



# Obama's Big Idea: Higher Taxes

*Obama's Economic "Solution" Is Nothing But New Taxes*

**NEARLY THREE YEARS AGO, OBAMA OPPOSED INCREASING TAXES DURING TIMES OF ECONOMIC HARDSHIP**

**FLASHBACK – Obama In August 2009: “The Last Thing You Want To Do Is Raise Taxes In The Middle Of A Recession.”** (President Barack Obama, [Remarks During An Interview With NBC](#), Elkhart, IN, 8/5/09)

*Three Years Later, The Economy Remains Weak By Every Measure*

**Biden In June 2012: “It's A Depression For Millions And Millions Of Americans.”** (Vice President Biden, [Remarks At A Campaign Event](#), Dubuque, IA, 6/27/12)

**The Associated Press: “The President Can't Tell Voters About A Grand Economic Comeback Story Because There Isn't One To Tell.”** (Ken Thomas, “Obama Doesn't Emphasize Issues He Fought Hard For,” [The Associated Press](#), 6/12/12)

**“The American Economy Is Stuck In A New Kind Of Normal...”** “The American economy is stuck in a new kind of normal, somewhere between crisis and prosperity, and economic policy makers are struggling to define their role. The Fed, which has responded forcefully each time the economy tips back toward recession, remains divided over whether it should try with similar urgency to return the economy to prosperity.” (Binyamin Appelbaum, “Fed Is Torn On Tipping Point For Action,” [The New York Times](#), 7/11/12)

**The Associated Press: “Economists Think Another Recession Is Possible.”** (“Economists Think Another Recession Is Possible,” [The Associated Press](#), 7/27/12)

- **“The U.S. Economy Has Never Been So Sluggish This Long Into A Recovery.”** “The U.S. economy has never been so sluggish this long into a recovery. The Great Recession officially ended in June 2009.” (“Economists Think Another Recession Is Possible,” [The Associated Press](#), 7/27/12)

**USA Today Headline: “Fragile Economic Recovery Shows Growing Cracks.”** (Tim Mullaney and Paul Davidson, “Fragile Economic Recovery Shows Growing Cracks,” [USA Today](#), 7/21/12)

- **“Three Years Into Its Recovery, The Economy Is Once Again On A Rough Road.”** “Three years into its recovery, the economy is once again on a rough road. Gross domestic product — the leading barometer of the nation's economic health because it measures the value of all goods and services made in the U.S. — equals consumer spending plus business investment plus government outlays, less the trade deficit. And all four are in trouble.” (Tim Mullaney and Paul Davidson, “Fragile Economic Recovery Shows Growing Cracks,” [USA Today](#), 7/21/12)

**The New York Times' Paul Krugman: "It's Time To Start Calling The Current Situation What It Is: A Depression."** "It's time to start calling the current situation what it is: a depression. True, it's not a full replay of the Great Depression, but that's cold comfort. Unemployment in both America and Europe remains disastrously high. Leaders and institutions are increasingly discredited." (Paul Krugman, Op-Ed, "Depression And Democracy," [The New York Times](#), 12/11/11)

### ***Obama Still Insists On Raising Taxes On The American People***

**Obama Admits He Wants To Raise Taxes In 2013 If He Is Re-Elected.** OBAMA: "That is a reasonable proposition. So, when you hear folks saying 'Well, the president shouldn't want massive job killing tax increases when the economy is this weak.' Nobody's looking to raise taxes right now. We're talking about potentially 2013 and the out-years." (President Barack Obama, [Press Conference](#), Washington, DC, 7/11/11)

**Obama's FY2013 Budget Calls For \$1.9 Trillion In Higher Taxes.** (Fiscal Year 2013 Budget Of The U.S. Government," [OMB](#), 2/13/12)

**President Obama Is "Intrigued By [The] Elegance" Of Allowing All Of The Bush Tax Cuts To Expire In Order To Cut The Deficit.** "In November 2009, Orszag would tout an idea that divided the economic team and inspired contempt in the political shop: extending for one or two years George W. Bush's middle class cuts, which were scheduled to expire in 2011, then letting them lapse unless Congress found a way to offset their costs. During a meeting with Obama in the Oval Office, he casually outlined the proposal. The obvious defect was that it would be likely to break the president's campaign pledge to oppose tax increases on the middle class. Nevertheless, Obama was intrigued by its elegance as a deficit-cutting maneuver, according to two people in the room. He also liked the idea of forcing Republicans to grapple with the costs of Bush's policies. Only later did the politicians revolt—the vice president, for one, was apoplectic—and the president lost interest." (Noam Scheiber, *The Escape Artists*, 2012, p. 154-155)

- **Obama Would Block Extension Of The Reductions, Either As A Final Act In Office After Losing The November 2012 Election Or After Winning A Second Term.** "A White House official argued Sunday that the president had another trump card to play: the scheduled expiration of the George W. Bush tax cuts at the end of 2012. Obama would block extension of the reductions, either as a final act in office after losing the November 2012 election or after winning a second term." (Peter Wallsten and David Nakamura, "Did Obama Capitulate – Or Is This A Cagey Move?" [The Washington Post](#), 7/31/11)

**CBO Reports That ObamaCare's New Taxes Will Cost Americans \$18 Billion In 2013.** "Some tax provisions of the Affordable Care Act, including an increase in the tax rates on earnings and investment income for high-income taxpayers, are scheduled to take effect in January 2013. Those provisions will raise revenues in fiscal year 2013 by about \$18 billion." ("An Update To The Budget And Economic Outlook: Fiscal Years 2012 To 2022," [Congressional Budget Office](#), 8/22/12)

**Obama's Budget Will Result In "Monumental" Tax Increases.** "The only thing that you can be certain will become law in this budget if Mr. Obama is re-elected is the monumental tax increase. His plan would raise tax rates across the board on anyone or any business owners making more than \$200,000 for individuals and \$250,000 for couples. These are the 3% of taxpayers that Mr. Obama says aren't paying their fair share, though that 3% pays more in income tax than the rest of the other 97%." (Editorial, "The Amazing Obama Budget," [The Wall Street Journal](#), 2/14/12)

## **OBAMA'S TAX INCREASES WOULD BE DEVASTATING**

**A New Ernst & Young Report On The Looming Fiscal Cliff Found That The Expiration Of Tax Cuts Would "Result In A Smaller Economy, Fewer Jobs, Less Investment And Lower Wages."** "The

confluence of fiscal policy changes scheduled to occur at the end of 2012 – sometimes referred to as the ‘fiscal cliff’ – poses serious challenges for policy makers. One area of disagreement is the increase in tax rates for high-income taxpayers resulting in part due to the sunset of elements of the 2001 and 2003 tax cuts. ...This report finds that these higher marginal tax rates result in a smaller economy, fewer jobs, less investment, and lower wages. Specifically, this report finds that the higher tax rates will have significant adverse economic effects in the long-run: lowering output, employment, investment, the capital stock, and real after-tax wages when the resulting revenue is used to finance additional government spending.”

(Drs. Robert Carroll and Gerald Prante, “Long-Run Macroeconomic Impact Of Increasing Tax Rates On High-Income Taxpayers In 2013,” [Ernst & Young LLP](#), 7/12)

- **“Employment In The Long-Run Would Fall By 0.5% Or, Roughly 710,000 Fewer Jobs, In Today’s Economy.”** “Employment in the long-run would fall by 0.5% or, roughly 710,000 fewer jobs, in today’s economy.” (Drs. Robert Carroll and Gerald Prante, “Long-Run Macroeconomic Impact Of Increasing Tax Rates On High-Income Taxpayers In 2013,” [Ernst & Young LLP](#), 7/12)
- **Economic Output Would Contract By 1.3 Percent, Or \$200 Billion.** “This report finds that the increase in the top tax rates would reduce long-run output by 1.3% when the resulting revenue is used to finance additional government spending.” (Drs. Robert Carroll and Gerald Prante, “Long-Run Macroeconomic Impact Of Increasing Tax Rates On High-Income Taxpayers In 2013,” [Ernst & Young LLP](#), 7/12)
- **Wages Would Decrease By 1.8 Percent.** “Real (noninflationary) after-tax wages would fall by 1.8%, indicative of the decline in living standards relative to what would have occurred otherwise.” (Drs. Robert Carroll and Gerald Prante, “Long-Run Macroeconomic Impact Of Increasing Tax Rates On High-Income Taxpayers In 2013,” [Ernst & Young LLP](#), 7/12)

**The Joint Committee On Taxation Found President Obama’s Tax Hike Would Raise Taxes On Nearly One Million Households And Small Businesses.** “According to JCT, next year 940,000 households within the top 2 percent will report net positive business income and will face marginal tax rates that would be 36 percent or 39.6 percent under Obama’s plan, up from 33 percent and 35 percent now. That represents 3.5 percent of taxpayers who have business income and 53 percent of net positive business income, the analysis said.” (Richard Rubin, “Obama Plan Means Higher Taxes On Business Profits: Study,” [Bloomberg](#), 6/19/12)

### ***Obama Is Out Of Ideas On How To Get Americans Back To Work***

**“The Reality Is The Ideas Coming From Obama Are Likely To Be The Ones He Has Already Proposed.”** “The ‘president is continuing to work with his team on potential new ideas’ to jumpstart the economy, White House spokesman Jay Carney said Monday when pressed about the sagging rate of job growth. The reality is the ideas coming from Obama are likely be the ones he has already proposed. There is no money and no political appetite for bolder ideas.” (Andrew Taylor, “Few Options Left For Obama On Economy Before Election Day As Gridlock Takes Hold,” [The Associated Press](#), 6/5/12)

- **Obama’s Proposals “Consists Mainly Of Marginal Initiatives ...”** “Obama’s ‘to do list’ consists mainly of marginal initiatives such as a tax breaks for companies that move their operations back to the U.S., hire new workers or boost their payrolls. A similar payroll tax credit was in place in 2010 but didn’t seem to do much to promote hiring. Economists say that companies hire workers based on how well their business is doing, rather than in response to tax incentives.” (Andrew Taylor, “Few Options Left For Obama On Economy Before Election Day As Gridlock Takes Hold,” [The Associated Press](#), 6/5/12)

**“A Recent Economic Speech In Ohio Was Largely A Rehash Of Ideas The President Has Previously Proposed.”** “A recent economic speech in Ohio was largely a rehash of ideas the president has previously proposed.” (“Obama Clings To Some Advantages From 2008 While Reaching For New Ways To Offset Faded Assets,” [The Associated Press](#), 7/15/12)