



Written by [Michael Tennant](#) on April 12, 2011

## Obama to Propose Tax Hikes to Cut Deficit

Proving Ronald Reagan's adage that Democrats "never met a tax they didn't hike," President Barack Obama is planning to "call for tax increases for people making over \$250,000 a year, a proposal contained in his 2012 budget, and changing parts of the tax code he thinks benefit the wealthy," the Wall Street Journal reports. Obama is also expected to "propose cuts to entitlement programs, including Medicare and Medicaid, and changes to Social Security." But if those cuts are anything like the so-called cuts in the recent budget compromise, they will amount to small reductions in proposed increases, not genuine cuts.



Obama will be making these proposals in the course of an April 13 speech laying out his plan for reducing the deficit a change of pace for a President who, the *Journal* notes:

has been largely absent from the raging debate over the long-term deficit. The White House has done little with the recommendations of its own bipartisan deficit commission. And Mr. Obama's 2012 budget didn't offer many new ideas for tackling entitlement spending, among the biggest long-term drains on the federal budget.

Obama, says the *Journal*, preferred to see whether Republicans would move first in offering long-term deficit-reduction ideas something House Budget Committee Chairman Paul Ryan did with an ambitious plan last week to trim spending now and in the future. Having let the opposition gain momentum on the issue, Obama is belatedly entering the fray, according to the paper, which adds that the White House move caught Democrats in Congress off guard.

Republicans, however, were prepared to respond. The *Journal* writes:

Rep. Eric Cantor of Virginia, the No. 2 Republican in the House, said in an interview that Mr. Obama had already passed up an opportunity to show seriousness about deficit reduction with his 2012 budget. Instead of returning back to the age-old playbook of raising taxes so that spending can continue, I think maybe the White House ought to take a look at what we're talking about which is to cut spending as well as to reform these entitlement programs.

Mr. Cantor called the debate over top personal-income-tax rates settled by last year's elections and the subsequent tax deal. It was then that we all agreed it wouldn't be a good thing if we want to see job creation for taxes to go up, he said.

The administration is portraying Ryan's plan, which calls for making permanent the George W. Bush tax cuts, as a \$1 trillion tax break for Americans making over \$250,000 a year, reports the *Journal*. Ryan, looking at things from the taxpayers' perspective rather than the government's, characterized Obama's plan to allow the cuts to expire as a tax increase. Moreover, the newspaper points out, Obama's proposal



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for eliminating the Bush tax cuts for the highest earners will only put a small dent in the projected deficit.

Raising taxes enough to have a significant effect on the deficit would be disastrous. Major long-term spending cuts, which neither Republicans nor Democrats are proposing, are the only way out of the debt hole. Republicans are right to oppose Obamas tax increases; but if they want to be taken seriously as deficit hawks, they need to use [Ryans proposal](#) as a starting point for pushing for vastly greater spending cuts.

*Photo: President Obama after speaking about the budget and averted government shutdown following a deal between Republican and Democrat lawmakers, April 8, 2011: AP Images*



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