

Q: STEVE, HOW IN THE WORLD DID WE RACK UP SUCH A HUGE AMOUNT OF DEBT? WHOSE FAULT IS THIS?

Frankly, both political parties are responsible which means both political parties have an obligation to come together with solutions.

[In the Bush Administration](#) , the US added about \$7 trillion of debt in eight years. In the Obama Administration, we added an additional \$1.7 trillion over three years.

The Bush-era debt was incurred by adding the costs of two wars, the expansion of the Medicare Part D Program, and the costs of the TARP program. While these costs escalated, revenues to pay them were reduced with [well-over one trillion dollars in tax cuts](#).

The Obama-era debt was incurred by continuing the costs of two wars, the costs of the stimulus program, and depressed revenue from the worst recession in 70 years. In addition, extending and expanding tax cuts cost extra revenue.

The result: government [spending is at its highest level since the height of World War II](#) , while government revenues are at their lowest level [since 1950](#)

Just like in any household or business budget, when expenses go up and revenues fall down, you have deficits.

Q: I HEAR REPUBLICANS SAY THAT TO REDUCE DEBT, WE SHOULD CUT SPENDING. AND DEMOCRATS SAY THAT TO REDUCE DEBT, WE SHOULD INCREASE REVENUES. WHO IS RIGHT AND WHO IS WRONG?

The plain fact is that with a \$14 trillion debt, neither one will balance our budget alone. We need a mix of things: spending cuts, revenue increases, and entitlement reform.

Here's why:

The federal budget has [three basic areas](#) :

1. Mandatory spending covers about 60% of the budget, and pays mostly for Social Security, Medicare and Medicaid but also includes interest on the debt, unemployment insurance, and school meals.
2. The defense budget alone accounts for another 20% of the budget.
3. And, 20% goes toward everything else, also known as discretionary spending.

With a deficit of \$1.3 trillion last year, ELIMINATING – not just cutting – all discretionary spending programs (like the FBI, Department of Veterans Affairs, Department of Homeland Security, Department of Education, college tuition assistance, food safety inspectors, foreign assistance, etc.), would not allow us to close the deficit and start paying down our debt.

Similarly, if you simply pull the plug on the Pentagon and no longer have a defense budget, you will only save twenty cents of every federal dollar -- and the world will be a much more dangerous place.

So cutting spending will reduce the debt, but even eliminating spending on defense and discretionary programs will not end the debt.

Q: OKAY, BUT WHAT ABOUT RAISING TAXES? WILL THAT BALANCE THE BUDGET?

Nope. Raising taxes alone just won't do it. [In fact](#) , reducing deficits to manageable levels by the end of the decade through tax increases on the most well-to-do Americans would require raising the top two bracket rates to 86 percent and 91 percent!

Q: YIKES! SO IF TAX INCREASES WON'T BALANCE THE BUDGET AND SPENDING CUTS WON'T BALANCE THE BUDGET...WHAT WILL BALANCE THE BUDGET?

I thought you'd never ask. The answer is both...and other things as well.

Just as any business must find the right mix of cutbacks and revenue increases to balance the checkbooks, Republicans and Democrats must do the same.

Q: STEVE, YOU SAY EFFECTIVELY REDUCING DEBT WILL REQUIRE PAINFUL DECISIONS AND TOUGH CHOICES. SO WHO SHOULD SACRIFICE?

This is my principle disagreement with the Republican Majority budget. It asks middle class families and seniors to sacrifice, but continues taxpayer handouts to big oil companies and others.

For example, under the Republican plan someone earning over \$1 million a year gets a \$100,000 tax cut. But a Long Island senior on Medicare loses the guaranteed benefit and gets an additional \$6,400 medical bill.

Or, a college student in Brentwood gets a cut in her college tuition assistance. But Big Oil companies retain their \$4 billion annual tax subsidy.

The middle class should share some of the sacrifice. It should not shoulder the sacrifice!

Q: I AGREE WITH YOU THAT THE REPUBLICAN BUDGET SHOULD NOT END MEDICARE. BUT DOESN'T IT BALANCE THE BUDGET?

No. According to the nonpartisan Congressional Budget Office, the Republican debt reduction plan actually increases debt over the next 10 years. Here's how:

Their plan does cut spending by \$4 trillion over ten years but because it also has even greater tax cuts, [the plan also adds \\$6 trillion to the national debt by 2021](#) .

Q: SO WHERE DO WE GO FROM HERE?

I will continue to fight for a consensus on debt reduction that reduces spending, increases revenues, and strengthens the solvency of social security. However, I will not support ending Medicare. I will not support cutting college assistance to middle class families in order to expand tax cuts to big oil companies. I will not support increasing the costs of living to middle class families while reducing the tax obligations of big corporations.