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Lies & politicians

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Published: Sunday, January 6, 2013, 9:03 p.m.
Updated 11 hours ago

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Once upon a time, politicians worked very hard to render their lies believable. That time has passed.

Today, you can tell what a law does simply by reading its title and assuming the opposite. As evidence, consider the American Taxpayer Relief Act of 2012 — Washington's solution to the recent "fiscal cliff" debacle. Contrary to its title, the act does not provide tax relief. Contrary to what politicians would have you believe, it neither cuts spending nor reduces the deficit. So what does it do?

Here is the major feature: higher taxes but less tax revenue.

President Obama hasn't even been inaugurated yet, but he already has broken his campaign promise not to raise taxes on the middle class. The poor and middle class got hit with a 50 percent increase in payroll taxes. If you earn $50,000, expect to pay an additional $1,000 in taxes this year. Taxes on the rich (where "rich" means those earning $400,000 or more) will be going up as well. Never mind that the rich already pay 30 percent of their incomes versus 11 percent for the middle class. So much for everyone paying his fair share.

Well, at least these higher taxes mean we'll be able to reduce the deficit, right? Actually, no. The Congressional Budget Office estimates that the "fiscal cliff" legislation will actually reduce tax revenue by $280 billion this year. That's right, we'll be taxed at higher rates but the government will be collecting less revenue.

Congress agreed to cut discretionary spending this year by $2 billion. That's a lot of money, right? Well no, it isn't. Washington spends that much money every four hours. Plus, discretionary spending doesn't include Medicare, Social Security, welfare and interest on the debt. Add in those and you'll find that spending is actually rising by $50 billion this year.

Obama has another four years in the White House, but most of the spending cuts he signed into law are scheduled to occur more than four years from now. Any rational person should realize that these cuts will simply never happen. Presidents Reagan and Bush (the first) both made deals like this with Congress, and their future cuts never happened. When Obama leaves office, whatever deals and promises he made will leave with him.

If the CBO's estimates are correct, then the "fiscal cliff" legislation will increase the federal debt from just over $16 trillion today to $20 trillion by 2022. Believe it or not, that's the good news. The bad news is that, historically, the CBO's 10-year projections of the federal debt have been too low by almost half. If that trend holds, we should expect the federal debt to be around $35 trillion by 2022. The worse news is that this ignores completely the as-yet-unknown contribution of ObamaCare to the federal debt.

Congress didn't avert the "fiscal cliff." It's dangling us over the edge while telling us not to worry.

Every time Congress increases spending or raises taxes or imposes another regulation — every time it replaces the judgment of free people with its judgment of what is best for us — we slip a little. Get used to the "fiscal cliff," because we now live there. And this is where we're going to stay until Washington tames its massively out-of-control spending. Or until it finally loses its grip and we go over the edge.

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