

The New York Times

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Debt and Taxes

There's nothing Congressional Republicans would like more than to escape the inescapable need to raise the nation's debt limit. The upcoming increase, from \$8.18 trillion to nearly \$9 trillion, will be the fourth major hike in the last five years.

Treasury Secretary John Snow has told Congress that the government risks default if a higher limit is not approved by mid-March. The timing is unfortunate for Republican leaders. Hitting the limit draws unwelcome attention to the government's inability to pay its bills without heavy borrowing, exposing the mania behind the Republicans' relentless tax cutting.

So the challenge for Congressional Republicans is how to vote on a debt-limit increase without provoking discussion of the nation's growing indebtedness. The House availed itself of a special rule that let it automatically raise the debt limit — without a specific vote — when it passed the 2006 budget resolution last year. But the Senate must hold a vote, which would normally be preceded by debate. In

fact, the debt limit has been an important part of the most consequential budget debates in modern times, including the 1990 budget. That was the deal that imposed the tough “pay as you go” rules that were central to the fiscal discipline — and budget surpluses — of the 1990's. Congress broke those rules to pass the unpaid-for Bush tax cuts of 2001 and then let the rules expire in 2003.

It will come as no surprise if Senate leaders squelch debate on the debt limit until Congress is ready to begin its next week-long recess, on March 17. Then, up against the Treasury's default deadline, the increase would be put to a voice vote, so that no individual would have to go on record as approving the measure.

The American people deserve better. The debt limit must be raised. But lawmakers should tackle the problem of runaway debt by reimposing budget rules that require that tax cuts be paid for. Doing so would expose the true cost of today's tax cuts, today, instead of pushing the reckoning into the future.

Republican Strategy on Debt Limit Increase Exposed

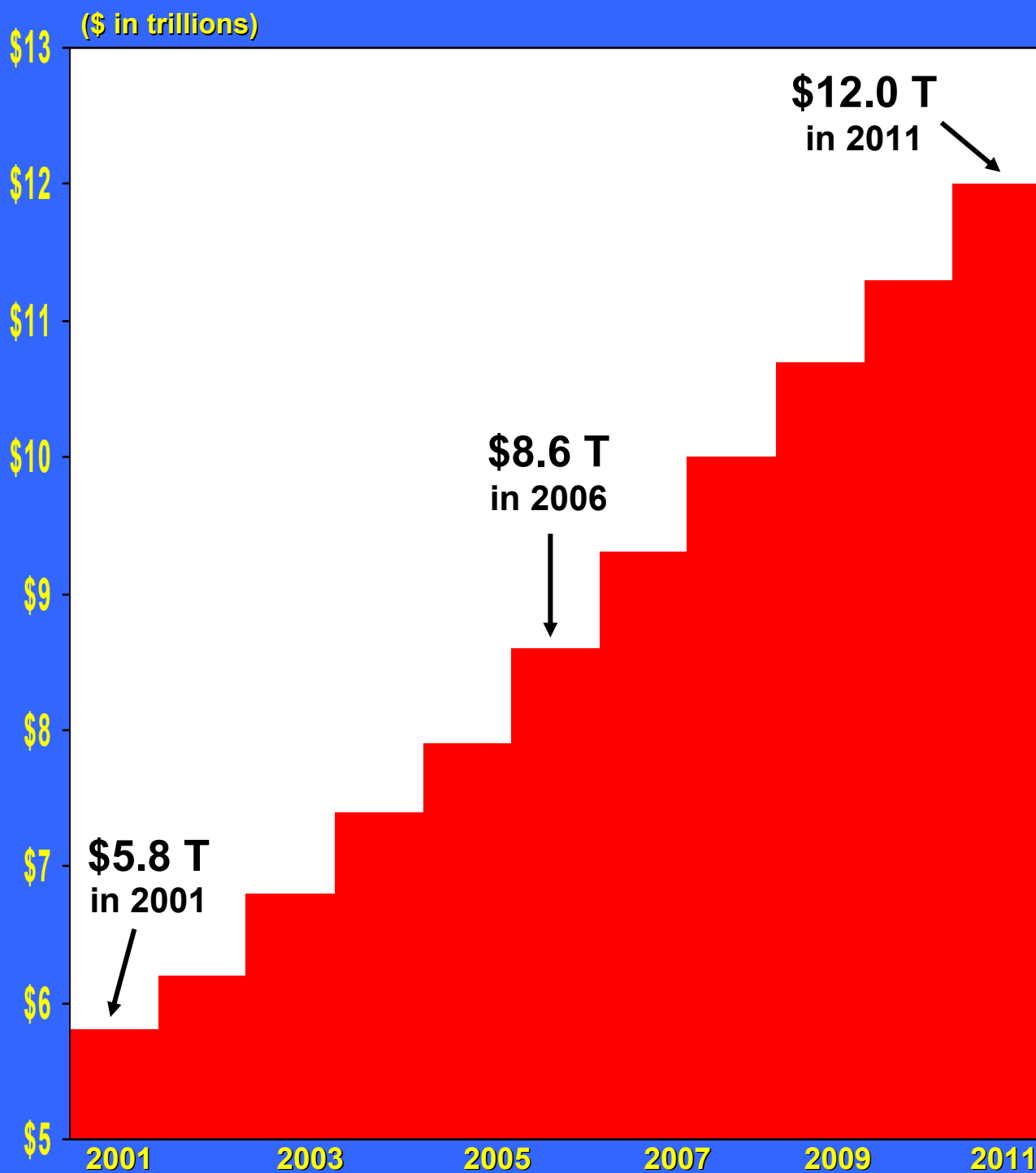
“Grassley, an Iowa Republican, told Reuters the goal would be to get the debt limit legislation passed ‘with the least debate.’

“‘I would like to see a bill on any Thursday night just prior to a recess’... he said.”

– *Reuters*
February 14, 2006

Building a Wall of Debt

Gross Federal Debt Soars



Source: OMB and SBC Democratic staff

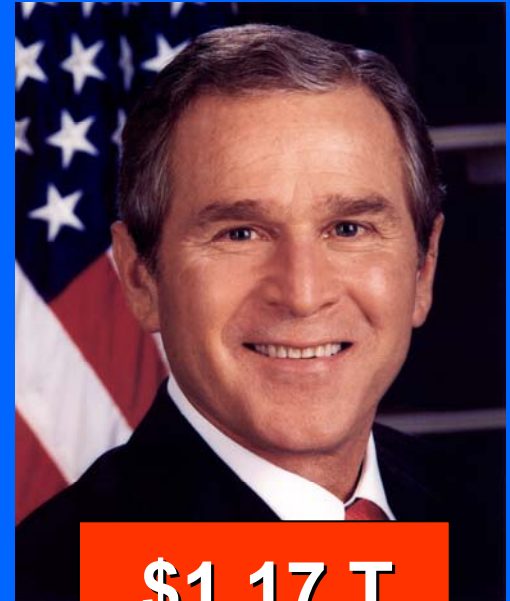
Note: Bush FY 2007 Budget with AMT reform and ongoing war costs.

President Bush Doubles Foreign-Held Debt in 5 Years

It Took 42 Presidents 224 Years to
Build Up Same Level of Foreign-Held Debt



224 Years
(1776-2000)



\$1.17 T

5 Years
(2001-2005)

Top Ten Countries Holding Our National Debt

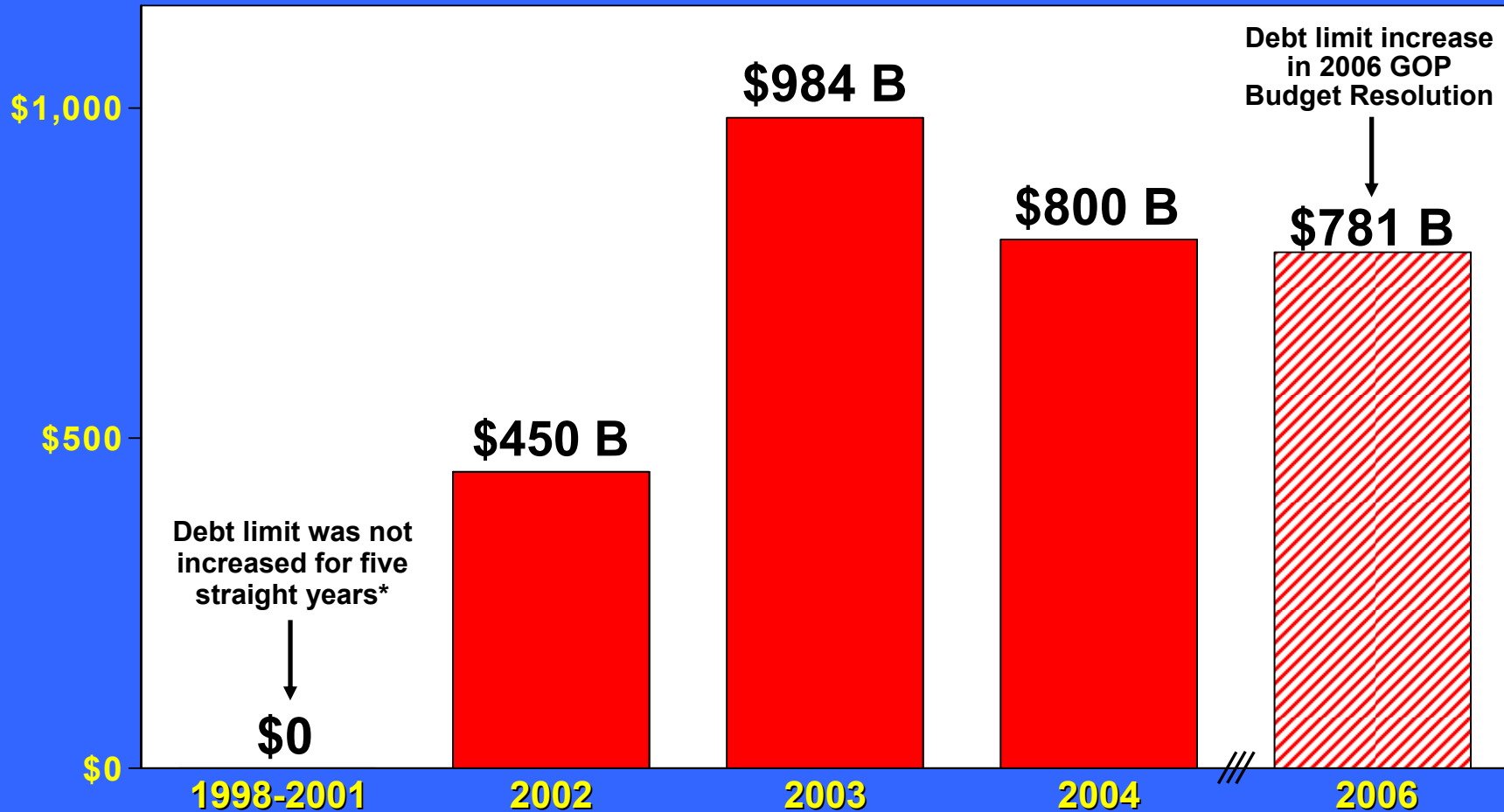
Japan	\$685 B
China	\$257 B
United Kingdom	\$234 B
“Caribbean Banking Centers”	\$111 B
Taiwan	\$71 B
Germany	\$67 B
OPEC	\$67 B
South Korea	\$66 B
Canada	\$53 B
Hong Kong	\$44 B

Source: Department of Treasury

Note: As of December 2005

Debt Limit Increases \$3 Trillion Under President Bush

(\$ in Billions, Annual Increases in Statutory Debt Limit)



*Debt limit was not increased between August 1997 and June 2002.
Source: OMB and 2006 GOP Budget Resolution