You are currently viewing the printable version of this article, to return to the normal page, please click here.

# The Washington Times

## Pawlenty proposes deep cuts in federal spending, tax rates

4 Comments and 5 Reactions |     Tweet |     Share | Print |     Email |     More     Like

By Seth McLaughlin

-

The Washington Times

7:25 p.m., Tuesday, June 7, 2011

Republican presidential contender Tim Pawlenty rolled out his plan to boost economic growth Tuesday, calling on Congress to dramatically alter the nation's tax system and to enact sweeping cuts in federal spending - all part of hi broader push to woo conservatives in the party primaries.

The former Minnesota governor also set a goal of averaging sustained economic growth of 5 percent a year over th next decade - something that hasn't been achieved in the past six decades - and he said that would help make up th lost revenue from his proposed tax cuts.

Speaking at the University of Chicago, Mr. Pawlenty said that the corporate-tax rate should be slashed by more tha half and individual tax rates should be squeezed into two brackets - 25 percent for those making $50,000 or more a year and 10 percent for those making less. He said taxes on capital gains and dividends should be scrapped, along with the estate tax.

"Once we unleash the creative energy of America's businesses, families and individuals - as we did in the '80s and '90s - a booming job market will reduce demand for government assistance, and rising incomes will increase feder revenues," he said.

On the spending side, Mr. Pawlenty said Congress and the president should slow the rate of growth in defense spending and cut 5 percent from the bottom-line spending total. He also embraced a balance budget constitutional amendment, a proposal that repeatedly has failed to clear Congress, but which he said could help limit annual federal spending to about 18 percent of gross domestic product.

He said the moves could put the country on course to reach his "goal" of 5 percent annual revenue growth.

But it's unclear whether his plan is realistic and how such a dramatic dip in tax revenues would affect the national deficit, which is projected to reach about $1.6 trillion this year.

Mr. Pawlenty's sole revenue increase comes from ending "special-interest handouts, carveouts, subsidies and loopholes" to corporations. He said the savings could help cover the cost of slicing the corporate-tax rate to 15 percent from 35 percent. The plan, however, doesn't take away any individual tax exemptions, such as the popular mortgage-interest deduction - a strategy that President Obama's deficit reduction commission recommended last year as a way to offset the revenue lost by reducing individual tax rates.

On Tuesday, Rep. Debbie Wasserman Schultz of Florida, the new chairwoman of the Democratic National Committee, said Mr. Pawlenty's plan is a "prescription for economic disaster."

"Mr. Pawlenty would take the Republican policies of the last decade, which exploded our deficit and debt and

nearly sank our economy into a second Great Depression, and inject them with steroids," she said.

Budget hawks said his plan will need to include deeper spending cuts.

"If Tim Pawlenty expects to be taken seriously with his plan for cutting government spending, he can't leave the military budget off the table," said the Cato Institute's Christopher Preble. "The Pentagon's budget has practically doubled over the last decade."

But Chris Chocola, president of the Club for Growth, an influential anti-tax group, defended Mr. Pawlenty's proposal as "strong, pro-growth tax and budget reforms that will spur economic growth and create jobs."

"He is exactly right in calling for cleaning up the tax code by instituting flatter tax rates and eliminating tax loopholes and giveaways," Mr. Chocola said, applauding his push for a balanced budget amendment. "His support for cutting the corporate tax rate, eliminating the capital-gains tax and dividend tax is outstanding."