



Written by [Raven Clabough](#) on June 10, 2011

GOP Resists Dem Call for Tax Increases

As Americans are already struggling with unemployment and inflation, Democrats are seeking to increase revenue, i.e. tax hikes, in order to avoid a default as Congress continues to debate the debt ceiling. Republicans have remained steadfastly opposed to any tax increases, which has ultimately resulted in a standoff between the two parties. Congressional Democrats have adamantly supported tax increases on the wealthiest Americans, but Republicans argue that such increases would hurt job growth, and have instead advocated changes to entitlement programs.



The Hill reports, With the Bush-era tax rates now set to expire at the end of next year, some question remains about whether Democrats on Capitol Hill will coalesce behind a plan for higher taxes for annual incomes above \$250,000 for families or income north of \$1 million.

So the Republicans are setting themselves up as the champion of tax cuts, while the Democrats are comfortably resting in the position as champions of popular entitlement programs.

According to Fox News, lawmakers have met behind closed doors with Vice President Joe Biden and Treasury Secretary Timothy Geithner. Both Biden and Geithner are in support of a tax increase, but Republicans refuse.

Fox News [writes](#):

Both sides hope to pass the measure well before an estimated early August deadline to avoid what the Obama administration warns would be a first-ever, market-rattling default on U.S. obligations. With the debt ceiling raised, the government could then resume borrowing more than \$100 billion a month to pay its bills.

Three meetings are already scheduled for next week to continue discussions on the debt ceiling. Analysts expect the discussion of tax increases to be revisited.

Representative Van Hollen, (D-Md.) one of the two Democrats participating in the talks, advocates a restriction on subsidies. Any balanced package has to end big loopholes, like subsidies for the oil and gas industry.

Likewise, Representative James Clyburn of South Carolina has said, While Republicans are gutting Medicare and Medicaid with one hand, they are handing out tax subsidies for big oil companies and making tax cuts for the wealthy permanent with the other hand.

Hollen asserts that the Republicans have been unwilling to negotiate on tax increases, while Biden contends that it may be the only way to go. I've made it clear revenues have to be in the deal.

But according to Fox News, tax increases are unlikely to pass the GOP-packed House:

The [White House](#) push for revenues is noteworthy because Democrats will have to provide votes



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to get the final measure passed, since many [Tea](#)Party-backed House Republicans are likely to oppose any measure to increase the debt limit. The vote is already so unpalatable for Republicans that it's difficult to imagine GOP negotiators going along with new taxes and risk the wrath of the [Tea Party](#) and anti-tax activists, like Grover Norquist - even Democrats offer up larger spending cuts.

Already, House Majority Leader Eric Cantor (pictured above), who is representing the Republicans in the talks, has declared that tax increases are not up for discussion.

Republicans have insisted that any potential increase to the debt ceiling be matched by spending cuts in the same amount or more, though those cuts could be spread out over a decade or more.

Experts estimate that it would take approximately \$2.4 trillion in new borrowing in order to keep the federal government afloat until 2013.

Republican Mitch McConnell, Senate Minority Leader, has already made clear that any deal worth his vote must wring savings from Medicare. Fox News, Republican talk of defending the politically popular program, however, is already emerging as a hot button issue in Democratic efforts to retake the House and keep control of the Senate.

Though President Obama and House Speaker John Boehner have asked that a deal be negotiated by July, one that would help alleviate market tensions, no agreements have been reached as of yet. But Cantor believes that next weeks meetings will indicate whether we can get a result. Earlier this week, Cantor told House Republicans that he was cautiously optimistic that the talks would produce a budget that cuts at least as much as the debt ceiling will be raised.

We believe that many of the problems surrounding the lack of job creation and growth in this country have to do with the fact that there isn't a credible plan to manage down the debt and deficit in this country, Cantor said.



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