

To Promote Economic Prosperity and Justice
The Virginia 8th Congressional District Democratic Committee
Endorses Bold Policies to Re-Orient the Federal Budget

Background

Equality, freedom and justice have been fundamental values of American democracy since the Founding of our Nation, and the federal budget is a detailed plan designed to realize those core values. The Trump proposed budget for FY 18 slashes funding for services that support these fundamental values and supports wasteful defense spending, and tax cuts for the wealthiest individuals and corporations. The budget also threatens to dismantle consumer and environmental protections, education and healthcare.

The repeal of the Glass-Steagall Act of 1933 that separated Main Street banks from investment banks' risky and illegal practices, thwarted regulation of highly profitable, opaque, risky derivatives, and crashed the housing and financial markets – causing the Great Recession of 2008-09 in which 8.7 million jobs were shed, the economy contracted by 5.1%, and total public debt doubled to \$20 trillion by end-2016.

Additionally, the Military is the top spending priority at \$598 billion in 2015 – now accounting for 54% of all Federal discretionary spending (and 3.6% of GDP) – having risen to a level higher than peak spending during the Viet Nam War. Per a recent Pentagon report, it found \$125 billion in defense spending waste. President Trump has proposed increasing spending by a further \$54 billion in the FY2018 budget, and hinted at a nuclear weapons arms race with Russia, none of which has or will make the American Public safe from terrorism. Moreover the size of military spending in the budget has allocated the nation's productive employment away from needed consumer and investment goods to weapons exclusively for destructive military use.

At the behest of big money lobbyists, Republicans have flattened out the progressivity of tax collection by lowering tax rates AND raising deductions mostly benefiting the wealthy, so that tax breaks are now as large as all discretionary spending combined. Yet Republicans blame budget deficits they created on spending to support the health and welfare of millions of Americans.

Corporations rely on public resources such as educated American workers, transportation and other infrastructure, but have progressively reduced their corporate income tax payments from 21% of Federal current tax receipts in 1950 to 14% in 2015, largely by stashing an accumulated \$2.5 trillion in profits in offshore tax havens (\$718 billion stashed in 2015 alone, compared with \$515 billion that corporations actually paid to government that year).

Trump's new tax plan would: give 47% of additional cuts to the richest 1% of Americans (including himself and former Goldman Sachs executives in his cabinet), actually raise taxes for 8.7 million low- and middle-income families with children, and lower corporate rates from 35 to 15 % without clawing back any of their profits stashed overseas. All of this, with no changes to deductions or loopholes, would balloon the public debt by a further \$6.2 trillion.

THEREFORE BE IT RESOLVED, The 8th Congressional District Democratic Committee urges the Virginia Federal Congressional Delegation to:

1. Re-prioritize the spending of American Federal tax dollars to focus on: universal health care, public education, environmental protection, American public infrastructure, and the equitable rule of law, as these are public rights and responsibilities.
2. Make room for the above spending priorities by substantially reducing wasteful military spending.
3. Ensure that America's wealthy, and corporations, pay a progressive share of taxes as a major proven method to lower inequality, stimulate economic growth, strengthen businesses, and keep the Public Debt from exploding further – and that deductions and overseas loopholes be

eliminated before any reductions in tax rates be considered. Additionally, corporate tax revenues should be restored to 20% of Federal current tax receipts.

4. Pass a 21st Century Glass-Steagall Act (S.881, H.R. 790, and Virginia H.J. 642), and ensure the continuation and undiminished funding of the Consumer Financial Protection Bureau, to protect the budget and public from further Wall Street excesses.