

ASHAMED

By former U.S. Sen. Ernest F. Hollings

I'm saddened. Here comes "the best of the best" scaring the daylight out of everybody in a two-full-page ad in the Sunday *New York Times* on September 7, 2008, with a \$53 trillion hole in the federal budget supposedly caused by Social Security and Medicare entitlements. This financial group must know of the CBO study of the cause of the increase in the national debt -- the first four years of President George W. Bush's term. The CBO finding: 48% due to tax cuts, 37% due to war and security costs and 15% due to increased spending. The devastating affect of Bush tax cuts over the past eight years have added over \$4 trillion to the debt. But averaging a \$500 billion deficit each year for eight years -- hardly a peep out of the eminent Peter G. Peterson or Concord Coalition. I have the highest regard for both. I've worked with them. And now there is the Peterson-Walker initiative on the budget. But somehow they get lockjaw when a Republican president takes over, and only surface when a Democrat might take over.

None other than Alan Greenspan set the scene for tax cuts on January 25, 2001, when he testified that we were "paying down too much debt." At the moment of his testimony, the Secretary of the Treasury reported that we

were \$65 billion in the red. But the Secretary of the Treasury was soon to be given his walking papers and the idle rich got a tax cut causing us to go from “surpluses as far as the eye could see” to increasing the debt by \$4 trillion.

Addressed “To the Presidential Candidates and the American People,” the ad states: “Federal office-seekers cannot realistically be expected to propose detailed plans for Medicare, Social Security, health care, and other spending and tax reforms during campaign season.” Why not? For over a year that’s exactly what they’ve been doing. And we have almost two months to go before election day. It is the two-page ad that is unrealistic. As of this minute the Secretary of the Treasury reports a deficit for fiscal year ending on September 30th of \$722 billion. Rather than advertise an impossible “\$3 trillion” hole, it ought advertise the reality – a \$700 billion deficit that one of the candidates will be faced with in January. That means that before money can be appropriated for health care, infrastructure and energy that both candidates are promising, we’ll have to cut spending and increase revenues \$700 billion before we have money for new programs. The next president will at best have to set a course for recovery with a budget freeze, spending cuts, and tax increases. This is exactly what was required in 1993 when we changed course and fixed the economy for its best eight years in history. Of course, it wasn’t easy. Half of the Senate and House of Representatives in

government committed not to pay for government is a cancer on democracy. This is the scandal that should be exposed in a two-page ad.

Bush tax cuts have caused the national debt to increase \$4 trillion, requiring an annual payment of \$200 billion in interest costs each and every year until the debt is eliminated. The ad should point out that the President and Congress in eight years have launched a new \$200 billion spending program for nothing. This is the waste that we've got to stop next year – not any \$53 trillion hole.

Entitlements continue to get a bum rap in the ad. Both Social Security and Medicare are in surplus. Yes, something will have to be done about health care costs. But Social Security presently has a surplus in excess of \$2.4 trillion, with another surplus this fiscal year of \$198 billion. These surpluses will carry the program through 2041. In 2017, instead of adding to the Social Security surplus, we'll start spending from the surplus. The Social Security bonds will have to be honored, and the President and Congress in 2017 will be looking for money to honor these bonds. This is the reality which the ad ought signal – not a \$53 trillion hole.

Finally, the ad mentions a trade deficit without mentioning its principal cause – outsourcing! Since NAFTA with Mexico and Permanent Normal Trade Relations with China, we have outsourced our jobs,

outsourced our production, outsourced our research, outsourced our investment, outsourced our economy. Tax cuts have caused a cheap dollar, and what production has not been outsourced is now being bought up with the cheap dollar. We've even outsourced our business and financial leadership. Every attempt in Congress to put a tourniquet on the outsourcing gets knocked down by the business leadership shouting "free trade," "protectionism." The banks and business in their zeal for profits have forgotten about the economy and the country. At the same time that the federal government is financing outsourcing, the states are headed in the other direction, with Tennessee putting up \$577 million to get Volkswagen and Mississippi putting up \$300 million to get Nissan. The local Chambers of Commerce are making every sacrifice to create jobs while the United States Chamber of Commerce lobbies to get rid of them. The country has got to get its act together. Globalization is nothing more than a trade war for market share with government as a "comparative advantage." The United States government is AWOL with its generals as a fifth column. The signatories know this and, rather than boosting the banks and multi-nationals for bigger profits with this scandalous ad, they ought to be preparing the American people to compete in globalization.

Most of all, the “people of America” should be preparing once and for all to sacrifice. We keep borrowing to pay for the wars in Iraq and Afghanistan. We’re asking young GI’s not only to sacrifice and die; but if they are lucky enough to come home, they’re the ones who’ll pay for the wars. We are not going to pay for them – we need a tax cut! The ad ought to emphasize that tax increases will be necessary.

As a member of the Senate Budget Committee for thirty years, I have worked with the principal signatories to this double-page ad. They know the nation has to sober up from this binge. Charging the candidates and people now with an understanding of the sacrifice necessary in January is more in order rather than scaring them for a blue-ribbon commission. They ought to be ashamed.