

Obama's Tough Choices

By Mel Lavine

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President Obama's budget plan is a big step back from the ambitious visions he once had for the country. He says his strategy is to meet the Republicans half-way. But he may have to think again. The last time I looked, the GOP was still shooting down anything he proposed. Their overarching goal is to defeat Obama in 2012. In that spirit, the Washington Post said, "His new budget plan was quickly dismissed by Republican leaders, but the document serves as a measure of his problems — revealing limited ambitions and practical calculations."

The president delivered no blueprint for the major issues that are inflating the deficit, like health care, foreign wars and taxes. These matters were put off, presumably, until the economy improves and cordiality returns to Washington.

Some items that were not put off are proposed cuts in clean water and clean air programs —

and a nearly 50 percent reduction in a program that helps low-income families with their heating bills. The president says he can feel people's pain but times are tough. What he didn't say is that the rich still get their tax cuts. On the other hand, the Republicans want much deeper cuts.

Speaking of taxes, I happened to catch David Cay Johnston, a Pulitzer Prize winning journalist and author, on the Ed Schultz show on MSNBC the other night. I used to follow Johnston's tax reporting when he worked for the New York Times. Nowadays, he teaches at Syracuse University School of law, and is a columnist at Tax Analyst's Tax Notes. Johnston says bipartisanship is not dead:

"On Capitol Hill, the Democrats and Republicans may no longer play cards and drink together, but that does not seem to stop them from working together to shift tax burdens down the income ladder even when it violated their promises on the campaign trail."

To hear Johnston tell it, the Obama White House and the GOP are "united" on at least one issue — providing ever-increasing benefits through the tax system to some while "stiffing the working poor."

A major point in Johnston's study is that although "the tax compromise passed in December has been hailed everywhere as a payroll tax cut combined with an extension of the Bush tax cuts" it raised taxes on a third of Americans.

He adds: "The killing of Obama's Making Work Pay tax credit, which the White House called the biggest middle-income tax cut ever, and the replacement of it with the Republicans' payroll tax cut raised taxes on single workers whose wages came to \$20,000 or less, and married couples with less than \$40,000 in wages. That's 51 million taxpayers, the Tax Policy Center estimated."

Can that be right?

I am not and have never been a tax reporter and can't vouch for what David Cay Johnston is asserting. But I know from reading his work in the past that he is worth listening to.

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