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What Does It Mean When Obama and His Former Top Economist both Reject Obamanomics?

Daniel J. Mitchell | 6/20/2012

To answer the question in the title, it means you need to read the fine print.

This is because we have a president who thinks the government shouldn't confiscate more than 20 percent of a company's income, but he only [gives that advice when he's in Ghana](#).

And the same president says it's time to "let the market work on its own," but he only says that [when talking about China's economy](#).

Now we have more evidence that the President understands the dangers of [class-warfare taxation](#) and [burdensome government spending](#). At least when he's not talking about American fiscal policy.

After the Greek elections, which saw the defeat of the pro-big government Syriza coalition and a victory for the supposedly conservative New Democracy Party, here's [some of what Politico reported](#).

President Barack Obama on Monday called the results of Greece's election a "positive prospect" with the potential to form a government willing to cooperate with Europe. "I think the election in Greece yesterday indicates a positive prospect for not only them forming a government, but also them working constructively with their international partners in order that they can continue on the path of reform and do so in a way that also offers the prospects for the Greek people to succeed and prosper," Obama said after a meeting with the G-20 Summit's host, Mexican President Felipe Calderon.

In other words, it's "positive" when other nations reject big government and vote for right-of-center parties, but Heaven forbid that this advice apply to the United States.

Interestingly, it's not just Obama who is rejecting (when talking about other nations) the welfare-state vision of bigger government and higher taxes.

Check out this remarkable [excerpt from a Washington Post column](#) by Larry Summers, the former Chairman of the President's National Economic Council.

... it is far from clear, especially after the French election, that there is any kind of majority or even plurality support for responsible policies.

Remarkable. Larry Summers is dissing Francois Hollande and the French people by implying they want irresponsible policies, even though the Hollande's views about [Keynesian economics](#) and [soak-the-rich taxation](#) are basically identical to the nonsense Summers was peddling while in the White House.

It's almost enough to make you cynical about America's political elite. Perish the thought!

[When Republicans Don't Sell Out, Democrats Are Forced to Admit that Class-Warfare Tax Hikes Are Not the Way to Solve America's Fiscal Crisis](#)

When Republicans maintain a no-tax-hike position, good things happen. We saw this [in 2010 when Senate GOPers held firm](#) and Obama was forced to extend for two years all of the 2001 and 2003 tax cuts.

We're having the same fight this year, and again Republicans (with [some unfortunate exceptions](#)) are standing strong against the President's [class-warfare tax proposals](#).

This approach is paying dividends, as you can see from these excerpts from a [report by The Hill](#).

At least seven Democratic senators have declined to rule out supporting a temporary extension of the Bush-era income tax rates, breaking with party leaders who have called for letting the rates expire for people earning more than \$1 million per year. That gives Senate Republicans a chance to push a temporary extension similar to the deal Minority Leader Mitch McConnell (R-Ky.) struck with President Obama in December of 2010. ...Extending all income tax rates for only one year would undercut the Democratic leadership's plan to use their imminent expiration as leverage to move Republicans to accept some tax increases.

The article also notes that many of these Democrats are willing to support higher tax rates, but only if they seduce gullible Republicans into providing political cover by also saying yes.

I touch on some of these issues in this CNBC debate with Stan Collender. We both agree that America faces short-term and long-term fiscal challenges, but a key difference is that Stan wants higher taxes to facilitate a [bigger burden of government spending](#).

http://www.youtube.com/watch?feature=player_embedded&v=yBwi6ogrpig

From a viewer perspective, I think this was a very good interview. Stan and I both had an opportunity to get our points across. Neither one of us tried to hog all the air time. And we both pointed out areas of disagreement. When I compare this debate to the [one I posted last week](#), there's no comparison.

That being said, I hope what I said was more persuasive, particularly my points about the [long-term entitlement problem](#), the unfortunate impact of [too many people being exempt from the income tax](#), the fact that [America doesn't suffer from inadequate taxation](#), the role of [Bush's reckless big-government fiscal policy](#), and the fact that [higher taxes lead to more spending rather than lower deficits](#). I even got to [cite Estonia's successful spending cuts](#).

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