

We won't dismantle welfare system to cut deficit, Obama tells Republicans

United States

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President Obama vowed yesterday not to sacrifice America's most vulnerable in the battle to bring down the deficit, and demanded that the wealthiest be made to pay for the cuts instead.

In a crucial speech aimed at taking control of the budget debate, Mr Obama attacked Republicans for their plans to dismantle healthcare and social security for the poor and elderly, while preserving billions in tax cuts for millionaires.

"This debate over budgets and deficits is about more than just numbers on a page, more than just cutting and spending," Mr Obama said. "It's about the kind of future we want. It's about the kind of country we believe in."

His speech, at George Washington University, came as Republicans and Democrats prepared for another bruising budget battle in a vote expected next month on raising the ceiling on the \$14 trillion (£9 trillion) national debt. Republicans have threatened not to agree to raise the limit without agreement on massive spending cuts. But, as Mr Obama warned, such a move could have a devastating effect on the market and could even result in an unprecedented default on the national debt.

Republicans brought their budget proposal before the House of Representatives yesterday, aimed at bringing down the deficit by \$4 trillion over the next ten years. The plan includes swingeing cuts in social spending, including the de facto abolition of Medicare and Medicaid, the government healthcare programmes for the poor and elderly, in favour of a voucher scheme.

Mr Obama criticised the Republican proposal, saying that it placed a disproportionate burden on the middle classes and the poor, while preserving Bush-era tax cuts for the Right. "We cannot afford \$1 trillion worth of tax cuts for every millionaire and billionaire in our society," Mr Obama said. "And I refuse to renew them again."

"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.

"There's nothing courageous about

Tax breaks? Put 'em on ice, say US millionaires

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While millions of Tea Party supporters insist that they have been "Taxed Enough Already", a small band of wealthy Americans is lamenting just the reverse.

The Patriotic Millionaires for Fiscal Strength, whose ranks include the ice-cream

tycoons Ben Cohen and Jerry Greenfield — who celebrated Barack Obama's inauguration in 2009 with a limited edition flavour, below — are urging the President to fulfil his pre-election promise to raise taxes on

the rich. The group, which numbers 150 millionaire members, came together last year to lobby Mr Obama not to renew Bush-era tax breaks for those earning more than \$1 million a year. "We have done very well over

the last several years," they wrote in an open letter to Mr Obama. "In our nation's moment of need, we are eager to do our fair share."

Ultimately Mr Obama conceded to Republican demands to extend the tax breaks; a capitulation the millionaires called "disheartening". Now they are demanding that the cuts be expunged once and for all. "We don't need more tax cuts, and we understand that cutting our taxes will increase the deficit and the debt burden carried by other taxpayers," they said.



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 laid out his alternative vision, which he said would cut the deficit by \$4 trillion over 12 years, slightly longer than the Republican plan. He proposed doing so by reforming healthcare programmes to make them more affordable, rather than seeking to end them. "We are a better country because of these commit-

ments," he said. "I'll go further — we would not be a great country without those commitments."

Mr Obama said that he would seek to reform the tax system to increase revenue, saying that the current system overwhelmingly favoured the rich, who are able to use tax lawyers and accountants to "game" the system, resulting in millions of dollars in lost tax revenues.

The President's plans put him on a collision course with Republicans who

have cast themselves as the party fiscal responsibility next to the free spending Democrats. Republicans a still celebrating victory in shaving billions from last week's budget on the threat of a government shutdown.

Earlier Mr Obama met Republican and Democratic leaders on Capitol Hill to discuss the budget but Republican rejected his proposals outright.

Mitt Romney, a leading Republican presidential contender, called the plan "too little, too late".