

Editorial Desk; Section A

Which Do We Need More, Bigger Cars or Better Schools?

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ITHACA, N.Y. -- Tax-cutters claim the moral high ground. "It's a matter of principle," says Bill Archer, chairman of the House Ways and Means Committee, "to return excess tax money in Washington to the families and workers who sent it here."

In pushing the current tax-cut measures through Congress, Mr. Archer and other proponents have built their case on the proposition that money spent in the private sector is almost always used more responsibly than money spent by bureaucrats.

At first glance, this appears unassailable. The Pentagon's \$7,600 coffee maker may have been an aberration, but private fire companies routinely deliver comparable protection at half the cost of their municipal counterparts.

Adding to the appeal of tax cuts is that, despite our robust economy, millions of taxpayers feel strapped for cash. As a nation, we're currently spending 1.2 percent more than we earn, and more than 1 family in 70 filed for bankruptcy last year.

Yet the gains promised by tax-cutters are illusory. A cut would worsen an already serious imbalance in the overall mix of things we buy.

A disproportionate share of the tax relief now being considered -- 45 percent under the House plan and 30 percent under the plan the Senate passed yesterday -- would go to the wealthiest 1 percent of households, which earn more than \$300,000 a year. These households have captured most of the growth in earned income during the last 25 years, and their spending on luxury goods is already growing at record rates.

With more cash in their pockets, top earners would demand still bigger houses and cars. A sport-utility vehicle just one inch wider than Ford's new Excursion -- which weighs three times as much as a Honda Civic -- would require special "wide load" running lights. And increased spending at the top always spawns additional spending by others.

Ardent tax-cut proponents will respond: "So what? If top earners want to spend the wealth they have generated on bigger houses and cars, why should Congress second-guess them? And if middle-class families can't afford to keep up, why can't they just summon the will to live within their means?"

But the problem confronting a family is like the one confronting a participant in a military arms race. It can choose how much of its own money to spend, but it cannot

choose how much others spend. A middle-income family that buys a smaller-than-average house typically must send its children to below-average schools. Buying a smaller-than-average vehicle means greater risk of dying in an accident. Spending less -- on bombs or on personal consumption -- frees up money for other pressing uses, but only if everyone does it.

The persistent budget deficits of the past three decades have gutted many public services once considered essential. At a time when we are wealthier than ever, does it really make sense to be closing our public libraries on Sundays or cutting Federal inspections of meat-processing plants? Does it make sense not to have replaced antiquated water supply systems that deliver potentially dangerous levels of toxic metals, pesticides, and parasites to some 45 million of us?

Paradoxically, a tax cut could actually leave Americans with less to spend on themselves. Money spent on a tax cut instead of repairing a road means not only having to spend two to five times as much to fix that same road in the near future, but also having to pay an average of \$120 per car to repair the damage that bad roads inflict each year.

Proponents of smaller government argue that if we let the government spend more money, more will be wasted.

This is true, of course, but only in the trivial sense that there would be more of everything the government does -- good and bad -- if public spending were higher.

The solution favored by many opponents of government waste, epitomized in the Proposition 13 movement in California, is to starve the government.

But, as Californians have belatedly recognized, this remedy is like trying to starve a tapeworm by not eating. Residents of the Golden State, who once proudly sent their children to the nation's best schools, are now sending them to some of its worst.

The question, then, isn't whether bureaucrats know best how to spend our money. Rather, it's, "How much of our money do we want to spend on public services?"

The current budget surplus could be used to help restore public services that deliver good value for our money. Or it could be used to pay for tax cuts that would help fuel an already intense consumption spiral. Tired slogans about government waste won't help us make this decision more intelligently.

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Drawing. (David Suter)