



Published on *Truthout* (<http://www.truth-out.org>)

[Home](#) > [End Trickle-Down Economics to Pay Off Debt](#)

End Trickle-Down Economics to Pay Off Debt

By *James*

Created 2011-07-11 11:42

[PRINT](#) [1] | [EMAIL](#) [2] | [INCREASE](#) | [RESET](#) | [DECREASE](#)

Like

End Trickle-Down Economics to Pay Off Debt

Monday 11 July 2011

by: Robert Weiner and John Horton, [The Miami Herald](#) [3] | Op-Ed

President Obama has given speech after speech calling on Congress to reduce tax breaks for the wealthy to balance the budget. When President Clinton left office, the budget had been balanced for four consecutive years with surpluses projected through 2011. The tax rate for the wealthiest 2 percent of wage earners was 39.6 percent. President George W. Bush, however, chose to pursue the system of so-called “trickle-down” economics through tax breaks for the wealthiest Americans.

The result: surplus turned into deficit. By the end of Bush’s second term, the United States was embroiled in the gravest financial crisis since the Great Depression.

Trickle-down economics has not worked since Herbert Hoover tried it. It is a myth that adding money to the wealthy through tax cuts stimulates jobs and grows the economy. Under Democratic presidents since 1930 who have emphasized people programs and resisted tax breaks for the richest, annual growth in GDP has averaged 5.4 percent, according to Commerce Department and Office of Management and Budget statistics.

Under Republican presidents who enacted tax cuts for the rich, paralleling the policies being put forth by the current crop of Republicans, GDP has only grown by 1.6 percent.

Millionaires spend less money and save more. Middle and lower-class families spend more and save less. According to the Congressional Budget Office, a dollar dedicated to the middle class grows the economy three times faster than a dollar devoted to the rich. Yet Republicans would still give the highest earners another tax cut. Executive and CEO salaries increased by 23

percent in 2010.

Truthout supports itself through tax-deductible donations from our readers. Please make a contribution today to keep truly independent journalism strong! Donate now and your contribution will be doubled by anonymous foundation. Click here to contribute. [4]

When Bush cut the top rate, the government lost \$700 billion in revenue. Using this supposedly job-boosting strategy, Bush, during his eight years in office, had the worst jobs record since, yep, Hoover.

It was not just poor fiscal policy that landed the United States in its current economic quagmire. There are 100,000 contractors in Afghanistan, another 100,000 in Iraq. The American taxpayer is paying Halliburton, Lockheed Martin, and Boeing at the expense of senior citizens, food safety, education, domestic roads and bridges, and disaster assistance. Including spending on military contractors, veterans' healthcare and benefits, and special operations, the cost of the wars in Iraq and Afghanistan will be \$4 trillion, a new study from Brown University's Watson Institute estimates.

At their recent debate in New Hampshire, the consensus of Republican presidential candidates was that by cutting spending and taxes, deficits would decrease. The math does not add up. This is also what House and Senate Republicans voted for in Paul Ryan's budget plan cutting Medicare benefits in half, where all House Republicans and all but five Senate Republicans voted for dismantling Medicare in its current form by turning it into a voucher system.

In Florida, where three million residents over 65 make up 17 percent of the population, and across the country where 40 million seniors make up 13 percent of the population, Medicare recipients would pay twice as much out of pocket and have no protection from insurance-company decisions and premiums, according to the CBO.

The Bush tax cuts are set to expire in 2012. Returning to the Clinton tax levels that generated prosperity and a surplus would increase both revenue and GDP. A more-rapid reduction in troops than the Obama administration announced in Iraq and Afghanistan — while continuing the very effective special intelligence operations that got Osama bin Laden — would be another way to restore economic balance.

As the Aug. 2 debt-ceiling deadline approaches, the choices are clear. Maintaining "trickle-down" money for the rich while cutting services for the elderly, the poor, the working class and young people's educations is a formula for disaster for Florida and the nation.



[2]

Like

0

[5]

0

Robert Weiner [6] John Horton [7]

Opinion

Source URL: <http://www.truth-out.org/end-trickle-down-economics-pay-debt/1310409720>

Links:

[1] <http://www.truth-out.org/print/4053>

[2] <http://www.truth-out.org/printmail/4053>

[3] <http://www.miamiherald.com/2011/07/07/2304248/end-herbert-hoover-style-trickle.html>

[4] <https://members.truth-out.org/donate>

[5] <http://twitter.com/share>

[6] <http://www.truth-out.org/robert-weiner/1310409385>

[7] <http://www.truth-out.org/john-horton/1310409324>

[8] http://org2.democracyinaction.org/o/6694/p/salsa/web/common/public/signup?signup_page_KEY=2160