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[10/23/75]

THE PRESIDENT HAS SEEN . . .

DMR

JMC

Omaha World-Herald Editorials

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Unsigned articles below are the opinion of The World-Herald

Tax Cuts, Budget Cuts Should Be Linked

President Ford's tax cut proposal is so clear that everybody can understand it:

He would make permanent cuts of \$28 billion annually. They would take effect next year. They are much larger than most people expected from the President. Three out of four dollars of the cuts would go to individual taxpayers.

But —

There would be such cuts only if "tied together in one package" with a spending cut of \$28 billion in the fiscal year beginning next July 1.

Rep. Al Ullmann, chairman of the House Ways and Means Committee, immediately said that such a cut balanced by spending reductions was impracticable. The Oregon Congressman claimed that the budget Ford was talking about did not yet exist.

* * *

But the projection of \$423 billion in spending does exist and has been a working figure for months. To some Americans, and we are among them, it does not sound unreasonable that Congress and the President should try to pare 6.6 per cent off that total and put the money in the hands of the people who earned it.

Sen. Dick Clark of Iowa complained that the spending cut was far too big, that with all the demands on government, Congress couldn't possibly find a way to trim that much.

But to Ford it would be "dangerous and irresponsible to cut taxes"—as Congress has made clear it intends to

do — without taking into account increased federal spending.

Ford does not argue with the premise that a sizable amount of purchasing power given back to the people will have a salutary effect on the economy. (The explanation for the failure of the last tax cut to provide a big boost was that the cut wasn't big enough or that much went into savings rather than consumer spending.)

* * *

But a \$28 billion cut tax cut should jingle the nation's cash registers and should help put people back to work. The question is how to do this without setting in motion the forces that create more inflation.

Ford's answer is to balance tax cuts and spending cuts. He means to make his proposal a major issue and he has unquestionably stolen some of the thunder from opponents who had planned lesser tax cuts and increased spending.

If he has done nothing else, Ford has dramatized the issue and caused the country to think about where the proposed tax cut money comes from.

Until the economy gets well enough to generate tax revenues without horrendous deficits, we are obliged to think about those deficits and to devise ways of scaling them down.

To propose the tax cuts without coping with the deficits and the federal spending that causes them is exactly what the President says it is — "dangerous and irresponsible."

