

House G.O.P. Leader Signals He's Open to Obama Tax Cut

By DAVID M. HERSZENHORN

Middle class tax cuts gain support

House GOP leader would vote for bill

By David Herszenhorn, New York Times | September 13, 2010

WASHINGTON — The House Republican leader, ~~John A. Boehner, on Sunday opened the door to a compromise on the contentious issue of~~ said yesterday that he was prepared to vote in favor of legislation that would let the Bush-era tax cuts, saying he would vote to maintain lower rates, expire for the wealthiest Americans if Democrats insisted on continuing the cuts only for families earning less than \$250,000 ~~even if President Obama and Democrats insisted on ending a year.~~

Speaking on CBS's "Face the Nation," Representative John A. Boehner of Ohio made clear that he supports continuing the lower tax rates at all income levels and said Democrats would be making a mistake by increasing taxes on anyone, given the weak economy.

~~With Congress returning to Washington this week, Mr. Boehner's decision is likely to reframe both the final intense weeks on Capitol Hill before the elections and the fall campaign, in which embattled Democrats have planned to paint Republicans as obstructionists favoring the rich over the middle class.~~

~~Mr. Obama in recent days has lambasted Congressional Republicans — at times singling out Mr. Boehner by name — for threatening to block an extension of the tax cuts for more than 97 percent of Americans to preserve lower rates for "millionaires." And Democratic party leaders had been planning to use the tax fight to help rally their base.~~

But Boehner said that absent any other option, he would vote in favor of legislation proposed by President Obama, House Speaker Nancy Pelosi, and other Democratic leaders who want to continue the lower rates only for Americans they regard as middle class.

~~"If the only option I have is to vote for some of those tax reductions, I'll vote for them," Mr.~~ Boehner said in an interview on "Face the Nation" on CBS, during which the response to questioning by the program's host, Bob Schieffer, who pointedly asked whether Republicans would were willing to hold the tax breaks for most Americans "hostage" to keep insist on continuing the lower rates for the wealthy.

~~The Bush-era tax cuts are due to expire on Dec. 31 and have become a major issue in a midterm campaign dominated by voter anger over the weak economy and concerns about the nation's rising debt.~~

~~Policymakers face a difficult choice: to continue the tax cuts in a bid to appease constituents and perhaps spur economic growth, or let the rates expire as a way to raise revenue and help reduce the deficit. Mr. Obama insists the nation can no longer afford tax breaks for the wealthy, while Republicans say any tax increase is a grave mistake.~~

If Democrats prevail, it would be a major policy victory, allowing Mr. Obama to boast that he had fulfilled yet another signature campaign promise. The White House moved quickly to portray Mr. Boehner as caving in to pressure, including direct criticism by the president in a speech in the Republican leader's home state, Ohio, last week.

But the victory could come at a political cost. Mr. Boehner's move seemed to deprive Democrats of the argument that Republicans would hurt the middle class to help the rich. And he positioned his party to share credit for continuing the lower rates for most Americans, and still blame Democrats for raising taxes in a weak economy.

Mr. Boehner said that he still strongly favored continuing the lower tax rates for all income levels and that the Democrats would hamper economic recovery by not doing so. His comments raise pressure on Congressional Democrats, who are divided internally. Roughly a dozen House Democrats and at least four Senate Democrats have expressed support for temporarily extending all of the cuts.

It was not clear that Mr. Boehner's statements signaled a unified shift among Republicans, particularly in the Senate, where they control enough votes to block any tax-cut legislation. The Senate Republican leader, Mitch McConnell of Kentucky, did not issue any statement, but a spokesman said Senate Republicans expected to exert more influence over the debate than their House counterparts.

Many Senate Republicans have said that letting the Bush cuts expire for high highest earners amounts to raising taxes on small-business owners, some of whom fall into those rates because they report their business earnings as personal income.

Both White House officials and CongressionalAs Congress returns to Washington today with lawmakers in full campaign battle mode, Democratic leaders expressed doubt have drawn up a daring — and potentially unrealistic — agenda for the abbreviated fall work period.

In addition to extending the Bush tax cuts for all but the wealthiest Americans, the Democratic agenda includes efforts to aid small businesses, finance the federal government until after the contentious election, and approve a new round of infrastructure spending to pump up the sputtering economy.

But with many voters angry about government spending, progress on much of that agenda is considered doubtful by some lawmakers.

Income tax cuts passed under President George W. Bush will expire at the end of this year unless Congress acts and Obama signs the bill.

The cost of extending the tax cuts for everyone for the next 10 years would approach \$4 trillion, the Associated Press reported, citing congressional estimates. Eliminating the breaks for the top earners would reduce that bill by about \$700 billion.

Boehner's position on the extension, which he had not previously articulated, represents a major strategic move by Republicans, who are increasingly optimistic about taking control of the House in November.

His decision also raises pressure on Democrats, who are increasingly divided among themselves over what to do about the tax cuts.

At least five Senate Democrats have already voiced public support for continuing the lower tax breaks at all income levels, at least temporarily. That suggests that Mr. Boehner would follow through and said they Democrats could come up short of the 60 votes needed to overcome procedural obstacles for a bill that would allow the cuts to expire for the wealthy.

Boehner, in the television interview, said he agreed with those Democrats and suggested he was content to let them fight the Democratic leadership and the White House.

"I think raising taxes in a very weak economy is a really, really bad idea," Boehner said, adding, "I think there is a growing chorus on Capitol Hill to extend all of these tax rates."

Boehner also made clear that he would not cast his vote quietly.

"If the only option I have is to vote for those at 250 and below, of course I'm going to do that," he said. "But I'm going to do everything I can to fight to make sure that we extend the current tax rates for all Americans."

In recent days, Boehner has called for extending all the Bush tax cuts for two years and freezing government spending at 2008 levels. In addition to the lower marginal income tax rates, aides said Boehner would like to continue to press him on the issue. the moratorium on the federal estate tax, which is also due to expire Dec. 31.

Robert Gibbs, the The one-year elimination of the estate tax has allowed some extremely wealthy Americans to leave enormous inheritances without paying any federal tax. Republicans have long criticized the estate levy as double taxation because the assets were generally taxed as income when they were first earned.

In the interview yesterday, Boehner also challenged Democrats to pass the annual spending bills before the November election as a way of demonstrating their commitment to reducing federal spending.

Democrats are planning to adopt a temporary spending resolution that would finance government operations until after the election and thereby avoid a messy budget fight until the outcome of the midterm campaign is determined.

White House press secretary, Robert Gibbs issued a statement welcoming Mr. Boehner's comments yesterday saying, "We welcome John Boehner's change in position and support for the middle - class tax cuts, but adding, "Timetime will tell if his actions will be anything but continued support for the failed policies that got us into this mess." In a statement, a spokesman for Nancy Pelosi, the House speaker, said, "John Boehner is still championing tax cuts for millionaires and billionaires that will add \$700 billion to the deficit."

The tax-cut debate is just one agenda item in what is expected to be a frenzied fall Congressional session — a scant four weeks, if the schedule holds firm — that is likely to feature more political jousting than legislating, given that lawmakers are already in full campaign-battle posture.

The one essential piece of business is a temporary spending resolution to finance the federal government until after the election. And even before the debate on tax cuts gets under way, Democrats are poised to score a quick victory in the Senate this week, where George V. Voinovich, a retiring Ohio Republican, has pledged to back a small-business measure that Republican leaders blocked before the August recess.

The bill would provide tax breaks and also create a new \$30 billion program within the Treasury that would channel government-backed loans through community banks.

Mr. Obama has urged Congress to pass the bill to help the sputtering economy, and Democrats would happily pair it with an extension of tax relief for the middle class as evidence of their efforts to fight a recession for which they blame the Republicans and former President George W. Bush.

But Mr. Boehner's strategy presented unmistakable complications for Democrats.

Mr. Boehner's willingness, however reluctant, to support a Democratic bill gives him an aura of flexibility after two years of working fiercely to block Mr. Obama's agenda. It comes at a time when Republicans are optimistic about their chances of winning control of the House and eager to present themselves to voters as prepared to govern.

In recent days, Mr. Boehner has called for extending all of the Bush tax cuts for two years, which would cost more than \$500 billion, and for freezing nonsecurity discretionary spending at 2008 levels, which some analysts say would require cuts of more than \$100 billion.

But this month, Republicans will unveil a more concrete legislative blueprint that, they say, will include blocking any money to enact the health care law, scaling back tougher regulation of Wall Street and forcing the White House to slash the budget.

A muted debate over the Bush tax cuts could give Republicans more time to focus attention on the temporary spending resolution, which is the most crucial piece of business before Congress this fall. It could also provide an opportunity for Republicans to criticize Democrats on the deficit.

In the interview on Sunday, Mr. Boehner challenged Democrats to pass the annual spending bills before the election to demonstrate their commitment to reducing federal spending.

Democrats have no time or inclination to do so, given the compressed schedule and the imperatives of an election in which they face the prospect of steep losses.

"Even though we have a limited amount of time, we look to be passing a bill a week," said Representative John B. Larson of Connecticut, the chairman of the Democratic caucus.

Any push by Democratic leaders to notch a few more achievements will also inevitably be hampered by internal discord. In a bid to hold their seats, some Democrats have already begun distancing themselves from Mr. Obama and Speaker Pelosi.

~~A number of rank and file Democrats, for instance, have said they will not support Mr. Obama's call for \$50 billion in infrastructure projects and other spending as a new round of economic stimulus.~~

~~And at least four Democrats—Senators Evan Bayh of Indiana, Kent Conrad of North Dakota, Ben Nelson of Nebraska and Jim Webb of Virginia—as well as Joseph I. Lieberman, the Connecticut independent aligned with the Democrats, have expressed concern that any tax increases would hinder economic growth.~~

~~Mr. Boehner suggested he was content to let those Democrats fight their party leadership and the White House.~~

~~“I think raising taxes in a very weak economy is a really, really bad idea,” Mr. Boehner said, adding, “I think there is a growing chorus on Capitol Hill to extend all of these tax rates.”~~

~~Austan Goolsbee, the new chairman of the White House Council of Economic Advisers, said on ABC's “This Week” that he welcomes Boehner's comments. “If he's for that, I would be happy,” Goolsbee said.~~

~~Goolsbee also said he hopes Democratic lawmakers who want to extend taxes across the board will join Obama and others in the party in supporting legislation aimed at the middle class before the November elections. ■~~