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The GOP Path to Prosperity

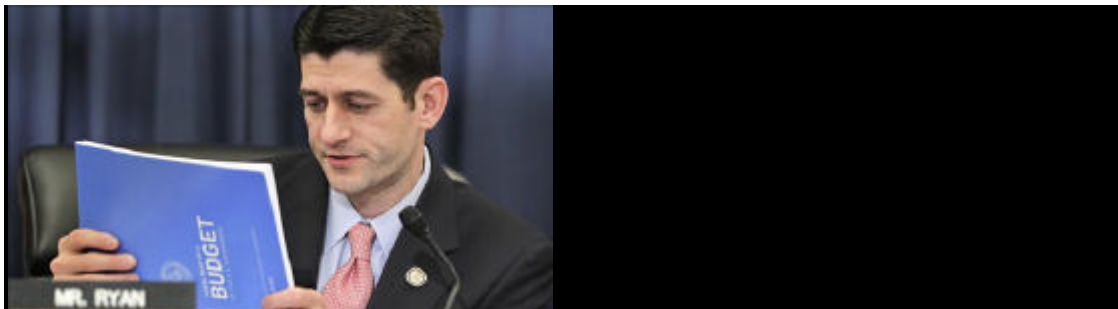
Our budget cuts \$6.2 trillion in spending from the president's budget over the next 10 years and puts the nation on track to pay off our national debt.

By **PAUL D. RYAN**

Congress is currently embroiled in a funding fight over how much to spend on less than one-fifth of the federal budget for the next six months. Whether we cut \$33 billion or \$61 billion—that is, whether we shave 2% or 4% off of this year's deficit—is important. It's a sign that the election did in fact change the debate in Washington from how much we should spend to how much spending we should cut.

But this morning the new House Republican majority will introduce a budget that moves the debate from billions in spending cuts to trillions. America is facing a defining moment. The threat posed by our monumental debt will damage our country in profound ways, unless we act.

No one person or party is responsible for the looming crisis. Yet the facts are clear: Since President Obama took office, our problems have gotten worse. Major spending increases have failed to deliver promised jobs. The safety net for the poor is coming apart at the seams. Government health and retirement programs are growing at unsustainable rates. The new health-care law is a fiscal train wreck. And a complex, inefficient tax code is holding back American families and businesses.



Steve Moore has the details on Rep. Paul Ryan's plan to cut spending.

The president's recent budget proposal would accelerate America's descent into a debt crisis. It doubles debt held by the public by the end of his first term and triples it by 2021. It imposes \$1.5 trillion in new taxes, with spending that never falls below 23% of the economy. His budget permanently enlarges the size of government. It offers no reforms to save government health and retirement programs, and no leadership.

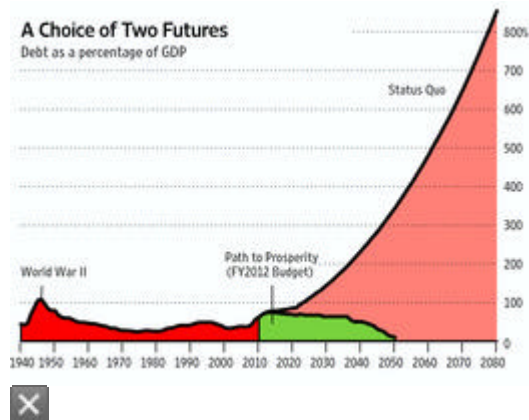
Our budget, which we call The Path to Prosperity, is very different. For starters, it cuts \$6.2 trillion in spending from the president's budget over the next 10 years, reduces the debt as a percentage of the economy, and puts the nation on a path to actually pay off our national debt. Our proposal brings federal spending to below 20%

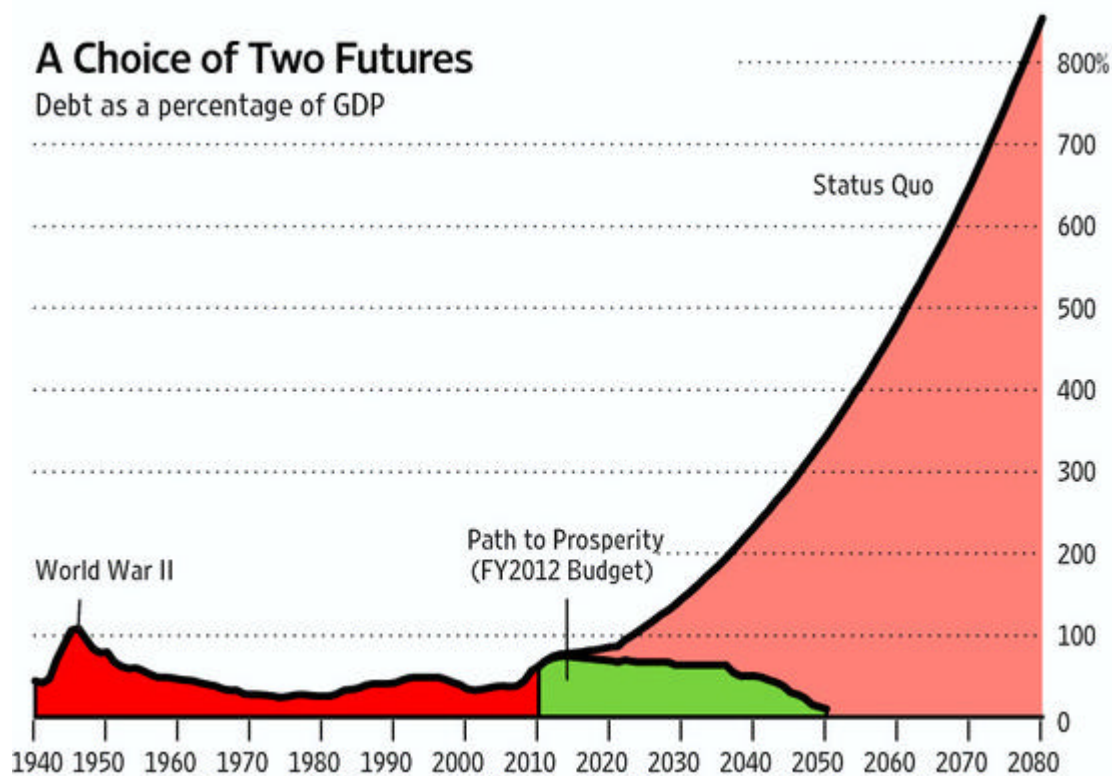
of gross domestic product (GDP), consistent with the postwar average, and reduces deficits by \$4.4 trillion.

A study just released by the Heritage Center for Data Analysis projects that The Path to Prosperity will help create nearly one million new private-sector jobs next year, bring the unemployment rate down to 4% by 2015, and result in 2.5 million additional private-sector jobs in the last year of the decade. It spurs economic growth, with \$1.5 trillion in additional real GDP over the decade. According to Heritage's analysis, it would result in \$1.1 trillion in higher wages and an average of \$1,000 in additional family income each year.

Here are its major components:

- Reducing spending: This budget proposes to bring spending on domestic government agencies to below 2008 levels, and it freezes this category of spending for five years. The savings proposals are numerous, and include reforming agricultural subsidies, shrinking the federal work force through a sensible attrition policy, and accepting Defense Secretary Robert Gates's plan to target inefficiencies at the Pentagon.





- **Welfare reform:** This budget will build upon the historic welfare reforms of the late 1990s by converting the federal share of Medicaid spending into a block grant that lets states create a range of options and gives Medicaid patients access to better care. It proposes similar reforms to the food-stamp program, ending the flawed incentive structure that rewards states for adding to the rolls. Finally, this budget recognizes that the best welfare program is one that ends with a job—it consolidates dozens of duplicative job-training programs into more accessible, accountable career scholarships that will better serve people looking for work.

As we strengthen and improve welfare programs for those who need them, we eliminate welfare for those who don't. Our budget targets corporate welfare, starting by ending the conservatorship of Fannie Mae and Freddie Mac that is costing taxpayers hundreds of billions of dollars. It gets rid of the permanent Wall Street bailout authority that Congress created last year. And it rolls back expensive handouts for uncompetitive sources of energy, calling instead for a free and open marketplace for energy development, innovation and exploration.

- **Health and retirement security:** This budget's reforms will protect health and retirement security. This starts with saving Medicare. The open-ended, blank-check nature of the Medicare subsidy threatens the solvency of this critical program and creates inexcusable levels of waste. This budget takes action where others have ducked. But because government should not force people to reorganize their lives, its reforms will not affect those in or near retirement in any way.

Starting in 2022, new Medicare beneficiaries will be enrolled in the same kind of health-care program that members of Congress enjoy. Future Medicare recipients will be able to choose a plan that works best for them from a list of guaranteed coverage options. This is not a voucher program but rather a premium-support

model. A Medicare premium-support payment would be paid, by Medicare, to the plan chosen by the beneficiary, subsidizing its cost.

In addition, Medicare will provide increased assistance for lower-income beneficiaries and those with greater health risks. Reform that empowers individuals—with more help for the poor and the sick—will guarantee that Medicare can fulfill the promise of health security for America's seniors.



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We must also reform Social Security to prevent severe cuts to future benefits. This budget forces policy makers to work together to enact common-sense reforms. The goal of this proposal is to save Social Security for current retirees and strengthen it for future generations by building upon ideas offered by the president's bipartisan fiscal commission.

- **Budget enforcement:** This budget recognizes that it is not enough to change how much government spends. We must also change how government spends. It proposes budget-process reforms—including real, enforceable caps on spending—to make sure government spends and taxes only as much as it needs to fulfill its constitutionally prescribed roles.
- **Tax reform:** This budget would focus on growth by reforming the nation's outdated tax code, consolidating brackets, lowering tax rates, and assuming top individual and corporate rates of 25%. It maintains a revenue-neutral approach by clearing out a burdensome tangle of deductions and loopholes that distort economic activity and leave some corporations paying no income taxes at all.

This is America's moment to advance a plan for prosperity. Our budget offers the nation a model of government that is guided by the timeless principles of the American idea: free-market democracy, open competition, a robust private sector bound by rules of honesty and fairness, a secure safety net, and equal opportunity for all under a limited constitutional government of popular consent.

We can reform government so that people don't have to reorient their lives for less. We can grow our economy, promote opportunity, and encourage upward mobility. This budget is the new House majority's answer to history's call. It is now up to all of us to keep America exceptional.

Mr. Ryan, a Republican, represents Wisconsin's first congressional district and serves as chairman of the House Budget Committee.