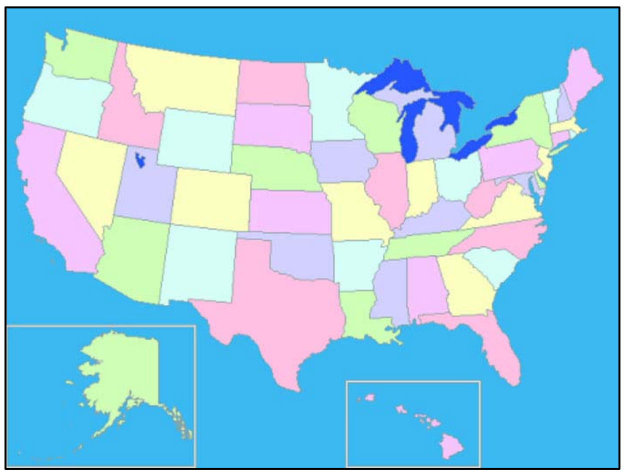
# Editorial Boards Across the Country Support PAYGO for Spending and Receipts

*The Ledger* (Lakeland, FL)
*San Jose Mercury News*
*Los Angeles Times*
*Washington Post*
*Philadelphia Inquirer*
*The Miami Herald*
*Omaha World Herald* (NE)
*Lansing State Journal* (MI)
*The Commercial Appeal* (Memphis, TN)
*Courier News* (Bridgewater, NJ)
*Cincinnati Post*
*Orlando Sentinel*
*Portland Press Herald* (ME)
*Chicago Tribune*
*Columbus Dispatch* (OH)
*New York Times*
*Star News* (Wilmington, NC)
*The Tennessean* (Nashville)
*Baltimore Sun*



*Newsday*
*USA Today*
*Buffalo News* (NY)
*Contra Costa Times* (CA)
*Fort Worth Star Telegram* (TX)
*The Pantagraph* (Bloomington, IL)
*Knoxville News-Sentinel* (TN)
*The Dallas Morning News*
*Rocky Mountain News* (Denver, CO)
*St. Louis Post-Dispatch*
*The Courier-Journal* (Louisville, KY)
*Sarasota Herald Tribune* (FL)
*Boston Globe*
*Rochester Democrat and Chronicle* (NY)
*The Columbian* (Vancouver, WA)
*The Plain Dealer*
*The Record* (Bergen County, NJ)

**"As Congress returns to duty, it has some soul-searching and some wallet-checking to do over a $2.4-trillion budget. Tax cuts haven't saved the economy as promised, which should prompt lawmakers to recognize the need to offset any tax cuts or spending increases they propose."**
**– *The Tennesean*, 04/26/04**

# EDITORIAL ROUND-UP ON PAYGO

*Below is a sample of editorials from all across America encouraging the adoption of "pay-as-you-go" rules*

UNBALANCED BUDGETING
Washington Post
June 24, 2004

THE HOUSE of Representatives plans today to take up a so-called budget enforcement measure that threatens to impose severe cuts on federal spending while leaving the door open to additional, unaffordable tax cuts. The legislation, the Spending Control Act of 2004, was in flux yesterday, but -- at least in its form as of last night -- it would clamp down too hard on spending. Moreover, even if the spending cuts were eased, it would impose a lopsided, ineffective and ultimately counterproductive version of budget discipline.

The proposal, crafted by House Budget Committee Chairman Jim Nussle (R-Iowa), would reinstate the pay-as-you-go requirements that helped reduce budget deficits during the 1990s, but -- unlike the earlier version of the pay-go rule -- would apply only to entitlement spending, not to tax cuts. Entitlement spending (on Medicare, veterans' benefits and the like) could be increased only if equivalent spending cuts were found; money saved, for example, by closing tax loopholes wouldn't count. Meanwhile, lawmakers would face no such constraint in enacting additional tax cuts.

Another looming problem is a cleverly crafted alternative that takes the worst of the underlying bill (the bogus pay-go provision) and combines it with spending cuts that may be more salable to the GOP caucus but are potentially even more harmful. The amendment, by Rep. Mark Kirk (R-Ill.), would impose draconian limits on spending for entitlement programs. He wisely exempts Social Security and Medicare but would place unrealistic ceilings on other entitlement spending and require automatic cuts in any year in which lawmakers failed to trim enough to fit within that cap. According to an analysis by the Center on Budget and Policy Priorities, the Kirk cap would require entitlement cuts of $445 billion over the next 10 years -- almost one out of every seven dollars in the affected entitlement programs by 2014.

We'd be happy to see cuts in some of those programs, but are lawmakers more likely to trim farm subsidies or child nutrition programs? And while getting the deficit under control will require restraint on both spending and tax cuts, the Republican approach is one-sided. The poor will sacrifice, the wealthy get a pass.

In scheduling a vote on the budget measure last week, House Majority Leader Tom DeLay (R-Tex.) told his colleagues that it "defines who we are and where we want to take this country." Indeed it does. That is why both the Nussle and Kirk proposals should be rejected.

ONE PARTY, NO BUDGET
New York Times
June 24, 2004

Despite their control of Congress, Republican leaders are in the embarrassing position of failing one of the annual tests of effective government: enacting a new budget. So, hoping for cover in the fall campaign, Republicans are brandishing hollow proposals intended to show that they are dealing with the decade of record deficits that they have fueled by exuberantly approving President Bush's tax cuts.

First, the G.O.P. is attempting some sleight of hand on its obligation to raise the debt limit when the nation bursts past the current borrowing maximum — $7.4 trillion — later this summer. Rather than face a forthright floor vote, House leaders have sought a fine-print "place holder" in the defense spending bill so more red ink may be authorized sotto voce in conference committee meetings between the two houses of Congress.

Compounding this political cowardice, House Republicans would have taxpayers believe that firm commitments are being enacted for "pay as you go" budgeting, which mandates savings to offset rising costs. But they are imposing that discipline only on the spending side of the ledger, vowing to cut program costs while pretending there is no need to offset the tax cuts that are so heavily weighted toward the affluent. This is like swearing off demon rum while continuing to binge on vodka martinis.

At the heart of this hypocrisy lies a struggle over the very definition of the Republican Party: four Senate Republicans, properly alarmed at the deficits and borrowing, are demanding that tax cuts be subjected to true "pay as you go" controls. House Republicans, however, wield power as a monolith, without compromise.

John Spratt Jr. of South Carolina, the House budget panel's ranking Democrat, proposes a return to 1990's policies, when revenues and spending were covered by offsets, and budget surpluses were achieved. But the outlook is for intransigence in the House, and perhaps some second thoughts by voters about the effectiveness of one-party government.

---

DO WITHOUT A BUDGET
The Ledger (Lakeland, FL)
June 12, 2004

Republican leaders of Congress face a dilemma: To budget or not to budget? The problem: This year's budget deficit is running at about $ 400 billion. And President Bush's tax cuts will drain the treasury of about $ 1.7 trillion over the next decade.

A handful of dissident Republicans have joined with Democrats in the Senate to demand that this year's budget be "pay as you go" -- that it contain either deep cuts in services or new taxes to stem the flood of red ink.

This is an election year, so nobody in Washington wants to slash spending for, say, health care or veterans' benefits. But neither do they want to raise taxes. The apparent solution:

Simply do not pass a new budget this year, and let the government run on continuing resolutions. "It's true it would defer the decisions for a year, but at least it would get us through the next year that we're in," Sen. Arlen Specter, R-Pa., told The New York Times last week.

In other words, Congress may foist a bright shining lie on the voters, that we can have it all without having to pay for it. That lie will explode in our faces after the election is over. According to reports that have not exactly been denied, the Bush administration has begun circulating memos to executive branch agencies to prepare for drastic budget cuts next year.

Why won't our elected officials level with the American people? Because election-year honesty is almost never deemed to be the best policy in the D.C. Swamp.

---

FOUR REPUBLICAN SENATORS WISELY WANT TO RESTORE 'PAY AS YOU GO'
San Jose Mercury News
June 8, 2004

While the White House and the Republican leadership in Congress plunge ahead with tax cuts, four Republican senators have remembered that not long ago their party was the one leading the call for a balanced budget amendment to the Constitution.

The four, John McCain of Arizona, Olympia Snowe and Susan Collins of Maine, Lincoln Chafee of Rhode Island, want to revive a budget practice called "pay as you go." It expired in 2002. Though not always observed, it played a role in turning the budget from deficit to surplus in the late 1990s.

The rule would require that future tax cuts be offset with spending decreases or tax increases elsewhere, so the tax cuts do not add to the budget deficit. Applied to spending increases, it demands that they have a source of funding.

With the deficit estimated at $480 billion this year, offsetting any additional revenue loss is not only prudent, it's crucial. Republican leaders will have none of this. On tax cuts, they cry: Damn the deficits, full speed ahead.

Their lame concession to pay-as-you-go is to put it in place for one year, but exempt $28 billion in tax cuts, so that three popular cuts can continue: the $1,000 child-care credit; the marriage-penalty elimination; and expansion of the bottom 10 percent tax bracket. All are set to expire at the end of this year.

With 47 Democratic senators, the four Republicans are blocking passage of a budget resolution. Good for them, even though President Bush and the Republican leadership will keep pretending that tax cuts don't increase the deficit or that deficits don't matter.

The tax cuts passed in 2001 and 2003 were designed as temporary measures to disguise their long-term costs. Now, even though the deficit has worsened, Bush and his acolytes would like to make them permanent. Imposing pay-as-you-go would spoil the illusion that further tax cuts would have no costs.

Actually, the White House isn't quite as reckless as it may seem. It has told federal agencies to be prepared for cuts to such programs as the environment, veterans' health care and the National Institutes of Health, starting in the budget year that begins Oct. 1, 2005.

Let's see, that's after the next presidential election, isn't it? Instead, Bush should be listening to the four Republicans who are asking their party to tell the truth about tax cuts now.

---

A DEFICIT OF FISCAL FORESIGHT
Los Angeles Times
June 2, 2004

To borrow a phrase from a hot movie about an environmental disaster, President Bush risks fiscal meltdown by addressing the budget deficit as if there's no day after tomorrow.

Even though already enacted cuts will save an average of $109,000 in taxes for anyone with an income greater than $1 million in 2006, Bush is pressing Congress to make his 2001 and 2003 tax cuts permanent - a move that would further inflate the deficit, which the Congressional Budget Office projects will hit $480 billion this year.

The White House's obsession with more cuts makes the resistance to the plan by a small group of Republican senators all the more remarkable. They may not succeed in curbing the deficit, but they are shining a spotlight on it that Bush will be unable to evade in his reelection campaign.

The mischief began in May, when the House passed permanent tax cuts that would add more than $600 billion to budget deficits over the next 10 years. McCain and other senators are foiling that plan by insisting that any future tax cuts be offset so as to have no effect on a deficit. That means if you're going to cut taxes, you have to make a corresponding cut in spending, or raise taxes elsewhere to make up for the shortfall. So far, by demanding so-called pay-as-you-go rules, they have brought the budget process to a standstill.

The Bush administration seems to recognize that taxes can't be reduced indefinitely without cutting spending. As a White House Office of Management and Budget memo leaked to The Washington Post reveals, Bush wants to cut proposed funding for almost all agencies in charge of domestic programs beginning in 2005. For example, veterans' medical care would be cut by about $270 million in 2005 and by $1.6 billion in 2006 - surely a strange choice in a time of war. In addition, student financial assistance, job training, and education all would be slashed.

Contrast the $32 billion in tax cuts the administration is proposing for millionaires in 2006 with the $21 billion in savings the administration would realize by cutting domestic programs. Then there's the effect of the Iraq war. So far, Congress has appropriated $119.4 billion for Iraq - and the administration plans to ask for at least $50 billion more.

The administration line on tax cuts is that they boost the economy, which increases federal revenue and reduces an annual deficit. Economists can debate the long-term validity of that theory, but over the short term it doesn't take a PhD to see that tax cuts unaccompanied by spending cuts lead to deficits. Like Federal Reserve Chairman Alan Greenspan, who frequently warns about the perils of the deficit, the senators are right to give bad reviews to more debt that will choke long-term economic growth, burden a younger generation, and impoverish the government.

---

BUDGET CHICANERY
Washington Post
David Broder
May 30, 2004

If you want to know how serious the Bush White House is about something, it is often useful to watch the House of Representatives. The president's spokesmen frequently pay lip service to goals that sound great. Only by checking the actions of the loyalist leadership of the House can you discern what President Bush really means.

The president has said many times that he has offered a budget that will cut the record deficit of this year in half in the next five years. So one would think that in the House, where his word is law, those marching orders would be carried forward.

On the face of it, Budget Committee Chairman Jim Nussle of Iowa claims to have done the president one year better -- halving the ugly deficit in four years. Don't believe it. The House budget is a document that makes ordinary Washington budgetary "smoke and mirrors" look good.

It was brought to the floor on May 19 under the sort of strong-arm procedures that Speaker Dennis Hastert and Majority Leader Tom DeLay use when they know they've got a turkey on their hands. Last year, with the Medicare drug benefits bill (whose true cost we now know was deliberately underestimated and concealed by the administration), their tactic was delay. The House was kept in session all night; the actual roll call was stretched to almost three hours -- not the normal 15 minutes. Dawn was breaking over the Capitol when the necessary votes were finally squeezed.

On this bill, they put on the rush job. The budget was filed at 6:20 a.m. At 7:15 a.m., the Rules Committee met to clear it for debate. A couple hours later, the House met for an abbreviated session and adjourned, and when it met again to take up the budget at 11 a.m., it was "deemed" to have satisfied the requirement that all legislation lay over one day so members can become familiar with it.

Familiarity in this case could only breed contempt. The Budget Act requires each year's budget resolution to project the five-year costs of the programs it finances and the five-year revenues available to pay for them. This budget uses real numbers only for the first year, and then simply plugs in arbitrary figures for the next four years -- figures that conveniently show the deficit shrinking. Even the expiring Bush tax cuts the Republicans want to make permanent are included only at their (relatively modest) first-year cost.

All these and other gimmicks were exposed in debate by Rep. John Spratt of South Carolina, the senior Democrat on the Budget Committee, and by Rep. Charles Stenholm of Texas, an implacable foe of deficit spending -- whose reward has been to see his district gerrymandered by Republicans last year in an effort to remove a conservative Democrat they never could defeat.

Despite Spratt, Stenholm and others, the budget passed 216-213 on almost a straight party-line vote. Only nine brave Republicans -- almost all of them from the party's conservative wing -- joined with all the voting Democrats in opposition. Virtually all of the self-styled moderate Republicans went along with the charade, which, among other things, would allow House members to approve a $690 billion increase in the ceiling on the national debt without the embarrassment of having to vote on it as a separate matter.

In the Senate, moderate Republicans have not been as supine. Four of them -- Olympia Snowe and Susan Collins of Maine, Lincoln Chafee of Rhode Island and John McCain of Arizona -- have held out for months against this kind of deal. They are insisting on full restoration of the "pay-as-you-go" rule that helped end the deficits and produced budget surpluses in the 1990s. That rule required that any new spending or tax cut be offset by lower spending or higher revenues somewhere else in the budget. Typically, the House Republican leadership wants to apply the discipline to spending, but not to tax cuts. And that has been the bone of contention between the two bodies.

When Congress comes back this week, the four recalcitrant senators will face increased pressure to cave. Their leadership is telling them that Democrats will crow if a Republican Congress is unable to pass a budget resolution. Majority Leader Bill Frist would much rather work out some kind of deal with the four holdouts, and let the Democrats take the blame if it does not survive.

While the Republicans play these games, the unaffordable tax cuts and the undisciplined spending roll on.

---

THE FEDERAL BUDGET; SMOKE, MIRRORS AND FISCAL INSANITY
Philadelphia Inquirer
May 31, 2004

The nicest thing you can say about the tax-cutters in Washington is they are consistent in their recklessness. What to do about staggering deficits? Make them bigger by cutting taxes without cutting spending, of course. A costly war bleeding the Treasury? Let that deficit grow.

This irresponsible election-year preening in Congress has almost won the day, but for a few brave senators who are standing in the way of budget madness. Unfortunately, Sen. Arlen Specter (R., Pa.) is not yet among them.

House and Senate Republicans have been using smoke-and-mirrors in trying to adopt a federal budget for fiscal 2005. While creating a fairy tale of a spending plan is not new, this year's effort does set a new standard in phony accounting.

Despite record deficits and cuts lurking for domestic programs, many in Congress want to extend three middle-class tax cuts totaling about $28 billion for one year: the $1,000-per-child tax credit, marriage penalty relief and expansion of the 10-percent income bracket.

Targeting some tax relief to working families is fine. But to worsen deficits that threaten to raise interest rates and stifle job creation, while the nation fights a war with no end in sight, is rash.

The wise course would be to find revenue for middle-class relief by eliminating some of the most egregious tax goodies for people at the top of the income scale. Fat, pointless corporate subsidies could be trimmed, too.

No, what the so-called conservatives in charge of the House did was push through tax cuts with no offsetting spending cuts or new revenue. For people who used to preach balanced budgets, that is astounding hypocrisy.

Requiring tax cuts to be offset by spending reductions is a concept known as "pay as you go," a sensible idea that aims for a balanced budget. It's a concept Congress embraces only fitfully, because it requires discipline. What fun is fiscal willpower in an election year?

This year, Republican House and Senate conferees agreed to enact a "pay as you go" rule for one year only. But legislators exempted the three tax cuts from this rule, thereby guaranteeing the deficit will grow.

And the rule applies only to the Senate. All of this means Senate Republicans, who control 51 seats, would only need a majority vote to approve the tax cuts, instead of the usual 60 votes needed to overcome the pay-go rule.

Even this rigged game has run into problems. The House approved this budget, but four moderate Republican senators - Susan Collins and Olympia Snowe of Maine, Lincoln Chafee of Rhode Island and John McCain of Arizona - have refused to knuckle under to their party leadership. If only Specter would join them.

Pennsylvania's senior senator spent a bruising primary battle trying to convince GOP voters he is more conservative than they think. Now, he has to convince independent swing voters that he can buck his party when it's wrong. Opposing these unbalanced tax cuts would be an opportunity to take a stand for fiscal sanity. Specter said he is working on a compromise with his fellow moderates. But he said he still favors the one-year pay-as-you-go gimmick as as "something we ought to do." Can you say "election year"?

The vote may be settled when Congress returns from its holiday recess. But the issue is far from over. In some ways it is just beginning.

The Bush administration has alerted federal agencies to expect cuts in a wide range of domestic programs in fiscal 2006, assuming the President wins reelection this November. These cuts would affect Head Start, the Education Department, nutrition plans, medical research and other social programs, including projects Bush touts as part of his reelection campaign.

The deficit bill is coming due. Fiscal discipline now could avert some even more painful choices in coming years.

---

STAND FIRM AGAINST EFFORT TO ENACT FLAWED PLAN
The Miami Herald
May 30, 2004

The latest example of fiscal irresponsibility to emerge from Congress makes a mockery of the word "budget" as most Americans understand it. At a time when the nation is at war and expenditures soar to uncharted heights, the House has passed a $2.4 trillion budget resolution for FY 2005 that is a trifecta of bad fiscal management. It piles more debt onto the deficit, ignores the "pay-as-you-go" concept that the same lawmakers adopted earlier and places tax cuts above everything as a priority.

Pay as you go: This is no disciplined spending plan, but rather a politically driven blueprint that ignores reality. Fiscal discipline has apparently become a nostalgic concept, circa 1990s.

The budget was left in tatters on the floor of the Senate when Congress took a Memorial Day recess because four moderate Republicans refused to go along with any plan that fails to offset tax cuts with spending cuts. In other words, they do not want the government to spend money it doesn't have.

The key provision is the pay-as-you-go concept, which Congress has adopted in response to growing public concern over deficit spending. If this sounds too good to be true, that's because it is: House members attached a duplicitous provision exempting tax cuts from the offsets, meaning that revenue can be cut without having to offset the loss in income with a reduction in spending. Most Americans know better than to try this at home.

The tax cuts at issue involve extensions of the $1,000-per-child tax credit, tax relief for married couples and the expanded 10-percent tax bracket, all of which amount to $27.5 billion and expire this year. These cuts are not controversial, but Congress' failure to find other sources of revenue or offsets in spending is shameful.

Keep in mind that one of the reasons that House leaders insisted on a budget resolution at this time is because it will permit them to avoid a politically embarrassing separate vote -- in an election year -- to increase the federal debt, which already stands at $7 trillion, an all-time high.

When Congress returns, Democrats and GOP moderates, led by Sen. John McCain, R-Ariz., should stand firm against efforts to enact a flawed spending plan. As Sen. McCain has noted, war demands sacrifices. The budget should reflect this grim reality.

Pork-barrel projects: In concrete terms, the Congress should consider Sen. McCain's plan to allow senators to strip unauthorized "earmark" spending from appropriations conference reports, a move that is impossible under the current rules. This would rid spending bills of some pork-barrel projects that lack wide support.

"I fondly remember a time when real Republicans stood for fiscal responsibility," Sen. McCain said recently. So do we. Passing the buck to another generation of taxpayers does no credit to any party, or to the leadership of our national government.

---

BUDGETARY HOT AIR
Omaha World Herald (Nebraska)
May 28, 2004

A lot of hot air has been blown about on Capitol Hill recently over tax cuts and deficit spending in a compromise budget proposal. The plan squeaked by in the House on a partyline vote and is apparently two votes short of Senate passage.

The bill's bottom line: A $ 367 billion deficit. That's considerably lower than this year's projected $ 477 billion deficit and just below last year's record $ 375 billion deficit. The plan also OKs an increase in the federal debt limit, lifting it to a record $ 8 trillion.

Although there's plenty of lip service to deficit concern, the budget talks still lack the discipline of the "pay-as-you-go" ("paygo" in Capitol shorthand) budget rules that helped Congress tame deficit spending in the '90s.

The compromise plan, which smoothes out differences in a House budget that had no paygo rules and a Senate budget that did, adopts paygo rules for only one year.

Making the rules a total joke, though, is its exemption of $ 27.5 billion in tax cuts from the offset rules. The tax cuts covered in the exemption -- the $ 1,000-per-child credit, the 10 percent tax bracket and "marriage penalty" relief -- have broad bipartisan support (at least in some form). But carving out an exemption in an already weak paygo rule is lamentable.

Some level of deficit spending is probably inevitable as the country continues to wage a war and foster an economic recovery. (There's certainly no restraint in pork-barrel spending, though: There were 14,040 earmarks, which tag spending for specific projects in congressional districts, in the current fiscal year's appropriations bills. That's up from 4,126 just 10 years ago.)

But Congress and the president should quit trying to kid Americans. They should either drop the pretense of paygo -- or, far better, adopt the real discipline that the rules are meant to require.

---

BUDGET
Lansing State Journal
May 27, 2004

The U.S. Senate left Washington last week for a Memorial Day vacation without acting on a federal budget for 2005. It says something about public service on Capitol Hill when that was the best thing that happened for the American people.

By contrast, the U.S. House - including mid-Michigan Republicans Mike Rogers, Dave Camp, Nick Smith and Vern Ehlers - continued to vote for fiscally irresponsible budgets and ideas.

Take two separate items from last week. First, the House voted 214-204 to sustain a Bush administration plan to spend more money developing nuclear weapons to "bust" underground bunkers. The White House's goal is to give itself more military options in attacking enemy installations ... in other words make it easier to use nuclear bombs.

Such funds could have gone to help out our troops and their families. Instead, Rogers, Camp and Smith think it wiser to invest in nukes no one wants used. (Ehlers voted no on this issue.)

Then there's the 2005 budget itself. The four Mid-Michigan Republicans voted for the plan, which passed the House, 216-213. It calls for a 2005 deficit of $367 billion, increases the national debt limit to $8.1 trillion, makes permanent an array of federal tax cuts - and exempts them from rules on paying for tax cuts with matching spending reductions.

This prompted Sen. John McCain, R-Ariz., to ask of his colleagues, "What have we sacrificed?" in time of war. McCain served in uniform and suffered torture as a prisoner during the Vietnam War. He knows something of war and sacrifice.

Yet in the poisoned atmosphere of Washington, McCain's comments only prompted House Speaker Dennis Hastert, R-Ill., to lecture the senator to go visit military hospitals and wounded troops. (Hastert was of age to serve in Vietnam, but flunked his Army physical.)

There was a time when the Republican Party stood for fiscal restraint and for meeting the needs of the country forthrightly, even dourly. That is all McCain and other Republican holdouts in the Senate want in regard to the federal budget:

In times of war, people must sacrifice, not line up for federal tax breaks and pork-barrel spending. When the federal budget is drowning in deficits, you control spending. When American men and women are in combat, you put them first.

Mid-Michigan and this editorial board have a long history of supporting such principles, and of supporting Republican candidates. Where are those principles today? Where are the men and women willing to go to Washington to advance them? They are not there now - and this region, this state, this nation are the poorer for it.

---

SENATE SHOULD OK PAYGO
The Commercial Appeal (Memphis, TN)
May 24, 2004

IN ONE OF its periodic stabs at fiscal discipline, Congress passed the Budget Enforcement Act in 1990, and the law was instrumental in cutting the deficit over the decade, resulting in four years of balanced budgets.

The key provision in the act was called PAYGO, short for pay-as-you-go. Basically, it required that the lawmakers "pay" for new spending or new tax cuts by raising taxes or cutting spending or some combination of the two elsewhere in the budget. Congress could waive the requirement by a special vote.

The law - and any immediate hope of balanced budgets - expired in 2002. This year, the Bush administration and GOP leaders are trying to bring back PAYGO but with a twist: The rule would not apply to tax cuts, and it would exempt defense and national security spending.

The House passed a version of PAYGO close to what Bush wanted, but the Senate, led by four maverick Republicans, is balking and insisting that tax cuts get the same budgetary scrutiny as spending. And they're right if there's to be any meaningful assault on the deficit.

The result has been an embarrassing delay in getting a budget resolution, a voluntary guideline that Congress is supposed to pass by April 15. Last year, it never did get a resolution and ended up enacting a budget months late. This year the Republican leadership is again running late, and a Senate vote on the resolution, and PAYGO, has been postponed until after Memorial Day.

We hope the Senate Gang of Four hangs tough. Everybody loves tax cuts, but it's only fair, with the budget resolution calling for tax cuts and a $376 billion deficit next year, to ask: From where is the money going to come?

---

GOP CAUTION NEEDED TO CONFRONT RISKY TAX CUTS
Courier News (Bridgewater, NJ)
May 24, 2004

With a soaring deficit and the eventual costs of the Iraqi occupation and homeland security still lurking as a great unknown, this is no time to extend President Bush's massive tax cuts without some caveats. Fortunately, a small corps of moderate, rebellious Republican senators understands that, and they have thus far successfully bucked their party's leadership.
On Thursday, a Senate vote on a $2.4 trillion budget plan was postponed at least until June, since GOP leaders knew they didn't have enough votes to pass it.

Current conditions simply don't allow for the sort of gamble Bush and his aides want to take by making the president's cherished whopper tax cuts permanent. There is also no reason to have blind faith in the administration's insistence that more and more tax cuts will eventually rejuvenate the economy and take care of nuisances like the skyrocketing deficit.

Prudence is needed in this case, and the senatorial bloc of opponents - Arizona's John

McCain, Rhode Island's Lincoln Chafee and Susan Collins and Olympia Stowe of Maine - has joined with Democrats to push a pay-as-you-go approach that would require the administration to balance the cuts by slashing other expenses. Or raising other taxes.

That would effectively prevent Bush from making permanent his enormous tax cut packages of 2001 and 2003, which is exactly the idea. Extending those reductions well into the future has far more of a chance to be a fiscal disaster than to turn into Bush's vision of a cure-all for our economic woes.

This is, no doubt, a political blow to the Bush team in a re-election year. It also tosses another log on the fire of Republican opposition to some of the president's policies, both in Iraq and domestically.

There has already been talk of compromises on the budget plan that would at least push off the major tax-cut decisions into next year. But this should be about safely steering the nation through a difficult and dangerous time, and some old-fashioned fiscal conservatism is warranted.

It is unfortunate that the tax cuts, like many of the Iraqi policies, have become a sort of crusade for Bush. The president seems unwilling to accept any meaningful change in direction on these issues, regardless of the facts before him. We could appreciate his resolve, but this is more like stubbornness, even defiance. And that is troubling.

The pay-as-you-go approach to more tax cuts would be ideal, but short of that, a provision to revisit the tax cuts within a few years - another aspect under discussion - would be a necessary element of any new budget plan. Otherwise, the long-term economic risks are too great.

---

PAYING OUR WAY
Cincinnati Post
May 24, 2004

IN one of its periodic attempts to impose fiscal discipline on itself, Congress passed the Budget Enforcement Act in 1990, and the law was instrumental in cutting the deficit over the decade, resulting in four years of balanced budgets.

But the law expired in 2002. The key provision in the act was something called PAYGO, short for pay-as-you-go. Basically, it required that the lawmakers "pay" for new spending or new tax cuts by raising taxes or cutting spending or some combination of the two elsewhere in the budget. Congress could waive the requirement by a special vote.

This year, the Bush administration and the Republican congressional leadership are trying to bring back PAYGO but with a twist: The rule would not apply to tax cuts and it would exempt defense and national security spending.

The result has been an embarrassing delay in getting a budget resolution, a voluntary guideline that Congress is supposed to pass by April 15. Last year, it never did get a resolution and ended up enacting a budget months late. Now this year, the Republican leadership is again running late, and a Senate vote on the resolution, and PAYGO, has been postponed until next month when the lawmakers return from their Memorial Day recess.

We hope the Senate Gang of Four hangs tough. Everybody loves tax cuts, but it's only fair, with the budget resolution calling for both tax cuts and a $376 billion deficit next year, to ask: Where's the money going to come from?

---

PAY-AS-YOU-GO SHOULD STAY
May 23, 2004
Orlando Sentinel (Florida)

Presented last week with a reckless budget plan from the U.S. House, most senators refused to give it their blessing. Bully for them.

The Senate has been insisting that the budget impact of spending increases or tax cuts be offset by spending reductions or tax increases. The Senate's sensible objective is to keep the federal budget deficit -- already headed for another record this year -- from getting worse. This budget principle, known simply as pay-as-you-go, was embraced by both parties during the 1990s. It helped turn huge deficits into surpluses.

But the pay-as-you-go provision in the House budget plan would be in effect only for a year, and wouldn't apply to $28 billion in tax cuts. Those limits would render it almost worthless. Senate Democrats, to their credit, rejected the House proposal as a sham. So did four Republicans.

GOP leaders will be putting the four holdouts under intense pressure to back down during Congress' Memorial Day recess. They need to stand firm, and keep insisting on a responsible budget plan that doesn't load more debt on future generations of Americans.

---

SNOWE AND COLLINS SHOW RESOLVE ON DEFICIT RULES
Portland Press Herald
May 23, 2004

How serious are four moderate Republican senators, including Maine's Olympia Snowe and Susan Collins, about reducing the deficfit in next year's federal budget?

Asked what it would take to change the dissidents' minds, Sen. John McCain, R-Ariz, quipped, "Some of us could get killed in tragic accidents."

That resolve paid off Thursday when the Senate Majority Leader Bill Frist put off a vote, and almost certain defeat, on a $2.4 trillion budget, after learning that he would not get the votes he needed to clear the Senate. Frist put off a vote on the budget resolution for at least a month, to give him more time to work on the dissidents.

The decision was a victory for the moderates who want pay-as-you-go rules to apply to tax cuts as well as new spending in the next budget and beyond. Known as "pay-go" in

Washington parlance, the rules would require that any proposal to cut taxes or raise spending be offset with either new tax revenues or cuts elsewhere in the budget.

It's a sound approach, and it was used to in the 1990's to bring the federal budget into surplus. There has been pressure by the White House and Republican leadership to allow next year's budget to go forward with tax cuts that would increase the deficit. That pressure is likely to increase, especially in an election year.

Many of the proposed tax cuts are popular, including elimination of the so-called marriage penalty and enlargement of the child tax credit. The deficit, however, looming at $521 billion, threatens to take back any gains by disrupting a fragile economy.

Snowe and Collins should resist the pressure to move on this issue. Barring a "tragic accident" their resolve could deliver a responsible budget that sets us on a sensible approach to government spending.

---

THE GOP'S NEW MATH . . . AND A TAX-BREAK TRAIN WRECK
Chicago Tribune
May 22, 2004

Leaders of the 108th Congress say they recognize they have a fiscal crisis on their hands. But rather than confront deficit spending, Republicans in the House and many of their colleagues in the Senate would rather create the illusion they are confronting deficit spending.

How else to explain the curious new math underlying the $2.4 trillion federal budget for fiscal 2005 that passed the House this week and now is before the Senate.

A number of senators have insisted that any tax cut or spending increase be offset by spending cuts or tax increases elsewhere in the budget. They demand that any exemption from the pay-as-you-go principle require an extraordinary majority vote. In other words, they want Congress to stop spending money it doesn't have. House and Senate Republican leaders, though, cut a deal that amounts to: go-go-go . . . and maybe pay later. Their agreement makes a mockery of fiscal discipline. It creates pay-as-you-go rules and then eviscerates them.

The rules requiring that tax cuts be offset by spending cuts would expire next April. Nearly $28 billion in tax cuts would be exempt from the rules. That is designed to allow for an extension of tax measures--the $1,000 child tax credit, the 10 percent tax bracket and a break from the marriage penalty--that are set to expire. That's duplicitous and irresponsible.

A small but staunch group of GOP moderates in the Senate is refusing to go along with this, despite some nasty name-calling from House Republicans and a plea from President Bush.

The principled stand taken by Sens. Susan Collins (R-Maine), Olympia Snowe (R-Maine), John McCain (R-Arizona) and Lincoln Chaffee (R-Rhode Island) forced the

Senate on Thursday to delay a budget vote until next month.

That's not making them very popular with the rest of the party. House Majority Leader Tom Delay (R-Texas) said they needed to brush up on basic Republican philosophy regarding tax cuts.

What would that be exactly? That tax cuts trump responsible government? That projected budget deficits adding up to a $1.65 trillion through 2009 are somebody else's problem? That the GOP, which used to be the party of small government, has now become the party of red-ink government?

Yes, a sluggish economy, the costs of fighting terrorism and the cost of war in Iraq have placed enormous strain on the federal government. To some extent, short-term deficits may have been inevitable. The GOP response, though, can't be to create an illusion of discipline. The costs of such a policy will be altogether real.

---

MAKE IT TRUE 'PAY-AS-YOU-GO'
Newsday
May 22, 2004

Congressional Republicans can't seem to wean themselves from the destructive habit of cutting taxes in the teeth of alarming deficits, without a clue how they'll cover the lost revenue.

The latest example of that tendency was a compromise on next year's $2.39-trillion budget worked out this week by Republican congressional leaders and passed by the House. It included $27.5-billion in tax cuts that would be desirable if they were affordable. But they're not. Republicans would pay for them with borrowed money.

Mercifully, the compromise was pronounced dead on arrival in the Senate. Republicans there don't have the votes to pass it, thanks to Democrats and the good sense and political courage of four Republicans, Sens. Olympia Snowe and Susan Collins of Maine, John McCain of Arizona and Lincoln Chafee of Rhode Island.

There's a better way to handle the nation's finances. Congress should impose pay-as- you-go budget rules requiring that both new spending and new tax cuts be offset by spending cuts or revenue raisers. The Senate included that commonsense rule in its budget resolution to force Congress to stop giving away money it doesn't have. It's also what the four rebellious Republican senators are holding out to achieve.

Who would argue with something as rational as that? Why, President George W. Bush and almost every other Republican in Congress. They want pay- as-you-go to apply to spending but not to tax cuts. That's a sham and a prescription for runaway deficits. But that's the version the House included in its budget resolution.

The Republican compromise was an attempt to reconcile Senate and House differences. It called for imposing pay-as- you-go rules on spending and tax cuts, but for only one year. And it would have exempted the $27.5 billion it would cost next year to extend three tax cuts: The $1,000 child-care credit, the marriage-penalty fix and expansion of the lowest, 10-percent tax bracket.

Those tax cuts are set to expire at the end of this year. Under the Republican compromise, the cost of extending them wouldn't have been offset. Talk about toothless budget discipline.

Senate leaders say the budget vote could now be delayed for a month. That's a lot of time for arm-twisting. The Republican senators who are standing tall for real pay-as-you-go budget discipline should hold firm.

---

BUDGET MADNESS
New York Times
May 20, 2004

Republican leaders from the House and Senate produced an irresponsible compromise on the federal budget resolution this week, which the House dutifully passed yesterday. The only hope for fiscal sanity now lies with the Senate, where members can retain their self-respect by refusing to cough up the necessary votes.

For months, the House and Senate have clashed over the latest round of President Bush's tax cuts. A narrow majority in the Senate insisted that the cuts should be paid for with offsetting spending reductions or increased taxes in other areas. The House Republicans and the Bush administration resisted -- undoubtedly because they know that there would be no way to compensate for tax cuts that would amount to an estimated $1.2 trillion over 10 years.

In the compromise, the conferees agreed to extend three key tax cuts for one year rather than permanently, as originally sought, and to enact a "pay as you go" rule for one year. But -- a big, big but -- the one-year "pay as you go" rule would not apply to the one-year extension of the three tax cuts. Presto! The new federal budget resolution allows for one more year of deficit-financed tax cuts, to the tune of some $28 billion.

This compromise is a bad election-year joke. Turning large, expensive chunks of the tax code into year-by-year renewals is no way to do tax policy. And an obsessive urge to pass unpaid-for tax cuts is no way to run a country.

---

PHONY BUDGET DISCIPLINE
Washington Post
May 20, 2004

AFTER HAGGLING for weeks over the terms of a "pay-as-you-go" provision that would help give a spendthrift Congress some fiscal backbone, House and Senate Republican negotiators have produced a measure that is essentially make-believe. It purports to require that tax cuts or spending increases be paid for with offsetting tax increases or spending cuts. It pretends to impose that rule for the next 10 years.

But it then provides, in the very same section, that the rule expires on April 15, setting the stage for a new tax-cutting spree next year. The rule applies only to the Senate. And it exempts $27.5 billion in tax cuts from this year's pay-go requirements. That is enough to extend for a year the popular tax provisions that are expiring: the $1,000 child tax credit, marriage penalty relief and expansion of the 10 percent income tax bracket. In other words, the Senate could extend those provisions without having to pay for them with spending cuts or tax hikes or having to amass the 60 votes needed to overcome the pay-go rule. Indeed, there is nothing in the resolution that would prevent lawmakers from using the $27.5 billion exempted from pay-go to enact less politically popular tax cuts by a simple majority vote, and then pass tax cuts for the middle class with 60 votes.

Fortunately, it doesn't look as if a majority of the Senate will agree to this irresponsible illusion of budget discipline when it comes up for a vote expected today. Credit is due to the Republican moderates who so far appear to be refusing to cave to party pressure -- Sens. Lincoln D. Chafee (R.I.), Susan Collins (Maine), John McCain (Ariz.) and Olympia J. Snowe (Maine) -- as well as to Democratic Sen. Ben Nelson (Neb.), who had been seen as a possible convert to the GOP position.

The business of passing appropriations bills can proceed, if a bit bumpily, in the absence of a budget resolution. So, too, can the debate over extending the tax cuts, and whether, as we believe, they ought to be paid for. "One year of pay-go is better than no year," said Senate Budget Committee Chairman Don Nickles (R-Okla.). That may be true, but one year of sham pay-go is far worse than having no budget agreement at all.

---

STICKING WITH PAY-GO
Bangor Daily News (Maine)
May 18, 2004

The Senate today is expected to try again to assemble a budget resolution - the blue print for its 2005 budget - that a majority can agree on. The sticking point is fiscal responsibility: Some Republicans and all Democrats want additional tax cuts along with new entitlement spending paid for unless a three-fifths majority votes otherwise. GOP leadership wants those tax cuts to slide through by simple majority.

This pay-as-you-go provision presents a dilemma for Senate leadership. Republicans, the traditional anti-deficit party, already has established record-setting deficits in the last couple of years. Further tax cuts would add billions to the problem. Senate GOP leaders have made much of the fact that Senate Democratic leadership was so poor a couple of years ago that it was unable to find agreement on a resolution. They were right, but now face the same problem. However, they would have a hard time paying for all the tax cuts they want.

There are good reasons for passing a resolution - it would include a means for raising the debt ceiling without allowing endless add-ons, for instance; it would set appropriate spending caps along the way - but the absence of a resolution is preferable to one that builds in large deficits for years to come. Fortunately, Maine Sens. Susan Collins and Olympia Snowe have insisted on a meaningful "pay-go" rule and turned down short-term patches. Their votes, in a closely divided Senate, are crucial and their consistent stand on this issue is appreciated.

Some tax cuts are expected to pass by more than three-fifths so should no longer be a part of the debate. The marriage-tax penalty, the expanded 10 percent bottom bracket for income tax, the larger child tax credit would win passage with or without the protection of the budget resolution. But measures such as the extension of the bonus depreciation for businesses - a means of economic stimulus that the White House did not request again but Congress has on its agenda - likely would not. Neither would the estate tax acceleration. The desire to implement these may be the unspoken reason that the unnecessary budget protections have been offered for the cost of the three popular cuts. Sen. Collins observed yesterday, "That suggests to me that they are going to be used as vehicles for other cuts."

The lack of a resolution would force Congress to use last year's budget figures, $814 billion for 2005, which means delaying work on appropriations and finding other bills - the Iraq emergency supplemental spending has been mentioned often - to carry new spending. Neither House nor Senate leadership should want this, and a compromise with those calling for fiscal restraint could end this deadlock. Instead of approving pay-go for five years, three might be sufficient on the five-year budget, as long as there were no exemptions to pay-go. What certainly shouldn't be acceptable to Maine's senators is a one-year budget and one year of pay-go, which simply sets up the budget for all manner of mischief next year.

The only tax provisions Congress must address this year are the three benefiting the middle class and the alternative-minimum tax, none of which will be held up. If leadership wants a budget resolution, it has enough votes for a three-year pay-go compromise. Otherwise, Maine's senators are better off with the stand they have taken.

---

BUDGETING IS SO OUTMODED
Star News (Wilmington NC)
May 10, 2004,

The United States government is borrowing its way into bankruptcy. Federal Reserve Board Chairman Alan Greenspan said that again Thursday, no doubt to the annoyance of Congress and the Bush administration.

They want to keep spending and borrowing as if there's no tomorrow - particularly because this is an election year. In election years, voters want to be told that they can get everything they want while paying lower taxes.

President Bush, who, of course, never pays attention to polls or politics, is telling voters precisely that. Most Republicans in Congress are happy to chime in. Most Democrats are afraid to disagree.

So Honorables in both parties keep ignoring Mr. Greenspan and the other economists and business people who urge them to pay as they go: If they're going to spend more money for something, either cut a similar amount from the budget or raise taxes to pay for it.

That approach turned a previous budget deficit into a budget surplus. When President Bush and Congress abandoned that common sense, slashed taxes and went on a spending spree, the results were predictable.

This year they expect to spend something like $ 400 billion they don't have. And that was before the president, changing his mind again, said - oops! - he'll need another $ 25 billion to pay for the triumphs in Iraq until October. After the election, he'll ask for many billions more. Meanwhile, the president wants to spend billions more to go to Mars, while cutting more taxes and continuing the tax cuts of the past. As he often explains, tax cuts are the answer to every economic problem.

For some reason, that logic escapes Mr. Greenspan, whose low interest rate policies have encouraged millions of Americans to buy houses, furnishings, cars and TV sets the size of Pender County.

"Has something fundamental happened to the U.S. economy and, by extension, U.S. banking, that enables us to disregard all the time-tested criteria of imbalance and economic danger?" the Oracle of Greenspan asked Thursday. "Regrettably, the answer is no. The free lunch has still to be invented."

That unwelcome message apparently hasn't gotten through to the president, who's cheerfully chewing away without a dime in his pocket to cover the check. Of course, the check will have to be paid eventually. Some of the people who'll pay it have retired, or were hoping to. But most of them haven't been born.

---

SOUNDING THE DEFICIT ALARM
The Courier-Journal (Louisville, KY)
May 9, 2004

NEWS from Iraq is so relentlessly dismal that the mess President Bush has made of American foreign and military policy may obscure the extraordinary peril in which he has placed the nation's economic security.

In that regard, Alan Greenspan, the chairman of the Federal Reserve, performed a service last week when he warned that the mushrooming federal deficit may be the gravest threat to America's economic well-being.

Although he has expressed concern about the deficit before, Mr. Greenspan's alarm has increased in step with the deficit itself. The deficit is expected to be $520 billion this year, and prospects are for it to increase for at least a decade.

For some time, Mr. Greenspan has urged Congress to adopt "**pay as you go**" rules that allow new tax cuts or spending only if they are fully financed by tax increases or spending reductions in other areas. Even such a seemingly unassailable and prudent suggestion is fiercely rejected by the President and his Republican allies on Capitol Hill because they threaten Mr. Bush's insistence that his irresponsible tax cuts of 2001 and 2003 be made permanent.

Unfortunately, however, Mr. Greenspan did not repeat this exhortation in his most recent comments, reportedly because of his reluctance to be drawn into a partisan fray.

That is too timid a stance for a man in Mr. Greenspan's position. While he is not captain of the ship of state, he is in command of the pilot boat. Far from shying away from partisan battles - a formula for impotence anyway, since virtually everything in Washington is partisan these days - Mr. Greenspan has an obligation not only to warn of dangers but to advocate responses.

Indeed, it would not suffice even if Mr. Greenspan were to push the "**pay as you go**" plan more aggressively. The Bush tax cuts themselves - whose benefits go overwhelmingly to the country's wealthiest individuals, and not to middle- or working-class families or to the health of the economy - should be opposed as a looming disaster.

They worsen the crisis in Social Security and Medicare and risk saddling future generations with crippling national debt. Mr. Greenspan, who worked closely with President Bill Clinton to slash earlier deficits and to build a surplus, knows that. He owes it to the nation, and to his own place in history, to say so, loudly and clearly.

---

PAY FOR ANY MORE TAX CUTS
The Tennessean
April 26, 2004

As Congress returns to duty, it has some soul-searching and some wallet-checking to do over a $2.4-trillion budget.

Tax cuts haven't saved the economy as promised, which should prompt lawmakers to recognize the need to offset any tax cuts or spending increases they propose. The need for fiscal responsibility is vital. The Senate seems to understand that concept, because it has voted to impose pay-as-you-go rules on the budget. The House and the White House, unfortunately, don't seem inclined to act so responsibly.

Under the Senate plan, approved by a 51-48 vote earlier this year, any tax cuts or spending increases would have to be accounted for on the other side of the ledger for the next five years. The required offsets could only be avoided with a 60-vote majority in the Senate. It's a common-sense approach, either for a big spender or a tax cutter. You put a dent in the budget, you balance it somewhere else. Simple math.

But the White House continues a tax-cut strategy that does little to stimulate the economy and a lot to increase the federal deficit, which is expected to reach $500 billion. Leaders in the House have shown no more fiscal restraint on tax cuts than the White House. Tax cuts have become nothing but hollow political points, especially as the election season heats up.

Requirements to offset deficit measures aren't a new concept. Similar restraints were imposed in 1990, 1993 and 1997, putting them under the administrations of both President George H.W. Bush and President Clinton, but they expired in 2002. Those restraints played a big role in balancing the budget.

Compromise offers are now on the table for debate. Some would change the five-year time frame to a shorter period. Some would go along with the restraint plan but would allow the current round of tax cuts to be exempt.

Compromise is better than nothing, but nothing short of a truly balanced approach will set the budget on the right course. The nation knows the budget can be balanced, because it was achieved just a few years ago. The only question now is whether there is enough will in Washington to get back on the right track.

---

PAY-GO
Baltimore Sun
April 25, 2004

WHEN CONGRESS returns from its spring break tomorrow, it must embrace the fiscal discipline of pay-as-you-go rules for both spending and taxation. Pay-go - which forces Congress to find budget offsets for added spending or tax cuts - was an essential part of a bipartisan move that helped produce four years of federal budget surpluses starting in 1998.

Those rules expired in 2002. Even before that, those rare surpluses not only disappeared under the Bush administration but quickly turned into record deficits that over the next decade could cumulatively total an additional $4.6 trillion. As we've said before, deficits of this size matter. They cannot continue. We're mortgaging our children's and grandchildren's futures.

The massive shortfalls - a half-trillion dollars this year - partly stem from increased security and defense costs, but they're mainly the result of President Bush's disastrous fiscal mismatch of record tax cuts with unrestrained federal spending. (For fiscal years 2002 through 2004, the percentage increase in domestic discretionary spending increased by 8.2 percent, the fastest rate in 40 years.)

With no foreseeable end to the war on terror and with the impending upsurge in entitlement costs as baby boomers begin retiring, restoration of federal fiscal discipline is essential. It's alarming that pay-go - a major step toward that - is even a matter of dispute.

The Senate, including four Republicans, already has voted for restoring pay-go rules on spending and taxing for five years. But while House Republicans favor pay-go for mandatory program spending, they've stood firm on the questionable principle of cutting taxes even if the lost revenue results in larger annual budget deficits. The chambers' differences are soon to be resolved in conference committee budget negotiations.

This is really a fight over President Bush's drive to make permanent his historic tax cuts. The GOP, while so far doing little to restrain federal spending, wants to enshrine these lower tax rates whether or not the nation can afford them.

Last week, four Washington groups dispersed along the political spectrum - the Center on Budget and Policy Priorities, the Concord Coalition, the Committee for Economic

Development and the Committee for a Responsible Federal Budget - joined to call for reinstating pay-go across the board. "A tax cut that is not paid for can be every bit as fiscally irresponsible as a spending increase that is not paid for," their statement said.

Republicans opposing pay-go on taxes would have us believe that they're just fighting to give Americans tax relief. This argument would have a lot more currency if the Bush tax cuts were not so thoroughly tilted toward benefiting the well-off. And if these tax cuts already were not contributing heavily to mounting federal deficits that very likely will translate into higher consumer interest rates, reduced government benefits and reduced economic growth.

There's no question that the federal deficit needs to be brought under control, and budget-wide pay-go rules have the best record for doing just that.

---

PAY AS YOU GO
Star Tribune (Minneapolis, MN)
April 23, 2004

In one of those Orwellian episodes that have become common in Washington lately, Republicans in the U.S. House are trying to define the word "conservative" to mean someone who cuts taxes today and passes the bill on to his children. And "liberals" - that is, the Republicans running the Senate - are people who believe that Congress should pay for its tax cuts rather than adding new sums to the federal deficit.

That's the nub of a debate between House and Senate conferees who have been meeting this week to negotiate Congress' outline for taxing and spending this year. Members of the Minnesota delegation who consider themselves responsible fiscal stewards - Democratic or Republican - should tell negotiators they will not accept a budget resolution that follows the House's reckless path.

At issue is a rule known as pay-as-you-go, or "pay-go" in Washington lingo. It was invented by a Republican president, George H.W. Bush, and congressional Democrats in 1990, when Washington faced the last cycle of rising budget deficits. It was renewed twice by President Bill Clinton, with bipartisan support in Congress. It simply said that Congress could not create new tax cuts or new entitlements (such as a new Medicare benefit) without finding the money to pay for them - or without mustering a super majority in the Senate.

For voters who can't believe that politicians ever get spending under control, it's worth remembering that pay-go worked. Between 1992 and 1997, the federal deficit fell from stratospheric to almost zero. From 1998 to 2001 Washington actually ran budget surpluses - for the first time since Richard Nixon was president - and paid down the federal debt.

Leaders in the Senate want to revive that rule, which expired in 2002, and they have support from such influential groups as the Concord Coalition and the Committee for Economic Development, a group of leading corporate executives.

But the fiscal ideologues in the House want only half the rule. They say Congress should offset any new spending increases, but not any new tax cuts. That's a bizarre position, considering that President Bush hasn't proposed significant new spending but has proposed substantial new tax cuts, despite a federal deficit that is now approaching $500 billion.

The House logic seems to run as follows: If lawmakers keep cutting taxes, the economy will grow its way out of deficits. And if it doesn't, then Congress will be forced to cut spending.

The theory is appealing, but the nation has tried this experiment, before and it didn't work. It was called Reaganomics. The result was rapid economic growth for much of the 1980s - but also record federal deficits, an explosion in the U.S. trade deficit and a federal debt that taxpayers are still paying off today. If leaders in the House are shrugging off that important chapter of American history, they don't deserve to hold public office. And if they've simply forgotten it, then voters should remind them.

---

IN OUR VIEW: LET'S QUIT DITHERING
The Columbian (Vancouver, Washington)
April 14, 2004

"We told you so." That's what you'll hear from economists, editorial writers and other commentators in a few years. The "don't blame me" message will come when a critical mass of voters goes on a political witch-hunt and demands to know why this country can't meet its Medicare and Social Security promises.

As for today, you just about can't pick up a newspaper or news magazine without getting the warning. Weighing in last week on these pages was Michael Tanner of the Cato Institute, a think tank favoring limited government and free markets: "Politicians of every stripe," he said, have ducked the issue. "It is now estimated that by 2018 Social Security will begin to run a deficit while "politicians (have) dithered and tried to pretend the issue would go away."

Unfortunately, too many members of Congress are in the "dithering" camp, unwilling to live under "pay as you go" constraints. "Pay-go" was born in 1990, sired by a Democratic Congress and the first President Bush, a Republican. It expired in 2003. The notion isn't complicated. It calls for revenue to equal expenditures. Thus, neither tax cuts nor spending increases would happen by themselves. Unfortunately, among Washington state's 11 members of Congress, it is strictly a party-line affair.

Late last month, Republican Reps. Richard "Doc" Hastings (his district includes Skamania County and the eastern edge of Clark County), George Nethercutt of Spokane (he's running for the U.S. Senate) and Jennifer Dunn of Bellevue opposed a pay-go budget provision. The vote was 209-209, which meant it failed. The three are not ignoring the looming financial crunch. But they have hitched their wagons to President Bush's star. They opposed the pay-go measure and, like the White House, argue that Bush-backed tax cuts should be made permanent because they will stimulate the economy even as we spend billions more fighting wars in Iraq and on terrorism.

Time is running out, and we're sympathetic to those such as Rep. Steny Hoyer, a Maryland Democrat and fiscal conservative. He said this week that the "stubborn refusal ... to pay for tax cuts makes any real deficit reduction a virtual impossibility. It is ludicrous to suggest that we are going to reduce the deficit without applying pay-go rules to tax cuts that would add an estimated $2 trillion to the national debt over the next decade."

When the Senate last month approved a version of pay-go by a 51-48 vote, Sens. Patty Murray and Maria Cantwell, both D-Wash., were in the majority. Should the political shoes be on opposite feet and a Democratic president seek to water down pay-go, we'll expect Cantwell and Murray to stick to their guns. The same goes for Rep. Brian Baird, D-Vancouver, who also rightly supported the pay-go language.

Perhaps as early as today Congress will face a vote to revive pay-as-you-go. As columnist David Broder wrote last weekend, "anyone who cares about the staggering debts we're passing on to our children and grandchildren has a stake in this fight."

---

PAY UP, OR QUIT SPENDING
The Plain Dealer (Cleveland, OH)
April 14, 2004

As it stands, looking up from the $500 billion deficit chasm it has created, the Republican-controlled Congress would do well to heed a Blue Dog Democrat's wise words:

"When you find yourself in a hole," observed the fiscally conservative Texas Rep. Charles Stenholm, "the first rule is to quit digging."

That used to be Republican wisdom, too - in the days before they got their hands on the shovels. For a decade, from the term of Republican President George H. W. Bush and a Democrat-controlled Congress, through two terms of Democratic President Bill Clinton and a Hill that switched to GOP dominance, into the early days of the George W. Bush administration, pay-as-you-go was the rule of the budget-writing road: Live within your income.

Most financially responsible American families understand it: If you want to buy something, first figure out how you will pay for it. And if your income is reduced - as has been the federal government's, through tax cuts - then spend less.

A majority of the Senate understands, too. That's why it wrote "pay-go," as the concept is known in Washington short-speak, back into its budget resolution. The problem lies in the House, where the GOP leadership bludgeoned four of its more malleable members into changing their votes last month, so that a motion to instruct the conferees to concur with the Senate pay-go language failed on a 209-209 tie.

This is not a partisan issue, despite the fact that the fiscally responsible Blue Dog Democrats are among those pushing for it. It is more a battle between those who want to cut taxes at any cost - House Majority Leader Tom DeLay chief among them - and those who realize that the nation cannot choke off revenues while increasing the flow of money out the great federal spigot without something - like the nation's future - going irreparably wrong.

This latter camp has an influential friend in Alan Greenspan, the Federal Reserve chairman who last year told the Senate that pay-go, abandoned during the impact of the recession and the terrorist attacks, should be "reinstated without delay," both on spending and tax cuts.

Without such limitations on its irresponsible actions, Congress never will bring spending in line with resources. Most of its members know that. Most Americans know that.

So, why isn't pay-as-you-go already on the books? You might want to ask your representatives that, before they go back and decide the final rules for the unresourced billions they are about to spend in our names.

---

U.S. HOUSE SHOULD JOIN SENATE IN EFFORT TO END DEFICIT BINGE
Columbus Dispatch
April 11, 2004

The U.S. Senate's 2005 budget plan calls on Congress to resume the pay-as-you-go, or "pay-go," rule for federal budgeting, which requires Congress to "pay for" tax cuts and spending increases with revenue from other sources or cuts in other parts of the budget.

But the U.S. House, including key central Ohio lawmakers, is refusing to go along. At a time of rampant budget deficits, this is indefensible. For more than a decade beginning in 1990, Congress observed the pay-go rule. The goal was to make Congress live within its means. In the late 1990s, this effort paid off, when the federal government balanced its books for the first time in a generation.

But the discipline was short-lived. President Bush inaugurated massive tax cuts, followed by massive spending in the wake of the 9/11 terrorist attacks. Coupled with a recession, record-setting deficits followed. This year's budget shortfall is expected to approach $500 billion. Next year's is projected at $521 billion.

The war in Iraq is costing $1 billion a week, with no end in sight; Social Security and Medicare are rapidly approaching insolvency; and the new Medicare drug benefit will cost $534 billion in its first decade. The federal government is on a spending binge financed entirely on credit. Future generations of Americans will have to pay the bill.

As The Dispatch has noted before, a strange reversal has occurred in American politics. The Republican Party, traditionally the champion of limited government and fiscal responsibility, has become the biggest spendthrift in American history. The Democratic Party, long maligned as the tax-and-spend party, has become the voice of fiscal sanity.

Indeed, last week, House Democrats were the ones who called for a vote endorsing a return to the pay-go rule, and it would have passed with a slim majority if GOP leaders hadn't extended the voting period and used the extra time to twist the arms of a handful of Republicans who tried to remain loyal to what their party used to stand for. The vote ended up at 209-209, the tie defeating the Democratic initiative.

Among the Republicans voting against the pay-go rule were Reps. Deborah Pryce, R-Upper Arlington; David L. Hobson, R-Springfield; and Pat Tiberi, R-Columbus. What a disappointment that they did not stand with the 11 Republicans who refused to knuckle under to party pressure and who voted for the pay-go rule.

Ohio Sens. George V. Voinovich and Mike DeWine, both Republicans, voted for the Senate budget plan, which would reinstate the pay-go rule. But even the Senate's version makes an exception for an extension of three tax cuts: the marriage-penalty fix, the child tax credit and the 10 percent tax bracket.

Tiberi said the pay-go measure defeated in the House was a procedural exercise that would have had no effect even if it had passed.

Lori Salley, chief of staff for Pryce, said the congresswoman is committed to reducing deficits but also wants to preserve and extend the president's tax cuts. There is a separate pay-go measure in the House, but it would require offsets only on new spending, not for tax cuts.

But this bill is a halfway measure. In the absence of spending reductions, tax cuts deepen the deficit just as effectively as new spending. A deficit is a deficit, whether it is caused by too much tax-cutting or too much spending.Some Republicans will say that Democratic calls for budgetary sanity are nothing but election-year politics. But sanity is always a good idea, regardless of who champions it or why.

House members should remember this when Congress returns from its Easter break and begins trying to reconcile the Senate's pay-go budget proposal with the no-pay-go House version. Let fiscal sanity prevail.

---

PICK PAY- AS-YOU-GO
Newsday
April 9, 2004

The national GOP has forfeited its reputation for fiscal prudence. While in control of both the White House and Congress, it has delivered big tax cuts and unrestrained spending, resulting in record federal deficits.

Now the Republican Party is at war with itself over whether it should impose tough budget rules to stanch the red ink. The answer is yes, it should. A committee reconciling the Senate and House budget resolutions should impose pay-as-you-go rules passed by the Senate.

The Senate's 2005 budget requires that all new spending or new tax cuts be offset by equal cuts in other spending or by tax hikes, unless a supermajority overrides the restriction. It's a proven strategy. Similar budget rules from 1991 to 2002 helped end 29 years of federal deficits.

The House would impose fiscal discipline in name only. Itwould require offsets for new spending, but not for new tax cuts. President George W. Bush favors that, too. It's a strategy for starving government, dressed up to look like fiscal discipline.

Mere spending restraint won't move the budget into the black. And Bush wants to make permanent billions of dollars in tax cuts set to expire by 2010. Congress should put on the brakes. The way to do that is to impose tough rules to rein in both spending and exorbitant tax cuts.

---

UNRESTRAINED SPENDING UNDERCUTS LAWMAKERS' VOWS
USA Today
April 8, 2004

In 1990, the last time the federal government faced a major deficit crisis, congressional leaders and the first President Bush agreed to a plan for trimming the red ink: New spending or tax cuts had to be offset by other program cuts or tax increases. Called "pay as you go," the strategy and the economic boom of the late 1990s enabled the Treasury to balance its books, at least briefly.

Today, as Congress faces a new deficit crisis, it is operating on what might be called a "spend as you go" basis. Lawmakers keep approving new programs without finding savings or new sources of revenue to pay for the largesse. Just last week, for instance, the House passed a $ 275-billion, six-year highway and mass-transit program stuffed with goodies for members' home districts. But the federal gasoline tax and other fees earmarked for highways aren't expected to generate enough money to pay for it. The Senate's version of the bill is even bigger, at $ 318 billion.

Without the kind of fiscal restraint displayed a decade ago, lawmakers' promises to cut this year's record $ 500 billion deficit in half within five years ring hollow. Rather, their free-spending, revenue-cutting ways risk saddling future generations with a burgeoning debt.

The Senate has voted to reimpose pay-as-you-go restraints. But House leaders have refused to be bound by them. They fear they wouldn't be able to offset the cost of extending tax cuts that start expiring at the end of this year. Making the tax cuts permanent easily could drain $ 2.4 trillion from the Treasury during the next 10 years.

Instead of considering real spending cuts, lawmakers are using accounting gimmicks and pie-in-the-sky projections to hide the actual costs of their actions:

* The highway bill claims to raise $ 12 billion in revenue by cracking down on tax evasion and shifting the levies on alcohol-based fuels. However, history suggests neither is likely to produce savings of that magnitude.

* Another popular ploy is to project the money that will be brought in by extending various customs fees. But these same dollars have been "spent" three times over: to

balance two different tax cuts and one major spending initiative.

Pay-as-you-go in the 1990s was far from perfect: Exceptions were made repeatedly, and the system ultimately collapsed in partisan squabbling. But the mere existence of the restrictions imposed some discipline on the growth of spending. And the rules gave political cover to members of Congress who insisted that, like a household budget, the government needed to find the income to pay for the services it provided.

Today's advocates of more tax cuts argue that reducing taxes will spur economic growth and eventually generate enough revenue to pay for the provisions. Many economists warn that, in the short term, at least, the added government borrowing will push up interest rates, imposing an effective "tax increase" on everyone borrowing money to buy a home, educate a child or make other large purchases.

And Congress' own experts are warning that growth alone can't close the deficit. The Congressional Budget Office's latest projections see red ink ahead for the next 10 years, even if spending is relatively constrained and expiring tax cuts are allowed to die. Until lawmakers adopt reasonable budget restraints, future taxpayers will be left a bill for a debt that heads ever higher.

---

TIMEOUT FOR REALITY CHECK
Orlando Sentinel (Florida)
April 7, 2004

With U.S. Senate and House negotiators now seeking a compromise on their competing budget plans, it's time for a reality check in Washington, D.C.

The federal budget deficit is projected to hit a record $478 billion this year, and Congress and the White House are on a fiscally reckless path that would add trillions of dollars to the national debt over the next decade. They need to set limits on both spending increases and tax cuts to change course toward fiscal responsibility.

The Senate, to its credit, passed a budget blueprint last month that recognizes the need for discipline on both sides of the ledger. Its plan would require that any increases in mandatory spending or losses of revenue from tax cuts be paid for with other spending cuts or tax increases. Congress could suspend those rules, but only with the approval of a super majority.

Similar pay-as-you-go rules for spending increases and tax cuts helped turn deep deficits into record surpluses during the 1990s. But Congress foolishly allowed those rules to expire in 2002. Meanwhile, the House pretended in its budget blueprint that only spending affects the federal government's bottom line. The House plan would require spending increases to be covered with spending cuts or tax increases, but ignores any revenue lost to tax cuts.

Senate negotiators need to stick to their guns, and insist on a budget plan that reins in both spending increases and tax cuts. Otherwise, deficits will persist as far as the eye can see, and the debt burden on future generations of Americans will keep growing.

ON TIE VOTE, BUSH ADMINISTRATION WINS FIGHT AGAINST FISCAL RESPONSIBILITY
Buffalo News (New York)
April 5, 2004

It took some serious arm-twisting to convince enough House Republicans to keep following their leaders down the deficit path the other day. On an evenly split vote, the House failed to approve a Democratic proposal to encourage "pay-as-you-go" offsets for tax cuts and spending.

GOP leadership may be riding hell bent for leather toward tax cuts, but it had trouble keeping the herd intact when a relatively meaningless amendment opened the gates to election-year worries and -- dare we hope? -- conscience. Eleven Republicans bolted; the measure tied and died only because GOP leaders held the vote open for 23 extra minutes so they could lasso another handful of strays back into the fold.

Although the Democratic measure would have urged House negotiators to accept the extra "pay as you go" provisions included in the Senate version of the bill, it would not have mandated that. President Bush would not have faced ideological defeat -- but he would have faced some campaign embarrassment.

The moderate Republicans who voted for this very reasonable measure ought to be congratulated for putting policy above politics. So should the Republicans -- primarily John McCain of Arizona, Olympia Snowe and Susan Collins of Maine and Lincoln Chaffee of Rhode Island -- who won passage of that measure in the Senate.

Eight representatives on each side of the aisle, including Amo Houghton, R-NY, did not vote. Other Western New York delegates, Republicans Jack Quinn and Thomas Reynolds and Democrat Louise Slaughter, voted their party lines.

The provisions are part of the budget act for fiscal year 2005. Both houses approved the idea of imposing budgetary offsets -- spending cuts or, less likely, tax hikes -- for any new spending program approved by Congress. But the House, spurred by the administration, rejected any call for similar offsets for any new tax cuts or any efforts to make temporary tax cuts permanent.

The GOP position reflects a hard ideological core, the belief that tax cuts -- the deeper the better -- will spur investment and economic activity that, in turn, actually will increase government revenues by bolstering the tax base and increasing taxable transactions.

Reputable economists have attributed the soaring deficits to lack of revenue brought on by the Bush tax cuts, and not the costs of 9/11 or the war in Iraq. At some point, this irresponsible fiscal policy is going to cause problems. Pay as you go was an attempt to bring some fiscal responsibility to this administration. Clearly, it wasn't interested.

CREDIT CARD BUDGETING
Los Angeles Times
April 1, 2004

Like a consumer taking out new credit cards to pay for old debt, the House Republican leadership refuses to restrain its spending and tax-cut frenzy. The latest sign came Tuesday when the House refused to follow the lead of the Senate and narrowly voted down a motion that would insist that tax cuts and spending increases be matched by offsetting tax increases or spending cuts.

In the 1990s, these so-called pay-as-you-go rules ensured that the billions in deficits disappeared. Republican lawmakers, who believed that fiscal discipline was necessary, cooperated with President Clinton to bring the deficit under control. Without such rules, Congress will succumb to long-term fiscal irresponsibility that could end up driving the deficit even higher than the current projected $521 billion for 2005.

Already, pork-barrel spending is reaching a new high. According to Citizens Against Government Waste, which releases its annual "Pig Book" next week, Congress is spending money on a record 10,672 projects this year. Some of the more outlandish projects range from $100,000 to restore a historic Coca-Cola building in Macon, Ga., to $4.3 million for a Geographic Information Center for Excellence at West Virginia University. Oh, and don't forget $293,000 for hoop barns in Iowa.

No matter how much GOP leaders like to deny it, tax cuts cost the government as well. "When you cut taxes, the economy grows and revenues to the government grow," declared House Majority Leader Tom DeLay (R-Texas). "I'm not interested in something that would negate our philosophy." But what about the fact that despite several years of tax cuts, federal revenues are at their lowest ebb since the Depression? Extending tax cuts for the wealthy will only worsen matters, adding at least $1.2 trillion to the deficit over the next 10 years. What's more, the nonpartisan Congressional Budget Office says the administration's claims that it will halve the deficit in the next five years are wrong.

To posture as fiscally tough, the administration is pushing so-called economizing that will only end up shortchanging Treasury coffers. For example, the IRS Oversight Board says Bush's proposed budget for the IRS falls $230 million short of ensuring proper enforcement. Last year, the IRS failed to collect almost $16.5 billion in delinquent tax accounts and investigated only 18% of tax shelters its agents discovered. In addition, Bush is denying an IRS request for 80 more agents to pursue the finances of terrorist organizations like Al Qaeda.

With the House and Senate negotiating on the budget, the stances of moderate Republicans of Maine, Sens. Olympia J. Snowe and Susan Collins, are critical. The Bush tax cuts cannot become permanent if Snowe and Collins hold fast to their support of "pay as you go" rules. Then Washington budgeting could become responsible again. And then maybe there would even be enough money left over for Congress to fully fund IRS efforts to track Al Qaeda.

DODGE AS YOU GO
Washington Post
March 31, 2004

FOR A VOTE IT DERIDED as meaningless symbolism, the House Republican leadership certainly pulled out all the stops yesterday. At issue was a motion that would have put the House on record as supporting real "pay as you go" budget rules -- that is, rules that would require tax cuts as well as spending increases to be paid for at the time they're adopted, with offsetting spending cuts or tax increases. The Senate narrowly adopted such a rule in its budget resolution, the House didn't, and the matter is about to go to conference. Yesterday's motion to instruct the conferees would have put the House on record as supporting the Senate rule.

You wouldn't think this is such a big deal. After all, the motion wasn't binding on the conferees. And the budget rule, even if it survives the conference, would apply only to the Senate, not the House. As to the merits: In the 1990s, Republicans seemed to agree that budget discipline was good for the country. They supported a stricter version of this pay-as-you-go rule, they made sure it applied to the House as well as the Senate, and it did some good. But Republican leaders are no longer concerned about fiscal integrity. Making certain that tax cuts can be enacted and extended without any procedural hurdles has become the central -- you might say the only -- budgeting principle of the Bush administration and its congressional allies.

Thus yesterday's scene of legislating-by-strong arm. In a familiar episode of rule-stretching and bullying, a vote scheduled for five minutes was stretched to nearly half an hour. At one point, 19 Republicans defied their leadership to support the motion. But eight eventually switched their votes, creating a 209 to 209 tie. That meant the motion failed -- and at that point, the vote was hurriedly gaveled to a close. "A meaningless vote but an important principle," said a spokesman for House Speaker J. Dennis Hastert (R-Ill.), explaining the need to make certain that tax cuts would be exempt from pay-as-you-go constraints.

Other principles used to carry some weight in the U.S. House of Representatives: allowing lawmakers to vote their consciences, not manipulating voting rules to get the desired result, and opposing a reckless amassing of budget deficits selfishly left for other generations. But that was under the leadership of other speakers, and other presidents.

---

BUSH BUDGET FLAWS
Contra Costa Times (California)
March 29, 2004

BY A NARROW three-vote margin (215-212) the House of Representatives on Thursday passed a $2.4 trillion budget resolution that is at odds with the Senate version. Unlike the House, the Senate voted to offset any new tax cuts with corresponding spending cuts or tax increases elsewhere.

The Senate seeks to abide by the so-called pay-as-you-go rules that some in Congress like to pretend are in effect. Even though pay-as-you-go is a concept that has been egregiously violated by Congress during the Bush administration, it is better to at least aim toward that goal rather than ignore it from the start.

In a departure from usual election-year politics, the Bush administration wants to slow down the rate of increase in federal spending after three years of boosting it at a considerably faster pace than his predecessor did.

The president's new sense of fiscal restraint comes after huge increases in spending on the military, homeland security, wars in Afghanistan and Iraq, enormous new subsidies for agribusiness and the largest new domestic program, prescription drug benefits, since the Johnson administration.

Facing a budget deficit of more than a half-trillion dollars, the administration wants a bit of restraint with a goal of maybe reducing the annual deficit to a quarter-trillion dollars five years from now. However, Bush and Republicans in the House do not want to consider restructuring any of the tax cuts put in place at the beginning of the administration, when the nation had a healthy surplus.

Retention of the tax cuts, some of which are scheduled to lapse next year, is a primary goal of the administration, despite huge deficits and new fiscal responsibilities at home and abroad. It does not make sense to allow all of the tax cuts to run out, especially those for middle-class families. But it also does not make sense to restrain budgets in such a way that there can be no changes in tax policies except to cut taxes further.

It may well be that tax cuts for businesses, investors and research and development would make more sense than tax reductions for the wealthiest Americans. At least such considerations should be on the table. Unfortunately, the House would rather place Congress in a strait-jacket regarding tax policy, which is why its version of the budget did not attract a single Democratic vote.

It should also be noted that spending restraint does not apply to the Department of Defense, which will get a 7 percent increase, and that does not include more than $50 billion spent for wars in Iraq and Afghanistan. The spending restraint applies only to domestic programs, which would suffer far less if the new prescription drug bill had not been bloated with provisions that will divert much of the funds to drug companies.

The administration's newfound desire for fiscal restraint, albeit selective, is welcome. But it would make a lot more fiscal sense for Congress to take a more realistic look at tax policy to determine whether tax reductions can be better targeted or how there could be some restructuring of a flawed Medicare drug benefit.

---

BALANCING THE CHECKBOOK
Fort Worth Star Telegram (Texas)
March 21, 2004

A responsible person, when faced with a significant reduction in income, takes common-sense measures to avert a financial calamity. For example, if your salary were slashed by 10 percent, you might postpone buying a new car. You might dine out less. Conversely, if you received a 10 percent pay raise, you might feel justified in buying new living room furniture or taking a dream vacation to Italy.

But it probably wouldn't make much sense to go on a spending spree when your income was shrinking, would it? Unfortunately, that's exactly what the federal government has been doing for the past three years.

The Bush administration and Congress have been merrily boosting spending even though government revenues have been suppressed by a lackluster economy, a stock market downturn and a series of irresponsible and excessive tax cuts relentlessly pushed by the president.

A stronger sense of fiscal responsibility prevailed during much of the 1990s in Washington. When coupled with a booming economy, it resulted in a situation that many Americans thought they would never see in their lifetimes: four consecutive years of federal budget surpluses (for fiscal years 1998 through 2001) after nearly three decades of deficit spending.

But that fiscal discipline since has eroded, with Congress and the Bush administration scrapping a "pay-go" -- or pay-as-you-go -- concept of budgeting. That has been a colossal mistake, as evidenced by the record $520.7 billion budget deficit that the White House forecasts for this year and a string of additional sizable deficits projected in future years.

Both Republicans and Democrats bear considerable blame for abandoning the pay-go approach. But the GOP must take the lead in restoring fiscal discipline because it controls both chambers of Congress and -- at least for the time being -- the White House.

As Congress considers a new budget for the 2005 fiscal year beginning Oct. 1, some increasingly concerned members of both parties are starting to push for greater financial responsibility. They want to reduce deficit spending and move back toward the pay-go philosophy that was pursued under provisions of the Budget Enforcement Act of 1990, which unfortunately was allowed to expire in 2002.

So what does "pay-go" mean? It means that if the president and Congress take actions that slash government revenues or increase spending (such as approving income tax cuts or a new Medicare prescription drug bill), they then must ask, "How do we pay for it?"

For example, if they reduce income taxes, they would have to compensate for the resulting loss of revenue and budget deficit increase by raising taxes elsewhere or cutting spending, or a combination of the two. If they increased spending in one category, they would have to compensate by reducing spending elsewhere or raising taxes, or a combination of the two.

Congress and the White House also should restore another budget tactic used successfully during much of the 1990s: putting reasonable caps on discretionary spending, which constitutes more than one-third of the budget. Discretionary spending is for budget categories such as defense, education and agriculture that lie outside the realm of entitlement programs such as Social Security and Medicare.

President Bush has foolishly abandoned the pay-go approach that was embraced to a considerably greater degree during the presidential administrations of his father, George H.W. Bush, and Bill Clinton.

But there is increasing hope for a return to fiscal sanity, as evidenced by some recent actions by Congress. For example, the Senate recently voted 51-48 to require that tax cut measures proposed over the next five years receive at least 60 votes to pass unless spending cuts or increases in other taxes were adopted to pay for them. Democrats overwhelmingly backed the amendment, and four Republicans joined them.

Unfortunately, Bush and other Republican leaders still don't want to put such limitations on tax cuts. That's illogical, because excessive tax cuts are contributing to the record deficits just as increased spending is. The previously approved tax cuts should be scaled back to significantly reduce the deficits, as the Star-Telegram Editorial Board has urged in prior editorials.

Bush has tended to blame the deficits largely on the sluggish economy and increased costs associated with terrorism. But a report released Monday by the nonpartisan Congressional Budget Office shows that the administration-backed tax cuts and rising government spending have contributed greatly to the current budgetary red ink and could, if perpetuated, amplify future deficits.

The White House and Congress should take a lesson from rank-and-file Americans who have sufficient budgetary common sense to realize that Washington can't continue the fiscal folly of shrinking federal tax revenues while relentlessly ratcheting spending upward.

Under Bush's proposed 2005 budget, federal spending as a percentage of the total U.S. economy will reach 20.2 percent this year -- the highest level since 1996. But federal revenues will fall to 15.7 percent of the economy -- the lowest level since 1950, according to the Concord Coalition, a bipartisan budget watchdog group.

As coalition Executive Director Robert Bixby has noted: "The problem, really, is trying to combine a big-government spending agenda with a little-government tax policy." If you do that, the checkbook won't balance -- as evidenced by the $520.7 billion budget deficit the White House projects for this year. It's all fairly simple, isn't it? Perhaps even simple enough for Washington to understand.

---

DEFICIT DELUSIONS
The Boston Globe
March 21, 2004

CONGRESSIONAL Republicans are about to squander the last of their traditional reputation as the party of fiscal discipline. Facing record deficits, fanciful cost estimates for the recently enacted Medicare drug bill, and a restive conservative base, the House Budget Committee voted last week to adopt restrictive rules for any new government spending. But the committee specifically exempted tax cuts from the requirement that new spending be offset by cuts elsewhere in the budget. "New spending does not help maximize economic growth and tax cuts do," explained a Republican committee member, Patrick Toomey of Pennsylvania.

Well, not exactly. New spending on education and job training is a crucial investment in the productivity of America's workers. New spending on the National Institutes of Health stimulates biotech and other emerging industries. New spending on public works projects such as the Central Artery in Boston creates thousands of jobs and will be an engine of economic growth across the region for years to come.

Meanwhile, it is unclear that the Bush tax cuts - with the possible exception of the $300-per-person instant infusion adopted in 2001 - have done much to promote economic growth. The massive breaks for the wealthy have had several years to work their trickle-down magic, yet job growth is still anemic enough that the Bush team has readjusted its job creation projections downward several times. Just 21,000 new jobs were created in February, according to the US Labor Department, while more than 2 million have been lost since 2001.

The Bush team's cures for a sluggish economy range from A to B - tax cuts and more tax cuts. Now the president wants to make them permanent. Doing that would balloon the deficit by $1 trillion over 10 years, according to the Joint Committee on Taxation. The Federal Reserve chairman, Alan Greenspan, told Congress last month that exempting tax cuts from the "pay as you go rule" would set back the cause of fiscal discipline.

The Republicans can claim that the swerve from record surpluses at the end of the Clinton administration to record deficits today has been caused by profligate domestic spending, but most economists agree that tax cuts are driving the deficit. The Congressional Budget Office estimates that the tax cuts represent 58 percent of all spending enacted since 2001.

The US Senate has passed a more even-handed attempt to reduce deficits, requiring that major spending - including tax cuts - be adopted only by a two-thirds vote. We have serious qualms about requiring "super majorities" to pass budget measures. But at least the Senate understands that money spent on tax cuts is just as green - and creates deficits just as red - as money spent on social programs.

---

TIME FOR PAY-AS-YOU-GO
The Pantagraph (Bloomington, Illinois)
March 21, 2004

If you worry about the tax load your children or grandchildren will assume, you'll love what the U.S. Senate did .... And you should hope with all your heart that the U.S. House follows the Senate's lead.

The GOP Senate passed a budget blueprint for 2005 that requires those who propose tax cuts to come up with the funds to pay for them -- or else find 60 votes to pass the reductions.  Previously, Congress had been cutting taxes without much regard to their impact on the deficit. Now, senators are saying the new rules apply even to the president's wish to make his earlier tax cuts permanent.

The House needs to apply the pay-as-you-go rules to all tax cuts, so they don't add to our sea of red ink. There's a real place for tax cuts. But as GOP Sen. Lindsey Graham of South Carolina told The New York Times, there's a point at which rising deficits "wash away" the economic benefits of further tax cuts.

This debate may sound arcane, but it applies directly to your children and grandchildren. They are the ones who will inherit our debt unless we do something now.

---

PLAYING WITH PAYGO
Knoxville News-Sentinel (Tennessee)
March 20, 2004

IN 1990, Congress enacted what was called in legislative shorthand "PAYGO," short for "pay as you go." Basically, it required that any new spending increases or tax cuts be offset by spending cuts and-or tax increases. PAYGO could be waived by a special vote.

It was an imperfect solution and lawmakers were artfully creative at evading it, but PAYGO was instrumental at getting the government to four consecutive years of balanced budgets.

Unfortunately, PAYGO expired in 2002, and Congress elected not to renew it. Now, alarmed by the fiscal hole they've dug for themselves, lawmakers are considering reviving PAYGO - but with a catch.

A Senate plan would apply it to both spending increases and tax cuts. If the senators felt strongly enough that a particular program or tax cut was worth adding to the deficit to fund, they would be able to waive PAYGO with 60 votes. However, the House Budget Committee, backed by the White House, would apply PAYGO only to spending increases. Tax cuts, a key part of President Bush's agenda, would be exempt.

But spending and revenue are two sides of the same deficit coin. However you feel about tax cuts, the $1.7 trillion in Bush tax cuts enacted in 2001 and 2003 have contributed significantly to the deficit, now nearing a half-trillion dollars a year. And the $1.3 trillion he's calling for to extend those tax cuts will make it harder to stem the flow of red ink.

Subjecting the Bush tax cuts to PAYGO doesn't mean they wouldn't be enacted, only that they'd be given considerably more scrutiny than Congress has given them today. And if the House felt strongly enough that more tax cuts were the way to go, it could vote by simple majority to waive those budget restraints.

To be effective, PAYGO must apply to both taxes and spending. Congress managed to live with it that way for 12 pretty good years.

---

DO THE RIGHT THING
The Dallas Morning News
March 19, 2004

If you worry about the tax load your children or grandchildren will assume, you'll love what the U.S. Senate did last week. And you should hope with all your heart that the U.S. House follows the Senate's lead.

The GOP Senate passed a budget blueprint for 2005 that requires those who propose tax cuts to come up with the funds to pay for them _ or else find 60 votes to pass the reductions. Previously, Congress had been cutting taxes without much regard to their impact on the deficit. Now, senators are saying the new rules apply even to the president's wish to make his earlier tax cuts permanent.

That shift makes sense. As The Dallas Morning News reported Sunday, the U.S. debt load is as great as at any time since the Depression. And that starts with the federal debt, which has soared to $4 trillion. That amounts to about $14,000 for every man, woman and child in America. Someone has to pay off that monster, and that means children who will be coming of age in another two or three decades.

The battle now shifts to the House, where the Budget Committee took up the debate Wednesday. House members could serve their offspring and their offspring's offspring by courageously acting like their Senate colleagues. Some House Republicans want to apply the pay-as-you-go rules to only future tax cuts.

That's not far enough. The House needs to apply the pay-as-you-go rules to all tax cuts, so they don't add to our sea of red ink. There's a real place for tax cuts. But as GOP Sen. Lindsey Graham of South Carolina told The New York Times, there's a point at which rising deficits "wash away" the economic benefits of further tax cuts.

This debate may sound arcane, but it applies directly to your children and grandchildren. They are the ones who will inherit our debt unless we do something now.

---

DEFICIT PIGEONS
New York Times
March 18, 2004

Not all money grows on trees -- only tax-cut dollars do. That's the message being delivered by the Republican leadership in the House of Representatives this week. The House is vowing to clamp down on those mushrooming federal deficits. It is considering new spending caps and requirements that any increase in spending be offset by cuts elsewhere in the budget. What makes the move more comical than serious is that House leaders opposed extending the same principle to the revenue side of the government's ledger. In other words, the cost of President Bush's tax cuts needn't be offset by anything.

This approach to budgeting is tempting, we realize, but do not try this at home. Imagine subjecting yourself to a household budget that monitored only your family's spending, without taking into account any fluctuations in your income. You could cut back on your work hours without allowing any impact on your lifestyle -- assuming that you, too, could run huge deficits.

President Bush's tax cuts have recklessly shrunk the federal government's revenues in a time of war. Federal tax receipts now amount to an estimated 15.7 percent share of national output, the lowest share since 1950. That's down from 20.9 percent in 2000. Meanwhile, federal spending continues to amount to about 20 percent of national output. Most of that goes to defense and fixed expenses, like debt payments and entitlements. There isn't much discretionary spending to cut.

Mounting deficits, a threat to the nation's long-term economic health, are the natural outgrowth of these stark percentages. The White House claims that the economic slowdown is primarily responsible for these deficits are wearing thin. Indeed, the nonpartisan Congressional Budget Office just issued a report that attributes only 6 percent of this year's $500 billion deficit to a sluggish economy. Far more dominant as factors behind the red ink are the costs of the president's progressively deeper tax cuts, weighted for the affluent, and the Iraq war.

Republicans are starting to worry that their lax stewardship of the nation's finances could prove a liability this November. Hence the sudden protestations of deficit hawkishness on Capitol Hill.

Last week, Senate Democrats joined with four Republicans to pass a genuine pay-as-you-go budgetary measure that would apply to both spending and tax cuts. It is modeled after the successful 1990's pay-as-you-go bill that Alan Greenspan and others credit with helping to tame federal deficits back then. It would require a 60-vote majority to pass any tax cuts or spending increases not paid for by offsetting additional revenue or spending cuts.

The Bush administration and House leaders know full well that such a measure would kill off any hope of extending their tax cuts into perpetuity. So they mobilized to defeat the attempt by some moderate House Republicans to also embrace a true pay-as-you-go measure. Instead, the House Budget Committee passed its Potemkin version of fiscal hawkishness yesterday, which would apply only to spending and not to tax cuts. Call it pray-as-you-go discipline. The entire chamber is expected to follow suit, setting up a confrontation with the Senate.

It will largely be up to four moderate Republican senators -- Lincoln Chafee, John McCain, Susan Collins and Olympia Snowe -- to decide whether they want to fight an uphill battle against their president to put a stop to what his father once called voodoo economics.

---

FINALLY, AN AWAKENING
Rochester Democrat and Chronicle
March 16, 2004

Republicans are beginning to see error of permanent tax cuts. With congressional budget analysts predicting a record $477 billion deficit this year and job growth still lagging, the

Republican-controlled Senate is coming to its senses. Now it's critical that the GOP-dominated House follow suit.

The Senate last week voted against permanently extending President Bush's tax cuts, a major contributor to the deficit. Four Republicans also joined Democrats to adopt an amendment that would require 60-vote majorities of the 100-member Senate to pass tax cuts and spending increases that are not offset by other deficit-reducing measures.

At last, lawmakers are awakening from their slumber. The fact that tax cuts have failed to generate the kind of job growth that the Bush administration had projected certainly hasn't gone unnoticed. And neither have statistics showing taxes and other government receipts at the lowest level since 1950.

No wonder there is growing uneasiness among GOP lawmakers who must face voters in the November election. Nevertheless, misguided House leaders are vowing to strike the Senate's pay-as-you-go provisions from the budget. They fear the language would jeopardize tax cuts in the future. House Republicans like Rep. Amo Houghton, who represents parts of Monroe County, should double their already laudable efforts to help their colleagues understand the urgency of getting the deficit under control. Follow the Senate's lead.

---

RIGGING THE BUDGET RULES
Washington Post
March 10, 2004

WHEN IT COMES to matters of taxes and spending, members of Congress are like would-be dieters who can't stop raiding the refrigerator. Recognizing this weakness, lawmakers have resorted in the past to budget rules that act much like a lock on the fridge. During the 1990s, these rules set ceilings on discretionary spending and required that any tax cuts or spending increases in entitlement programs be matched by offsetting spending cuts or tax increases. As with the dieter who knows where the key is hidden, the rules didn't work perfectly -- they could be avoided with a 60-vote majority -- but they did help curb lawmakers' natural tendencies.

The rules expired at the end of 2002, and everyone from President Bush to Federal Reserve Chairman Alan Greenspan to Clinton Treasury secretary Robert E. Rubin has called for their renewal. "Perhaps the single most important act Congress and the Administration could take at this point to rein in the budget over the next decade would be to re-establish the budget rules that existed in the 1990s," Mr. Rubin wrote in a recent paper co-authored with the Brookings Institution's Peter R. Orszag and Allen Sinai of Decision Economics Inc.

But the Bush administration, and some of its allies in Congress, would rig the rules to apply discipline in a dangerously lopsided fashion. The administration proposes strict controls on spending but no restraints at all on cutting taxes, an approach influenced by the administration's inflated view of the beneficial effect of tax cuts. But even for those who fully subscribe to the administration's position on the relative merits of taxes and spending, it's clear that such a rule would simply skew budgetary choices, resulting in spending programs recast in the guise of tax breaks. Mr. Greenspan reiterated last month that the rule ought to apply to both spending increases and tax cuts.

Meanwhile, the budget resolution before the Senate would leave in place the sham version of pay-as-you-go adopted last year, in which the rule applies only to tax cuts or spending increases in excess of what the budget resolution provides. This year's model would permit $122 billion more in tax cuts not offset by savings elsewhere. Under this meaningless form of pay-as-you-go, senators promise every year to show spending discipline -- the next time around.

An effort to add an evenhanded pay-as-you-go rule failed on a party-line vote in the Senate Budget Committee last week. The Senate should fix that omission before it approves another irresponsible budget. And lawmakers should show discipline by requiring themselves to pay for all their tax cuts -- not carving out popular middle-class breaks like the child tax credit, and certainly not speeding up repeal of the estate tax, for special budgetary treatment.

---

PAY AS YOU GO
Newsday
February 7, 2004

With a budget wildly out of whack, Washington could use a dose of pay-as-you-go discipline. That simple concept, given the force of law in 1990, helped turn decades of red ink to black for the four years before George W. Bush became president.

But the pay-as-you-go schemes that Bush proposed this week differ in key ways from those that worked in the past. Bush's rules would starve domestic programs and put a vise-grip on Social Security and Medicare spending, while exempting tax cuts for high rollers from the calculation. They're geared more to advancing the president's political agenda than imposing fiscal discipline.

The pay-as-you-go mechanism in place from 1991 to 2002 was comprehensive. It required that any new spending be offset by cuts in other spending or by tax hikes; and that tax cuts be offset by spending cuts. It restrained spending until 1998, when deficits gave way to surpluses. Then, with money on the table, all bets were off.

Now deficits are back - $521 billion this year, a total of almost $2 trillion between now and 2009, even by Bush's unrealistic reckoning. But Bush's proposed budget rules are not as straightforward as those of the past.

He would do two things: cap discretionary spending - that controlled by Congress through annual appropriations for defense and domestic programs - essentially at 2005 levels through 2009; and impose his version of pay-as-you-go rules on mandatory spending. That means any legislated increases in any entitlement program, such as Social Security or Medicare, would have to be offset by cuts in other entitlement programs.

It would take a three-fifths vote of the Senate to exceed either spending limit. And if spending rose impermissibly, officials could make across-the-board cuts. With the nation at war, spending for defense and homeland security could easily starve everything else the government funds domestically.

But here's the real rub: Tax increases could not be used to offset new spending. And tax cuts would not have to be offset by spending cuts, although tax cuts such as those Bush is pushing to make permanent would explode the deficit as surely as new spending. That's tax-cut fever dressed up as fiscal restraint.

---

SPENDING CAPS URGENTLY NEEDED
Rocky Mountain News (Denver, CO)
February 5, 2004

Now that the Bush White House has belatedly discovered the threat of runaway spending, it has also belatedly discovered the virtues of congressional spending caps. In his 2005 budget, President Bush proposes that Congress re-enact spending limitations that governed the congressional budgeting process for 16 years.

These deficit reduction measures relied generally on pay-as-you-go provisions, known in legislative parlance as PAYGO, that roughly required that any new spending or tax cuts be balanced by offsetting spending cuts or tax increases. Congress was endlessly creative in finding ways around those strictures, but they had a strong moderating influence on red-ink spending.

The budget act expired in 2002 without a peep of protest from the White House, perhaps because the president couldn't have gotten his big spending increases and sweeping tax cuts through with PAYGO in place.

The deficit this fiscal year is estimated at $521 billion, and now the Bush White House is proposing that Congress enact new spending caps and the offset provisions, including extending PAYGO to certain mandatory spending. Some form of spending caps and offsets should be passed. Congress and the Bush administration should never have allowed them to expire in the first place.

---

UNWELCOME MESSAGE
St. Louis Post-Dispatch
February 5, 2004

HERE'S SOMETHING you'll never hear a presidential candidate say: "My fellow Americans, we are living well beyond our means. Taxes are too low and government spending is out of control.

"So it's time to soak the rich and pinch the middle class with new taxes. We'll also have to cut government services in order to finance our $166 billion misadventure in Iraq.

"If we don't swallow this pill soon our children will pay the price for our profligacy, and you baby boomers can kiss your retirement plans good-bye. So tighten your belt, quit asking for favors and pay up."

It's the truth, but it hurts. So don't expect it on a campaign ad. Since editorial pages don't run for office, we'll spell it out for you. The White House this week estimated that Uncle Sam will spend $521 billion more than he takes in this year. That equals $1,784 in new government debt for every living soul in the United States. Add that to the $13,500 in debt per person that our government owes today.

Mr. Bush is proposing a $364 billion deficit for next year, but that figure is pure fantasy. For instance, it doesn't include a dime for the occupation of Iraq.

Unless we do something about this soon, our debt will sink all the way to China (which is buying a lot of our debt). The Congressional Budget Office predicts that the national debt will rise 63 percent in 10 years, assuming that the Bush tax cuts actually expire on schedule. They won't, of course, so the debt will be much higher. Come 2014, our national debt burden could equal $25,000 per person.

Interest on that debt will be squeezing the federal budget just as the baby boomers begin demanding their Social Security checks and Medicare. Meanwhile, our soaring debt could raise interest rates, torpedo capital investment and raise unemployment.

Foreigners are now buying more than half of new Treasury debt. We'll be shipping our money abroad in interest payments. And if foreigners should suddenly panic and dump their U.S. assets, the whole economy could shiver. "It would be something similar to what we've seen in Argentina," said Brookings Institution economist Isabel Sawhill. In other words, this is a recipe for deep trouble.

We can avoid this mess by adopting self-discipline today. Among the major presidential candidates, former Vermont Gov. Howard Dean has the most sensible approach. He'd revoke the Bush tax cuts, including the cuts for the middle class. Those cuts were a minor help in lifting America out of recession. But with the economy growing nicely, it's time to slowly phase them out.

Mr. Bush, by contrast, wants to make them permanent. That could raise the national debt by nearly a third over the next decade. The Bush tax cuts were a lovely gift to the wealthiest Americans. A married couple with two kids and $50,000 in income saves $1,800 a year. But a family earning $200,000 saves $5,000, and a family earning $1 million saves $38,000. The bulk of the tax cuts go to people who don't need them.

Knowing that, Democratic front-runner Sen. John Kerry, D-Mass., would repeal the cuts for those earning more than $200,000, and Sen. John Edwards, D-N.C., for those earning more than $240,000. Retired Gen. Wesley Clark would repeal the cuts for those earning more than $200,000, plus add a new 44 percent tax rate for people earning $1 million.

That's politically more palatable, since it leaves the middle class alone. But there are a lot more middle-class people than there are wealthy ones, and it will be hard to balance the budget without them. If we are to go easy on the middle class, Congress might extend the payroll tax to all wages. The tax now stops once an employee's pay hits $87,000 a year. Extending it to all wages would raise almost twice as much as needed to buy prescription drugs for the elderly.

We also should immediately restore the estate tax, the fairest tax of all. It affects only the heirs of millionaires who reap windfalls purely through luck of birth. The richest 10 percent of Americans pay 96 percent of estate taxes. Taxes owed on farms and businesses can be paid off over many years. Congress should also revoke the tax break for stock dividends. Why encourage companies to pay dividends to shareholders instead of investing profits in productive business?

Just as important, runaway spending must be brought under control. The federal budget is up 20 percent in the three years of the Bush administration, and the spending spree extends far beyond the cost of war. Congress should re-enact the policies that kept costs under control in the 1990s. Those "pay-go" rules required that any spending increase be matched by a spending cut or a tax increase. Congress abandoned them in 2002 and opened the door to spendaholism. We need apply the same pay-go principle to tax cuts as well as spending increases.

We have just promised the elderly a $534 billion prescription drug plan without a way to pay for it. We're putting the war in Iraq on the credit card, along with an explosion of local pork projects. Fixing this problem will require political courage from elected officials and sacrifice from voters. We won't see that in an election year.

---