

## **Obama sends jobs plan to Congress, eyes tax hikes**

**REUTERS**

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**By Steve Holland and Matt Spetalnick**

(Reuters) - President Barack Obama sent his jobs bill to Congress on Monday and proposed paying for it by eliminating \$467 billion in tax breaks for richer Americans and companies, meeting immediate resistance from Republicans.

The White House objective is to put lawmakers in a tight spot: Support Obama's jobs package or risk being portrayed as doing nothing to improve the [economy](#) heading into presidential and congressional elections in November 2012.

The U.S. economy, the world's largest, is mired in 9.1 percent unemployment and flirting with another recession as Europe's debt woes compound fears over the global outlook. U.S. Treasury Secretary Timothy Geithner will attend part of a meeting of euro zone [finance](#) ministers on Friday in Poland.

Obama, who pushed through an \$800 billion economic stimulus package in 2009, stepped up his campaign to sell his latest recovery proposals to American voters.

"This is a bill that is based on ideas from both Democrats and Republicans and this is a bill that Congress needs to pass -- no games, no politics, no delays," he said at a White House event before the text of his jobs legislation was sent to Congress.

But the Democratic president's ideas to pay for his \$447 billion plan will be hard for Republicans to swallow.

Under pressure from anti-tax Tea Party conservatives, Republicans have fought all of Obama's previous proposals to increase taxes and were hardening their position against the new plan days after sounding conciliatory.

"I hope the president is not suggesting that we pay for his proposals with a massive tax increase," said Eric Cantor, the No. 2 Republican in the House of Representatives.

White House budget director Jack Lew outlined Obama's proposals for paying for the plan, targeting the rich and corporations as the president has in the past to no avail.

The biggest item would raise \$400 billion by limiting deductions and exemptions on individuals who earn more than \$200,000 per year and families who earn more than \$250,000.

He proposed raising \$18 billion by treating the [earnings](#) of investment fund managers as ordinary income rather than taxing it at lower capital gains rates. He would eliminate many oil and gas industry tax breaks to raise \$40 billion and change corporate jet depreciation rules to bring in \$3 billion.

### **REPUBLICANS PUSH BACK**

Cooperation in Washington could be hard to find in a climate of dysfunction. A nasty battle this summer over the government's debt levels brought the country to the brink of default and led to an unprecedented U.S. credit downgrade.

Obama's re-election chances hinge heavily on his ability to reduce the stubbornly high unemployment rate.

While Republicans will not want to give Obama any help before the election, the White House hope is that they got an earful from constituents during the August recess and will now be willing to cut a [deal](#), particularly with polls showing public happiness with Congress at less than 20 percent.

But Republicans were unhappy that Obama now appears to be trying to pay for his jobs plan entirely with tax increases.

"It would be fair to say this tax increase on job creators is the kind of proposal both parties have opposed in the past," said Brendan Buck, spokesman for House Speaker John Boehner, the top Republican in Congress.

"We remain eager to work together on ways to support job growth but this proposal doesn't appear to have been offered in that bipartisan spirit."

Beyond asking how Obama's jobs package will be paid for, Republicans also questioned some elements of the plan itself.

Cantor indicated the Republican-controlled House would not support ideas like construction spending and aid to cash-strapped states that were in the 2009 stimulus bill.

These items account for about \$150 billion, or about a third, of Obama's current plan.

"Anything that is akin to the stimulus bill I think is not going to be acceptable to the American people," Cantor told reporters shortly after Obama's Rose Garden speech. "The country cannot afford more spending like the stimulus bill."

Seeking to keep up the pressure, Obama took aim at Republicans for resisting many of his economic initiatives.

"We can't afford these same political games, not now," Obama said.

It was not clear whether Democrats would try to move the president's jobs plan through Congress as a stand-alone bill in coming weeks or whether all or part of it could be coupled with work being done by a congressional "super committee" looking at new deficit-reduction steps.

On September 19, Obama is due to unveil about \$2 trillion in new government savings -- presumably spending cuts coupled with tax increases -- to help the super committee find at least \$1.2 trillion in deficit reductions.

Obama's newly proposed \$467 billion in tax increases likely would be part of the larger savings he is set to outline. He is proposing to pay for the short-term \$447 billion jobs bill with the \$467 billion in savings over 10 years.

A group of mostly former government officials and some business leaders urged the super committee to consider major reforms of government assistance programs and the tax code.

In a letter to the committee, nearly 60 executives and former Treasury officials spanning several administrations said they wanted to see large-scale cuts to stabilize the U.S. debt as a share of the economy.

Obama will take his jobs message on the road again this week to build support for his ideas in battleground states.

Obama's Tuesday visit to Ohio, Boehner's home state, and Wednesday's stop in North Carolina mark the start of trips the president is set to take to convince skeptical voters he has the right formula to get the economy going again.

(Additional reporting by [Laura MacInnis](#), [Richard Cowan](#), [Patricia Zengerle](#) and [Andy Sullivan](#); Editing by [John O'Callaghan](#))

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