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**Floor Statement**  
**REPRESENTATIVE PAUL RYAN**  
**Ranking Republican, Committee on the Budget**  
**THE MAJORITY'S RULES PACKAGE**  
**H.RES. 6**  
5 January 2007

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This rules package contains a number of important budget-related provisions that deserve careful scrutiny – they should not be rushed through the legislative process to satisfy the majority's 100-hour public-relation offensive.

Nevertheless, it is my understanding that some of the major budgetary elements will also appear in stand-alone legislation – and I look forward to working through these issues in the Budget Committee when the legislation is introduced.

In the mean time, I welcome this opportunity to debate these issues here on the floor.

**PAY-AS-YOU-GO [PAYGO]**

One of these provisions is renewal of the so-called pay-as-you-go [PAYGO] mechanism as first adopted in 1990 (section 405 of H.Res. 6). The majority is selling this plan as a return to “fiscal discipline.” *But in reality it creates a heavy bias in favor of raising taxes, and against reducing them.* As *CongressDaily* put it just yesterday: “The very notion of pay/go, if strictly enforced, carries with it the specter of tax increases . . .”

**The Principal Flaws**

***First, It Is – Pure and Simple – a Plan to Raise Taxes.*** The Democrats' approach allows them to keep raising taxes to “pay for” whatever spending increases they like. That's all it takes to meet their PAYGO requirement: they can constantly chase higher spending with higher taxes, and call this “fiscal discipline.”

In addition, their rule takes as a given that the tax relief adopted in 2001 and 2003 will automatically expire, *causing a substantial tax increase for taxpayers across the board.* Under the Democrats' plan, simply keeping the current tax laws in place is considered a *new tax cut* – requiring offsets to “pay for” it. *In other words, under this plan, a tax increase is not a tax increase at all – and keeping taxes the same is a tax cut. It's no wonder normal people don't understand congressional budgeting.*

*We don't need higher taxes.* Tax revenue has grown in double-digit percentages for the past two years, and has now reached the average share of gross domestic product of the past 50 years – precisely *because* as we have maintained the 2001 and 2003 tax cuts, supporting robust economic growth and job creation.

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The fundamental budget problem is that *we are spending too much and too fast*, not taxing too little.

***Second, It Doesn't Reduce Spending.*** The majority's PAYGO rule applies only to spending increases resulting from *new* legislation. As such, it does nothing to reduce *current* spending – *which is already growing at unsustainable rates.*

To take just two examples: Medicare spending is grown at about 8 percent per year. Medicaid is growing at more than 10 percent per year. Neither the budget nor the economy can sustain these growth rates. The only way to save these programs is *reform* – to bring their growth to more manageable rates. This spending trend will worsen – soon – as the baby boomers begin to retire, swelling the burdens on government entitlement programs. *Only real policy reforms that slow the growth of spending can reduce deficits and lead to a balanced budget* – and the PAYGO plan doesn't do this.

***Third, the PAYGO Proposal Doesn't Reduce Deficits.*** The majority's PAYGO mechanism also fails to bring deficits down and move toward a balanced budget. It only requires that any proposed spending increase be “deficit neutral.” In other words, *it is a proposal not for reducing deficits, but for keeping them at their current, unacceptable levels.*

***Fourth, it Sets a Double Standard Favoring Higher Spending.*** The Democrats' plan protects all spending from laws currently in place – even for programs scheduled to expire. In other words, spending programs are assumed to continue forever, even if under law they don't.

But not so for tax cuts. As I noted earlier, this plan assumes that any tax cuts scheduled to expire will indeed lapse – and simply extending them requires offsets. *This double standard reflects the Democrats' true preference: to protect higher spending, but not lower taxes.*

***Fifth, it Contains a Huge Spending Loophole.*** In a huge gimmick, the proposal allows the Democrats to pay for initiatives in the near term by promising unrealistic cuts down the line that everyone knows will never go into effect. This is especially onerous because – as everyone here knows – spending increases always balloon in the outyears, making them even more difficult to pay for.

***Sixth, It Doesn't Apply to Annual Appropriations.*** PAYGO completely ignores roughly one-third of the budget: the annual appropriations bills; and nothing in the entire rules package calls for discretionary spending caps, which have typically accompanied PAYGO in the past.

This is a critical omission. These appropriations come up every year, and consume a majority of the House's time and attention. If you're serious about controlling spending, you have to control *all* spending. PAYGO doesn't do this, and neither does anything else in the rules package.

***Seventh, This Is a Weak, Watered-Down PAYGO Requirement.*** All the previous versions of PAYGO were enforced by across-the-board spending cuts. That's what created the incentive to control spending. But this version is enforced only by a point of order – which the majority can easily waive for popular spending increases. It's even weaker than a PAYGO provision the Democrats offered just a year and a half ago – which prohibited waiving the point of order.

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In other words, *now that the Democrats are in the majority, they can no longer live with the discipline they supported when they were in the minority.*

### RECONCILIATION

***The Proposal Makes it Easy to Raise Taxes, Difficult to Reduce Them.*** The majority's rules proposal allows the use of expedited procedures – budget reconciliation (section 402) – to raise taxes. ~~It also prohibits~~ ~~taxes.~~ ~~Combining~~ ~~taxes~~ ~~using~~ ~~this~~ ~~procedure~~ ~~p~~ ~~(~~ ~~liop~~ ~~tsing~~ ~~ax,~~ ~~)~~ ~~Tj~~ ~~/~~ ~~TT~~ ~~6~~ ~~1~~ ~~Tf~~ ~~234.949~~ ~~0~~ ~~TD~~ ~~-0.0004~~ ~~Tc~~ ~~0~~ ~~Tw~~ ~~relief.~~ taxew thnr to Reduce thm