

Be Careful What You Wish For

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Published: June 23, 2004

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Be careful what you wish for. You just might get it.

In 1999, then presidential candidate George W. Bush and his followers set their sights on lower taxes. Five years and three tax cuts later, they have succeeded spectacularly. As a share of the economy, taxes are now at levels last seen in the Truman Administration.

And it ain't over yet. The President's budget includes over \$1 trillion in additional tax cuts.

There is, however, a slight problem. When Truman held office back in the fifties, government was much smaller. That was before interstate highways, Medicare, food stamps, the EPA, NASA, and several government departments. With fifties-era income and 21st century expenses, our government is hemorrhaging red ink.

Not to worry. Vice President Cheney reportedly said that deficits don't matter. Low taxes will invigorate the economy and deficits will squeeze out government waste. The first President Bush once rejected that kind of wishful thinking as "Voodoo economics," but lawmakers love Cheney's message anyway. Last year, Congress passed the largest new entitlement program in a generation—the Medicare prescription drug benefit. And that's just the capstone on a three-year government spending spree.

Senator Kerry has bought into the free-for-all, too. He proposes to increase the deficit by about as much as President Bush. The difference: Kerry would spend more and cut taxes less.

Someday reality will come knocking. Either lawmakers will get a clue or the mounting debt will turn government bonds into junk.

If history is any guide, the inevitable tax hikes won't fall on middle-class families. No, the higher tax will hit the upper brackets, but the middle-class tax breaks will remain. That's what happened in 1990 and 1993, and that's what Kerry proposes to do if elected.

If Bush is reelected, the day of reckoning is just postponed.

But right now, rich folks feel like they've won the lottery. Ultimately, though, they and their kids will have to pay for not only their own tax cuts, but all the goodies they gave away to get them.

Want a second wish?

In Washington, this is Len Burman for [Marketplace](#).

