



Written by [Ralph R. Reiland](#) on September 6, 2011

Zero Job Growth & Common-sense Economics

The Law of Demand says that price increases will generally produce lower sales, so the politicians raise the price of cigarettes via more taxation so that more people quit.

"The price of a pack of cigarettes has skyrocketed to \$14.50 at some New York City stores thanks to a hefty new tax, leaving even the most nicotine-addicted buttheads considering nixing their fix," the *New York Post* reported last year after an extra \$1.60 state sales tax was slapped on every pack.

The \$1.60 hike raised the total taxes on a single pack to \$4.35 at the state level in New York. Additionally, there's a municipal cigarette tax in the city of \$1.50 a pack, producing a combined state and local tax of \$5.85 a pack.



That's not counting the federal tax on cigarettes, raised from 39 cents a pack to \$1.01 a pack in 2009. With the \$1.01 per pack added to the state and local levies, a smoker in Manhattan is coughing up \$6.86 to the government on every pack. At two packs a day, that's a tax bill of \$5,007.80 a year.

The *Post* quoted smoker Bill MacLeod, 45, of Brooklyn delivering the response that the tax-hiking central planners and health engineers wanted to hear: "This is my last cigarette ever! At \$15 a pack, this is ridiculous. It's a good excuse for me to quit."

Taking things a step further, the politicians are now talking about treating things like Popsicles and cookies like cigarettes as part of their anti-obesity crusade, hoping that new taxes on unwholesome foods will move people to buy more fresh broccoli and free range guinea hens.

And to help those on Food Stamps to shape up, the policy planners are talking about forbidding the use of Food Stamps for things like Klondikes and overly-fat chipped ham.

All of the aforementioned is about hiking taxes, and thereby raising prices, in order to discourage socially harmful behavior.

In the opposite direction, people buy more of something, do more of a behavior, when the price is lowered. So to encourage socially beneficial behavior, politicians lower taxes, and thereby prices, on the things they seek to expand. To expand education, for instance, colleges receive breaks on real estate taxes so that tuition is priced lower than it would otherwise be.

Unfortunately, politicians seem not to understand that this same principle applies when it comes to business and jobs.

With the lack of job creation the top issue in the nation, politicians in Illinois, for example, passed a 67 percent income tax hike in January 2011, as well as higher corporate taxes.



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“As another manufacturer leaves, Illinois leads the nation in job loss in July,” stated a recent Investor’s Business Daily editorial. “The free fall began with a tax hike. When will liberals learn when you tax something, you get less of it?”

Treat businesses like cigarettes, raising taxes on both, and the result will be less smoking and fewer jobs.

Since its big tax increase in January, Illinois has lost 89,000 jobs. In July, with the highest state income tax in the United States, Illinois lost more jobs than any other state. in the nation.

The connection is obvious. What’s so hard to understand?

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