

Budget to Call for Taxes on Wealthy

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WASHINGTON—President Barack Obama on Monday will propose a multi-trillion-dollar U.S. government budget that seeks to spur job creation and impose higher taxes on the rich to help reduce the deficit, laying down a clear election-year marker of his priorities.

The budget's broad themes, according to a draft outline viewed by The Wall Street Journal, contrast sharply with Republican proposals for smaller government and lower tax revenue.

Mr. Obama repeats many of his previous budget prescriptions, resists sweeping cuts to government programs, preserves the structure of Medicare and Medicaid, and calls for close to \$1.5 trillion in tax increases on higher-income Americans over 10 years.

He is likely to use his proposal for government spending in fiscal year 2013, which begins Oct. 1, as a rallying cry for middle-class support on the campaign trail.

"After decades of eroding middle-class security as those at the very top saw their incomes rise as never before and after a historic recession that plunged our economy into a crisis from which we are still fighting to recover, it is time to construct an economy that is built to last," the draft says.

Mr. Obama's proposal will project a federal budget deficit of \$1.33 trillion in the year ending Sept. 30, equivalent to 8.5% of the gross domestic product, a

measure of all economic output. That is slightly higher than the roughly \$1.15 trillion deficit projected by the Congressional Budget Office and also higher than the \$956 billion gap the White House had estimated in September.

The new projected deficit would mark the fourth straight year of deficits exceeding \$1 trillion and would be higher than the \$1.296 trillion deficit logged in 2011. It is possible that the deficit could end up being significantly lower than the White House's projection, which was made weeks ago based on data from the fall, when the economy was on a shakier footing.

Republicans already are saying that Mr. Obama's proposal doesn't do enough to curb the budget deficit and government spending. The draft doesn't appear to offer any new measures for deficit reduction beyond proposals Democrats and Republicans clashed over repeatedly last year.

"This unserious budget is a recipe for debt, doubt and decline," said Brendan Buck, a spokesman for House Speaker John Boehner (R., Ohio). "It would make our economy worse by imposing massive tax increases on small business and still pile up enormous debt that stirs greater economic uncertainty."

Many parts of the budget are likely to be rejected by congressional Republicans and won't become law.

However, the budget reflects an agreement the White House

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