

IN TIME OF WAR

Ballooning deficits mark tax cut plans

● Programs that Mainers depend on will suffer.

By TOM ALLEN

In April, Mainers' thoughts turn not only to daffodils, baseball, mud and other signs of spring, but also to taxes. Every April 15, we are reminded that although, as Supreme Court Justice Oliver Wendell Holmes said a century ago, "Taxes are what we pay for a civilized society," we still have the right to complain.

MAINE VOICES

Many people dislike paying taxes, but it helps if we believe that tax and spending policies are fair and responsible.

President Bush's proposed new round of tax cuts are neither. Like the cuts enacted two years ago, these are heavily weighed to benefit the wealthiest, and they are again colossal. Over the next 10 years, the Administration's so-called "economic growth initiative" alone (which includes making dividends tax free) would reduce revenues by \$726 billion. The president has also asked Congress to make the 2001 tax cuts permanent through 2013 at a cost of another \$624 billion. Increased interest payments on the national debt, inflated by the full Bush tax package, will add another

ABOUT THE AUTHOR

U.S. Rep. Tom Allen, a Democrat, represents Maine's 1st District in the U.S. House of Representatives.

\$480 billion.

If the president's proposals are enacted, there will be enormous and lasting repercussions. Even the lesser tax cut authorized by the Senate (at least \$350 billion) will ensure deficit spending until 2012, with a total additional deficit of \$1.1 trillion.

Such a staggering debt will impede our economic growth by making private borrowing prohibitively expensive and will undermine our ability to provide for the retirement and health care of Baby Boomers. As Robert Reischauer, the former head of the nonpartisan Congressional Budget Office, remarked, "The war's aftermath will be quite short compared to the consequences of tax changes that we make now."

In addition, programs that Mainers depend upon will be slashed. Medicaid (which pays for most nursing home care of our elderly citizens), veterans' health programs, vocational education, school lunches and student loans are already on the chopping block under the president's proposed budget.

State and local revenues will be tapped even further to pay for

responsibilities that the federal government has passed on to state and local governments. These expenses include special education, implementation of the No Child Left Behind Act (which requires schools to demonstrate their success at raising student academic achievement) and homeland security.

This is not a fair and responsible way to run a government. It is reckless to wage a war and pass its cost on to our grandchildren and children, including the young soldiers fighting it.

It is unfair, even immoral, to give huge tax breaks to the rich when there's not enough money left to meet the essential needs of America's most vulnerable citizens. It is deceitful to pretend to reduce taxes when the effect is merely to shift the burden to local property taxpayers and state governments, which are facing their worst fiscal crisis since World War II.

That is why I, along with U.S. Rep. Mike Michaud, have introduced the Local Property Tax Relief Act of 2003, emergency legislation to appropriate an additional \$14.7 billion this year to fully fund the federal share for education programs mandated by Congress. Maine would receive an additional \$132.6 million in federal education funding.

To pay for these additional federal expenditures, my legislation would postpone the income tax rate reduction for the top income tax rate bracket (the 1 percent who earn

more than \$373,000 a year) scheduled to go into effect next year.

Frankly, I would be surprised if the Republican leadership allows my proposal to come to a vote. But as the bill's combined proposals make clear, I believe a fair and responsible government must acknowledge that tax and spending policies are tightly interwoven. When considering tax cuts or other tax changes, we need to ask not only which taxpayers will benefit or suffer, but how the budget will be affected.

The administration seems determined to reduce taxes on the wealthy in order to (1) get down to a "flat tax" where everyone pays the same percentage of their income, and (2) diminish funds available for "social programs." The inevitable consequences of such a change are to increase the total tax burden on middle income Americans and reduce services - education, health care, transportation, job training, etc. - for everyone.

Neither prospect is fair or responsible, particularly now, after we have committed our nation to a costly war and an even more costly reconstruction of Iraq. The administration's tax and budget priorities call for sacrifice only from America's most needy and merely postpone the due dates of our tax bills.

This is not how "a civilized society" manages its collective responsibility to advance the common good.

— Special to the Press Herald