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## The Folly of Subsidising Unemployment

*By Robert Barro*

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*Congressman John Boehner recently suggested that President Obama replace his top economic advisers. I think he may have a point. The economic "recovery" has been disappointing, to put it mildly, and it has become increasingly clear that the blame lies with the policies of the Obama administration, not with those of its predecessor.*

*In general, the current administration has been too focused on expanding government, redistributing more from rich to poor, and stimulating aggregate demand. I have previously criticized the stimulus package as cost-ineffective. In particular, whatever tax reductions were in the package did not involve the cuts in marginal income tax rates that encourage investment, work effort and productivity growth.*

*Now the administration wants to kill the 2003 income-tax cuts, at least the parts that reduced marginal income tax rates for high-income earners and for all recipients of dividend income. This proposal is particularly disturbing because the 2003 law was George W. Bush's main economic achievement; unlike most of Mr. Bush's policies, this one was well-conceived and effective.*

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