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GOP leaders lack concrete plans to reduce debt

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(08-10) 04:00 PDT Washington -- House Republican leaders sent their members a new weapon last week for their summer campaign to win back the House: a slick, 15-page document called "Tread Boldly" that demands an end to Washington's "reckless spending binge."

Former President Teddy Roosevelt graces the cover, along with photos of conservative icons Margaret Thatcher, Dwight Eisenhower, Lech Walesa, Jack Kemp, Winston Churchill and, in the smallest photo, Ronald Reagan, above the declaration, "Solutions, Hard Work and No Regrets."

But inside, boldness is hard to find.

Among the ideas for reducing the nation's \$13 trillion debt (misabeled "deficit" in the pamphlet) is a call to "eliminate unnecessary and duplicative federal programs," a well-worn bullet point that fails to name any such program. Others, such as canceling what's left of the bank rescue and President Obama's stimulus in addition to freezing federal hiring, are slightly more specific but yield sums nowhere near what's necessary to tame the rising debt.

The document calls for extending \$3.1 trillion in expiring Bush administration tax cuts, the vast majority of which Obama and Democratic leaders wholeheartedly embrace, except for the tax cuts for high earners. Defense spending, which has more than doubled since 2001, dwarfing every other budget category, goes unmentioned. The most telling omission is Medicare, the jet engine of U.S. deficits.

Few serious efforts

"Republicans don't have a plan" to cut spending, said Veronique de Rugy, an economist and budget expert at George Mason University's Mercatus Center and a conservative think-tank veteran. "I don't want to even say they've given up on free-market ideas, because that would be too nice to them."

Not that Democrats have a serious plan. They are mainly counting on Obama's deficit reduction commission, whose report is due Dec. 1, after the November elections. Insiders are growing increasingly pessimistic that the commission will be able to reach an agreement.

"I've not heard anybody close to the situation express any great optimism," said Isabel Sawhill, a

budget scholar at the center-left Brookings Institution. "Neither party has been very responsible in terms of coming up with a solution."

It's not that no Republicans are serious about spending cuts. It's that Republican leaders are explicitly shunning the boldest of them.

Rep. Paul Ryan, the Wisconsin Republican who would chair the House Budget Committee if Republicans were to take control in Congress, has a very bold plan.

The "Ryan Roadmap" would radically redesign Medicare and the tax code, sharply cranking down all spending and taxes. Private accounts would be added to Social Security. For those younger than 55, Medicare would be changed to an individual voucher to buy health insurance, transforming the program from a defined-benefit to a defined-contribution program where individuals assume more risk and the government can control the amount it spends.

The Ryan Roadmap amounts to a free-market declaration, what Ryan calls "a comprehensive alternative to the heavily government-centered ideology now prevailing in Washington."

"He's sort of out there by himself," said UC Berkeley economist and budget expert Alan Auerbach. "But he certainly put forward a serious proposal. It's pretty radical, but it's definitely detailed and serious."

Sacred budget cows

GOP leaders, by contrast, ruled cuts to Medicare off the table in this year's health care debate by eviscerating Democrats for trimming the program to pay for health care to the uninsured and casting themselves as protectors of seniors. Republican leaders have similarly ruled the defense budget and tax increases off limits, ensuring that the debt would continue to soar should they assume power.

They have ignored a bipartisan plan to slash military spending by almost \$1 trillion over the next decade. Among other things, the proposal by Reps. Barney Frank, D-Mass., and Ron Paul, R-Texas, would remove thousands of U.S. troops stationed in Japan and Germany since World War II, arguing that the United States is subsidizing its rich allies.

The Frank-Paul proposal, called "Debt, Deficits & Defense," argues that the defense budget has grown so large that it is weakening U.S. security by endangering the country's economy.

"That's the type of idea I don't see any reason why conservative Republicans couldn't get on board supporting," said Chris Edwards, director of tax policy at the libertarian Cato Institute.

On Monday, Defense Secretary Robert Gates, who began that job under President George W. Bush

in 2006, called for cutting military spending by \$100 billion in the next five years because the nation no longer can afford the military budgets approved since the Sept. 11, 2001, terrorist attacks, he said.

Postwar records

Republican concern about the debt is well placed. There is no dispute among budget analysts that long-term structural U.S. deficits and debt - outside of the natural short-term rise that is a product of a brutal financial crisis and recession - is a daunting problem, perhaps the largest domestic challenge Americans now face.

According to Auerbach of UC Berkeley, the Obama administration budget plan calls for \$9 trillion in deficits for the next decade, raising the debt to 90 percent of the national income by 2020, a record high since World War II. Federal spending would reach 25 percent of the national income, another post-World War II high, and interest payments would hit an all-time record in just 10 years, growing larger than the defense budget and all other discretionary spending.

Less than two weeks ago, the Congressional Budget Office warned of an impending debt crisis if the budget remains on its current course. Real remedies to reduce the debt are far more severe than either party acknowledges.

"If you eliminated all the Bush tax cuts, if you withdrew from Iraq and Afghanistan tomorrow, if you eliminated foreign aid, and if you eliminated all spending associated with congressional earmarks - the populist things - it's about 15 percent of the problem," said David Walker, former U.S. comptroller and head of the Peter G. Peterson Foundation, which raises alarms about the nation's debt.

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