U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON THE BUDGET

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June 2, 2008

The Bush Administration's Legacy: A Dramatic Fiscal Reversal

Administration Policies Have Dramatically Reversed the Fiscal Outlook — This Administration inherited a $5.6 trillion projected ten-year surplus, and has replaced it with record deficits. In all, the Administration's fiscal and economic policies have led to a deterioration of over $8 trillion – the largest fiscal deterioration in American history.

- Ironically, the Administration claimed that its first budget (for FY 2002) would result in the most dramatic debt *reduction* in history. Instead, we've seen the most dramatic debt *increase* in history.

> ***From the President's First Budget Message:***
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> **"[Our budget] will retire nearly $1 trillion in debt over the next four years…**
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> **This will be the largest debt reduction ever achieved by any nation at any time."**
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> **-George W. Bush, Feb. 28, 2001**
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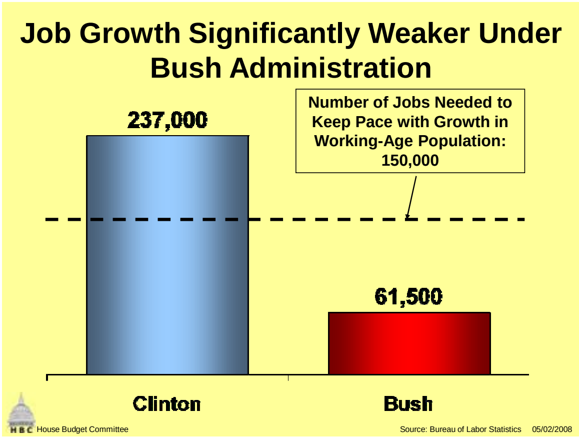
- The Administration's refusal to offset the costs of new tax cuts, new entitlement expansions, and the wars have replaced surpluses with deficits and ballooned the national debt. The Administration pushed through tax cuts that cost over a trillion dollars, as well as a Medicare prescription drug bill that cost $400 billion. The wars have already cost $700 billion, and the Administration has requested another $100 billion in 2008. None of these measures has been paid for.

- Deficits today add to the debt and require higher interest payments, thus adding to the burdens that taxpayers will face in the years to come.

Tax Cuts Do Not Pay for Themselves, Future Taxpayers Do — From 2001 through 2007, the Treasury received revenues that were *$2.6 trillion lower* than what the Congressional Budget Office projected in 2001; the Administration's much-touted higher revenues never materialized. Instead, the Treasury simply incurred more debt, which may hinder future growth and increases interest payments that future taxpayers must pay. In fact, the Administration's fiscal policies were paid for by adding some $3.7 trillion to the national debt, or about **$48,600 per family of four.**

Economic Record is Stagnant — This Administration has produced an economic record that offers little cause for celebration. The current turmoil in the American economy comes on the heels of years of lackluster economic performance. The brief recession of 2001 was followed by the weakest recovery in modern history – with GDP, investment, and other key indicators growing at rates below average for other economic expansions. Even with the relatively weak performance of the economy as a whole, the typical American family has fared even worse.



Job Creation Is Down, Long-Term Unemployment Remains Persistently High — The economy, which created more than 200,000 jobs per month between 1993 and 2000, has averaged only 61,500 new jobs a month since 2001 – less than half the pace needed to keep up with the growth of the working-age population. This weak job market has left nearly 1.7 million more workers unemployed, with an increasing number remaining unemployed for more than six months. The manufacturing sector has been particularly hard hit, with a loss of 3.5 million jobs.

2009 Budget Resolution Conference Agreement is Fiscally Responsible on Tax Cuts — Republicans designed and passed tax cuts in 2001 and 2003 that sunset after 2010. The 2009 conference agreement on the budget resolution accommodates the extension of the middle-income tax cuts while adhering to the House's pay-as-you-go rules. The budget resolution continues middle-income tax relief but ensures that it is paid for so that our debt doesn't spiral out of control and undercut the economy and America's standard of living. Thus, the budget resolution does not raise taxes by one penny over the entire period that the budget resolution covers.

The Committee for a Responsible Federal Budget
"The conference agreement does not raise taxes."
— May 21, 2008

Hamilton Project of the Brookings Institution
"The budget would not raise taxes… Indeed, your budget indicates that one of your priorities is making up-front cuts in taxes for alternative minimum tax relief that would ultimately be paid for without increasing the budget deficit."
— May 20, 2008

Center on Budget and Policy Priorities
"Some claim that the budget plan of the conferees … would constitute "the largest tax increase in history." This claim is inaccurate… This year's budget plan does not include a tax increase. It actually calls for a $340 billion reduction in revenues."
—May 20, 2008

***Budget Resolution Conference Agreement Continues Tax Relief, Subject to the Pay-as-you-go Rule, Including*:**

- Relief from the Alternative Minimum Tax (AMT), both immediate and longer term, preventing over 20 million families from being newly subject to the AMT;
- Extension of “middle-class” elements of 2001 tax cuts – child tax credit, marriage penalty relief, 10-percent bracket;
- Estate tax relief;
- Extension of the research and experimentation tax credit;
- Extension of the deduction for state and local sales taxes;
- Extension of small business expensing;
- Enactment of a tax credit for school construction bonds; and
- Enactment of tax incentives for energy efficiency and renewable energy.