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## REVIEW & OUTLOOK

### The Summit Flounders

As we went to press, the summiters had reached no final agreement on a deficit-reduction package. Absent an agreement of some sort, Gramm-Rudman's automatic, across-the-board cuts begin at midnight. Unless, of course, Congress, like Harold Lloyd hanging from the arm of a huge clock, votes to delay Gramm-Rudman's grim tolling bell.

This failure is no surprise. The current system under which Congress and the executive allocate federal resources is broken. And in its current design it will never work.

Members of Congress don't spend vast sums of money on re-election campaigns so they can cast votes to withdraw funding from their most supportive constituents. House Rules Committee Chairman Claude Pepper, in the middle of the summit negotiations, has just proposed a vast \$25 billion long-term health-care plan. We oppose Mr. Pepper but at least admire his honesty of purpose. Better this than to promise false spending reductions and vague revenue enhancements to "calm the markets."

Democratic Rep. Butler Derrick was quoted in the Journal yesterday as saying the point of the budget summit "is to make government not as large and cumbersome, and to cut back on it." Precisely. All "the markets" and critics of Washington want is concrete proof that the federal colossus is under someone's rational, long-term control. No significant progress will be made on this until the system is reformed—politically, technically and intellectually.

The political reform is a line-item veto. The item veto is not a conservative ploy to eviscerate Congress and its programs. Democratic presidents desired it. Democratic governors cherish it. The item veto's function is to force the executive and legislative branches to bargain and balance the national interest against narrow constituent interests. The current appropriations process reflects the kinds of corruptions bred by a closed system—pork-barreling, off-budget appropriations, "self-financing" trust funds, the recording of current spending in future accounts or the folding of new outlays into continuing resolutions. The item veto would throw a light into this vast darkness.

The technical reform is GAAP. Serious consideration should be given to adopting some form of Generally Accepted Accounting Principles, as proposed by New York's Rep. Joseph DiGuardi. Currently, the government

operates on a cash-basis accounting system that is an incentive to fogging up the books. Accounting reform would provide both the political marketplace and the financial markets a more rational basis for evaluating the national government's commitments. (Such a system might, for instance, have offered a more sobering picture of the real costs of Mr. Reagan's catastrophic-health insurance plan.)

The intellectual reform Washington needs to examine is privatization. Only in Washington is privatization regarded as some sort of ideological takeover plot. In truth, it is a public management technique gaining popularity among states and localities to prudently and efficiently allocate budget resources. This year an amendment to the House defense authorization bill actually killed the department's ability to privatize some ancillary services provided to military bases.

Each of these ideas has critics. But the critics, especially in the Washington community, offer absolutely no alternatives of their own. The budget summit—a "grand compromise"—is the establishment's idea of a pragmatic solution. It is instead the equivalent of putting a highway tractor in park and flooring the accelerator.

After this failure, the rationalizations are appearing in print, the most popular being that polls show the public really doesn't want outlays cut. We thought this was the United States, not the Roman Colosseum. If we wanted government run wholly by opinion polls, we could just put the tough decisions on Cable News Network and have the public vote thumbs up or down by calling a 900-number. Presumably the public elects leaders, not robots.

We have been told that this White House no longer has the stomach to press for an item veto. Possibly so. If not, the next administration will have to. We need no one to tell us that this Congress doesn't have the stomach to press for a rational budget system. Real change will ultimately require political change.

Accordingly, Republican dissent from the impending summit compromise is a healthy sign. Pretending to do something in the current spotlight would be politically worse than doing nothing. The signatories to this deal automatically become part of the problem. By opting out, the Republicans can preserve a serious issue for next year's elections and the Congress that follows.