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Obama: 'You can't have a modern industrial economy' with lower taxes

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According to Barack Obama, a modern industrialized society cannot exist unless the wealthy pay high taxes.

That's one of the claims the President made Monday at a Mountain View, CA, town hall.

Right now, we've got the lowest tax rates we've had since the 1950s," Obama said.

"And some of the Republican proposals would take it back--as a percentage of GDP--back to where we were back in the 1920s," he added. "You can't have a modern industrial economy like that."

Of course, no Republican has ever suggested such a thing, but facts and this President often go together like oil and water.

CNS News reports:

Michael Tanner, a senior fellow at the libertarian CATO Institute, said he could not see why Obama made the comparison with the situation in the 1950s, as the economy was doing well back then.

"He seems to be of the belief that economic growth comes from the government and therefore the government has to take more money to put it into economic growth and not leave it in the private sector," he told CNSNews.com.

According to Tanner, the President was correct when he said tax revenue as a percentage of gross domestic product was lower than in the past.

However, CNS News adds, he pointed out that the CBO projects it to be higher than average by the end of the decade. Also, government spending, now at 25 percent, is much higher than in the 1990s, when it was about 18 percent.

Obama has been pushing a \$1.5 trillion tax hike on wealthier earners as a way to help pay for a jobs bill that many believe is little more than campaign fluff that will never get through a GOP-controlled House.

In selling his scheme, the President has been telling town halls across the country that his plan is not class warfare and is not intended to punish success.

"We're not talking about going to punitive rates that would somehow inhibit you from wanting to be part of a startup or work hard to be successful," Obama said Monday.

"We're talking about going back to the rates that existed as recently as in the 90s, when as I recall Silicon Valley was doing pretty good and well-to-do people were doing pretty well. And it turns out in fact that, during that period, the rich got richer. The middle class expanded," he added.

But as Tanner points out, the situation today is not at all what America faced in the 1990s.

Today, the nation faces an economic crisis the likes of which it has not seen in decades and unemployment is still nearly [twice that of Mexico](#).

In August 2009, Obama was very clear about not raising taxes during a recession.

"Normally, you don't raise taxes in a recession, which is why we haven't," the President said.

"We have not proposed a tax hike that would take effect in a recession," he added.

At the time, he said such taxes would "take more demand out of the economy" and "put more businesses in a further hole." The economy certainly has not improved since 2009. If raising taxes was such a bad idea then, why is it such a great idea now?

The answer is simple - Obama was not trying to consolidate his liberal base for re-election in 2009.

Apparently, that was another statement with an expiration date.