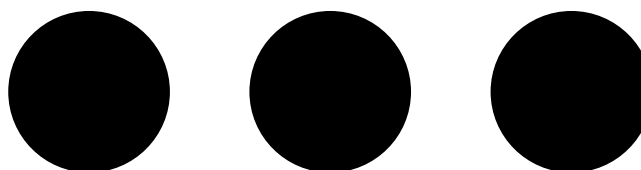




Bipartisan Budget Deal: Tax and Tax, Spend and Spend

House Liberty Caucus Chairman Justin Amash (R-Michigan) aptly [summed up](#) the bipartisan budget deal being pushed by House Speaker John Boehner and Democratic leaders in Washington with this quip on his Facebook page: “Republicans will agree to more spending, and in exchange, Republicans will get higher taxes.”

The [deal](#) — negotiated between House Budget Committee Chairman Paul Ryan (R-Wisc.) and Senate Budget Committee Chairman Patty Murray (D-Wash.) — would walk back about half of the \$100 billion in sequester spending cuts for fiscal 2014 and a quarter of the \$100 billion in spending cuts for 2015 in exchange for long-term cuts in mandatory entitlement funding that would — over 10 years — compensate for higher spending now. All of the deal’s “deficit reduction” would be far into the future, and every penny of it would eventually come from increased taxes such as a tax increase on air travel (which Republicans are calling “fees”).



“While modest in scale, this agreement represents a positive step forward by replacing one-time spending cuts with permanent reforms to mandatory spending programs that will produce real, lasting savings,” House Speaker John Boehner (R-Ohio) said in a [statement](#) supporting the Ryan-Murray deal. He also [slammed](#) Tea Party and Liberty Caucus members of Congress critical of the deal, saying in a December 11 press conference that “This is ridiculous. Listen, if you are for more deficit reduction, you are for this agreement.” Never mind that if Congress can undo some spending cuts now in exchange for spending cuts later, Congress can later undo the promised down-the-road spending cuts, in whole or in part, when the time comes for their implementation.

Putting off real deficit reduction for a decade longer and enacting tax increases now hasn’t budged a few stalwart constitutionalists in Congress. “This deal trades spending increases in 2014 and 2015 for spending reductions in 2022 and 2023. I hate to use the cliché, but congress is becoming a cliché by ‘kicking the can down the road’ once again,” Kentucky Congressman Thomas Massie [wrote](#) in a Facebook post opposing the deal. The Republican Tea Party favorite noted that “Washington has a spending addiction. Just two weeks before current sequester law would have taken effect to slightly curb the spending binge, establishment politicians are using every tool at their disposal to undo the law so they can increase spending.”



Written by [Thomas R. Eddlem](#) on December 12, 2013

Postponing spending cuts for a few more elections in exchange for more spending now has won praise from Democrats in Washington, however. Congressional Democrats have a completely different view of the agreement from House Speaker Boehner, and have told their members the deal would “roll back” the sequester cuts. “This agreement breaks through the recent dysfunction to prevent another government shutdown and roll back sequestration’s cuts to defense and domestic investments in a balanced way,” Senate Budget Committee Chairman Patty Murray [said](#) in a statement supporting the new deal. “It’s a good step in the right direction that can hopefully rebuild some trust and serve as a foundation for continued bipartisan work.”

Republican leaders have sold the idea to rank-and-file Republican members on the claim the higher taxes on airline travel — which account for nearly all of the “deficit reduction” — is merely an increase of “user fees” and not a tax increase. “I’m proud of this agreement,” [said](#) Chairman Ryan. “It reduces the deficit — without raising taxes. And it cuts spending in a smarter way. It’s a firm step in the right direction, and I ask all my colleagues in the House to support it.” Boehner’s office likewise [claimed](#) that “It would also help to further reduce the deficit without tax hikes that would hurt our economy. Lastly, this agreement would help protect important national security priorities.”

The [tax increase in the budget deal](#) would charge a \$5.60 baggage and screening fee for each one-way airline trip, compared with \$2.50-5.00 charged for current flights (depending upon layovers), which congressional budget experts estimate will raise some \$12.6 billion in new tax revenue over 10 years. The bill would also extend for two more years some other “fees” by the Customs and Border Protection Agency that would raise an additional \$6.8 billion, and end some tax fraud that would bring in another several billion in new tax revenue.



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