



The Truth About the Paul Ryan/Paul Krugman Flap

The New York Times' leftist columnist Paul Krugman has garnered some headlines recently for attacking the House Republican alternative budget proposal, the so-called "Roadmap to America's Future," and its author Paul Ryan as "The Flimflam Man." Krugman calls Ryan's plan the "audacity of dopes" and claims that it wouldn't bring the budget any further into balance than President Obama's budget.



Krugman is a Keynesian economist who has urged Obama to adopt ever greater deficit spending programs as a means of lifting the United States of its current debt-crisis-induced recession. (Mull over the absurdity of that thought for a moment, especially with the [Japanese example](#) readily at hand.)

The astonishing thing about Krugman's charges against Ryan is that they are entirely accurate. Krugman [explained](#) in his August 6 *New York Times* column:

"The [Washington] *Post* also tells us that his plan would, indeed, sharply reduce the flow of red ink: 'The Congressional Budget Office has estimated that Rep. Paul Ryan's plan would cut the budget deficit in half by 2020.'

But the budget office has done no such thing. At Mr. Ryan's request, it produced an estimate of the budget effects of his proposed spending cuts — period. It didn't address the revenue losses from his tax cuts.

The nonpartisan Tax Policy Center has, however, stepped into the breach. [Its numbers](#) indicate that the Ryan plan would reduce revenue by almost \$4 trillion over the next decade. If you add these revenue losses to the numbers The Post cites, you get a much larger deficit in 2020, roughly \$1.3 trillion.

And that's about the same as the budget office's estimate of the 2020 deficit under the Obama administration's plans. That is, Mr. Ryan may speak about the deficit in apocalyptic terms, but even if you believe that his proposed spending cuts are feasible — which you shouldn't — the Roadmap wouldn't reduce the deficit. "

The only thing about the above quote that real conservatives and constitutionalists would take issue with is Krugman's casual assessment of the Tax Policy Center as merely "nonpartisan." It's [an arm of the leftist Brookings Institution](#), so while it may technically be nonpartisan, it's hardly a disinterested party in the sense that the U.S. Congressional Budget Office is a roughly neutral assessor of fiscal numbers. Otherwise, it's an accurate assessment of the fiscal "discipline" the Republicans would bring to Washington if they were swept to power in the November congressional elections.

Krugman notes that Ryan assumes non-defense discretionary spending will be frozen over the next



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several decades and then [asks](#):

This would amount to a 25 percent cut once you adjust for inflation and population growth. How would such a severe cut be achieved? What specific programs would be slashed? Mr. Ryan doesn't say.

That's not entirely true. He would [reduce](#) Social Security benefits and increase the minimum age to qualify for Medicare to 69 over time. Ryan's "Roadmap" would also make Social Security solvent by the traditional method: [raising taxes on all citizens by ending the exemption of health insurance costs through employers from income and Social Security taxes](#). He would replace it with a much smaller health care voucher. Thus, Krugman [correctly argues](#):

"The Tax Policy Center finds that the Ryan plan would cut taxes on the richest 1 percent of the population in half, giving them 117 percent of the plan's total tax cuts. That's not a misprint. Even as it slashed taxes at the top, the plan would raise taxes for 95 percent of the population."

That the "[Roadmap to America's Future](#)" wouldn't substantially reduce the budget deficit is also reflected in the Republican Budget Alternative that Ryan authors, which predicts \$500 billion-plus deficits into the indefinite future. The "Roadmap" is different from President Obama's budgets in that it projects the budgetary implications of its Social Security and Medicare cuts (along with the tax increases) [out to the year 2080](#). But even the Congressional Budget Office has [noted](#) that pledges to balance the budget some time after the year 2060 — when Ryan's grandchildren are presumably in office — is the stuff of statistical fiction:

CBO's cost estimates generally apply only to the 10-year budget projection period, because the uncertainties about the budgetary effects of legislation (especially regarding health care) are simply too great beyond that span. In contrast, this analysis uses a 75-year horizon to offer a rough assessment of long-term trends under different policies.... CBO does not have the capability to model more subtle changes in federal health programs, even in an approximate way, over that very long time span.

It's only a little sarcastic to suggest that if Rep. Ryan wants to wait until 2060 to balance the federal budget, then perhaps he should have waited until then before he decided to run for office.

But it is here we find the primary difference between the Republican leadership and the Obama administration on the deficit: Neither is willing to balance the budget, of course. The Obama administration is unwilling to balance the budget even on the fictional level out in 2080. The Republicans will at least lie to us and claim they will balance the budget in 50-60 years, even though it's all flim-flam.

Of course, that distinction between the two political parties pretty much sums up the meaning of the phrase "a distinction without a difference."

Photo: On June 3, 2010, U.S. Rep. Paul Ryan, R-Wis. speaks during a listening session at Gateway Technical College in Kenosha, Wis.: AP Images



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