



Errors of Commission

by David Frum

So much for blue-ribbon commissions. For a decade, politicians afraid to make tough decisions on the budget have nervously suggested passing their job to panels of bankers and college presidents. *We*, the pols say, are crippled by the sniffishness of the voters, but *they* are free from politics and can ignore the public's squawks and pursue the common good.

In no area of public policy has the call for commissions sounded as loudly and insistently as with the budget. What Washington wants to do to balance the budget—cut Social Security, raise taxes, and protect antipoverty programs—conflicts radically with what the voters want done—protect Social Security, cut taxes, and gut antipoverty programs. But guess what? The bankers and college presidents turn out to scare just as easily as the politicians do. Which is why America's grandest experiment yet with a blue-ribbon budget commission, the Kerrey Commission on entitlements, has just reported spectacular failure.

In 1993, Sen. Bob Kerrey of Nebraska demanded a commission to recommend ways of controlling entitlement spending as his price for supporting President Clinton's first budget. He got his wish in February 1994. He and Sen. John Danforth of Missouri were named to chair a 30-member commission as festooned with blue ribbons as the prize pigs at a county fair: ten senators, ten congressmen, three bankers, a union leader, the president of the United Negro College Fund, etc. The commission handed in its report on January 27 of this year, and the results are ignominious: The commission members couldn't agree on *anything*.

They couldn't even agree that the problem they were supposed to investigate—out-of-control spending on entitlement programs—actually exists.

Meanwhile, in the same week that the Kerrey commission's confession of failure landed on the president's desk, congressional Republicans were beginning to assemble what could turn out to be a comprehensive reform of the \$140-billion-per-year Medicare program. Old-fashioned party politics has seldom looked better.

Why couldn't the commissioners agree? Well, why should they have agreed? The hundreds of programs we call "entitlements" together make up the radioactive core of the American welfare state. They include not only giant social insurance programs like Social Security, Medicare, and Medicaid, but also the agriculture budget, veterans' compensation, food stamps and welfare, black-lung payments to coal miners, nutrition aid, and on and on and on. Basically, an entitlement is any program for which Congress, instead of appropriating a fixed sum of money (as

it does for defense or transportation), sets up criteria of eligibility and says: Anyone who meets these criteria is entitled to government help.

By that definition, roughly half the budget goes to entitlements of one type or another. The hope that you could lock bank presidents and union leaders, and Democratic and Republican politicians in a room together, as the Kerrey commission did, and have them work out some grand deal was a delusion from the start. Not just a delusion but a puzzling delusion: Why *should* entitlement reformers put their ideologies aside? Why *aren't* Republicans and Democrats permitted to disagree about whether spending cuts or tax increases should be used to balance Washington's books?

The final report of the entitlements commission confirms how ideological an exercise spending reform necessarily is. Because the commission could not agree on a single set of recommendations, the two chairmen, many of the commissioners, and the commission staff gathered their own various personal plans together into the final report. As a result,

the document is sprinkled with literally hundreds of ideas for cutting spending and raising revenues. Commissioner Pete Peterson, for example, proposed a mass of tax increases (principally a huge rollback in the home mortgage deduction) and cuts in benefits to middle-income people. It's an intelligent and comprehensive plan—if you agree that preserving a generous welfare state for the least well-off is more important than avoiding new taxes. If not, its logic looks far less compelling. To Peterson, higher taxes and fewer benefits for the well-to-do represent the simplest common sense. But those who reject his values will resent as



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arrogant his assertions that "we should have been able to agree that reform must be progressive" and "we should have been able to agree that reforming tax expenditures is a necessary part of the solution."

Undeniably, entitlement programs cost too much. Medicare's costs have tripled since 1980; Medicaid's have quintupled. And the future looks even grimmer. The Social Security Administration's middle-of-the-road projections predict a 17.4 percent FICA tax by the year 2040 and an 18.4 percent Medicare payroll tax. Since Social Security's projections have historically underestimated its costs, it's worth dropping one's eye down to the worst-case scenario. That scenario posits a 22.2 percent FICA tax by the year 2040 and a 35.7 percent Medicare payroll tax.

As bad as those numbers are, there could be something even worse: the wrong kind of answer to the problem of controlling them. Sen. Kerrey, for instance, wants to slow the increase in Medicare spending by unilaterally reducing government payments to doctors and hospitals. Washington has been experimenting with this sort of medical price control since 1983, and the verdict is in: patients get worse medicine as a result. Top-down administrative controls do not lead health-care providers to experiment with new types of service; health-care providers, like everyone else, only experiment when they're under competitive pressure. In the absence of competition, price controls tempt them into an easier way out: water the product down. Simply deliver your captive market of optionless Medicare patients inferior medicine, in dirtier buildings, after longer delays. It's easy, it doesn't require thinking, and it doesn't disrupt the doctors' accustomed ways of doing business. As for the patients, where are they going to go? Canada?

Kerrey's interest in price controls underscores a harsh truth: that the alternative to free-market entitlement reform is *not* the unabated flow of benefits to the elderly. The real alternatives are free-market reforms or ever-dingier and more squalid government services. And the dinginess and squalor will be intensifying fast as the vast baby-boom generation approaches retirement and threatens to impose nightmarish new costs on the federal Treasury. That's why a radical Republican reform agenda is so urgently

needed now: these are the last few years in which the baby boom generation will possess the purchasing power to make its own retirement provisions, before its members pass 65 and find themselves helplessly dependent on a deteriorating public-sector retirement system.

The right sort of entitlement reform—the sort of reform that the Kerrey commission refused to consider—must not only liberate Washington from impossible spending commitments; it must liberate people from the Washington social-welfare system, by moving them toward individual control of their own pension and health plans. Instead of compelling hospitals to downgrade services offered to Medicare patients, Medicare could be reinvented as a system of medical IRAs that would permit patients themselves to decide where they would economize and where they would spend. Instead of reorganizing Social Security to induce everyone to keep working to 70, personalized tax-sheltered accounts would free Americans to make their choices about when to stop working.

The details of these proposals have been floating about Washington for some time, but all of them require conservative con-

gressmen actually to enter into the guts of America's major social welfare programs and rewrite them—a job Republicans have looked forward to with all the eagerness of a draftee getting ready to charge the barbed wire at the Somme. But the job cannot be evaded for very much longer. If one of the next three or four Congresses does not begin enacting personalized alternatives to the entitlement bureaucracies, all the Congresses after that will find themselves endlessly engaged in chop, chop, chopping the benefits paid by existing programs—or else raising payroll taxes to levels undreamt of even in Denmark or Belgium. It will be political hell: an eternity of delivering bad news to ever more insanely furious constituents. It's hard to see how the Republican congressional majority, or *any* congressional majority, can survive under those circumstances.

When the time for serious reform comes, Republicans will owe Sen. Kerrey this thanks at least: he has shown them how *not* to make their case. No blue-ribbon panels, no bipartisanship. Entitlement reform is about politics, and the more ideological the politics, the better the answers it will deliver. □

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PBS, R.I.P.

by John Corry

It is time to finally settle the argument about public broadcasting: End federal funding now. Congress had no business offering it in the first place. Lost in all the noise now about the peril to Big Bird and Barney is the indisputable fact that public broadcasting is part of the press, and the press is supposed to be independent of government. The Founding Fathers recognized this with the First Amendment, and everyone else should now recognize it, too. There is simply no way around this. The arguments about public broadcasting will remain, intractable and insoluble, so long as it stays on the dole.

The arguments going on now are misplaced. Sen. Larry Pressler, the chairman of the Senate Commerce Committee, sent out a questionnaire asking, among other things, how many members of the staff at National Public Radio, if any, had "previously worked for evangelical Christian associations." He also wanted to know if anyone at NPR had ever worked for the Pacifica Foundation, the loony left propaganda font. Predictably, liberals got upset. Arthur Kropp, for one, the chairman of People for the American Way, said that Pressler was on a "witch hunt." Pressler, embarrassed, withdrew some of his questions. The *New York Times* said the criticism he received was "fully justified," and that he had been "perilously close to a witch hunt." Pressler had been inspired, the *Times* said, by the enemies of public broadcasting, who see it as "elitist, leftist and unworthy of Federal funding."

Sanctimony reached high tide there. Neither People for the American Way nor the *Times* becomes alarmed when anyone asks similar questions in the name of "affirmative action." NPR is famous for the

left-liberal coloration of its programming, and Pressler was trying to find out if conservative Christians were represented there, or whether they were excluded. In other words, he was looking for "balance." Liberals may cherish this at other institutions that receive federal money, but apparently not at NPR. On the other hand, Pressler was unquestionably on shaky ground. NPR is a news organization, and democratic practice holds that the religious or political backgrounds of journalists are simply not government's concern.

Federal funding, of course, made the dilemma inevitable. When Lyndon Johnson signed the Public Broadcasting Act in 1967, he committed the government to paying journalists' salaries. The Corporation for Public Broadcasting, or CPB, was established to launder the money. Federal funding supposedly would pass through CPB and be magically sanitized, all hint of its origin removed, before it was sent on to PBS and NPR. This was a way of getting around the First Amendment, or perhaps pretending it did not exist. The First Amendment explicitly prohibits Congress from abridging freedom of the press; implicitly it prohibits Congress from establishing a news organization. PBS and NPR are news organizations, and although neither is likely to admit it, they make programming decisions with covert glances at Congress, especially PBS. This means their freedom is abridged.

It is widely recognized that PBS news documentaries lean left. A responsible survey by the Washington-based Center for Media and Public Affairs found, in 1992, "that [their] balance of opinion tilted consistently in a liberal direction." Nonetheless, even casual viewers must notice that the documentaries tilt at a less severe angle now than before. In the 1980s, for example, PBS gave us "The

Africans," nine hours of moldy Marxism and anti-Americanism that blamed the West for all of Africa's problems. It also gave us documentaries that presented Fidel Castro as a social democrat and the Sandinistas as agrarian reformers.

It is not quite that way any longer. The old tilt may still be apparent, but PBS programmers are sensibly aware of who pays their bills. As political power has moved from the left to the right, they have moved, too. "The Africans" has given way to Ken Burns's series about baseball. Meanwhile, "Messengers From Moscow" blames the old Evil Empire for the Cold War; Peggy Noonan explores values, and William F. Buckley, once consigned to odd hours when station managers thought no one was watching, presides over debates in prime time. If the political power keeps moving, PBS will one day present documentaries that extol the pro-life movement, and insist there is a right to bear arms.

That might seem like a nice change, but it really would be short-sighted to think so. Please Trent Lott in one session of Congress, and you might want to please—God forbid—Paul Wellstone in the next. The Framers would not have been amused. Proponents of federal funding continue to argue that CPB acts as a "heat shield" against government interference, but the phrase has no meaning. Any institution that accepts government money accepts government interference. However benign the intentions of the people who dreamed up public broadcasting—they all seemed to be from either the Ford Foundation or the Carnegie Corporation—they put government in a place where it had no business.

Their spiritual heirs want it to stay there, but they can not explain why it should. Public broadcasting would survive without federal funding. Since 1968, it has received more than \$4 billion from

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