



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

package: its remarkable similarity to the Bush (alleged) \$500 billion deficit reduction package in 1990. I was glad to see *Wall Street Journal* columnist Gerald Seib following up on this point three weeks later. Clinton's plan, he wrote, is "uncomfortably similar to the 1990 package, which satisfied nobody . . ."

Seib detailed the similarity as follows: Bush's plan was meant to cut the deficit "largely by trimming defense spending, bumping up taxes in the top brackets, cutting about \$44 billion in Medicare payments, capping some discretionary spending, putting a five-cent a gallon tax on gasoline and lowering interest payments on the debt." The Clinton plan would cut the deficit "largely by trimming defense spending, raising top tax rates, cutting about \$50 billion in Medicare payments, capping some discretionary spending, putting about a five-cent a gallon tax on gasoline and lowering interest payments on the debt. Sound familiar?"

The similarity of the two plans is itself interesting, of course. The Clinton people have surely been taking their advice from the same people who told George Bush what to do in 1990. The two administrations, nominally representing different parties, have responded almost identically three years apart to phony budget crises that have been hoked up as an excuse to raise taxes. It's the triumph of the insiders, who desire to recentralize the economy following the supply-side "détente." It's the revenge of erstwhile commerce secretary and deficit-monger Pete Peterson and his bipartisan cabal.

Clinton has repeatedly derided "twelve years of Republican trickle-down economics," but he doesn't seem to realize that those twelve years were divided into eight (Reagan) and four (Bush), and that his own administration in retrospect will likely be regarded as having filled out the second (and final) term of the Bush-Clinton years. In his economic policy, Clinton is

not so much a New Democrat as an Old Republican.

Gerald Seib went on to say that for the Clinton team, this similarity is "too close for comfort." Nonetheless, he mystifyingly concluded that "the 1990 deal's spending caps are working," and that Congress has now gone even further "by nicking away here and there at discretionary spending programs." The real problem, Seib thought, is that "a thoroughly cynical public isn't convinced that this is really happening."

Count me as a member of that cynical public. A month earlier, Seib thought the problem was that "millions of Americans" had been "demagogued into believing that the deficit can be wiped out magically with spending cuts that won't affect them." But defense spending affects millions of people, too, and if it can be cut (see table) why can't

In the deal that in effect sank the Bush presidency, it was agreed that future budget outlays would be: 1993: \$1,381 billion. 1994: \$1,343 billion. 1995: \$1,385 billion. Compare those figures with the amounts that the government is now planning to spend in the same years, and you have a good measure of the extent to which the 1990 deal did not work. For example, in the fiscal year that starts in a couple of months (1994), spending will be \$172 billion higher than George Bush thought it was going to be when he signed on to the deal.

All of which should give Clinton pause before embracing a very similar plan. If anything, this one will be more counterproductive than its predecessor because it imposes considerably higher tax rates on the most productive members of society, and will therefore put a more severe crimp in economic growth.

Perhaps the greatest mistake that Clinton and his team have made is to believe that the appeal to envy orchestrated by a comparative handful of reporters, columnists, and editorial writers really does have broad appeal across the

land. It does not. Normal people don't mind that others earn more than they do; in fact I suspect that even many of those on the dole realize that if such people didn't exist, they might have to seek employment. It's the upper-middle-class lefties—people like Michael Kinsley and the editorial writers of the *Washington Post* and the *New York Times*—who seem peculiarly addicted to the vice of envy, and perpetually try to arouse it in others.

The Democrats have now embraced the pain-and-suffering ideology that repeatedly hurt the Republicans. The economic plan that is on the verge of enactment will not reduce the deficit, will not yield the revenues predicted, and certainly will not create jobs. It will create an opportunity for Republicans, if they know how to exploit it. □

BUDGET TOTALS REFLECTING PRESIDENT CLINTON'S \$500 BILLION DEFICIT REDUCTION PROPOSAL
(in billions of dollars)

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
Spending:	1468	1515	1574	1625	1690	1781
Receipts:	1146	1251	1328	1413	1476	1531
Deficit:	322	264	246	212	214	250
Defense Outlays:	277	264	258	252	234	239

[Above figures, purporting to show "equal parts spending cuts and tax increases," were published by OMB on April 8, 1993]

social spending also be cut? What's really going on is that the budget is being kept at about the same size, relative to GDP, but a chunk of it is being transferred from military to social spending. Journalists basically approve of this transfer, but prefer to disguise it with the emollient rhetoric of deficit reduction.

We might be a little less cynical, incidentally, if the Washington bureau of the *Wall Street Journal*, where Seib works, would publish the budget totals occasionally. At the time of the 1990 budget deal, fortunately, the *Wall Street Journal* editorial page published not just "the deficit" but a chart (put together by Paul Craig Roberts, published October 3, 1990) showing the actual budget totals, along with future spending plans.



P. J. O'Rourke

100 Reasons Why Jimmy Carter Was a Better President Than Bill Clinton

Insights compiled with the kind assistance of the patrons of the Zoo Bar on Connecticut Avenue, N.W.



1. Jimmy Carter had a nicer wife,
2. A smarter baby brother,
3. A less frightening mom,
4. And a . . . No, we can't bring ourselves to make fun of the first daughter, especially since some of us have been going through an awkward adolescent stage for nearly four decades. But we can say: "Damn it, Hillary, quit fussing with *your* hair and do something about Chelsea's."
5. And, speaking of coiffures, Jimmy Carter never in his life got a haircut that cost more than \$2.50, if appearances are anything to go by.
6. Carter had governed a more important state.
7. Carter had once held a job.
8. He came from a more cosmopolitan hometown,
9. And had a more charismatic vice president.
10. It took Carter months to wreck the economy.
11. It took Carter weeks to become a national laughingstock.
12. Carter committed adultery only in his heart.
13. And, if we know anything about female tastes, Carter was telling the truth about that.
14. As for military record, Carter was, comparatively speaking, a regular Audie Murphy.
15. They were on drugs during the Carter administration—they had an excuse.
16. *We* were on drugs during the Carter administration—we had an excuse.
17. Carter looked—think back carefully, we promise we're

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