

# The Much-Needed Return of Pay-Go

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While the House debates the course of the Iraq war today, the Senate has a chance to restore discipline to the federal budget, a first step in remedying years of damage from profligate tax cuts in the face of immense spending.

The Senate's budget plan, now being debated, resurrects the so-called pay-go rule, which Congress allowed to expire in 2002. Pay-go, already adopted by the House, would require senators to pay for new spending on entitlement programs, like Medicare and farm supports, by either raising taxes or reducing other entitlement spending. It would also require Congress to make up forgone revenue from any new tax cuts by raising other taxes or cutting spending.

Some Republican senators oppose the pay-go rule on the ground that it would increase taxes, de facto, by forcing the Bush-era tax cuts to expire as scheduled after 2010. That's untrue. The plan says only that if the cuts are extended, they should be paid for. It's hard to fathom why anyone would have a problem with that. Congress's own budget agency has warned that if the tax cuts are extended without offsets, the nation will face crippling deficits and unprecedented foreign debts in coming decades.

Some Democrats' discomfort with pay-go is not as indefensible, but still off point. The typical argument is that adopting pay-go now would make it difficult to finance vital programs that the administration and previous Republican-led Congresses have neglected, like health insurance for poor children.

The problem is that no politician wants to say what must be said: some taxes have to be raised, for the sake of the nation's children, veterans and others who are paying too high a price for the White House's spendthrift ways.

Now is not the time to begin a full-scale debate on the tax code. That will require a new president, one with a true sense of responsibility. But currently, the government forgoes some \$800 billion in revenue each year via hundreds of tax breaks. Some, like the mortgage interest deduction, are politically untouchable. But some others are loopholes that Congress could close to raise money for pressing needs. On the spending side, lawmakers could free up tens of billions of dollars by curbing Medicare overpayments, a move that has been recommended by Congress's own advisory committee on Medicare.

A pay-go rule does not have to threaten vital programs — if the Democratically controlled Congress is willing to exert the leadership and the discipline that President Bush and a Republican-controlled Congress have not.

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