President Obama Wednesday proposed ways for the nation to cut its deficit by $4 trillion in 12 years, but insisted that eliminating tax cuts for the wealthiest Americans must be part of that plan, and he soundly rejected a GOP proposal that would reduce Medicare benefits for the elderly and disabled.

In one of the major speeches of his term, Obama used strong language to reject a Republican plan to cut the deficit, presented earlier this month by U.S. Rep. Paul Ryan, R-Wisconsin, chairman of the House Budget Committee.

Obama labeled that plan "deeply pessimistic," due to its effects on the elderly and because of proposed deep cuts in government programs, including in education, cuts he said would compromise the nation's future.

Obama drew lines in the sand for what is expected to be a strenuous debate over next year's budget and the raising of the country's debt ceiling.

"Their vision is less about reducing the deficit than it is about changing the basic social compact in America," Obama said of Ryan's GOP supporters. "There's nothing serious about a plan that claims to reduce the deficit by spending a trillion dollars on tax cuts for millionaires and billionaires.

"There's nothing courageous about asking for sacrifice from those who can least afford it and don't have any clout on Capitol Hill," Obama said. "And this is not a vision of the America I know."

Ryan's plan calls for tax cuts passed under President George W. Bush, including those for the wealthiest of Americans, to be made permanent. He proposed deficit reduction, in part by changing Medicare from a social benefit to a voucher program run by private entities partly with government money. Those changes would not affect persons currently over 55.

Obama set the tax cuts for the wealthy in Ryan's plan against the cost to the elderly and disabled.

"In the last decade, the average income of the bottom 90 percent of all working Americans actually declined," he said. "The top 1 percent saw their income rise by an average of more than a quarter of a million dollars each.

And that's who needs to pay less taxes? "They want to give people like me a $200,000 tax cut that's paid for by asking thirty three seniors to each pay six thousand dollars more in health costs?" he said. "That's not right and it's not going to happen as long as I'm president."
Instead Obama proposed savings in the current Medicare system of some $500 billion over the 12 years, further reductions in defense spending, an end to the Bush era tax cuts as well for the wealthy, and an end to some tax exemptions for the rich.

Steven Ullmann, a professor and director of programs in health sector management and policy at the University of Miami, laid out the basic debate over Medicare.

"There are currently 35 million people on Medicare and that will increase to 60 million in next nine years, as the baby boomers enter," he said. "Obama is looking at operational ways to cut costs while the GOP is backing a structural change. It's going to be interesting to see how they go about reaching a compromise."

In his speech, Obama asked congressional leaders in both parties to name four lawmakers to begin bipartisan negotiations on the budget.

Kevin Wagner, a political science professor at Florida Atlantic University, said Obama's speech reflected both political realities and principles.

"Part of the problem for the Democrats and Obama is that they have allowed the debate to become totally about spending," he said. "It looked like he was trying to reshape the debate so that revenues became part of the issue again, which is why he spoke about the taxes on the wealthy.

"It's certainly a political calculation, establishing himself as a defender of Medicare and the elderly," Wagner said. "But I think he really does believe Medicare should be a benefit and not a voucher program. He doesn't want to roll back the social safety net."

Joseph Uscinski, a University of Miami political scientist, took a much more conservative view.

"This is an attempt to reduce the deficit on a wing and a prayer," he said. "In general, there needs to be a massive cut in social welfare spending, big changes in Social Security and big changes in Medicare and Medicaid and we can't pay for Obamacare."

Obama agreed that the deficit must be cut. Among his proposals is a "debt fail-safe" mechanism that would force lawmakers into much more severe action if the deficit has not contracted significantly by 2014. And he asked members of his own party top join him in the debt reduction effort.

"If we truly believe in a progressive vision of our society, we have the obligation to prove that we can afford our commitments," he said. "To meet our fiscal challenge, we will need to make reforms. We will all need to make sacrifices. But we do not have to sacrifice the America we believe in. And as long as I'm president, we won't."

The New York Times contributed to this story.