

# FAIR Taxes for ALL

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## The Budget Time Warp: Taking “Retro” Too Far

*By Ralph G. Neas and Nancy Duff Campbell*

The crocodile tears are flowing in Washington as Republican Congressional leaders react with mock horror to a monster of their own making — massive federal deficits the Congressional Budget Office estimates will equal a record \$477 billion this fiscal year and a minimum of \$2.4 trillion over the next ten years. The White House projects even higher deficits — \$521 billion this year alone.

Yet President Bush and Republican Congressional leaders want to make their reckless tax cut scheme permanent at a cost of \$2 trillion in debt over the coming decade. Their plan to make the tax code even more advantageous for the wealthiest Americans has been obvious for three years. Another plan has now become clear: use the massive deficits created by their tax cuts to justify rolling back nearly seven decades of investment in the health, education and financial security of the American people.

As tax cut promoter Grover Norquist has explained, the goal “is to cut government in half in twenty-five years, to get it down to the size where we can drown it in the bathtub.”

Congressional Republican leaders are already filling the tub. The Hill newspaper reports that a coalition of some GOP members is demanding that deficits be reduced next year through across-the-board cuts in all federal discretionary spending except defense.

In the same budget that proposes hundreds of billions in new tax cuts for the ultra-wealthy, President Bush also proposes cutting or freezing most non-defense, non-homeland security discretionary spending. And, in a little-noticed part of his budget, he proposes new rules to block any legislation — *except tax cuts* — that increases the deficit.

Where is this strategy headed? House Majority Leader Tom Delay provided a road map in a recent interview with National Journal's CongressDaily: “[Y]ou should look at what [is] the size of the government as a percent of GDP,” DeLay said. “My own number is 15 percent. We should not be spending more than 15 percent of the GDP, whatever that is.”

According to CBO figures, federal spending is currently equal to 20% of GDP, roughly the same level it's been since the late 1960s. In fact, the last time federal spending was at or below 15% of the economy was 1951, according to the Center on Budget and Policy Priorities.

The world has changed since 1951. Back then, we had no Medicare or Medicaid. There was no interstate highway system, Department of Education (much less “No Child Left Behind”), or Department of Homeland Security. The Cold War was in its infancy — no arms race. The Korean War had barely begun. We had not yet fought in Vietnam and the Persian Gulf, or begun to care for the injured veterans of those wars. We did not yet face the threat of international terrorism.

What would returning to a “golden oldies” budget mean to America? Cutting federal expenditures from 20 percent of GDP to 15 percent would require slashing the President’s proposed federal budget for fiscal year 2005 by roughly one quarter, or \$600 billion.

That would require eliminating 73 percent of all discretionary spending. Non-defense discretionary programs (including homeland security) will total less than \$416 billion in fiscal year 2005 — roughly 50 percent of federal discretionary spending. If Mr. DeLay were to wipe out the Department of Education, the Department of Veterans Affairs, the Environmental Protection Agency, NASA, the National Institutes of Health and eliminate all our national parks, it wouldn’t be enough. He would still have to cut \$184 billion, including large amounts from defense, Medicare, Medicaid, or Social Security to give us back a 1951 budget.

Clearly, America can’t afford to turn back the clock. Now that the Bush Administration and Mr. DeLay have shown their hand, there is hope. The president can no longer claim, as he did in previous budgets, that his tax cuts for millionaires and huge corporations will not cause real pain for ordinary working Americans. The tradeoff between President Bush’s tax cuts and the roads, hospitals, schools and critical services ordinary Americans rely on is crystal clear.

There is a better way: invest in a real future instead of returning to the past. Reform the tax system to insure that everyone pays a fair share. And use the revenues to assure world-class education for our children, quality health care, retirement security, and economic opportunity for all.

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