Insight

Really?

DOUGLAS HOLTZ-EAKIN | MAY 24, 2010

Proposal: Today the Administration requested an enhanced rescission authority – a variant on the line-item veto. The proposal ("Reduce Unnecessary Spending Act of 2010") would:

- Give the President 45 days to invoke rescission authority and send proposed spending cuts to the Congress who would then,
- Accept or reject the cuts in their entirety – without amendment – via an up-or-down vote within 25 days.

Policy Analysis – From a policy perspective:

- *The good:*
  - It is potentially bi-partisan; line-item veto-style requests have come from both sides of the political aisle
  - 43 Governors have a line-item veto.
- *The bad:*
  - The proposal excludes entitlement spending. This is a mistake. To continue preferential treatment of the largest spending problem is to continue to drive off the fiscal cliff.
- *The indifferent:*
  - Research literature shows that this is NOT a silver bullet – at best it shapes spending, but does not reduce it.

Political Analysis: Hard to swallow.

- President Obama himself voted against this authority as a Senator in 2007.
- Some have suggested that the Administration is just trying to distract from its fiscal record:
  - The tax "extenders" bill and war supplemental are approaching floor action. Each has become a bloated Christmas tree.
  - Both contain faux "emergencies" that bypass PAYGO rules and belie any claim of fiscal discipline.
  - The poster child of budget hypocrisy is the tax extenders bill, which would create nearly $200 billion in additional deficits, but would actually reduce the official PAYGO deficit.

The bottom line: The Administration's proposal is not a serious step toward addressing the spending problem. Real leadership would be a proposal to actually reduce spending, lower the deficit, and stop adding to the mountain of debt.