# MIXED REVIEWS

BY MARTIN MORSE WOOSTER

As the press constantly reminds us, we live in a heroic age. Instead of a trickle-down, laissez-faire, paralyzed government, the Clinton administration is a can-do, will-do, sharing, caring government led by the Man from Hope. Bill Clinton has surrounded himself with advisers such as Ron Brown and Warren Christopher, some of the century's greatest minds. The Soviet Union had Marx, Lenin, and Stalin; America has Roosevelt, Johnson, and Clinton....

You'll have to excuse me. I've overdosed on the sticky feast of love dished out by some members of the press in the last few months. Every time I see another journalist lie back, spread his or her legs, and dream of Camelot, I rebel and blame That Man in the White House for all my troubles. The wind, the snow, the heat, that terrible headache I had last Friday—it's all Bill Clinton's fault!

One cheering sign, though, is that some well-known leftists are as disgusted with the Clinton administration as I am. *Nation* columnist Christopher Hitchens, for example, told *The Washington Post* that he was so sickened by the optimism dished out to him at Washington cocktail parties that he was reminded of the moment in *Peter Pan* when the audience claps to keep Tinker Bell alive. "That's how Washington feels right now," Hitchens said. "If you don't go along, you get looked at—as though you've just shot Tinker Bell in the face....It reminds me of my worst months at British public school. Team spirit or you're judged harshly."

Well, as everyone knows, I'm a '90s kinda guy. I've found my inner child and fed him plenty of doughnuts, Kool-Aid, and beer. So, Christopher Hitchens, *I feel your pain.*

*Harper's Magazine* Editor Lewis Lapham is also grumpy. Lapham has never liked presidents very much; in column after column, he lambasted Jimmy Carter as a pious fraud, Ronald Reagan as a menace to the republic, and George Bush as a buffoon. But after 10 years of attacking Republicans, can Lapham get back into the groove of trashing Democrats again?

He certainly can. "Mr. Clinton apparently believes in nothing except the presentation of self," Lapham writes in the April *Harper's*. "Like the evangelist or faith healer, he delivers the good news in a language empty of existential context or historical reference....By seeming to say everything, the President manages to say nothing. He defines himself as a man desperately eager to please, and the voraciousness of his appetite—for more friends, more speeches, more food and drink, more time onstage, more hands to shake, more hugs—suggests the emptiness of a soul that knows itself only by the names of what it seizes or consumes."

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Clinton's eagerness to please has led him to adopt a new language for liberalism. Much of this change in rhetoric, former Perot pollster Frank Luntz notes in the Spring *Policy Review*, is designed to appeal to the supporters of Ross Perot. In focus-group discussions conducted last year, the major concerns of Perot voters were reducing the deficit, restoring the health of the economy, and having an honest government. (Luntz notes that Perot's fans are not very concerned about social issues, leaving Clinton room to maneuver in areas such as abortion and gays in the military.)

Luntz argues that Perot's big bloc of supporters is the main reason why "proposals to expand government spending and regulation are cloaked in pro-business, pro-entrepreneurship language; tax increases are justified as shared sacrifices for a brighter future; campaign finance reform and cuts in the White House staff are pushed to appeal to the anti-politician side of the American people."

Perot's supporters and others who share their concerns will be watching carefully to see whether Clinton follows through on his commitments to job creation and deficit reduction. The early signs are not promising. The reviews of Clinton's stimulus package, even from those who support the idea in principle, have been tepid at best.

In the March 1 issue of *The Nation*, for example, Paul Davidson, an economist at the University of Tennessee, recommends spending $50 billion a year for the next five years on job-creation programs. But even Davidson admits that such efforts will have little effect on the unemployment rate. He also acknowledges that raising taxes to fight the deficit will mean that "some companies and households will have less to spend. If taxes are raised in the next year or so, then some business opportunities for profitable sales, and hence job opportunities, will be reduced even as Clinton is attempting to create jobs."

John B. Judis, writing in the March 15 *New Republic*, is more critical. Judis argues that many of Clinton's reforms will increase productivity and thereby reduce jobs in the long run. Since the 1920s, he notes, rising productivity and automation have enabled businesses to produce more and better goods with fewer workers. Between 1979 and 1992, the output of American manufacturers rose by 35 percent, while their work force shrank by 15 percent.

Judis says making Silicon Valley more competitive will result in better computers, which will increase automation and reduce jobs, particularly entry-level positions needed by people on welfare seeking to enter the work force. "The underlying crisis caused by simultaneous growth and unemployment," says Judis, "will continue to haunt Clinton and the country for the remainder of his first term, if not for the remainder of the century." (Judis's narrow focus ignores the positive effects of higher productivity. For example, increased productivity often means lower prices, enabling consumers to buy more goods or save more money, thereby aiding job creation.)

The March 27 *Human Events* critiques Clinton's education and training proposals by interviewing Brookings Institution labor economist Gary Burtless. Burtless tells *Human Events* about research conducted for the Labor Department by Abt Associates on job-training programs. Abt Associates found that job training slightly helped men over age 22. But it *depressed* the wages of workers between the ages of 16 and 21, by $139 for women and $854 for men over a period of 18 months. Burtless says these results may be due to the fact that many of the job-training programs consist of "very little real training and a surprisingly limited amount of actual work experience. I mean, a lot of it is sort of showing up on Friday to get your pay check."

Nor does Clinton seem serious about deficit reduction. In this connection, *Newsweek* offers a curiously contradictory message in its March 1 cover story. An unsigned article grades Clinton's tax and spending increases on their "gutsiness." Clinton gets an A from *Newsweek* for raising energy taxes by $79.8 billion; an A- for increasing spending on Head Start, food stamps, and nutrition programs for children by $31.7 billion; and a B+ for increasing user fees by $23 billion.

But *Newsweek* is also surprisingly critical of Clinton's budget. In an excellent critique, economics columnist Robert J. Samuelson notes that most of Clinton's proposals for reviving American manufacturing won't work as advertised. Making existing plants more efficient and productive, says Samuelson, would do far more good than subsidizing high-tech ventures that may be as unnecessary as the supersonic transport, the fast breeder reactor, and synthetic fuels. "Spending better what we already spend," he writes, "is more important than spending a bit more."

More surprising is a piece by Sharon Begley and two others about pork-barrel spending that the Clinton administration failed to cut, including the Small Business Administration, the space station, the Rural Electrification Administration, the Economic Development Administration, and cultural subsidies. This list shows how support for many middle-class pork-barrel programs has eroded. If even *Newsweek* opposes funding for the Corporation for Public Broadcasting, what possible reason could there be for continuing to give the institution tax dollars?

Clinton is committed to supporting programs that thoughtful Americans of the right and left know are unnecessary. Begley notes that Office of Management and Budget Director Leon Panetta tried to eliminate the $11-billion Superconducting Super Collider. But Treasury Secretary Lloyd Bentsen, Sen. J. Bennett Johnston (D-La.), and Texas Gov. Ann Richards told Clinton that killing the super collider would cost the Democrats Bentsen's old Senate seat. So the program was preserved.

Given Clinton's spinelessness, I predict that not a single program will be eliminated by the end of his first term. In January 1997, the federal government will still be subsidizing angora goats, honey bees, rural electrification, dams, and all current foreign-aid recipients. In fact, Bill Clinton's conduct in his first three months as president has inspired in me feelings I never thought I'd have. Clinton has made me nostalgic for George Bush.

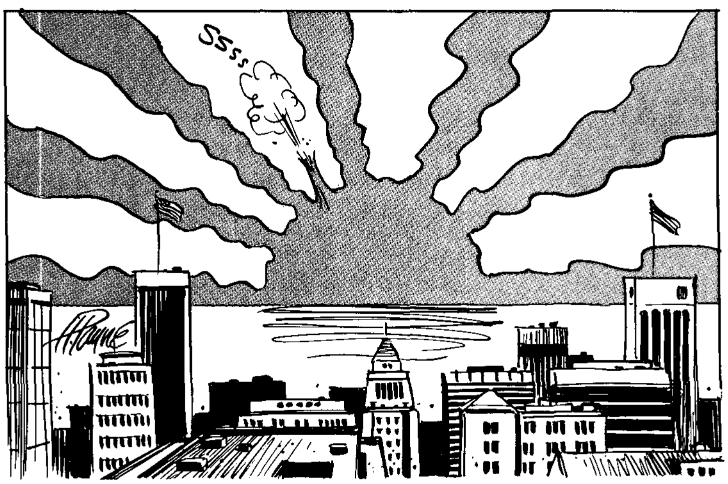
*Contributing Editor Martin Morse Wooster is a visiting fellow at the Capital Research Center.*

## Pop!

BY BRINK LINDSEY

**The Bubble Economy, by Christopher Wood, New York: Atlantic Monthly Press, 210 pages, $21.00**

Say it ain't so. After all those record-breaking, gold medal–winning performances in the late 1980s, it turns out the Japanese economy tested positive for steroids. Take away the medal for perpetual dirt-cheap capital, take away the medal for a gravity-free stock market, take away the medal for *zaiteku* financial wizardry, and take away the medal for buying up America. Our favorite bogeyman shrivels before our eyes as the drugs wear off.



THE RECESSIONING SUN

I'm referring, of course, to the bursting of Japan's "bubble economy." The rollicking growth that Japan enjoyed during the late '80s—over 5 percent a year—was fueled in large part by an upward spiral of land and stock values that some thought would never end. It ended. The Nikkei fell more than 60 percent from its 1989 high, and real-estate values in the Tokyo and Osaka markets dropped 30 percent or more. As boom turned to bust, it was hoped that the bubble's extravagances would not affect the underlying "real economy"—most prominently, the formidable manufacturing sector. Hopes were dashed.

Hence all the dolorous economic news coming out of Japan over the past year. For the first time since the 1973 oil embargo, Japanese GNP declined for two straight quarters; total growth for 1992 was an anemic 0.5 percent. The money supply has been shrinking. Corporate profits are down for the third straight year. Capital spending dropped an estimated 4 percent last fiscal year. Monthly statistics for business failures have been rising for more than two years. Unemployment, still low by Western standards at 2.4 percent, has been edging upward, and overtime payments, a big part of total employee compensation, are down sharply. Consumer confidence is at its lowest mark in a decade.

Even Japan's best-known and strongest corporate giants are being squeezed. Fujitsu, NEC, and Sony have all reported losses. Nissan, also in the red, is shutting down a major plant in Zama—the first such plant closing in Japanese auto-industry history. Nippon Telegraph & Telephone has announced plans to shrink its payroll by more than 10 percent—that's 30,000-plus people—over the next three years.

With rough times at home, the supposed takeover of the U.S. economy has been put on hold. Direct investment (i.e., establishing new companies in the United States or buying up existing ones) plummeted from $19.9 billion in 1990 to $800 million in 1992; purchases of U.S. real estate dropped from a high of $16 billion in 1988 to $5 billion in 1991. The Japanese were net purchasers of $2 billion worth of U.S. Treasury securities in 1989; in 1990 and 1991, they were net sellers of $15 billion and $8 billion worth, respectively.

In key industries where Japanese domination was thought inevitable, things are now looking rather different. The Japanese share of the U.S. auto market has slipped from 30 percent to 27 percent. For the first time since 1986, American semiconductor manufacturers in 1992 edged out their Japanese competitors for the largest chunk of aggregate world market share. Japanese computer makers remain far behind the U.S. industry; even in the laptop segment, where they have been competitive, Japanese companies' U.S. market share has dropped from almost 40 percent in 1988 to under 25 percent in 1992.

No one is suggesting that Japan is about to fall apart. Its fundamentals are still very strong—an excellent, innovative manufacturing sector; a well-trained, hard-working labor force; and continuing high levels of saving and investment. Still, the Japanese are looking distinctly mortal right now; where once only their strengths were noticed, now their weaknesses are getting some attention. Which gives us in this country a good opportunity to reassess Japan, its place in the world, and its relationship to the United States, with—finally—a dose of realism.

A good place to begin is by reading Christopher Wood's *The Bubble Economy*, a vigorous and intelligent account of the spectacular excesses and

HENRY PAYNE