

Budget for All!

Stop the Cuts · Invest in Jobs · Fair Taxes · End the Wars

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December 5, 2013

Re: Principles for End of Year Budget Deal

Dear Member of Congress:

As work accelerates toward a possible end of the year budget agreement, with the Budget Conference Committee expected to issue its report by Dec. 13, 2013, the undersigned organizations strongly believe that any budget agreement must meet the following key principles:

1. Prevent cuts to Social Security, Medicare, Medicaid, and Veterans benefits, or to housing, food and unemployment assistance;
2. Create and protect jobs by investing in manufacturing, schools, housing, renewable energy, transportation and other public services;
3. Provide new revenues for these purposes and to reduce the long-term federal deficit by closing corporate tax loopholes, ending offshore tax havens, and raising taxes on incomes over \$250,000; and
4. Redirect military spending to these domestic needs by reducing the military budget, ending the war in Afghanistan and bringing U.S. troops home safely now.

These four principles were endorsed in November 2012, when Massachusetts voters in 91 cities and towns approved by a three to one margin the non-binding *Budget for All* referendum. We urge you to push forward budget measures in keeping with the voters' will, and ask that you prevent any agreement or "grand bargain" that does not meet these principles. Any budget agreement must not harm workers, low-income or unemployed people, or others most at risk in this economy.

We ask that Congress repeal the across-the-board budget cuts known as "sequestration", and instead pass a budget that meets these four principles. And if Congress cancels sequestration cuts to defense spending, the same dollar-for-dollar protection must be provided to non-defense discretionary programs. Congress must not simply replace defense sequestration cuts with cuts to non-defense programs.

Over 20 million people are in need of full-time work. According to the Congressional Budget Office, simply repealing sequestration would generate 900,000 jobs over the next year. The four principles we advocate move us in the direction of a full-employment, full recovery economy, while the austerity approach embodied in sequestration threatens a new recession and ensures growing inequality.

We urge you to oppose any cuts in Social Security, Medicaid, or Medicare benefits, including the shifting of health care costs to beneficiaries, keeping in mind that the trust funds for Social Security

and Medicare are utterly unrelated to the deficit. We should be improving Social Security, Medicaid, and Medicare by expanding benefits, not cutting them, because working people and families need more economic security, not less. Any budget agreement must protect essential programs that are vital to low-income families, such as housing, home heating, Head Start, infant nutrition, and education. Such programs increase the likelihood of a full recovery with jobs, and at the same time limit the growing inequality that underlies most of our economy's long-term problems.

Powerful corporations and the rich should pay their fair share of taxes. As a start, we call on Congress to eliminate all tax incentives that encourage companies to ship jobs abroad. Ending these tax subsidies would – by itself – increase investment and employment in the U.S. At the same time, it would generate hundreds of billions in revenue, which could help rebuild our economy without increasing the deficit. Further, a small financial transaction tax on speculation in the stock market would both stabilize our economy and generate revenue to strengthen it. To date, 70 percent of policy or deficit savings have come from budget cuts, with just 30 percent coming from revenues; this rises to a 79-21 split if the sequester remains in place. Increased revenues must play a major role in any budget agreement, or we risk a downward spiral that threatens our fragile recovery.

Any budget agreement must also rein in Pentagon spending. We should end the war in Afghanistan, consistent with the safety of our troops, and shift from spending on outdated, unnecessary weapons to investments in projects that keep us secure and help us prosper. Many military experts say Pentagon cuts could be as high as \$1 trillion to \$1.5 trillion over the next decade without compromising national security. We can shift from spending on outdated, unnecessary weapons to investments in projects that keep us secure and help us prosper. Economists at the University of Massachusetts-Amherst found that public dollars invested in clean energy, health care, and education all create significantly more jobs within the U.S. economy than investing an equivalent amount in the military.

In closing, we urge you to work for budget policies that prioritize the true security of the country by ensuring economic opportunities for all, rather than protecting the wealth and income of a few.

Sincerely,

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