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Time to Rethink the Tax Cuts

The student protests against his education cuts put Gov. George Pataki in a pedagogical mood. He lectured the students fiercely about the need to "bring desperately needed fiscal sanity" to the task of reducing a \$5 billion deficit. If only the Governor would listen to his own sermon. He would realize that now is not the time to aggravate that deficit with a nonsensical tax cut that accounts for 15 percent of the deficit figure he cited. Now that the brutal hardship of the budget numbers is clear, he must not let ideology triumph over his common sense and his duty to the well-being of the people of New York.

Of course, Mr. Pataki ran for governor on a sweeping tax-cut pledge, and he is right about the need for some tax relief for New Yorkers. But he also promised that the cuts could be carried out sensibly, if not painlessly.

The current wave of protests represents the rebellion of reasonable minds. The reductions in health care, social services and education have hit the outer limit of conscience, and New York City in particular is being bludgeoned. It is time for the Governor and the Legislature to scale back Mr. Pataki's proposed tax cut in line with what he rightly called fiscal sanity.

It was only after the election that Mr. Pataki and others say they discovered that the size of the state's looming deficit would require a budget that would shred the safety net for the poor, including programs that affect children, the elderly and mentally disabled. Middle-class families may have voted for Mr. Pataki in hopes of a tax cut, but they are now bristling at the news that a payout of a few hundred dollars would be accompanied by shuttered hospitals, huge tuition hikes at the State University and more crowding in public schools — or property-tax hikes to pay for the Governor's freeze in school aid. The state's previously enacted tax cut, combined with Mr. Pataki's add-ons, would cost \$720 million next year, but it would grow tenfold by the end of the decade, all but guaranteeing bigger cutbacks down the road.

For their part, Assembly Speaker Sheldon Silver and the Democrats should abandon efforts to outdo the Republicans with a more progressive tax cut of their own and look more to heading off the

worst budget cuts. The Democrats could also promise to work with the Governor to reduce the cost of state government and the explosive growth of entitlement programs. That would clear the way for a tax cut later on.

With little time before the start of the next fiscal year on April 1, a serious impediment to staving off the worst cuts has surfaced in the form of discord between Mayor Rudolph Giuliani and New York City's supporters among the Democrats in the Legislature. At present, they are working at cross purposes, undercutting their common cause.

The Mayor has advanced a laundry list of \$350 million in savings in education, mental health and other areas that would help close his own deficit, now estimated at \$3 billion. Speaker Silver wants to help the city with its budget problems, but he is also looking to stave off the worst of the welfare and Medicaid cuts and the cuts to higher education, especially tuition increases at the City University and State University, even though doing so will not help Mr. Giuliani with his budget. In fact, restoring state cutbacks in welfare and Medicaid would require the city to come up with its own matching funds.

Both politicians are reverting to type. Mr. Silver is the traditional Democrat, looking to the state and city to spend more money for education and the poor and middle class. Mr. Giuliani, more in tune philosophically in this instance with his fellow Republicans, sees welfare and Medicaid spending and low tuition at City University not as a boon to the poor and working class but as a burden to the city budget.

Right now there is bad blood underscoring the political differences that both the Mayor and the Speaker need to put behind them if the city's interests are to be served. The Speaker may quietly feel that the Mayor is simply currying favor with the Republicans as penance for endorsing Gov. Mario Cuomo last year. Mr. Giuliani may feel that the Speaker is part of the old tax-and-spend crowd that favors giveaways without the means to pay for them. Whatever the politics, personalities and philosophy, they need to get together fast and speak with one voice to protect New Yorkers from the worst. Each day brings the city and state closer to approval of a budget that would do such extensive damage that it would take years to repair.