



Obamas Jobs Plan: Tax Less, Spend More, and Cut Nothing

Throughout his 33-minute speech Obama did his best to appear above the political fray, peppering his remarks with both conservative and liberal sentiments and chiding members of both parties for what he considered rigid adherence to ideology. At the outset he sounded like a Republican, offering a paean to the free market: “Ultimately, our recovery will be driven not by Washington, but by our businesses and our workers.” He proposed tax cuts and credits. He agreed that some spending is wasteful and some regulations are burdensome. He promised that his proposals would not add to the deficit. In the end, however, his spending proposals and — especially — his robust, spirited defense of big government left no doubt as to where his sympathies lay.



By far the best part of Obama’s plan was his recommendation to cut payroll taxes for employers and retain the existing payroll tax cut for employees, which has reduced their Social Security taxes from 6.2 percent of their pay to 4.2 percent. The President reminded Republicans, some of whom have actually [stated their opposition](#) to keeping the current tax cuts in place: “I know that some of you have sworn oaths to never raise any taxes on anyone for as long as you live. Now is not the time to carve out an exception and raise middle-class taxes.”

Obama proposed that “small businesses will get a tax cut if they hire new workers or if they raise workers’ wages” and that “all businesses will be able to continue writing off the investments they make in 2012.” He asked for a tax credit for business that hire veterans. He stumped for a \$4,000 tax credit for companies who hire anyone who has been out of work more than six months — then counteracted any good that might have done by offering to extend unemployment benefits for another year, meaning that those out of work could live off the public weal for nearly three years, giving them even less incentive than they already have to seek employment in a timely fashion.

In addition to the unemployment insurance extension, Obama found other ways to spend money. Perhaps seeing himself as the FDR of the 21st-century depression, he suggested massive public works projects: repairing and modernizing schools; rehabilitating homes and businesses; and building roads, bridges, and mass transit systems. He recommended sending more federal dollars to states to keep teachers and “first responders” employed. And he proposed spending money to help disadvantaged youth get summer jobs. (Reducing or repealing the minimum wage would accomplish this at no cost to the Treasury, but Obama is not about to suggest such a thing.)

All of these jobs come at a price, however. The government, after all, cannot spend money to employ people without first taking it from taxpayers, who would likely have spent that money on goods and



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services they desire. That, in turn, would provide work for others — and do so by fulfilling consumers' needs, not the whims of politicians. But since no one sees the jobs that were never created in the private sector and everyone sees the ones “created” by the government, it's no wonder politicians prefer this route.

Obama's plan takes in less tax revenue but spends more money, which would obviously increase the deficit; yet he claimed that “everything in this bill is paid for.” His solution to the deficit conundrum: task the congressional super-committee with finding another \$447 billion in savings. Since this super-committee is a [gimmick](#) designed to make it easier for Congress to increase both taxes and spending, Obama's proposal is hardly reassuring.

The President said he would soon “be releasing a more ambitious deficit plan — a plan that will not only cover the cost of this jobs bill, but stabilize our debt in the long run.” This “balanced plan,” he explained, will “reduce the deficit by making additional spending cuts, by making modest adjustments to health care programs like Medicare and Medicaid, and by reforming our tax code in a way that asks the wealthiest Americans and biggest corporations to pay their fair share.”

Anyone who buys that assertion might also be interested in a bridge your author has for sale in Brooklyn. Spending cuts, if they happen at all, will merely be reductions in planned increases, not actual cuts. Medicare and Medicaid cannot be reformed; as socialist programs, they are doomed to insolvency and should be abolished. And eliminating tax loopholes and deductions cannot possibly generate enough revenue to overcome the huge unfunded liabilities that the various entitlement programs present.

Despite all his attempts at appearing moderate and even conciliatory toward Republicans, Obama was clearly most invested in the portion of his address where he stuck up for big government. “Now, I realize that some of you have a different theory on how to grow the economy,” he began. “Some of you sincerely believe that the only solution to our economic challenges is to simply cut most government spending and eliminate most government regulations.” Amen!

Obama, on the other hand, does not believe that in the slightest. While he allowed that “we can't afford wasteful spending” and “there are some rules and regulations” that are burdensome, he said firmly: “But what we can't do — what I will not do — is let this economic crisis be used as an excuse to wipe out the basic protections that Americans have counted on for decades.” He went on to list a variety of regulations that Americans apparently cannot do without, though some of them, such as the “ban [on] hidden fees by credit card companies,” are of relatively recent vintage, and most did not exist for the first 150 years of the United States' existence.

“In fact,” Obama continued, “this larger notion that the only thing we can do to restore prosperity is just dismantle government, refund everybody's money, and let everyone write their own rules, and tell everyone they're on their own — that's not who we are. That's not the story of America.” Well, it *was* the story of America, for the most part, until the last major economic downturn, during which time FDR took advantage of the opportunity to begin erecting the Leviathan state in direct contravention of the Constitution he swore four times to preserve, protect, and defend. Obama, too, has nothing but contempt for that document or for any “rigid idea about what government could or could not do,” as he put it when hailing past congresses for enacting Social Security and Medicare over such objections. As far as he is concerned, America would be nothing without federal spending on railroads, highways, airports, schools, scientific research, and entitlement programs. He knows this is true because he can see the results of these expenditures; what he can't see is what might have been created by the private



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sector had it not been deprived of those trillions of dollars over the years.

Overall, Obama's speech was not particularly noteworthy. His solutions to the economic crisis are, for the most part, just more of the same: a small tax cut here and there combined with much greater "stimulus" spending; the pretense of fiscal responsibility and openness to entitlement reform paired with typical Democrat class warfare. Nevertheless, his passionate defense of Leviathan, in all its monstrous, unconstitutional glory, offers a rare, if not particularly surprising, glimpse into this faux-moderate President's mind.

Photo of Barack Obama: AP Images



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