



Political Deception, Tax Cuts, and Unemployment

Let's face it, politics is largely the art of deception, and political rhetoric is largely the art of misstating issues. A classic example is the current debate over whether to give money to the unemployed by extending how long unemployment benefits will be provided, or instead to give "tax cuts to the rich."

First of all, nobody's taxes — whether rich or poor — is going to be cut in this lame-duck session of Congress. The only real issue is whether our current tax rates will go up in January, whether for everybody or nobody or somewhere in between.



The most we can hope for is that tax rates will not go up. So the next time you hear some politician or media talking head say "tax cuts for the rich," that will just tell you whether they are serious about facts or just addicted to talking points.

Not only are the so-called "tax cuts" not really tax cuts, most of the people called "rich" are not really rich. Rich means having a lot of wealth. But income taxes don't touch wealth. No wonder some billionaires are saying it's OK to raise income taxes. They would still be billionaires if taxes took 100 percent of their current income.

What those who are arguing against "tax cuts for the rich" are promoting is raising the tax rates on families making \$250,000 a year and up. A husband and wife making \$125,000 a year each are not rich. If they have a kid going to one of the many colleges charging \$30,000 a year (in after-tax money) for tuition alone, they are not likely to feel anywhere close to being rich. Many people earning an annual income of \$125,000 a year do so only after years of earning a lot less than that before eventually working their way up to that level. For politicians to step in at that point and confiscate what they have invested years of working to achieve is a little much.

It also takes a lot of brass to talk about taxing "millionaires and billionaires" when most of the people whose taxes the liberals want to raise are neither. Why is so much deception necessary, if your case is good?

Those who own their own small businesses have usually reached their peak earnings many years after having started their business, and often operating with very low income, or even operating at a loss, when their businesses first got started.

Again, having politicians step in with an extra tax at that point, when later incomes compensate earlier sacrifices, is sheer brass— especially when real millionaires and billionaires have their wealth safely stowed in tax shelters.

Another fashionable political and media deception is making a parallel between giving money to the unemployed versus giving money to "the rich."

When you refrain from raising someone's taxes, you are not "giving" them anything. Even if you were



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actually cutting their tax rate — which is out of the question today — you would still not be “giving” them anything, but only allowing them to keep more of what they have earned.

Is the government doing any of us a big favor by not taking even more of what we have worked for? Is it not an insult to our intelligence to say that the government is “giving” us something by not taxing it away?

With unemployment compensation, however, you are in fact giving someone something. “Extending unemployment benefits” always sounds good politically- especially if you do not ask the basic question: “For how long should they be extended?” A year? Two years? No limit?

Studies have shown what common sense should have told us without studies: The longer the unemployment benefits are available, the longer people stay unemployed.

If I were fired tomorrow, should I be able to live off the government until such time as I find another job that is exactly the same, making the same or higher pay? What if I am offered another job that uses some of the same skills but doesn’t pay quite as much? Should I be allowed to keep on living off the government?

With the government making it more expensive for employers to hire workers, and at the same time subsidizing unemployed workers longer and longer, you can have as much unemployment as you are willing to pay for, for as long as you are willing to pay for it.

To find out more about Thomas Sowell and read features by other Creators Syndicate columnists and cartoonists, visit the Creators Syndicate web page at www.creators.com. Thomas Sowell is a senior fellow at the Hoover Institution, Stanford University, Stanford, CA 94305. His Web site is www.tsowell.com.

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