

Leave No Child Without A Huge National Debt

George W. Bush's latest tax cut program combines gross irresponsibility with calculated mendacity

I've long been a bit of a conservative on fiscal policy. Of course, that dates back to when conservative was spelled with a "c." What passes for conservatism in this country these days seems to be a combination of kooky economic theories, gross irresponsibility and shady rhetoric.

Take, as a leading example, George W. Bush. "This country has many challenges," the President pointed out in his State of the Union address. "We will not deny, we will not ignore, we will not pass along our problems to other Congresses, to other presidents, and other generations. We will confront them with focus and clarity and courage." Nice sentiments, but of course Bush was just kidding.

Remember back in 2001, when Alan Greenspan professed to be so worried about the potential elimination of the national debt that he endorsed Bush's first round of tax cuts? That was extremely optimistic, but the year before Bush took office, the federal government did run a surplus of \$236 billion—\$150 billion in Social Security and \$87 billion in the rest of the budget. Well, that was then. Here's now.

In his new budget, President Bush calls for deficits totaling \$2.6 trillion outside of Social Security over the next six years. It's only slightly tendentious to say that every penny that Bush proposes to spend on national defense over the next six years will be financed by borrowing.

Past 2008, things only get worse. Although Bush refuses to provide ten-year deficit and debt figures, it's clear that, counting the money owed to the Social Security trust funds, Bush plans to increase the national debt from \$4.6 trillion at the start of this year to more than \$10 trillion by the end of 2013.

The administration takes great pains to deny that the President's tax cuts have caused this looming fiscal disaster. But let's do the arithmetic. Bush's first tax cut program was estimated to cost \$1.6 trillion over this decade, counting interest. His 2002 corporate tax cut plan added \$114 billion more over three years. Bush pegs the cost of his latest round of tax cuts at a staggering \$1.5 trillion over ten years—a big expansion from earlier reports—to which \$370 billion in interest must be

added. All told, that comes to \$3.5 trillion. In other words, almost two-thirds of the \$5.4 trillion in additional debt that Bush's program entails by 2013 comes directly from his manic tax slashing. The weak economy we've come to expect in a Bush presidency explains most of the rest.

It's well known that Bush's earlier tax cuts were heavily tilted toward the very wealthy. When and if they reach their full flower, more than half of the benefits will go to the best-off one percent of taxpayers. Is Bush's new tax cut plan any different? You wouldn't expect so by looking at the details of its 58 separate provisions. Among other things, Bush wants to exempt dividends from tax, speed up most of his 2001 upper-income tax cuts to this year and extend them past their 2010 sunset date, and introduce new tax-exempt savings plans that will allow very well-off people to shift upwards of \$60,000 a year from their investment portfolios into tax-sheltered accounts—with the long-term goal of making almost all investment income tax-free.

Yet according to the President, some "92 million Americans will keep, this year, an average of almost \$1,000 more of their own money." That sound good, but the truth is not so rosy. Almost half of Americans will get less than \$100 from the President's tax plan this year (and average \$19 each). In other words, the median tax cut is barely a tenth of the \$1,000 that the President misleadingly implies will go to everyone. Only one in five taxpayers will actually get the President's touted \$1,000 or more, and, of course, most of those who do are in the upper income ranges. The best-off one percent, for example, stands to gain an average of more than \$30,000 each this year.

Maybe Bush expects that the vast number of Americans who'll get little or nothing from his latest tax plan won't mind, since the huge tax bonanza for the rich does boost the overall average. Or perhaps Bush hopes that lots of his victims will be fooled by his deceptive claims. After all, of the dozen states with the highest percentage of taxpayers who get absolutely nothing from Bush's new tax-cut program (ranging from 35 to 44 percent), all but one cast their electoral votes for Bush in the last presidential election.