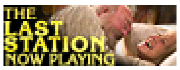
- Get Home Delivery
- Log In
- Register Now

- Home Page
- Today's Paper
- Video
- Most Popular
- Times Topics



Search All NYTimes.com Go

The New York Times

Thursday, March 4, 2010

Opinion

- World
- U.S.
- N.Y. / Region
- Business
- Technology
- Science
- Health
- Sports
- Opinion
- Arts
- Style
- Travel
- Jobs
- Real Estate
- Autos

- Editorials
- Columnists
- Contributors
- Letters
- The Public Editor
- Global Opinion

Ross Douthat

Evaluations

March 3, 2010, *5:56 pm*

Why Size Matters

Speaking of blurring the line between bloggers and politicians, Ezra Klein and Congressman Paul Ryan just had an interesting online exchange about Ryan's remarks at last week's health care summit. The Wisconsin congressman, you may recall, accused partisans of the pending legislation of disguising the real cost of the bill, which may total $2.3 trillion over 10 years once all the subsidies are phased in. Klein responded that yes, "the bill might cost $2.3 trillion" in its second decade, but over that period "it either raises or saves $2.95 trillion, for a net deficit impact of negative $650 billion." Ryan, he suggested, was using "the classic 'This Is A Big Number' technique to imply that the bill is financially irresponsible, when putting the number in context would show just the opposite."

Now Ryan has responded to Klein in turn. Here's the part that's relevant to the $2.3 trillion dispute:

> You argue I intentionally mislead folks by stating the fact that the 10-year cost once the subsidies were fully implemented would be $2.3 trillion. I'm accused of a disingenuous "This is a big number" argument. Your premise assumes a lack of concern with the unsustainable growth of government. I would counter that the narrow focus on deficit arithmetic misses an important point with respect to the size and scope of this legislation.
>
> If the health care bill expanded government by $50 trillion, but raised $51 trillion in taxes – would such a policy be okay with you, because it reduced the deficit? Ignoring the size of government denies the adverse economic impact that would result from the level of taxation or debt required from the private economy. You cannot tax your way out of our entitlement problem, much less the entitlement expansion that would occur under this bill (CBO Letter to Ryan).

This is one of reasons why I've been harping about the virtues of a smaller bill, whether it's drawn up along liberal or conservative lines. Deficit-neutrality is a very good thing, but it isn't the only factor to consider when faced with a massive piece of legislation. For one thing, as Ryan suggests, there's the drag on economic growth from the tax increases required to keep a $2.3 trillion bill safely in the black. But even if that possibility doesn't worry you, there are also opportunity costs to consider, which go up and up the more expensive the bill gets. I'm in favor of cutting Medicare, for instance, but every cut to Medicare you make now, to pay for health care reform, is a cut that can't be implemented in the future to keep the entitlement system sustainable. Similarly, I recognize that taxes will probably go up over the next 30 years. But every tax you hike now, to pay for health-care subsidies, is a tax increase that can't be used to balance our books further down the road. Health care reform could end up being technically deficit neutral, in other words, and still help drive the country ever deeper into the red, by limiting our options for deficit reduction in the future.

What's more, the new taxes and spending cuts are just the direct costs of the health care legislation. As the Cato Institute's Michael Cannon keeps emphasizing, the House and Senate bills score so well in part because they offload billions in spending to the private sector — through the individual mandate, new regulations on insurers, etc. And again, there are opportunity costs here: Every private-sector dollar that's required to circulate through the health care system is a dollar that won't be used to buy a house, or start a business, or take advantage of Toyota's zero percent financing. These mandates for private spending won't bankrupt the U.S. Treasury, or even