

🇺🇸 THE RYAN BUDGET – WHY NOT RUN ON IT, GOP?

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No Way to Run a Candy Shop!

There hasn't been a budget passed by congress for, well several years now! In the interim they have operated under the concept of "continuing resolution" – another term for "kicking budget decisions down the road." In 2011 Rep. Paul Ryan (R-WI) submitted a budget which was passed by the House of Representatives. It never went any further. Now in 2012, Ryan has submitted a new budget bill which is somewhat different than last year. It is expected to once again pass the House, but be stalled in the Senate.

The Republicans in the Senate have even stated explicitly that (given their use of the "continuing resolution") there really is no need to pass a budget this year. Why do they say that? I must assume that it's simply because with a continuing resolution, things tend to stay about the same. Further, they don't want to give the Republican proposals public exposure, because the citizens may just see some of the wisdom that is being recommended.



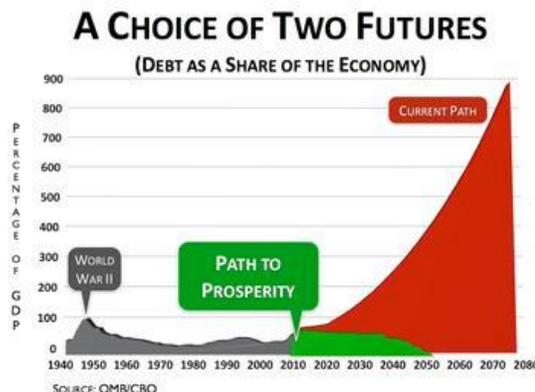
Ryan's budget takes very seriously the predicament we have with employment, debt and the continuing deficits. It's a tough pill to swallow, but at least thorough debate and full consideration would move us off the spot we've been sitting for months/years.

This report is not so much an opinion piece as it is a summary of what I have learned as I looked into the proposed Ryan budget. Nevertheless, I do like the essence of it, and I think the republicans should use something similar to this in their presidential platform later this year.

Given Our Situation, What Elements Should a Budget Include?

I think we should try to be sure that any federal budget includes most of the following elements:

- Reasonable likelihood that it would lead to a reduction to at least 20% of the percentage of GDP taken up by federal spending – shrinking the burden of government is essential.
- A reduction in baseline spending initially, with limits to spending increases going forward.
- A balanced budget.
- An immediate start to reduce the national debt.
- No increases in tax collections.
- Comprehensive tax reform and simplification through elimination of deductions and reducing tax rates.
- Pro-growth in its nature and incentives to move us toward real employment growth.
- Starts to attack the financial concerns of Social Security, Medicare, and Medicaid.
- Adequate to ensure a strong national defense – even a “leadership” position internationally.
- And last but not least, repeal Obamacare. We deserve reforms, but not those that cripple!



A Snapshot of the Ryan Budget

Using several sources, I have compiled facts and characteristics of the Ryan budget. In some cases I have relied upon assumptions and predictions from what I consider accurate and objective sources. There's no way to evaluate without making analytical assumptions and predictions. Here goes:

- Total federal outlays would fall from \$3.624 trillion this year to \$3.530 trillion next year. These numbers are \$24 billion and \$187 billion less than Obama's suggested levels for the two years. Next year's numbers would include \$146 billion savings in entitlements.
- Under Ryan's plan, total spending would not climb above 2012 levels in actual, nominal dollars, until 2016.
- Ryan's budget sets discretionary (not total) spending at \$1.028 trillion for fiscal year 2013, which is less than the \$1.047 trillion cap Republicans and Democrats passed into law seven months ago. Obviously, some are not happy with that “change of heart.”
- Surprisingly, Ryan's total spending for 2022 of \$4.888 billion would only be approximately 13% less than Obama's proposal for the same year. What's important here is to remember that difference when countering liberal claims of Ryan's “slash, burn and pillage” strategy.
- Ryan's proposal permits this growth in spending, averaging over 3%, after initial cuts. That has attracted severe criticism among some conservative ideologues.
- I think it is important that reasonable predictions indicate that there would be a reduction of federal spending, as a percent of GDP, from the current level of over 23% to a predicted level of under 20%. **That is a big deal for me!**

- Ryan plans to reduce the “debt to GDP” level to 62%, and by 2015, it’s reasonable to expect the annual deficit at a much more manageable level of approximately 1.7% of GDP. This compares to roughly 9% on average under Obama.
- This budget does indeed provide the possibility of balancing the budget by sometime in the “20’teens”. That sounds great!
- Ryan would repeal Obamacare and reform Medicare. The former includes transitioning to a consumer-choice model. Also, Medicaid would be changed to a “block-grant” system. I must admit I don’t understand this “block-grant” change. I do know that it would put more influence and control at the state level which is inherently a good thing. Please notice that **Ryan doesn’t mention Social Security** in all of this. That’s too bad! Or perhaps that would be too much, too soon, and he has major plans to present “down the road.” Wait and see.
- Ryan consolidates the six individual income tax brackets into two – 10% and 25%.
- Other tax reforms are proposed including reducing the corporate rate from 35% to 25% (which would be much more competitive with other competing economies).
- This would reform and simplify the tax system by eliminating deductions and eliminating the alternative minimum tax while also reducing rates as described above.
- Set a goal of reducing, over time, the federal workforce and freeze pay levels for a time.
- Implement time limits and work requirements for welfare eligibility.
- And many, many more!

One criticism coming from conservatives is that Ryan proposes “fixing” broken government programs, rather than considering certain of them for abolishment. And actually, his adjustments to welfare programs are relatively modest. Yet most feel he is going in the right direction, and we need to remember that **obtaining some bi-partisan support in the Senate is a goal in and of itself.**

One of the criticisms which you may hear coming from the left involves certain “static” projections which will come from the OMB. There will also be objectively and independently determined “dynamic” projections of the overall effect. “Dynamic” means the assumptions include a recognition of the very real “pro-growth” elements of the Ryan proposal. These are likely to be more accurate and more optimistic than the restricted OMB projections. Wait and see!



There’s the snapshot. And I’m reasonably pleased with it. There’s so much more, but I’ll just get tangled in my shorts if I try to drill down too far. Just be aware of these basics as criticism and praise is leveled over the next few months. If we do end up with a conservative federal budget, it will certainly be different than this, and I am sure the Republican platform will have something different than this

but this seems like a wonderful place to start in terms of legislative efforts and a political platform!