



Written by [Charles Scaliger](#) on July 11, 2011

## Aug. 2 Debt Limit Vote: Will GOP Cave and Vote for Tax Increases?

With the federal borrowing clock allegedly ticking down to financial Armageddon on August 2, discourse on Capitol Hill is becoming predictably envenomed. The official Republican position, framed repeatedly by House Speaker John Boehner, is that no legislation to raise the debt limit will be admissible without deep spending cuts, and that tax increases of any sort will not be countenanced by the Tea Party-fueled Republican majority in the House. The Obama administration and its allies in Congress are making calls from a time-dishonored playbook, pushing for tax increases on the rich rather than meaningful cuts in government spending, and accusing Republicans of calculated obstructionism.



Texas Congressman and presidential candidate Ron Paul, one of only a handful of congressmen with a commitment to fiscal responsibility and a genuine yen for limited government, issued a [statement](#) warning of coming Republican duplicity in the face of the continued refusal of the Obamaites to contemplate deep budget cuts without a massive tax increase: "Sources in Washington tell me that House Republican Speaker John Boehner [pictured] is considering a deal to raise taxes as part of a debt limit 'deal.'"

In fact, reports are they may be ready to cave in to Barack Obama's demands for a trillion dollars in tax increases in exchange for mostly phony spending and tax cuts in order to raise the debt ceiling.

House Republicans would be foolish to go for this ploy and be taken in by the Obama administration, only to leave American taxpayers on the hook again for more out-of-control government spending.

The Democrats pulled a similar maneuver during Ronald Reagan's presidency, a deal that promised 2-to-1 spending cuts in exchange for tax increases. Taxes went up, but the cuts never came. They did it again in 1990, promising much the same deal, and delivering only on their tax increases.

In Washington, if you hear about a so-called deal, you can be sure the taxes will come, but the cuts never will.

Constitutionalists warn that Republicans must not take the bait and get fooled again — that agreeing to this scheme by the White House would be a betrayal of the voters who put Republicans back in charge of the House in 2010.

According to the very latest updates, reports of a Republican cave-in may be premature. [Writes](#) Andy Sullivan of Reuters:

With a "grand bargain" to tame the national debt seemingly off the table, Obama, House of



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Representatives Speaker John Boehner and other top leaders will try for a more modest deal when they resume their discussions at the White House on Monday afternoon.

But negotiators will have to confront a divide over taxes that has prevented them from reaching a deal so far. Democrats say new tax revenues need to be part of the equation, while Republicans say they won't back any increase in taxes.

A highly anticipated Sunday meeting broke little new ground. Obama and his fellow Democrats repeated the need for a "balanced" approach, while Republicans restated their position that tax increases would further burden the already shaky economy.

In other words, the Republicans in the House so far appear to be holding firm, much to the consternation of the Establishment media punditocracy and their borrow-and-spend Big Government fellow ideologues in government. President Obama and key allies, such as Senator Harry Reid, clearly expect the Republicans to fall for the ruse of definite tax hikes in exchange for promised budget cuts that will never materialize, and their cheering section in the press corps is waiting gleefully for an ignominious Republican capitulation. Such expectations are not far-fetched, given that Republicans, as mentioned above, have done it before.

As Ron Paul pointed out, a similar cave-in by Republicans dealt a serious blow to the perceived promise, and promises, of the misnamed "Reagan Revolution." Almost 30 years ago, President Ronald Reagan signed into law the Tax Equity and Fiscal Responsibility Act of 1982 (known informally as TEFRA), which instituted massive tax hikes ostensibly to cover budgetary shortfalls occasioned by declining tax revenues caused by a long recession.

According the Faustian bargain struck by Reagan with congressional Democrats, every dollar of the TEFRA tax hikes would be offset by three dollars in cuts — somewhere down the road. But the cuts never materialized. Having gotten everything they demanded in revenues, the Democrats had no incentive to keep their end of the bargain.

Interestingly, TEFRA in its original form — as it emerged from the House, in other words — featured tax cuts. These were transformed into tax hikes in the Senate version of the bill, whose constitutionality was subsequently challenged. After all, Article 1, Section 7 of the U.S. Constitution stipulates that all bills for raising revenue must originate in the House. In yet another grievous blow to the Constitution, the constitutionality of TEFRA was upheld by the Ninth Circuit Court of Appeals.

A similar kind of bait-and-switch lay behind President George H. W. Bush's infamous betrayal in 1990 of his "read my lips, no new taxes" campaign pledge. He agreed to tax increases after being assured that spending cuts would follow once a mild recession had been tamed. But of course, no cuts were ever forthcoming.

With the end of the Cold War in the early 1990s, talk of a "peace dividend" — monies freed up by the scaling back of military resources in response to the demise of the Soviet Union — raised hopes that out-of-control federal spending and indebtedness would at last be brought to heel. But the federal government's appetite for taxpayer dollars and debt to fund an ever-expanding menu of new government programs and military commitments overseas propelled the national debt ever skywards.

The debt and budgetary crisis the country now faces is a consequence not of declining tax revenues, but of federal refusal to exercise any sort of fiscal restraint. President Obama and other Big Government partisans are counting on the Republicans to roll over sometime soon, destroying their credibility just in time for next year's elections. Will congressional Republicans, emboldened by their Tea Party



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constituencies, actually defend their line in the sand this time around, in defiance of the crescendo of alarms now clogging the air waves? Don't hold your breath.



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