

Post 6/25/95

The Republican Long March

AT EVERY step along the way, the prediction has been that the congressional Republicans would falter in their drive toward a balanced budget. So far it hasn't happened. The astonishing spectacle instead has been of a party doing pretty much exactly what it said it would. What a breach of the rules that is.

House and Senate conferees have now agreed on a plan to eliminate the budget deficit in seven years and, once the necessary spending cuts are made, to enact a tax cut as well. The president and other Democrats say the spending cuts would be too deep, in Medicare and Medicaid especially, and carry the risk of recession. But the president himself has proposed a plan that he says would get to balance over 10 years. They're arguing not over whether to shrink the government, but over how much and how fast. That's the Republicans' accomplishment.

The budget resolution that has emerged from the conference committee is an outline only. The hard part of filling in the blanks—making the specific cuts in specific programs that will be required to carry the good intentions out—has yet to come. That's what the president and the Republicans are going to be disputing all summer. What are some of the principles that should guide them?

(1) A balanced budget is a useful political beacon but otherwise an artificial goal. The important thing is not so much achieving balance as getting the deficit down to a manageable level. Interest costs were a tenth of the budget at the start of the Reagan administration. They've become a seventh today. The more that has to be spent to service the debt, the less that remains for other purposes; the kudzu has to be cut back.

(2) A tax cut now remains a bad idea. If the deficit is the problem, why begin by compounding it? Nor should cuts be made in health care and other programs for the poor in order to finance a tax cut, some large part of which will be of principal benefit to the better-off.

(3) The Republicans are trying to balance the budget on too narrow a base. By taking Social Security off the cutting block (together with defense and interest on the debt), they've left themselves less than half the budget with which to work. That's why they've had to propose such deep cuts in the health care programs; the cuts they've set out for Medicaid in particular would do great social harm. The program for the poor and near-poor now covers a seventh of the population. Savings can be had, but nowhere near the savings the budget resolution suggests without adding greatly to the number of uninsured in the society. Surely there's no gain in that. The budget-balancing process ought to extend across the board. We've suggested an indexation holiday—a one-year suspension of indexation of Social Security and other retirement benefits and the indexed features of the tax code—as one method. There are others.

But in writing the resolution that they have, the Republicans have performed an enormous service. If the deficit comes down substantially this year, it will be because they forced it to. You can argue all you want that it was their party that mainly drove it up in the 1980s and that resisted the deficit-reducing steps that Mr. Clinton proposed earlier in his term. That was then; this is now.