



Written by [Bob Adelman](#) on April 4, 2011

\$4 Trillion in Cuts Proposed by GOP Rep. Paul Ryan

During an interview on Fox News Sunday, Rep. Paul Ryan (R-Wisc.), chairman of the House Budget Committee, outlined many of the details of the GOP's 2012 budget proposal that will officially be announced on Tuesday. He said, "We can't keep kicking this can down the road. The President has punted. We're not going to follow suit."



Implying that the proposal would cut the deficit by much more than \$4 trillion over the next decade, he offered a synopsis of what to expect on Tuesday:

Medicaid (the state program to help the poor and disabled) would be funded with block grants to the states, letting the states work out the details on how best to implement the program..

Medicare would be changed to provide vouchers to those 55 and under to purchase health insurance from various private insurers at their discretion.

Spending on both programs would continue to increase even under his budget, but just not at the double-digit rates they are increasing now:

Medicare and Medicaid spending will go up under our budget. They just won't go up as much as they're going right now. [Governors want] the freedom to customize our Medicaid program. We want to [give] governors freedom to do that.

Medicare cost the federal government \$396 billion last year, and is expected to rise to more than \$500 billion in less than five years. Spending on Medicaid is even more frightening. In the year 2000, Medicaid cost the government \$117.9 billion. This year that number will be \$275 billion and the Congressional Budget Office (CBO) estimates Medicaid spending will double to over \$500 billion in 10 years.

The GOP proposal would also put a cap on discretionary spending, bringing it back to 2008 levels. The plan is also likely to propose an overhaul of the tax code but without raising taxes, he said. "We're not going to go down the path of raising taxes on people and raising taxes on the economy. We want to go after the source of the problem, and that is spending. Those familiar with the proposed budget say it calls for a fundamental overhaul of the existing system, with a 25% maximum tax rate for both corporations and individuals, but will raise the same amount of revenue as the present highly complex, intrusive and wasteful system."

In addition, the GOP plan will include a tax holiday (that was recently explored [here](#)), making it attractive for multinational corporations, currently holding \$1 trillion in profits offshore due to the US onerous tax code, to repatriate some or most of it, at a much lower tax rate. Those funds, once returned to the US, could then be used (allegedly) for investment in new capital equipment and jobs.



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Ryan was realistic about prospects for the GOPs plan. Rather than focus on the currently debate about slivers and slices in the tens of billions, Ryan and the GOP want to focus on 2012 and beyond. By setting the terms of this discussion, the GOP hopes to take an aggressive stance that would put the Democrats into a defensive posture.

Some Democrats are already critical of Ryans plan, even though they havent seen it. Rep. Chris Van Hollen (D-Md.), the top Democrat on the Budget Committee, slammed Ryans plan: It is not courageous to protect tax breaks for millionaires, oil companies and other big-money special interests while slashing our investment in education, ending the current health care guarantees for seniors on Medicare, and denying health care coverage to tens of millions of Americans. Senator Mark Warner (D-Va.) said on CNNs State of the Union that I dont know how you get there without taking basically a meat ax to those programs [which] protect the most vulnerable in the country.

Defense spending exceeds \$1 trillion annually, and yet Ryan said nothing about looking into ways to save money at the Pentagon. Such spending represents well over one quarter of federal government budget and yet the GOP proposal is strangely quiet about it. Also strange is Ryans position now as the poster child for free markets, budget-cutting, and limited government. When he presented his [A Roadmap for Americas Future](#) last year, he catapulted his image to that of a Tea Party supporter. But a closer look at his voting record shows instead his record as a true-blue Republican when it comes to spending. A writer for Wisconsin's [Republican Liberty Caucus](#) noted that

The fact of the matter is that Congressman Ryan voted with George W. Bush 94% of the time it appears that when Paul Ryans party is doing the spending, raising debt limits, and acting unconstitutionally Ryan goes with the flow.

According to the Caucus, Ryan voted in favor of TARP and the Economic Stimulus bill. He voted for the GM and Chrysler bailouts, and additional stimulus spending in 2009. In addition, he voted for the prescription drug benefit (Medicare Part D) in 2003.

Ryans voting record on non-fiscal issues toes the Republican party line as well, voting for making the PATRIOT Act permanent, voting for allowing electronic surveillance without a warrant, authorizing military force in Iraq and Afghanistan, and in general, according to the Caucus report, supporting: the United Nations, the World Trade Organization increased federal involvement in education and foreign aid.

While some may be taken in by Ryans attractive presentation, it is helpful to remember that this is the GOPs proposal, and he is the GOPs representative in the unveiling of it on Tuesday.



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