

Can We Trust the GOP?

The Republicans have retaken the House, but that doesn't mean you should expect the government to get any smaller.

Veronique de Rugy from the February 2011 issue

After two years of absolute Democratic power, many voters hope that the Republicans will restore fiscal sanity to Washington. But a look at the GOP's track record and campaign promises should give us pause.

Historically, Republicans have often been worse spenders than Democrats. Since 1962, they controlled the White House during six of the 10 largest annual percentage increases in real discretionary outlays (see Figure 1). Discretionary spending is the part of the budget that is appropriated every year, as opposed to mandatory spending, which is on autopilot and can only be changed by altering the law behind the programs. For three of the 10 years with the biggest increases in discretionary spending, Republicans controlled Congress as well as the White House.

Figure 2 shows, in inflation-adjusted figures, how much each modern full-term president added to his predecessor's final budget (or to his own, if he was re-elected). By this measurement, Republican George W. Bush outspent everyone. His apologists claim he had no choice but to expand military spending to combat terrorism at home and abroad. But even if you accept that argument, the president also increased domestic spending by massive amounts, including a giant new prescription-drug entitlement, the No Child Left Behind education law, and subsidy-soaked farm and transportation bills. Republican representatives and senators, many of whom were re-elected in 2010, share the blame for these measures: During the first half of 2001 and the 2003–07 period, the GOP maintained full control of both the White House and Congress.

Surprisingly, the data show that military spending is the only major item that Republicans (aside from Reagan) were willing to cut. That was the case under Nixon (who presided over a 30 percent cut), George H.W. Bush (a 14.5 percent cut), and even the Republican Congress that shared power during the second half of Bill Clinton's first term (a 15.3 percent cut). Sadly, there is little chance this Congress will follow suit. In recent months, conservative think tanks have been campaigning to shield the Pentagon from budget reductions.

Republicans didn't rein in spending during the 1990s. With the exception of fiscal year 1996, the Republican revolution grew nonmilitary spending significantly each year.

Will things be different today? Not if we take Republicans at their word. The Pledge to America, released by Republican leaders before the election, supposedly represents their party's plan to create jobs and cut government spending. But the pledge takes military spending off the table, barely proposes any other savings, and makes no attempt to fundamentally reform entitlement spending, the primary driver of spending growth. The incoming speaker, John Boehner (R-Ohio), endorsed more Medicare spending during the campaign, and only a handful of House Republicans have endorsed the long-term plan for balancing the budget proposed by Rep. Paul Ryan (R-Wis.).

This is consistent with their position on Medicare cuts during the recent debate over Obama-Care. When Democrats proposed to reduce the expanding cost of health insurance by cutting spending over the next decade, Republican Party Chairman Michael Steele reacted by denouncing the cuts as a raid on Medicare. That response became a major GOP talking point. So unless they flip-flop on that issue, the Republicans will remain the party of Medicare.

Another way to measure the size of government is to examine the size of its work force. Figure 3 draws on data from the Current Employment Statistics Survey, conducted by the Bureau of Labor Statistics to look at job changes by category from February 2001 (the first full month of Bush's tenure in office) to January 2009 (his last month). Bush's legacy is largely one of government hiring: More than 1.7 million employees were added to the local, state, and federal payrolls during his two terms. (It's fair to give Bush much of the blame for the increase in state and local hires, since it's largely traceable to his No Child Left Behind Act, the general increase in federal education spending, and the new category of homeland security.)

What about trade? According to Daniel Griswold, director of trade policy at the libertarian Cato Institute, "the incoming GOP House leaders, presumptive Speaker John Boehner of Ohio, Majority Leader Eric Cantor of Virginia, and Ways and Means Committee Chair David Camp of Michigan, have all voted more than two-thirds of the time for lower trade barriers." But in his 2005 book *Impostor: How George W. Bush Bankrupted America and Betrayed the Reagan Legacy* (Doubleday), the former Treasury economist Bruce Bartlett makes a convincing case that Bush and the Bush-era Republican Congress were terrible on trade, pointing to their support for farm subsidies and import barriers that benefit politically influential groups such as sugar, rice, cotton, and corn producers.

It is even harder to claim that deregulation took place during the Bush years. Inflation-adjusted expenditures on regulatory agencies show a consistent upward movement for the last 10 years. While a popular narrative holds that the present economic crisis was preceded by a wave of financial deregulation, spending on finance and banking regulations rose by 26 percent during the Bush years.

In light of that track record, it's hard to believe that the new Congress will seriously address our financial troubles. The next two years should give it ample opportunity to prove me wrong.

Contributing Editor Veronique de Rugy is a senior research fellow at the Mercatus Center at George Mason University.