

Background

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The Democratic Congress's 2008 Budget: A Tax and Spending Spree

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In January, a Democratic congressional majority was sworn in that was elected in part by promising fiscal responsibility. The Democrats specifically pledged to limit spending increases and employ pay-as-you-go (PAYGO) budgeting to keep the budget deficit in check.

As their first year moves toward a close, it has become clear that the members of this majority have failed to live up to their promises. In just 10 months, Congress has passed legislation that would increase federal spending by a combined \$454 billion over 10 years and raise taxes and fees by \$98 billion over 10 years and has passed a budget resolution that would bring the tax increase to a projected \$2.7 trillion.¹

Despite the Democrats' PAYGO pledge of no new deficit spending, legislation enacted thus far has increased spending much faster than taxes, resulting in an additional \$356 billion in deficit spending. Only their budget blueprint, which assumes repeal of nearly all of the 2001 and 2003 tax cuts, would pay for all of their new spending.

Tax Increases

[W]e include no assumption of a tax increase.

—Senate Budget Committee Chairman
Kent Conrad (D-ND), March 20, 2007.²

Fact: *Congress's budget assumes trillions of dollars more in tax revenues than would be collected under current tax policies. Congress has already passed more than \$98 billion in tax increases, and more have been proposed.*

Talking Points

- The Democratic congressional majority promised fiscal restraint, adherence to pay-as-you-go (PAYGO) rules, and reform of pork-barrel projects. They have broken all of these promises.
- Congress has voted to raise taxes by \$98 billion over the next decade and enacted a budget resolution that would raise taxes by approximately \$2.7 trillion.
- Despite their PAYGO pledge, congressional Democrats have used gimmicks and loopholes to add \$179 billion in entitlement spending, offset by only \$98 billion in new taxes. Discretionary spending is set to exceed President Bush's budget request by \$275 billion over 10 years.
- Despite pledging to halve the number of earmarks to 6,746, Congress has included 11,351 in the spending bills.
- The Blue Dog Democrats pledged to work for deficit reduction but have voted almost unanimously to raise taxes, increase spending, and expand the budget deficit.

This paper, in its entirety, can be found at:
www.heritage.org/Research/Budget/bg2081.cfm

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Pledges to increase taxes were generally absent from the 2006 congressional races. There was little reason to call for tax increases. Following the largest three-year revenue surge in 40 years, tax revenues stand at 18.8 percent of GDP—well above the historical average.³ The budget deficit persists only because spending has jumped 26 percent (adjusted for inflation) since 2001. Furthermore, strong growth in jobs, the stock market, and the economy in general began immediately following the 2003 tax cuts.⁴ Not surprisingly, the public has little appetite for tax increases.

Despite relative silence with respect to taxes on the campaign trail, the Democratic congressional majority quickly enacted a budget resolution calling for one of the largest tax increases in history. Under current tax rates, the Congressional Budget Office (CBO) projects \$14.107 trillion in tax revenue between 2008 and 2012. Yet the congressional budget resolution calls for collecting \$14.828 trillion—an increase of \$721 billion.

While the budget resolution does not specify which taxes would be raised to collect the additional \$721 billion, the revenue target is not arbitrary. The budget explicitly calls for extending a few of the 2001 and 2003 tax cuts: marriage penalty relief, the child tax credit expansion, the 10 percent income tax bracket, and a scaled-down version of estate tax relief. The additional \$721 billion in revenues matches the CBO estimate of 2008–2012 tax revenues if all of the other 2001 and 2003 tax cuts, plus all other temporary tax cuts, are allowed to expire and the alternative minimum tax (AMT) is not fixed.⁵

Thus, the Democratic congressional majority has shown its hand. It intends to allow most of the 2001 and 2003 tax cuts to expire and plans to raise other taxes to balance the AMT fix. Over the next 10 years, the budget resolution would raise taxes by an estimated \$2.7 trillion—more than \$2,000 per household annually.⁶

Lest any Senator try to avert these tax increases, the budget contains a multitude of new rules designed to ensure that they occur. Any Senator offering legislation to extend current tax rates would violate three different Senate budget rules, each of which would have to be overridden by a supermajority of 60 votes before the Senate could even vote on the legislation itself. These obstacles would apply just to keeping current tax rates in place. By contrast, current entitlement spending formulas, which automatically raise entitlement spending by 6 percent to 7 percent annually, would continue without any restraints.

House Democrats have also passed legislation that would raise taxes and fees by \$98 billion over 10 years. These may even be on top of the tax hikes in the budget resolution. Specifically, the bills would:

- **Raise the federal cigarette tax** from \$0.45 to \$1.05 per pack,
- **Raise taxes on U.S. subsidiaries of foreign companies** by \$7.5 billion,
- **Levy a new fee on domestic oil and gas production** on the Outer Continental Shelf, and
- **Raise other energy taxes** by approximately \$10 billion.⁷

1. The \$454 billion spending increase consists of \$275 billion in discretionary spending above the President's request and \$179 billion in new entitlements over the baseline.
2. Senator Kent Conrad (D–ND), in *Congressional Record*, March 20, 2007, p. S3308.
3. Office of Management Budget, *Mid-Session Review, Budget of the United States Government, Fiscal Year 2008* (Washington, D.C.: U.S. Government Printing Office, 2007), at www.whitehouse.gov/omb/budget/fy2008/pdf/08msr.pdf (October 20, 2007).
4. Brian M. Riedl, “Ten Myths About the Bush Tax Cuts,” Heritage Foundation *Background* No. 2001, January 29, 2007, at www.heritage.org/Research/Taxes/bg2001.cfm.
5. The revenue that would be collected without raising tax rates is calculated by taking the Congressional Budget Office's January 2007 revenue projection for 2008 through 2017 and then subtracting the revenue raised from scheduled tax rate increases. See Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2008 to 2017*, January 2007, p. 8, Table 1.3, and pp. 16–17, Table 1.5, at www.cbo.gov/ftpdocs/77xx/doc7731/01-24-BudgetOutlook.pdf (October 20, 2007).
6. Brian M. Riedl, “Budget Resolution Calls for Massive Tax Hikes and Spending Increases” Heritage Foundation *WebMemo* No. 1460, May 17, 2007, at www.heritage.org/Research/Budget/wm1460.cfm.

Other proposed tax increases would:

- **Raise income tax rates** for many Americans by 4–5 percentage points,
- **Raise the federal gas tax**, and
- **Raise taxes on private equity and hedge funds.**⁸

President George W. Bush has already vetoed the cigarette tax hike and will likely veto most if not all of the other tax increases. However, some might secure the two-thirds congressional majorities needed to override a veto. Regardless of the outcome, the Democrats’ governing agenda is clearly centered around higher taxes for all Americans.

Entitlement Spending

After years of historic deficits, this new Congress will commit itself to a higher standard: pay-as-you-go, no new deficit spending. Our new America will provide unlimited opportunity for future generations, not burden them with mountains of debt.

—Speaker of the House Nancy Pelosi (D–CA), January 4, 2007.⁹

Fact: *The House has already waived its PAYGO rules, and Congress has voted to increase entitlement*

spending by \$179 billion. Offset by the \$98 billion in tax increases, these policies would increase the budget deficit by nearly \$81 billion.

Runaway entitlement spending represents the most perilous part of the federal budget. Entitlement programs, which automatically grow without limits or oversight, constitute more than 60 percent of the federal budget. Large entitlement programs such as Social Security, Medicare, and Medicaid are growing between 7 percent and 12 percent annually. Unless they are reined in, entitlements will eventually consume the entire federal budget or force European-sized tax increases.

In recent years, members of the current Democratic congressional majority regularly derided runaway spending and called for “fiscal discipline” and “substantial curbs, if not cuts, in spending.”¹⁰ They campaigned in 2006 on PAYGO budgeting that would require fully offsetting all new entitlement increases with entitlement cuts or tax increases.¹¹ They have not held to that standard. Earlier this year, Congress actually voted to ignore PAYGO altogether when allocating new entitlement money to a bill that would provide for congressional representation of Washington, D.C.

Table I B 2081

2008–2017 Cost of Major Entitlement and Tax Expansions Passed by Congress

Bill Number	Subject	Spending Increases (\$millions)			Tax/Fee Increases (\$millions)	Deficit Increase (\$millions)
		Listed	Additional Gimmicks	Total		
H.R. 976	SCHIP	\$71,500	\$55,500	\$127,000	\$72,800	\$54,200
H.R. 2419	Farm Bill	13,820	7,000	20,820	13,620	7,200
H.R. 2669	Student Financial Aid	1,287	15,000	16,287	N/A	16,287
H.R. 2761	Terrorism Risk Insurance	10,400	N/A	10,400	2,000	8,400
H.R. 2207	Supplemental Bill with Farm Subsidies	0	2,400	2,400	N/A	2,400
H.R. 2776	Energy	1,721	N/A	1,721	9,700	-7,979
Total		98,728	79,900	178,628	98,120	80,508

Note: The supplemental and student aid bills were signed into law. The SCHIP bill was vetoed by the President, and the House failed to override. The farm, terrorism risk insurance, and energy bills have passed only the House.

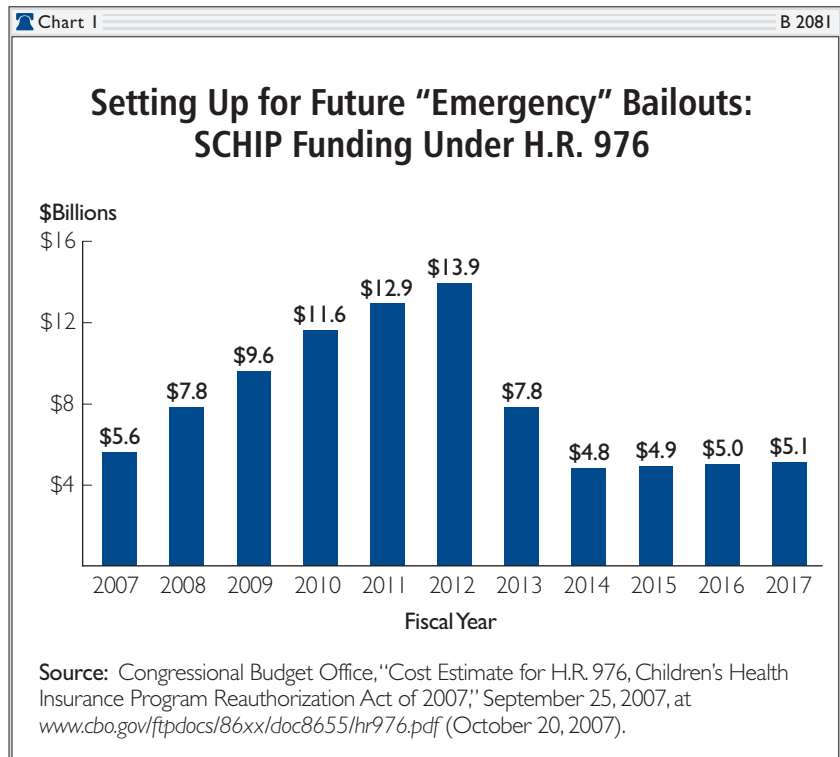
Source: Congressional Budget Office cost estimates and Heritage Foundation analysis.

7. The cigarette tax hike is part of the SCHIP conference agreement (H.R. 976); the U.S. subsidiaries tax hike and oil and gas fees are part of the House-passed farm bill (H.R. 2419); and the energy taxes are in the House-passed energy bill (H.R. 2776).

Rather than pure entitlement programs that are scheduled to increase by 42 percent (after inflation) over the next decade, Congress has passed legislation adding an additional \$179 billion. (See Table 1.) These bills would expand government, weaken the private sector, and raise the cost of government to the taxpayers. Each embodies bad policy even without any budget gimmicks. The main legislative vehicles are the State Children's Health Insurance Program (SCHIP), college student financial aid, terrorism risk insurance, and farm subsidies.

SCHIP. The conference report of H.R. 976, a reauthorization of the State Children's Health Insurance Program, would have steeply increased federal spending, and it employs blatant gimmicks to avoid PAYGO. This bill would likely have added \$127 billion in SCHIP and Medicaid spending over 10 years, offset by only \$73 billion in higher taxes.

To cover up this PAYGO violation and \$54 billion increase in the budget deficit, lawmakers moved the final five years of increased spending off the books while still counting all 10 years of tax increases. Specifically, the bill would have increased annual SCHIP funding from the current \$5 billion to \$13.9 billion by 2012 and then *repealed these increases thereafter*. Funding would have plummeted to \$4.8 billion by 2014 and not have exceeded \$5.1 billion in any of the next three years. (See Chart 1.)



Obviously, Congress did not intend to allow SCHIP funding to drop by 66 percent. Instead, Members almost certainly would have approved \$55 billion in "emergency spending" to fund SCHIP from 2013–2017. This would have pushed the bill's 10-year spending cost to \$127 billion, making it one of the most expensive entitlement expansions in American history.¹² President Bush vetoed H.R. 976 on October 3, and the House failed to override the veto.

College Student Financial Aid. The higher education reconciliation bill (H.R. 2669)¹³ obscures its true cost with the same types of gimmicks used in the SCHIP bill. On the surface, the bill fully offsets

8. Heather Rothman, "Rangel's Latest AMT Plan May Face Hurdles Both on Capitol Hill, Elsewhere," Bureau of National Affairs *Daily Report For Executives*, September 12, 2007; Derrick Cain, "Five-Cent Gas Tax Increase Favored by Oberstar to Fund Bridge Program," Bureau of National Affairs *Daily Report For Executives*, September 6, 2007; and Brett Ferguson, "Massive House 'Tax Fairness' Measure to Include Many Changes for Hedge Funds," Bureau of National Affairs *Daily Report For Executives*, September 7, 2007.
9. Representative Nancy Pelosi (D-CA), in *Congressional Record*, January 4, 2007, p. H5.
10. John Shaw, "US Rep. Spratt Emerges As Key Fiscal Aide to Dem Leader Pelosi," Market News International, October 31, 2006.
11. Alison Acosta Fraser and Brian M. Riedl, "Memo to Speaker Pelosi: How to Make PAYGO Discipline the Federal Budget," Heritage Foundation *WebMemo* No. 1289, December 19, 2006, at www.heritage.org/Research/Budget/wm1289.cfm.
12. For more on SCHIP, see The Heritage Foundation, "State Children's Health Insurance Program," at www.heritage.org/research/healthcare/schip.

a \$44 billion increase in college student financial aid with a \$47 billion decrease in subsidies to the private banks that actually make many of the loans. Like the SCHIP bill, this bill covers up the costs in the second five years. It reduces the interest rate on subsidized student loans from 6.8 percent to 3.4 percent by 2012 before raising it back to 6.8 percent from 2013 to 2017. In addition, it sunsets several new entitlement programs in 2013 and excludes the costs for one year of the Pell Grant expansion.

Obviously, Congress will not actually allow the new programs to end after 2012 or the student loan interest rates to increase. When the inevitable bail-out comes, the student aid expansion will cost approximately \$15 billion over 10 years.¹⁴

Terrorism Risk Insurance. In 2002, President Bush and Congress created a temporary terrorism insurance program to protect the terrorism insurance industry from collapse in the event of a massive terrorist attack. Rather than phase out the program as planned, Congress has passed legislation (H.R. 2761) to expand the program and extend it for 15 years.

The CBO estimates that this bill will increase entitlement spending by \$10.4 billion over 10 years. This clearly violates PAYGO rules, but Congress exploited a loophole to prevent PAYGO enforcement. A provision in the bill requires Congress to vote again to release the funds, and PAYGO enforcement is not triggered until the funds are released. Of course, after a terrorist attack, such a vote would be a mere formality, and the budget deficit would expand.

Farm Subsidies. Farm subsidies are America's largest corporate welfare program. Most of the \$25 billion in annual farm subsidies that Washington distributes goes to commercial farmers, who have an average income of \$200,000 and an average net worth of over \$2 million.¹⁵

Even though net farm incomes have been at record highs since 2003, the House farm bill would add another \$21 billion over 10 years. Of this increase, which includes some funding for food nutrition programs, \$14 billion is offset by higher taxes (\$8 billion) and fees (\$6 billion).¹⁶ The resulting \$7 billion PAYGO violation is covered up by gimmicks such as shifting payment dates, which the CBO concedes does not actually save the taxpayers a dime because "[a]ll of those outlays would ultimately occur in subsequent years."¹⁷

Additionally, \$2.4 billion in mandatory milk subsidies was added to April's national security supplemental bill,¹⁸ which was intended to fund the troops serving in the Middle East. Congress got around that PAYGO violation by inserting a creative provision raising the farm subsidy spending baseline by \$2.4 billion. Since PAYGO measures spending versus the baseline, changing the baseline allowed Congress to increase entitlement spending and the budget deficit without triggering PAYGO. Such gimmicks defeat the purpose of a PAYGO law.¹⁹

Finally, the congressional budget resolution failed even to acknowledge the tsunami of Social Security, Medicare, and Medicaid spending that will hit when

13. Public Law 110-84.

14. For more on student loan policy, see J. D. Foster, "Higher Education for Taxpayers," Heritage Foundation *WebMemo* No. 1547, July 10, 2007, at www.heritage.org/Research/Budget/wm1547.cfm.

15. Ted Covey *et al.*, "Agriculture Income and Finance Outlook," AIS-84, U.S. Department of Agriculture, Economic Research Service, November 2006, pp. 40, 48, and 63, at <http://usda.mannlib.cornell.edu/usda/current/AIS/AIS-11-30-2006.pdf> (October 20, 2007). Net worth data consist of weighted averages of large and very large farms' net worths.

16. The CBO cost estimate of the farm bill classifies \$6 billion in new fees as offsetting receipts, or "negative spending." This paper reclassifies it more accurately as a tax/fee hike, which increases the farm bill's tax and spending estimates by \$6 billion each. The budget deficit estimate is not affected.

17. Peter R. Orszag, Director, Congressional Budget Office, letter to Representative Paul Ryan (R-WI) on the 2007 farm bill, July 17, 2007, p. 2, at www.cbo.gov/ftpdocs/83xx/doc8330/Ryan%20letter%20on%20Ag%20bill.pdf (October 20, 2007).

18. Public Law 110-28.

19. For more on farm subsidies, see Brian M. Riedl, "How Farm Subsidies Harm Taxpayers, Consumers, and Farmers, Too," Heritage Foundation *Background* No. 2043, June 20, 2007, at www.heritage.org/Research/Agriculture/bg2043.cfm.

77 million baby boomers retire, much less propose a solution to this massive economic challenge. While Congress remains silent on Social Security and Medicare, the first baby boomers will collect their first Social Security checks on January 1, 2008, and the window for helping the remaining baby boomers adjust their retirement strategies will continue to close.

Discretionary Spending

If you want to have a new program, figure out a way to pay for it without raising taxes.

—Senate Majority Leader Harry Reid
(D–NV), November 12, 2006.²⁰

Fact: *In addition to the tax and entitlement increases, Congress's budget increases discretionary spending by 9.4 percent. Over 10 years, this translates into \$275 billion more discretionary spending than under President Bush's budget request without offsetting even one dollar.*

From 2001 through 2007, the Republican White House and Congress increased inflation-adjusted discretionary spending by 41 percent. This 5.8 percent annual growth dwarfed the 0.3 percent annual growth under President Bill Clinton. To be fair, President Clinton's near-freeze was accomplished by slashing inflation-adjusted defense spending by 11 percent after the Cold War, while the war on terrorism drove President Bush to increase defense spending by 58 percent. However, even non-defense discretionary spending has expanded nearly twice as fast under President Bush as under President Clinton, as exemplified by steep discretionary hikes in education (37 percent), health (37 percent), and international affairs (45 percent).²¹

While Democrats criticized this runaway spending and the budget deficits that followed, they have used their majority to increase discretionary spending even faster. The spending spree began earlier this year when Members of Congress effectively told President Bush that they would not pass legis-

Discretionary Spending Total	Total (\$millions)	Increase over 2007
FY 2007 Final Level	\$872,963	—
FY 2008 President's Request	932,849	6.9%
FY 2008 Congressional Budget	954,752	9.4%
Congress's Increase Above President's Request		
FY 2008 Cost	21,903	
10-Year Cost*	275,494	

* Assumes this additional spending becomes part of baseline and expands by 5 percent annually.
Note: Data exclude emergency spending.
Source: Heritage Foundation analysis of spending bills.

lation to fund the troops serving in Iraq and Afghanistan until he agreed to an additional \$17 billion in mostly unrelated domestic spending. After months of delay, President Bush eventually agreed to their demands in order to secure the needed funds for the troops.

Next, after President Bush offered a budget that would increase non-war discretionary spending by 6.9 percent (in nominal dollars), Congress passed a budget resolution providing for a 9.4 percent increase. The additional \$22 billion for domestic programs would then become part of the permanent discretionary spending baseline and therefore would likely cost approximately \$275 billion over the next decade—more than \$225 per household annually. (See Table 2.)

This 9.4 percent spending increase does not even include whatever spending increases may be necessary to fully fund the troops serving in Iraq and Afghanistan. Budgeting is about setting priorities and making trade-offs. By engaging in a domestic spending spree for bloated programs that have

20. Senator Harry Reid (D–NV), in *Face the Nation*, CBS News, transcript, November 12, 2006, at www.cbsnews.com/htdocs/pdf/face_111206.pdf (October 20, 2007).

21. Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2008* (Washington, D.C.: U.S. Government Printing Office, 2007), pp. 149–154, Table 8.7, at www.whitehouse.gov/omb/budget/fy2008/pdf/hist.pdf (October 20, 2007). Figures were adjusted for inflation.

already expanded rapidly since 2001 at the same time the nation is funding expensive military obligations abroad, the Democratic majority is ducking the necessary trade-offs of governing and engaging in fiscal recklessness.

Pork-Barrel Projects

We will bring transparency and openness to the budget process and to the use of earmarks, and we will give the American people the leadership they deserve.

—Speaker of the House—elect Nancy Pelosi,
December 11, 2007.²²

Tough [expletive].

—Representative John Murtha (D-PA) to reporters who noted that he had scrambled the earmark data in the Defense appropriations bill, violating the spirit of openness and transparency that the Democrats had pledged.²³

Fact: *The Democratic congressional majority has exempted authorization, entitlement, and tax bills from earmark reforms, substantially watered down other reforms, and brazenly sought to conceal all earmarks in this year's spending bills. The House and Senate appropriations bills currently contain 11,351 such projects.*

In addition to fiscal restraint, the Democratic majority pledged to rein in the use of pork-barrel projects, which had skyrocketed under the Republican majority and had prompted numerous criminal investigations of congressional corruption.

First, congressional Democrats pledged to clean up the earmark process. While the ethics bill signed by President Bush contained some reforms, such as required disclosure of the congressional sponsors of

each earmark, lawmakers significantly weakened the rest of bill by:

- **Removing** a provision to ban the trading of pork-barrel projects for votes,
- **Weakening** provisions aimed at stopping earmarks that financially benefit lawmakers,
- **Transferring** Senate earmark enforcement powers from the neutral Senate parliamentarian to the partisan Senate Majority Leader,
- **Permitting** votes on bills before disclosing earmarks, and
- **Weakening** a provision requiring that earmarks be listed on the Internet before congressional votes.²⁴

In addition to reversing earlier pledges, Congress limited these new earmarking rules solely to appropriation bills, choosing to ignore earmarks in tax, entitlement, and authorization bills.²⁵ Earlier this year, House Appropriations Committee Chairman David Obey (D-WI) tried to conceal all earmarks until after most of the spending bills had passed the House of Representatives, but he was eventually forced to back down after a public backlash. The Congressional Research Service recently announced that it will no longer track earmarks.²⁶ Thus, the Democratic majority's actions have fallen notably short of their reform rhetoric.

The congressional Democrats' other pledge was to cut the number of earmarks in half, from the 2005 peak of 13,492 down to 6,746. According to the Office of Management and Budget, the House spending bills have 6,651 earmarks, and the Senate spending bills have 4,700 earmarks.²⁷ If Members of Congress follow the typical practice of adding House and Senate earmarks together in conference committee, they will easily break their pledge.

22. Press release, "Pelosi and Reid Statement on Byrd/Obey Appropriations Resolution," Office of Representative Nancy Pelosi, December 11, 2006, at www.speaker.gov/newsroom/pressreleases?id=0005 (October 20, 2007).

23. Jonathan Allen, "The Earmark Game: Manifest Disparity," *Congressional Quarterly Weekly*, October 1, 2007.

24. Public Law 110-81 and Office of Senator Tom Coburn (R-OK).

25. Jonathan Nicholson, "House Republicans Seeking Vote to Toughen Earmark Provision on Tax, Authorization Bills," *Bureau of National Affairs Daily Report For Executives*, September 21, 2007.

26. John Fund, "Earmark Cover-Up," *The Wall Street Journal*, March 26, 2007, at www.opinionjournal.com/diary/?id=110009835 (October 20, 2007).

27. Office of Management and Budget, "2008 Appropriations Tracking," at <http://earmarks.omb.gov/by-tracking/summary.html> (October 20, 2007).

These pork-barrel projects in the appropriations bills include:

- \$2,000,000 to the Charles B. Rangel Center for Public Service,
- \$1,000,000 to the Clinton School of Public Service,
- \$200,000 to the Andre Agassi College Preparatory Academy,
- \$500,000 for Our Piece of the Pie,
- \$50,000 to Everybody Wins!,
- \$400,000 to the Montana World Trade Center,
- \$3,743,014 related to the Formosan subterranean termite,
- \$1,500,000 to the AFL–CIO Working for America Institute,
- \$100,000 for signage and streetscape improvements in the Los Angeles Fashion District, and
- \$100,000 to the Hunting and Fishing Museum of Pennsylvania.²⁸

Two other events stand out. Following the collapse of the I-35W bridge in Minneapolis, Senator Tom Coburn (R–OK) offered an amendment calling on the Senate to place a temporary moratorium on transportation earmarks until all structurally deficient bridges are repaired. Amazingly, the Senate voted 82–14 to prioritize pork-barrel projects over bridge repairs in the transportation budget.²⁹

Then the Department of Veterans affairs proposed selling \$4 billion of valuable but vacant land in West Los Angeles. This \$4 billion could have been used to provide additional medical care for America’s veterans. However, this land is also surrounded by the Beverly Hills estates of wealthy individuals, including Sylvester Stallone, Tom Cruise, Tim McGraw, and Barry Bonds. Reportedly, when locals complained that, among other things, this development

would impede the views from their mansions, Senator Dianne Feinstein (D–CA) inserted a provision to cancel the land sale. The Senate voted 66–25 to side with the Beverly Hills millionaires.³⁰

What About the Blue Dog Democrats?

The Blue Dog Coalition is a group of 48 self-described moderate and conservative House Democrats. Their Web site—which includes a national debt clock and a lengthy list of news releases extolling the virtues of fiscal restraint, balanced budgets, and PAYGO rules—describes their organization as having a “centrist, fiscally responsible message” and as being “particularly active on fiscal issues, relentlessly pursuing a balanced budget.”³¹ The Blue Dogs were therefore expected to provide a responsible counterweight to the tax-and-spend policies of the Democratic majority.

This has not happened. As Table 3 shows, the Blue Dogs have voted consistently in favor of massively increased spending, higher taxes, and expanded budget deficits. The 48 members of the coalition voted:

- 43–5 for the SCHIP conference report that would increase taxes and spending and eventually add \$54 billion to the budget deficit,
- 42–0 for the gimmick-ridden college student financial aid bill that will eventually add \$15 billion to the budget deficit,
- 46–2 to expand farm subsidies and raise taxes,
- 45–3 for the wartime supplemental bill larded with domestic add-ons,
- 45–2 to add \$8.4 billion to the budget deficit for terrorism risk insurance,
- 44–4 to raise energy taxes,
- 36–11 for a budget resolution that substantially raises taxes and spending, and

28. Taxpayers for Common Sense, “FY2008 Appropriations Bills: TCS Analyses and Earmark Databases,” at www.taxpayer.net/budget/fy08appropschart.html (October 20, 2007).

29. U.S. Senate, “On the Motion to Table Coburn Amdt. No. 2810,” Vote No. 330, September 11, 2007, at www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm?congress=110&session=1&vote=00330 (October 20, 2007).

30. Kimberly A. Strassel, “Rambo’s View,” *The Wall Street Journal*, September 7, 2007, and U.S. Senate, “On the Motion to Table DeMint Amdt. No. 2686,” Vote No. 312, September 5, 2007, at www.senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm?congress=110&session=1&vote=00312 (October 20, 2007).

31. Blue Dog Coalition, “The Blue Dog Coalition: 12 Years of Leadership,” at www.house.gov/ross/BlueDogs/10%20Years%20of%20Leadership.html (October 20, 2007).

- 47–1 on average for the budget-busting appropriations bills.³²

In addition, 27 amendments were offered to trim appropriations bills across the board, usually by 0.5 percent or 1 percent. The majority (28) of the 48 Blue

Dogs did not vote for a single amendment to trim spending. Only Representative Gene Taylor (D–MS) supported more than half of the savings.³³ Clearly, the Blue Dogs have not put a brake on the tax and spending agenda of the Democratic Congress.

Conclusion

Congressional Democrats have portrayed themselves as responsible fiscal stewards who would rein in spending, clean up pork-barrel projects, resist large tax increases, and maintain strict PAYGO rules. They have failed on all four counts.

The 110th Congress has passed legislation that would increase discretionary spending by \$275 billion and entitlement spending by \$179 billion over 10 years. They have voted to raise taxes and fees by \$98 billion and have set the stage for \$2.7 trillion in tax hikes. They have repeatedly passed legislation expanding the budget deficit.

Finally, Congress has failed to enact real earmark reform and has inserted thousands of new pork-barrel projects into this year’s appropriations bills. The result is a nation that, saddled with an increasing tax burden and bloated government, is ill-prepared to fund the coming retirement benefits for 77 million baby boomers.

—Brian M. Riedl is Grover M. Hermann Fellow in Federal Budgetary Affairs in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation.

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Blue Dog Members' Votes for Higher Spending, Taxes, and Budget Deficits

Major Legislation

Bill No.	House Vote No.	Bill	Yea	Nay	Not Voting
H.R. 976	906	SCHIP	43	5	0
H.R. 2419	756	Farm Subsidies	46	2	0
H.R. 2669	864	Student Financial Aid	42	0	6
H.R. 2761	884	Terrorism Risk Insurance	45	2	1
H.R. 2207	336	Supplemental Bill with Farm Subsidies	45	3	0
H.R. 2776	835	Energy	44	4	0
S. Con. Res. 21	377	Budget Resolution	36	11	1
Average			43.0	3.9	1.1

Appropriations Bills Exceeding President's Request

Bill No.	House Vote No.	Bill	Yea	Nay	Not Voting
H.R. 3161	816	Agriculture	46	2	0
H.R. 3093	744	Commerce, Justice, Science	47	0	1
H.R. 2641	641	Energy and Water	47	0	1
H.R. 2638	491	Homeland Security	48	0	0
H.R. 2643	579	Interior and Environment	45	3	0
H.R. 3043	686	Labor, HHS, Education	45	1	2
H.R. 2642	498	Military Construction and Veterans Affairs	48	0	0
H.R. 3074	715	Transportation and HUD	47	0	1
Average			46.7	0.6	0.7

Note: All votes are on the conference reports except farm subsidies, energy, terrorism risk insurance, and appropriations bills, which have passed only the House.
Source: U.S. House of Representatives, Office of the Clerk, "U.S. House of Representatives Roll Call Votes," 110th Cong., 1st Sess, at <http://clerk.house.gov/evs/2007/index.asp> (October 20, 2007).

32. U.S. House of Representatives, Office of the Clerk, "U.S. House of Representatives Roll Call Votes," 110th Cong., 1st Sess, Vote Nos. 906, 864, 756, 377, 336, 884, 835, 816, 744, 641, 491, 579, 686, 498, and 715, at <http://clerk.house.gov/evs/2007/index.asp> (October 20, 2007). All votes are on the conference reports except for the farm subsidies, energy, terrorism risk insurance, and appropriations bills, which have passed only the House.
 33. Vote tallies from Office of the House Republican Whip.