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CBO shows it's Paul Ryan 4, Obama 0 on budget targeting

Congress still sees no winners here

By Stephen Dinan

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Soon after the tea party era began in Congress in 2011, President Obama and House Budget Committee Chairman Paul Ryan each released their budgets, proposing how much the government should tax and spend over the rest of the decade.

Three years into that budget showdown, Mr. Ryan and his Republican colleagues are winning. Government spending has slowed, and Mr. Obama's plans for higher taxes and higher spending have fallen by the wayside.

"The discretionary spending has in fact been driven by Republicans post-2010 clamping down," said Douglas Holtz-Eakin, a former director of the Congressional Budget Office who is now president of the conservative-leaning American Action Forum. "It shows up in the sequester caps and all those things, and it tracks Republicans a lot more closely."

Mr. Ryan's first budget, released soon after he took control of the Budget Committee in 2011, called for the federal government to spend slightly less than \$3.59 trillion this year and take in just under \$3.09 trillion in taxes. In reality, the CBO says the government is poised to spend \$3.52 trillion and collect \$3.03 trillion in 2014, meaning the Wisconsin Republican was off by about \$50 billion or \$60 billion.

In his own budget that year, Mr. Obama said that by 2014 the government should be spending nearly \$4 trillion and taking in \$3.33 trillion in taxes. Both projections are off by hundreds of billions of dollars.

The better track record doesn't mean the Ryan budgets were adopted in full. Indeed, not a single one of his budgets has become law, with the Senate twice refusing to write a companion budget and another time writing a tax and spending plan that was so different from the House Republicans' version that the two sides couldn't reach a reconciliation.

Daniel J. Mitchell, senior fellow at the Cato Institute, said it's tough to say Mr. Ryan's budgets deserve credit for the slower spending. But he said negotiations did produce a "vague proxy for

the Ryan budget" in the form of the sequestration cuts, which have helped push overall spending far lower than Mr. Obama wanted.

"Ever since 2010, spending has been on a much slower growth trajectory. It's not because of the Ryan budget per se, but some of the ideas reflected in the Ryan budget — i.e., don't spend as much — have happened," Mr. Mitchell said.

The White House budget office didn't return a message seeking comment.

Although Republicans have driven the lower spending, Mr. Obama can claim credit for having pushed taxes higher than they otherwise would have been. He held out for an increase in the tax rate for the nation's top earners last year, though the hike was smaller than the one he pushed.

Even on revenue, Mr. Ryan's projections have turned out to be far closer to the actual figure than Mr. Obama's.

Mr. Ryan took his final crack at a budget last week when the House cleared his 2015 plan, which again calls for holding revenue steady while making deep cuts to annual discretionary spending and to entitlement programs such as Medicare and Social Security. Those cuts would bring the budget into balance in 2024.

Mr. Holtz-Eakin said it's remarkable that Mr. Ryan was able to write and pass a budget that reaches balance this year, given the headwinds the Treasury faces.

An analysis by the CBO has concluded that the economy is fundamentally weaker than thought, and that sapped about \$1 trillion in revenue from the agency's projections over the next decade. Mr. Ryan had to make up the difference.

Each of Mr. Ryan's four budgets from 2011 through 2014 have passed relatively easily in the Republican-dominated House. His plans never won over any Democrat but managed to get the support of nearly every Republican.

This year, 12 Republicans defected in the largest show of dissent so far, but the budget passed with room to spare. In 2012 and 2013, Mr. Ryan lost 10 Republicans each time. In 2011, four Republicans dissented.

Mr. Obama's budgets are defeated routinely when put up for test votes by Republicans. His latest plan was defeated by a vote of 413-2 in the House last week, with almost all Democrats dissenting.

In its analysis released Thursday, the CBO said Mr. Obama's 2015 budget includes spending and tax increases to the tune of more than \$1 trillion each.

Mr. Obama's blueprint does stem the trend of rising debt but doesn't reverse it. Indeed, the president's budget would leave annual deficits of about \$500 billion for 2014 and 2015, steadily rising thereafter to reach \$700 billion to \$800 billion a year in the next decade.

In 2024, the CBO projects, Mr. Obama's budget would spend \$5.9 trillion and collect \$5.1 trillion in taxes, for a deficit of \$746 billion. That same year, Mr. Ryan's latest budget would spend \$5 trillion and take in at least \$4.9 trillion in taxes — and could even show a balance, depending on how the economy would respond to his call for a simpler tax code.

Mr. Obama faced criticism this year for rescinding his offer in last year's budget to seek smaller increases in Social Security payments.

Mr. Mitchell, the Cato Institute scholar, said Mr. Ryan's budgets deserve credit for proposing entitlement changes every year.

On the other hand, he said, the Republican's budgets have proposed higher 10-year spending increases each time — from a 2.8 percent increase in Mr. Ryan's first budget, to 3.1 percent the next year, 3.4 percent in the third year and 3.5 percent in his latest document.

"There's been a little bit of slippage," Mr. Mitchell said, though he added that was nitpicking and that the entitlement changes Mr. Ryan defends are far more important to the government's long-term fiscal health.