



Written by [Ralph R. Reiland](#) on December 10, 2012

Obama: Fudging the Numbers and Threatening Jobs

A week after his re-election, President Obama held a news conference to push for a spending and tax agreement — and to talk about small business. He began by saying “our top priority has to be jobs and growth.”

With job creation as a top priority, that puts small business at center stage. The U.S. Small Business Administration reports that small business “generated 65 percent of net new jobs over the past 17 years.”



The small business sector of the American economy currently “employs half of all private sector employees,” states the federal government’s official count, with the Small Business Administration defining a small business as “an independent business having fewer than 500 employees.”

President Obama also said at the news conference that he wants a budget deal “but what I’m not going to do is extend Bush tax cuts for the wealthiest 2 percent” — defined as individuals earning \$200,000 or more per year and couples filing jointly making \$250,000 or more.

“When it comes to the top 2 percent,” he continued, “what I’m not going to do is extend further a tax cut for folks who don’t need it.”

That “need” part is a novel concept, one that puts us on a slippery slope. If politicians get the power to determine how much of our earned income we actually “need,” a Bureau of Asset Counters might be on the way.

If a classic car aficionado, for instance, owns a dozen Chevy and Ford convertibles from the 1960s, will a government committee be empowered to determine that he doesn’t “need” more and raise his taxes? I think that should be his wife’s decision.

Similarly, if a successful businesswoman has three homes, four cars, a yacht, and \$20 million in the market and wants to expand her retail clothing business, should her taxes go up and the business expansion and job expansion be abandoned because she doesn’t “need” more business, more income, more wealth, or more employees?

In any case, President Obama advocated several things simultaneously in that news conference that simply can’t be synchronized.

He wants more jobs, a “top priority,” plus a growing small business sector, the section of the economy that creates the majority of new jobs, and more income redistributed from the “top 2 percent” to the government.

Attempting to show that those incompatible positions aren’t incompatible and represent instead a feasible plan for job creation, Mr. Obama injected the same misleading statement into his news conference at four different points.

With tax hikes on incomes of \$200,000 and \$250,000, “97 percent of small businesses are not going to see their taxes go up a dime,” he stated. And he said again that “97 percent of all small businesses won’t see their taxes go up a single dime.” And, he repeated again, “97 percent of small businesses,



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their taxes will not go up a single dime next year.” And finally he said there will be no tax increases for the “97 percent of small businesses who earn less than \$250,000 a year.”

If you’re working in a small business, that sounds like you won’t have much of a chance of being laid off because of the tax hikes on “the rich.” It sounds like you’re 97 percent safe.

The facts tell a different story.

First, the Treasury Department reports that 30 million of the 35 million small businesses in America employ no workers.

Second, just 1.2 million of America’s 35 million small businesses earn 91 percent of all small business income, and those 3 percent of all small businesses “employ a stunning 54 percent of the total private U.S. workforce,” reports Investor’s Business Daily.

These 3 percent of all small businesses are the nation’s key job producers and they are directly in the crosshairs of Mr. Obama’s proposed tax increases.

It sounds good, and reassuring, for Mr. Obama to repeatedly say that his proposed tax increases won’t raise taxes “a single dime” on 97 percent of small businesses. It sounds better than saying he wants to hike the taxes on the small businesses that employ 54 percent of the private sector workforce.

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