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John David Dyche | Rand Paul's balanced budget

Written by

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Rand Paul for president? If Kentucky's junior senator seeks America's highest office he can campaign as the only contender in the current Republican field with an actual plan for balancing the federal budget.

As a candidate, Paul promised to offer a one-year balanced budget plan. If this failed, he said he would "offer two-, three-, four- and five-year balanced budget plans."

Now a senator, Paul has opened instead with a five-year plan which, if not precisely a promise kept, is no small accomplishment nonetheless. It is posted at <http://campaignforliberty.com/materials/RandBudget.pdf>.

Unlike the bipartisan National Commission on Fiscal Responsibility and Reform's plan, Paul's achieves actual balance, including interest payments, and raises no taxes.

The courageous Kentuckian's budget compares favorably to President Obama's pathetic recent offering. Paul even projects a small surplus in 2016, whereas Obama's

forecasts a deficit the Congressional Budget Office puts at \$894 billion.

Paul posits federal spending of 18 percent of gross domestic product in 2016. Obama has it around 23 percent. Even accepting Obama's dubious numbers, Paul's plan produces \$3 trillion less national debt over the period.

Other balanced budget proposals are merely mathematical. Paul's represents a return to the fundamental constitutional foundation that the federal government is one of enumerated and limited powers.

He eliminates "four unconstitutional departments": Commerce, Housing and Urban Development, Energy and Education.

Paul also explains why balanced budgets matter in practical terms. By "crowding out" capital required to finance more productive investment, debt and deficit "result in lower economic output and incomes in the long-run, leading to a lower standard of living for future generations."

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He shrinks non-military discretionary spending to pre-Obama 2008 levels, repeals “Obamacare,” and ends redistributive payments like the earned income or child tax credits.

Surprisingly, Paul purports to pull off his balancing act without touching the bottom line on entitlements — the place where other plans seek considerable savings.

He would convert Medicaid to a block grant program to give cash-strapped states desperately needed flexibility and asks congressional committees for plans to achieve 75 years of Social Security and Medicaid solvency.

Paul suggests reducing Social Security benefits for wealthier citizens and raising the retirement age. He seems to support making Medicare a voucher program giving participants money to buy private insurance.

But, in a bow to political reality, there are no actual entitlement cuts for critics to demagogue.

On defense, Paul honors Obama's pre-Libya war funding requests for two years, but then gets out of Afghanistan and Iraq altogether. He otherwise cuts military spending 6 percent next year while reducing America's military footprint around the world.

Paul ends all foreign aid, much of which he claims supports adversaries and “the world's worst dictators.” He zeroes out aid

to Israel, too, saying the important ally will thus be freed from “the heavy hand of U.S. interests and policies.”

The CBO has not yet crunched Paul's numbers. And barring a fiscal crisis à la Greece, Ireland and Portugal (which is certainly not out of the question), there is no chance his plan will become law before the 2012 elections.

Still, Paul's proposal is a courageous and important contribution to the public debate and a praiseworthy display of political accountability. Is it enough to make him a serious presidential prospect?

Probably not. After Obama, America is unlikely to gamble again on a novice legislator lacking executive experience.

But Paul's frank recognition of the harsh fiscal realities facing America is in tune with rising public sentiment. That gives him power to influence the presidential process and result in the right direction.

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John Samples, a native Kentuckian now at the libertarian Cato Institute and author of the exhaustively researched book *The Struggle to Limit Government*, says Paul is “betting voters care more about fiscal responsibility than government largesse.”

Samples notes that few in Washington share Paul's faith in the voters, but adds, “If he wins this bet, there will be no limits on his political career.”

John David Dyche is a Louisville attorney who writes a political column on alternating Tuesdays in Forum. His views are his own, not those of the law firm in which he practices. Read him online at www.courier-journal.com; email: jddyche@yahoo.com.

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