation in which you don’t rub elbows with the elite) and he spent 5 years in a place that makes the average inner city hood look like the penthouse at the Ritz Carlton.

Here’s something else to chew on when weighing Obama’s promise of a middle-class tax cut: Where will he get the revenue for all of the new spending he’s touting?

Again, according to the NTU, as of March, Obama had proposed \$307.2 billion in new spending – including a “National Infrastructure Reinvestment Bank” (\$6 billion), a “New Orleans Hurricane Protection System” (\$1.6 billion) and a “Universal Mortgage Credit” (which could increase outlays as much as \$4.4 billion).

There is another levy that falls particularly hard on the middle class. It's one you pay at the pump. You might call it a green-tax for environmental extremism.

McCain wants to expand domestic exploration and production of oil and natural gas. He favors off-shore drilling and wants to build 50 new nuclear power plants.

Obama opposes all of the above. As the Senator from the Sierra Club explains: "There is no future for expanded nuclear power without first addressing four key questions (*only four?*): public right to know, security of nuclear fuel and waste, waste storage and proliferation." In other words, Obama has created a scenario under which it will be impossible to build new nuclear power plants.

Drilling won't "solve our problem." "It's not real," Obama maintains. At campaign appearances and in interviews, he's producing his own natural gas.

We can't drill and we can't build nuclear power plants. What can we do?

Obama's energy prescription – his grand design for a country that consumes 20 million barrels of oil a day (much of it imported from nations that hate our guts) – consists of huge subsidies for ethanol (which costs around \$9 a gallon to produce) and other renewable/impractical energy, and making sure the tires on our cars are properly inflated. And taxing away the "excess profits" of evil oil companies – making it harder for them to explore and exploit new sources.

Obama and his jolly green friends hate fossil fuels. They think our greedy consumption of petroleum is destroying the planet. Though they'll never admit it, they'd like to see gas at \$20

a gallon, so we'd all have to get jobs in walking distance from our homes and the industrial revolution would become a distant memory.

Obama also hates – or at the very least has no understanding of -- capitalism. He thinks taxes have no consequences. People who risk their capital shouldn't be rewarded commensurately. And we can spend like drunken sailors without waking up in bed with Hillary.

Robert Mundell, a Nobel laureate in economics, writes that the type of fiscal policies Obama urges will send the economy into a “deep recession – a nose-dive.” Can we really afford more of the same? – policies that have failed spectacularly from the New Deal to the Great Society and beyond.

If you're wondering where Obama got his tax plan – Joe Bidden stole it from Hugo Chavez.

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