

Tuesday, February 10, 2009 as of 12:00 AM EST

More

News, Quotes, Companies, Videos

SEARCH

OPINION JOURNAL

U.S. Edition

Today's Paper

Video

Columns

Blogs

Graphics

Journal Community

Log In

Register for FREE

Home

World

U.S.

Business

Markets

Tech

Personal Finance

Life & Style

Opinion

Careers

Real Estate

Small Business

Leisure & Arts

Letters to the Editor

Discussion Groups

Political Diary

Columns

Forums

TOP STORIES IN
Opinion

5 of 10
The Missing Obama Tax Cut

6 of 10
Why Obama Wants Control
of the Census

7 of 10
The Return of Welfare As We
Knew It

Be
Le

REVIEW & OUTLOOK | FEBRUARY 10, 2009

The Missing Obama Tax Cut

He promised to eliminate the capital-gains tax for small businesses.

Article

Video

MORE IN OPINION »

Email

Printer Friendly

Share:

Yahoo Buzz

Text Size

One question we wish someone had asked President Obama at last night's press conference is this: Why doesn't his economic stimulus bill include his own campaign proposal to eliminate the capital-gains tax for small businesses? The House bill omits it entirely, and the Senate version offers a rate reduction to 7% from the current 14%, but only on investments made in the next two years. That lower rate would apply to less than 2% of all capital gains.

The version of Adobe Flash Player required to view this interactive has not been found. To enjoy our complete interactive experience, please download a free copy of the latest version of Adobe Flash Player [here](#).

Barack Obama breaks his campaign promise to cut capital-gains taxes for small business. Senior economics writer Stephen Moore explains. (Feb. 10)

Mr. Obama's original promise to cancel the capital gains tax for small enterprises was highlighted on his campaign Web site under "Small Business Emergency Rescue Plan." A few weeks before the election, advisers [Austan Goolsbee](#) and [Jason Furman](#) touted their boss's pro-growth credentials by noting in this newspaper that "he is proposing

additional tax cuts" that included "the elimination of capital gains taxes for small businesses and start-ups."

The Opinion Journal Widget

Download Opinion Journal's widget and link to the most important editorials and op-eds of the day from your blog or Web page.

The revenue loss would be minimal, especially as compared to the rest of the \$800 billion spend-a-thon, because any untaxed gains would only be realized well into the future. We'd prefer an across-

the-board capital gains cut rather than a targeted reduction. But the proposal would at least signal some Democratic interest in encouraging businesses to take risks again -- the only way the economy is going to recover.

So what happened? We're told the obstacle is House Democrats, who oppose any cut in capital gains tax rates. The objection seems to be wholly ideological, a concern that such a cut -- even for start-ups, rather than for current capital holdings -- would validate Republican tax-cutters. The White House decided not to fight Democrats to add the President's own pro-growth idea to a bill whose supposed purpose is to promote growth. This looks like an early example of Mr. Obama repeating a mistake that President Bush made too often -- refusing to challenge a Congress run by his own party.

Please add your comments to the [Opinion Journal forum](#).

Printed in The Wall Street Journal, page A16

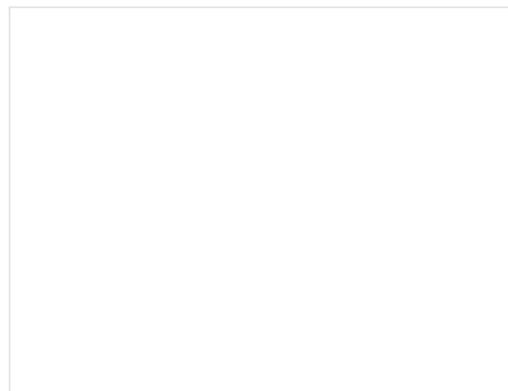
MORE IN OPINION

The Missing Obama Tax Cut
2:30

Obama Hits Turbulence
6:30

Dodd's Disclosure
6:00

Email



THE WALL STREET JOURNAL
STAY CONNECTED 24/7
VIA EMAIL NEWSLETTERS
& ALERTS FROM WSJ.COM
FREE Registration
Sign up Today

People Who Viewed This Also Viewed...

On WSJ.com

In My Network

Rushing to Justice

The Return of Welfare As We Knew It

Just Don't Mention Bernie

William McGurn: Pelosi's Indefensible Bill

Gary S. Becker and Kevin M. Murphy: There's No Stimulus Free Lunch

Video

Printer Friendly Order Reprints Share: b f + in

Related Articles and Blogs from WSJ.com

Obama Is Confident Congress Will Pass Economic Recovery Bill JAN 28, 2009

Live-Blogging Obama's Townhall Meeting FEB 10, 2009

Live-Blogging Obama's Townhall Meeting FEB 09, 2009

Gov. Crist to Join Obama at Townhall Meeting to Pitch Stimulus FEB 09, 2009

Related News From the Web

Obama, Congress, Treasury all moving on economy FEB 10, 2009 usnews.com

Competing stimulus bills divide Congress FEB 08, 2009 news.aol.com

Obama, GOP bicker over stimulus, despite accord - The Boston Globe FEB 08, 2009 boston.com

Obama and Senate Republicans bicker over stimulus FEB 08, 2009 news.aol.com

More in Opinion

William McGurn: Pelosi's Indefensible Bill

Just Don't Mention Bernie

Gary S. Becker and Kevin M. Murphy: There's No Stimulus Free Lunch

Rushing to Justice

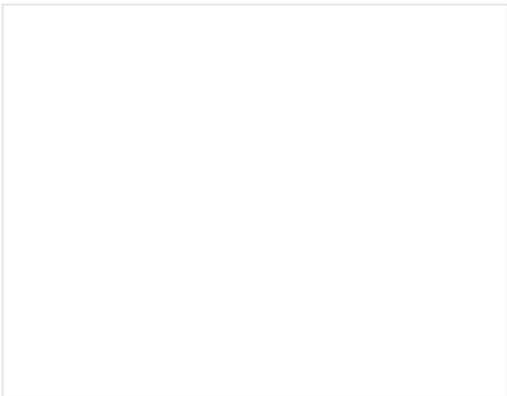
The Missing Obama Tax Cut

Most Popular

Read Emailed Video Commented

- 1. Details Scarce In Rescue Plan
2. Inferno Destroys Beijing Tower
3. Rescue Rollout Leaves Stocks Cold
4. Obama Warns Of 'Lost Decade'
5. Opinion: William McGurn: Pelosi's Indefensible Bill

Most Read Articles Feed



Editors' Picks



Brunch Roils Berkeley's Karma



Local TV Stations Face Fuzzy Future



Recession Recasts Olympic Spending



Water Woes Imperil California Farmers



Where Ost Meets West

BACK TO TOP

WSJ.com Account:

- My Account
Setup Center
Subscriber Billing Info

Create an Account:

- Register for Free
Subscribe Now

Help & Information Center:

- Help
Customer Service
Contact Us

About:

- News Licensing
Advertising
Conferences
About Dow Jones
Privacy Policy - Updated
Subscriber Agreement & Terms of Use - Updated
Copyright Policy
Jobs at WSJ.com

WSJ.com:

- Site Map
Home
World
U.S.
Business
Markets
Market Data
Tech
Personal Finance
Life & Style
Opinion
Autos

Tools & Formats:

- Today's Paper
Video Center
Graphics
Columns
Blogs
Alerts
Newsletters
Mobile
Podcasts
RSS Feeds
Journal Community
Forums

Digital Network

- WSJ.com
Marketwatch.com
Barrons.com
SmartMoney.com
AllThingsD.com
FiLife.com
BigCharts.com
Virtual Stock Exchange
WSJ U.S. Edition

[New on WSJ.com](#)
[Tour the new Journal](#)

[Careers](#)
[Real Estate](#)
[Small Business](#)
[Corrections](#)

[My Online Journal](#)

[WSJ Asia Edition](#)
[WSJ Europe Edition](#)

Foreign Language Editions:

[WSJ Chinese](#)
[WSJ Portuguese](#)
[WSJ Spanish](#)

Copyright ©2009 Dow Jones & Company, Inc. All Rights Reserved