

## “Obama’s \$4 Trillion Tax and Spend” (SB News-Press)

(February 21, 2015) The president’s proposed 2016 tax-and-spend budget confirms his socialist, wealth-redistribution agenda. It has no chance of being approved by Congress, but it’s worth reviewing, as he clearly doesn’t understand the role of private sector businesses and households in driving a strong economy and sustainable job creation.

First, some context. The last George W. Bush budget was \$2.9 trillion, with Gross Domestic Product at \$14.7 trillion, and \$9.8 trillion in federal debt. That put debt-to-GDP at just 67 percent.

In Obama’s 7 years, he has grown government spending to \$4 trillion (up 38 percent), but GDP is up only 27 percent to \$18.8 trillion during that same period. And the nation’s debt this year will hit \$19.3 trillion – up 97 percent since Obama took office – hitting 103 percent of GDP.

Even worse news, according to the Congressional Budget Office, he wants \$2 trillion in new Obamacare subsidies through 2026 – about \$200 billion a year in government paying the difference between the actual cost of health policies vs. what individuals pay. All this, while healthcare costs increase by double-digits each year – far outpacing the rate of consumer inflation.

Where will all this money come from? During those same ten years, Obama proposes raising taxes on corporations and wealthy individuals by \$2.4 trillion – a net \$1.6 trillion in new revenue after doling out \$800 billion in new tax credits. Instead of lowering the already high (23.5 percent) capital gains tax, he wants to increase that to 28 percent, while eliminating the ‘stepped-up’ basis on asset valuations, creating

essentially a top-end 68 percent death tax. He'll further raise inheritance taxes by dropping the exemption on non-taxable estate values by 33 percent, while also redefining bequests to survivors as a new form of capital gain. There's almost no limit to what he'll go after with new or higher taxes.

And while the U.S. already has the highest corporate taxes in the world – by some 15 percentage points – Obama would impose an additional 19 percent tax on U.S. foreign-based income, even though those companies already pay taxes in those other countries. This would further inhibit American private enterprise from expanding into foreign markets and result in less jobs. Add in his crazy new entitlement to federally-funded attendance at state junior colleges (with no way to pay for it now, or in the future), and the president's "government knows best" policies continue to drive his spending spree. Next week we'll examine the negative impacts of his proposed budget.

This clearly outlines Obama's ill-conceived tax-and-spend budget, and how during his 7 years in office, his spending is up almost 40 percent, but the economy has grown only 27 percent, while he will double federal debt to \$19.3 trillion. So let's examine some of its negative impacts.

The president continues to increase government spending and expand federal entitlements – while raising existing taxes and introducing new taxes. Rather than working with the Congress to fix unsustainable entitlements like Social Security, Medicare, and \$200 billion in annual subsidies for Obamacare, he introduces another federal entitlement – "community college as free and universal as high school" – including non-U.S. citizens in the U.S. illegally. Here in California, roughly 55 percent of students are classified as "needy" and get tuition waivers for junior colleges (including the undocumented), while the remaining 45

percent pay only about \$1,400 per year. Nationwide, less than 2 of every 5 community college students earn a degree within 6 years. When the president describes all entitlements as “free,” it shows he does not comprehend that the funds for runaway government spending come from more and higher taxes to redistribute wealth from the 50 percent of Americans who pay taxes, over to the other half that pay no income taxes each year.

Obama also wants “more infrastructure projects that create jobs”, so he proposed higher taxes on corporations, small business, and wealthy individuals to pay for these. But this past Tuesday, he vetoed the Keystone XL Pipeline and its 42,000 high-paying jobs – an “infrastructure project” 100 percent paid for by private funds. This would supply the U.S. over 800,000 barrels of oil per day – cutting by ONE HALF our need for foreign oil. By 2030 the Energy Dept. expects it would reach 4 million barrels per day, and the U.S. would need zero imported oil. But the president doesn’t believe in (or understand) free market capitalism and the dynamic role of the private sector, if Obama would stop trying to manipulate economic activity with federal taxes, regulations, and mandates. The head of the AFL-CIO union urges passage of Keystone, as does Hillary Clinton, (see her October 2010 speech to the Commonwealth Club of S.F.).

Thankfully, the House and Senate won’t approve the president’s spending plans; but the outlook for sustainable growth remains uncertain, as Obama continues to be out-of-touch with what would really energize the U.S. economy.