



Written by [Ralph R. Reiland](#) on January 7, 2013

“Slavery Is Freedom” and “Tax Hikes Are Tax Relief”

So we didn’t go over the fiscal cliff and instead got a deal that delivers no cuts in government spending, raises taxes on “the rich” (the definition of which consistently changes), expands the size and role of government, keeps the red ink flowing at record levels, and provides disincentives to economic growth and job creation — and, for good measure, raises taxes on nearly everyone who isn’t rich.



The bill, absurdly entitled the American Tax Payer Relief Act, is a tax-hiking measure that transfers money and power from the private sector to the increasing dysfunctional government sector.

Adhering to President Obama’s redistributionist agenda, the top personal income tax rate increases from 35 percent to 39.6 percent for taxpayers with more than \$400,000 in taxable yearly income or joint filers earning more than \$450,000.

Including the changes in tax deductions, and the top rate effectively rises from 35 percent to an estimated 41 percent.

Similarly, the estate tax on everything over \$5 million jumps from 35 percent to 40 percent (the heirs of “the rich” might consider that a good deal, given that Mr. Obama wanted a 10-point hike in the estate tax, from 35 percent to 45 percent).

At a time when business investment is weak and trillions are sitting on the sidelines, the tax on capital gains was increased to from 15 percent to 23.8 percent for individuals making more than \$200,000 a year and couples earning more than \$250,000, counting the new 3.8 percent ObamaCare surtax on investment income, making it the highest tax rate on capital gains in 17 years.

Adding further disincentives to new investment at a time when unemployment is high, the rate of poverty is up, and the economy is sluggish, the tax on dividends was increased from 15 percent to 23.8 percent for high earners, including the new 3.8 percent ObamaCare surtax on investment income.

And sure to add to the already high rate of inflation in health care, there’s a new 2.3 percent medical device tax.

Income earners who aren’t among “the rich” also get their taxes raised by way of an increase in the Social Security payroll tax.

Households earning between \$40,000 and \$50,000 will see an average tax increase of \$579, according to the nonpartisan Tax Policy Center in Washington. Households with earnings between \$50,000 and \$75,000 will face an average yearly tax hike of \$822.

Calling all this the American Tax Payer Relief Act is Orwellian. In the society described in George Orwell’s novel *Nineteen Eighty-Four*, the overpowered subjects of the state are indoctrinated to believe the mantra “War Is Peace, Slavery Is Freedom, Ignorance Is Strength.” In our time, it’s “Tax Hikes Are Tax Relief.”

Mr. Obama said the deal “protects 98 percent of Americans and 97 percent of small business owners.”



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The “98 percent” overlooks the hikes in the payroll tax and takes no account of the job losses that in all likelihood will result from reallocating an estimated \$620 billion to the government over the next decade from the income sectors of the private sector that are responsible for the greater part of the nation’s new investments and job creation.

And with Mr. Obama’s oft-repeated line of protecting “97 percent of small business owners,” he consistently fails to mention that the other 3 percent of small business owners that he’s targeting for higher taxes employ 54 percent of the total private workforce in the United States.

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