

# Getting U.S. Back on Track...

Congress needs to reverse the upside-down priorities  
– from Washington to Iraq – that are shortchanging  
Missouri families and communities



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The upside-down priorities of the Bush administration and previous, Republican-led Congresses have dramatically shifted the tax burden and the burden of war onto the shoulders of working and middle-class families. In order to pay for large tax cuts for millionaires and endless war in Iraq, the administration continues to push for drastic cuts in funding for the services on which working families rely.

Now Congress is poised to reverse these upside-down priorities, but President Bush has threatened to veto any spending bill that includes more funding for vital services than his backwards budget proposal would allow. These vital services, including the State Children's Health Insurance Program, could be funded for a tiny fraction of what we are spending on the Iraq War – over \$450 billion so far and rising by over \$10 billion every month.<sup>1</sup>

Members of Missouri's congressional delegation need to know how such a veto to domestic federal spending bill would hurt their constituents, and why they must stand together to override it.

### **Children and Youth**

Every Missouri child has a right to be healthy, to have a good education, and to have the opportunity to succeed. To deny funding for programs that would ensure these rights is to punish children for their particularly vulnerable place in society. In Missouri, 17.61% percent of children under age five live in poverty.<sup>2</sup> This is unacceptable. Congress has proposed modest funding increases for critical programs that give all children a chance to succeed, yet Bush has threatened to veto these necessary increases.

#### **State Children's Health Insurance Program (SCHIP)**

No child should be forced to forgo quality health care just because his or her parents can't afford to buy private insurance, yet today there are 9 million uninsured children in America. The need for increased funding for health care programs for children is obvious. In Missouri, 6.0% percent of children<sup>3</sup> – more than 121,442 children<sup>4</sup> – have no health insurance. As a result, the House has proposed to provide enough funding to allow an additional 5 million children to receive health insurance under SCHIP - \$50 billion over five years in new funds. Most of these children could be eligible under the current SCHIP law, but are not covered because the funding is inadequate. The Senate voted to add \$35 billion, which would allow 4 million additional children to receive health coverage.

Congress proposes \$50 billion in funding for SCHIP, while the president proposes only \$5 billion. We should consider how different things would have been if Congress had followed different priorities. Missouri's share of funding of the Iraq war through 2007 – \$7 billion – could provide health care to 2,486,773 uninsured children<sup>5</sup> 20 times over the number of uninsured children in our state.<sup>6</sup> For the cost of the tax cuts for the wealthiest one percent, 382,250 Missouri's children

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<sup>1</sup> Congressional Budget Office, [http://www.house.gov/budget\\_democrats/hearings/2007/7.31Sunshine\\_testimony.pdf](http://www.house.gov/budget_democrats/hearings/2007/7.31Sunshine_testimony.pdf)

<sup>2</sup> US Census Bureau, <http://www.census.gov/prod/2006pubs/p60-231.pdf>

<sup>3</sup> The Robert Wood Johnson Foundation, <http://www.rwjf.org/files/newsroom/ckfresearchreportfinal.pdf>

<sup>4</sup> Families USA, <http://www.familiesusa.org/issues/medicaid/schip-reauthorization.html>

<sup>5</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>6</sup> [http://actnow.org/pages/first\\_things\\_first/](http://actnow.org/pages/first_things_first/)

could have had access to health care through June of 2007.<sup>7</sup> It is time to set our national priorities straight.<sup>8</sup>

- **Cost of fully funding SCHIP coverage in the United States for one year = about 53.4 days of Iraq war spending**

### **Head Start**

Head Start is a critical link to quality education for millions of preschool children from poor and working families. Its widely recognized success in improving children's development and school readiness has resulted in its expansion and lasting presence since its inception in 1965. But in recent years, Head Start's quality has been threatened by shrinking funds.

In Missouri, there are 17,451 children enrolled in the Head Start program,<sup>9</sup> which has been cut by 7.4 percent since 2001.<sup>10</sup> If the president's further cuts are enacted, 589 children could be cut from Missouri's Head Start program next year.<sup>11</sup>

The president has prioritized tax cuts for millionaires and war in Iraq over our nation's children. For the cost of Missouri's share of the \$56.5 billion in tax cuts for the super rich this year, 157,177 more children could be provided with Head Start in Missouri.<sup>12</sup> For Missouri's share of the cost of war through 2007, every three and four year old in Missouri could be enrolled in Head Start with funds remaining.<sup>13</sup>

### **Quality K-12 Education: A Basic Right**

All children have a right to a quality education. Yet the president has threatened to veto even modest funding increases proposed by Congress for critical education programs. His budget provides Missouri with \$15.5 million less than the House's funding for grants to school districts with low-income students (Title I), the key element of his signature initiative, No Child Left Behind. If the president prevents the House funding from being enacted and Missouri loses the \$15.5 million it would mean 155 new teachers **not** hired in Missouri – breaking the promises of improved education made when No Child Left Behind was enacted.<sup>14</sup>

Overall, the president's budget would cut elementary and secondary education funding by \$66.1 million in Missouri over five years relative to 2007 funding levels.<sup>15</sup>

- **Cost of restoring Missouri K-12 education funding (\$66.1 million) = less than five hours of Iraq war spending**

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<sup>7</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>8</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>9</sup> <http://www.acf.hhs.gov/programs/hsb/research/2007.htm>

<sup>10</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm)

<sup>11</sup> National Head Start Association,

<http://www.saveheadstart.org/News/STATEBYSTATEESTIMATESFORFY2008BUSHProposalforCONG APPROPRIATORS.xls>

<sup>12</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>13</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>14</sup> U.S. House of Representatives Committee on the Budget, "The President's 2008 Appropriations Veto Threats – What's at Stake? A State-by-State Analysis," August 3, 2007.

[http://www.budget.house.gov/analyses/0802state\\_report%20\(2\).pdf](http://www.budget.house.gov/analyses/0802state_report%20(2).pdf)

<sup>15</sup> <http://www.cbpp.org/2-21-07bud-tables.pdf>

For the cost of Missouri’s share of the \$56.5 billion in tax cuts for the wealthiest one percent, 22,821 more elementary school teachers could have been hired in Missouri, and 126 more elementary schools could have been built.<sup>16</sup> Indeed, for the cost of Missouri’s share of the war in Iraq through 2007, 148,463 more teachers could have been hired.<sup>17</sup> The table below presents just a few of the education trade-offs the president has made by prioritizing war and tax cuts for the super rich over education for our children.

<b>Education Trade-Offs for Cost of War and Tax Cuts<sup>18</sup></b>				
	Elementary School Teachers Hired	Head Start Places for Children	New Elementary Schools Built	Music and Arts Teachers Hired
For Missouri's share of Iraq war cost	148,463	1,022,531	819	23,512
For Missouri's share of tax cuts for the top 1%	22,821	157,177	126	4,994

**Title I: Making Quality Education Available to All**

Bush’s threatened veto of Title I funding would harm thousands of struggling children. According to the Department of Education, “More than 50,000 public schools across the country use Title I funds to provide additional academic support and learning opportunities to help low-achieving children master challenging curricula and meet state standards in core academic subjects.”<sup>19</sup> According to the NEA, “Title I funding (\$12. 8 billion) falls some \$12 billion short of the level authorized under No Child Left Behind (\$25 billion) – a level set specifically by Congress as necessary to serve all eligible students.”<sup>20</sup> The House has proposed \$14.36 billion for Title I, \$453 million more than the president’s budget, providing needed support for the testing, assistance and evaluation programs necessary to ensure that all children receive a quality education.<sup>21</sup> A veto would deny thousands of children the quality education they deserve.

- **Full Title I funding for U.S. schools (\$14.4 billion) = 45.6 days of Iraq war spending**

**The Most Vulnerable Students**

Sadly, Bush’s veto would also penalize the most vulnerable and historically under-funded groups the most. Special Education, School Improvement, Innovation, Safe Schools, Indian Education, and English Language Acquisition Programs would all suffer as a result of Bush’s veto. Congress has proposed moderate funding increases that would be a real benefit for Missouri.

These increases are long overdue. Congress promised to pay 40 percent of the costs of educating students with disabilities when it enacted the Individuals with Disabilities Education Act (IDEA). Now the federal contribution only reaches 17.2 percent of the costs. The House bill increases IDEA funding by \$850 million over the president’s budget, which would mean \$15.5 billion more for Missouri, or \$108 more for each child with disabilities in Missouri’s schools.<sup>22</sup> A veto of these

<sup>16</sup> National Priorities Project, <http://database.nationalpriorities.org/tradeoff>  
<sup>17</sup> National Priorities Project, <http://database.nationalpriorities.org/tradeoff>  
<sup>18</sup> National Priorities Project, <http://database.nationalpriorities.org/tradeoff>  
<sup>19</sup> U.S. Department of Education, <http://www.ed.gov/programs/titleiparta/index.html>  
<sup>20</sup> National Education Association, <http://www.nea.org/lac/letters/keyprograms08.html>  
<sup>21</sup> National Priorities Project  
<sup>22</sup> National Education Association, <http://www.nea.org/lac/letters/keyprograms08.html>

critical funds would make it even more difficult for the most vulnerable children in Missouri to have a chance to succeed.

### **Higher Education**

A presidential veto would also do harm to needed funding for higher education. The Higher Education Access Act, as passed by Congress, would increase the maximum Pell Grant to \$5,100 next year and to \$5,400 by 2011.<sup>23</sup> At a time when college costs continue to rise dramatically beyond inflation rates, the president has vowed to veto this bill, too.

It is both sad and astonishing that the president would rather fund an endless war and tax cuts for millionaires than education. As of June 2007, when the cost of the war in Iraq had reached an astronomical \$456 billion,<sup>24</sup> 4.7 million students nationally could have received tuition and fees for four years at a state university for the same amount of money.<sup>25</sup> For Missouri's share of the cost of the war in Iraq through 2007, 999,087 scholarships for university students could have been provided.<sup>26</sup> Similarly, for Missouri's share of the cost of the \$56.5 billion in tax cuts for the top one percent this year, 153,573 scholarships for university students could have been provided.<sup>27</sup>

### **Nutrition and Housing**

#### **Food Stamps**

An average of 796,350 of Missouri's people rely on food stamps each month.<sup>28</sup> Food stamp allotments are often as little as \$21 per week – only one dollar per meal. Congress is calling for expanding eligibility, increasing benefit levels and removing bureaucratic roadblocks to applying for, or renewing, food stamp benefits. Such an expansion would mean more people in Missouri will be able to afford basic nutritious food. From 2003-2005, 11.7 percent of Missouri families were "food insecure," the U.S. Department of Agriculture's term for lacking the money to purchase an adequate diet, up from 9.9 percent from 2000 to 2002.<sup>29</sup> When young children are food insecure, they are more likely to be sick, hospitalized, and suffer developmental delays.<sup>30</sup> Despite the high health and development costs of inadequate nutrition, only 48 percent of people eligible to receive the benefit in Missouri actually received food stamps.<sup>31</sup>

Congress proposes \$39.8 billion in funding for Food Stamps, while the president proposes only \$36.2 billion.

#### **School Lunch and Summer Breakfast**

Children who go to school hungry have trouble learning, so school nutrition programs allow students to focus on their studies instead of their empty stomachs. In the 2005-2006 school year,

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<sup>23</sup> <http://insidehighered.com/new>

<sup>24</sup> National Priorities Project,

[http://www.nationalpriorities.org/images/stories/iraq\\_war\\_cost\\_june2007/uscongressvoteswarfunding2.pdf](http://www.nationalpriorities.org/images/stories/iraq_war_cost_june2007/uscongressvoteswarfunding2.pdf)

<sup>25</sup> "Congress Votes For More War Funding," National Priorities Project, June 2007.

<sup>26</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>27</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>28</sup> Food Research and Action Center [http://www.frac.org/html/federal\\_food\\_programs/federal\\_index.html](http://www.frac.org/html/federal_food_programs/federal_index.html)

<sup>29</sup> Food Research and Action Center analysis of US Department of Agriculture data,

[www.frac.org/pdf/hunger05.pdf](http://www.frac.org/pdf/hunger05.pdf)

<sup>30</sup> Children's Sentinel Nutrition Assessment Program, "Food Stamps as Medicine – a New Perspective on Children's Health" February 2007, at <http://dcc2.bumc.bu.edu/csnappublic/Food%20Stamps-Medicine%202-12-07.pdf>

<sup>31</sup> [http://www.childrensdefense.org/site/DocServer/all\\_states-3.pdf?docID=1323](http://www.childrensdefense.org/site/DocServer/all_states-3.pdf?docID=1323)

209,057 Missouri students participated in the school breakfast program,<sup>32</sup> and 632,898 of Missouri students participated in the school lunch program.<sup>33</sup>

Congress proposes \$8.2 billion in funding for the school lunch program, while the president proposes \$8.1 billion.

### **Public Housing Operating and Capital Funds and Housing Vouchers**

Housing and shelter is a basic right. Yet, many Americans live in a state of housing insecurity and fear. The president's veto threat is like a looming eviction notice to these families and their children.

The National Low Income Housing Coalition defines a severely burdened household as one that spends more than 50 percent of its income on housing. There are only 46 affordable and available rental units per 100 households for individuals with extremely low incomes in Missouri.<sup>34</sup>

As a result, programs that help the less well-off to find stable housing are particularly important. Specifically, the Public Housing Operating and Capital Fund provides assistance to families who live in this state of insecurity.

Congress proposes \$16.3 billion in funding for Housing Vouchers, while the president proposes only \$16 billion.

A presidential veto of Congress' funding proposals would mean more families living on the street in Missouri. We can do better.

The housing crisis is yet another example of how the president refuses to get America's priorities right. Indeed, for the cost of the Iraq war through June 2007, 1 million affordable housing units could have been built nationally.<sup>35</sup> For Missouri's share of the cost of the president's \$56.5 billion in tax cuts for the top one percent, 10,732 more affordable housing units could have been built in Missouri.<sup>36</sup> For Missouri's share of the cost of the war in Iraq through 2007, 69,821 more of these same homes could have been built.<sup>37</sup>

### **Low Income Housing Energy Assistance Program (LIHEAP)**

Similarly, families who struggle to find housing also often struggle to heat their homes in the winter and cool their homes in conditions of extreme heat. The Low Income Home Energy Assistance Program (LIHEAP) provides heating and cooling assistance so that children, the elderly and other vulnerable members of our community do not suffer. In the United States, between the winter of 2002 and the winter of 2007, heating oil costs rose 44 percent, while electricity bills rose 17 percent and natural gas bills rose 35 percent. Yet help for families in paying these costs, through the Low Income Home Energy Assistance Program (LIHEAP), has not kept pace. Only about 16 percent of eligible households receive this help and assistance averages only \$314 per year. The president's cutback would reduce average aid to only \$256.<sup>38</sup>

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<sup>32</sup> Food Research and Action Center [http://www.frac.org/html/federal\\_food\\_programs/federal\\_index.html](http://www.frac.org/html/federal_food_programs/federal_index.html)

<sup>33</sup> Food Research and Action Center [http://www.frac.org/html/federal\\_food\\_programs/federal\\_index.html](http://www.frac.org/html/federal_food_programs/federal_index.html)

<sup>34</sup> National Low Income Housing Coalition

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[http://www.nationalpriorities.org/images/stories/iraq\\_war\\_cost\\_june2007/uscongressvoteswarfunding2.pdf](http://www.nationalpriorities.org/images/stories/iraq_war_cost_june2007/uscongressvoteswarfunding2.pdf)

<sup>36</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>37</sup> <http://database.nationalpriorities.org/tradeoff>

<sup>38</sup> National Energy Assistance Directors' Association, [http://www.neada.org/LIHEAP\\_Issue\\_Brief\\_04.pdf](http://www.neada.org/LIHEAP_Issue_Brief_04.pdf)

Despite rising energy costs, the president's budget would slash LIHEAP from its current meager funding of \$2.16 billion down to \$1.78 billion in 2008. As a result, the Center on Budget and Policy Priorities calculates that the program will serve 978,000 fewer families nationwide in 2008 than in 2007.<sup>39</sup> In one of the biggest turn-arounds on priorities, the House budget increases LIHEAP funding by more than \$500 million over this year, to \$2.66 billion – a full \$880 million more than the President's request.

Yet, Bush has even threatened to veto necessary increases for this program. Congress proposes \$1.9 billion in funding for LIHEAP, while the president proposes only \$1.5 billion.

### **Missouri's Working Families**

While Bush continues to give away billions in tax cuts to the super rich, working families are having a harder and harder time getting by. Americans share the belief that equal opportunity and hard work should allow people to get ahead and provide for their families. But Bush's reckless tax breaks and irresponsible budget cuts have created such extreme levels of inequality that the same rules no longer apply, and the children of working families are paying the highest price.

#### **Child Care**

By the administration's own calculation, budget cuts have already meant that 150,000 fewer children nationwide were in subsidized care in 2006 than in 2000.<sup>40</sup> Now the administration is threatening cuts that would deprive another 300,000 children of the opportunity for a good start by 2010.<sup>41</sup>

The Child Care & Development Block Grant provides funds to the states that can be used to assist low-income families with the high cost of child care. But the president's child care cuts would amount to a loss of \$ 8.7 million in Missouri over the next five years.<sup>42</sup> In Missouri, 63.02% percent of children under age six live with working parents.<sup>43</sup> Child care funding is particularly important for these parents and for those who wish to move from welfare to work. The president's cut will make it more difficult for working parents in Missouri to keep their jobs or move from welfare to work and provide for their families.

- **Cost of restoring Missouri child care funds (\$9.3 million) = about 40 minutes of Iraq war spending**

#### **Child Support**

The goal of the child support enforcement program is to ensure that children receive financial and medical support from both parents.<sup>44</sup> Child support, which helps to bring 1 million kids out of poverty every year, improves the lives of millions of children around the country and is particularly important for single-parent working families. In 2006, the Child Support Enforcement Program (CSE) served 17.2 million American children and collected \$24 billion.

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<sup>39</sup> [http://actnow.org/pages/first\\_things\\_first/](http://actnow.org/pages/first_things_first/)

<sup>40</sup> [http://www.clasp.org/publications/2008\\_budget\\_child\\_care.pdf](http://www.clasp.org/publications/2008_budget_child_care.pdf)

<sup>41</sup> Center for Law and Social Policy, [http://www.clasp.org/publications/2008\\_budget\\_child\\_care.pdf](http://www.clasp.org/publications/2008_budget_child_care.pdf).

<sup>42</sup> National Priorities Project <http://www.nationalpriorities.org/Publications/The-Presidents-Budget-Impact-on-the-States-4.html#childcare>

<sup>43</sup> US Census Bureau, <http://www.census.gov/prod/2006pubs/p60-231.pdf>

<sup>44</sup> The Coalition On Human Needs, <http://www.chn.org/pdf/2007/childenforce.pdf>

The income families gain from effective enforcement allowed more than 300,000 families to leave public assistance in 2004.<sup>45</sup>

Child support enforcement is cost-effective: for every dollar spent on the program, \$4.58 is collected by the depended family. Yet despite this record of success, in January 2006, Bush and the Republican Congress cut the funds that help pay the state and county staff who collect support owed to children. In Missouri, this meant a loss of about \$21.74 million in federal funds.<sup>46</sup> Missouri's children will lose an estimated \$20.05 million next year alone in support owed to them unless this cut is reversed.<sup>47</sup>

- **Cost of restoring Missouri child support funding (\$4.6 million) = about 20 minutes of Iraq war spending**

### **Job Training**

Vocational training programs are critical to working families. Without these programs, many who wish to work could not learn the skills necessary to find a job. But President Bush's budget would cut \$22.3 million from Missouri's 2004 vocational education funding level (adjusted for inflation).<sup>48</sup> The House education funding bill for fiscal year 2008, on the other hand, would reject the cuts and restore more than \$600 million to Career and Technical Education Title I State Grants.<sup>49</sup>

Other programs that would fail to meet current needs as a result of a Bush veto include adult job training, youth job training and employment services. The president's insistence that people work their way out of poverty rings false when he stands in their way as they attempt to obtain the necessary skills to do so.

- **Cost of fully funding U.S. job training (\$600 million) = about 44 hours of Iraq war spending**

### **Working Families Need Help Now**

Imagine the difference that could be made for Missouri families and communities if we devoted a tiny fraction of the money we're spending in Iraq every month to these priorities for children and working families. While Congress is trying to address these priorities, the president's veto threat is a rejection of the needs of America's children and working families.

### **Tax Fairness**

Not only is President Bush shortchanging critical priorities in favor of funding the endless Iraq War, the Bush Administration continues cutting taxes for the very wealthy, resulting in alarming levels of wealth and income inequality. In our state only 0.2% percent of the population –

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<sup>45</sup> Coalition on Human Needs, *Ensure That a Decade of Progress in Child Support Enforcement is Not Lost*, <http://www.chn.org/pdf/2007/childsupportfacts.pdf>

<sup>46</sup> unpublished table, Elaine Sorensen, Urban Institute, "Estimated Increase in State Expenditures Needed to Maintain IV-D Funding in FY 2008 Under DRA Rules."

<sup>47</sup> Sources: U.S. Office of State Child Support Enforcement, FY 2006 collections data, with lost child support dollars estimated by applying FY 2004 percentage loss in paper prepared for the National Council of Child Support Directors by the Lewin Group, ECONorthwest, 2007. Calculations by the Coalition on Human Needs

<sup>48</sup> Center on Budget and Policy Priorities, [www.cbpp.org/2-21-07bud.htm](http://www.cbpp.org/2-21-07bud.htm)

<sup>49</sup> National Education Association, Education Funding, State-by-State Information, <http://www.nea.org/lac/fy08edfunding/index.html>

received an average \$119,600 tax cut in 2007, while the programs described above have suffered and would lose even more important funding if Bush follows through with his veto threat.<sup>50</sup>

From the early 1980s to the early 2000s, while the top fifth of income earners in Missouri saw their income grow by 48.6% percent, the income of the lowest fifth income percentile grew by only 35.2% percent, and the income of the middle fifth percentile saw only a 38.9% percent increase in their incomes.<sup>51</sup> Nationally, over this same time period, while the average income of the bottom quintile of income earners increased only slightly from \$14,114 to \$16,778, the income of the top five percent jumped from \$109,195 to \$201,707.<sup>52</sup>

**Make no mistake: America’s health care, child care, employment training, education and other critical programs have all suffered to make way for tax cuts for millionaires and the endless war in Iraq.** While Americans have always praised rewards for work, Bush’s tax and budget cuts play a cruel trick on the hardest-working Americans by depriving them of a fair chance to be successful.

It hasn’t always been this way. According to economist Paul Krugman, between 1947 and 1973, “incomes of all groups rose at roughly the same rapid clip, more than 2.5 percent annually. That is, the Good Years were about equally good for everyone.”<sup>53</sup> But over the years, the tax system has become less and less progressive, hurting working families in the process.<sup>54</sup>

*The Bush tax cuts are only making matters worse.* According to the Center on Budget and Policy Priorities, “the [Bush] tax cuts made the distribution of after-tax income *more* unequal.”<sup>55</sup> When the 2001 and 2003 Bush tax cuts are fully in effect, they will increase the after-tax incomes of households with more than \$1 million in income by 7.5 percent, but by only 2.3 percent for households in the middle and .5 percent for the lowest 20 percent of income earners.<sup>56</sup>

### Conclusion

Bush’s threat to veto critical programs while at the same time spending billions of dollars on tax cuts for the super rich and the war in Iraq show his true priorities – and how out of touch he is with the needs of America’s working families. It is astonishing and sad that the president will spend nearly *half of a trillion dollars on a tragic war with no end in sight*, but refuses even the modest funding necessary for children and working families. The congressional funding proposals aren’t enough, but it’s going to take a lot of work to undo the damage done by Bush and the previous Republican congresses. Fortunately we have the opportunity to turn around America’s priorities through the modest financial investment proposed by the 110<sup>th</sup> Congress.

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<sup>50</sup> State data based on earlier IRS tax return data for states, updated to 2007 Tax Policy Center national totals. Average tax cut for millionaire households from Tax Policy Center, Table T07-077.

<sup>51</sup> <http://www.epinet.org/studies/pulling06/states/1-26-06sfp-datatables.xls>

<sup>52</sup> The Center On Budget And Policy Priorities and the Economic Policy Institute, <http://www.cbpp.org/1-26-06sfp.htm>

<sup>53</sup> Krugman, Paul, *Peddling Prosperity* ( New York: W.W. Norton & Company, 1994), p. 132.

<sup>54</sup> The total taxes paid by the bottom 90% of income owners remained relatively unchanged from 1970 to 2004, going from 20.2% in 1970 to 18.5% in 2004, with some of the decrease attributable to the Earned Income Tax Credit and to the Child Tax Credit. Over the course of the same time period, the tax rate for the top earners, including just those within the top 1% of income earners saw their rate change from a schedule of 36.1% to 74.6% in 1970, to a schedule ranging from 31.3% to 34.7% in 2004.<sup>54</sup>

<sup>55</sup> The Center On Budget And Policy Priorities, <http://www.cbpp.org/3-19-07tax.htm>

<sup>56</sup> The Center On Budget And Policy Priorities, <http://www.cbpp.org/3-19-07tax.htm>