Obama Signs Debt Limit Increase, Uses Politics for Phony Class Warfare

The Budget Control Act of 2011 would trim about $900 billion of an expected $7-8 trillion in projected deficit spending increases over the next 10 years and set up a 12-member super-committee of Congress charged with finding an additional $1.5 trillion in savings. The so-called "Super Congress" would be authorized to find spending cuts or tax increases, and its findings would be fast-tracked through Congress (i.e., voted on without amendment and limited debate). The bill wouldn't actually cut any spending in an absolute sense; spending would continue to increase. But the bill would trim projected future spending increases.

President Obama termed the law "a compromise to reduce the deficit and avert a default that would have devastated our economy." Of course, the nation was never on a course for default. Had the Congress failed to act, the President would have been allowed to spend as tax revenue came in. Federal revenue would have amounted to enough to pay interest on the debt (not default) as well as Social Security and Medicare recipients and the pay of U.S. soldiers, in addition to a little money left over for other functions of government. The "devastation" Obama alluded to was a government that operates on a balanced budget.

Obama admitted after Senate passage of the bill that he didn't really want the government to move toward a balanced budget. Not yet, anyway. He said that it constituted "an important first step to insuring that as a nation we live within our means, yet it also allows us to keep making key investments in things like education and research that lead to new jobs and assures that we are not cutting too abruptly while the economy is still fragile."

Finally, Obama used the national audience incident to his address as an occasion for some choice class-warfare rhetoric, calling for "reforming our tax code so that the wealthiest Americans and biggest corporations pay their fair share. And it means getting rid of taxpayer subsidies to oil and gas companies, and tax loopholes that help billionaires pay a lower tax rate than teachers and nurses."

But, of course, the Obama White House is probably the biggest advocate of these same subsidies and tax loopholes for energy companies that create "green jobs" (See here, here and here). Obama's own "innovation" strategy posted on the White House website calls for bigger loopholes to be created for these very same companies, rather than closing them. "President Obama has called for the Research and Experimentation Tax Credit to be simplified and made permanent," the White House website says, and it adds:

> The Budget also proposes a reauthorization of the Clean Energy Manufacturing Tax Credit and

> provides funding for research, development, and deployment to help the U.S. reach the goal of one million advanced technology vehicles on the road by 2015.

It should be no surprise that the very same energy companies for whom Obama wants to make tax loopholes larger would take advantage of such incentives and pay little or no taxes. Yet these are the same companies that Obama constantly rails against in public speeches, as he did in his August 2 speech on the White House lawn. Obama's class-warfare propaganda in his address after passage of the Budget Control Act of 2011 was clearly just hypocritical political rhetoric, not a serious policy reversal.

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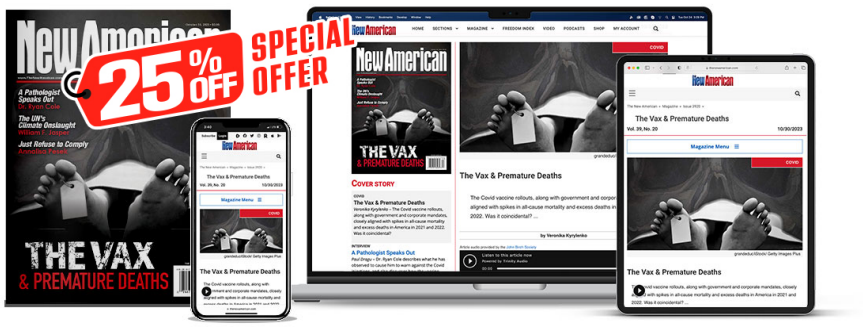

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