

THE TAXONOMIST

New Year's Resolutions for Journalists

By Robert S. McIntyre

Over the next few years, we're going to face monumental tax and budget decisions. President Bush wants to privatize part of Social Security, make the tax code far less progressive, borrow many more trillions of dollars, and probably slash domestic programs. It's crucial that the public understand what's at stake as these issues unfold—and that means reporters need to do better than they have in the past. So here are my New Year's resolutions for journalists who cover fiscal issues—and what readers should demand of them.

1 Explain who wins and who loses. This ought to be a natural for journalists. It's what makes tax and budget stories so interesting, rather than boring. It's what gets stories on the front page and sells newspapers. For many years, Congress and the Treasury released reliable tables showing the effects of proposed tax changes by income group—to the chagrin of corporate lobbyists, right-wing think-tankers and other purveyors of bad policies. But since the Republicans took over the government, they've either perverted the tables or suppressed them entirely. Fortunately, outside groups like mine can still provide this essential information.

So when Bush proposes still more big tax cuts for the wealthy, don't let him get away with leaving out the bad news about the tax increases that will fall on everyone else. When he proposes borrowing trillions of dollars to implement private investment accounts for workers under age 55, let those workers, who may initially think that private accounts look attractive, know the downside. Not only is there a big risk of their investments doing poorly, but future benefits will be slashed and all that new debt, plus interest, will have to be paid for by, well, those same workers. Not really that great a deal, when you think about it.

2 Tell us about legislation before it's enacted, not only afterwards. Journalists are the public's link with current events, not historians. But sometimes they forget that. Last fall, for instance, Congress enacted a huge collection of new corporate tax breaks. Although there were a few good stories in some of the major papers about the bill as it progressed, most papers didn't cover it until after it was enacted—when it was too late for public unrest to have any influence.

3 Go for the jugular, not the capillary. After the corporate tax bill passed last October, I was deluged with calls from reporters wanting “dirt” on the bill's

most trivial provisions. Sure it was fun to mock Congress for giving Home Depot a tariff break on imported Chinese ceiling fans or for cutting the excise tax on bows and arrows. But too many journalists focused on items like these while ignoring the really important parts of the bill, such as its huge new tax incentives for companies to move money, and jobs, offshore. There's a real distinction between a few million dollars and hundreds of billions of dollars. Reporters need to bring that difference home to their readers.

4 State the budget facts sensibly. Press coverage of the recently passed domestic appropriations bill called it the smallest “increase” since the mid-1990s. By any reasonable measure, however, that so-called “one-percent increase” was actually a substantial reduction—because it doesn't take account of population and wage growth. The truth is that maintaining the status quo on outlays essentially means keeping them in step with the economy. Anything else is a cut.

For example, the IRS budget is slated to go “up” in fiscal 2005 by half a percent. Meanwhile, the number of tax returns will go up by about one percent and government wages will increase by 3.5 percent. Obviously, that combination must mean that tax collection will suffer. Why not say so?

Remember those gigantic projected “surpluses” that George W. Bush supposedly inherited from Bill Clinton? They were nothing but a myth. To be sure, politicians of all stripes wanted the public to believe in those phony surpluses—the Democrats so they could propose new programs, the Republicans so they could cut taxes. But the truth is that when Bush arrived, the budget was merely balanced. To say otherwise required counting the reserves building up in Social Security as available to pay for other government programs—spending them twice, you might say—and expecting huge real reductions in government services by assuming that appropriations would merely stay even with inflation. By failing to tell the public the truth, the press helped cause our new era of endless deficits.

These resolutions don't cover all of my pet peeves about how the press could do a lot better. But they're enough for one New Year.

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