

The Economy and D.C.: Republicans' Tax-cutting Fantasia

High unemployment numbers may be good for Republicans in the next election, which makes it disturbing that Republican leaders have blocked any discussion of stimulus policies that might succeed in putting people back to work.

In fact, all job-creating proposals that involve spending money are considered verboten among both parties, because Republicans have cowed Democrats with the argument that the 2009 stimulus bill was an irredeemable failure and the deficit is causing unemployment.

If Republicans are as deeply concerned about the 13.9 million out-of-work people as they claim to be, they might have offered ideas of their own that have some possibility of creating jobs. Instead, they have been chanting the same tired and discredited mantras the party has offered since the 1980s: huge tax cuts, huge cuts in safety-net spending, the clear-cutting of regulations, and the inevitable balanced-budget amendment.

The latest example is the [chimerical economic plan](#) put forward on Tuesday by Tim Pawlenty, the former Minnesota governor, who at least until this speech was considered one of the more reasonable of the suitors for the Republican presidential nomination. Mr. Pawlenty went much further right in proposing to slash government than even the House Republicans or most of the other candidates. The danger is that the race becomes [a Bunyan-esque contest](#) between tax cutters, with the public lulled by the false belief that the current tax rates (already low) are somehow inhibiting hiring.

Mr. Pawlenty proposed getting rid of the capital gains tax — not cutting it, like Republicans of yore. He would also eliminate the taxes on interest, dividends, and inheritance. Though businesses are flush with cash, he would more than halve their taxes, and cut the top individual rate to 25 percent. This would magically “unleash the creative energy of America’s businesses, families and individuals,” he said, promising a booming job market and a decade of 5 percent yearly growth.

That is a [preposterous target number](#), beyond the imagination of economists who can barely envision 3 percent growth. It is particularly unimaginable because of

the giant deficits the vanishing tax money would create, as the ripples from blown-up government programs washed through state and city economies. Mr. Pawlenty predicts that the growth from lower taxes would wipe out the deficit, an idea discredited since the Reagan years.

The shallowness of his ideas is best illustrated by a proposal to cut government services by finding similar private enterprises on Google. [Private security firms](#) advertise on the Internet, so can we shutter the Pentagon? That would save a lot of money right there.

While Republicans are loudly substituting these kinds of ideas for useful policy, Democrats are dangerously silent. Senate leaders, afraid that honest proposals will cost them a majority in next year's elections, have retreated into the shadows. President Obama, who will need a more robust response in the campaign, is negotiating drastic cuts to avoid government default.

Meanwhile, a tenth of the labor force will have to wait that much longer for relief.