An Anti-jobs, Anti-growth “Budget”

For three years, the Senate’s Democratic leadership has failed to even pass a budget resolution, and there’s nothing even remotely credible coming out of the White House regarding entitlement reform or bringing the debt to GDP ratio into line over time to a sustainable level.

In putting together his fiscal 2013 budget, more a political speech than a serious approach at fixing anything, President Obama didn’t have to do a lot of homework or original thinking.

The budget’s key proposals could have been directly copied from the protest signs in the streets of Chicago outside the Democratic Convention in 1968 — cut the military, expand the welfare state, and tax the rich.

Actually, the protest signs in the streets where I was at the time said “Eat the Rich.”

They’re still selling the cookbooks. One current version, keeping up with current events, includes a recipe for Ponzi Pecan Pie: 2 cups pecans, 200 shares of Citibank, 1 stick of melted butter, 2 ounces minced Bernie Madoff, 1 cup each of brown sugar and molasses.

There’s also a Hedge Fund Hummus: 3 cups cooked garbanzo beans, 2 tablespoons Oil of Oligarch, 2 pureed hedge fund managers.

The hippies and peaceniks at the Minneapolis chapter of Food Not Bombs are selling a less violent, more passive collection of class warfare recipes (unless you think carrots have feelings), a “lovely vegan cookbook entitled ‘Eat the Rich,’ $2 by mail or $1.50 (or whatever donation) in person.”

No one needs to be dragged from his Lamborghini to be included in the meatless recipes.

The Minneapolis chapter is also selling “Rise Up, Class Warfare in America from the Streets to the Airwaves” by Richard Edmondson, co-founder of San Francisco Liberation Radio, a fun reading while you’re whipping up a batch of Che Brulee.

In any case, the Obama budget calls overall for a doubling of taxation on dividends to 30 percent from today’s 15 percent, a doubling of taxation on capital gains to 30 percent from today’s 15 percent, an income tax hike on anyone earning more than $200,000, or $250,000 for couples, and a 29 percent increase in the federal inheritance tax to 45 percent from 35 percent.

Reports the *Wall Street Journal* regarding the proposed tax hike on incomes above $200,000 and $250,000, “These are the 3 percent of taxpayers that Mr. Obama says aren’t paying their fair share, though the 3 percent pay more in income tax than the rest of the other 97 percent.”

The latest IRS reports show the top 3 percent earning 30 percent of all income and paying 52 percent of all federal income taxes.

The proposed 30 percent tax on capital gains and dividends is on top of a federal corporate income tax of up to 35 percent, a rate that even President Obama acknowledges is “one of the highest in the world.”

In addition, since capital gains aren’t indexed for inflation, President Obama is calling for a doubling of the federal tax on illusionary gains.

Just at the federal level, not counting local and state taxes, this double taxation on dividends and capital gains, combined with Obama’s proposed tax increases, means the federal government would be receiving a larger share of the income from investments than those who did the investing.

There’s also a new “global minimum tax” on the agenda, says Obama’s chief economic adviser, Gene Sperling.

Mr. Obama is also proposing an increase in the tax rate on dividends from 15 percent to as much as 39.6 percent for households earning more than $250,000 a year. The White House said the measure would raise taxes by an additional $20 billion a year. That’s two days of federal spending.

And we’re supposed to believe that none of this will have a negative impact on new investment and job creation.

Ralph R. Reiland *is an associate professor of economics and the B. Kenneth Simon professor of free enterprise at Robert Morris University in Pittsburgh.*