

Obama's Debt Plan Pairs Cuts With Higher Taxes on Rich

By [MICHAEL D. SHEAR](#) – NY Times

Published: April 13, 2011

[President Obama](#) called for cutting the nation's budget deficits by \$4 trillion over the next 12 years in a speech at [George Washington University](#) on Wednesday, countering Republican budget plans with what he said was a more balanced approach that relies in part on tax increases for the wealthy as well as on spending cuts.

In a speech that serves as the administration's opening bid for negotiations over the nation's fiscal future, Mr. Obama conceded a need to cut spending, rein in the growth of entitlement programs and close tax loopholes, officials said shortly before he spoke.

But he also insisted that the government must maintain what he called investment in programs that are necessary to compete globally. And he made clear that, despite his compromise with Congressional leaders in December, Mr. Obama would fight Republicans to end lowered tax rates for wealthy Americans that have been in place since President [George W. Bush](#) championed them in the last decade.

"There's nothing serious about a plan that claims to reduce the deficit by spending a trillion dollars on tax cuts for millionaires and billionaires," Mr. Obama said of budget proposals put forward by Republicans in the House. "There's nothing courageous about asking for sacrifice from those who can least afford it and don't have any clout on Capitol Hill. And this is not a vision of the America I know."

Mr. Obama made clear in his remarks that he will oppose the Republicans' proposals, which he said include unprecedented cuts to [Medicare](#) and could lead to millions fewer Americans with health care coverage and seniors paying thousands of dollars more. Mr. Obama offered an impassioned defense of the popular Medicare and [Medicaid](#) programs. "We are a better country because of these commitments," he says in the speech. "I'll go further — we would not be a great country without those commitments."

But to the likely disappointment of many of his most liberal supporters, Mr. Obama signaled in the speech that he agreed with Republicans about the need to confront the nation's growing deficit. Among his proposals is a "debt failsafe" trigger that would force lawmakers into much more severe action if the deficit has not contracted significantly by 2014.

The provision would impose across-the-board cuts on most government programs, officials said, adding that it was intended to provide an incentive to motivate potentially reluctant lawmakers to take difficult but necessary steps.

Aides to Mr. Obama said that there would be \$3 in spending cuts and interest savings in the president's proposals for every \$1 that comes from increased tax revenue.

House Republicans have already signaled they are prepared for a fight over the competing visions of spending, taxes and debt. Representative [John A. Boehner](#), the speaker of the House, said on Tuesday, "We don't have deficits because Americans are taxed too little, we have deficits because Washington spends too much."

Senator [Mitch McConnell](#) of Kentucky, the minority leader, said in a speech on the floor Tuesday that "too often, it seems, Democrats in Washington claim to be interested in helping those in need, when what they really seek is to protect big government."

Aides said Mr. Obama would use the speech to explain to Americans how the nation's debt grew so large. He blames Washington policy makers for having "lost our way" over the last decade, enacting policies without ensuring that the government had ways to pay for them.

That would fit a pattern for the president, who has typically used big speeches as an opportunity to put on his professor's hat, walking the public through the economic realities that the government faces.

But the speech also serves as a set of policy proposals that will be used on Capitol Hill as the opening bid for legislative discussions. Mr. Obama says in the speech that he has requested that Congressional leaders in both parties name four lawmakers to begin bipartisan negotiations on the budget.

Rather than change Medicare to a voucher program, Mr. Obama proposes broad reforms that he says will save hundreds of billions of dollars over the next 12 years and more than \$1 trillion in the following decade.

In the speech, the president embraced some of the proposals of his own [debt commission](#), including \$770 billion worth of cuts in nonsecurity related spending by 2023. Cuts to defense programs would be increased to nearly \$400 billion over the next 12 years, officials said.

The president stayed away from proposing changes to [Social Security](#), saying that it was not a significant piece of the country's deficit problem. Instead, Mr. Obama said he supported longer-term action to confront changes to the program that could be supported by members of both parties.