



The

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It's Time to Have Real Tax Cuts

At last somebody in government has stepped out from the crowd and said what Americans have been waiting to hear, namely, that he has a plan to cut and simplify our oppressive tax burden and let us spend our own money any way we want to spend it. That's what Senator John Ashcroft (R-MO) did when he announced that the way to spell reform is R-E-D-U-C-E.

Most of the talk about taxes we hear out of Washington misses the mark. The debate about a flat tax versus a national sales tax is, to use an overworked metaphor, just rearranging the deck chairs on you know what. The transition to a completely new system would be agonizing, and there's no assurance that total taxes would be lower than they are today. "Abolish the IRS" is a cheap applause line in any politician's speech, but it's an empty promise. Federal taxes are not going to be abolished, so what difference does it make what is the name of the agency?

Bill Clinton's tax-cut proposals are all "targeted." That's the liberals' code word for saying "We'll give you a slight reduction on your federal tax bill just so long as you spend the difference the way the government tells you to spend it." Clinton's much ballyhooed daycare initiative is a case in point. "Targeted tax cuts" require spending them on hired daycare, but no tax cut is available to those who spend their money on mothercare.

We're surfeited with talking heads on TV speculating on how the politicians are going to spend the alleged budget surplus. It's not theirs to spend, thank you; we'd like to spend our money ourselves.

The big question is, as Senator Ashcroft pointed out, why are Americans "paying higher taxes than virtually any time in history"? Why is our non-defense federal spending 17% of our Gross Domestic Product compared to only 10% in the 1960s? We're not at war, no enemy is clamoring at our gates, and the economy is booming. So why are we continuing to support the Washington politicians in the rich style to which they've become accustomed (while they posture about compassion for the "middle class")?

The American people are fed up with carrying this enormous tax burden on our backs. The two-earner median-income American family pays a shocking 38.2 percent of its income to the government in 1998.

For starters, John Ashcroft's proposal would allow taxpayers to deduct the Social Security and Medicare taxes they pay (known as the payroll or FICA tax). This simple change would put money in the pockets of more working Americans than any other proposal. It's also a matter of simple fairness because half of the Social Security tax is paid by employers, who can fully deduct those payments as a business expense. It's only fair to allow employees to deduct the half that they pay, too.

This proposal is especially advantageous because its benefits would go to middle-class taxpaying workers, not to people who live on interest, dividends, loopholes, welfare, or tax credits. It would relieve the burden of high payroll taxes without taking a dime out of the trust funds that pay Social Security and Medicare benefits.

Ashcroft's plan would help senior citizens by eliminating the income tax on Social Security benefits and by eliminating the earnings test for Social Security. The 10-point Ashcroft proposal has something in it for all Americans and offers a complete answer to most of the arguments that the Democrats make against Republican tax-cut ideas.

Ashcroft's tax overhaul is designed for tax relief, simpler tax returns, correcting inequities in the tax code, and enhancing core American values. His plan would reduce the number of tax brackets from five to four and substantially reduce the rates for most Americans.

Ashcroft's plan calls for doubling the IRA contribution level to \$4000 and for eliminating the marriage penalty in a way that would protect families and be fair to both two-earner and single-earner couples. By contrast, other Republican plans being floated would discriminate against fulltime homemakers. Initial cost estimates suggest that Ashcroft's plan would cut the tax bill of a married

couple with two children 55 percent if their income is \$40,000, and 86 percent if their income is \$30,000.

The naysayers are already complaining that the Ashcroft proposal would "cost too much." But we must not allow the liberals and the spenders to control the language of the tax debate. The liberals' language operates from the assumption that the politicians own the tax revenues and that it "costs" them to give any of that money back to the taxpayers. On the contrary, the starting point should be how much the taxpayers are willing to give to the politicians.

Criticizing the "timid, anemic tax package" passed by the Republican Congress last year, Ashcroft points out that federal spending is projected to increase by \$1.5 trillion over the next five years. The Ashcroft tax cut looks very reasonable by comparison: \$985 billion over five years.

Senator Ashcroft warns that "we simply don't have time to wait." We have to cut taxes "before the President and the governmentalsists in the GOP use the budget surplus on new entitlements."

Watch Out for Marriage Tax "Reform"

"The hottest tax cut in 1998" is the way some Congressmen are describing their infatuation with the notion of eliminating the so-called "marriage tax." But taxpayers should beware of the current political passion for targeted tax cuts rather than cutting taxes for all taxpayers. What seems to have given otherwise timid Republicans in Congress the courage to advocate any tax cut at all is that Bill Clinton endorsed this idea. That should be a signal that there is something wrong with it.

There is a wrong way and a right way to address the so-called marriage tax problem. The bill introduced by Rep. David McIntosh (R-IN) and Rep. Jerry Weller (R-IL) takes the wrong road because it would create a new discrimination; the bill introduced by Rep. Bob Riley (R-AL) and Sen. Lauch Faircloth (R-NC) takes the right road because it is based on fairness to all married couples.

Under the McIntosh-Weller bill, two married couples with the same family income would pay a different federal income tax. The couple in which the wife is a fulltime homemaker would pay a higher tax than the couple in which the wife has paid employment. The McIntosh-Weller bill would reduce the tax burden on two-earner couples (especially those earning more than \$50,000), while leaving everybody else's tax bill the same. That would not only diminish the ability of others to get their taxes reduced, but it would severely penalize mothers who work at home.

The Riley-Faircloth bill, on the other hand, treats all married couples equally. It is based on the principle of income splitting, which means that the taxes on a married couple would be figured by adding up the income of both spouses and dividing by two, so that

each spouse would be taxed on half the income. This means that couples with the same income would be taxed the same no matter whether earned by the husband or the wife or both. The Riley bill completely avoids at the homemaker penalty that is built into the McIntosh-Weller bill.

Congressman McIntosh defends his bill by comparing the tax paid by two singles, each earning \$30,000 a year, with the higher tax they pay if they marry and file a joint return. But there's a more important way to look this matter.

Let's take the case of a married couple that needs more income. If the wife takes a paid job, the couple gets the benefit of the McIntosh-Weller "tax break." But if the husband works harder to increase his own earnings (by overtime or a promotion), or takes a second job (moonlights), the couple gets no benefit at all.

This would compound the discrimination that already exists in the income tax code against the single-income family. The two-earner couple already gets a significant tax break in being able to claim the Child and Dependent Care Tax Credit — a credit that is available only to the couple that hires paid child care, and is not available to the couple that uses mother care.

The McIntosh-Weller bill is designed to provide the maximum benefit to two-earner couples where the husband and wife have approximately equal earnings. But there are so many real-life situations that the McIntosh-Weller bill would discriminate against, such as when the wife quits her job to care for a new baby or goes part-time after her husband gets a promotion.

Senator John Chafee (R-RI) has announced another insult to homemakers: a proposal to expand the child care credit and to appropriate expensive new subsidies for hired daycare. Homemakers are completely fed up with the tax benefits and preferences that the present system gives to wives who are employed outside the home, but not to families that give their children mother and father care.

The McIntosh-Weller bill is based on *static*, rather than *dynamic* analysis. That is, the tax consequences it predicts are based on the assumption that human behavior is static and will not be influenced by changes in the tax code.

It is surprising that any conservative would fall for this myth in the post-Reagan era. The original 1981 Reagan tax cut was based on dynamic analysis, *i.e.*, that human behavior will change as a result of tax incentives. Reagan's successful 1981 tax reduction proved that, when we cut tax rates, the government collects more tax revenues, not less, because the cut provided incentives for taxpayers to work harder and make more money.

The incentives built into the McIntosh-Weller bill operate counter to the best interests of society. It has a built-in incentive to induce the mother to take paid

employment and use hired daycare, an incentive that is morally, socially, fiscally, and politically unacceptable.

The principal argument against the Riley-Faircloth bill is that it would cost too much, *i.e.*, reduce the politicians' ability to spend as much of our money as they want. Phrased another way, the Riley bill would allow taxpayers to keep more of their own money, and it recognizes the simple fact that marriage involves two people.

If Congress wants to lighten the tax burden on families, the way to go is very simple. Just cut tax rates for everyone! That would be fair to all: one-earner couples, two-earner couples, and singles.

How Did the Turtle Get on the Fence Post?

When even Senator Patrick Moynihan (D-NY) is indicating on TV's Capital Gang that Communist Chinese attempts to influence the policies of the Clinton Administration may have risen to the level of Communist Russia's infiltration of our government in the 1940s, it's time for Congress to act.

While the office of independent counsel is a recent legislative creation, the House of Representatives' authority to investigate and impeach a President for "treason, bribery, or other high crimes and misdemeanors" comes directly from the Constitution. Whereas the appointment of an independent counsel triggers a criminal proceeding, impeachment is not a criminal process at all. Impeachment is a purely political procedure for which the most severe punishment would be removal from office and no way can result in sending the President to prison.

Former President Gerald Ford gave the best explanation of what is an impeachable offense. He said, "An impeachable offense is whatever a majority of the House of Representatives considers it to be at a given moment in history."

Nixon wasn't removed from office over the minor crime of a break-in at the Watergate Hotel. What brought him down was the charges of obstruction of justice, conspiracy, and coverup. Those are the same charges that should be examined in an impeachment inquiry of Bill Clinton.

The facts that 30 people have taken the Fifth Amendment and five have fled the country indicate that there are a lot of co-conspirators involved in the Asian fundraising scandal.

Nobody denies that Clinton and Gore made fund-raising calls from their White House offices, a violation of the Pendleton Act. Clinton's supporters say "ho hum" about this offense, arguing that it's just a "technical" violation, the law is "too old," and "anyway, everybody does it."

However, the question isn't just whether Bill Clinton and Al Gore made fund-raising calls from the White House. The question is whether they were actors in a scheme to evade the laws about foreign money,

spending limits, the use of soft money for political purposes, and the offering or giving of a quid pro quo for Asian campaign donations.

We need an impeachment inquiry to find out if Administration decisions, such as the sale of superconductor computer technology to China, the attempt to give China computer disks containing copies of all American patents, the locking up of huge coal reserves in Utah (which vastly increased the value of Indonesian coal), and the leasing to China of the naval base in Long Beach, were made by the Clinton Administration in return for large campaign donations. And what about the selling of White House coffees and overnights?

Clinton's friends, Johnny Huang, Charlie Trie, and Johnny Chung visited the White House more than 200 times prior to the 1996 election. They raised millions of dollars of illegal money, much of which had to be returned by the Democratic National Committee.

Videotapes show that Clinton encouraged foreigners to solicit support from others in their home country, which is clearly against the law. Clinton had a personal hands-on involvement with the television "issue" ads that began running in 1995, and videotapes show him boasting that these ads helped his campaign numbers.

Obstruction of justice was one of Nixon's major offenses. Bill Clinton has engaged in a similar pattern, such as refusing to honor subpoenas, deliberate delays in responding to subpoenas and congressional requests for documents, and mysteriously finding incriminating documents long after subpoenaed with flimsy excuses for the delays.

We need a thorough investigation into Clinton's good buddy, Johnny Huang, who functioned simultaneously as a top bureaucrat at the Department of Commerce with responsibility over U.S. trade policy and as a top fund-raiser for the Democratic National Committee. Did he also wear a third hat as an espionage agent for Communist China?

Communist China pumped millions of dollars into the Clinton-Gore reelection campaign. The Chinese government is not a charitable foundation seeking good government; it is a corrupt totalitarian regime that engages in theft, bribery, and industrial espionage as a way of doing business.

Chinese actions, Clinton's policies, and the massive money flow to Clinton's campaign coffers reveal a pattern that cannot be ignored. To quote Bill Clinton's own words about drawing conclusions from circumstantial evidence, "One of the things I was taught as a child is that, if you see a turtle on a fence post, the chances are it didn't get there by accident."

That's right, Mr. Clinton. Let's find out how the turtle got on the fence post by proceeding with the Inquiry of Impeachment introduced by Rep. Bob Barr (R-GA).

Will We Allow Clinton to Redefine the Presidency?

The current Clinton crisis has significance far beyond his lame-duck years. At stake is whether the White House will become a public relations vehicle for lying and polling, akin to a television show, or will remain a platform for the principled articulation of policies and values that Americans respect.

The American people have always had a reverence for the presidency, even though many men who held the office were less worthy than we expected. But Clinton has converted the once-serious offense of lying to the American public into a daily rite to be practiced and perfected (from Filegate to Asian political donations to Bosnian deadlines).

Finally, Senator John Ashcroft (R-MO) has stepped out from the pack and said what needed to be said: "Mr. President, if these allegations are true, you have disgraced yourself, you have disgraced the country, you have disgraced the office, and you should leave."

While most other Republicans mistakenly discuss short-term political impact, Senator Ashcroft recognizes that the presidency itself is now at stake. Will allowing Clinton to continue in office establish a precedent that dooms our children and grandchildren to suffer under future presidents who occupy the White House because of their skill at lying on television?

Will we allow our tradition of the rule of law to die under Clinton's poll-pandering? As Sen. Ashcroft said, "It is time for us to worry less about what is right for the party and more about teaching our kids what's right and what's wrong."

At the center of the current Clinton crisis is the affidavit by Monica Lewinsky, which is allegedly perjured and was allegedly suborned by Clinton. Unnoticed by many, including, apparently, Ken Starr's investigation, is that the circumstances surrounding Lewinsky's affidavit are remarkably similar to the obstruction of justice proved in the other civil suit against Clinton — Hillary Clinton, that is.

In *Association of American Physicians and Surgeons (AAPS) v. Hillary Rodham Clinton*, the plaintiffs sought discovery regarding the Health Care Task Force and Working Group, which developed the master plan for the Administration's attempt to take over the health care industry. One or both Clintons apparently arranged for the submission of a false sworn declaration in order to stonewall the required discovery and curtail an embarrassing civil proceeding.

The false submission in the *AAPS v. Clinton* lawsuit occurred shortly before Vincent Foster's death. Webster Hubbell, in his recent book, wrote that Hillary's demand that Foster "fix it" (the AAPS case) hurt him deeply and was among the reasons he committed suicide.

The actual signer of the document was given a plush job in apparent reward for misleading the court.

The federal judge in *AAPS v. Clinton* stated in December that this decision to mislead the court was "made at the highest levels of government."

In the words of the federal court, the sworn declaration in the AAPS case was "false" and an act of "dishonesty" and "not good faith." In words that apply equally well to the submission of the Lewinsky affidavit a few weeks later, the court held that "some government officials never learn that the cover-up can be worse than the underlying conduct." The court sanctioned the defendants, including Hillary Clinton, for \$285,864.78. This was the first such penalty ever imposed against a president or first lady.

The analogies between the sworn statements in the civil actions of *AAPS v. Hillary Clinton* and *Paula Jones v. William Clinton* are striking. While Hillary parades the country making sanctimonious statements about her husband's case, the White House demands that the taxpayers pay for her judicially-determined misconduct in her own case. Soon Hillary will insist that the American taxpayers either pay for a costly appeal of the sanctions against her, and thereby risk additional sanctions, or pay the \$285,864.78 on her behalf immediately.

If we care about the future of our nation, we cannot allow Bill and Hillary Clinton to define a new type of presidency in which the president and his wife are above the law. Under 18 U.S.C. 1512, tampering with witnesses is a serious crime.

In past years, numerous Courts of Appeals have enforced the witness tampering statute against defendants for engaging in conduct analogous to that of the Clintons. It would be tragic if the Clintons succeed in converting the presidency into a public relations office that is above the law, and which requires the taxpayers to foot the bill for presidential misconduct.

The issue is not what Bill Clinton did or didn't do with Paula or Gennifer or Monica, or even who served or didn't serve on Hillary's Health Care Task Force. The issue is whether we are going to allow the president to get by with flouting the law and lying about it on television, while hiding behind his popularity in the polls.

If that precedent prevails, Americans can look forward to a succession of TV charlatans and professional liars occupying the White House.

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