

*David S. Broder*

## 'Race to the Bottom'?

The Republicans in Congress are proposing a revolution in domestic policy and in the relationship between the federal government and the states. Last week, at their meeting in Burlington, Vt., the nation's governors tried but failed to agree whether the proposed changes would be a blessing or a disaster. The 30 Republicans, 19 Democrats and one independent could agree only to disagree.

Now the proposition is before Congress. This month the Senate is debating several alternatives to the House-passed welfare reform. After Labor Day, the House will launch a similar debate on Medicaid.

On the face of it, the fight is about money. The welfare bill was blocked for weeks in the Senate by a dispute between states like Wisconsin and Massachusetts, which have high benefits and little growth in their welfare populations, and those like Texas, which have low benefits but are experi-

encing rapid growth. Senate Majority Leader Bob Dole found a solution by coming up with enough money to guarantee current allocations to the first group of states while providing a bonus for the second.

That will be much harder when it comes to Medicaid, the program that provides long-term care for the indigent elderly and disabled and basic medical services for other welfare families. It is by far the biggest single federal-state program today, and the Republican budget calls for \$181 billion in savings from it in the next seven years. Finding a way to distribute the pain will be difficult.

But money is just one of the dimensions of this struggle. Equally important is the question of minimum standards—and where they will be set. Until now the floors have been established in Washington for Medicaid and for the main welfare program, Aid to Families with Dependent Children

(AFDC). The states have been the junior partners, both in designing and paying for these basic "safety net" programs.

What the Republicans want to do is reverse that. By capping the amount of money the federal government would appropriate for these two programs and converting them from individual entitlements to state block grants, they would force the states, over time, to pay for a bigger share. In return, the states would be given much wider leeway, immediately, to redesign the programs to their own taste.

The hope is that this will encourage experimentation that may reduce costs while actually improving outcomes for beneficiaries. The Medicaid population could benefit from moving into managed-care programs, it is argued. Welfare programs could be tailored more easily to local circumstances, helping people move off the dole and into paying work.

The critics' fear is that instead of innovating, the states will engage in a "race to the bottom" that shreds the social safety net.

In back-to-back speeches to the governors, Dole argued that the first of those results is likeliest; Clinton said he worried that the second would be the case.

No one can be certain, but logic and experience suggest that the second scenario is more likely. What would happen when federal funding is reduced and federal standards are eliminated is that the 50 legislatures would become the arena, each year, in which the welfare population would have to compete against other claimants for scarce dollars.

The reality is that, as Clinton said, "the poor children's lobby is a poor match" for other interests that pressure the legislatures. Teachers, road builders, law enforcement people, county and local governments, uni-

versities all have more clout. That was demonstrated this year in states from New York to California, where welfare benefits were trimmed to avert deeper cuts in other parts of the budget.

Dole, who is shepherding the welfare bill in the Senate and who would like to challenge Clinton in next year's presidential race, cozied up to the governors by expressing his indignation at Clinton's "race to the bottom" charge. "I wonder which states he thinks would participate in such a race," Dole said. "Which states does he believe cannot be trusted with welfare, education and protection of their people?"

But it is not a question of trust. The political realities of the legislatures are much as Clinton described them. To ignore that reality is to court trouble—not just for the aged and the poor but for the federal system.