



Written by [Raven Clabough](#) on December 6, 2012

Boehner Says Rich Will Pay More in Taxes

The debate between congressional Republicans and Democrats over how to address the impending fiscal cliff remains heated, but Republicans are beginning to make concessions in an effort to reach a deal. House Speaker John Boehner (R-Ohio) [said](#) on Wednesday that by closing loopholes, taxes will effectively be increased on the so-called “rich,” in order to generate more revenue. Even with that concession, however, no deal has been reached between the two parties on the fiscal cliff.



The fiscal cliff refers to the terms of the Budget Control Act of 2011 that are set to go into effect at the start of 2013, as a result of the deficit super-committee’s inability to produce a deficit-cutting agreement last year. In the end, Congress produced an agreement that included nearly \$1 trillion in cuts to agency budgets over the course of the decade, and required automatic cuts, dubbed the “sequester,” of an additional \$1 trillion.

The *Washington Times* explains, “Not only would taxes increase but ‘deep, automatic cuts’ would be applied to over 1,000 government programs — including Medicare and the defense budget.”

According to the Congressional Budget Office (CBO), the scheduled changes will have a disastrous effect on the economy. The CBO released its analysis in its annual summer budget update, reporting, “The sharp increases in federal taxes and reductions in federal spending that are scheduled under current law to begin in calendar year 2013 are likely to interrupt the recent economic progress.”

By CBO’s estimate, that fiscal tightening will probably lead to a recession in 2013 and to an unemployment rate that remains above eight percent through 2014.

Speaker Boehner told reporters on Wednesday that closing tax loopholes and limiting deductions for the wealthy will account for increased tax revenue, but used the opportunity to call on the Dems to make concessions on spending.

“We have got to cut spending and I believe it is appropriate to put revenues on the table,” Boehner told reporters on Wednesday. “Now, the revenues that we are putting on the table are going to come from guess who? The rich.” He continued, “There are ways to limit deductions, close loopholes and have the same people pay more of their money to the federal government without raising tax rates, which we believe will harm our economy.”

CNN notes that President Obama’s re-election and Democratic gains in both the House and Senate have placed Republicans in a difficult bargaining position. “Republicans opposed to any new revenue in their quest to shrink government now realize Obama’s victory and public support for the president’s campaign theme of higher taxes on the wealthy leave them with little negotiating leverage,” writes CNN.

According to President Obama, Democrats will agree to spending cuts under certain conditions. Democrats observe that both Parties are in agreement that families making less than \$250,000 a year



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should not have to pay increased taxes when the Bush tax cuts expire on December 31. They are calling for the House to pass a measure that ensures that will not happen, but that will see tax-rate increases for those households earning more than \$250,000 per year. Democrats have indicated that if Republicans do that, they will compromise on spending cuts.

"I think there is recognition that maybe they can accept some rate increases as long as it is combined with serious entitlement reform and additional spending cuts," the president said. "And if we can get the leadership on the Republican side to take that framework, to acknowledge that reality, then the numbers actually aren't that far apart." He added that "we can probably solve this in about a week — it's not that tough."

Of course, whether the Democrats would hold up their end of the bargain is a cause for concern for some Republicans.

Senator Charles Grassley of Iowa, for example, has said that he would support an increase in revenue from the wealth if there is truly "a willingness on the part of Democrats to accept spending cuts that are three-to-one or four-to-one."

Republicans have proposed a budget that would reportedly cut federal deficits by approximately \$2 trillion over 10 years. CNN reports:

The GOP proposal includes \$800 billion from tax reform, \$600 billion from Medicare reforms and other health savings and \$600 billion in other spending cuts, House Republican leadership aides said. It also pledges \$200 billion in savings by revising the consumer price index, a measure of inflation.

Treasury Secretary Timothy Geithner has indicated that the Obama administration is "absolutely" prepared to go over the fiscal cliff "if there's no prospect to an agreement that doesn't involve those rates on the top 2 percent."

And polls reveal that the Democrats are in an ideal position to be so daring, as Americans would blame Republicans if the economy does in fact go over the fiscal cliff.

A *Washington Post*/Pew Research Center survey poll released on Tuesday shows 53 percent of Americans would blame Republicans while 27 percent would hoist the blame on the President and Democrats. A CNN poll from last week indicates that 45 percent would blame Republicans while 34 percent would blame Obama.

Some Republicans are already [on board](#) with increasing tax rates for the rich. "I know we have to raise revenue," Republican Senator Tom Coburn told MSNBC. "I don't really care which way we do it. Actually, I would rather see rates go up than do it the other way, because it gives us a greater chance to reform the tax code and broaden the base in the future."

Still, any progress made towards a compromise on the fiscal cliff dilemma are minimal at best. For the first time in a week, President Obama and House Speaker Boehner spoke on the phone on Wednesday to discuss the fiscal cliff, but that conversation led to no significant progress.

While the House of Representatives is set to adjourn on December 14 for the rest of the year, House Majority Leader Eric Cantor has already said that the chamber would remain in session until a deal on the fiscal cliff has been reached.

And Boehner said, "I'll be here and I'll be available at any moment to sit down with the president to get serious about solving this problem."



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Photo of House Speaker John Boehner (R-Ohio): AP Images



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