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Sanders lays out plan to raise taxes to pay for expanded entitlements

By: Jacqueline Klimas – November 17, 2013

Even as negotiators struggle to write a final fiscal 2014 budget, one of Congress' most liberal lawmakers laid out his own vision for what the government's priorities should be — complete with big jumps in taxes and social spending and cuts at the Pentagon.

Sen. Bernard Sanders, Vermont independent, says that rather than talking about lowering entitlements, the federal government should ask wealthy individuals and major Wall Street companies to pony up to expand the social safety nets.

Mr. Sanders is one of the 29 negotiators working to hammer out a budget. Most of his ideas already have been ruled out by Republicans, who adamantly have rejected tax increases, underscoring the wide gulf between the two sides.

"Sanders' proposal for taxes is far out, but unfortunately I think that's where the majority of the Democratic caucus is," said Chris Edwards, editor of DownsizingGovernment.org at the Cato Institute.

It's unclear whether Mr. Sanders' proposal would balance the budget because the Congressional Budget Office hasn't crunched the numbers, but that isn't the point, his spokesman Michael Briggs said. Instead, the purpose of Mr. Sanders' plan is to "lay out ways to increase revenue or decrease spending that would both lower deficits and provide resources to support job creation," he said.

Despite this, Mr. Sanders feels his plan is what most Americans want.

"Sen. Sanders put forward his deficit reduction and job creation plan after listening to the overwhelming majority of the American people who do not want to cut Social Security, Medicare and Medicaid benefits at all," Mr. Briggs said.

Mr. Sanders' plan would boost Social Security by scrapping the taxable income cap. Right now, individuals only pay Social Security tax on up to \$113,700 of income; anything above that is not subject to the 6.2 percent tax. Mr. Sanders wants everyone to pay the same percentage.

He also wants to impose a tax on Wall Street stock trades, raise the estate tax and raise income tax rates for those in the top 2 percent of earners.

On the other side of the ledger, he wants to let Medicare negotiate with pharmaceutical companies for lower drug prices and establish a fee to do business with countries that manipulate their currency, such as China.

Budget negotiators are charged with drafting a fiscal 2014 budget plan by mid-December. With Democrats ruling out any major entitlement reform and Republicans saying no to tax hikes, the group will not be able to reach a “grand bargain.” Instead, lawmakers will focus on keeping the government open when stopgap funds run out in January and may try to chip away at the next round of sequestration cuts.

Mr. Sanders was one of the most vocal members in Wednesday’s budget meeting, pointing to the severely uneven distribution of wealth and budget surpluses of the past.

“The reason we’re in a deficit today is two unpaid wars; a Medicare Part D program unpaid for; [and] large tax breaks, trillions of dollars which went to the wealthy,” he said. “And I only say that [because] as we go forward to figure out where we want to be as priorities, you’ve got to remember that fact as well.”

Most lawmakers have stressed the need for each side to make difficult choices and compromises to find a solution. Mr. Sanders’ 10-point proposal, however, has only one issue that may find some support on the right: cuts to wasteful spending at the Pentagon, including defense contractor fraud and more-transparent purchasing practices, Mr. Edwards said.

“That’s the only one of his 10 to make any sense to me, the others are so far off base,” Mr. Edwards said.