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Kerry's economic beliefs

By Richard Rahn

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Would John Kerry's economic policies be better than those of President Bush?

To answer this question, we need to know what these candidates propose regarding taxing, spending and regulation.

President Bush has just provided us a detailed budget. In addition to his spending plans, he has made it clear he wants Congress to make his tax cuts permanent. Given his track record and his explicit plans, we have a basis for judgments about how the economy will likely perform if he is re-elected.

The situation with Mr. Kerry is very different. We do not yet have a coherent tax and spending program from Massachusetts' junior Democratic senator, and many of his economic policy statements have been contradictory. The press and his political opponents should demand answers to some very basic questions.

First, we now know the economy was in recession the first quarter Mr. Bush took office. During that period, the economy was still operating under the taxing, spending and regulatory policies of the Clinton-Gore administration. Obviously, the Clinton-Gore folks made policy mistakes that led to the recession.

Question: What were these policy mistakes and what would Mr. Kerry have done differently to avoid the recession?

Question: If Mr. Kerry would have done things differently from the Clinton-Gore administration, why did he not say so at the time?

Mr. Kerry has criticized President Bush for the job losses that began with the recession.

Question: Specifically, what would Mr. Kerry have done differently to revive the economy that was in recession when President Bush took office, and how would his policies have prevented the job loss?

Mr. Kerry has criticized President Bush for "leading us from a surplus to a deficit." Sen. Kerry has said he favors the Bush tax cuts, except those for the "very wealthy." But the

tax rate cuts for the "very wealthy" (i.e., top rate tax payers) have only accounted for a very tiny portion of the deficit and, if rescinded, will reduce future deficits by a minuscule three-tenths of 1 percent of gross domestic product.

According to the National Taxpayers Union analysis, Mr. Kerry has proposed new federal government spending that would add more than \$265 billion to the federal budget each year.

Question: Specifically what tax and spending changes would Mr. Kerry have made to keep the budget in surplus? Mr. Kerry has told us what tax cuts he favors and what spending increases he favors, but these would increase the deficit.

Question: What specific spending cuts and tax increases does Mr. Kerry advocate to offset his tax-cut proposals and spending-increase proposals to achieve the budget surplus he says he favors?

Question: Is Mr. Kerry willing to submit all his proposed tax and spending changes to the nonpartisan Congressional Budget Office so they can be scored on the same basis as President Bush's proposals?

Mr. Kerry has said he will work to ensure U.S. companies neither legally move their corporate headquarters to lower tax jurisdictions nor outsource work to foreign jurisdictions. However, if taxes and wages are lower in other parts of the world, foreign competitors to U.S. companies will have lower costs.

Over the long run, if a foreign competitor has lower costs than the U.S. company, the foreign competitor will most likely gain world market share and, perhaps, even run the U.S. company out of business. Either way, the U.S. company will shrink relative to its foreign competitor, which means it will lay off U.S. workers.

Questions: Why is Mr. Kerry proposing measures that will kill U.S. jobs, and how will his plans enable U.S. companies to compete globally so they will increase rather than reduce American jobs?

The above are basic questions that neither the news media nor Mr. Kerry's Democrat or Republican opponents have shown much interest in.

Yet economic policy affects all Americans. It is troublesome that we know more about whom Mr. Kerry dated between his marriages than what he would have done to prevent the recession. What does it say about the seriousness of the news media and political classes when they are more concerned with contradictions in Mr. Kerry's accounts of what he did with his war medals than important contradictions in his job-creation proposals?

Let us hope we will be provided answers to the above questions in the near future so we serious voters can make an informed choice for president. Or do certain forces in the news media and the Kerry camp prefer we not make an informed choice?

Richard Rahn is a senior fellow of the Discovery Institute and an adjunct scholar of the Cato Institute.

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