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PRESIDENT BUSH'S PERMANENT TAX CUTS FOR THE WEALTHY WOULD COME AT THE EXPENSE OF MEDICARE AND SOCIAL SECURTIY

Washington, D.C. – Based on the Medicare and Social Security trustees' reports released this week, the **Democratic staff** of the **Joint Economic Committee** released a new report estimating that the revenue loss from permanently extending the Bush tax cuts enacted in 2001 and 2003 is comparable to the expected combined 75-year shortfalls in the two programs.

"Instead of preparing for the retirement of the baby boom generation, the Bush administration squandered a $5 trillion surplus and has pursued a reckless policy of tax cuts for the wealthy that have created crippling budget deficits," said **Rep. Pete Stark** (D-CA), **Senior Democrat** on the **Joint Economic Committee (JEC)**. "Clearly, President Bush would rather give tax cuts to people who don't need them, than provide retirement and health care security for our seniors."

The Medicare and Social Security Trustees estimate the 75-year actuarial shortfalls at 1.4 and 0.7 percent of gross domestic product (GDP), respectively. If Congress permanently extends all of the Bush tax cuts and enacts corresponding reforms to the Alternative Minimum Tax, the cumulative total will exceed 1.8 percent of GDP over a 75-year period – comparable to the imbalances in Medicare and Social Security.

Social Security and Medicare Hospital Insurance (HI) surpluses have been used to finance President Bush's large tax cuts, thus increasing the federal debt and adding to the financial burden that will be passed on to future generations. Since President Bush took office, every dollar of the Social Security and Medicare HI surpluses has been used to finance other government expenditures, rather than lower existing federal debt. Moreover, Social Security and Medicare HI surpluses will be used to meet general government expenditures over the next 10 years. Current interest payments on the debt were $245 billion in 2003 and will rise to almost $700 billion a year by 2014.

"Permanently extending President Bush's tax cuts will severely undercut our ability to ensure the long-term fiscal stability of Medicare and Social Security," said Rep. Stark. "President Bush's policies have eroded, not improved, the solvency of Medicare and Social Security."

The JEC Democrats' report, *Keeping the Social Security and Medicare Trustees' Reports in Perspective: The Administration's Tax and Spending Policies Are the Real Fiscal Crisis*, is available on line at < **http://jec.senate.gov/democrats/Documents/Reports/trustees25march2004.pdf** >.

The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.

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