
What's Worse Than 'Ruinous'?

By **Jacob Sullum** · Wednesday, April 6, 2011

In 2003, Paul Ryan was one of 207 Republicans in the House of Representatives who voted for the Medicare prescription drug benefit championed by President George W. Bush -- a reckless expansion of a huge program that was already heading for bankruptcy. This week, Ryan, who now chairs the House Budget Committee, did partial penance for that budget-busting blunder with a plan that includes ambitious Medicare reforms as well as \$5.8 trillion in spending cuts during the next decade.

At a time when Democrats and Republicans are squabbling over whether to cut \$33 billion or \$61 billion in spending this year -- neither of which would make much of a dent in a deficit that is expected to hit \$1.6 trillion -- Ryan's plan may seem breathtakingly bold. But while it is admirably forthright in some respects, it dodges several important questions. It's too bad there is no opposing party to keep the Republicans fiscally honest.

Compared to President Obama's budget proposal, the Ryan plan is a model of restraint, calling for \$6.2 trillion less in spending and \$4.4 trillion less in new debt over 10 years. Even so, it would not balance the budget until 2040 or so, and it would increase the federal debt, currently about \$14 trillion, to more than \$23 trillion by 2021. As the Cato Institute's Chris Edwards notes, spending continues to rise during the next decade under the Republican plan, albeit at a slower pace than Obama envisions: 34 percent vs. 55 percent.

Ryan proposes making Medicare solvent by changing it, beginning in 2022, from an open-ended entitlement to a system of premium subsidies that the government would pay to private insurance companies. While Democrats predict that retirees would be stuck paying more and more for their coverage as the subsidies failed to keep pace with health care inflation, Ryan argues that competition among medical plans and clearer price signals will help control costs. This is an argument worth having.

Likewise the debate about Medicaid, which Ryan would transform into capped block grants, saving \$750 billion over 10 years while giving states more flexibility in helping low-income families obtain health care. Given Medicaid's unsustainable fiscal path, complaining that Republicans are mean to poor people does not qualify as a counterargument.

When it comes to the third major entitlement program, Social Security, the Ryan plan punts, calling for "common-sense reforms to keep the program solvent" without actually proposing any. It does euphemistically note that the National Commission on Fiscal Responsibility and Reform (on which Ryan served) suggested "a more progressive benefit structure" (i.e., smaller benefits for richer retirees) and "reforms that take account of increases in longevity" (i.e., a higher retirement age). Since Democrats such as Rep. Pete Stark, D-Calif., already are accusing Ryan of seeking to "destroy the Medicare program," it's doubtful they will be the first to speak candidly on the subject of Social Security.

Likewise, people who think reducing spending by less than 2 percent would be "ruinous" (as The New York Times described the \$61 billion in 2011 cuts approved by the House) will need new adjectives to condemn Ryan's impossible dream of returning "non-security discretionary spending" to a level that seemed perfectly adequate three or four years ago.

Democrats who do not like Ryan's mix of cuts should be attacking the "non-security" part of that formulation, since his plan takes only \$78 billion, spread over five years, out of a massively bloated Pentagon budget that far exceeds the resources necessary to defend the country. But this laughably inadequate gesture of restraint tracks what Obama already has proposed.

"Ending corporate welfare," which the Republican plan claims to do, is another potentially fertile area for Democratic counterproposals. Why "reform" agricultural subsidies, for instance, when they should be eliminated entirely? And do Democrats think the Republicans have identified every objectionable business subsidy in the \$3.8 trillion budget?

Ryan has taken a serious stab at fiscal restraint. It deserves a serious response.

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