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BOAZ: We miss you, Bubba

David Boaz

Suddenly, I find myself nostalgic for Bill Clinton. It comes as a shock. Back in 1996, I denounced his "breathtaking view of the ability and obligation of government to plan the economy" and his "profoundly anti-individualist ideas."

But now I have a hazy memory of the Clinton years as a sort of Golden Age. Government spending was growing only slowly, the bad ideas were mostly small, and we bombed a lot of countries but didn't put American troops at risk.

Of course, what I'm really nostalgic for is divided government. In his first two years, with a Democratic Congress, Mr. Clinton supported a health care takeover, an economic stimulus bill, an energy tax, an income-tax increase, a gasoline-tax increase, and even a retroactive tax increase on income earned before he was president. Though most of that never made it to his signing desk, it was still a bigger-government agenda than voters had expected from a guy who called himself "a new kind of Democrat."

So voters kicked the Democrats out of Congress. President Clinton grudgingly proclaimed that "the era of big government is over." And you could almost believe he meant it, especially compared to President Obama's rallying cry, "Government must lead the way," and his program based on that vision.

Spending. Federal spending rose by 32 percent during the eight years of the Clinton administration, compared with 83 percent under President George W. Bush. Mr. Obama, in the face of a deficit racing past a trillion dollars, declared Mr. Bush a skinflint and called for an \$800 billion "stimulus" bill, a \$410 billion omnibus spending bill with 9,000 earmarks, a \$30 billion Afghanistan surge, and, of course, a health care bill he claims will cost "only" a trillion dollars (more likely \$2.5 trillion) over 10 years.

Adjusted for inflation, expenditures rose only 1.5 percent a year under Mr. Clinton. Thanks to robust economic growth, federal spending as a share of GDP fell from 21.4 percent in 1993 to 18.5 percent in 2001, and a \$255 billion deficit turned into a \$128 billion surplus.

During the years of divided government, the Republican Congress managed to cut Mr. Clinton's domestic spending requests by an average of \$9 billion each year. By contrast, a Republican Congress passed non-defense budgets that were an average of \$16 billion *more* than President Bush proposed each year. And so far this year, Mr. Obama and the Democratic Congress have competed to see who could spend more, apparently unconcerned about a national debt that may soon exceed 100 percent of GDP.

Free Trade. Mr. Clinton famously supported the North American Free Trade Agreement (NAFTA), even though most Democrats in Congress opposed it. He backed the Uruguay Round Agreements that created the World Trade Organization, and he expanded free trade with Africa and China. Dan Griswold, director of the Cato Institute's Center for Trade Policy Studies, says that "Clinton refrained from engaging even in petty protectionism. He resisted steel tariffs, and less tangibly, he exercised real leadership for trade expansion."

Candidate Obama promised to rewrite NAFTA, jeopardizing relations with Canada and Mexico. President Obama has criticized protectionism when asked, but imposed a 35 percent tariff on imports of tires from China and has ignored pending opportunities to expand trade with Panama, Colombia and South Korea.

Regulation. Mr. Clinton did plenty of regulating, but also worked to modernize regulation in light of changing technology and economic conditions. He worked with Republicans to repeal the New Deal restrictions on interstate banking and the 1933 Glass-Steagall Act, thus promoting financial innovation, greater international competitiveness and cheaper and more convenient financial services. He lifted legal barriers to using electronic technology to create contracts and send legal notices. He signed the Telecommunications Act of 1996, a deregulatory bill that allowed more competition in the telephone, cable television and broadcasting industries.

Mr. Obama, to say the least, has shown no interest in deregulation. He blames Clinton-era deregulation for the financial crisis. Clueless about the real cause of the housing price collapse, he is trying to mandate yet more risky lending by banks. He wants a massive new financial regulatory system, in the naive hope that yet more regulators would anticipate, identify and prevent the problems that current regulatory agencies missed. And his regulators are crafting new rules for everything from the Internet to the light bulbs in your home.

Welfare. Mr. Clinton vetoed welfare reform twice, but he did eventually sign a landmark reform bill in 1996. He signed a bill to ratchet down farm subsidies. There were even hints that he might support partial privatization of Social Security, until he ran into scandal trouble in 1998.

Mr. Obama reversed part of Mr. Clinton's reform in his first major piece of legislation, the stimulus bill, which contained \$3 billion to help states pay for added welfare recipients, thus discouraging states from getting people off welfare rolls and into jobs. The stimulus also dramatically expanded the number of Americans eligible for Medicaid. More than 36 million people are now on food stamps - one in eight Americans - and the Obama administration is pressuring states to sign up more.

Come back, Bill, all is forgiven. Or most, anyway. As long as you bring a Republican Congress with you.

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