



September 1993

Dear Friends,

Have you heard about the new presidential timepieces available at Wal-Mart? For \$12.95 you can get a George Bush memorial watch. Unfortunately, it won't run anymore. For \$8.98 you can buy a Ross Perot quartz. It has a tendency to start and stop. Or, you might want to select a beautiful Bill Clinton special. The price is only \$4.38—but with tax it will run you \$147.29.

OK, it's a corny joke—and after passage of the recent tax bill, not a very funny one. The president and his colleagues in Congress concluded that the American people were severely undertaxed and set out to remedy the problem. In August, they saddled us with the Mother-of-All-Tax-Increases and expanded the reach of government beyond the wildest dreams of the big-spending liberals. Then they made it retroactive to January 1, which some attorneys consider unconstitutional.¹ This was done, they told us, to reduce the national debt and send the economy into orbit. What a gross misrepresentation of fact!

Our primary objection to the president's tax plan is that it will weaken the financial foundation of the family. As we have often said, the policies of government are extremely important to the health and stability of this most basic unit of society. That is especially true in regard to taxation. Our leaders have it within their power to penalize those who are married and make it prohibitively expensive for them to bear and raise children. Congress hasn't gone that far to date, but they're getting close. One of the reasons parents find it so difficult to make ends meet is the increasing financial burden imposed on them by state and federal agencies.

Look at how the tax code has changed over the years. When I was a boy, a \$600 deduction for each dependent fully exempted those at the median income from all federal taxes. Now families at the median income must send 30 percent of their paychecks to Uncle Sam.² That increase has driven many women to seek formal employment who would have preferred to stay home with their children. Others are struggling just to survive from day to day. That's why Focus on the Family has been fighting for almost a decade to obtain an increase in the deduction for dependents.

In 1986, I served as co-chairman of President Ronald Reagan's advisory committee called "Citizens for Tax Reform." Through that assignment, we helped secure an increase in the deduction to \$2,000 for each dependent. It was not enough. To have kept pace with inflation, the original \$600 should now be more than \$8,000! Thus, the tax burden has shifted to the backs of families and threatened their viability.

Even though the recent legislation is aimed at the wealthiest Americans, the middle classes will get hit too. They will pay higher Social Security assessments, more gasoline taxes, and will suffer from additional taxes on small-business owners. Remember, too, that these new assessments have been added to the 1990 increases, and to all the tax increases that went before. Furthermore, there is no guarantee that President Clinton won't hit the middle class again, especially as his health care program takes shape. It's the same old story, decade after decade. Instead of taking the pressure off individual families, Congress continues to fund its wasteful programs through the sacrifices of little people. Mom and Dad have to send even more of their earnings to Washington—instead of buying food, or taking vacations or purchasing a decent automobile. It's time to say, "Enough is enough!"

Under this new bill, the average American will work from January 1 until July 23 to cover his tax liability, his share of government deficit spending and his expenses resulting from regulation or other government action.³ In other words, Americans spend more time working for Uncle Sam than for themselves! And what will Sam do with additional money? He will spend it on social programs that promote the liberal agenda and maintain the status quo in Washington. Even more irritating is

the subterfuge and dishonesty we've seen from those who sold this package to the American people.

Politicians, including some of those now serving in Washington, often use carefully selected words to confuse the public on issues that could embarrass them. That is what occurred throughout the recent tax deliberations. The bill that eventually passed was strategically called a "deficit reduction" measure. We were bombarded by that phrase for several weeks. Our president and leading Democrats used it each time they spoke of the new legislation, and the media dutifully echoed their description of it.

We recorded dozens of "sound bites" from radio and news reports in the days immediately before and after the critical senatorial vote, including these quotes:

President Clinton:

1. "This money will be spent to **reduce the deficit** and to provide economic incentives to many of the same people who will provide higher taxes."⁴
2. "[It will be] the largest **deficit reduction** in history—nearly \$500 billion—with more spending cuts than tax increases."⁵
3. "In the future, the American people will thank [members of Congress] for moving away from this tremendous legacy of debt."⁶

Sen. Frank Sasser (D-N.H.):

1. "Just let me say that this is the largest **deficit reduction plan** in the history of the country, indeed, I suppose, the largest **deficit reduction plan** in history."⁷

Sen. Patrick Moynihan (D-N.Y.):

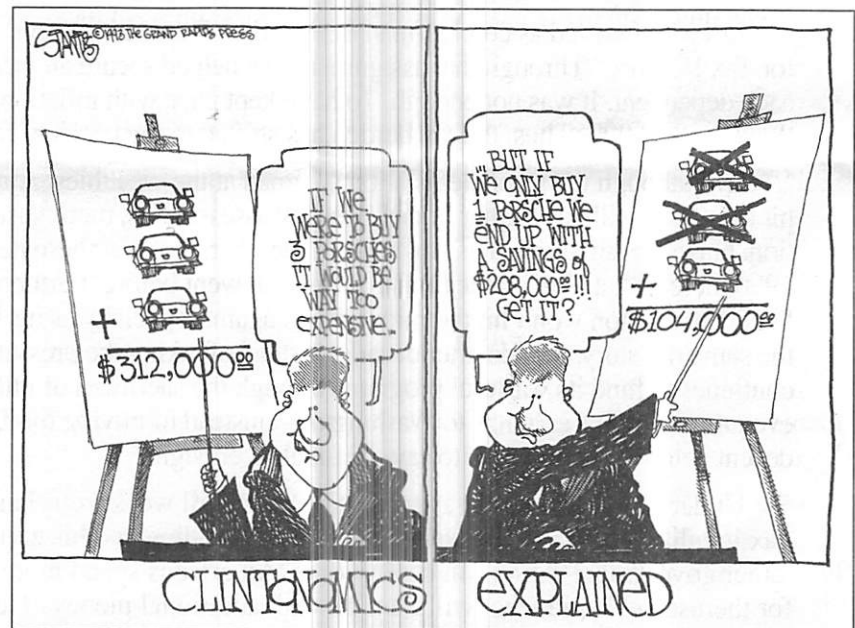
1. "I really am proud of it, and it's the largest **deficit reduction** we have seen since this became an issue in our national life—about a decade ago."⁸
2. "This is a bill to get hold of our future, to tell the market that we can pay our way."⁹

Speaker of the House Tom Foley (D-Wash.):

1. "You know, we're doing more to **reduce the deficit** in this bill than we've ever done before."¹⁰
2. "It provides in the neighborhood of **\$496 billion in deficit reduction**."¹¹

Sounds good, doesn't it? Some of our elected officials in Washington appear genuinely concerned about the deficit. And what red-blooded American taxpayer wouldn't applaud their efforts to put our house in order? Who wouldn't sacrifice a few bucks to stabilize our country's economy? Yes sir, it's time we got the national debt under control—for ourselves and for future generations.

Unfortunately, Mr. and Mrs. America, the rhetoric of our leaders is phony. You've been "had" again, just as George Bush fooled you in 1990 after his "read-my-lips-no-new-taxes" promise. Your sacrifice will not be used to pay down the debt, but among other expenditures, it will underwrite \$50 billion in new



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programs next year supported by Mr. Clinton and the social engineers in Washington.¹² **Not one dollar has been allocated in the new budget for debt repayment! And the much-proclaimed reduction in red ink is little more than a mirage!**

In fact, by official White House estimates, the debt is expected to soar by a trillion dollars in the next five years **if all goes as planned!**¹³ If the economy turns sour, or if interest rates rise, the unprecedented shortfall could be \$1.5 trillion or more. That plan, said the president with a straight face, is our “down payment on the future.” For this, he said, “the American people will thank [Congress] for moving away from the tremendous legacy of debt.”¹⁴ Shall we laugh or shall we cry?

But what about the \$496 billion in “deficit reduction” we heard so much about? How will that be achieved if spending is to be increased and new taxes are not being allocated to the debt? It’s done with smoke and mirrors. What Congress and the president meant, but failed to say, is that under the new budget, the deficit will be \$496 billion less than it **could** have been if they spent as much as they intended.¹⁵ They were speaking entirely in hypothetical terms! An accountant would likely be fired for using that kind of double-talk!

What if an individual family used the same convoluted logic in their personal finances? Suppose a husband and wife have fallen \$5,000 in debt by making many irresponsible purchases. They sit down and calculate that at their present rate of spending, they will owe the bank \$10,000 within 12 months. Something must be done. Thus, they give up a few inexpensive things they would have bought, and a year later they are only \$9,000 in the hole. “Isn’t it wonderful,” they say to each other. “We’ve reduced our debt by \$1,000.” For anyone but presidents and liberal congressmen, that kind of reasoning would be considered idiotic.

Lest the point be missed, let me drive it home once more: the president’s deficit reduction plan recently approved by the slimmest majority in Congress will leave us at least one trillion dollars deeper in debt within five years. And this, mind you, is what Mr. Clinton referred to as “a down payment on the future”! Thankfully, not everyone in Congress supported the new legislation. Every Republican member of the House and Senate opposed it on the four critical votes, as did 41 Democrats in the House and 6 in the Senate. We should express our gratitude to these courageous members for defending our interests, even in a losing cause.

Now that we’ve debunked the term “deficit reduction,” let’s look at another well-worn phrase from the recent deliberations. This one is called “spending cuts.” Congress loves to throw these words around, but they mean something different to them than to us. Aside from severe reductions in the military, our representatives have been unwilling to trim **any** significant amount of fat from this year’s trillion-dollar budget. Their new 2,000-page document is awash in pork, but Tom Foley, George Mitchell and Bill Clinton have refused to touch it! From all reports, they haven’t even read it all!

What do they mean, then, by the “spending cuts” they have made? Well, it’s like this: 80 percent of their proposed reductions are scheduled to occur beyond 1997—a year after President Clinton’s current term will end.¹⁶ Unless he is re-elected he will be long gone before the “down payment on the future” gets underway. In short, he and the Democrats have dumped the unpopular task of budget-cutting on a future Congress, and perhaps a future president, who will not even be elected for three more years! Congress should have been too embarrassed to go home for the August recess. The president should be hiding in the White House!

If today’s liberal politicians don’t have the guts to control their spending, what confidence do we have that future legislators will carry out their non-binding proposals? The recent congressional action will be a distant memory by 1997 having no more relevance in that time than the 1988 decisions are today. It’s a sham! Furthermore, if spending cuts are the only ways to reduce the deficit, why do we have to wait five years to get them? My father would have called this entire mess “a bunch of baloney!” He would have been right.

Nevertheless, our elected officials are still telling us the new taxes are going entirely toward deficit reduction. It’s enough to create a revolt among us ordinary folks!

That is, in fact, what started the American Revolution back in 1776. Our forefathers were steamed up because the British had the audacity to assess them the equivalent of 1 percent of their income through stamp

and tea taxes. They went to war to end taxation without representation. Our ancestors would be shocked to see what taxation **with** representation has wrought.

The president believes, of course, that the tax increase will stimulate the economy and create a favorable climate for business. Everyone, he says, will benefit in time. I'm no economist, but many authorities tell us that the opposite will likely occur. What would motivate corporations to hire more people and invest in new equipment when their discretionary funds have been raided? Why would wealthy Americans risk their capital when they can keep so little of their profits? And if heavier taxes on the producers and investors will boost an economy, why hasn't every nation on earth observed it by now? That solution to a sluggish economy is simply too good to be true.

In *USA Today*, Stanford economics professor Michael Boskin recently gave the president an "F" for his proposal and said, "Anyone claiming [this] plan would stimulate the economy and create jobs would flunk Economics 101."¹⁷ J. D. Foster, chief economist at the Tax Foundation, said, "It's like giving your football team's star running back an extra 30-pound sandbag to run with in the big game."¹⁸

Sen. David Boren, a Democrat, said, "If the president gets this budget passed it will not only hurt the country, it will destroy him politically. It would be the surest formula for the destruction of the Democratic Party."¹⁹ We shall see.

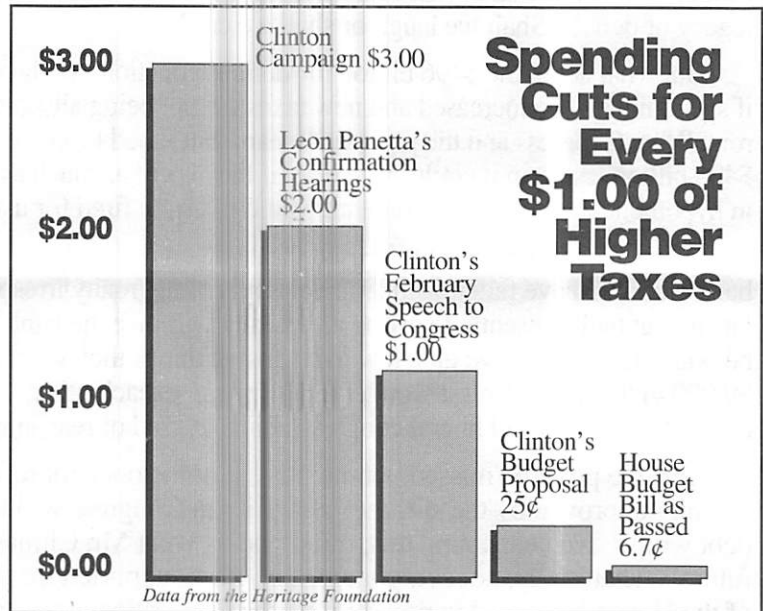
The problem is that the "doctor," big government, is draining the blood out of an already woozy patient. After spilling most of the precious plasma on the floor, he hopes to pump the remainder back into another vein. This, he believes, will restore health and vitality. Unfortunately, the doctor is a quack! And the patient, now pale and drawn, is in serious jeopardy.

Remember this: If higher taxation is such a boon to business, why did the tax increase of 1990 result in a new recession and even larger deficits? It didn't do what we were promised, and the Republican miscalculation cost George Bush his presidency. Yes, we've heard the rhetoric before from both political parties. Once again, we're being hoodwinked by the big spenders in Washington.

The waste by our government officials is almost beyond comprehension. You would be incensed if you knew how irresponsibly Congress and the administration handle the money we struggle to send them. It's almost breathtaking to see it close at hand. They are spending twice as much as they did just 10 years ago—an amount equivalent to \$24,000 per family of four.²⁰

It is the opinion of many journalists and organizations representing both ends of the political spectrum that the hemorrhage could be stopped easily. *Newsweek*, a traditionally liberal magazine, offered a \$257 billion saving plan that would not raise taxes.²¹ Officials in the General Accounting Office estimate that \$150 billion leaks out of the annual federal budget in waste, fraud and mismanagement.²² The Grace Commission and Citizens Against Government Waste document \$167 billion in waste, fraud and abuse.²³ The Heritage Foundation has proposed \$530 billion in program cuts;²⁴ the Cato Institute said \$325 billion could be saved.²⁵ Unfortunately, our leaders have no incentive to do the right thing.

Let me share a few examples of waste that could and should be rooted out. (Appreciation is expressed to Citizens Against Government Waste, the Heritage Foundation, the National Taxpayers Union Foundation (NTUF), ABC News and the Family Research Council for the information that follows.)



- Lawmakers have guaranteed for themselves incredible retirement benefits. According to NTUF, 13 legislators could each collect more than \$2 million over the course of their retirement, and 70 others over \$1 million!²⁶ How does that compare with your nest egg for the future?
- Likewise, when a Speaker of the U.S. House retires, he doesn't just fade away, he keeps on going . . . and going . . . like the Energizer Bunny. Last year nearly \$600,000 in taxpayer funds were allocated for office costs to the three living ex-Speakers, Carl Albert, Tip O'Neill and Jim Wright. Together, these three men have spent about \$5 million in taxpayer money on office space, staff and expenses since leaving Congress.²⁷ And let's not forget the scandalous circumstances under which Jim Wright left office.²⁸
- The NTUF reports that from January 1991 to September 22, 1992, \$74.9 million was spent on franking privileges (free mailings) by many members of the House.²⁹ This perk makes it extremely difficult for challengers to defeat incumbents.
- Over \$1 million per year goes to pay for 48 parking lot attendants who staff the House of Representatives garage. What do they do? Absolutely nothing. According to Rep. Rick Santorum, R-Pa., "We park our own cars and they don't park any cars, so I don't know what they do." Why would Congress keep a staff of attendants who have no function? Good question! ABC News said these jobs are payoffs from our representatives to people they wish to reward.³⁰
- The U.S. Department of Agriculture knows how to party—on your bill. Last June the Agricultural Stabilization and Conservation Service (ASCS), one agency of the USDA, spent \$491,607 to honor 900 employees at the posh Capitol Hilton in downtown Washington. Incredibly, ASCS Administrator Keith Bjerke said this soiree had been trimmed to "the absolute minimum" after the 1991 ceremony cost \$667,000! Among the "absolute minimum" expenses: \$7,656 worth of key chains, pins, tote bags and mugs, \$24,000 for hotel receptions, \$7,978 on plaques.³¹
- Alan Kolstad heads the International Boundary Commission. The commission has seven full-time engineers who maintain a 20-foot-wide strip along the Canadian border all the way from Maine to Washington state. But Kolstad spends most of his time on his Montana ranch while pulling down a full salary of more than \$70,000 a year. According to ABC News, David Fischer, the previous commissioner, worked only nine days in one year. In six years at the post, during which he made \$380,000, Fischer gave back to the government more than \$342,000. When asked why Congress permitted such waste, he replied, "I guess they are hoping some day they get to be boundary commissioner."³²
- For a real eye-opener, take a look at the 1993 pork-barrel projects—money Congress spends to appease voters in their home districts. These expenditures, mind you, take precedence over the national debt.
 - \$3.5 million to study tropical plants in Hawaii.³³
 - \$2 million to renovate two historic theaters in Savannah, Ga.³⁴
 - \$1.1 million to study plant stress at Texas Tech University.³⁵
 - \$800,000 for two bike paths in Miami, Fla.³⁶

Hundreds of additional sources of waste could be listed. It's the name of the game on Capitol Hill. Let's look briefly now at how well government is managing the funds we send them and our national assets.

- An audit conducted by Congress found that one government agency sold property with a true market value of \$123 million for a mere \$13 million.³⁷
- Last spring the General Accounting Office (GAO) asked the Pentagon for a status report on defense contractors who owe refunds to the U.S. Treasury for work they were paid for but never performed. *Capital Ideas* reports that "embarrassed officials at the Defense Department told the GAO they were sorry, but they couldn't provide much information on that subject. The Pentagon not only didn't know how many contractor debts it deferred over the past decade, it couldn't tell GAO how much money was involved or the status of the debts. It makes no effort to manage the accounts."³⁸
- *Capital Ideas* reports further that "on the outskirts of Cairo in Egypt, a housing project continues

to drain American taxpayers. It's like a desert sinkhole for foreign aid. Since 1978, the U.S. Agency for International Development has pumped nearly \$100 million into 7,200 low-income housing units. Fourteen years later, the construction site remains mostly deserted, much of the money simply being wasted."³⁹

When someone attempts to blow the whistle on these outrageous goings-on, he often finds himself headed for an outpost in Greenland or Guam. That is what Ernest Fitzgerald, the "dean of whistle blowers," discovered in 1968. According to a recent ABC News commentary, Fitzgerald reported a \$2 billion cost overrun on the C-5A transport plane. His reward? Instead of working on big weapons contracts at the Pentagon, he was reassigned to Thailand where he monitored the activities of a government-sponsored bowling alley! And when he found more waste there, he was "reassigned" again!⁴⁰

What is the bottom line on this troubling report? Two words ring in my ears: "term limitations!" It's an idea whose time has come! Too many politicians have been in office much too long. Let's send career congressmen back to their hometowns from whence they came. They should be required to experience real life like the rest of us. Let's elect some short-term "citizen politicians" who care more about their country than a lifetime at the public trough.

Until term limitations become law, it is our patriotic duty to remember. *Remember* this letter when your retroactive taxes come due next spring. *Remember* it when your money runs out before the month is gone. *Remember* when false promises again fill the air. *Remember* when you hear a congressman blowing smoke about deficit reductions and spending cuts. *Remember* when the economy stagnates and unemployment soars. *Remember* five years hence when interest on the national debt consumes most of the nation's wealth. *Remember* who did this to us! And by all means, *remember* that a liberal president once promised to place all new tax revenues into a "trust fund" to be spent on nothing but deficit reduction. *Remember* that he proclaimed fiscal responsibility had been restored to government at last. *Remember . . . and weep!*

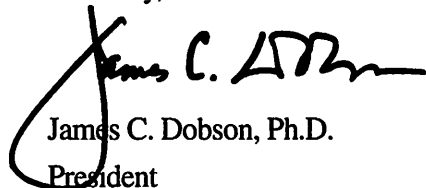
Let's also be reminded that government is established by God and it is the responsibility of every Christian to do all we can to ensure that our government works well. 1 Timothy 2:1-4 urges us to pray for our leaders "that we may live peaceful and quiet lives in all godliness and holiness. This is good, and pleases God our Savior, who wants all men to be saved and to come to a knowledge of the truth." Society flourishes when government fulfills its God-ordained functions. It is out of reverence for God and concern for our neighbor that we strive to bring our leaders into fiscal accountability.

I'll conclude with this note from history: Professor Alexander Tyler wrote a prophetic statement just prior to America's birth. He said, "A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote themselves a largess from the treasury. From that moment on, the majority will always vote for the candidates promising the most benefits from the public treasury, with the result that a democracy always collapses over loose fiscal policy."⁴¹

I hope and pray that the professor was wrong. You and I can help rewrite the next chapter by maximizing our influence and by the power of our prayers. To meet this responsibility, however—we *MUST* remember!

Thanks for sharing my concerns this month.

Sincerely,



James C. Dobson, Ph.D.
President

P.S. I just learned that the National Endowment for the Arts has allocated \$17,500 toward the support of three gay and lesbian film festivals. What better example of what I have been describing could be found?

Your tax dollars are actually being spent on pornography and perversion! You might want to express your opinion on this policy to our president and to members of Congress, who have assured us they have trimmed the federal budget to the bone.

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