

Obama's deal

By [Steve Thorngate](#)

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The big political news this week is yesterday's [deal](#) between the White House and Republican leaders: in exchange for extending the Bush tax cuts for two years and relaxing the estate tax, Obama got a 13-month extension of unemployment benefits, a one-year payroll tax decrease and some additional tax credits and breaks.

Wait, tax breaks are what he *got* in the deal? I thought Democrats loved taxes! Actually,

center-to-left economic thought maintains that in tough economic times, what you need to do is stimulate the economy--either with government spending or with tax relief for lower- and middle-income people. (Tea Party slogans notwithstanding, last year's stimulus bill [did both](#).) The resulting short-term deficits are okay; you deal with them once times have improved.

As for unemployment benefits, Tim Fernholz [nails it](#): "one galling aspect...is that emergency unemployment insurance became a policy option that had to be bargained for, rather than a given during tough times," as it was for President Reagan and a Republican Senate in the early

1980s.

John Avlon [thinks](#)

Obama could have gotten a better deal if he were a tougher negotiator. Jonathan Bernstein [disagrees](#),

[as](#)

[does](#) Steve Benen: "I'm comfortable putting this in the 'better than expected' category."

I'm on team better-than-expected on this one. I certainly share Laura Conaway's [frustration](#)

with tax cuts for the rich, but her complaint about how much the deal adds to the deficit is off base. For weeks, deficit cutting has purportedly been at the top of the agenda, even though the economy has not yet recovered. As David Leonhardt [puts it](#),

the deal on tax cuts "looks an awful lot like a second stimulus"--which, despite the White House's hair-splitting [denial](#) of the politically poisonous word, is exactly what we need.

Still, the concessions Obama had to make here are downright odious. Tax cuts for the rich drive up the deficit while doing [virtually nothing](#) to stimulate the economy--whichever problem is more pressing, this move doesn't help one and makes the other worse. You might defend these tax cuts on the ideological grounds that all taxes should always be lower, details and context be damned; if you're rich you might appreciate the extra money in your pocket. But these aren't what I'd call morally inspiring positions.

Congressional liberals certainly don't think so, and they [may well refuse](#) to support the deal. If they can get a [better](#)

[one](#) and pass it, good for them. But Obama deserves credit for a deal that would stimulate the economy, maintain poverty-fighting tax credits and keep the unemployed from becoming homeless--negotiated with an opposition party that barely

manages anymore even to feign interest in good-faith compromise, coherent arguments or the common good. Tax cuts for the rich are the only bargaining chip the Republicans value these days--and that's their shame, not Obama's.