



Written by [Raven Clabough](#) on March 19, 2013

Democratic Budget Proposal Faces Further Criticism

After four years of operating without a federal budget, Senate Democrats [unveiled](#) a budget last week that ultimately calls for a \$1 trillion increase in new taxes over the next 10 years, while simultaneously increasing spending. The Democrats' budget has been heavily criticized because it is projected to raise the national debt by approximately \$4 trillion. While the Democrats contend that their plan will include approximately \$1.85 trillion in deficit reduction, further analysis of the budget reveals that the Democrats have [double counted](#) the savings in their proposed budget.



The Democrats' budget came in response to a Republican plan introduced in the House by Representative Paul Ryan of Wisconsin. Ryan's budget claims to cut spending by nearly \$5 trillion over the coming decade and includes cuts to Medicaid and domestic agencies that outlines a path to balance the government's books within the next 10 years.

The Democrats' plan, proposed by Budget Committee Chairwoman Patty Murry (shown), includes approximately \$1 trillion in cuts to healthcare providers, the Pentagon, domestic agencies, and interest payments on the debt, with an equal amount of new revenue proposed by closing tax breaks.

As [noted](#) by TheBlaze, Murray's budget increases spending. "Because Democrats want to restore \$1.2 trillion in automatic spending cuts over the same period — cuts imposed by Washington's failure to strike a broader budget pact — Murray's blueprint increases spending slightly when compared with current policies," reported TheBlaze.

When compared to Paul Ryan's budget, which is projected to eliminate the deficit by 2023 through a \$5 trillion reduction in planned spending, the Democratic plan features what they have dubbed a more "balanced" approach, which ultimately increases revenue by the same amount that it cuts spending.

The Democratic proposal for additional revenue is not based on increasing tax rates as is usually the case, but by eliminating tax loopholes. The budget text explains:

It is the clear intent of the Senate Budget that the savings found by eliminating loopholes and cutting unfair and inefficient spending in the tax code not increase the tax burden on middle class families or the most vulnerable Americans who already have sacrificed greatly in recent deficit reduction efforts. These savings should come only from the wealthiest Americans and biggest corporations.

According to Democrats, their plan will achieve \$1.85 trillion in deficit reduction over the next decade through spending cuts and tax hikes. But there are several problems with this approach.

First, as TNA's Bob Adelman explained in his article "[Taxes: Soaking the Rich Hurts Rich and Poor Alike](#)," when the rich are taxed and tax loopholes are closed, the rich take actions to preserve their



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wealth, one of which is to stop investing in new-business start-ups, hurting the poor and middle class dramatically. Second, when corporations are penalized, they only have a few options to consider as to how to deal with the new costs: eat the new costs (which is almost never done if companies can help it because they are in business to make money); raise the price of the goods and services they sell, again hurting the the poor and middle class; hire fewer workers or layoff workers, hurting the poor and middle class; and institute pay cuts, in the form of fewer raises or cuts to wages and benefits, again hurting the poor and middle class.

Moreover, Senator Jeff Sessions of Alabama, a top Republican on the Senate Budget Committee, contends that the plan takes credit for reducing spending levels that have already been achieved by the mandatory across-the-board cuts of the sequester that began on March 1.

The Democratic plan replaces the sequester and adds to it for a total of \$975 billion in alternative cuts and \$975 billion in tax increases over the next decade. Democratic staffers have acknowledged during committee testimony last week that their place counts the replacement cuts toward the deficit reduction.

Sessions asserts, "I believe you're using the money twice." He contends that the actual savings is only \$700 billion.

In contrast, Ryan's plan is projected to achieve \$4.6 trillion in deficit reduction over the next decade in addition to the sequester cuts. "Every dollar in savings in the House Republican budget is the result of new policy proposals," a Ryan spokesman told FoxNews.com on Monday. "There is no double counting in our budget."

As observed by Sessions' office, the Democrats' double counting of the cuts makes it impossible to compare the Republican plan to the Democratic plan.

"Placing these numbers side-by-side gives the highly misleading impression that the difference between the two plans is \$2.6 trillion, rather than \$4 trillion," Sessions' office said on Monday.

Likewise, the discrepancy will make it difficult for negotiations. Fox News observes, "The disagreement over the basic facts could sully the negotiating waters, as President Obama tries to reach out to rank-and-file Republicans as part of what some call his charm offensive."

While Ryan's plan is expected to pass in the Republican House and Murray's plan is expected to pass in the Democratic Senate, neither proposal is expected to clear the full Congress.

Appearing on Fox News Sunday, Senator Dick Durbin of Illinois praised Patty Murray's budget. "Patty Murray has done an extraordinarily good job," Durbin said. "And then we're going to move to the next stage, and that is the grand bargain stage."

Durbin also took the opportunity to criticize the Republican budget. "Their budget doubles down on the policies the American people rejected last election. It would be devastating for the middle class and the economy, it would dismantle Medicare and the programs families depend on — and it would do all that while protecting the wealthiest Americans and biggest corporations from paying their fair share," she said in a statement.

The Democratic plan contends it will eliminate "waste, fraud, and abuse" and claims that healthcare spending cuts would produce "\$275 billion in savings by further realigning incentives throughout the system, cutting waste and fraud, and seeking greater engagement across the healthcare system."

In reality, however, the Democratic plan merely reduces Medicare payments to the doctors and



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hospitals that provide healthcare for seniors, in addition to the \$700 billion in similar cuts adopted under ObamaCare. *Forbes* [opined](#):

This ploy has gone on in Congress for roughly 15 years, where such cuts to Medicare docs and hospitals are solemnly adopted in budget documents supposedly making the “tough” decisions. But then they are always cancelled when about to go into effect, and Congress is forced to recognize that if the docs and hospitals are not paid, seniors are not going to get the healthcare they have come to expect from Medicare.

The editorial board of the *Washington Post* asserts that the Democratic plan is indicative that the Democrats have no serious plan for savings.

“There is literally nothing — not a word — suggestive of trimming Social Security,” the editorial said, adding: “In short, this document gives voters no reason to believe that Democrats have a viable plan for — or even a responsible public assessment of — the country’s long-term fiscal predicament.”

Photo of Senator Patty Murray (D-Wash.): AP Images



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