

Tax Cuts to Blame for Big Deficits

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It now seems a distant memory, but during the 2000 presidential campaign, the major party candidates were debating how best to use a 10-year \$5.6 trillion surplus. In four years, that money has completely disappeared, replaced by the highest deficits in history.

This past week, the Congressional Budget Office, or CBO, reported on the federal government's grim budget outlook. The report reveals a \$422 billion deficit this year, besting last year's record by almost \$50 billion and piling more debt onto the existing \$7.4 trillion national debt. This year's deficit surpasses all spending outside Social Security, Medicare and Defense.

Responding to the news, the Republican Chairman of House Budget Committee, Rep. Jim Nussle, R-Iowa, said "this report underscores that our policies are working to create a stronger economy, more jobs and a lower deficit." It's an amazing feat to construct such a silver lining from the cloud of record deficits and the worst job creation record since the Great Depression, but Rep. Nussle is not alone.

Progress disputed

In releasing its own report this August projecting a \$445 billion deficit, the Bush administration said its performance was "solid progress."

With their chest-thumping about the "progress" of a nearly half-trillion dollar shortfall, the administration and Republican Congressional leadership are asking the public to forget the promises that were made and to ignore what's been delivered.

In President Bush's first budget in 2001, he projected a \$262 billion surplus this year, and we were to pay off the debt by 2011. These promises have been turned on their head.

While some will be quick to blame the reversal of fortune on increased spending on domestic discretionary programs such as agriculture, education, environment, medical research and veterans benefits, the fact is spending on these programs has remained flat, adjusted for inflation, for the past three years. Even if we were to eliminate spending on every discretionary program except homeland security and defense, we would still have a \$35 billion deficit this year.

The war in Iraq and homeland security expenditures have added costs to the budget, but nothing has done more to contribute to our fiscal decline than the president's tax policy. His enormous tax cuts account for 70 percent of this year's deficit.

Shockingly, at a time of war this administration is borrowing money in order to provide tax benefits targeted largely at the wealthiest Americans ... and the borrowing is significant.

Personalizing the deficit

This year's record deficit is being added to a national credit card on which every American owes \$25,000. Just our minimum interest payment on this \$7.4 trillion debt puts an annual burden of \$4,400 on every family of four, more than twice the tax cut the President promised the average family of four in his first budget. Imagine charging \$1 billion a day!

In the 2000 campaign Al Gore and George Bush debated how best to use the surplus, but both agreed to devote at least part of it to Social Security. Today, instead of using a budget surplus to preserve Social Security for the long-term, the Administration is draining the Social Security Trust Fund to finance tax cuts. Overall, the tax cuts will cost \$2.3 trillion more than what is needed to ensure that both Social Security and Medicare remain solvent for the next 75 years.

Still the red ink flows. Treasury Secretary John Snow has told Congress that some time before the end of this October, it will have to raise the debt ceiling by \$690 billion in order to keep our nation out of default. This will be the third increase in the national credit limit in as many years (a cumulative total of \$2.1 trillion) and yet, the administration and Congressional Majority leadership advocate additional tax cuts without providing any way to keep them from creating more debt. According to the CBO, their budget will raise the debt to \$13.3 trillion within a decade, almost doubling it.

More than bad accounting and profligate fiscal policy, the Administration's "solid progress" is a record of opportunities wasted, promises unfulfilled, and work unfinished:

The administration has underfunded counterterrorism programs, our effort to destroy Al-qaida, by 80 percent in next year's budget.

The administration has not funded first-responders at the levels needed to protect our country.

The administration has not provided the resources to secure our ports or inspect commercial airplane or ship cargo at the levels needed to protect the country.

The administration has failed to fund the No Child Left Behind and the Individuals with Disabilities Education Acts at promised levels. Today, more kids are left behind than four years ago.

The administration continues to underfund veterans' health benefits by more than \$1 billion a year.

The administration is holding back funding for affordable housing.

According to the Government Accountability Office, the administration underestimated the funding needed to supply our troops in Iraq and Afghanistan by \$12.3 billion. Instead of providing the funds, the White House is forcing the military to defer regular operational requirements such as equipment and facility repairs and training, in order to make up the difference.

The Administration has failed to help the more than 43 million Americans without health insurance.

In 2000 presidential candidate George Bush said that the Clinton Administration "had its moment, they had their chance, they have not led. We will." In this year's campaign, the President who promised leadership has ignored the multi-trillion dollar elephant in the room. There is no shock, no shame, and worst of all no solution. If nothing else, the American people should demand to know how in four short years the president frittered away a \$5.6 trillion dollar surplus.

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