

# Fiscal Medicine Man

Washington Post

By Robert D. Novak

Monday, June 23, 2008; Page A15

When John McCain met privately with Rep. Paul Ryan of Wisconsin after a political event in the Milwaukee suburbs on May 29, the Republican presidential candidate might not have realized that he had just come face to face with an opportunity and a test. Ryan showed him his plan to reform the economy. McCain expressed interest and said he would turn it over to his campaign's economists.

That was truly ominous. If the Kemp-Roth tax cut had been handed over to economists three decades ago, it probably would have died in its crib and aborted the national and Republican revival under President Ronald Reagan. Ryan's plan is more sweeping than the proposal by his former boss and mentor Jack Kemp, who dealt only with taxes. In 70 pages, Ryan's "Roadmap for America's Future" shows the way to reform taxes, control spending and brake runaway entitlement outlays.

Ryan has proposed far too much for nervous House Republican leaders to handle. They have refrained from publicly knocking Ryan down only because they are in a state of terror over their party's desperate condition, as indicated by plummeting polls and special election defeats. More important is the yet-unstated reaction by McCain, famously uninterested in economics but never short on courage to defy the conventional wisdom.

Actually, to embrace Ryan's Roadmap requires more political insight than courage. Ryan was met with enthusiastic approval at some 35 town meetings in his southern Wisconsin industrial district, where he unveiled his plan over the last two months. His constituents, who sent liberal Democrat Les Aspin to Congress for 22 years, are legendary "Reagan Democrats" who have soured on the GOP. Ryan believes they are far ahead of politicians in their alarm over entitlements. "Do we have the guts to act?" asks Ryan.

Ryan fears potential national disaster is ahead because we "will exceed the European extent of government and bring our economy to extinction." He foresees the U.S. government share of the economy rising from 20 percent to a calamitous 40 percent by the time his three children (ages 3, 4 and 6) reach their 30s, requiring a doubled tax rate. President Bush's appropriations rose \$49 billion over the last year, and the Democratic-controlled House upped that ante. But spending enacted by Congress is dwarfed by statutory increases in Social Security, Medicare, Medicaid and other entitlements.

Ryan's Roadmap makes a serious effort to cut appropriated spending. Ryan calls it "Gramm-Rudman on steroids" (referring to successive spending control measures beginning in 1985). But his boldest thrust comes in radical changes to entitlements, including an option for persons under 55 to buy private retirement insurance, plus reduced benefits and delayed retirement for Social Security. His internal revenue reform would amount to an optional modified flat tax (advocated

in principle by McCain) and substituting a small business-consumption tax for the corporate income tax -- while holding federal taxes to 18.5 percent of gross domestic product.

It is hardly likely the Republican leadership will embrace Ryan's daring agenda if it cannot even bring itself to temporarily forgo pork-barrel spending by passing a moratorium on earmarks. But Ryan represents a younger breed of reform Republicans who now have junior leadership positions.

Ryan, 38 and the top Republican on the House Budget Committee, has been working closely with freshman Rep. Kevin McCarthy of California, 43, who has been named chairman of the national platform by Minority Leader John Boehner, and Rep. Eric Cantor of Virginia, 45, the party's chief deputy whip. After what is expected to be another bad GOP defeat in the 2008 congressional elections, Ryan, McCarthy and Cantor could constitute the party's new House leadership.

But who will be in the White House? McCain so far has generated little excitement in the Republican base, much less among Reagan Democrats. His cautious political and economic advisers flinch at complicated tax changes, massive budget cuts and tampering with Social Security. But a campaign based on Barack Obama's shortcomings may not be enough on Election Day. While Ryan says the people are more than ready for his strong medicine, McCain has not yet agreed.