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Obama: I'm tax-cutter, Republicans should agree

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MANCHESTER, New Hampshire — President Barack Obama sought to steal the spotlight from Republican presidential candidates Tuesday, challenging opposition lawmakers back in Washington to stand by their anti-tax pledges on one big measure.

Speaking in politically crucial New Hampshire, the state that is home to the nation's first presidential primary, Obama urged Congress to extend a Social Security payroll tax cut due to expire next month.

In effect, he dared Republicans — many of whom have signed anti-tax pledges — to vote against an extension, a move the White House says would lead to a \$1,000 tax hike on a family making \$50,000 a year.

If lawmakers vote "no, your taxes go up. Yes, you get a tax cut," Obama told the crowd. "Which way do you think Congress should vote?"

"Don't be a Grinch. Don't vote to raise taxes on working Americans during the holidays," he said during his speech at a Manchester high school.

Much of Obama's stop in Manchester was about trying to gain a foothold for his economic message in New Hampshire to balance the anti-Obama rhetoric from the Republican candidates swarming the state ahead of the Jan. 10 presidential primary. Obama's trip came on the same day that the Republican contenders were gathering in Washington for a foreign policy debate sure to focus on what they see as the president's failings.

In New Hampshire, he was greeted with a blunt message from Republican contender Mitt Romney, who bought campaign ads telling Obama, "Your policies have failed."

In his first trip to New Hampshire in nearly two years, the president was confronted by a state that has shifted sharply to the right since his victory here in the 2008 election. The state's crucial independent voters sided solidly with Republicans in the 2010 midterms, and recent polls suggest Obama would lose to Romney by 10 percentage points here if the election were held today.

Democrats had hoped to tuck the payroll tax extension, as well as a renewal of jobless benefits, into an agreement from the congressional deficit-reduction supercommittee. But with that option off the table following the committee's collapse Monday, the White House plans to make a full-court press for a separate measure to extend the tax cuts before they expire at the end of the year — and set up Republicans as scapegoats if that doesn't happen.

Obama came face to face with the frustration of some New Hampshire voters, who are fed up with a local economy that is struggling to grow and increasingly unhappy with the president's leadership.

A group of protesters outside Manchester Central High School carried signs that read "Obama Isn't Working." And the president's speech was interrupted by a handful of people venting the frustrations of the Occupy Wall Street movement that has spread across to a number of cities.

Romney used Obama's trip as an opportunity to air his first 2012 television ads in the Granite State, and they were sharply critical of Obama's economic record. He also ran ads in New Hampshire newspapers that said to Obama, "I will be blunt. Your policies have failed."

While the White House insisted the president's stop was not about politics, the trip had a campaign feel, from the packed high school gymnasium where Obama spoke to the local restaurant where he dropped by to have lunch with a New Hampshire family.

The White House sees a year-end debate over extending payroll tax cuts, as well as renewing jobless benefits, as an opportunity to draw a distinction for voters between the president's priorities and those of Republicans. Economists have warned that letting both programs expire could be harmful to an economy still struggling to recover from recession.

The Republican field is not unanimous on whether to extend the payroll tax cut. Romney has said he's not for raising taxes "anywhere," and former House Speaker Newt Gingrich says that given the economic conditions "it's very hard to say no." In Congress, Rep. Michelle Bachmann

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voted against the payroll tax cut, but Rep. Ron Paul supported it. Businessman Herman Cain and Texas Gov. Rick Perry oppose extending the cut.

Last year's cut in the 6.2 percent payroll tax, which raises money for Social Security, was accomplished with borrowed money. This time around, administration officials say the president may not insist on the cuts being paid for immediately.

The 2 percentage-point cut in the 6.2 percent payroll tax gave 121 million families a tax reduction averaging \$934 last year at a total cost of about \$120 billion, according to the Tax Policy Center.

Obama also wants to cut the payroll tax by another percentage point for workers and cut the employer share of the tax in half as well for most companies.

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Associated Press writers Julie Pace, Steve Peoples and Holly Ramer contributed to this report.

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