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Republican Record Backs Spending Cuts

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GOP numbers over 30 years prove fiscal superiority

Will the Republicans really reduce spending if they gain control of Congress? The Republicans have promised to cut spending rather than increase taxes. Their first test may come as early as Dec. 1, when the National Commission on Fiscal Responsibility and Reform (better known as President Obama's deficit-reduction commission) is due to report. The betting is that the commission will recommend a ratio of something close to \$3 of spending reduction for each \$1 of tax increase. Does this make any sense, and will the Republicans buy into it?

Increasing taxes to solve a problem of excess spending is a fool's journey. The vast majority of studies on the optimum size of government show that the U.S. government already is too large to maximize economic growth and national welfare. So why then would it make sense to increase taxes, which will reduce the economic growth rate and lead to higher rates of unemployment, which, in turn, increases the pressure on politicians to spend more? The left and much of the establishment press will claim the commission has come up with a fair and balanced compromise - while failing to note that just cutting government spending would give superior results. There will be the normal anguished cries that all the spending is necessary and that cuts are impossible - all untrue, of course.

Republicans will be under great pressure from the media to sign on to the tax increases in exchange for the spending cuts. In the early 1980s, President Reagan became party to a similar deal - accepting a small tax increase for a large promised spending cut. The Democrats who controlled Congress at the time delivered the tax increase but not the spending cuts.

Knowing this history and to show that they are serious, the Republicans will need to stand up and say "no" to the commission's recommendations, which will not be unanimous because there are several serious Republican members on the commission. Given that for the first time the Democrats have failed to pass a budget and much of government spending will be in the form of a continuing resolution, Republicans will be faced with a number of budget decisions early in the new year. If Mr. Obama vetoes those spending bills on the basis that they do

not spend enough, a major confrontation will occur, and it will be interesting to see if the Republicans are smarter about it this time than they were in 1995, when President Clinton accused them of shutting down the government.

Democrats have controlled Congress for 12 of the past 30 years and Republicans for 11. During the other seven years, one party controlled one House of Congress and the other party the other. As can be seen in the accompanying chart, the years when Republicans were in control, government spending was about 10 percent less on average than during the years the Democrats were in control. And as I showed in last week's column, for the past 30 years, average deficits as a percentage of gross domestic product (GDP) under the Republicans were about one-fourth of what they were under the Democrats. As a result, congressional Republicans in general can make the legitimate claim that they have been more fiscally responsible than the Democrats and that they are the party of smaller government.

Fiscal Responsibility (1981-2010)		
Party in control	Average Fed. Govt. Spending as a % of GDP	Governors' average rating
Democrats	21.8	47 (D)
Republican	19.5	56 (B)

This past week, the Cato Institute issued its annual Fiscal Policy Report Card on America's Governors: 2010. The author of the report, Chris Edwards, wrote that the report "uses statistical data to grade the governors on their taxing and spending records - governors who have cut taxes and spending the most receive the highest grades, while those who have increased taxes and spending the most receive the lowest grades. Of the four governors who received an A grade, three were Republicans - Mark Sanford of South Carolina, Bobby Jindal of Louisiana, Tim Pawlenty of Minnesota - and one was Democrat Joe Manchin of West Virginia. Of the seven governors receiving an F grade, six were Democrats - Christine Gregoire of Washington, James E. Doyle of Wisconsin, Bill Ritter Jr. of Colorado, Pat Quinn of Illinois, David Paterson of New York, and Theodore R. Kulongoski of Oregon - and one was Republican M. Jodi Rell of Connecticut. Overall, the Republicans, with a B average, scored much higher than the Democrats, with a D average. Again, the Republicans can legitimately claim they are more fiscally responsible than the Democrats, based on past behavior.

The real reason for some optimism on the spending front is that if Republicans do take the House, the new budget chairman is likely to be Paul Ryan, the brilliant young congressman from Wisconsin, one of the "young guns." Mr. Ryan has distinguished himself by being the only member of Congress to develop a comprehensive budget plan that also deals with the entitlement programs. Mr.

Ryan's "road map" eventually stabilizes spending at about 19 percent of GDP, which will provide balanced budgets without a tax increase or draconian spending cuts. The budget-cutting young guns will be in a fierce battle with the old big-spending Republicans led by Rep. Jerry Lewis of California, who is in line to be chairman of the Appropriations Committee. The country wins if the young guns win.

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