



HOME OPINION WASHINGTON WHISPERS CONGRESS TRACKER WHITE HOUSE TRACKER

Debt Ceiling Negotiations Break Down Over Taxes

GOP pulls out of deficit talks over whether to include tax increases

By [ALEX M. PARKER](#)

Posted: June 23, 2011

Just when it was looking as though the two parties were moving ahead with a debt ceiling deal, negotiations between [Republicans](#) and the White House broke down on Thursday over taxes. Belying [reports](#) that the GOP might be softening its stance on whether a debt ceiling deal could include some form of tax hikes, the GOP leadership claimed that it couldn't continue discussions until Democrats took tax increases off the table. According to Republicans, a deal is almost in place, but the tax issue could sink it. [[Check out our collection of political cartoons on the debt and deficit](#)]

House Majority Leader [Eric Cantor](#) announced early Thursday that he was bailing on the discussions, which were supposed to continue that afternoon. Although a "blueprint" to cut spending was in place, Cantor said, the Democrats' insistence on some type of tax increase was causing an impasse. "There is not support in the House for a tax increase, and I don't believe now is the time to raise taxes in light of our current economic situation," Cantor said in a released statement. His statements were echoed by House Speaker [John Boehner](#). "It's not just a bad idea," Boehner told reporters. "It doesn't have the votes, and it can't happen." Arizona Sen. [Jon Kyl](#), the other Republican negotiator, issued a statement with Senate Minority Leader [Mitch McConnell](#), blasting the Democrats over the tax issue and calling on President Obama to step in. "President Obama needs to decide between his goal of higher taxes, or a bipartisan plan to address our deficit," the statement read. His statement did not address reports that he too was dropping out of the discussions. As the Republican position hardens, so does that of the Democrats, who are increasingly unwilling to consider cuts to entitlement programs without some measure to raise revenues. "I think we'll walk away if it doesn't include some revenue increases," said Pennsylvania Rep. [Allyson Schwartz](#) at a breakfast with reporters at the centrist D.C. think tank Third Way.

According to the U.S. Treasury, Congress must raise the \$14.3 trillion limit on debt by August 2, or the federal government will either have to drastically halt spending, or neglect its interest payments and go into default. Vice President [Joe Biden](#) has overseen negotiations between the two parties over some type of deficit reduction package to accompany a bill to raise the debt ceiling, with GOP leaders insisting that the vote must come with trillions of dollars in savings. So far, the disagreement between the parties has focused on [taxes](#) --Republicans insist that the savings must come from cuts to federal spending alone, while Democrats argue that a debt reduction package should include a mix of cuts to spending and measures to enhance government revenue. That likely wouldn't be an increase to taxation rates, which are politically unrealistic, but rather measures to eliminate so-called tax expenditures, the loopholes and preferences that reward specific industries and activities.

Political observers wondered whether the standoff is truly an impasse or rather a bit of well-timed

drama to help sell the final deal to disillusioned Republican rank-and-file members. When Cantor was assigned to the debt negotiating team earlier this year, Hill staffers were skeptical that the ambitious, unabashedly partisan lawmaker could strike a deal with Democrats. If he could, his involvement in the plan could help sell a debt ceiling increase to Tea Party lawmakers. "There's some degree of chest-beating going on," one GOP aide says. If so, it wouldn't be too surprising. The negotiations to prevent a government shutdown earlier this year were also rocky, with standoffs and breakthroughs until a deal was struck in the 11th hour. "We'll have people walk out of negotiations maybe a dozen times before a deal is finally cut," says Michael Tanner, a congressional analyst with the libertarian Cato Institute.

- [Slide Show: 6 Consequences if the Debt Ceiling Isn't Raised](#)
- [Slide Show: 6 Ways to Raise the Debt Ceiling](#)
- [Check out our collection of political cartoons on the debt and deficit](#)

Copyright © 2011 U.S. News & World Report LP All rights reserved.

Use of this Web site constitutes acceptance of our Terms and Conditions of Use and Privacy Policy.