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The GOP Is Clearly Not Serious about Cutting Down Spending

Submitted by Tad DeHaven on Fri, 06/05/2009 - 12:04

Cato Budget Analyst Tad DeHaven says Republicans still aren't serious about the budget. This is a major problem. I don't think it's so much a lack of "courage" as it is a lack of ideas. Republicans just don't have a vision for how a smaller government could be better, and how to get from here to there through the political process. DeHaven's points are correct. - Jon Henke

A month ago, President Obama issued a list of proposed spending cuts that I dismissed as "unserious" (<http://www.cato-at-liberty.org/2009/05/07/taxpayers-deserve-better-from-the-president/>), due to the fact that they were trivial when compared to his proposed spending and debt increases. Yesterday, the House Republican leadership released [a list of proposed spending cuts](http://republicanwhip.house.gov/newsroom/6.4.09%20Budget%20Savings%20Proposal.pdf) (<http://republicanwhip.house.gov/newsroom/6.4.09%20Budget%20Savings%20Proposal.pdf>).

I'd love to say I'm impressed, but I can't.

Both proposals indicate that neither side of the aisle grasps the severity of the country's ugly fiscal situation, or at least has the guts to do anything concrete about it.

The GOP proposal claims savings of more than \$375 billion over five years, the bulk of which (\$317 billion) would come from holding non-defense discretionary spending increases to no more than inflation over the next five years.

First, it should be cut — period. Second, non-defense discretionary spending only amounts to about 17% of all the money the federal government spends in a year, so singling out this pot of money misses the bigger picture. At least, defense spending, which is almost entirely discretionary, should be included in any cap. But it has become an article of faith in the Republican Party that **reining in defense spending** (http://www.cato.org/pub_display.php?pub_id=10152) is tantamount to putting a white flag in the Statue of Liberty's hand.

The second biggest chunk of savings would come from directing \$45 billion in repaid TARP funds to deficit reduction instead of allowing the money to be used for further bailing out. That's a sound idea as far it goes, but I can't help but point out that the signatories to the document, **House Republican Leader John Boehner and Minority Whip Eric Cantor, voted for the original \$700 billion TARP bailout**. Proposing to rescind the Treasury's power to release the remaining funds, about \$300 billion I believe, should have been included.

According to the proposal, the rest of the cuts and savings comes out to around \$25 billion over five years. Like the specific cuts in the president's proposal, they're all good cuts. But the president detailed \$17 billion in cuts for one year and I generously called it "measly." What am I to call the House Republican leadership specifying \$5 billion a year in cuts?

Take for example, proposed cuts to the Department of Housing and Urban Development (HUD), which is likely to spend around \$65 billion this year. Having recently spent a couple months analyzing HUD's past and present, I can state unequivocally that it's one of the sorriest bureaucracies the world has ever seen. Yet, the House Republican leadership comes up with only one proposed elimination: a \$300,000 a year program that gives "\$25,000 stipends for 12 students completing their doctoral dissertation on issues related to housing and urban development." The only other proposed cut to HUD would be \$1.7 billion over five years to the Community Development Block Grant (CDBG) program. This notoriously wasteful program is projected to spend over \$8 billion this year alone. Eliminate it!

The spending cuts the country needs must be substantial, serious, and put forward in the spirit of recognizing that the federal government's role in our lives must be downsized. Half-measures are not enough, and from the Republican House leadership, wholly insufficient for winning back the support of limited-government voters who have come to associate the GOP with runaway spending and debt. For a more substantive guide to cutting federal spending, policymakers should start with Cato's *Handbook* [chapter on the subject](http://www.cato.org/pubs/handbook/hb111/hb111-4.pdf) (<http://www.cato.org/pubs/handbook/hb111/hb111-4.pdf>).

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