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Democrats' Answer to Economic Stimulus? Raise Taxes

Washington, D.C. –**Congressman Bill Shuster** today expressed his strong opposition to the Democrat's out of control fiscal year 2009 budget:

“In a time when American families are pressured by high gas prices, lowered home values and a more expensive cost of living all around, the Democrats feel it's the right time to pass a federal budget that breaks the bank with the largest tax increase in history.

The budget Conference Report passed by the House today includes a \$683 billion tax increase over the next five years. This is a tax *Investors Business Daily* calls gargantuan and I couldn't agree more. 116 million Americans would be hit with an average tax increase of \$1,833 under the Democrats' budget. This means less disposable income for American families in a time when they need it most. Instead of stimulating our economy back to health, this tax hike would stop it in its tracks.

Once again, I am amazed that the Democrats, who campaigned on a platform of fiscal responsibility, would have the audacity to use the American people as their personal ATM to pay for their wish list of massive new spending programs. Instead of finding ways to finance an all-you-can-eat buffet of wasteful spending, the Democrats should actually follow through on their promise to be fiscally responsible by making the tax relief of 2001 and 2003 permanent.”



A Record Tax Hike

[Investor's Business Daily](#)

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Fiscal Policy: The Senate's new \$3 trillion budget for 2009 is big, but it fails to do something vital to the U.S. economy: extend President Bush's tax cuts. If this isn't fixed, we'll soon face the largest tax hike in our history.

The Senate's action on Wednesday to approve the spending plan came on a 48-45 vote over Republican objections. The House is also expected to pass the measure this week.

Democrats sounded almost giddy. The budget "will strengthen the economy and create jobs," said Senate Budget Committee Chairman Kent Conrad, a North Dakota Democrat. "It will provide tax cuts for the middle class, and it will restore fiscal responsibility by balancing the books by 2012 and maintaining balance in 2013."

Fine-sounding sentiments all. But parse those words for a moment. Virtually everything Conrad says is false, and in no small way.

If Bush's tax cuts expire in 2010, the middle class will in fact be hit with a massive tax increase. This in turn will weaken the economy and kill job growth. As for the deficit, slower growth also means lower revenues — and a bigger deficit.

Make no mistake: This tax hike is gargantuan. Simply by not making Bush's cuts permanent, taxes will rise by a minimum of \$2.8 trillion between now and 2018.

On average, 116 million taxpayers will see a jump of \$1,800 in their annual tax bill. Some 48 million married couples — the heart of the middle class that Democrats say they want to help — will be slapped with an average increase of \$3,007. Even the elderly will take a hit — \$2,181 on average.

But surely, you say, the poor will be spared. Sorry. As the White House has pointed out, a single parent with two kids making just \$30,000 a year will get \$1,600 tacked on to his or her tax bill if the Bush tax cuts are allowed to sunset in 2010.

Ironically, top earners would fare much better under the Democrats. They now pay about 60% of the total federal income tax; if the Bush tax cuts expire, they'll pay about 57%. Good for them, but bad for those, like the family of four with an income of \$50,000, who'll see their taxes rise a whopping 191%.

This is a foretaste of future fiscal recklessness under a Barack Obama presidency (he voted for the bill). It's also a recipe for economic stagnation and misery.

Worst of all, it leaves unaddressed long-term fiscal imbalances due to runaway Social Security and Medicare spending, while making wild spending promises that can't be kept.

The pretense of a "fiscally responsible" budget, by the way, is just that — a pretense. From 2001 to 2006, Democrats had a field day bashing Republicans for spending too much. Some of the criticism was deserved.

They now tout what they call a "balanced" budget. But the fact is, the 2009 budget for the first time ever spends \$1 trillion on discretionary (nondefense, non-entitlement) items.

Over the next five years, spending would rise by a half-trillion dollars, \$241 billion more than President Bush requested. Meanwhile, there's a fantasyland projection of \$930 billion in added revenues — a number that will be lucky to be half as big once Democrats are done raising taxes.

No, this budget will not be balanced, and anyone who believes that is delusional. Remember this the next time you hear someone criticize Bush on spending.

Oh, and the Democrats will pay for it by raising taxes by \$683 billion — the biggest such increase ever.

Along with recent action on a pork-filled \$300 billion farm bill and continued inaction on our looming entitlements crisis — with \$52 trillion in unfunded spending over the next 50 years — you have the makings of the least fiscally responsible Congress in history.

One of the reasons our economy has been able to stave off recession is the 2003 cuts in taxes on dividends and capital gains. With those slated to rise sharply in coming years, investors can expect sharply lower rates of return. That means fewer jobs, lower pay and declining standards of living.

Quite a week's work for one Congress.

This is supply-side economics in reverse — creating massive disincentives to work, save and invest, and shrinking the pie. This is the economy that Obama and his friends in charge of Congress will bring. No doubt it represents change. But as John McCain keeps asking, is it the right kind of change?

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