

STATE OF THE UNION RESPONSE



Claim vs. Fact analysis by the Center for American Progress

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STATE OF THE UNION: National Security

<p><u>AFGHANISTAN</u> "As of this month, that country has a new constitution, guaranteeing free elections and full participation by women. Businesses are opening, health care centers are being established, and the boys and girls of Afghanistan are back in school. With help from the new Afghan Army, our coalition is leading aggressive raids against surviving members of the Taliban and al-Qaida. The men and women of Afghanistan are building a nation that is free, and proud, and fighting terror and America is honored to be their friend."</p>	<p>A November 2003 report issued by a U.N. delegation, including U.S. ambassador John Negroponte, said Afghanistan starkly contrasts with the President's optimistic assessment. The U.N. delegation reported that "insecurity caused by terrorist activities, factional fights and drug-related crime remain the major concern of Afghans today." Throughout the nation "individuals and communities suffer from abuses of their basic rights by local commanders and factional leaders." The problems are exacerbated in many areas of the country "by terrorist attacks from suspected members of the Taliban and Al Qaeda."</p>
<p><u>WMD</u> "We are seeking all the facts. Already the Kay Report identified dozens of weapons of mass destruction-related program activities and significant amounts of equipment that Iraq concealed from the United Nations. Had we failed to act, the dictator's weapons of mass destruction programs would continue to this day."</p>	<p>In nearly 10 months, "not a single item has been found in Iraq from a long and classified intelligence list of weapons of mass destruction." David Kay reported that "we have not uncovered evidence that Iraq undertook steps to build nuclear weapons or produce fissile material." He also said there has not been evidence of "mobile biological production efforts" and that "Iraq did not have a large, ongoing, centrally controlled chemical weapons program after 1991."</p>
<p><u>TROOPS</u> "And the men and women of the American military -- they have taken the hardest duty...Many of our troops are listening tonight. And I want you and your families to know: America is proud of you...When you and your friends see a man or woman in uniform, say "thank you."</p>	<p>The Administration has repeatedly tried to reduce basic services to men and women in uniform. It has tried to reduce hostile fire as well as separation pay for the troops and fought efforts by Congress to allow military retirees to collect their full disability pay. Also, critical items, such as effective body armor, Humvees, and helicopter anti-missile systems have been in short supply. The Administration also has launched an assault on military families, consistently trying to limit the benefits that military families and veterans receive from the government, announcing its intent to close commissaries, and considering closing schools.</p>
<p><u>INTERNATIONAL CREDIBILITY</u> "For diplomacy to be effective, words must be credible, and no one can now doubt the word of America."</p>	<p>American claims are very much in doubt, and the President is largely responsible. Last year, the President said that "The British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa." The White House later admitted the claim was inaccurate. In fact, it was removed from a previous speech months earlier by the CIA because of concerns about its accuracy. The primary basis for the claim was a badly forged document.</p>

STATE OF THE UNION: Economy/Jobs/Workers

<p><u>ECONOMY</u> "Because you acted to stimulate our economy with tax relief, this economy is strong."</p>	<p>According to former Treasury Secretary Paul O'Neill, without the tax cuts, "the economy would have still have had 6% real growth." Meanwhile, a new poll shows that more than 4 in 5 Americans said their tax burden had not been eased by Bush's tax cuts. And while the President says the economy is strong, wages are stagnating.</p>
<p><u>JOBS & WAGES</u> "Jobs are on the rise."</p>	<p>While the unemployment rate dropped in December, it only did so because the economy was so bleak that 255,000 of the jobless simply stopped looking for work. Additionally, the jobs that are being created are lower-paying. As the Economic Policy Institute notes, over the past two years, "expanding industries paid \$14.65 per hour, while contracting industries paid \$16.92." Just last month, a U.S. Conference of Mayors report showed new jobs created during the 2004-05 period are forecast to pay an average of \$35,855, much lower than the \$43,629 average pay of jobs lost between 2001-03.</p>
<p><u>WORKER PROTECTIONS</u> "Our agenda for jobs and growth must help small business owners and employees with relief from needless Federal regulation."</p>	<p>This agenda refers to the President's efforts to curb overtime pay, reduce workplace ergonomics protections, and starve the Occupational Safety and Health Administration of its funding.</p>
<p><u>JOB TRAINING</u> "I propose increasing our support for America's fine community colleges, so they can train workers for the industries that are creating the most new jobs."</p>	<p>Over the last three years, Bush has proposed almost \$1 billion in cuts to job training, including a \$300 million (25%) cut to vocational education and community colleges and the total elimination of the \$225 million Youth Opportunities Grants program. Congress obliged the President, eliminating the youth grants, and freezing the funding for federal job training and vocational education.</p>
<p><u>SOCIAL SECURITY</u> "Younger workers should have the opportunity to build a nest egg by saving part of their Social Security taxes in a personal retirement account."</p>	<p>Under the Administration's current plan "workers aged 35 today who retire at age 65 and do not choose the private accounts would have their Social Security benefits reduced 17%" from what they are promised now. Further, for someone born today, "benefits would be 41% lower compared to what current law" promises. Social Security privatization "is risky and involves trading some of today's inflation protected, lifetime guaranteed benefits for an account subject to market risk and not guaranteed to last a lifetime or keep pace with inflation."</p>

STATE OF THE UNION: Budget/Taxes

<p><u>TAXES</u> "The tax relief you passed is working."</p>	<p>The President's tax cuts are not meeting his own stated goals. In April 2003, the White House Counsel of Economic Advisors pledged that the President's "jobs and growth" package would create 1,836,000 new jobs by the end of 2003 as part of its pledge to create 5.5 million new jobs by 2004. But the economy added just 221,000 jobs, meaning the White House has fallen 1,615,000 jobs short of its mark. On top of that, recent growth in GDP is largely unrelated to tax cuts. According to former Treasury Secretary Paul O'Neill, without the tax cuts growth last quarter would still be around 6%. Meanwhile, "fewer than one in five Americans said their tax burden had been eased by Mr. Bush, who has made tax cuts the centerpiece of his economic program."</p>
<p><u>SMALL BUSINESS & TAXES</u> "Unless you act, small businesses will pay higher taxes."</p>	<p>Most small business owners felt little effect from Bush's 2003 tax cut. 82% of tax filers with small business income received less than \$2000 in cuts. 55% got less than \$500, 25% got no tax cut at all. Why is this the case? Less than 5% of those with small business income fall into the top two income brackets.</p>
<p><u>JOBS & TAX CUTS</u> "For the sake of job growth, the tax cuts you passed should be permanent."</p>	<p>Since President Bush's first tax cut in March 2001, the economy has shed more than 2 million jobs. He will be the first president since Herbert Hoover to end his term with a net job loss record. Additionally, the White House Counsel of Economic Advisors pledged that the President's "jobs and growth" package would create 1,836,000 new jobs by the end of 2003 as part of its pledge to create 5.5 million new jobs by 2004. But the economy added 221,000 jobs since the last tax cut went into effect, meaning the White House has fallen 1,615,000 jobs short of their mark.</p>
<p><u>SPENDING</u> "We should limit the burden of government on this economy by acting as good stewards of taxpayer dollars."</p>	<p>The Administration has been lavishing taxpayer dollars on Halliburton, a company which "may have overcharged the government \$61 million on a contract to supply fuel for Iraq," and would have been "overpaid \$67 million in another contract to operate U.S. military mess halls if auditors hadn't questioned the arrangement." The company has received \$2.26 billion in no-bid contracts from the Federal Government for reconstruction in Iraq. But after these revelations surfaced, the White House stripped out a provision from an Iraq spending bill that would have subjected the company and other price gougers to criminal penalties.</p>
<p><u>DEFICIT</u> "We can cut the deficit in half over the next five years."</p>	<p>The President's proposal to cut the deficit in half deliberately "omits a number of likely costs" such as the continued cost of Iraq and its own defense spending plans. All told, he is proposing roughly \$3 trillion in new tax cuts and spending, including \$1 trillion to make his tax cuts permanent, \$1 trillion to privatize Social Security, \$50 billion more for war in Iraq, \$1.5 billion to promote marriage, and a Mars proposal that could cost \$500 billion. The result is that the deficit is predicted to be "in the range of \$500 billion in 2009" – not even near half of what it currently is.</p>

STATE OF THE UNION: Health Care

<p><u>UNINSURED</u> "I ask you to give lower-income Americans a refundable tax credit that would allow millions to buy their own basic health insurance."</p>	<p>The new tax breaks rely on savings, so "the very people who lack the decent health insurance are short of adequate earnings from which to take out savings." Thus, "most of the tax breaks will go to people who don't really need them, while those who rely on genuine help will come up short." And while the President is proposing \$3 trillion in new tax cuts and spending, HHS Secretary Tommy Thompson still insists that health care for all Americans by 2010 is "not realistic."</p>
<p><u>HEALTH CARE COSTS</u> "We must work together to help control those costs and extend the benefits of modern medicine throughout our country."</p>	<p>The President's health care plan provides additional government subsidies to private health insurers that charge unconscionable prices to those who are sick, or refuse to cover them at any price; allows private health insurers to avoid state regulation and have even greater latitude to discriminate against the sick; and guarantees billions of taxpayer money to the pharmaceutical industry while prohibiting the government from negotiating fair prescription drug prices.</p>
<p><u>DRUG DISCOUNT CARDS</u> "Under the law you passed, seniors can choose to receive a drug discount card, saving them 10 to 25 percent off the retail price of most prescription drugs."</p>	<p>Drug discount cards do not guarantee seniors a price discount. "Sponsors of drug discount cards will be allowed to change their prices – and the list of covered drugs – on a weekly basis." The Administration stated, "we have chosen not to establish minimum threshold levels for price concessions."</p>
<p><u>HEALTH CARE SAVINGS ACCOUNT</u> "Millions of Americans will be able to save money tax-free for their medical expenses, in a health savings account."</p>	<p>The creation of "Health Care Savings Accounts" provides an "incentive to shift more costs to workers, who may be asked to 'match' their employer's contribution to a HSA with its high deductibles and high co-payments." Workers "in the higher tax brackets would secure large deductions for deposits into HSAs." As a result, they will "weaken traditional employer-based insurance" and "place older and sicker workers at risk." Experts believe premiums for comprehensive employer-based health insurance could "more than double."</p>
<p><u>REIMPORTATION</u> "Any attempt to limit the choices of our seniors, or to take away their prescription drug coverage under Medicare, will meet my veto."</p>	<p>The Medicare legislation bows to the interests of pharmaceutical companies and prohibits Medicare from using group purchasing power to negotiate the lowest prices for seniors. At the same time, the FDA refuses to allow the reimportation of cheaper medication from Canada, claiming safety concerns. Critics accuse the group of "overstating the health hazards of foreign drugs to help the drug industry defeat legislation legalizing the purchase, or 'reimportation,' of U.S.-made drugs from Canada."</p>

STATE OF THE UNION: Education & Other Priorities

NO CHILD LEFT BEHIND

"I refuse to give up on any child and the No Child Left Behind Act is opening the door of opportunity to all of America's children."

President Bush has repeatedly proposed budgets that drastically underfund his own No Child Left Behind Bill. While he recently announced his support for \$2 billion in funding for disadvantaged and disabled children," this increase comes after [he eliminated \\$1.6 billion](#) in education programs for the poor. All told, Bush has proposed an education budget that leaves a [\\$6.2 billion shortfall for Title I](#) – the main program for disadvantaged students. At the same time, his budget has proposed to cut \$400 million (40%) out of after-school programs, resulting in 485,000 children being thrown off these programs. He also proposed to freeze teacher training grants, meaning a loss of opportunity for 30,000 teachers.

PELL GRANTS

"I propose larger Pell Grants for students who prepare for college with demanding courses in high school."

Using a new formula developed by the Department of Education to calculate eligibility for the Pell Grant "will [eliminate 84,000 students from the Pell program](#) - and will reduce Pell awards to another 1.5 million students." The President's [last budget](#) proposed cutting the maximum Pell Grant from \$4050 to \$4000. Today, "the average Pell grant...has gone from covering 77% of the cost of a four-year public college in 1980 to 40%."

CIVIL LIBERTIES

"Key provisions of the PATRIOT Act are set to expire next year. The terrorist threat will not expire on that schedule. Our law enforcement needs this vital legislation to protect our citizens, you need to renew the PATRIOT Act."

First and foremost, the Justice Department has not presented any evidence that the PATRIOT Act has lead to the [successful prosecution of a single terrorist crime](#). Additionally, before Congress could responsibly extend the PATRIOT Act, it would have to know how it's been used. But Ashcroft himself – despite on multiple, explicit, bi-partisan requests from Congress – [refuses to make straight-forward, unambiguous disclosures](#) about the bill's use. Finally, the Justice Department's own [Inspector General](#) has already found 34 credible complaints of civil liberties violations connected with the Patriot Act. A federal advisory panel headed by Jim Gilmore (the [Gilmore Commission](#)), former Republican Party chairman and Governor of Virginia, issued a report early this morning that sharply criticized the Administration's anti-terror policies. The Gilmore Commission cautioned that "important civil liberties issues must be considered when evaluating measures for combating terrorism."

DRUG TREATMENT

"In my budget, I have proposed new funding to continue our aggressive, community-based strategy to reduce demand for illegal drugs [including] an additional 23 million dollars for schools that want to use drug testing as a tool to save children's lives."

In his FY04 budget, the President proposed cutting funding for the Safe and Drug Free Schools program by \$25 million.