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G.O.P. Balks at White House Plan on Fiscal Crisis

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WASHINGTON — Treasury Secretary Timothy F. Geithner presented the House speaker, John A. Boehner, a detailed proposal on Thursday to avert the year-end fiscal crisis with \$1.6 trillion in tax increases over 10 years, \$50 billion in immediate stimulus spending, home mortgage refinancing and a permanent end to Congressional control over statutory borrowing limits.

The proposal, loaded with Democratic priorities and short on detailed spending cuts, met strong Republican resistance. In exchange for locking in the \$1.6 trillion in added revenues, President Obama embraced the goal of finding \$400 billion in savings from Medicare and other social programs to be worked out next year, with no guarantees.

He did propose some upfront cuts in programs like farm price supports, but did not specify an amount or any details. And senior Republican aides familiar with the offer said those initial spending cuts might be outweighed by spending increases, including at least \$50 billion in infrastructure spending, mortgage relief, an extension of unemployment insurance and a deferral of automatic cuts to physician reimbursements under Medicare.

“The Democrats have yet to get serious about real spending cuts,” Mr. Boehner said after the meeting. “No substantive progress has been made in the talks between the White House and the House over the last two weeks.”

Amy Brundage, a White House spokeswoman, said: “Right now, the only thing preventing us from reaching a deal that averts the fiscal cliff and avoids a tax hike on 98 percent of Americans is the refusal of Congressional Republicans to ask the very wealthiest individuals to pay higher tax rates. The president has already signed into law over \$1 trillion in spending cuts and we remain willing to do tough things to compromise, and it’s time for Republicans in Washington to

join the chorus of other voices — from the business community to middle-class Americans across the country — who support a balanced approach that asks more from the wealthiest Americans.”

Beneath the outward shows of frustration and rancor, Democrats said a deal could still be reached before hundreds of billions of dollars in automatic tax increases and spending cuts go into effect, threatening the fragile economy. Senator Charles E. Schumer, Democrat of New York, pointed to conservative Republicans who have suggested that the House quickly pass Democratic legislation in the Senate extending the expiring tax cuts for income below \$250,000.

“All you have to do is just listen to what’s happening out there and you realize there is progress,” he said.

But publicly, the leaders of neither side were giving an inch. And Republican aides said the details of the White House proposal pointed to a re-elected president who believes he can bully Congress.

“They took a step backward, moving away from consensus and significantly closer to the cliff,” said Senator Mitch McConnell of Kentucky, the Republican leader.

The president’s proposal does stick to the broad framework of the deal Mr. Boehner wants: an upfront deficit-reduction “down payment” that would serve to cancel the automatic tax increases and spending cuts while still signaling seriousness on the deficit, followed by a second stage in which Congress would work next year on overhauling the tax code and social programs to secure more deficit reduction.

But the details show how far the president is ready to push House Republicans. The upfront tax increases in the proposal go beyond what Senate Democrats were able to pass earlier this year. Tax rates would go up for higher-income earners, as in the Senate bill, but Mr. Obama wants their dividends to be taxed as ordinary income, something the Senate did not approve. He also wants the estate tax to be levied at 45 percent on inheritances over \$3.5 million, a step several Democratic senators balked at. The Senate bill made no changes to the estate tax, which currently taxes inheritances over \$5 million at 35 percent. On Jan. 1, the estate tax is scheduled to rise to 55 percent beginning with inheritances exceeding \$1 million.

Administration negotiators also want the initial stage to include an extension of the payroll tax cut or an equivalent policy aimed at working-class families, an extension of a business tax credit for investments, and the extension of a number of other expiring business tax credits, like the one on research and development.

To ensure that there are no more crises like the debt ceiling impasse last year, Mr. Geithner proposed permanently ending Congressional purview over the federal borrowing limit, Republican aides said. He said that Congress could be allowed to pass a resolution blocking an increase in the debt limit, but that the president would be able to veto that resolution. Congress could block a higher borrowing limit only if two-thirds of lawmakers overrode the veto.

In total, Mr. Geithner presented the package as a \$4 trillion reduction in future deficits, but that too was disputed. The figure includes cuts to domestic programs agreed to last year that the White House put at \$1.2 trillion but that Republicans say is about \$300 billion less. And it counts savings from ending the wars in Iraq and Afghanistan, even though no one has proposed maintaining war spending over the next decade at the current rate.

“Listen, this is not a game,” Mr. Boehner said. “Jobs are on the line. The American economy is on the line. And this is a moment for adult leadership.”

Senate Democratic leaders left their meeting with Mr. Geithner ecstatic. If the Republicans want additional spending cuts in that down payment, the onus is on them to put them on the table, said Senator Harry Reid of Nevada, the Democratic leader.