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by DEAN BAKER
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Pelosi Would Sabotage the Progressive Agenda With a Pay-Go Rule

As Republicans in Wisconsin and Michigan are using lame-duck sessions to overturn the outcome of last month's elections, throwing aside long-standing procedures and basic democratic principles, House Democrats seem determined to throw up roadblocks to limit what they can do with their new majority

Specifically, likely Speaker Nancy Pelosi (D-Calif.) is proposing the House adopt pay-as-you-go (paygo) rules that require all new spending be offset with either budget cuts or tax increases.

These rules would also prohibit any new taxes on the bottom 80 percent of the income distribution. Overturning the rules would require a 60 percent supermajority, which means that a substantial number of Republicans would have to be pulled along to get passage.

To see why this is such a poor idea, it's only necessary to think of many of the proposals that Democrats floated in the recent election.

There is considerable support among Democrats for "Medicare for All," extending the Medicare program to the whole population. While many do not interpret this as meaning an immediate extension of Medicare to everyone, even lowering the qualifying age to 55 or 60 will mean additional spending.

Under Pelosi's pay-go rule, this extension would be prohibited unless it was coupled with offsetting budget cuts and/or taxes on the top 20 percent.

There are many Democrats who would support cuts to the military, but realistically these will only go so far. The same applies to additional taxes on the wealthy.

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Furthermore, in the case of health care, the most obvious tax is to replace the money that employers now pay in premiums to their insurers with a tax that would be paid to cover the cost of an expanded Medicare program.

It is difficult to believe that many middle-income people would be outraged if the money that their employer deducted from their paychecks for insurance premiums instead went for government-provided health care insurance.

There is a similar story with proposals like free college, free or heavily subsidized child care or green jobs. Does it really make sense, as their first move in the new session of Congress, for Democrats to throw a huge roadblock in front of all these programs?

It is also important to look at the full political context here. The Republicans still control the Senate. Given the fact that Republicans have voted in lockstep for at least the last decade, the prospect of any of these measures getting through the Senate is almost zero.

This means that we are not talking about what actual laws will look like. The legislation passed by House Democrats is giving them a chance to showcase their priorities for a post-2020 world when they may again control the White House and the Senate. The pay-go rules severely hamper their ability to lay out a progressive agenda for the public in advance of the election.

The contrast to the Republicans could not be greater. Trump and Republicans in Congress ran on the promise of a big tax cut. They never said a word about how they would pay for it, they just uttered nonsense about how the tax cut would pay for itself.

They then pushed it through on a straight party line vote and used fabricated budget projections to show that it would be self-financing.

It is already clear that the tax cut will not come close to paying for itself. Instead, the deficit will be considerably larger as a result of the tax cut. Of course, we have seen this story before, it happened with the President George W. Bush tax cut in 2001 and the President Ronald Reagan tax cut in 1981.

The Republicans have paid no political price for repeatedly expanding the deficit to give tax cuts to the wealthy. If Pelosi thinks Democrats will somehow be rewarded for handcuffing themselves so that they can't even consider bills that will expand the deficit, she is a much less astute politician than most of us give her credit for.

Deficits certainly can be too large, and we don't want to burden the middle-class with excessive taxes. But all the Democrats in the House understand these facts. They will not pass legislation that is stupid policy and bad politics.

The issue here is whether they need special rules that needlessly narrow the scope of what can be considered. This is what pay-go does, and it is really bad politics in a world where the other party has no respect for any rules whatsoever.

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