

# Obama's Tax Trap

**The president's tax proposal will expose Republicans' unwillingness to do anything meaningful for the poor.**

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January 21, 2015

The most notable Republican reaction to President Obama's State of the Union address Tuesday night did not come from official respondent Joni Ernst, the rookie senator from Red Oak, Iowa, with the camouflage high heels. It came from Mitt Romney, newly back in the fray as a possible presidential candidate for the third straight election. On his Facebook page, Romney countered Obama's speech by zeroing in on the president's proposal to pay for \$235 billion in middle-class tax breaks, as well as new spending on education and infrastructure, by raising taxes on capital gains and inherited assets for the very wealthy by \$320 billion. "His tax proposal is a maze of new taxes and complexities," Romney wrote. "The best way to lower the tax burden on all American families is straightforward: lower rates and simplify the tax code."

This reaction may seem entirely predictable—after all, Romney spent his entire 2012 presidential campaign calling for across-the-board tax cuts that independent analysts found would disproportionately benefit the top 5 percent of taxpayers. What's striking about Romney's reaction, though, is precisely that it is such a rehash of his 2012 stance at a time when he has been seeking to recast himself as a different sort of Republican, one far more concerned with poverty, inequality, and middle-class wage stagnation. At a GOP gathering last week in San Diego, Romney lamented that, "Under President Obama, the rich have gotten richer, income inequality has gotten worse, and there are more people in poverty than ever before," and called for Republicans to tackle the "scourge of poverty."

And it's not just Romney. A whole assortment of 2016 aspirants, including Jeb Bush and Sen. Marco Rubio, as well as prominent congressional Republicans such as Rep. Paul Ryan and Utah Sen. Mike Lee, have been rushing to show their concern for the plight of the economically immobile and downtrodden. In essence, Republicans have responded to the increasing signs of a strong economic rebound under Obama by arguing that the rebound has failed to reach those lower down the economic ladder—a rather remarkable turning of the rhetorical tables by the party that in 2012 nominated a candidate who wrote off the bottom 47 percent of taxpayers.

Some of these Republicans' proposals—to expand the earned income tax credit or child tax credit, for instance—hold real promise. But there is a big problem with this new anti-poverty, anti-inequality platform, one that gives all this new rhetoric an air of unreality: The party remains at its core committed to fighting solutions that would come at the expense of the very wealthiest Americans, even at a time when that upper-upper echelon is achieving truly historic levels of affluence. Just look at what has been the first order of business for Republicans after they won full control of Congress for the first time in eight years this past fall. It's not expanding the earned income tax credit, but rather pushing a Wall Street wish list for tweaks to weaken the Dodd-Frank financial reform law of 2010.

This will likely prove to be the primary achievement of Obama's new tax proposal, which, as he bluntly put it in Tuesday night's speech, is targeted at "giveaways the superrich don't need" and "lobbyists [who] have rigged the tax code with loopholes that let some corporations pay nothing while others pay full freight." No, it's not going anywhere in a GOP-led Congress. But it has served to call the bluff of the Republicans now claiming the mantle of inequality warriors. The proposal has led them into a political trap, prompting them into an instinctual, reflexive defense of the wealthiest Americans. And it has thereby clarified the discussions to come on the campaign trail over the next year and a half. Talk all you want about restoring shared prosperity, Obama is saying, but *this* is the kind of reform it will take to bring balance to an economy that has gotten so top-heavy and out of whack. The proposal will implicitly admonish not only Republicans but also Hillary Clinton, should her own Wall Street sympathies and upper-bracket aspirations keep her from adopting an aggressive platform to tackle inequality.

Romney was hardly the only figure on the right being provoked into a clarifying response by Obama's speech and proposal. Jeb Bush declared on his own Facebook page that it was "unfortunate President Obama wants to use the tax code to divide us—instead of proposing reforms to create economic opportunity for every American." Then there was Michael Cannon, the Cato Institute analyst who has helped drive the latest legal challenge that threatens to upend Obamacare, who tweeted during the speech:

"We need to take that money from people who vote for you and give it to people who vote for me. -@BarackObama to @GOP Congress. #CatoSOTU"

It was a tart reaction, but also one that contained more candor than much of the talk of poverty and inequality amelioration now coming from top Republicans. These are the real stakes at play, Cannon and Obama both recognize, and they haven't changed just because Romney and a handful of GOP presidential hopefuls have decided it's time to show a new, more caring face.