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THE FOUNDATION

"Excessive taxation ... will carry reason and reflection to every man's door, and particularly in the hour of election." --Thomas Jefferson

GOVERNMENT & POLITICS

Competing Tax Visions

The tax proposals of Barack Obama and Mitt Romney serve as alternative visions for the nation. Obama's stifles growth through higher rates on the productive and pays lip service to "fairness" and "fiscal responsibility." Romney's enables growth and builds upon the Bush tax cuts of 2001 and 2003. While Romney should have gone further, his plan is far preferable to Obama's.

The devil, as they say, is in the details. The Leftmedia trumpet Obama's plan to cut the corporate rate from 35 percent to 28 percent -- still above the world's average rate of 25. Yet his plan would merely move the U.S. from the second highest corporate rate in the world to the fourth highest -- with fewer deductions and new penalties to boot. For example, Obama would require for the first time that U.S. companies pay a minimum tax rate on any foreign earnings. His plan also distorts the playing field by favoring some industries over others he doesn't like. Overall, the administration says that American businesses would pay $250 billion *more* in taxes. It's important to note, however, that corporations don't pay corporate taxes; consumers and employees do through higher prices and lower wages.

By comparison, The Wall Street Journal reports, "All the Republican presidential candidates have called for lower corporate tax rates. Mitt Romney proposes reducing the top rate to 25%. Rick Santorum proposes a 17.5% general corporate tax rate and zero rate on manufacturers. Ron Paul proposes 15% and Newt Gingrich 12.5%."

The real economy crusher, however, could be Obama's proposal to raise the tax on dividends from 15 percent to a staggering 44.8 percent. This money is first taxed as profit at the corporate rate before it can be paid in dividends, making the effective tax rate on this money more than 64 percent. Also, by tripling the dividend rate, many corporations will simply stop paying dividends as they did in the 1990s when the rate was roughly twice that on capital gains. Republicans cut both rates to 15 percent in 2003, and by 2006 dividend income had more than tripled. Obama's plan wouldn't just hurt the "rich," as the White House would lead us to believe. More than 100 million people are shareholders in the market, and three-quarters of dividend payments go to retirees or near-retirees. These tax increases would make everyone poorer.

Romney's tax plan is quite different. It has five points: reduce marginal individual income tax rates across-the-board by 20 percent; reduce the corporate rate to 25 percent; maintain the 15 percent rate on capital gains, interest and dividends for those earning more than $200,000 per year, while eliminating it for everyone else; abolish the death tax and the Alternative Minimum Tax; make the changes permanent, thus bringing much-needed stability to the tax code.

There is good and bad to his proposal. The bad is that Romney is still somewhat bound to the classism of the Democrats. For example, why play by their rules with capital gains or five individual rates? It's good that lower rates apply to everyone, though. The current top individual rate of 35 percent, which is set to skyrocket in 2013 to 41 percent (including the Democrats' surtax on the wealthy), would fall to 28 percent, the 33 percent rate to 26.4 percent, the 28 percent rate to 22.4 percent, the 25 percent rate to 20 percent, the 15 percent rate to 12 percent, and the 10 percent rate to 8 percent. Marginal rate cuts are by far the most economically effective tax cuts, but we would like to see fewer and even lower rates. The corporate rate should go lower, too. Flat or Fair tax, anyone?

Permanently eliminating the estate, or "death," tax -- often at least the *third* time that money is taxed -- is a great idea, as is casting the Alternative Minimum Tax on the ash heap of history. Also, making these changes permanent could do as much good for the economy as the rates themselves. As an aside, the proposal is good for Romney's candidacy because it gives him something to campaign *for* instead of merely citing his biography or attacking his opponents.

For the electorate, the competing tax visions provide a clear choice. As Ronald Reagan once put it, "You and I

are told we must choose between a left or right, but I suggest there is no such thing as a left or right. There is only an up or down." Obama, with his wealth redistribution and class envy, advocates the way down. Romney's proposal, while far from perfect, provides a way up to greater prosperity for all.

New & Notable Legislation

By comfortable margins, both chambers of Congress passed an extension of the payroll tax cut. The package extends the 2 percentage-point cut on Social Security taxes (reduced from 6.2 percent to 4.2 percent) through the end of 2012 and continues to wave off previously agreed-upon cuts in doctors' Medicare compensation payments. It also tinkers with the federal unemployment insurance program to provide job-training opportunities and supplement some workers hit by drastic cuts in hours. The extension, which is not offset, will be a drain on the Social Security "trust fund" even though previous payroll tax cuts have provided no net gain for the economy. Republicans dropped their initial opposition to the extension because they didn't want to be accused of supporting a tax hike on workers. Barack Obama signed the bill with little fanfare, though he did take time to invite a few citizen-props to the White House -- those who went public with how the extra $40 in their paycheck has changed their lives.

Across the Pond: Britain to Partially Privatize Health Care

Little noticed by U.S. media beholden to Barack Obama and his takeover of our health care system is the recent decision by the British to begin partially privatizing their own government system. Prime Minister David Cameron introduced a bill to do just that because the British government is "hoping to avoid a Greek-style financial meltdown." The British media, unlike their American counterparts, aren't sitting on the sidelines. In fact, The Times of London quoted a Downing Street source saying that Health Secretary Andrew Lansley "should be taken out and shot" for supporting the effort. Whatever happened to advocating gun control over there?

The British system is legendary for its lengthy wait times and rationing of treatments, and it's *still* going broke. Leftists are up in arms (literally, if they take the aforementioned Downing Street advice) over supposed "cuts," too. Yet health care accounts for 18 percent of the UK's budget at $194 billion, and it will be about the same percentage at $200 billion in 2013. That's the same kind of "cut" Obama touts in his budget.

News From the Swamp: Reid Tempts Obama With Recess Appointments

Senate Majority Leader Harry Reid (D-NV) encouraged Barack Obama to make some 90 recess appointments for nominees to various posts that have yet to be approved. Reid claims that the nominees could be approved at any point if Senate Republicans would "cooperate," meaning just shut up and do things his way. Several Republicans have refused flatly to support any nomination until the president rescinds his four non-recess appointments from December and puts them up for full advice and consent. Reid's response is simply more of the same cynical support for Obama's unconstitutional actions. Is it any wonder that he and his fellow do-nothing Senate Democrats haven't passed a budget in more than 1,000 days?

On the Campaign Trail: Santorum and Obama

Speaking on the campaign trail in Columbus, Ohio, Republican presidential candidate Rick Santorum argued that Barack Obama's actions aren't motivated by a concern for citizens' quality of life, but by his distorted worldview. "It's not about your job," Santorum said. "It's about some phony ideal, some phony theology. Oh, not a theology based on the Bible, a different theology. But no less a theology." The media and the White House immediately accused Santorum of saying that Obama was not Christian, which is ridiculous because Santorum has stated the opposite publicly more than once.

That's not to say there aren't legitimate questions about the president's religion. His past statements about people "clinging" to religion, his sitting for 20 years in the pews of Jeremiah Wright, who shouted obscenities from the pulpit, and Obama's current attacks on the Catholic Church prove that he has, at best, no real respect for religion. But Santorum can't utter that truth on the campaign trail because it would surely do him more harm than good.

The bottom line is that Obama is a textbook narcissist, and he worships himself. Sure, he touts his so-called Christian faith, but only when it suits him to argue for wealth redistribution, ObamaCare or various other leftist "social justice" adventures. The president's real theological underpinnings come from the Church of Obama -- his own word is gospel and he is above reproach for his views and actions -- and it has many devoted followers in the media who have rushed to his defense, as Santorum has discovered.

Another Vacation for Michelle and the Kids

While the rest of us spent the long Washington's Birthday weekend working or plotting survival in a moribund economy, most of the First Family enjoyed the sun and slopes of Aspen. Along with a couple of family friends and the usual host of Secret Service agents, Michelle Obama and their two girls spent the weekend at the home of Aspen Skiing owners Jim and Paula Crown. The Crowns are old Chicago friends of the Obamas and -- naturally -- huge Democrat donors. With instructors in tow, the Obamas hit the slopes.

There's no question that public perception of the First Family as members of the out-of-touch "1 percent" increases with each lavish vacation; this is the sixteenth such trip Michelle has taken in the last three years. While most families are happy to take a week's summer vacation and, if they're lucky, maybe a couple of weekend getaways a year, the Obama family averages a ritzy outing about once every 10 weeks. Nice lack of work if you can get it.

ECONOMY

Hope 'n' Change: High Gas Prices 'Aren't Obama's Fault'

Remember back in 2005 when the media reported soaring gas prices as unequivocally "Bush's fault"? No such blame for the president this time. Barack Obama denies responsibility, too, saying through his mouthpiece Jay Carney, "If you're suggesting that there is responsibility for a rise in the price of oil, it's certainly not because of anything [Obama] hasn't done to expand oil production." In fact, the president slammed Republicans Thursday for "licking their chops" over high gas prices and greeting this "bad news so enthusiastically."

House Minority Leader Nancy Pelosi (D-CA), who as Speaker of the House was one of the first to blame President Bush for high gas prices, blames everyone *but* this president. "Wall Street profiteering, not oil shortages, is the cause of the price spike," Pelosi said. "Unfortunately, Republicans have chosen to protect the interests of Wall Street speculators and oil companies instead of the interests of working Americans by obstructing the agencies with the responsibility of enforcing consumer protection laws."

The energy industry sees things a bit differently. "These have been the most difficult three years from a policy standpoint that I've ever seen in my career," said Bruce Vincent, president of Houston-based oil and natural gas producer Swift Energy. He says the Obama administration has "done nothing but restrict access and delay permitting" and "has threatened this industry at every turn." Meanwhile, DNC Chairwoman Debbie Wasserman Schultz complains that Republicans and their oil buddies don't have a solution, because "all they would do is more and more drilling." Um, yeah. Increasing supply usually does lower the cost, but we wouldn't expect a Democrat to understand that.

Income Redistribution: Long-Term Unemployment Is Driving People Nuts

In the last half-decade since our economic picture dimmed considerably, the number of people who receive Social Security disability checks has increased to more than 10 million, including about two million spouses and children of disabled workers. All told, the Social Security disability program costs taxpayers more than $200 billion per year. The percentage of workers on disability has surged upward at a rate of nearly 20 percent, to the point that an unbelievable one out of every 19 Americans between the ages of 25 and 64 collects federal disability.

Perhaps recipients are more creative with their reasoning for collecting disability, as 43 percent of applicants are claiming mental illness -- up from 33 percent prior to the recession. Obviously, it's harder to determine if someone is faking illness if their scars are mental rather than physical. Since the beginning of the recession, around 1.9 million additional people have swelled the disability rolls, a significant part of the workforce decline in that same period.

This scheme also affects election-year politics because those who collect disability aren't considered part of the workforce, so those who go from collecting unemployment checks to taking disability payments help bring down the headline unemployment rate. According to a recent Gallup survey, though, unemployment is about to surge back to 9 percent. Gallup's previous mid-January figure mirrored the announced 8.3 percent rate the Obama administration and media trumpeted earlier this month. Again, that's not factoring in the newly disabled. This gravy train can't chug along forever -- the latest projections are that Social Security disability will run out of cash around 2018.

This Is Your Brain on Bailouts

Eurozone finance ministers authorized *another* bailout of Greece this week -- this one to the tune of roughly $170 billion -- to rescue the Mediterranean nation temporar-

ily from default. This is the second major effort in this regard, and, unfortunately, it's unlikely to be the last.

The so-called "austerity" measures imposed by moneyed lenders in the European Union (EU) are virtually impossible for Greece to enact, short of suspending its constitution and imposing un-democratic "reform" measures. Most notable is the significant loss of sovereignty associated with increased EU financial oversight and direction. Additionally, any economic growth Greece achieves would be redirected solely toward debt pay-down, and the measures would also virtually require even more cuts in wages and jobs. Even these proposed reforms would only reduce Greece's debt to 120 percent or so of its GDP by 2020 -- in other words, the EU is throwing a gasoline-soaked sponge at a bonfire in hopes of putting it out.

Why give Greece a bailout in the first place? The answer is that the EU's 17-nation currency bloc sees the Grecian crack in the entire EU dike and hopes to plug it with a finger. Sadly, the EU is wrong. Like most savvy economists, we believe this deal merely prolongs the inevitable and will lead to an even deeper default eventually -- likely within months. If that happens and Greece is not decoupled from the Euro before defaulting, Greece will indeed be the tip of the iceberg.

The foundation of this problem is a Pollyannaish belief in getting something for nothing; that government-funded pensions are a birthright; that government spending has no bounds; that people are not ultimately responsible for their actions, either individually or collectively; and that wishing a problem would go away will actually make it go away. That's a lesson for America's governing elite, and we hope they get the memo before the bonfire hits U.S. shores.

Regulatory Commissars: UN Internet Regulation Proposed

Apparently bored with its stunning inability to maintain peace, enforce resolutions or prevent genocides, the United Nations is poised to embark upon another mission: global Internet takeover. Russia and China, among other nations, are pushing for a UN treaty that would institute international control over the Internet. Under the treaty, the International Telecommunication Union (ITU), a UN agency, would have jurisdiction over Web addresses and other Internet procedures; Internet security and privacy would be centrally controlled; international roaming rates would be globally regulated; users could be subject to fees for international Internet traffic, and more. If such a tyrannical grab at global power doesn't raise red flags (pun intended), it should. Forget the fact that deregulation spawned the dynamic growth in Internet use, from 16 million to two *billion* users worldwide between 1995 and 2011. Forget that the Internet has helped create 2.6 new jobs for every one job lost because of Internet development. Forget that technology free of centralized control has led to explosions in commerce, communication and knowledge sharing. Some countries, feeling the world has moved to Intel while they were left in DOS, want a byte of the pie, too, and they want to launch a global cyber-grab to obtain it. Of course, any Web takeover would actually reverse the very growth the treaty seeks to capitalize. As The Wall Street Journal notes, "A top-down, centralized, international regulatory overlay is antithetical to the architecture of the Net, which is a global network of networks without borders." This treaty attempt should not be taken lightly. Indeed, if this new page in Internet control is allowed to load, hitting the "back" button won't be an option.

Internet Privacy

California Attorney General Kamala D. Harris reached an agreement with tech giants such as Google, Apple and Amazon this week that requires apps for mobile devices to have privacy policies. This is good election-year publicity because demanding privacy online is popular, but few actually read privacy policies, and even fewer actually do anything about unfavorable ones. Besides, these "fixes" won't do anything anyway.

The White House also issued guidelines dubbed a "Privacy Bill of Rights" -- a standard for how Web companies should handle user information. One staple is a "Do Not Track" feature within browsers that would prevent all compliant advertisers from tracking a user's activity. The administration is pushing Congress to pass legislation to codify such rights. Until then, the code is voluntary -- though we know how this administration often handles "voluntary" things.

SECURITY

Iran Stirs Trouble, Obama Warns Israel

Iran announced this week that it would halt oil exports to Britain and France in retaliation for EU sanctions levied on Iran. Both European nations planned to begin boycotting Iranian oil on July 1 and thus will be largely unaffected, but world oil prices jumped as much as $2 a barrel following Iran's announcement.

Also, the International Atomic Energy Agency cut short a visit to Iran after being denied access to the Parchin Ar-

maments Complex near Tehran. As predicted last week, Iran was interested only in talking to the IAEA, not cooperating in that agency's nine-year ordeal to verify Iran's allegedly "peaceful" use of nuclear energy. Ironic, then, that the deputy commander of the Islamic Revolutionary Guard Corps announced on Wednesday that Iran would not back away from preemptive attack if it felt its nuclear program was threatened.

In response to this news, the Obama administration continued lobbying Israel not to attack Iran, while still sounding notes about a military option. U.S. Ambassador David Shapiro on Thursday reiterated that all options remain on the table, even saying the U.S. and Israel had coordinated and that "all necessary planning has been done to ensure those [military] options are available if at any time they become necessary." With the U.S. 5th Fleet never out of eyeball range from Iran's naval forces, and with several thousand American personnel in nearby Bahrain, Iranian retaliation following an Israeli strike is indeed a serious concern. Eventually Israel will come to the conclusion that it can wait no longer to strike -- if the United States has not led the rest of the world in securing Iran's compliance with its treaty obligations. The White House must put more pressure on Iran to comply than it puts on Israel to hold back and must above all lead in keeping the rest of the free world moving in the same direction on this issue.

Department of Military Correctness: Burning the Koran

A number of Korans were burned at the largest U.S. military base in Afghanistan in what U.S. officials called an accidental trash disposal. Apparently, the Korans were confiscated from a detainee facility because they contained "extremist inscriptions" and were "being used to facilitate extremist communications." Predictably, many adherents to the Religion of Peace™ were outraged and surrounded the base in protest, threatening violence and the lives of American soldiers. Sure enough, an Afghan soldier killed two American soldiers, likely in retaliation, and Afghan President Hamid Karzai has demanded a trial for the American soldiers who burned the books.

Our nation's commander in chief responded swiftly ... by apologizing to the Afghan government. "I wish to express my deep regret for the reported incident," Obama wrote. "I extend to you and the Afghan people my sincere apologies." He concluded, "The error was inadvertent; I assure you that we will take the appropriate steps to avoid any recurrence, to include holding accountable those responsible." That is utterly outrageous but perfectly in step with Obama's history of bowing and apologizing to the rest of the world while flying the one-finger salute to our servicemen and women. He should demand an apology, not give one.

Department of Military Readiness: Military Buildup

Good news and bad news on the military budget front. The good news is that the military is now looking at an increase of $770 billion over the next decade. The bad news is that it's the *Russian* military. On Monday, Russia's Prime Minister Vladimir Putin said that Russia must modernize its military in order to deter others from grabbing its resources. Putin, who faces a March 4 "election" to regain the Russian presidency, didn't name anyone specific who might have an eye on Russia's vast mineral wealth, though in the past he has accused the U.S. of threatening Russia. In light of what the Obama regime is doing to the U.S. military, he clearly shouldn't worry about that. We suppose he just has to have a bogeyman.

"We mustn't tempt anyone with our weakness," Putin said, using a well known axiom that Obama should take to heart. Reminiscent of the 1960s and 70s, Putin said that over the next decade Russia plans on spending about 23 trillion rubles ($770 billion dollars) for more than 400 intercontinental ballistic missiles, 600 combat aircraft, dozens of submarines and navy ships, and thousands of armored vehicles. Russia will develop weapons capable of penetrating any potential U.S. missile shield, as well as precision long-range non-nuclear weapons.

Russia's plans contrast with Obama's gutting of the U.S. military, with deep reductions in troops, aircraft, ships and other weapons systems -- all of which is also reminiscent of the 1970s when the second worst president in American history made deep cuts to the U.S. military and sullied the White House for one term. America needs to ensure that the worst president in American history follows that one-term example.

Illegal Alien From Morocco Charged in Bomb Plot

He was looking to assist al-Qa'ida in a war that he would then watch from paradise in the company of virgins. Instead, 29-year-old Amine El Khalifi faces life in prison for his plot to bomb the U.S. Capitol. The scheme was discovered in time for law enforcement to provide El Khalifi with a disabled automatic weapon and a suicide belt containing fake explosives.They arrested him this week well before he reached the Capitol grounds.

Moroccan Muslim El Khalifi was already a criminal for

overstaying a 1999 visa originally secured when his family visited the United States. An informant tipped off the FBI in January 2011 after a meeting in which El Khalifi declared that the War on Terror was a war on Islam, and that the group needed to be "ready for war." His original intent was to open fire on a DC restaurant, but at some point the plan changed to one of a suicide bombing of the Capitol. According to the FBI, El Khalifi detonated a test bomb in a West Virginia quarry last month.

CULTURE

Judicial Benchmarks: Discrimination and DOMA

The Supreme Court decided this week to hear a challenge to race-based admission policies at the University of Texas. In 2003, the Court upheld -- until 2028 -- University of Michigan Law School rules that favored minorities in college admissions on grounds that diversity was desirable and beneficial. Justice Sandra Day O'Connor did not explain those benefits in detail in her majority opinion, but recent research indicates that minorities are *worse* off for these policies. In many cases, blacks either drop out because of a mismatch with a school, or they change their majors after having been admitted to fulfill quotas in particular majors.

The Constitution guarantees equal protection of the law, and the Civil Rights Act of 1964 expressly forbids racial discrimination -- except, apparently, when it benefits certain "underrepresented" minorities. (Asian Americans, for example, typically perform very well in school and on college entrance tests, and are therefore discriminated against, along with whites.) Let's hope the Court ends this odious practice once and for all.

In other court news, a federal judge in San Francisco has ruled the Defense of Marriage Act unconstitutional because it discriminates against same-sex married couples. The Obama Justice Department refused to defend the law, leaving it to a law firm hired by the House of Representatives. Discrimination based on race is clearly wrong in the above-cited University of Texas case. So-called discrimination based on the definition of an age-old institution -- marriage -- is not. Marriage means one man and one woman, no matter the courts' -- or the Maryland legislature's -- attempt to redefine it.

Veritas vos Liberabit -- Semper Vigilo, Fortis, Paratus, et Fidelis! Mark Alexander, Publisher, for *The Patriot Post's* editors and staff. Read online at http://patriotpost.us

(Please pray for our Armed Forces standing in harm's way around the world, and for their families -- especially families of those fallen Soldiers, Sailors, Airmen, Marines and Coast Guardsmen, who granted their lives in defense of American liberty.)