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[Home](#) > [Blogs](#) > [Jim Angle's blog](#) > Fresh Battle Over Who Gets Tax Cuts

# Fresh Battle Over Who Gets Tax Cuts

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WASHINGTON -- President Obama told his cabinet today that voters want the two parties to come together, as he invited Democratic and Republican leaders to meet with him at the [White House](#) <sup>[1]</sup> on November 18.

"You know," the president told cabinet members, "the immediate focus is going to be what we need to get done during the lame duck session."

And he made clear in his news conference Wednesday that one of the most pressing issues is how to extend the Bush tax cuts and for whom.

"The single most important thing I think we need to do economically -- and this is something that has to be done during the lame duck session -- is making sure that taxes don't go up on middle-class families next year," he said.

The President has long favored extending them for those making 250 thousand dollars a year or less. But Republicans -- along with many Democrats -- want to extend them for everyone, at least until the economy recovers.

Senate Republican Leader Mitch McConnell told me in an interview that, "We know what the bipartisan position is: to extend the current tax policy. In other words, don't raise taxes on anybody and get about it as soon as possible. Because if we don't act, everybody's taxes are going up in January."

Senate Democratic Leader Harry Reid and House Speaker [Nancy Pelosi](#) <sup>[2]</sup> had to drop plans for a vote before the elections because too many Democrats agreed with Republicans for their limited extension to pass.

Neither Democratic leader has embraced a compromise, but many see it as inevitable.

Chris Edwards of the libertarian Cato Institute says, "I think that President Obama wants to show that he's willing to compromise with Republicans, to show the public that he understands the lesson from the election. And this is a crucial way to do it."

Political forecaster Larry Sabato of the University of Virginia says, "I don't see any way to stop that extension from happening unless he wants to start off on a completely wrong foot with the new Republican House."

The President hasn't quite shown his hand yet but a Washington Post headline days before the election read, "White House considering new strategy on tax cuts."

So even before the "shellacking," as he called it, was clear, White House officials were floating the idea of permanent cuts for the middle class ... with only a two-year extension for higher

incomes.

But will that be enough for the newly-expanded Republican ranks?

Chris Edwards is skeptical, "The Republican victory was very large, and they're going to be in no mood to compromise on one of their central promises, to extend all the bush tax cuts."

Not only that, but three newly-elected senators take their seats right away: two Democrats and one Republican. And all three support extension of all the tax cuts.

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