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Gang of Six gambit revives spending shell game

Thomas Lifson

The combined forces of Democrats, the liberal media, and squishy Republicans are working to stampede Republicans into ratifying the expansion of the federal government from an average of under 20% of GDP up to 25%, where it stands after two and a half years of Obama. This is being done in the guise of the Gang of Six Plan (summary [here](#)), based on the Simpson-Bowles Commission, whose work was snubbed by President Obama when it was delivered several months ago.

The script being played out today is by now familiar in the age of Obama. Rather than confront problems in a timely manner, Obama waits until a crisis looms, scare-mongers about a nonexistent "crisis" (in this case, alleged "default" even though there is sufficient federal revenue to service debt and cover Social Security and Defense), and seeks to stampede Republicans into a "compromise" in which they provide real and immediate concessions in return for vague promises of something good happening sometime in the future.

The Gang claims "savings" of \$3.7 trillion over ten years, but Sen. Jeff Sessions, who has seen the plan scores the actual cuts at 1.2 trillion. But "savings" promised beyond the current Congress are meaningless, since no Congress can obligate a future Congress's ability to spend (or do anything else). In return, they are asked to buy into higher taxes, many of them in the form of "tax reform" eliminating "loopholes" such as the mortgage interest deduction. (If you think housing prices have crashed, just wait until mortgages are no longer deductible. I can think of no better way to further devastate the residential construction industry and the personal wealth of the middle class.)

[Daniel Mitchell](#) of Cato provides a guide what the GOP is being asked to accept as "compromise." Some key points (read the whole thing):

- The entire package is based on [dishonest Washington budget math](#). Spending increases under the plan, but the politicians claim to be cutting spending because the budget didn't grow even faster.
- Speaking of spending, why is there no information, anywhere in the summary document, showing how big government will be five years from now? Ten years from now? The perhaps-all-too-convenient absence of this critical information should set off alarm bells.
- There's a back-door scheme to change the consumer price index in such a way as to reduce expenditures (i.e., smaller cost-of-living-adjustments) and increase tax revenue (i.e., smaller adjustments in tax brackets and personal exemptions). The current CPI may be flawed, but it would be far better to give the Bureau of Labor Statistics further authority, if necessary, to make changes. A politically imposed change seems like nothing more than a ruse to impose a hidden tax hike.
- A requirement that the internal revenue code maintain the existing bias against investors, entrepreneurs, small business owners, and other upper-income taxpayers. This "progressivity" mandate implies very bad things for the double taxation of dividends and capital gains.

This quick analysis leaves many questions unanswered. I particularly look forward to getting information on the following:

- 1. How fast will discretionary spending rise or fall under the caps? Will this be like the caps following the 1990 tax-hike deal, which were akin to 60-mph speed limits in a school zone? Or will the caps actually reduce spending, erasing the [massive increase in discretionary spending of the Bush-Obama years](#)?
- 2. What does it mean to promise Social Security reform "if and only if the comprehensive deficit reduction bill has already received 60 votes." Who defines reform? And why does the reform have to focus on "75-year" solvency, apparently to the exclusion of [giving younger workers access to a better and](#)

- [more stable system?](#)
- 3. Will federal spending under the plan shrink back down to the [historical average of 20 percent of GDP?](#) And why aren't those numbers in the summary? The document contains information of deficits and debt, but [those figures are just the symptoms of excessive spending.](#) Why aren't we being shown the data that really matters?

Like Lucy van Pelt urging Charlie Brown to kick the football one more time, the media-Democrat complex promises that this time they will follow through with real spending cuts -- in a future Congress. Are Republicans going to be content to play the Charlie Brown role once more?

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