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### In Tax Hike Haggles, Obama At \$400K, Boehner At \$1M: Now What?

The news that Speaker John [Boehner](#) can break with party and set the cliffside tax increase on those earning \$1M got mixed but mostly positive responses. See [Millionaire Tax Now Likely, But President Obama Wants More](#). And it appears to have goosed the President from his



President Barack Obama after meeting with House Speaker John Boehner (Image credit: Getty Images via @daylife)

old saw \$250K stance up to \$400K. The [Associated Press](#) reported that President Barack Obama volleyed the ping pong ball back.

That means the Speaker has it now. Time will tell if that means Mr. Boehner's \$1M will drop to \$750K or what the next volley will entail. There's more going on with entitlement programs and spending cuts, of course, but the signature how-much-is-rich-figure for tax increases has become a kind of bellwether.

This may not look particularly principled or particularly efficient, but these are important and even dramatic steps. The White House proposal is to leave Bush era rates in place for everyone **except** those earning \$400K and above. That is huge. Of course, it is a far cry from Mr. Boehner's preference of \$1M.

But other figures are inching closer too. The ten-year deficit reduction figures are getting closer. In addition, President Obama has even allowed that some cost-of-living increases would be cut for some recipients of the Social Security retirement program.

Reports suggest this isn't even the President's final offer. That kind of foreshadowing is significant too. This is fiscal cliff horse trading, and it appears that neither President Obama nor House Speaker Boehner is done yet. It's truly compromise time as the fiscal cliff moves ever closer.

If anyone cares about keeping score—and this is Washington after all, Mr. Boehner may get credit for being the first to climb off his original no tax increase stance. And after he made the first move toward compromise, it opened the way for President Obama to also retreat from a position that had seemed unwavering.

And while a deal isn't yet clear, each day seems to bring more promise of one. More and more people seem to believe that is possible. Now if someone would only come up with a better name than Bush era tax cuts, which in some circles must truly grate. My suggestions are here: [A Rose Is A Rose? Not The Bush Tax Cuts](#).

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