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Washington Post Uses CBO to Criticize Obama Tax Cuts, Rather than Spending

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The Washington Post must dislike tax cuts even more than it likes President Barack Obama. On March 6, staff writer Lori Montgomery warned that the national debt would climb by $9.7 trillion under Obama's budget.

The Washington Post

Relying on the Congressional Budget Office (CBO) for data, Montgomery reported that the debt would be "higher than White House forecast" but not because of spending increases by Obama. Instead, she used the CBO to attack Obama's "tax-cutting agenda" continuing a media theme of portraying him as fiscally conservative despite the largest budget ever.

"Proposed tax cuts for the middle class account for nearly a third of the ($9.7 trillion) shortfall," Montgomery wrote. Her one-sided article relied solely upon the CBO and its director Douglas W. Elmendorf.

Montgomery implied that President Obama would be maintaining all the Bush tax cuts when she wrote that he"wants to make permanent a series of tax cuts enacted during the Bush administration." She didn't mention that he plans to let the tax cuts for the rich expire.

The Post writer also supported the idea of letting the full Bush tax cuts expire saying, "Obama is convening a special commission to bring deficits down to 3 percent of the economy, but the CBO report shows that Obama could accomplish that goal simply by letting the Bush tax cuts expire and paying for changes to the alternative minimum tax."

The news media have attacked Bush's tax cuts for years and have often recently argued that the tax cuts, not overspending caused the huge federal deficit Obama inherited.

Montgomery didn't include a single non-CBO source in her story.

Back in 2006, economist Gary Wolfram explained how tax cuts work for the Business & Media Institute. He examined a few pertinent history lessons - the Harding-Coolidge, Kennedy-Johnson, and the Reagan tax cuts - there are benefits to tax cuts including economic growth.

Wolfram showed that economic output nearly doubled in the 1920s after the Harding-Coolidge tax cuts. And in 1965, when the top marginal tax rate was reduced from 91 percent to 70 percent, real GDP rose by an average of 5.1 percent and unemployment averaged 3.9 percent (versus 5.9 percent).

Reagan reduced the marginal tax rate from 70 to 50 percent along with capital gains tax cuts, the U.S. government actually reached a record level of tax receipts, something Montgomery neglected to mention in her anti-tax cut story.

Richard W. Rahn of the Cato Institute criticized Obama's proposed tax increases, arguing that they will "decrease tax revenues, not increase them, and will cost many jobs." Rahn was citing studies done for the Institute for Research in the Economics of Taxation.

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