

The Fiscal Times
December 17, 2010

GOP Fiscal Fissures will Plague Policymaking
By LAWRENCE HAAS

The debates of recent days over extending Bush-era tax cuts and funding government operations for 2011 make clear the contradictions within Republican fiscal policy – lower taxes and lower deficits, simultaneously – that will plague federal policymaking in the coming years. Until they choose the latter, U.S. fiscal problems will only grow worse.

Consider the tax cut deal, which will extend Bush-era tax cuts for two years while extending emergency jobless benefits for 13 months.

It received support from most congressional Republicans as well as such potential 2012 GOP presidential candidates as Arkansas Gov. Mike Huckabee, Minnesota Gov. Tim Pawlenty, and former House Speaker Newt Gingrich.

But, a group called the Tea Party Patriots, a national grassroots organization with over 1,000 groups around the country, denounced it, saying it violates the goal of deficit cutting on which Tea Party candidates campaigned this fall. Meanwhile, presumptive Republican presidential candidate Mitt Romney took to USA Today's op-ed page to complain that the deal will "add to the deficit" – specifically, that it "will cost nearly \$1 trillion, resulting in substantial new borrowing at a time when we are already drowning in red ink." Also denouncing it on these grounds were such presidential hopefuls as former Alaska Gov. Sarah Palin and Rep. Mike Pence, R-Ind.

"The tax deal has exposed major divisions within the Republican Party," Jeffrey T. Kuhner, president of the Edmund Burke Institute, wrote in Friday's Washington Times. "It has triggered deep fissures in GOP ranks especially among many potential candidates for the 2012 Republican presidential nomination."

Can Republicans have it both ways, achieving lower taxes and lower deficits? Mathematically speaking, of course. But, to do so, they have to be willing to take the tough votes on spending – specifically, to decimate Medicare, Medicaid, and Social Security; defense and homeland security; education and research; and everything else that the American people either want or need.

To date, Republicans have refused, surely because they know that, while Americans want less "spending" in general, they do not want fewer basic benefits and services. That's why Republicans have not rallied to the "Roadmap for America's Future" of incoming House Budget Committee Chairman Paul Ryan, R-Wisc., which would radically remake Medicare, Medicaid, and Social Security.

Republicans, of course, will highlight their decision this week to block the pending 2011 omnibus appropriations bill, which they said was too big and had too many earmarks (even

though Senate Republicans had previously agreed to its overall spending level and even though as many as nine of them still planned to vote for the measure until their leadership reined them in at the last minute).

With Republicans forcing Congress to adopt a short-term measure to fund the government only until early next year, a Republican House and a more-Republican Senate will then draft spending legislation for the rest of 2011 at levels below the now-dead omnibus.

Fine. But discretionary spending cuts won't come close to solving Washington's fiscal problems. Only a combination of tax increases and entitlement cuts will do that, as the President's fiscal commission, the Domenici-Rivlin commission, other private commissions, and all reputable budget experts attest.

How did we get here?

For decades, Republicans have promised both to reduce deficits and reduce taxes – with those priorities ebbing and flowing in importance in GOP circles relative to one another since at least the end of World War II.

Up through the late 1970s, Republicans focused foremost on budget balancing, arguing that New Deal and Great Society programs were too big, were growing too fast, and would generate deficits that were too high.

Then, with the ascent of supply side economic theory and Reagan's presidency, budget balancing took a backseat to tax cutting. A seminal moment came in 1981 when Rep. Jack Kemp, a leading supply-sider, announced, "The Republican Party no longer worships at the altar of a balanced budget."

More recently, tax cutting has gained still greater prominence among Republicans at the expense of budget balancing. President George W. Bush and a GOP-run Congress pursued a policy of relentless tax cutting, transforming the prospect of huge surpluses in the first decade of this century into the reality of ever-growing deficits – deficits about which Republicans grew notably silent.

But, with Democrats running Washington since 2009, Republicans (and their allies in the Tea Party movement) revived their balanced budget mantra, expressing outrage at deficits that have soared since 2009, due largely to the economic crisis and an Obama-driven stimulus package that was designed to address it. This fall, Republican and Tea Party candidates promised to cut the red ink once they got to Washington.

But, in elevating budget balancing, Republicans have not downgraded tax cutting. That is, rather than choose between them, they now give top billing to both priorities. And that is the problem that will plague the GOP while complicating efforts to make progress on the fiscal front in a more Republican Washington.

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