President Weighs Asking Panel for Stimulus Measures

By CAROL E. LEE And JANET HOOK

President Barack Obama is considering recommending that lawmakers on a deficit committee back new measures to stimulate the lagging economy, people familiar with White House discussions said Tuesday.

The plan Mr. Obama is considering also would recommend the congressional committee come up with a package that reduces the federal budget deficit by much more that its mandate of $1.5 trillion over the next decade, a senior administration official said, through changes in the tax code and social safety-net programs.

"There's no reason to stop at $1.5 trillion," the official said.

Mr. Obama hasn't agreed to a set of proposals, people familiar with the discussions said, but the White House will begin to decide on elements of the plan in coming days. Mr. Obama is expected to make some decisions by Thursday.

Mr. Obama said in Iowa that when Congress returns from recess in September he will put forward "a very specific plan to boost the economy, to create jobs, and to control our deficit." He will unveil his plan before the Joint Select Committee on Deficit Reduction's first meeting on Sept. 16.

The White House is looking for ways to boost the sluggish economy and bring down unemployment that is now stuck above 9%. Mr. Obama, facing re-election next year, has been pushing Congress for months to adopt a variety of stimulus measures, some of which he could urge the committee to embrace. These include extending unemployment-insurance benefits and a payroll-tax cut for employees, which expire at year end and together cost more than $160 billion a year, and an infrastructure bank that could cost as much as $30 billion. The White House is also looking at a payroll-tax cut for employers, worth perhaps as much as roughly $110 billion, and other tax breaks for businesses of as much as $55 billion.

Mr. Obama's recommendations could complicate the committee's task because the stimulus measures, by increasing government spending and reducing revenue, would worsen the deficit in
the short term. But Mr. Obama would recommend ways to offset those effects, and the whole package would still reduce the deficit over 10 years.

The White House and Congress agreed this month to create the supercommittee to devise at least as $1.2 trillion deficit-reduction package by Nov. 23. Congress must approve the package by Dec. 23 or $1.2 trillion in cuts to defense and other programs, including Medicare, would go into effect in roughly one year.

Mr. Obama's recommendations would draw from a deal he had tried to cut with House Speaker John Boehner (R., Ohio), but they will reflect more of the president's vision than compromises he was willing to make to get Republican support, the official said.

Mr. Obama could recommend the committee package raise revenue by more than the $800 billion Mr. Boehner had agreed to. Some of Mr. Obama's advisers want him to push for an amount closer to $1 trillion.

—John D. McKinnon and Damian Paletta contributed to this article.