



By Amy Bingham

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## Ron Paul's Economic Plan Eliminates Department of Education and 5 Others



(Manuel Balce Ceneta/AP Photo)

Las Vegas is rapidly becoming the land of job proposals after a second presidential candidate [unveiled his economic plan](#) there today, a day before the city hosts the sixth GOP debate of the 2012 primary cycle.

One month after and less than 10 miles away from the spot where Mitt Romney laid out his [59-point plan](#) to [create 11.5 million jobs](#), his fellow GOP presidential candidate Ron Paul today put forth a plan that would [slash \\$1 trillion](#) from the federal budget in the first term of a Paul presidency.

“I am absolutely convinced this is the only way to prosperity,” Paul said. “If we want jobs we have to get the government out of our way.”

But where Romney’s plan focused on job creation, Paul’s No. 1 goal is reducing the size of the federal government and balancing the budget, which his plan achieves by wiping out five cabinet departments and gutting funding to many others. Paul claims his plan would produce a budget surplus by 2015.

“I would say it’s an economic growth plan and an avoiding of disaster plan,” said Chris Edwards, the editor of the libertarian Cato Institute’s [DownsizingGovernment.org](#). “I don’t think the government is very good at creating jobs, so I don’t think that should be the focus of federal policy.”

Under a Paul presidency the departments of Energy, Education, Housing and Urban Development, Commerce and Interior would cease to exist. Their elimination would slice about \$179 billion from the federal budget and cut about 134,000 federal jobs.

Paul said his plan would not lay people off, but would transfer them to other departments until they retire.

Paul would slash funding for the remaining departments, including a 40 percent cut for the Food and Drug Administration and a 30 percent budget reduction for the EPA. The Department of Defense would see \$832 billion disappear from its budget during Paul’s first term in office, most of which would stem from Paul’s plan to end all foreign wars and foreign aid.

“The ideas that Congressman Paul espouses are not unique to him,” said Richard Parker, a lecturer in public policy at Harvard University’s Kennedy School of Government. “They are kind of standard fare for libertarians.”

Parker said Paul’s plans are aimed more at educating the public about Libertarian policies than laying out a solution that could feasibly get him elected. While Paul is running as a Republican this presidential campaign cycle, as he did in 2008, the Texas congressman campaigned as the Libertarian Party nominee during his 1988 bid for the White House.

“His agenda right now is to get that political philosophy floated,” Parker said, “whereas Romney is cobbling together what needs to be cobbled together to create policies that will assure his election as president of the United States.”

Edwards said he and his colleagues at the Cato Institute have “talked a lot” with Paul in the past about ways to cut government spending. He said Paul’s plan to “cut widely across the board” provides a “menu of options” for the next Republican president.

“[Paul's plan] would change the life of a lot of Americans because unfortunately a lot of Americans now get federal subsidies one way or the other,” Edwards said. “What the federal government does is it takes from one hand and gives back with the other hand so... there would be an adjustment with all of these changes.”

Paul is the only candidate to call for such massive and immediate spending cuts, but on the revenue side of things his plan is quite similar to his GOP rivals. Just as [Herman Cain](#), Michele Bachmann, Newt Gingrich and Jon Huntsman have proposed, Paul calls for eliminating taxes on capital gains and dividends as well as getting rid of the estate tax.

Paul’s plan cuts the corporate tax rate from 35 percent down to 15 percent. Romney wants to [drop the rate](#) to 25 percent, Gingrich said it should be 12.5 percent and Cain would put it at 9 percent.

Paul also eliminates taxes on profits earned overseas and brought back into the country, as would Cain and Romney.

The Joint Committee on Taxation estimates this tax holiday on repatriated profits would give an initial boost to the economy but would cost the federal government \$79 billion over the next decade in lost revenue.

Chuck Marr, the director of federal tax policy at the Center for Budget and Policy Priorities, said a tax holiday for foreign profits, which was temporarily implemented in 2008, is “grossly unfair” because it rewards companies who locate overseas.

“It amounts to a new incentive to shift money overseas,” Marr said. “You’re basically saying to companies overseas that are special don’t have to pay taxes.”