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Budget Deficit: GOP May Have to Bend on Taxes
By LAWRENCE HAAS

To reduce looming budget deficits, congressional Republicans may have to choose between two of their party's traditionally biggest priorities – keeping taxes low or protecting defense spending.

They would be wise to compromise on taxes, for two reasons. First, tax increases on those in the middle and at the top would reduce deficits far more than any reasonable cuts in defense.

Second, higher defense spending and lower deficits would both strengthen national security. The former would protect weapons and troop levels, avoiding a major downgrade of America's global role; the latter would strengthen the economy, ensuring the nation can afford current and future defense commitments.

Either way, Republicans face this choice because President Obama proposed last week to cut \$400 billion over 12 years from the \$700 billion defense budget, which includes the cost of war. That's on top of the \$178 billion in savings that Defense Secretary Robert Gates has identified (\$100 billion of which he would reinvest in the defense budget).

The defense-versus-taxes choice will deepen two ideological cleavages within the Republican Party that date back several decades:

First, low taxes versus low deficits. Congressional Republicans say they want both and would reduce deficits only by cutting spending, not raising taxes. Democrats, on the other hand, will push tax increases (particularly on the rich).

Senate Republican members of President Obama's fiscal commission all expressed support for the plan which included sizable tax hikes. But House Republican members all opposed it because of the tax hikes.

In the choice between low deficits and low taxes, Republicans used to tilt toward the former. It was Senate Republicans, for instance, who led efforts to convince President Reagan to raise taxes repeatedly after the red ink started to mount in the early 1980s. The deficit crisis will demand that they do so again.

Second, internationalism versus isolationism. Republicans of recent vintage have usually sought more defense dollars than Democrats – be they Reagan Republicans who engineered the defense build-up of the 1980s or neoconservatives who shaped the interventionist “Bush Doctrine” that followed September 11, 2001.

Not surprisingly, conservatives worry deeply about Obama's proposed defense cuts. "The path charted by the president is morally and strategically unsound," the American Enterprise Institute's Thomas Donnelly wrote in *The Weekly Standard*.

Ironically, it may be soon-to-depart Gates who gives defense backers their best ammunition. Explaining his net \$78 billion in savings in January, Gates said that his plan "represents... the minimum level of defense spending that is necessary given the complex and unpredictable array of security challenges the United States faces around the globe..."

Today's isolationists are joined by Republican libertarians who would cut defense along with domestic programs because, they believe, the federal government is simply getting too big and doing too many things.

While acknowledging that defense is "an undisputed core function of government," the Cato Institute's Christopher Preble argued on both isolationist and libertarian grounds that, "by acting as the world's de facto policeman, we have essentially twisted the concept of 'the common defence' to include the defense of the whole world, including billions of people who are not parties to our unique social contract."

For Preble, the choice between higher taxes and less defense is easy. He opts for the latter. So, too, does Sen. Rand Paul, who told CNN's "State of the Union" last weekend in reference to a future deficit-cutting deal with Democrats, "The compromise is for conservatives to admit that the military budget is going to have to be cut."

Surveying the landscape of competing fiscal pressures for congressional Republicans, Donnelly wrote, "This is indeed a defining moment for conservatism." He's right.