

February 7, 2010

Good morning!

I thought you would find the column below both informative and insightful regarding Congressman Paul Ryan's "Roadmap for America's Future" and the path to fiscal solvency. Please share this with your contacts to help get the word out!

Thank you,

Reince Priebus
Chairman of the Republican Party of WI

How to get the country to solvency on entitlements

By George F. Will
Washington Post
Sunday, February 7, 2010
<http://www.washingtonpost.com/wp-dyn/content/article/2010/02/05/AR2010020503475.html><<http://link.sc.states.gop.com?20-4223-4224-1-15510>>

In 2013, when President Mitch Daniels, former Indiana governor, is counting his blessings, at the top of his list will be the name of his vice president: Paul Ryan<<http://link.sc.states.gop.com?20-4223-4224-1-15511>>. The former congressman from Wisconsin will have come to office with ideas for steering the federal government to solvency<<http://link.sc.states.gop.com?20-4223-4224-1-15513>>.

Not that Daniels has ever been bereft of ideas. Under him, Indiana property taxes have been cut 30 percent, and for the first time Standard & Poor's has raised the state's credit rating to AAA.

But in January 2010, Ryan released an updated version of his "Roadmap for America's Future"<<http://link.sc.states.gop.com?20-4223-4224-1-15512>>," a cure for the most completely predictable major problem that has ever afflicted America.

Some calamities -- the 1929 stock market crash, Pearl Harbor, Sept. 11 -- have come like summer lightning, as bolts from the blue. The looming crisis of America's Ponzi entitlement structure is different. Driven by the demographics of an aging population, its causes, timing and scope are known.

Funding entitlements -- especially medical care and pensions for the elderly -- requires reinvigorating the economy. Ryan's map connects three destinations: economic vitality, diminished public debt, and health and retirement security.

To make the economy -- on which all else hinges -- hum, Ryan proposes tax reform. Masochists would be permitted to continue paying income taxes under the current system. Others could use a radically simplified code, filing a form that fits on a postcard. It would have just two rates: 10 percent on incomes up to \$100,000 for joint filers and \$50,000 for single filers; 25 percent on higher incomes. There would be no deductions, credits or exclusions, other than the health-care tax credit (see below).

Today's tax system was shaped by sadists who were trying to be nice: Every wrinkle in the code was put there to benefit this or that interest. Since the 1986 tax simplification, the code has been recomplicated more than 14,000 times -- more than once a day.

At the 2004 Republican convention, thunderous applause greeted George W. Bush's statement that the code is "a complicated mess"<<http://link.sc.states.gop.com?20-4223-4224-1-15514>> and a "drag on our economy" and his promise to "reform and simplify" it. But his next paragraphs proposed more complications to incentivize this and that behavior for the greater good.

Ryan would eliminate taxes on interest, capital gains, dividends and death. The corporate income tax, the world's second-highest<<http://link.sc.states.gop.com?20-4223-4224-1-15508>>, would be replaced by an 8.5 percent business consumption tax. Because this would be about half the average tax burden that

other nations place on corporations, U.S. companies would instantly become more competitive -- and more able and eager to hire.

Medicare and Social Security would be preserved for those currently receiving benefits or becoming eligible in the next 10 years (those 55 and older today). Both programs would be made permanently solvent.

Universal access to affordable health care would be guaranteed by refundable tax credits (\$2,300 for individuals, \$5,700 for families) for purchasing portable coverage in any state. As persons younger than 55 became Medicare-eligible, they would receive payments averaging \$11,000 a year, indexed to inflation and pegged to income, with low-income people receiving more support.

Ryan's plan would fund medical savings accounts from which low-income people would pay minor out-of-pocket expenses. All Americans, regardless of income, would be allowed to establish MSAs -- tax-preferred accounts for paying such expenses.

Ryan's plan would allow workers younger than 55 the choice of investing more than one-third of their current Social Security taxes in personal retirement accounts similar to the Thrift Savings Plan long available to, and immensely popular with, federal employees. This investment would be inheritable property, guaranteeing that individuals will never lose the ability to dispose of every dollar they put into these accounts.

Ryan would raise the retirement age. If, when Congress created Social Security in 1935, it had indexed the retirement age<<http://link.sc.states.gop.com?20-4223-4224-1-15515>> (then 65) to life expectancy, today the age would be in the mid-70s. The system was never intended to do what it is doing -- subsidizing retirements that extend from one-third to one-half of retirees' adult lives.

Compare Ryan's lucid map to the Democrats' impenetrable labyrinth of health-care legislation. Republicans are frequently criticized as "the party of no." But because most new ideas are injurious, rejection is an important function in politics. It is, however, insufficient. Fortunately, Ryan, assisted by Republican Reps. Devin Nunes<<http://link.sc.states.gop.com?20-4223-4224-1-15516>> of California and Jeb Hensarling<<http://link.sc.states.gop.com?20-4223-4224-1-15518>> of Texas, has become a think tank, refuting the idea that Republicans lack ideas.

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http://www.realclearpolitics.com/articles/2010/02/07/charting_our_way_to_solvency_100195.html<<http://link.sc.states.gop.com?20-4223-4224-1-15517>>

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