

Laffer: Obama's 'Train Wreck'

Written by Sequel
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Arthur Laffer gives an interview to Donald Lambro at [HUMAN EVENTS](#) .

The supply side economist that conservatives highly respect gives a grim prediction for the future under Obama and the democrats.

The famed economist, whose supply-side, tax-cutting policies enacted by President Reagan in 1981 put the economy on a record-breaking, 25-year economic trajectory of growth and prosperity, is telling Americans not to be lulled by sporadic signs of growth this year, because the economy is headed for a sharper decline next year when tax rates are expected to jump sharply, sending the economy into a new tailspin.

"It will make the decline in U.S. output from 2010 to 2011 worse than the decline in output in 2008 and 2009 which will be catastrophic," Laffer said in an interview with HUMAN EVENTS.

(...)

"Obama is a fine, very impressive person. He really is. Unfortunately, everything that he is doing in economics is exactly wrong. He is a crappy president," Laffer said.

"Whenever a country is in the throes of spending too much and raising taxes, it's a fiscal catastrophe in the making and this is what is happening now," he said.

Laffer says 2010 will seem like the recovery is in swing, but it'll be a mirage.

"In anticipation of known tax increases the economy will shift income and output from 2011 -- the higher tax year -- into 2010 -- the lower tax year. As a result of this income shift, 2010 will look a lot better than it should, and 2011 will be a train wreck," he predicts.

"GDP growth in 2010 will be some 3 to 4 percent higher than it otherwise should be, thus green shoots," he said. "The transfer of income from 2011 into 2010 will not only make 2010 [economic growth] higher than it otherwise would be, it will also make 2011 [economic growth] 3 and 4 percent lower than it otherwise should be because people have shifted income out of 2011 into 2010."

"The effect of the shift in income on GDP growth in 2010, however, is going to be fairly substantial, but when the U.S. economy comes to 2011, the train's going to come off the tracks."

But the tax picture also will grow darker this year as the country heads into the midterm elections, Laffer said. "In 2010 the U.S. will have a payroll tax rate increase, an estate tax increase and income tax increases. There's also a tax increase coming in 2010 on carried interest. This rate will rise from its current level of 15 percent to 35 percent, and then it will rise again in 2011."

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As always read it all cause it's Arthur Laffer, and you don't wanna miss his wisdom.

Dig that bunker deep, fill it with guns food and gold, then keep your head down, it's gonna be ugly. Resurface in time for that 2012 electoral tsunami. The only upside to this national pain will be the repudiation of leftist/Marxist/progressive/liberal policies for a generation, much the same way Jimmah Carter did in his day.