



The Cato Institute Fact-Checks, Responds to President Obama's State-of-the-Union Address

by [Dan Mitchell](#)

I've already [bragged that the Cato Institute is America's best think tank](#), highlighting the fact that we took the lead in battling against [Obama's faux stimulus](#) at a time when many were dispirited and reluctant to fight big government.

I'm biased, of course, so I'll understand if you discount what I say. But I hope you'll agree that my colleagues have put together an excellent video response to the President's state-of-the-union speech.



As part of my contribution to the video, beginning around 6:35, I debunk the President's class-warfare tax agenda by [citing IRS data from the 1980s](#) to explain that [higher tax rates don't necessarily mean higher tax revenue](#).

After a night's sleep, here are a few additional observations on the President's remarks.

- I was disappointed, but not surprised, that he repeated the [economically foolish assertion](#) that Warren Buffett pays a lower tax rate than his secretary.
- I also was not surprised that he didn't say much about jobs and the economy. [These four charts show](#) he doesn't have much to brag about.
- It was also noteworthy that he didn't spend much time talking about Obamacare, which suggests that White House pollsters understand that [government-run healthcare isn't very popular](#).
- It was equally revealing that he didn't spend much time on the so-called income inequality issue. Redistribution was implicit in what he said, to be sure, but the Occupy-Wall-Street crowd is probably disappointed that he didn't explicitly embrace their agenda. More evidence that the pollsters played a big role in this speech.
- I'm definitely not surprised that he talked about eliminating Osama bin Laden. [Kudos to the Commander-in-Chief](#).
- I was amazed that he had the gall to say "no bailouts," particularly given [his support for TARP](#), the [Dodd-Frank bailout bill](#), and the giveaway to GM and the auto unions. And [if the GM bailout is supposed to be a success](#), I'd hate to see his definition of failure.
- And I was stunned that he could talk about the housing meltdown and mortgage crisis without mentioning the [Federal Reserve](#), [Fannie Mae](#), or [Freddie Mac](#). Sort of like analyzing World War II and pretending Germany and Japan didn't exist.

Since most of the previous observations are critical, I want to stress that I'm not being partisan. I also was disappointed in the Republican response. Was the GOP smart to showcase a governor who was [part of the big-spending Bush Administration](#)? Especially one who has [said nice things about the value-added tax](#)?

I even was a bit disappointed in Governor Daniels' remarks. He focused a lot on means-testing for entitlements, but that's [the wrong way of reforming the programs](#). Such policies impose higher implicit marginal tax rates on people who save and invest during their working years.

If we're going to reform entitlements, [do it the right way](#).