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### When is a Compromise not a Compromise?

Posted by [Ben Howe](#) ([Profile](#))

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As Daniel Mitchell from Cato [notes](#), there is a lot to love and a lot to hate about the deal that was worked out to extend the current tax rates. The quick rundown is, no one's taxes are going up (Good), unless you're dead (Bad) and its temporary nature will make it more of a depression protection as opposed to an economic boost (Ugly).

Of course, anything that the government does should be viewed as a mixture of good and bad. Often times, the fact they are doing anything at all is a negative or at best a necessary evil. The bad and ugly of the compromise have started to weigh on the minds of a lot of conservative pundits, and I think it is time for some perspective.

Keeping in mind that I am far from a champion of [compromise](#), I think there is an overriding aspect of this deal that should be kept in mind: We kept the dollars out of the hands of the government. This is much more than a philosophical or ideological victory. It is a principled stand and should be applauded, not nitpicked.

The fact is, we have a government that has shown over and over that they just cannot be trusted to manage anything: Case in point, the United States Postal Service. An audit from the Government Accountability Office revealed [record losses](#) to the tune of \$8.5 billion in 2010 alone: Were this not compounded by private sector packaging companies having banner years in terms of revenue, the government would no doubt claim that it is just not the type of service that can be profitable. [FedEx](#) & [UPS](#) would probably disagree.

In spite of these record losses, the government continues to throw money down the black hole and raise prices on stamps. With no real expectation or even need for profitability, it seems the bureaucrats and employees have resigned themselves simply to running another money loser on the taxpayers dime. As they continue to lose this money, is there any question that a private company could figure out a way to make mailbox delivery profitable? Since the nation's top income earners will not see a tax increase, they may well find it in their best interests to spend some of their cash on that very thing as opposed to handing it to the government who would simply apply it to their massive losses.

Jeff Dunetz has a piece up at [The Lid](#) reporting on the mother of all wasteful government spending: The Recovery Act of 2009, known by most as the Stimulus. This pork riddled monstrosity actually had a higher

price tag than the “tax cuts for the rich” that the Democrats had been so intent on stopping.

According to Dunetz, even the Federal Reserve of San Francisco, who conducted a study on the the Stimulus, has had to accept the truth that it did nothing to help the economy. You read that right...San Francisco.

From [Economics21.org](http://Economics21.org):

The results [of the [study](#)] suggest that though the program did result in 2 million jobs “created or saved” by March 2010, net job creation was statistically indistinguishable from zero by August of this year. Taken at face value, **this would suggest that the stimulus program (with an overall cost of \$814 billion) worked only to generate temporary jobs at a cost of over \$400,000 per worker.** *Even if* the stimulus had in fact generated this level of employment as a durable outcome, it would still have been an extremely expensive way to generate employment. (Emphasis Jeff’s)

Read more [here](#).

And the government is far from done proving the point of where money is best spent. From the private health care industry [controlling costs better](#) to [private vs public school](#), the evidence is in: Our money is more effective, better managed, & better invested when left in the hands of the so-called rich.

The type of destructive compromise that I and others have warned the GOP about did not happen here. We held the gates on a handful of things that we can get to in less than a month when the new congress is seated, and we didn’t give an inch on anything else. I’d say that falls well within the definition of taking a principled stand.

So while I understand the various reasons to be concerned about the temporary nature of the tax rates as well as the strategic problem of handing Obama a tax cut win going into the 2012 elections, I just can’t contain my glee that, to quote the originator....[we won](#).

### 3 Comments

#### In an effort to make lemonaid out of lemons

[mbecker908](#) Tuesday, December 7th at 1:39PM EST ([link](#))

the good news is that tax policy will be front and center in 2012. I’m not fond of what I know of the details (where the devil lives), but the overriding plus is for 2012. Tax policy becomes a real club for our side, IF we chose to use it.



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**Really hate to rain on your parade, but...**