

Four More Years of the Bush Economy? ***NO THANKS!***



America Needs a Change
2008 Republicans Promise More of the Same

- Higher Unemployment
- Lower Household Incomes
- Slow Growth Economy
- Bigger National Debt
- Higher Health and Energy Costs for Families

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FOUR MORE YEARS OF THE BUSH ECONOMY?

No Thanks!!!

After nearly eight years, the results of the Bush economic policy of big deficits, tax cuts for the wealthy and neglect of health care and energy independence are in. The Bush strategy has been a miserable failure for America's working families. However, with an opportunity to present their ideas and records, the 2008 Republicans have chosen to try and convince America to "stay the course." Job creation and household income are down, while health care and energy costs explode. The tiny tax cuts most families received barely make a dent in the cost of raising a family. But the resulting budget deficits have depressed investment and produced the largest budget deficits in history. Amazingly, Bush has borrowed more money from foreign governments and banks since taking office than this country's first 42 presidents combined.

The following report examines the effects of the Bush's Economic policies, then presents the proposals and records of four leading candidates for the Republican nomination to succeed him. Instead of offering solutions to the problems families have faced under Bush, the Republican candidates so far have offered more of the same. America deserves better.

Manufacturing Jobs Lost; Unemployment Up

President Bush Is Tied for the Worst Jobs Creation Record of Any President in the Past 70 years.

President Bush is in a statistical dead heat with his father for the worst job creation record of any President since Herbert Hoover, with just 5.6 million more total jobs (nonfarm private sector and government payrolls) than there were when he took office in January 2001. That is a paltry job creation pace of just 70,000 total jobs per month. Payrolls in the private sector have actually declined by 4.2 million. [Data compiled from Bureau of Labor Statistics, bls.gov]

Unemployment Rate Remains Higher than When President Bush Took Office. August's unemployment rate of 4.6 percent, is higher than the historic lows achieved in the late 1990s. In August 2007, 7.1 million people were officially counted as unemployed— 1.1 million more people than were unemployed when President Bush took office in January 2001. [Data compiled from Bureau of Labor Statistics, bls.gov]

Manufacturing Payrolls Have Declined By Over 3 Million Jobs Since President Bush Took Office.

Manufacturing has been particularly hard hit, with payrolls declining by over 3.1 million jobs between January 2001 and July 2007. [Data compiled from Bureau of Labor Statistics, bls.gov]

Household Wages Down; Costs of Raising Families Up

Real Household Income Has Declined For All Income Groups Since 2000. After adjusting for inflation, the income of a typical household fell by almost \$1,000 between 2000 and 2006, the latest year for which we have data. Households in the poorest fifth of the income distribution have experienced the greatest declines (7.5 percent), while those at the top experienced the smallest declines (1.0 percent). [JEC Democratic staff calculations based on data from the Census Bureau, U.S. Department of Commerce.]

The Costs Of Raising A Family Are Higher Than Ever. Today the average family with two children under the age of 5 spends 11 percent of their budget on childcare, compared to 1 percent in their parents' generation. Moreover, an increasing number of families face the dual burdens of caring for an elderly

parent and raising their own children. A study of all family caregivers found that caregivers lost a lifetime estimated average of \$659,000 in wage and pension wealth due to their caregiving responsibilities. [MetLife Mature Market Institute, “The MetLife Juggling Act Study: Balancing Caregiving with Work and the Costs Involved,” November 1999; Tamara Draut, “Strapped: Why America’s 20- and 30- Somethings Can’t Get Ahead,” 2006.]

Explosive Health Care Costs Are Squeezing Family Incomes. Between 2005 and 2006, health insurance premiums rose at more than twice the rate of workers’ earnings. Between 2000 and 2006, the average monthly premium paid by workers with health coverage rose 57 percent. [Kaiser Family Foundation, *Employer Health Benefits 2006 Annual Survey*, Exhibits 1.1 and 6.2.]

Rising Energy Costs Eating Into Families’ Budgets. The price of gasoline has more than doubled since July 2001, when the average gallon of regular grade gas cost \$1.42. Six years later, in July 2007, that same gallon of gasoline cost \$2.97, reaching a high of \$3.22 the week of May 21. [Energy Information Administration]

Bush Tax Policy Opened Deficits; Reduced Savings and Investment

Despite Recent Growth in Federal Revenues, the Bush Tax Cuts Have Not and Will Not Pay For Themselves. After falling in 2004 to their lowest level since 1959, federal revenues as a share of GDP have picked up. Yet they are still well below their 2000 level, prior to the recession and the Bush tax cuts. Moreover, a rebound in revenues is to be expected during an economic recovery. Finally, the recent revenue growth has resulted in part from the unexpected increase in capital gains realizations—which, as Federal Reserve Chairman Ben Bernanke has observed, reflects a one-time rather than a permanent gain. [Office of Management and Budget; Bureau of Economic Analysis, U.S. Department of Commerce.]

The Bush Tax Cuts Have Damaged America’s Long-Term Economic Prospects By Reducing National Saving And The Funds Available To Finance Productive Private Investment. The Bush tax cuts have created larger budget deficits, increased government borrowing, and put upward pressure on current interest rates. Analysis by the Congressional Budget Office, the Joint Committee on Taxation, and independent tax analysts all conclude that the negative economic impacts of increased federal deficits far outweigh any positive economic impact of the tax cuts, leading to reduced real economic activity and employment over the long run. [Center on Budget and Policy Priorities, Claim That Tax Cuts “Pay For Themselves” Is Too Good To Be True, July 27, 2006.]

George Bush’s Legacy: Record Deficits and Sluggish Growth

The Current Economic Expansion is the Slowest of the Postwar Period. In the 25 quarters since the first quarter of 2001, the overall economy has grown at a 2.5 percent average annual rate. That’s the slowest growth of any expansion in the postwar period. While the economy grew at a 3.4 percent annual rate in the second quarter of this year, that was largely a rebound from its anemic 0.6 advance in the first quarter.

THE GIULIANI ECONOMY

MORE FAILED BUSH POLICIES AND AN EXAGGERATED RECORD

When it comes to his policy ideas for the nation, he has strongly endorsed the Bush tax cut plan and opposes help for those devastated by the mortgage crisis, saying he would do “basically what the president did.” He is considered a “strong supporter” of the failed Bush economic plan. And when it comes to New York, Giuliani’s real record doesn’t match his rhetoric. The truth is that while Giuliani was mayor, New York City’s debt reached historic highs, city spending grew by 30% and the payroll was larger – in dollars and people – when he left than when he started. Independent fact checkers have also debunked his tax-cutting claims, finding that many – including the largest – of the tax cuts he claimed credit for either came from the state or were actually ones he strongly opposed.

Giuliani Follows Bush Blindly On Economy

Extending Bush Tax Cuts “A Priority.” “He'd make retaining the Bush tax cuts a priority and perhaps offer new reductions.” [Detroit News, 7/15/07]

Giuliani Defended Bush’s Tax Cuts. “He [Giuliani] strongly defended the Bush tax cuts, saying ‘tax reductions stimulate an essentially private economy. Why Democrats don't get this, I don't understand. ... They attack President Bush for lowering taxes twice and for taking us to war.’ ‘It's pretty smart if you're going to run a war to lower taxes,’ he added, saying that such policies ‘stimulate the private sector.’” [San Francisco Chronicle, 7/24/07]

Giuliani Is Bush Like On Subprime Mortgages, Economy. “I would do basically what the president did: I'd look at the fundamentals of the economy. And the fundamentals, at least most of them, are very strong,” Giuliani said. [CNBC.com, 8/16/07, <http://www.cnbc.com/id/20252849/>]

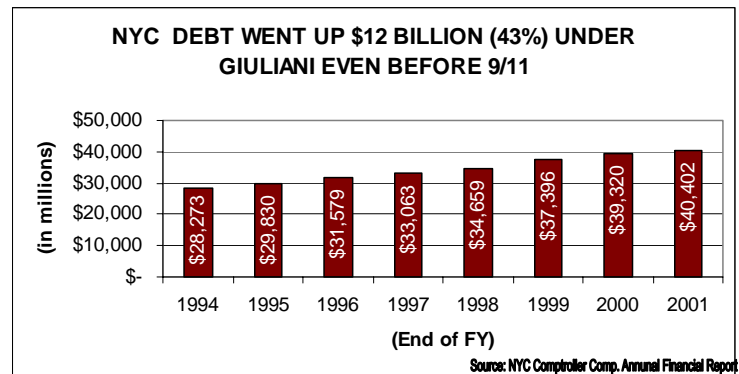
Giuliani Says Bush Good For Economy. In 2004, Giuliani headed to New Hampshire, “saying he's here to talk to Republicans who are “starved” to hear someone praise Bush for fighting terror and reviving the economy.” [New York Post, 1/25/04]

Praised Bush Plan As “Correct.” “Giuliani also praised President Bush's plan to cut individual and business taxes by some \$350 billion over 10 years. ‘I think what the President is doing is correct,’ he said. And he suggested that large budget deficits should not be viewed as an excuse to enact large tax increases.” [Daily News (New York), 5/20/03]

“Strong Supporter” Of Bush Economic Plan. Bush was described as a “strong supporter of Bush on national security and economic issues” and in a 2003 speech said “that he also supported Bush's economic policies and shared his views that tax cuts would create jobs.” [USA Today, 8/30/04; St Louis Post Dispatch, 9/26/03]

Debts & Deficits: Giuliani Increased Both

NY Times: Giuliani Claim On Reducing Deficit Wrong. Giuliani's repeated claim that he "turned a \$2.3 billion deficit into a multibillion dollar surplus" is "misleading, independent fiscal monitors said. In fact, Mr. Giuliani left his successor, Michael R. Bloomberg, with a bigger deficit than one Mr. Giuliani had to deal with when arrived in 1994. And that deficit would have been large even if the city had not been attacked on Sept. 11, 2001." [New York Times, 8/27/07]



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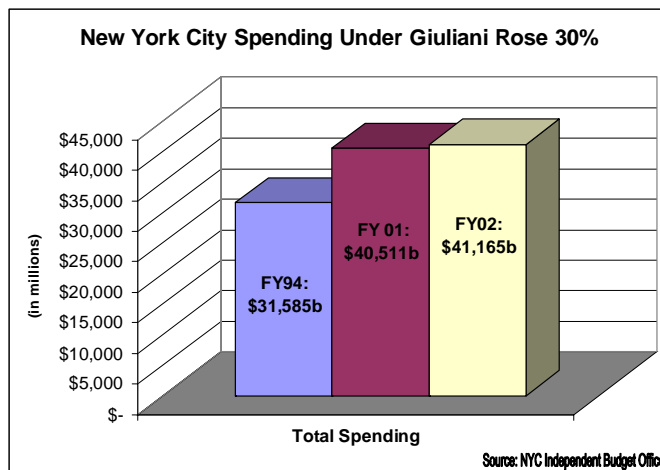
FactCheck.Org Agrees: Deficit Went Up Over 20% Before 9/11. Analyzing Giuliani's radio ad, independent group FactCheck.org said that "this ad's listeners are being misled" and that Giuliani "ignores the fact that he also left a multibillion-dollar deficit for his successor, not including costs associated with 9/11." According to city records, when Giuliani entered office in 1994 he was facing a \$2.3 billion deficit, but when he issued his last budget in May of 2001 – before 9/11 – his own budget projected a deficit of \$2.8 billion for his successor's first year. That's a 21.7% increase. The city's Independent Budget Office put the figure at \$3.3 billion. Ultimately after 9/11 the figure grew to \$5 billion, but a deficit larger than the one he inherited was already on the books well before the terrorist attacks. [FactCheck.org, 7/27/07] (http://www.factcheck.org/elections-2008/giulianis_tax_puffery.html); "Four Year Financial Plan," Executive Budget, Fiscal Year 2002, NYC Office of Management and Budget, p. 6; Analysis of the Mayor's Executive Budget for 2002, NYC Independent Budget Office (<http://www.ibo.nyc.ny.us/iboreports/may2001.pdf>), p. 4]

NYC Debt Skyrocketed To Historical Levels Under Giuliani: By virtually every measure, NYC's debt went up dramatically under Giuliani. According to data compiled by the New York City Comptroller, the city's debt went up 30% during the Giuliani years, from \$28.3 billion in FY94 before his first budget went into effect, to \$40.4 billion at the end of FY01 (the last pre-9/11 figure). The same data shows that the "per capita net debt" went from \$3686 for FY94 to \$4628 for FY01, covering the seven Giuliani budget years before 9/11. The Daily News noted that Giuliani's budgets left the highest debt in the city's history, while the editorial board of the New York Observer wrote that "The city's annual debt service has risen from \$2.8 billion to almost \$4 billion since he moved into Gracie Mansion." [NYC Comptroller Comprehensive Annual Financial Report FY02, p. 261-2] (http://www.comptroller.nyc.gov/bureaus/acc/CAFR-02-pdf/III_stat_sect-file3of4.pdf); New York Daily News 12/6/01; Editorial, New York Observer, 4/23/01]

NYC Government Spending, Staff Grew Under Giuliani

Spending Under Giuliani Went Up 30%. In New York City, spending went up 30% under Giuliani as mayor, or by \$9.5 billion. Even stopping the tally at the end of FY01, before costs related to 9/11, finds a 28% increase, or \$8.9 billion more in annual spending then before he took office. ABC's Rick Klein wrote "Rudy Giuliani claims to have 'lowered spending' in New York City - big asterisk has to be there for that to be accurate." [NYC Independent Budget Office Revenue and Expenditure

Summary(<http://www.ibo.nyc.ny.us/iboreports/RevenueSpending/RevandExpSummary.xls>); Rick Klein's Blog, ABC, 5/15/07]



Payroll Grew 35.6% Under Giuliani. Debunking Giuliani's claims, the Associated Press wrote that "Despite his pitch, records from New York City's independent budget office show the city payroll grew during his tenure." In addition, total spending on personnel by the city increased 35.6%, by \$5.6 billion from the year before Giuliani took office through the end of fiscal year 2001, his last full fiscal year in office and the fiscal year before 9/11. The total for FY94 was \$15.7 billion, and the total for FY01 \$21.3 billion. [Associated Press, 4/17/07; NYC Independent Budget Office Agency Expenditures (<http://www.ibo.nyc.ny.us/iboreports/RevenueSpending/AgencyExpenditures.xls>)]

After Giuliani "Hiring Spree," More Employees, Not Less. Independent Budget Office data shows that as Giuliani was preparing to leave office in the summer of 2001, there were 249,824 full-time positions in the city government – 974 more than the 248,850 in summer of 1993 before he took office and 3041 more than the 246,783 in the summer of 1994, when his first budget went into effect. The New York Times wrote that "Mr. Giuliani went on a hiring spree, in the end leaving the city work force slightly bigger than he found it." [NYC Independent Budget Office, Full Time Positions (<http://www.ibo.nyc.ny.us/iboreports/RevenueSpending/FullTimePositions.xls>); New York Times, 8/27/07]

Record High Employee Level. The Manhattan Institute's E.J. McMahon wrote in 2001 that the final budget "will raise the city's employee headcount to a new high," while "his 1993 campaign platform suggested that 35,000 positions could be eliminated." [McMahon column, New York Post, 7/9/01]

Giuliani Got Much More State/Fed Money To Cover His Spending Increases

Giuliani helped pay for his spending growth by getting more state and federal dollars for his budget, something a president can't do:

- **Federal Aid Up:** The city budget's use of federal dollars went up 54% (\$2.1 billion) by the end of FY02 compared to FY94 (the last budget under Mayor Dinkins). Even before 9/11, by FY01 federal aid had gone up \$590 million.
- **State Aid Up.** State dollars used in the city's budget went up 36% (\$2.1 billion), or 31% (\$1.8 billion) stopping the tally before 9/11.
- **Total State/Federal Aid Up.** Combined, help from the US and NY State increased 43% (\$4.2 billion) compared to the year before Giuliani's first budget. (Stopping before 9/11, the figures are 24.9% and \$2.4)

[IBO Revenue and Expenditure Summary

(<http://www.ibo.nyc.ny.us/iboreports/RevenueSpending/RevandExpSummary.xls>)]

Taxes: Giuliani Backs Bush, Exaggerates His Own Record

Giuliani Wants To Extend Bush's Tax Cuts. On CNBC, Giuliani talked about “making the Bush tax cuts permanent.” The Detroit News reported, “Giuliani describes himself as a devoted Reagan supply-sider who believes in cutting taxes and slashing regulations to stimulate growth. He'd make retaining the Bush tax cuts a priority and perhaps offer new reductions.” The San Francisco Chronicle wrote, “He [Giuliani] strongly defended the Bush tax cuts, saying ‘tax reductions stimulate an essentially private economy.’” [CNBC.com, 8/16/07, <http://www.cnbc.com/id/20252849/>; Detroit News (Michigan), 7/15/07; San Francisco Chronicle, 7/24/07]

Giuliani Refused To Sign Pledge Not To Raise Taxes. “Rudy Giuliani - who touts his record as a tax cutter on the campaign trail - has refused to sign a pledge not to raise taxes if elected president.” [New York Post, 6/2/07]

Giuliani Exaggerates His Record On Taxes, Taking Credit For Nine Tax Cuts Where None Is Due. In an article entitled “Giuliani's Tax Puffery,” independent watchdog FactCheck.org found Giuliani's claims on cutting taxes highly misleading. They wrote that “the mayor takes credit for too many tax cuts” and called his claims an “overstatement.” Their research showed Giuliani can't claim credit for *nine* of the 23 cuts he cites. For example, with the personal income tax surcharge, “he strongly opposed one of the largest cuts for which he claims credit, reversing himself only after a five-month standoff with the city council.” They also found that “he takes personal credit for seven cuts that were initiated not by him but by the state, according to the city's Independent Budget Office, a publicly funded, nonpartisan watchdog agency that puts out highly regarded budget analyses.” The New York Daily News wrote that Giuliani's claim is “not really true, say tax-cutting allies of the former mayor, as well as experts at the city's Independent Budget Office and elsewhere.” [FactCheck.org, 7/27/07 (http://www.factcheck.org/elections-2008/giulianis_tax_puffery.html); Daily News (NY), 7/29/07]

Largest Cut Giuliani Claims Credit For Is One He Actually Opposed. The personal income tax surcharge reduction, worth an estimated \$821 million in FY01, was a full 26% of the overall tax reductions reported by the Giuliani administration for that year and by far the largest of the 23 on the list of tax cuts he claims credit for. [FactCheck.org, 7/27/07 (http://www.factcheck.org/elections-2008/giulianis_tax_puffery.html); “Tax Reductions – Already Enacted,” Budget Summary, City of NY Executive Budget FY 02, p. 50]

Giuliani Brought Suit To Stop Another Tax Cut. “In the case of one of the biggest tax cuts during his tenure, the elimination of the commuter tax, Mr. Giuliani actually opposed the tax cut so vigorously that he brought a lawsuit jointly with the city's Democratic City Council speaker in an effort to get a court to order state lawmakers to keep the tax in place.” [Editorial, New York Sun, 3/29/07]

Tax Revenue, Fines and Fees Went Up Under Giuliani. Compared to the last fiscal year budgeted by his predecessor (FY94) under Giuliani, the city's revenues grew by \$5.3 billion (24%) by the end of his last budget (FY02).

- Property tax revenue went up 12.71% (\$988 million)
 - Personal income tax revenue went up 40% (\$1.45 billion)
 - Total tax revenue went up 19.77% (\$3.5 billion)
 - User fees/fines went up 44.92% (\$1 billion)
 - Total City-Based Revenues went up 24% (\$5.3 billion)
- [IBO Revenue and Expenditure Summary
(<http://www.ibo.nyc.ny.us/iboreports/RevenueSpending/RevandExpSummary.xls>)]

Giuliani's Tax Logic Leaves Business Executives "Bewildered." During a September 2007 speech to technological executives, Giuliani said that he could eliminate the alternative minimum tax (AMT), and cover the costs with even more tax cuts. His logic "prompted a bewildered response from his audience of technology executives" but was confirmed later that day by the campaign. [Associated Press, 9/21/07]

Giuliani Did A Flip-Flop-Flip On The Flat Tax. In early April 2007, Giuliani said that the flat tax "would probably not be feasible," stating his previous support was "half-jocular" and "academic." Giuliani said, "I didn't favor it [the flat tax]. I said something academic. What I said was, and it was not a joke, but it was half-jocular, was if we didn't have an income tax...what would I favor? First I would favor no tax. That would be my first position. My second position would probably be a flat tax...[The flat tax] would probably not be feasible." Just weeks early, in late March, Giuliani, according to the New York Times, "embraced Mr. Forbes's signature issue, saying he liked the idea of a flat tax." [Politicker, The New York Observer, 4/3/07, <http://www.observer.com/node/31918> ; New York Times, 3/29/07]

Giuliani Platform: No Help For Foreclosed-On Homeowners

Giuliani Thinks The Free Market Can Fix Problems In Mortgage Market. "Giuliani said that direct bailouts of some now-struggling lenders and borrowers would be a mistake. 'This is something that the market has to straighten out -- and it will,' he said." In a CNBC interview, Giuliani said "The market means taking responsibility for the decisions you make. If you invest in something risky, you get a greater return -- so there's a greater risk. Everyone knew that subprime was risky going in." He "warned legislators not to 'succumb to the temptation to manipulate [the mortgage sector] too much, to bail it out. Let the market straighten it out.'" [CNBC.com, 8/13/07 (<http://today.msnbc.msn.com/id/20252849>)]

Giuliani Agreed That Country Should Move On. Glenn Beck said, "I think everybody is understating this problem, the economy with the subprime nonsense. We are in real trouble here. Bush is now talking about bailing out these homeowners, but the homeowners aren't losing much. A lot of them came in with zero down. This is just a bailout and the company. Shouldn't we just let companies fail and if you took a risky loan, you bet, you bet wrong; move on?." Giuliani said, "To a very large extent, that's correct, particularly from the point of view of the federal government and the President." [Glen Beck, 9/7/07, <http://www.glennbeck.com/news/09072007.shtml>]

Line Item Veto Flip Flop

While Giuliani now supports a line item veto, in the 1990s "filed the lawsuit that succeeded in getting a federal line-item veto declared unconstitutional." [The Wall Street Journal, 5/16/2007; Associated Press, 10/04/07]

THE MCCAIN ECONOMY

IGNORES PRINCIPLES TO SUPPORT GOP TAX CUTS

In 2006, McCain voted to make permanent the tax cuts he derided and did not support in 2001 and 2003. He also voted to repeal the estate tax, a policy he opposed in 2001, 2002, and 2003. And despite saying that not extending a tax break counts as a tax increase – and that he “has never voted for a tax increase in his life” – McCain did just that in May, voting to end tax breaks for thousands of Arizona workers, students, and teachers.

Gymnastics 101: John McCain Flip-Flopped On Bush Tax Cuts

2006: McCain Voted For Bush Tax Cuts And Defended The Flip-Flop As A Legislative Gimmick. John McCain voted to extend tax cuts supported by the president that were set to expire between 2005 and 2010. “The Senate voted 53-47...in favor of extending the president's investor tax cuts on dividends and capital gains. Joining in this breakthrough vote was John McCain, the senator who voted against these tax cuts when they were introduced in 2003. This is an important shift for the GOP presidential frontrunner[.]” McCain’s vote was described as “a sharp reversal of his anti-tax-cut posture,” though he defended the shift, saying, “it was a gimmick,” reasoning that “the tax cuts were temporary and then had to be made permanent. The tax cuts are now there and voting to revoke them would have been to--not to extend them would have meant a tax increase. I’ve never voted for a tax increase in my life.” [Senate vote #10, H.R. 4297, 2/2/06, passed 66-31; [New York Times](#), 2/21/06; [Washington Times](#), 3/6/06; NBC News, 4/2/06]

2001, 2003: McCain Voted Against Bush’s Tax Cuts. In 2001, Congress passed “the first major tax cut in two decades and gave President Bush a speedy victory on the top priority of his administration. With final votes in the House and Senate on a compromise version of the \$1.35 trillion, 10-year package that nearly mirrors the original Bush proposal, the lawmakers sent the measure to the president, who is expected to quickly sign it into law.” McCain was one of two Republicans to join “the majority of Democrats against” the tax cut package. In 2003, McCain said on the floor of the Senate, “I cannot in good conscience vote in favor of tax cuts,” as “no one can be expected to make an informed decision on fiscal policy at this time with so many uncertain contingencies.” McCain called on Congress to pause before passing tax cuts, saying, “Let us wait...it is far sounder statesmanship than cutting taxes in the dark, or running up spending[.]” [Senate vote #170, H.R. 1836, 5/26/01, passed 58-33; [Baltimore Sun](#), 5/27/01; Senate vote #196, H.R. 2, 5/23/03, passed 50-50; Statement, 3/18/03]

Gymnastics 102: McCain Flip-Flopped On Estate Tax

McCain Flip-Flopped And Voted With His Republican Colleagues To Move Forward The Permanent Repeal Of The Estate Tax Despite Saying It Hurt The Deficit Too Much Days Before. McCain voted with all but one of his Republican colleagues for cloture on the Death tax Repeal Permanency Act, which failed in the Senate, 57-41. McCain’s vote was in contradiction to actions reported only days prior by [Roll Call](#), which wrote that McCain and other moderate Senators “argued that, given domestic spending demands and need to fund military operations in Iraq, the repeal [of the estate tax] sought by Frist and President Bush would expand the deficit by too much.” [Vote #164, H.R. 8, 6/8/06, 57-41; [Roll Call](#), 6/5/06]

- **2003: McCain Voted Against Accelerating The Repeal Of The Estate Tax.** In 2003, McCain voted against Senator Kyl’s amendment to S.Con.Res. 23 that would have accelerated the repeal of the estate tax from 2010 to 2009. McCain was one of four Republicans to vote against the amendment, which passed 51-48. [Vote #62, S.Amdt 288 to S.Con.Res. 23, 3/20/03, 51-48]

- **2002: McCain Voted Against A Permanent Repeal Of The Estate Tax.** In 2002, McCain was one of two Republicans to vote against a permanent extension of the estate tax repeal. The motion failed, with a vote of 54-44. [Vote #151, S. Amdt 3833 to H.R. 8, 6/12/02, 54-44]
- **2001: McCain Voted Against Phasing Out The Estate Tax.** In 2001, McCain was one of two Republicans to vote against the tax cut package that included an elimination of the estate tax over 10 years. The bill passed, 58-33. [Vote #170, H.R. 1836, 5/26/01, 58-33]

Never Say Never

JOHN MCCAIN: “The tax cuts are now there and voting to revoke them would have been to--not to extend them would have meant a tax increase. I’ve never voted for a tax increase in my life.” [New York Times, 2/21/06; Washington Times, 3/6/06; NBC News, 4/2/06]

2006: McCain Voted To End Tuition Deduction for Students. McCain voted to end tuition deductions benefiting more than 3.6 million students and families nationwide, including over 74,300 in Arizona who saved \$113 million because of those benefits. McCain’s vote to eliminate these college tax breaks are coming at a time when tuition and fees at four-year public colleges have increased 40% since President Bush took office. The average student borrower leaves school saddled with \$20,000 in debt. Over their working lives, college graduates on average earn more than \$1 million in earnings than high school graduates [H.R. 4279, 5/11/06, #118; Senate Finance Committee, [11/7/05](#); IRS Data, October 2005; College Board, 2005; [State PIRG's Higher Education Project](#)]

2006: McCain Voted To End Tax Credits for Lower Income Families Saving For Retirement. McCain voted to end retirement saver's tax credits that benefited more than 97,700 Arizonans, who saved \$18 million through the program. The Saver's Credit allows lower-income families to deduct up to 50% of the contributions they put into retirement plans. [H.R. 4279, 5/11/06, #118; IRS Data, October 2005; [Kansas City Star](#), 4/3/05]

2006: McCain Voted to End a Tax Break for Teachers. The McCain vote also ended an educator expense deduction that benefited more than 62,000 Arizona teachers in 2003, saving them \$15.4 million. The provision allowed teachers to deduct to \$250 of out-of-pocket expenses they pay for books and classroom supplies. [H.R. 4279, 5/11/06, #118; IRS Data, October 2005; [IRS Tax Tip](#)]

THE ROMNEY ECONOMY

LESS TURNAROUND THAN FLIP FLOP

Mitt Romney's record shows that all he can offer voters is more of the same Bush economic record. While he was Governor, Massachusetts saw unemployment rise, an increase in fees and cost of living go up. On the economy, Romney has flip-flopped, promising to extend the Bush tax cuts he refused to support, and endorsing tax cuts he previously said were for "fat cats." Mitt Romney can only offer four more dreary years of the Bush economy.

Flip-Flops On Economic Issues

New Mitt: Romney Signed Pledge to Hide Tax Raising Record. While seeking the GOP nomination, Romney signed the same "no new tax" pledge he refused to sign in 2002 to hide the fact that under his failed leadership, Bay Staters saw their tax burden increase by more than 5 percent, and Romney's cuts to local communities sent Massachusetts property taxes to their highest level in 25 years. [Massachusetts State-Local Tax Burden Compared to National Average (1970-2006), The Tax Foundation; Quincy Patriot Ledger, 12/16/05]

- **Old Mitt: Romney: I Will Not Enter Written Tax Pledge.** Romney said that he opposes all tax increases, but will not sign the "No New Taxes" Pledge. He said, "I am not in favor of increasing taxes. At this stage, I am inclined to make that position as clear as I can, but not to enter into a written pledge of some kind, and that's true on this and other issues." Romney's campaign called written pledges "government by gimmickry." [Boston Globe, 3/28/02]

New Mitt: Romney: Tax Rate On Capital Gains Should Be Zero. Speaking at a GOP dinner in Sarasota, Florida, Mitt Romney told the audience, "I believe the tax on capital gains should be zero." [Bradenton Herald, 4/24/07]

- **Old Mitt: Romney: Zero Tax Rate on Dividends, Interest and Investment Profits a Tax Cut for Fat Cats.** In 1996, Mitt Romney ran ads against Steve Forbes flat tax plan, saying he "will not support a specific proposal unless it taxes investment income." Romney's ads asserted that the Forbes plan to eliminate taxes on dividends, interest and investment profit and institute a 17% tax on wages that would result in huge tax cuts for the "Kennedys, Rockefellers, and Forbes." The ad said, "It's a tax cut for fat cats." [Boston Globe, 1/21/96; "The Forbes Flat Tax Isn't Flat," Hotline On-Call, 3/28/07]

New Mitt: Romney Bragged about Support for Bush Tax Cuts. During a November 2006 press conference held in Arizona, Romney outlined differences between himself and McCain. Romney said "he was quicker than McCain to endorse President Bush's tax cuts." [East Valley Sun, 11/14/06]

- **Old Mitt: Romney Refused to Publicly Endorse Bush Tax Cuts.** Romney refused to endorse tax cuts at the heart of President Bush's economic program in 2003. Romney's spokesperson said that it's "just not a state matter." [Boston Globe, 4/11/03]

Massachusetts “Turnaround” Was Not Result Of Romney

Massachusetts Fiscal Strength Was NOT Result of Romney But National Trends. The New York Times reported that economic analysts question Massachusetts’ economic and fiscal health because the state faces a \$1.3 billion budget gap and unemployment remains high. They say Romney has exaggerated some of his successes or taken credit for improvements that had more to do with national trends. [New York Times, 3/16/07]

- **Massachusetts Did NOT Have “Turnaround” Under Romney.** Massachusetts Taxpayers Foundation president Michael J. Widmer said, “When he talks about a turnaround, we really haven't had a turnaround. We had a temporary fiscal respite. But we're trailing the nation in job growth. Our job growth has been anemic.” Widmer added, “His public statements vastly overstated where [Massachusetts] stands.” [New York Times, 3/16/07]

Patrick Aide Said Romney’s Balanced Budget “Definitely Made-Up Artifice.” Stephen Crosby, a high-ranking budget official in two Republican administrations and budget advisor to Governor Patrick, said, “When [Romney] went out the door, he announces a budget that is ostensibly a balanced budget and that was definitely made-up artifice.” [New York Times, 3/16/07]

- **Romney Inflated Accomplishments.** David Tuerck, executive Director of the conservative-leaning think tank Beacon Hill Institute, said, “I think that Romney probably inflated accomplishments. I think he got carried away with himself when he started talking about the surpluses that he was able to engineer.” [New York Times, 3/16/07]

Romney Left Massachusetts With A Deficit

Massachusetts Faced \$1 Billion Budget Gap Because of Romney’s Misleading Revenue Projections. Aides to Governor Deval Patrick said a Romney administration budget blueprint was based on “overly optimistic revenue and spending data and aimed at making the state's finances appear healthier than they are as Romney left the State House for a presidential run.” Patrick aides said Romney administration officials had been painting a grim picture of state finances in private meetings. In a private November presentation to Patrick's budget advisers, Romney projected revenue growth at 3%. However, Romney's publicly released a budget that showed revenue growth of 4.8%. Romney aides projected a budget deficit for fiscal 2008 of between \$400 million and \$1.1 billion. [Boston Globe, 12/20/06]

- **Romney Tried to Cut Income Tax Rate Despite Leaving Patrick with \$1 Billion Budget Gap.** Governor Patrick’s aides said the Romney administration privately warned that Massachusetts’ finances were in “rougher shape” than they appeared. Patrick’s Administration predicted a \$1 billion budget gap. However, Romney is highlighting his efforts to cut the income and sales tax despite the projected budget gap. [The Hill, 3/28/07; Boston Globe, 12/20/06]

Massachusetts’ Economy Suffered During Romney’s Tenure

Economic Performance During Romney’s Tenure as Mass Governor Was “One of the Worst in the Country.” According to economists at a Northeastern University, an analysis of the Massachusetts economy “reveals a weak comparative economic performance of the state over the Romney years, one of the worst in the country.” [Boston Globe, 7/28/07]

- **Labor Market Measures of Growth “Not Only Lagged” But “Often Ranked...at the Bottom” in Massachusetts.** “On all key labor market measures, the state not only lagged behind the country as a whole, but often ranked at or near the bottom of the state distribution,” wrote economists Andrew Sum and Joseph McLaughlin. The economists cited drops in formal payroll employment and job generation. In fact, Massachusetts job growth during Romney’s tenure was the third lowest in the country, and was so bad that it “would have ranked second lowest if Hurricane Katrina had not devastated the Louisiana economy.” Manufacturing employment, “declined by more than 14 percent, the third worst record in the country.” [Boston Globe, 7/28/07]

On Romney’s watch, the Number of Employed Fell in Massachusetts. During 2002 and 2006 the number of “employed residents in the Commonwealth is estimated to have modestly declined by 8,500. Massachusetts was the only state to have failed to post any gain in its pool of employed residents. The aggregate number of people 16 and older either working or looking for work in Massachusetts fell over the Romney years.” [Boston Globe, 7/28/07]

- **Massachusetts Wages and Income Fell By 2% During Romney Years.** “Between 2002 and 2006, the median real (inflation adjusted) weekly earnings of full-time wage and salary workers in Massachusetts is estimated to have fallen by \$10 or nearly 2 percent. The real income of the average (median) family in Massachusetts in 2005 was 1 percent below its value at the time of the 2000 Census while median household income was 3 percent below its 2000 value. Median household income fell even more sharply in the nation. Family incomes in both the United States and Massachusetts have become more unevenly distributed since 2000.” [Boston Globe, 7/28/07]

Massachusetts Housing Prices Rose Substantially. “There is one additional area in which Massachusetts was a national leader over the past five years, the rise in housing prices. Between 2000 and 2005, the median self-reported home price in Massachusetts increased by nearly 95 percent versus an increase of only 40 percent for the United States. The median home price ranked fourth highest among the 50 states, and the median value of homes relative to household income was the third highest in the country. The high affordability cost ratio encouraged the high levels of out migration from the state of young families with children.” [Boston Globe, 7/28/07]

Romney Raised \$500 Million In Fees

Romney Raised \$500 Million in Fees, Earned “C” on Cato Institute Fiscal Report Card. Romney increased annual state fees by \$500 million as governor and proposed raising \$400 million from two corporate tax increases. The Cato Institute, a libertarian think tank, gave Romney a “C” on its fiscal-policy report card. Romney ranked behind 11 governors. [Boston Herald, 2/8/07; Cato Institute Policy Analysis No. 581, 10/24/06]

- **Cato: Romney Trying to Spin Fiscal Record.** Cato Institute budget director Stephen Slivinski said, “Romney’s people are trying to spin this by saying he kept his ‘No new taxes pledge.’” [The Hill, 3/28/07]

Massachusetts Imposed More Fee Hikes Than any Other State in the Nation. Boston Globe reported, “A survey of states grappling with spending crises has found that Massachusetts imposed more fee hikes than any other state in the nation this year -- at least \$500 million...The study by the National Conference of State Legislatures found that Massachusetts was one of 30 states that enacted fee increases this year...Of the 30 states to raise fees, only nine [brought] in \$100 million or more from those fee hikes. Massachusetts reported \$501.5 million in fee hikes.” [Boston Globe, 7/24/03]

- **Romney Signed Measure Forcing Hike in Local Commercial Property Taxes.** According to Associated Industries of Massachusetts, the state's largest business group, Romney signed a measure that allowed local officials to raise the commercial property tax rate, which cost business owners \$100 million. Romney's cuts to local aid forced Massachusetts property taxes to their highest level in 25 years. [Quincy Patriot Ledger, 12/16/05; Boston Globe, 10/24/05]

Romney Hired Top Architects of Bush Economy

In order to clean up George Bush's budget mess, Romney hired the guys who made it. Romney's two top economic advisers are Glenn Hubbard, who chaired Bush's economic council from 2001 to 2003 and Gregory Mankiw, who chaired it until 2005.

Romney Advisor Hubbard Designed Bush Tax Cuts and Social Security Privatization. Hubbard served as a top economic adviser to the Bush campaign in 2000 and designed the administration's tax cut and Social Security proposals. He's also the architect of the Administration's health care policy and defends the Administration's position that deficits are not important factor in the economy. Hubbard currently co-chairs the Committee on Capital Markets Regulation which has advocated rolling back enforcement of laws passed after the Enron scandal. Hubbard also has a huge conflict of interest devising a Tax plan for the country at the same time he serves corporate boards of several companies that regularly lobby congress on tax policy.

Romney Advisor Mankiw Claims Outsourcing is Good. "The movement of U.S. factory jobs and white-collar work to other countries is part of a positive transformation that will enrich the U.S. economy over time, even if it causes short-term pain and dislocation, the Bush administration said yesterday. ... 'Outsourcing is just a new way of doing international trade,' said N. Gregory Mankiw, chairman of Bush's Council of Economic Advisors, which prepared the report. 'More things are tradable than were tradable in the past. And that's a good thing.'" [Los Angeles Times, 2/10/04, emphasis added]

THE THOMPSON ECONOMY

POSITIONS MURKY BUT SUPPORT FOR FAILED POLICIES CLEAR

While Thompson has made a string of confusing, ill-informed statements on the stump, what is clear is that he strongly supports George Bush's misguided economic policies. In the Senate, he voted repeatedly for the Bush tax cuts, and he continues to praise them, even falsely claiming that the economy now is better than during the 1990s. He says we should keep the tax cuts, resisting opposition "with all our power."

Thompson Follows Bush Blindly On Taxes

Thompson Praised Bush's Tax Cuts and Argued Bush's Economic Record Was Better Than Clinton's. Fred Thompson posted a blog entry on his campaign website praising the Bush tax cuts and the president's economic record, arguing that "the Bush tax cuts...helped to spur 5 ½ years of economic growth" and have increased growth "to such a degree that we have been breaking tax revenue records." Thompson also suggests that President Clinton's economic record pales in comparison to that of Bush's, stating "People have pointed out that journalists were trumpeting economic statistics during the Clinton administration that were not as good as those we have now." ["The Fred File," inwithfred.com, 8/7/07]

Thompson Voted For The Bush Tax Cuts: In 2001, Fred Thompson voted twice to pass the Bush tax cut package. During the same debate, he voted repeatedly against plans to provide more help for those trying to pay for a college education [2001 Senate Vote #165, #170, #155, #153, #114]

Thompson: Resist Repeal of Bush's Tax Cuts "With All Our Power." In an interview with Larry Kudlow, Fred Thompson said in regards to the repeal of President Bush's tax cuts, "Well, it's a no-brainer to resist them with all of our power. It's the driving force of this good economy that we're seeing. We're raising more revenue with these lower tax rates than we've ever raised before for the federal government. It's clearly, for them, not about raising money for the legitimate functions of government, it's about redistribution of income and collecting votes. You set the--you set the rate where you think you can get the votes, and anything above that, you want to tax. So instead of trying to make the pie bigger, they're trying to concentrate totally on redividing the pie. And that just means less economic growth and worse economy." ["Kudlow & Company," CNBC, 6/6/07]

Washington Lobbyist Fred Wants Lower Corporate Taxes Before Relief For Families

Thompson's Top Priority For Overhauling the Tax Code Is Lowering Corporate Taxes. During an interview at the Hoover Institution, Fred Thompson said, "We also have the highest tax rates for corporations of anybody in the world-- that's hampering our competitiveness. So there's a lot to do in terms of keeping the tax rates lower and in terms of reforming the entire tax structure." [Hoover Institution, 6/11/07] <http://www.hoover.org/multimedia/dfv/7959792.html>]

- **Thompson Claims High Corporate Taxes Makes U.S. Less Competitive.** In an interview with Larry Kudlow, Fred Thompson said, "If you include state taxes, you have the highest corporate tax rate in the world. That makes us less competitive." ["Kudlow & Company," CNBC, 6/6/07]

Fred Doesn't Know Where He Stands On Taxes

Thompson Told FairTax.Org That He Supported the 'Fair Tax' Legislation But His Aides Deny It. Video from FairTax.Org shows that when asked if passed, he would sign the 'Fair Tax' bill, Thompson replied, "Yeah, absolutely." However, Thompson spokesperson Linda Rozett claimed "He has not taken this pledge." [ABC News, 7/31/07]

Thompson Spoke In Broad Terms About Taxes, But Refused To Commit To A Tax Position. During an editorial board meeting with the Des Moines Register, Thompson "said he would consider replacing the federal tax code with a consumption tax. But he stopped short of recommending it or siding with those who favor overhauling the existing code." [Des Moines Register, 10/2/07]