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Site comments/questions:

Mike Alissi

Media Inquiries and Reprint Permissions:

Chris Mitchell
(310) 367-6109

Editorial & Production Offices:

3415 S. Sepulveda Blvd.
Suite 400
Los Angeles, CA 90034
(310) 391-2245

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Obama's Tax Pledge: Already Broken, Might As Well Stomp on It

Jacob Sullum | October 30, 2009

Americans for Tax Reform [lists](#) the tax hikes in the House health care bill that would violate President Obama's campaign pledge to avoid "any form" of higher taxes on families making less than \$250,000 a year. They include an income surtax of 2.5 percent for people who refuse to buy health insurance, a payroll tax on businesses that fail to buy insurance for their employees, and several restrictions on health savings accounts. Even when individuals or employers avoid the penalties for not buying insurance, the forced expenditure also should be considered a tax, as As Michael Cannon argues in a recent Cato Institute [paper](#):

President Obama's National Economic Council chairman Larry Summers explains that because employer mandates force workers to purchase health insurance, they "are like public programs financed by benefit taxes." The same can be said of an individual mandate: when government forces people to purchase something they do not value, or pay more than the market would require, that is a tax—even if the money never enters the public treasury. Princeton health economist Uwe Reinhardt writes that "[j]ust because] the fiscal flows triggered by [a] mandate would not flow directly through the public budgets does not detract from the measure's status of a *bona fide* tax."

Furthermore, the mandate/tax on employers arguably breaks Obama's pledge not only when the business owner makes less than \$250,000 a year but also when any of his employees do. Cannon again:

From a tax perspective, there is little difference between an individual mandate and an employer mandate. Both are a tax on workers.

In a recent survey, 90 percent of health economists agreed with the statement, "Workers pay for employer-sponsored health insurance in the form of lower wages or reduced benefits." The Congressional Budget Office explains sponsored health insurance to require private that workers would also pay any government-imposed penalties: "if employers who did not offer insurance were required to pay a fee, employees' wages and other forms of compensation would generally decline by the amount of that fee from what they would otherwise have been." An employer mandate should therefore be labeled an *employee* mandate.

I discuss the president's refusal to call a tax a tax [here](#), [here](#), and [here](#). Lest we forget, Obama first [broke](#) his tax pledge a couple weeks after taking office by signing a bill that raised the federal excise tax on cigarettes. White House spokesman Robert Gibbs [argued](#) that it didn't really count, because "people make a decision to smoke." In this case, people are being taxed simply for existing within the borders of the United States. That's a decision too, I suppose.

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franz kafka | 10.30.09 @ 1:43PM | #

We are screwed if he breaks a pledge here and there. And we are screwed if he keeps most pledges.

[reply to this](#)

sage | 10.30.09 @ 1:56PM | #

In this case, people are being taxed simply for existing within the borders of the United States. That's a decision too, I suppose.

SOCIAL CONTRACT!

[reply to this](#)

Lone Zoid | 10.30.09 @ 2:17PM | #

It's a good thing McCain wasn't elected, or we'd be at war with foreigners instead of fellow citizens.

What? We are? Hurray!

[reply to this](#)

robc | 10.30.09 @ 2:18PM | #

Any have a link to the restrictions on HSAs? I went to beat someone to death with it.

[reply to this](#)

Death Panelist | 10.30.09 @ 2:19PM | #

"But let's not pretend they are taxes the same way CNN is [taxing to watch]."

[reply to this](#)

robc | 10.30.09 @ 2:20PM | #

Nevermind, the link above listed them. Not as draconian as I expected but still:

Americans would no longer be able to purchase over-the-counter medicines with their FSA, Health Savings Account (HSA), or Health Reimbursement Arrangement (HRA)

What the fuck?

[reply to this](#)

robc | 10.30.09 @ 2:21PM | #

What the fucking fuck is the fucking purpose of a fucking Health Savings Account if you cant buy fucking drugs with it?

[reply to this](#)

44 Magnum | 10.30.09 @ 2:40PM | #

Banks get to use your money to make money.

[reply to this](#)

robc | 10.30.09 @ 2:22PM | #

Note: I dont even have an HSA and this pisses me off.

[reply to this](#)

Nick | 10.30.09 @ 2:22PM | #

They don't like HSAs because that's too much like paying your own way instead of pooling for the benefit of their voters.

[reply to this](#)

robc | 10.30.09 @ 2:23PM | #

Nick, I understand that - it is why I expected more draconian restrictions. I figure they are in there though.

[reply to this](#)

Fist of Etiquette | 10.30.09 @ 2:26PM | #

If only there was some warning or clue that Democrats in complete control would bring higher taxes.

[reply to this](#)





Gilbert Martin | 10.30.09 @ 4:30PM | #

Yeah - what a shock.

Because that's so totally out of character with their behavior for the last 70 odd years or so.

[reply to this](#)

Pro Libertate | 10.30.09 @ 2:30PM | #

Yeah, if only.

[reply to this](#)

Nick | 10.30.09 @ 2:40PM | #

robc,

If you have the time you just might find them. Have fun with all 1990 pages.

http://docs.house.gov/rules/health/111_ahcaa.pdf

And, yo, fuck threaded comments.

[reply to this](#)

Episiarch | 10.30.09 @ 2:49PM | #

If only there was some warning or clue that Democrats in complete control would bring higher taxes.

If only there was some warning that a president would break most of his promises.

Everybody add one of these! We can probably break a few hundred posts!

[reply to this](#)

Dello | 10.30.09 @ 2:55PM | #

It's official. The Obama administration has does more to lower the tax burden on Americans than every other administration COMBINED.

By simply calling taxes on "optional" items NOT a tax, he has eliminated all sales tax (don't buy) and income tax (don't work). If health care passes, he will even eliminate the Inheritance tax: The tax will still be there, but nobody will having anything to pass down.

[reply to this](#)

Xeones | 10.30.09 @ 2:56PM | #

My word, what a terrible president we've got.

[reply to this](#)

sage | 10.30.09 @ 2:58PM | #

If only the president was black.

[reply to this](#)

Naga Sadow | 10.30.09 @ 3:09PM | #

If only Obama would hand out free weed like he promised.

[reply to this](#)

44 Magnum | 10.30.09 @ 3:11PM | #

If only there was some warning that SugarFree was going to ask for help with a list of song titles consisting of a single female name.

[reply to this](#)

Nick | 10.30.09 @ 3:15PM | #

If only there was some warning that Reason would abuse us with threaded comments...

[reply to this](#)

sage | 10.30.09 @ 3:15PM | #

If he only had a brain.

[reply to this](#)**robc** | 10.30.09 @ 3:22PM | #

Dello,

Inheritance tax is optional too - just dont die!

[reply to this](#)**robc** | 10.30.09 @ 3:23PM | #

If only there was some warning that a politician would lie.

[reply to this](#)**robc** | 10.30.09 @ 3:28PM | #

Nick,

Thanks. From searching the pdf, the only thing related to HSAs I could find was those mentioned in the original link. Insulin is the one OTC exception. Fucking diabetics getting all the breaks.

[reply to this](#)**sage** | 10.30.09 @ 3:30PM | #

If only diabetics didn't get all the breaks.

[reply to this](#)**Nick** | 10.30.09 @ 3:43PM | #

Must be SugarFree's super-secret ironic diabetic lobby at work.

[reply to this](#)**JW** | 10.30.09 @ 3:45PM | #

If only Bush hadn't deregulated everything.

[reply to this](#)**44 Magnum** | 10.30.09 @ 3:49PM | #

[citation needed]

[reply to this](#)**JW** | 10.30.09 @ 3:57PM | #

If only 44 Magnum would check his sarcasm meter's battery.

[reply to this](#)**sage** | 10.30.09 @ 4:00PM | #

If only sarcasm meters were solar powered.

[reply to this](#)**Death Panelist** | 10.30.09 @ 3:52PM | #

If only the racists wouldn't scrutinize the black man they elected.

[reply to this](#)**JW** | 10.30.09 @ 4:00PM | #

If only the Free Masons hadn't replaced Obama with an evil Obama robot.

[reply to this](#)**James Anderson Merritt** | 10.30.09 @ 4:41PM | #

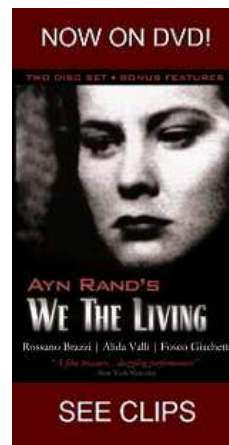
If only people knew what "bona fide" meant.

I think one could make an argument that there is no such thing as a "bona fide" tax. I think the phrase the writer needed was "de facto," or something similar.

(Yes, I know the meaning of "bona fide" has been corrupted over the years, but should we really respect redefinitions that arise from ignorance? If a mistake goes on too long, it becomes the accepted status quo -- look at the drug war.)

[reply to this](#)

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Tulpa | 10.30.09 @ 5:37PM | #

The lunatics are truly in charge of the asylum.

[reply to this](#)

Cass Sustein | 10.30.09 @ 6:44PM | #

Lest we forget, Obama first broke his tax pledge a couple weeks after taking office by signing a bill that raised the federal excise tax on cigarettes.

No he did not break his promise, for everybody "knows" that smokers are not people . . .

[reply to this](#)

Old Mexican | 10.30.09 @ 6:48PM | #

White House spokesman Robert Gibbs argued that it [the excise tax on cigarettes] didn't really count [as a tax increase], because "people make a decision to smoke."

I guess then that by that token, any tax on consumption is not really a tax since people "choose" to eat or drink... and income taxes are not *really* taxes because people, after all, choose to be productive. Right?

[reply to this](#)

LiberTARDian | 10.30.09 @ 6:49PM | #

WAAAAAAAAAAAAAAAAA TAXES

Libertarians: Blubbering Vaginas™.

[reply to this](#)

Fist of Etiquette | 10.31.09 @ 10:41AM | #

Rod: Daddy, what do taxes pay for?

Ned: Oh, why, everything! Policemen, trees, sunshine... And let's not forget the folks who just don't feel like working, God bless 'em!"

[reply to this](#)

"Markets Are Magical!" | 11.1.09 @ 5:28AM | #

Wow! These Libertarian discussions are so fascinating. If it's not the catty strawman slurs, then it's the well nuanced discussion over the um, human condition.

You guys make me wish that I was stupid, so that I could join in with all the the fun.

Get back to writing code you shiftless twats.

[reply to this](#)

Fist of Etiquette | 11.1.09 @ 8:56PM | #

run bliss

10 support what obama says

20 ignore what obama does

30 goto 10

[reply to this](#)

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