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Networks Doubted Large Surplus Estimates That Bolstered Tax Cut Arguments, But Like These Numbers

When Surplus Shrinks, Punish Taxpayers

Layoffs are rising and economic growth is down to zero, but some in the media want the higher tax rates of the Clinton era restored to avoid even tiny cuts in government spending. The liberals' latest weapon in the spin wars: claims the federal budget surplus has vanished due to Bush's allegedly reckless tax-cutting. "Watch your newspapers this week," ABC's Charles Gibson commanded viewers last Monday on *Good Morning America*. "You'll find that the Democrats are going to be on the warpath, charging the Bush administration with squandering the federal budget surplus."

When the White House released new budget figures on Wednesday, the broadcast networks played along with the idea that the robust \$157 billion tax surplus generated by payroll taxes doesn't count. But those dollars are being spent on general government purposes and bond buy-backs, not being stored in a make-believe "Social Security lock box," (see box).

So instead of being the second largest surplus in U.S. history, it was "the incredible shrinking budget surplus," in anchor John Roberts' words on Wednesday's *CBS Evening News*. While introducing ABC's *World News Tonight* the same day, Elizabeth Vargas pushed the idea that Social Security benefits were in jeopardy: "Gambling with the federal budget surplus, billions of dollars evaporate into thin air. Is your Social Security at risk?"

Crediting Bill Clinton, ABC's White House reporter Terry Moran advised Vargas that "when the Bush administration came into office, they inherited one of the strongest fiscal pictures in a generation. And while today's numbers show the budget is still in surplus, especially counting Social Security, they also show that the situation has deteriorated very, very rapidly."

"You talk about talking straight and tough choices," ABC's George Stephanopoulos mock-lectured Senator John

Edwards (D-NC) on yesterday's *This Week* program. "Are the Democrats prepared to make those same tough choices? You say there's a big problem with the budget this year. Are you prepared...to come forward and say we have to repeal or delay parts of the tax cut to make sure we don't tap the Social Security lock box?"

Pushing the liberal spin to laughable extremes, the latest *Newsweek* "Conventional Wisdom" box gives Bush a down arrow: "Adiós, surplus. When retired boomers dine on dog food, will they say thanks for that \$600?"

Word Games Aside, It's All the Same Money

"As former members of Congress, we are now at liberty to say what most sitting lawmakers dare not: The Social Security Trust Fund is gone. Spent. Used on other functions of government, everything from paper clips to battleships....Today we have a budget surplus and Social Security's excess revenues are being used to retire outstanding debt. Debt reduction is a good thing, but when the bonds in the Social Security Trust Fund come due, they will have to be repaid with real money." — Former U.S. Representatives Tim Penny (D-MN) and Bill Frenzel (R-MN), in the August 22 Washington Times.

The media hand-wringers who are promoting the latest surplus estimates as justifying a repeal of the tax cut were very skeptical of the same forecasters when they were predicting larger surpluses. But as Bruce Bartlett, senior fellow of the National Center for Policy Analysis, points out, the surplus in future years is likely to be very different from that which is forecast now.

"Instead of writing about the 44 percent decline in the surplus since February, for example, the press could just as easily say that there has been a 360 percent increase in the surplus over the past year. This would put a very different face on the issue of what has caused the decline in the surplus, since last year's mid-session estimate included no tax cut," Bartlett wrote in an August 27 column. "It is perfectly obvious to all honest budget analysts that the vast bulk of the lower revenues stems from slower-than-expected [economic] growth." But the latest budget brouhaha isn't about honest analysis, but revoking the tax cut in an effort to save government appropriators from any inconvenience. — Rich Noyes, MRC's *Free Market Project*

L. Brent Bozell III, Publisher; Brent Baker, Rich Noyes, Editors; Jessica Anderson, Brian Boyd, Geoffrey Dickens, Patrick Gregory, Ken Shepherd, Brad Wilmouth, Media Analysts; Kristina Sewell, Research Associate; Liz Swasey, Director of Communications. For the latest liberal media bias, read the *CyberAlert* at www.mrc.org