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Tax Reform Is Necessary to Reduce the Deficit

Barack Obama

Barack Obama is the forty-fourth president of the United States and former US senator from Illinois. In the following viewpoint, he explains why tax reforms are necessary and how they will help lower the budget deficit. Tax rates can be lowered overall, Obama insists, if tax breaks and loopholes are eliminated so that all Americans are paying their fair share and not gaming the system to avoid payment. In addition, Obama asserts, by allowing unfair tax cuts to expire on wealthy Americans, the federal deficit can be reduced. In addition to tax reform, Obama maintains, the United States must increase job creation and economic growth. Obama concludes by supporting a principle proposed by billionaire Warren Buffett that postulates that American households making over \$1 million a year should never pay a smaller share of their income in taxes than middle-class families pay.

Barack Obama, “Living Within Our Means and Investing in the Future: The President’s Plan for Economic Growth and Deficit Reduction,” Office of Management and Budget, September 2011.

As you read, consider the following questions:

1. According to President Obama, by how much would Americans have to agree to cut every program in the entire budget to reduce deficits and put the United States on a fiscally sustainable path without reforming taxes?
2. According to the viewpoint, what percentage of taxpayers must pay tax preparers to fill out their tax returns?
3. How much does President Obama say would be raised by allowing tax cuts enacted in 2001 and 2003 to expire?

The president is committed to reducing the deficit through a balanced approach—one that restrains spending across the budget, including in the tax code; asks the wealthiest among us to contribute to deficit reduction; and lays the foundation for future growth. That is why the president is calling on the Congress to undertake comprehensive tax reform to cut rates, cut inefficient tax breaks, cut the deficit, and increase jobs and growth in the United States—while observing the “Buffett Rule” [a principle that everyone should pay their fair share in taxes] that people making over \$1 million should not pay lower taxes than the middle class.

Tax reform is critical to rebuilding our economy to be stronger and more stable than in the past. Two of our biggest economic challenges—creating jobs and reducing long-term deficits—both depend on a simpler, fairer, more progressive tax system than we have today.

The administration believes, like many others, that tax cuts play an important role in job creation. But the administration believes that broad tax cuts for the middle class—rather than for only the wealthiest one or two percent of Americans—are far more effective at creating jobs and growing the economy. When millions of middle-class families across the country have more money in their bank accounts