



Dead Wrong

by R. Emmett Tyrrell, Jr.

Everything Bill Clinton believes about the economy is wrong. He believes that by raising taxes he will cut the deficit. That will lower interest rates. This will spur economic activity. But of course, and the cow will jump over the moon.

Actually, in recent years no evidence has been found to support this belief—though animal-rights advocates might have data on that saltant cow. What is more, our president believes that by raising marginal tax rates he can ensure a specific level of increased government revenue—again his belief is bereft of evidence. In fact, the evidence is to the contrary. Finally, he believes he can lower the federal deficit while increasing federal spending. That belief suggests that our Boy President suffers schizophrenia.

Allow me to go a step further: everything Bill Clinton believes about government is wrong. He believes that government can create prosperity. The evidence is that government depletes prosperity. He believes that government can select promising enterprises in the private sector and make them even more successful. The evidence is that governments engaged in this futile endeavor are inevitably lobbied into sustaining economic duds while impeding promising enterprises.

Adapted from RET's weekly Washington Times column syndicated by Creators Syndicate.

And more: he believes that government can coerce all Americans into abiding national planning. For the last thirty years growing numbers of "minorities" have been successfully exempting themselves from government planning. Ironically, advocates of big government such as the Clintons have wrecked big government by expanding its list of special interests: blacks, women, gays, Hispanics, the disabled, and on into anarchy.

Now, even if interest rates were to decline attendant to a declining deficit, whence will come the money for economic growth? According to Clinton, his tax collectors are going to sop up vast amounts of investment capital in one of the Republic's largest peacetime

tax increases. Yet he assures us that soaking the rich alone achieves \$187 billion in revenues to be placed against the federal deficit. Alas, recent experience shouts *fortissimo* that, when government raises taxes, it fails to get the revenues it anticipates. As the *Wall Street Journal* reported in July, after the Bush tax increase, tax receipts from the rich fell for the first time since the mid-1980s. In fact, the wealthy paid \$6.5 billion less in taxes in 1991, and the middle class paid \$3.3 billion more. According to IRS reports, those making \$200,000 or more paid 6.1 percent less in federal income tax, while tax receipts from everyone else increased 1 percent. The rich are not as ignorant of economics as our politicians. When marginal taxes become excessive, the rich either shelter their income from the taxpayer or simply work less.

This is not a recent phenomenon. Throughout the 1980s, in fact, the percentage of tax receipts collected from the upper one percent rose considerably, due to declining marginal rates. With Clinton's huge tax increase now being negotiated in Washington, then, there will come no great increase in revenue from the rich. The increase will come from the rest of us or not at all. My guess is that the increase will come not at all, and that the deficit will grow. That is what happened when Mr. Bush raised taxes and when the Washington wizards of tax



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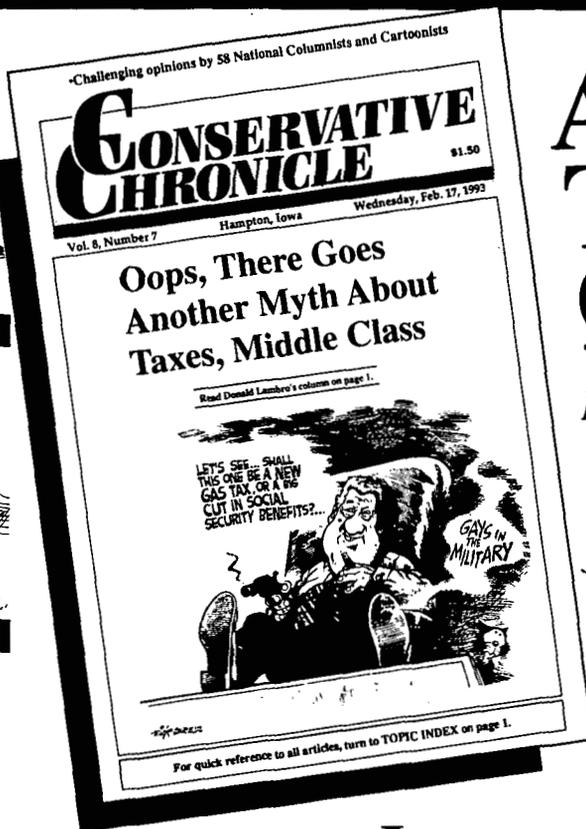
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& spend prevailed temporarily on Ronald Reagan.

Yet our Boy President today bravely enters the same trap. Mr. Bush's melange of increased government regulation and higher taxes effectively ended America's longest period of peacetime prosperity. It sent the economy into a brief recession and a painfully slow recovery. In 1992, candidate Clinton believed we were living through a prolonged recession. At times he believed we were in depression. But then, as aforesaid, everything Bill Clinton believes about economics is wrong.

Today he travels the land, asserting that the mere hint of his marvelous budget is responsible for declining interest rates, hence economic growth. What growth? The mere hint of his budget has

induced economic slowdown from 4.7 percent in the last quarter of 1992 to 0.7 percent in this year's first quarter.

Moreover, interest rates have not been going down because of Clinton's schizophrenic budget of increased taxes (\$250 billion over the next five years!) and increased spending (\$300 billion the next five years!). As Ambrose Evans-Pritchard of London's *Sunday Telegraph* notes, American interest rates are declining as a consequence of (1) global deflation, (2) declining interest rates world-wide, and (3) a restrictive (too restrictive?) monetary policy decided upon by the Fed last year. Once again, President Clinton is wrong, but then everything he believes about the economy is wrong. □

aides all reported their amazement and, of course, their grief. Foster had been extremely close to the Clintons through all their endless campaigns. He had handled campaign funds and family funds. He, Hillary, and another Rose Law Firm colleague, associate director of the Justice Department Webster Hubbell, were involved in an unusual stock partnership, *Midlife Investments*. In the White House he had been involved with sensitive matters, some controversial (e.g., Travelgate) and some more commonplace (e.g. the First Family's blind trust). "We've been up real late two nights in a row now," the president told a reporter, "remembering and crying and laughing and talking about him, and I don't think there is anything else."

But there was. After so many unnecessary claims that nothing was amiss before Foster's death, it now turns out that associates feared he was depressed. What is more, a week after Foster's death the White House admitted that the president, too, was concerned about Foster, and had made a heretofore undisclosed twenty-minute telephone call to him the night before his mysterious death in Fort Marcy Park. Why this confusion? Or is a more accurate word deceit? There are times when one gets the sense that this administration of aging 1960s coat-and-tie radicals is a gigantic reenactment of *The Big Chill*, that 1983 film of yuppie middle-aged crisis, emotional and ideological burnout—it began when the suicide of one member of a close-knit group of college friends brought them all home to reflect.

During President Clinton's affecting eulogy in Little Rock on July 23, Americans were under the impression that a thorough investigation at the highest level was underway. The administration had not been slow to bring in the FBI to investigate its White House travel office. It should summon the FBI to investigate this mysterious death. Nothing in Foster's private life suggested suicide. He had been involved in delicate political dealings for the president of the United States. No suicide note has been found. His dealings at the Rose Law Firm were supposedly under scrutiny. Is this true? What is the truth? No high White House aide has died under such mysterious circumstances in this century, and the Park Police are handling it? But then this is a very weird presidency. □

The Mysterious Death of Vince Foster

This is the weirdest presidency I have observed. It is entirely possible on the testimony of the President that his deputy White House counsel, Vincent Foster, Jr., met with foul play on July 20. He is dead now, and from all that we have heard about him murder cannot be ruled out. Yet people in the White House have decided that this shocking ending to a successful, happy public life is only going to be investigated by the federal Park Police, not the FBI. Earlier, a Justice Department official had promised an investigation "to find out what the factors were—if it was a suicide—that led to him killing himself." But now the president is leaving Foster's death to the Park Police, keepers of parks and forests, patrollers of revelers and vagrants—but police with no demonstrated competence in forensics.

Foster left Arkansas six months ago to serve his boyhood friend Bill Clinton in the White House. Before that he had been a prominent lawyer at Little Rock's politically hyperactive Rose Law Firm, as had Hillary Rodham Clinton and two other powerful government officials—an

uncommonly high number from one law firm. Somehow, late on the afternoon of July 20, after disappearing from the White House for five unexplained hours, he found his way into Fort Marcy Park, off the George Washington Parkway a few miles from the White House, and soon was dead. At this writing, it is unknown where Foster got the 80-year-old revolver that did him in, or where he

was for the five hours before his death.

Among other things, I find it odd that he would have discovered this particular park. For several years I have whizzed by it en route to my home. Until Foster's death I never thought to enter it. Why would a very busy newcomer from Arkansas find it interesting? Scores of local places are more alluring. After Foster's body was found I made my first stop. It is an eerie place. Huge walls of grim trees and tall shrubs enshroud it. Supposedly it is a stop-off for dubious liaisons. I can believe it. My second visit there was no more cheerful. It is a curious place for a top White House aide to enter, even for a suicide.

In the days that immediately followed Foster's death, the president and his

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The Poisoned Chalice Revisited

by Tom Bethell

Somehow, I had assumed that wily Democrats would resist swallowing the same medicine they encouraged George Bush to take in 1990. The bottle, of course, is misleadingly labeled Deficit Reduction. And it is poison. As I write, the House-Senate conference is still meeting, so there's a possibility that wisdom will prevail at the last minute. But I'm not holding my breath. For months, the media-politico consensus has been that the Clinton presidency will be fatally damaged if the plan is not enacted, that is, if more taxes are not imposed. Failing to place this new burden on the economy will show that Democrats "cannot govern," it is said. And rather than show such weakness, the Democrats have been hoisting the poisoned chalice to their own lips.

The purpose of the phrase "deficit reduction" is to avoid the more candid "tax increase," and at the same time to mislead voters into thinking that the change has something to do with reducing the federal budget. To that extent, the phrase is not only misleading but (I suspect) deliberately so. The budget is *not* being reduced. In a burst of candor, the *Washington Post* acknowledged that the budget changes will "strengthen government." As the accompanying chart shows, the defense budget is going down, but everything else is going up. Aggregate spending, or outlays, will increase in the next few years from \$1,468 billion to \$1,781 billion. Only in federal budgeting is an increase of more than \$300 billion called a cut.

The Clinton economic plan has all

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along been an exercise in deception, with the news media acting as collaborators or dupes (take your pick). On April 8, the Office of Management and Budget published the 1994 federal budget. Prominently displayed on page two of the thick document were the "Budget Totals Reflecting the President's Proposals," shown here. The next day, major newspapers published full-page stories on the budget, but all failed to give the outlay and revenue totals. Since then, I have not seen these figures published in the news columns of any newspaper or magazine. (The *New York Times* did publish a chart that came close.)

It has become a convention among journalists that only the deficit, or "difference," should be published. The difference between what and what? We are rarely told. The failure to publish the totals, of course, disguises the extent to which they continue to rise. An uncritical Washington press corps has permitted Clinton to talk of "spending cuts" without publishing the numbers on which his claim is based. The projected outlay and revenue totals expose as absurd Clinton's claim that his "deficit reduction" is made up of equal parts tax increases and spending cuts.

Some may say that with the population and economy growing, government spending may be expected to increase. But a Congressional Budget Office analysis shows outlays as a percentage of GDP rising from 23.4 percent in 1993 to 24.1 percent in the year 2000. So it's not being reduced by that measure, either. Incidentally, 2000 is the first year in which outlays (\$2,055 billion) are expected to exceed the number of the year. The fact is, spending is not being reined in.

"Spending cuts," in Washington parlance, merely means reductions in

planned increases. According to John Cogan, deputy director of OMB in 1988-89, "The Ways and Means and Finance committees deliberately legislate future spending increases that they have no intention of granting, so that they can later reduce them and say they have 'cut the budget.'" Reporters employed in the Washington bureaus have plenty of space in which to expose this deception, yet they never do. Their repeated message has been a slavish echo of Leon Panetta: Clinton's budget, unlike those of his Republican predecessors, does not involve smoke and mirrors. Meanwhile journalists have to write about something, so they describe the "chemistry" between Rostenkowski and Moynihan—a non-story I have seen in print at least four times. (The subtext goes like this: "We love you Rosty, we love you Pat, but do you love one another enough to raise our taxes? The stakes are enormous!")

One of the few journalists who has done a good job of drawing attention to the smoke and mirrors in the Clinton budget is Rush Limbaugh. On July 9, he actually read some of these budget totals over the air. Unfortunately, his TV program was by then in summer recess. Otherwise, he said, he would have shown the chart on the screen, which really would have been a first. The TV networks have never been known to display budget totals—any more than *Time* or *Newsweek* have. All these news organizations make the mistake, as Limbaugh does not, of assuming that their audience is too dumb or uninterested to grasp such matters.

In late June, on TV and on radio, Limbaugh repeatedly pointed out one of the more intriguing features of the Clinton (alleged) \$500 billion deficit reduction