



REPUBLICAN CAUCUS

THE COMMITTEE ON THE BUDGET

B-71 Cannon House Office Building
Washington, DC 20515
Representative Paul Ryan, *Ranking Republican*

Phone: (202)-226-7270
Fax: (202)-226-7174
James T. Bates, *Republican Staff Director*

For Immediate Release:
February 8, 2007

Contact: Angela Kuck
202-226-7270

Democrats Lay Groundwork for Massive Tax Hikes, Inaction on Entitlements

In a press release last Friday, Speaker Pelosi and other Democrat Leaders attempted a pre-emptive strike against the key fiscal goals of the President's budget for fiscal year 2008: balancing the budget – *without* raising taxes – by maintaining pro-growth economic policies, and by reforming unsustainable entitlement growth.

Clearly laying the groundwork for massive tax hikes and no entitlement reform, the Democrats' statement included the following:

- **On surging federal revenue:** *"It would be dangerous to assume that the recent increase in revenue will continue indefinitely."*

This is likely a fair statement if Democrats are assuming immense tax hikes.

The Democrat Leadership further argues: *"This may be good for the Treasury, but it is not a good thing for average Americans..."*

It is true that our economy's solid, sustained expansion – which has created more than seven million new jobs, and has been the key factor in driving down the federal deficit, and putting us on a path to balancing the budget – *is* good for the Treasury (where, it appears necessary to note, the federal government's spending money is stored). But Republicans believe that a strong economy and job creation, combined with dramatic reductions in the federal deficit, are also a "good thing" for "average Americans."

- **On the need for entitlement reform.** The Democrat Leadership appears to suggest that a massive tax hike would fix the unsustainable growth rate of federal entitlement programs:

"The need to cut these (entitlement) programs largely stems from the cost of the President's tax cuts..."

In recent testimony before the House Budget Committee, both the U.S. Comptroller General and the director of the Congressional Budget Office clearly stated that the federal government's largest entitlement programs – particularly our health care programs – are unsustainable as currently structured, will become even less sustainable with the retirement of the baby boom generation, and must be reformed simply to survive.

If the Democrats continue ignoring the problem – or choose to mask it through ever-increasing tax burdens – these programs will impose a crushing burden on both the budget and the economy,

and will ultimately fail the very people they're intended to help.

The Democrats' press release may have simply been rhetoric. But it is dangerous rhetoric – the implication that our biggest budgetary challenges can be solved by chasing ever-higher spending with ever-higher taxes is both unrealistic and irresponsible.

— \$\$\$ —