

FAIR Taxes for ALL

Co-chairs: People For the American Way, American Federation of State, County & Municipal Employees, National Women's Law Center, Leadership Conference On Civil Rights, USAction, Campaign for America's Future

For Immediate Release: January 19, 2004

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THE STATE OF THE UNION: TAX CUTS FAIL TO CREATE JOBS, CREATE FISCAL DISASTER

Leaders of the Fair Taxes For All Coalition Available for Comment on Expected Tax Proposals in President's State of the Union Address

(Washington, DC) As President Bush prepares to tell the nation that the state of the union is strong as a result of his single-note tax cutting policies and that he is ready to push for more of them, leaders of the Fair Taxes For All coalition said that the tax cuts are a massive failure.

The 2001 and 2003 tax cuts have failed to create jobs as promised, are exacerbating fiscal crises in the states and creating record-high federal deficits. And the evidence shows they are inequitable, overwhelmingly benefit the wealthy and have been minimally, if at all, related to the modest growth in the economy. Yet tomorrow night, the President is expected to push for making his tax cuts permanent, and to create more tax breaks for the wealthy disguised as benefits for ordinary Americans. In addition, he will float a proposal to limit some corporate tax shelters that leaves most corporate loopholes untouched.

"This is one more chapter in the President's relentless attempt to shift taxes from wealth and the wealthy to work and the middle class. This nation doesn't need more tax breaks for millionaires and big corporations. What we need is a tax system where we all pay our fair share – a tax system that raises sufficient revenues to meet our national priorities," said Jeff Blum, Executive Director of USAction, a Fair Taxes For All co-chair organization.

"Tax cuts for the top-income brackets and big corporations haven't created jobs and too many Americans are still out of work. The Bush tax cuts are exploding the national debt, creating a long-term fiscal crisis, and sending the bill to our children and grandchildren. And right now, they are threatening our ability to provide a secure retirement for our seniors, health care and education for our children, and homeland security that helps keep everyone safe," said Nancy Duff Campbell, Co-President of the National Women's Law Center, a Fair Taxes For All co-chair organization.

- President Bush claimed his tax cut program would create 1.8 million jobs in 2003. That is 1,000 jobs every 5 hours for the entire year. Yet the economy managed to produce only 1,000 in the entire month of December; the Administration missed its stated goal of 150,000 jobs in December by 99.33%. In fact, since President Bush took office, the economy has lost 2.3 million jobs – a record worse than any President in modern American history. (Bureau of Labor Statistics, 1-9-2004)
- President Bush's tax cuts are not responsible for recent up-ticks in the economy. An Economy.com report found that only 13% of the nation's third-quarter growth can be traced to

the 2003 tax cuts – and even this small amount was mainly due to the child tax credit and other short-term measures, not to the costly tax cuts for millionaires and big corporations that constitute the biggest part of the package. (Bloomberg News, 12-4-03)

- President Bush's tax cuts are largely responsible for the record deficits the country now faces. When President Bush took office, surpluses totaling \$5.6 trillion were projected for the next 10 years. Those surpluses have become deficits of over \$4 trillion. <http://www.cbpp.org/9-29-03bud.pdf> While the President blames the deficit on factors outside his control or increased spending, his tax cuts represent more than half (55%) of the costs of all legislation he signed since taking office. Military and homeland defense account for 28% of these costs; spending on all other domestic discretionary programs represents only 5%.
- A new study by the Brookings Institution notes that the increased burden of the national debt that is created by exploding deficits will give American families in the future lower standards of living and lower incomes but higher interest rates and therefore higher costs to finance a home, a car, or an education. The mounting national debt will require more and more tax dollars just to pay the interest on the nation's credit card bill, rather than to meet other national needs. <http://www.brookings.edu/es/research/projects/budget/fiscalsanity.htm> And the U.S. debt will have an impact on the rest of the world, too -- a new International Monetary Fund report determined that unchecked U.S. federal borrowing threatens to increase global interest rates and choke long-term economic growth. <http://www.imf.org/external/Pubs/NFT/Op/227/index.htm>
- The President's contention that the deficit will be cut in half in the next five years is a smoke-and-mirrors accounting fiction. The President's forthcoming budget is expected to omit a number of likely future costs; for example, the full costs of the Administration's own defense plan, of fighting terrorism internationally after September 2004, and various likely tax changes. The budget is expected to have approximately \$200 billion in missing costs in the fifth year. <http://www.centeronbudget.org/1-16-04bud.pdf>

"The President's economic policies are lost in space. While the President cuts taxes for millionaires at the federal level, ordinary families are paying higher taxes at the state and local levels, more in fees, more in college tuitions and suffering cuts in education, health care and other critical services," said Marge Baker of People For the American Way, a Fair Taxes For All co-chair organization.

In spite of this dismal record, tomorrow night the President is expected to propose more of the same:

- He will push for making his 2001 and 2003 tax cuts permanent, further skewing the tax system in favor of the wealthy at the expense of the middle-class and workers, and creating "lifetime savings accounts" and "retirement savings accounts," tax shelters that help those with wealth shield their income from taxation, not help ordinary Americans.
- He is also expected to propose limits on certain corporate tax shelters. But at the same time he will leave the vast majority of corporate tax loopholes completely untouched – especially those that benefit corporations that move jobs overseas.

"The President may say he's ready to close corporate tax loopholes, but the truth is he's 'all hat and no cattle.' He still wants to reward corporations that send jobs overseas while he denies many military families who sent loved ones overseas an increase in the child tax credit," said Roger Hickey, co-

director of the Campaign for America's Future, a Fair Taxes For All co-chair organization. Of the 12 million children excluded from the increased child tax credit in the President's tax cut, over one million are the children of military servicemen and veterans. Of these, 260,000 children have a parent currently on active duty. http://www.childrensdefense.org/pdf/no_tax_relief_check.pdf

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The Fair Taxes For All Coalition is a massive coalition of organizations co-chaired by People For the American Way, National Women's Law Center, AFSCME, the Leadership Conference on Civil Rights, USAction, and the Campaign for America's Future. More than 325 national, state and local groups and coalitions – together representing millions of Americans – have pledged to defeat Bush Administration tax proposals that would take resources from health care, education, Social Security, and homeland security in order to give massive tax breaks to the very wealthiest Americans.