

## THE TAXONOMIST

**Joker in Chief**

By Robert S. McIntyre

**A**s federal deficits mount to record levels, President Bush now tells us there's light at the end of the tunnel. Not a bright light, mind you, but he does claim that his new budget plan, despite more huge tax cuts, will get the government's books halfway to balanced within five years. There are, however, a few major ifs: If you don't count spending for Iraq and Afghanistan. If you ignore the promised but unbudgeted fix for the alternative minimum tax (hugely expensive). If you expect Congress to slash domestic appropriations by about a quarter in real terms. And, apparently, if you assume that by 2009 we'll still be in Bush's "trifecta" (crappy economy, national emergency, war), so he's entitled to keep spending all the Social Security surplus.

This year, Bush says the federal government, outside of Social Security, will spend \$1,939 billion but raise only \$1,264 billion in revenues, for a deficit of \$675 billion. That means more than a third of regular budget outlays will be financed with borrowed money.

Bush's assertion that he'll cut the deficit in half by 2009 includes the following explicit assumptions: Spending on defense and homeland security will fall by 14 percent as a share of the economy by 2009. Total domestic appropriations as a share of the economy will plummet by 24 percent, including huge cuts in science (minus 19 percent), pollution control (minus 27 percent), transportation (minus 18 percent), disaster relief (minus 49 percent), education (minus 22 percent), housing assistance (minus 33 percent), and even law enforcement (minus 20 percent). The alternative minimum tax will be fixed, but at no cost—rather than the \$65 billion that even a modest correction would cost in 2009 alone, according to the Congressional Budget Office (CBO).

Even with all these ridiculous assumptions, Bush's projected regular budget deficit for 2009 remains at \$501 billion. He offsets that against the \$263 billion he projects as Social Security's surplus that year. Voila! A "unified deficit" of a mere \$237 billion.

Asked at a February press briefing if some of these premises aren't a bit questionable, Bush's budget director, Josh Bolten, feigned befuddlement. "The question confuses me," Bolten told reporters. "The budget we're presenting today is one that is, from my perspective, completely honest."

In reality, of course, the budget outlook under Bush's policies is grim and getting grimmer. Under more reasonable assumptions, the CBO's annual budget report this

January shows that Bush's policies are likely to entail more than \$10 trillion in deficit spending outside of Social Security from fiscal year 2002 through 2014.

The president likes to blame our budget problems on the high costs of fighting war and terrorism. "I'm a war president," he recently told Tim Russert on *Meet the Press*. But suppose that, despite Bush's phony spending-cut proposals, defense and domestic appropriations keep up with the economy after 2004 and that all of Bush's tax cuts are extended. Under this plausible scenario, the CBO figures indicate that only a fifth of the huge deficits we face stem from higher spending on defense and homeland security compared with their Clinton levels. Only 8 percent reflect higher domestic appropriations. In contrast, more than half of the projected deficits are due to Bush's tax cuts.

**W**ell, we can't expect the president to reconsider his tax program. As he told Russert, "I'm not going to change, see? I'm not trying to accommodate—I won't change my philosophy or my point of view." But what about those mythic Republicans who supposedly worry about deficit spending?

A vanishing, if not vanished, breed, apparently—at least in Washington. To be sure, some on the far right have begun to affect concern over our mounting deficits. Several groups, including the American Conservative Union, Citizens Against Government Waste, Citizens for a Sound Economy, the Club for Growth, Paul Weyrich's Coalitions for America, and the National Taxpayers Union, for example, recently condemned Bush for backing a "drunken sailor budget." But there was no admission that Bush's tax cuts have any role in our fiscal mess.

Harking back to the day when millers were named Miller and clerks Clark, Representative Jeff Flake of Arizona, one of the House's raging "movement conservatives," told *The Washington Post* that he and his allies will call for cutting outlays by one-tenth of 1 percent in fiscal 2005. "It sends the signal we're now serious about this deficit," Flake said.

So there you have it: As our country's finances go down the toilet, our president and his allies propose trivial or sham spending cuts and a perpetual raid on the Social Security trust fund—and still can't get anywhere near fiscal balance because of reckless tax cutting. Could this be the year that the public starts to see through their dangerous baloney?

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