

kind of fiasco that shows why Washington thinks Republicans are in trouble—and why they really are in trouble.

The disaster began when GOP leaders, after calling a news conference to blast Obama's numbers, released a budget outline with no numbers—just magic assumptions about “reform.” The mockery was instantaneous. Then Republicans began blaming one another for the stunt, which generated only more mockery about circular firing squads. And when they finally released the missing details on April 1, the notion of an April Fools’ budget produced even more mockery; the substance was ignored. “The President’s dog got more attention,” recalls Paul Ryan, the top Republican on the House Budget Committee.

But if you pay attention, the GOP alternative is not just a p.r. disaster. It’s a radical document, making Bush’s tax cuts permanent while adding about \$3 trillion in new tax cuts skewed toward the rich. It would replace almost all the stimulus—including tax cuts for workers as well as spending on schools, infrastructure and clean energy—with a capital gains–tax holiday for investors. Oh, and it would shrink the budget by replacing Medicare with vouchers, turning Medicaid into block grants, means-testing Social Security and freezing everything else except defense and veterans’ spending for five years, putting programs for food safety, financial regulation, flu vaccines and every other sacred government cow on the potential chopping block.

Ryan is one of the smart, young, telegenic policy wonks who have been hailed as the GOP’s future, and his budget includes relatively few the-Lord-shall-provide accounting gimmicks by D.C. standards. He knows its potential cuts could sound nasty in a 30-second ad, but he wants Republicans to stop running away from limited-government principles. “We’ve got to stop being afraid of the politics,” he says. “At this point, what have we got to lose?”

Well, more elections. Big Government is never popular in theory, but the disaster aid, school lunches and prescription drugs that make up Big Government have become wildly popular in practice, especially now that so many people are hurting. Samuel Wurzelbacher, better known as Joe the Plumber, tells TIME he’s so outraged by GOP overspending, he’s quitting the party—and he’s the bull’s-eye of its target audience. But he also said he wouldn’t support any cuts in defense, Social Security, Medicare or Medicaid—which, along with debt payments, would put more than two-thirds of the budget off limits. It’s no coincidence that many Republicans who voted against the stimulus have claimed credit for stimulus projects in their district—or that Louisi-



Hallowed hall A room at the Republican National Committee is a shrine to the GOP’s glory days—an increasingly distant memory

ana Governor Bobby Jindal stopped ridiculing volcano-monitoring programs after a volcano erupted in Alaska. “We can’t be the antigovernment party,” Snowe says. “That’s not what people want.”

Not even in South Carolina, not now. Sanford has gone further than any other governor in passing up the Democrats’ stimulus money, but he’s turning down only 10% of his state’s share, about 2% of his state’s spending. He is still being portrayed as Scrooge, a heartless ideologue who wants to close prisons, fire teachers, shutter programs for autistic kids and ultimately shut down state government during a recession. And those portrayals aren’t coming from Democrats. “The governor has one of the

‘We’ve lost our way, but we’ll get back into the idea business, and the Democrats will overreach.’

—REPRESENTATIVE TOM COLE OF OKLAHOMA

most radical philosophies I’ve ever seen,” says state senator Hugh Leatherman, 78, the Republican chairman of the finance committee. “I’m a conservative, but this could be the most devastating thing our state has ever seen.” To Sanford, Leatherman is a fraudulent Republican franchisee, but to most Republicans in the legislature, the governor is the one tarnishing the brand. “Most of us are Ronald Reagan Republicans, Strom Thurmond Republicans,” grumbles Senate majority leader Harvey Peeler. “Republicans control everything around here. It would be nice if we could accomplish something.”

Sanford was once a lonely voice for fiscal restraint in Congress, one of the few Republican revolutionaries of 1994 who kept faith with the Contract with America. Back then, his bumper stickers said DEFICIT with a *Ghostbusters*-style slash through it, and his apocalyptic speeches chronicled how debt had destroyed great civilizations like the Byzantine Empire. I watched him give an updated version at a tea-party rally in Columbia, S.C., on April 15 as the crowd screamed about Obama’s tyranny and waved signs like KEEP THE GOVERNMENT OUT OF OUR HEALTH CARE AND USA 1776-2009, RIP. Sanford himself is not a screamer; he’s a provocateur. “We’ve become a



GOP Memories

A display at RNC headquarters celebrates the party’s history. See photos at time.com/gop

party of pastry chefs, telling people they can eat all the dessert they want,” he says. “We need to become a party of country doctors, telling people that this medicine won’t taste good at all, but you need it.”

It’s principled leadership, but only the tea-party fringe seems to be following. “Nobody likes Dr. Doom,” Sanford says with a smile. Leading a state with the nation’s third highest unemployment rate, he understands the Keynesian idea that only government spending can jump-start a recessionary economy: “I get it. I’m supposed to be *proactive*.” But if spend-and-borrow is the only alternative to a depression, he says, “then we’re toast.”

The Old Issue Set

HIS PARTY COULD BE TOO. HISPANICS, Asians and blacks are on track to be the majority in three decades; metropolitan voters and young voters who skew Democratic are also on the rise. This is why Roggers recently decided to quit being a talking head: “I had a meeting with myself, and I said, Do we really need more white lobbyists with gray hair on TV?” But it’s not clear that more diverse spokesmen or better tweets can woo a new generation to the GOP; support for gay rights is soaring, and

polls show that voters prefer Democratic approaches to health care, education and the economy. “The outlook for Republicans is even worse than people think,” says Ruy Teixeira, author of *The Emerging Democratic Majority*. “Their biggest problem is that they really believe what they believe.”

So Republicans need to decide what Republicans need to believe. What does their three-legged stool of strong defense, traditional values and economic conservatism mean today? Does strong defense mean unqualified support for torture, outdated weapons systems and pre-emptive wars? Do traditional values mean no room in the tent for pro-choicers like Specter and Snowe? Even Joe the Plumber—who opposes abortion and homosexuality and considers America a “Christian nation”—wants the party to drop its “holier than thou” attitude on divisive social issues.

The most urgent question is the meaning of economic conservatism. Representative Patrick McHenry of North Carolina, a conservative who keeps a bust of Reagan on his desk, surprised me by declaring that the Reagan era is over. “Marginal tax rates are the lowest they’ve been in generations, and all we can talk about is tax cuts,” he said. “The people’s desires have changed, but we’re still stuck in our old issue set.” Snowe recalls that when she proposed fiscally conservative “triggers” to limit Bush’s tax cuts in case of deficits, she was attacked by fellow Republicans. “I don’t know when willy-nilly tax cuts became the essence of who we are,” she says. “To the average American who’s struggling, we’re in some other stratosphere. We’re the party of Big Business and Big Oil and the rich.” In the Bush era, the party routinely sided with corporate lobbyists—promoting tax breaks, subsidies and earmarks for well-wired industries—against ordinary taxpayers as well as basic principles of fiscal restraint. South Carolina Senator Jim DeMint’s Republican alternative to the stimulus included tax cuts skewed toward the wealthy; at this point, the GOP’s reflexes are almost involuntary.

Now that they’ve lost their monopoly on power, many Republicans are warning that spending-fueled deficits will cause inflation, reduce demand for U.S. Treasuries and shaft future generations. They don’t seem so worried about an imminent depression, which would explode deficits in addition to the shorter-term pain, and their newfound fear of borrowing has not cooled their ardor for budget-busting tax cuts. “They talk about fiscal restraint, but they’ve got an atrocious record, and they’ve still got atrocious plans,” says Robert Bixby, executive director of the nonpartisan Concord Coalition.

Still, a 2012 presidential candidate could catch lightning in a bottle, Reagan-style or Susan Boyle-style—although when you think about it, Republicans found a nationally admired war hero with proven bipartisan appeal in 2008, and he lost to an inexperienced black liberal with a funny name. Outside Washington, moderates like Charlie Crist in Florida and Jodi Rell in Connecticut as well as pragmatic conservatives like Mitch Daniels in Indiana and Jon Huntsman in Utah have remained popular despite their brand. They all share an aversion to ideological rigidity: Rell signed a bill legalizing same-sex unions, Crist has pushed an ambitious environmental agenda, Daniels proposed a tax increase, and Huntsman has cautioned Republicans not to obsess about social issues.

There’s always the chance that some new issue—immigration? Iran? cap and trade? something nobody has thought of yet?—will blow up and bring the GOP back to life. Maybe one of the new GOP chin-stroking groups will come up with some killer new ideas to help the party reconnect with ordinary Americans. But Republicans know their best hope for recovery, whether they say it like Limbaugh or merely think it, is Democratic failure. Now that Democrats control both Congress and the White House, hubris is a real possibility; it’s hard to imagine Obama floating his pitiful plan to cut \$100 million in waste—a mere 0.0025% of federal spending—if he had to worry about a formidable opposition.

The problem for Republicans, as the RNC’s Steele memorably put it in a TV appearance, is that there’s “absolutely no reason, none, to trust our word or our actions.” Republicans, after all, proclaimed that President Clinton’s tax hikes would destroy the economy, that GOP rule would mean smaller government, that Bush’s tax cuts would usher in a new era of prosperity; now the House minority leader says it’s “comical” to think carbon dioxide could be harmful, and Steele says the earth is cooling.

Polls show that most Republicans who haven’t jumped ship want the party to move even further right; it takes vision to imagine a presidential candidate with national appeal emerging from a GOP primary in 2012. DeMint, the South Carolina Senator, greeted Specter’s departure with the astonishing observation that he’d rather have 30 Republican colleagues who believe in conservatism than 60 who don’t. “I don’t want us to have power until we have principles,” DeMint told TIME after firing up that tea-party crowd in Columbia. Voters certainly soured on unprincipled Republicans. But it’s not clear they’d like principled Republicans better. ■