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Asking the wrong people to make sacrifices

By Congressman Joseph R. Pitts

Presidents Reagan and Kennedy are consistently named in lists of our country's great Presidents. Among other attributes, they have something important in common. They knew what how to get our economy going.

In 1962, President Kennedy said, "an economy hampered by restrictive tax rates will never produce enough revenues to balance our budget, just as it will never produce enough jobs or enough profits."

While outlining how his tax relief plan would benefit the economy, he said that a "rising tide lifts all boats." He was right. Between 1961 and 1968, largely due to President Kennedy's tax cuts; the economy grew at a rate of more than five percent each year.

Twenty years later, President Reagan took office at a time of extreme economic hardship for our nation. His tax cut, passed over loud opposition, ushered in a seventeen-year era of economic prosperity during which our economy grew at an average rate of 3.6 percent each year.

The lesson of these tax cuts is not lost on President George W. Bush. Tax relief for the American people means people will spend their money for goods and services. Businesses receive more money. Businesses with more money will invest in expansion. When businesses expand, more jobs are created.

The American people use their own money in more economically beneficial ways than when the government spends it.

This is why President Bush signed his third major tax relief bill into law several weeks ago. The bill provides tax relief for nearly 100 million Americans, four million of whom live in the Commonwealth of Pennsylvania.

But many states, including Pennsylvania, are facing monumental budget deficits. Anticipating the challenges presented by these shortfalls, Congress provided \$20 billion for states to alleviate these shortfalls in "essential government services."

Pennsylvania stands to receive \$907 million dollars under this plan, money that can be used to address our budget issues. However, Governor Rendell and his allies in Harrisburg have a different strategy in mind. They intend to use this federal money and huge tax increases to pad the state budget.

The state's tax rates are already among the nation's highest. Pennsylvania's business tax rates are the highest in the nation. And the Commonwealth's personal income taxes are the twenty-seventh highest in the United States. This tax burden creates a drag on our state economy.

It takes long-term vision to commit to the route of economic vitality through tax relief. When staring at a tax relief plan, elected officials have to be prepared to make some tough spending decisions. This is what people elect their leaders to do.

However, when government officials are unwilling to make those decisions, families are forced make those tough sacrifices instead. They are forced to pay higher taxes and to tighten their own budgets. That's exactly what Governor Rendell wants Pennsylvanians to do – make sacrifices because he is unwilling to provide the leadership our state needs.

As a former chairman of the House Appropriations Committee in Harrisburg, I understand that trying economic times and competing budget priorities vie for funding and attention.

But tax increases do not solve problems. They make them worse. Tax hikes imposed by states and localities will lower long-term tax revenue by negating economic benefits generated by federal tax relief.

In the short-term, tax increases may boost revenue. The long-term damage done to economic growth, however, could prove irreversible as businesses move out of the state and the tax burden on families grows.

Remember the words of President Kennedy: "an economy hampered by restrictive tax rates will never produce enough revenues to balance our budget, just as it will never produce enough jobs or enough profits."

Higher tax rates will inevitably force many to move to states where they can enjoy lower taxes.

As we face downward pressures on our population and declining representation in Washington, now is not the time to adopt policies that drive people away. We should instead seek ways to make Pennsylvania an even better place to do business and a better place to live.

Asking families to make the choices our state's leaders should be making does not achieve that goal.

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