GOP is now the party of fiscal irresponsibility

Once upon a time, the Republicans were the party of fiscal responsibility and sound economics, with their eyes always on the Federal budget bottom line. The Democrats were the big deficit spenders. Their compassion sometimes overwhelmed their budget common sense.

It is well past time to put that fairy tale to rest. The experience of the Bush presidency and what we have learned about the Romney-Ryan budget plans make it abundantly clear that the times have changed. The Republicans are now advocates of economic policies that will blow up the debt and hamstring the government.

President Bush inherited not only a booming economy but also a Federal budget surplus, courtesy of President Clinton. When he took office, the non-partisan Congressional Budget Office (CBO) projected a cumulative Federal budget surplus through 2008 of $3.5 trillion, assuming tax and spending policies were unchanged.

President Bush squandered that surplus with a huge tax cut and two unfunded wars, plus an unfunded increase in Medicare spending for prescription drugs for seniors. According to the CBO, the tax cuts alone added $1.6 trillion to the national debt. His mismanagement of the economy, most notably the lack of financial sector oversight, allowed the recession to add another $300-plus billion to the deficit. His administration is responsible, either directly or indirectly, for the lion’s share of today’s budget deficit.

Since the beginning of the Obama administration, the Republicans have consistently put their own narrow party interests ahead of the well-being of American families. Just weeks after President Obama’s inauguration and in the midst of the financial meltdown, the Republicans in both the House and Senate joined ranks to almost unanimously oppose the President’s stimulus package. They like to claim the stimulus was a failure, but every serious economic analysis shows that it kept the unemployment rate at least two full percentage points below what it would have been and helped keep teachers in the classroom and police on the street.

Since the midterm elections in 2010, the Republicans have used their control of the House and their filibuster power in the Senate to prevent any consideration of the President’s economic proposals, to bring the government to the brink of default and impair its credit rating, and to scuttle a grand bargain to reduce the debt that President Obama had agreed to. Responsibility for the slowing pace of economic recovery since then rests squarely with the GOP.

Now we can look at the Romney-Ryan economic proposals to see what they have in store for us. The simple answer is more of the same.

Gov. Romney has proposed substantial reductions in Federal tax rates with no statement at all about how he will offset the lost revenues except for vague allusions about closing loopholes. A recent study by the widely-respected Tax Policy Center examined the proposal under the most favorable light possible. Even assuming that widely-used and popular deductions for such things as charitable giving and home ownership would be eliminated — something that is very unlikely politically — they found that it was arithmetically impossible to lower tax rates without either increasing taxes on the middle class or increasing the deficit.

Rep. Ryan has earned a reputation as a serious thinker about the budget, but on closer inspection his proposals are even worse.

The Tax Policy Center estimated that his proposed tax cuts for wealthy Americans and corporations would increase the federal debt by $4.6 trillion over the next decade relative to current policy.

Despite his repeated promise to “not duck the hard issues,” he has done exactly that by not identifying the expenditure cuts he plans in order to offset the huge revenue loss. He has announced budget cuts of only $1.7 trillion, primarily for Medicaid and Medicare, so for the moment his plan increases the debt by $2.9 trillion. And, yes, his Medicare budget cut includes the same $716 billion cut that he criticized President Obama for (and which is not, in fact, a cut in Medicare benefits at all).

In fact, Ryan intends to reduce government spending severely. But the spending targets he proposes are so extreme that they could never be adopted — and never should be. He plans to reduce Federal spending on everything (defense included) other than Social Security and health care from 12.5 percent of GDP in 2011 to 5.75 percent in 2030 and 3.75 percent in 2050.

To put this in perspective, spending in these areas has never been lower than 8 percent in any year since World War II and defense spending alone has never been lower than 3 percent. These spending cuts, which are the result of his insistence on reducing tax rates for the wealthy, are so Draconian that Americans would certainly find that many of the basic services they require from the government would no longer be available.

By taking tax increases off the table, the Romney-Ryan ticket and the Republican Party have made solving the debt crisis all but impossible. Every realistic seasoned budget analyst knows that some combination of budget cuts and tax increases — shared sacrifice — is necessary. And in a time when our economy is generating a degree of income inequality unseen since the Great Depression, asking the wealthiest Americans to shoulder a slightly higher share of the tax burden is neither unfair nor job-killing.

By word and deed, the Republicans have shown clearly what they intend to do to the Federal budget and it is not pretty. They are no longer the party that stands for fiscal responsibility and sound economic policy.

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