Obama To Unleash Trio Of Tax Cuts, R&D Credits

Julie Pace, Associated Press Writer

WASHINGTON (AP) — Seeking to give anxious Democrats a boost ahead of the November elections, President Barack Obama is pitching a trio of economic initiatives Wednesday and voicing unwavering opposition to Bush-era tax breaks for the wealthy.

With the tax breaks for the top two percent of income earners set to expire at the end of the year, the White House sees the issue as an opportunity to draw a stark contrast with Republicans. In a speech in Cleveland Wednesday, Obama will argue that the tax cuts for the wealthy would add $700 billion to the deficit, a sum the country can't afford as the economy struggles to recover.

Obama will also outline a package of infrastructure investments and business tax incentives that the White House says will put the economy on a path toward long-term growth while also allowing for some immediate job creation.

But with Washington's already heated partisanship likely to escalate as the midterm elections approach, it's uncertain whether Congress could pass any of the incentives in time to help the economy — and Democrats — before November.

In fact, House Republican Leader John Boehner, R-Ohio, surfaced his own proposals Wednesday, saying in a nationally broadcast network interview that Congress should freeze all tax rates for two years and should cut federal spending to the levels of 2008, before the deep recession took hold of the economy.

"People are asking, 'Where are the jobs?' " Boehner said, calling the White House "out of touch" with the American public.

Obama is asking Congress to consider three proposals:

— A $50 billion infrastructure investment to rebuild and repair the nation's roads, railways and runways.

— A permanent extension of research and development tax credits for businesses.

— Tax breaks to let businesses quickly write off 100 percent of their spending on new plants and equipment through 2011.

Senior administration officials said the three proposals would be the full extent of new economic policies the president would announce before the midterms, eliminating the possibility of a pre-election freeze on payroll taxes, an idea supported by many businesses.

The officials, who spoke on the condition of anonymity to preview the president's

speech, said Obama would draw a contrast between his economic proposals and those of the GOP, going so far as to give his remarks in the same city where Boehner outlined the Republican economic agenda last month. Boehner at the time called for the ouster of Treasury Secretary Timothy Geithner and key White House economics adviser Larry Summers.

As he often does, Obama will paint Republican leaders as seeking a return to what he calls the failed economic policies of the past, singling out Boehner's call to extend tax cuts for the wealthy that were enacted by former President George W. Bush.

Obama and Democrats have long said they want to renew the tax cuts only for households earning under $250,000 a year, a policy difference with Republicans that administration officials said Obama would portray as a difference in the parties' values.

Senior White House adviser David Axelrod said Wednesday "the middle class has treaded water and lost ground" during the past decade. "What we can't afford is another $700 billion in tax cuts for millionaires and billionaires. More than half of those tax cuts would go to people making over $8 million a year. Doesn't make sense."

Some of the proposals Obama was to outline Wednesday have enjoyed broad bipartisan support in the past. That creates a dilemma for Republicans, who could be forced to choose between handing the president legislative victories ahead of the election or saying no to ideas they've previously supported.

The White House made no apologies for unveiling its proposals during the contentious pre-election months.

"We understand what season we've entered in Washington," said press secretary Robert Gibbs. Even if Congress doesn't take up Obama's new proposals before the elections, Gibbs said, "the president and the economic team still believe that these represent some very important ideas."

Mindful of the public's anger over the mounting federal deficit, the White House has carefully avoided calling the new economic proposals a stimulus plan, like the $814 billion economic package Congress passed last year.

Even with fresh proposals in hand, officials said the president would continue to prod the Senate to pass a bill that calls for about $12 billion in tax breaks for small businesses and a $30 billion fund to help unfreeze small business lending. Republicans have likened the bill to the unpopular bailout of the financial industry.

Boehner was interviewed on ABC's "Good Morning America," and Axelrod appeared on CBS's "The Early Show," and NBC's "Today" show.

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