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The Tax-Cut Skeptics Back Home

By David S. Broder

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Well, they did it. The Republicans in Congress cobbled together one of the strangest, least plausible tax bills in history and sent it off to President Bush, who discovered hidden virtues in a measure whose provisions he had repeatedly called woefully inadequate for the task of stimulating a sickly economy.

You have to hope that someone somewhere will find something in the bill that inclines him or her to speed up a purchase or an investment. But the start-and-stop formulas, with incentives phasing in and phasing out on a schedule that was dictated by the scramble for votes -- not by any economic rationale -- make this even more of a gamble than the Bush tax cut of 2001. That one, as we all know, was supposed to boost the economy, but it has not prevented the loss of more than 2 million jobs.

The public is plainly skeptical about the medicine this administration keeps prescribing. The most stunning evidence of these doubts is found in last week's NBC News-Wall Street Journal poll. Only 29 percent said they agreed with the statement that tax cuts are the best way to increase economic growth and create jobs, while 64 percent said there are better ways to improve the economy.

Only 25 percent said they thought the Bush tax cuts of 2001 have helped the economy, with most of the others saying they had no real effect. When those polled were offered five alternative ways of stimulating the current economy, the most popular option was to give financial aid to state governments facing budget deficits. A \$20 billion bailout is something Bush accepted only reluctantly, as the price of gaining one or two Senate votes.

More than six out of 10 of those surveyed said they agreed that Bush's economic policy relies too heavily on tax cuts and not enough on direct job creation, that it benefits the wealthy more than average Americans and that it will increase the federal budget deficit -- which it surely will.

Meanwhile, out in the real world, the hard choices that Washington evades are being made by state legislatures and governors. My travels took me to Oregon and Indiana in recent days, and the fiscal situation in both states is grim. Indiana officials say they have lost more manufacturing jobs in the past two years than any other state. Unemployment in Oregon is at 8 percent, and tax revenue continues to fall short of even the downward-revised estimates.

Nor are these states unique. The Pew Center on the States has just released a survey of a cross-section of 771 state legislators. The picture is gloomy. Large majorities say their states have been losing ground the past two years -- not making progress or holding even -- when it comes to the economy and jobs, health care and balancing the state budget. Almost eight out of 10 say their states will not be able to afford any increase in aid to hard-pressed local governments.

Nearly all foresee cuts in social services, and half think it is at least somewhat likely that education, their top priority, will also feel the budgetary ax.

I cannot prove it, but my latest trip added evidence that the public pessimism, which has been blamed for the sluggish economy, is directly related to the plight of state and local governments. People in states

such as Oregon and Indiana are being battered by daily television bulletins and newspaper headlines reporting that the governments closest to them are being forced to take actions that threaten their quality of life.

The debates in Washington on a new tax cut are remote and almost indecipherable. Most citizens cannot see how they will benefit from the hodgepodge of tax changes just enacted. But the actions being taken at the state and local levels are specific and immediate in their consequences.

When the school year is shortened, when state troopers are laid off, when health care benefits in Medicaid are curtailed, people feel it -- and the pain ripples through their neighborhoods.

George Bush has not spent so much of his life in Washington that he should have forgotten where most Americans live -- and how they respond.

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