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Economic Data Show Need for Larger Tax Cut

Economy Has Slowed since Bush First Proposed His Tax Plan

WASHINGTON—Today the House Republican Study Committee (RSC), a group of more than 60 House Conservatives, released an "Economic Report Card" illustrating the need for the larger, more aggressive tax cut than the one proposed by President Bush. Last week the Study Committee outlined a tax relief proposal spearheaded by Rep. Pat Toomey (R-PA) that expands upon the President's proposal and provides over \$2 trillion in tax relief over ten years.

The Report Card released by the RSC today shows that when then-Governor Bush proposed his \$1.6 trillion tax-relief package in December 1999, key aspects of the economy were in better shape than they are now. In the same period, federal government revenues have increased, the budget surplus has increased, and the number of government employees has increased. The RSC cites these economic realities in calling for a more generous tax-relief package.

A copy of the Economic Report Card is attached.

Members of the Republican Study Committee released the following statements:

"A pro-growth tax cut will help our slowing economy. Too often, government does too little too late. This time, we must do a lot-- and do it now," stated **Rep. Pat Toomey (R-PA)**.

"All the numbers I've seen show the American people tightening their financial belts while the government gets fatter and takes in more and more money. It is only right that the government give back some of the extra money it collected from the American people," stated **Rep. John Shadegg (R-AZ)** and Chairman of the Republican Study Committee.

Rep. Paul Ryan (R-WI) pointed out that "layoffs are way up, personal income growth is slowing, and the household savings rate is down. In the meantime, the coffers in Washington are overflowing. The budget surplus continues to expand while the average taxpayer's bank account continues to shrink. To not give a large tax cut under these conditions is just not fair."

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Economic Report Card

In December 1999, then-Governor Bush proposed a \$1.6 trillion tax-relief package. The tables below show how key aspects of the economy have changed for American families and how federal government revenues and expenditures have changed since December 1999. An up-arrow indicates an improved situation for families or the government, while a down-arrow indicates a worsening situation for families or the government.

For American Families:

	December 1999	Now	Change
Number of Mass Layoffs ¹	1,509	2,677*	↓
Individuals Laid Off ²	162,381	326,743*	↓
Change in Disposable Personal Income ³	3.1% [#]	2.2%**	↓
Personal Savings Rate ⁴	0.7%	-0.8%*	↓
Change in Personal Consumption Expenditures ⁵	5.6% [#]	4.4%**	↓
	#4 th Quarter 1999	*December 2000 **4 th Quarter 2000	

For the Federal Government:

	December 1999	Now	Change
Ten-Year Non-Social Security Surplus ⁶	\$1.9 trillion*	\$3.1 trillion	↑
Change in Government Expenditures ⁷	3%	5%*	↑

Change in Government Revenue ⁸	6.1%	10.8%*	↑
Number of Government Employees ⁹	20,308,000	20,468,000*	↑
	*January 2000		

¹Source: U.S. Department of Labor, Bureau of Labor Statistics

²Source: U.S. Department of Labor, Bureau of Labor Statistics

³Change from the same quarter in the prior year. Source: U.S. Department of Commerce, Bureau of Economic Analysis

⁴Source: U.S. Department of Commerce, Bureau of Economic Analysis

⁵Change from the same quarter in the prior year. Source: U.S. Department of Commerce, Bureau of Economic Analysis

⁶Source: Congressional Budget Office, January 2000 and January 2001 reports

⁷Annual change. Source: Congressional Budget Office, January 2000 and January 2001 reports

⁸Annual change. Source: Congressional Budget Office, January 2000 and January 2001 reports

⁹Source: U.S. Department of Labor, Bureau of Labor Statistics



Produced by the House Republican Study Committee.