

Ryan's budget plan lacks seriousness

Joe Feuerherd | Apr. 6, 2011 NCR Today

The members of Congress sat around an ornate table in a small room just feet from the House Floor; we lowly staff members -- and at age 23 I was the lowliest -- on chairs along the wall.

It was 1986, the era of "Gramm-Rudman-Hollings" -- the bipartisan budget legislation that was supposed to contain the deficits which Ronald Reagan's budget director, David Stockman, acknowledged would continue for "as long as the eye can see."

Stockman turned out to be wrong. Between 1983-1998, a Democratic Congress worked its will on Reagan's budgets, George H.W. Bush famously reversed his "no new taxes" pledge, quirky Ross Perot organized an impassioned portion of the citizenry, and Bill Clinton and the moderate Democrats he empowered (Robert Rubin, Leon Panetta, Lloyd Bentsen) along with Newt Gingrich and his Republican colleagues in the House, limited government spending. The result was not just a steady year-by-year reduction in the deficit, but a balanced budget and then, amazingly enough, a surplus.

As messy as it was, the process also provided a civics lesson. Yes, Congress and the President can identify and ultimately repair the nation's most pressing problems. Sure, it took some time, but the trends were clear and sharp observers saw it coming. (What they did not see coming were George W. Bush's budget-busting tax cuts, which put us in the fix we're in now.)

It was with this in mind that I read Rep. Paul Ryan's (R-WI) [**"Path to Prosperity: Restoring America's Promise."**](#)^[1]

It is part call to arms ("This generation's defining moment has arrived") and part Washington wonkfest ("CBO's expected cost for this new authority is \$26 billion, although CBO Director Douglas Elmendorf recently testified that 'the cost of the program will depend on future economic and financial events that are inherently unpredictable.'") What it is not, however, is a serious proposal to get today's deficits under control.

The lynchpin of Ryan's plan is the repeal of last year's health care reform bill. That is simply not going to happen.

Likewise, Ryan aims to repeal the single-payer Medicare program and replace it with vouchers that seniors can use to purchase insurance in the private market. Medicare is, of course, socialism that America's seniors have learned to love. The prospects of such a radical restructuring -- one that will result in less and more expensive care for the elderly -- are nearly zero. It is not going to happen.

Meanwhile, Medicaid, the program that provides health care to poor Americans, would be chopped \$750 million over a decade with the states left to administer the remains of a hobbled program.

The incentives in the Medicaid program, says the Ryan plan, "encourage states to expand the program beyond

those who are truly in need." Of course, states have been dramatically cutting Medicaid over the past several years, so the "incentives" seem quite the opposite, a fact the Ryan plan also acknowledges.

"It is often the case that their [states?] only option is to impose across-the-board reductions in reimbursements to doctors, which leave many doctors unwilling to see Medicaid patients."

The nation's governors, already facing the most daunting budget challenges since the Great Depression, will fight the plan to convert Medicaid to a block grant. They are likely to win.

Social Security goes untouched, left for another day. The "third rail" of American politics, it seems, still sings.

Ryan's proposal declares that trying to generate more revenue from the wealthiest Americans is a lost cause: "Nor can the government solve this problem just by raising the top individual tax rates."

But Robert Reich, former Labor Secretary in the Clinton Administration, has a different view.

"Here's the truth: The only way America can reduce the long-term budget deficit, maintain vital services, protect Social Security and Medicare, invest more in education and infrastructure, and not raise taxes on the working middle class is by raising taxes on the super rich," Reich wrote in an [April 4 column](#)[2].

He continues: "If the rich were taxed at the same rates they were half a century ago, they'd be paying in over \$350 billion more this year alone, which translates into trillions over the next decade. That's enough to accomplish everything the nation needs while also reducing future deficits."

Any budget plan that refuses to consider higher taxes on those most able to bear that burden is, on its face, not serious about closing the budget gap.

Rather than target those most able to contribute, the Ryan plan targets those least able to sacrifice.

Ryan's budget seeks "to ensure that America's safety net does not become a hammock that lulls able-bodied citizens into lives of complacency and dependency."

Lest we be lulled, "This budget starts to restore spending discipline to a government that badly needs it by returning non-security discretionary spending to well below 2008 levels."

Of course "non-security discretionary spending" is a euphemism for programs -- housing assistance, veteran's aid, education, transportation needs and more -- targeted in the current budget battle that threatens to shut down the government. Perhaps Republican budget cutters will have the tenacity to target these programs yet again, and again, and again, year after year after year, but do not bet on their ultimate success.

Military spending, meanwhile, is left untouched beyond the \$178 billion already highlighted by Defense Secretary Robert Gates.

The bad news is that Ryan has chosen to issue a political manifesto rather than a practical plan to tackle the deficit. It is an opportunity missed.

The good news is that, like 1986, there are plenty of serious minded members of Congress and the administration who are committed to putting the U.S. on a sound fiscal basis.

It will take a decade or more for the U.S. to get out of this mess.

The real question is whether the serious people will prevail, as they did in the 1980s and 90s, or whether the Tea Party crowd and their fellow travelers will carry the day.

I'm betting on the former, if only because the latter is almost unfathomable.

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[1] <http://budget.house.gov/>

[2] <http://robertreich.org/>