

Sharp dividend: Proposed tax cuts mean more jobs, wages

Cutting the tax rate on earned income in Massachusetts from 5.95 percent to 5 percent, an idea recently proposed by Acting Governor A. Paul Cellucci, State Treasurer Joseph A. Malone and Citizens for Limited Taxation & Government, (CLT&G) would exert a powerful boost to the state's economy.

The Beacon Hill Institute's State Tax Analysis Modeling Program (STAMP) shows that, if implemented immediately, the cut would create more than 96,000 new jobs and increase the state capital stock by more than \$13 billion. In addition, the state's annual payrolls would grow by \$5.6 billion. Taking these "dynamic" economic effects into consideration, the tax cut would cost the Treasury approximately \$789 million per year.

CLT&G has offered three proposals, one of which is expected to appear on the 1998 ballot as an initiative petition. All three would roll back the present tax to 5.6

ECONOMIC EFFECTS OF CUTTING THE TAX RATE ON EARNED INCOME FROM 5.95% TO 5.00%		
<i>Change in Payroll</i>	<i>Change in Jobs</i>	<i>Change in Capital Stock</i>
\$5.581 billion	96,017	\$13.160 billion
<i>"Static" Tax Revenue Effect</i>	<i>"Dynamic" Tax Revenue Effect</i>	<i>Net Tax Revenue Effect</i>
-\$1.067 billion	\$279 million	-\$789 million

percent in 1999; to 5.3 percent in 2000 and finally to 5 percent in 2001. Governor Cellucci's bill would bring the rates down one year earlier.

The CLT&G petition was endorsed by Treasurer Malone and Governor Cellucci in July. The state Attorney General is currently determining whether the initiatives pass constitutional muster.

The new proposals are reviving a tax policy debate last seen in 1990, when voters considered and ultimately rejected a proposed \$2 billion tax cut. While the state's economy was in a deep recession then, the latest call for tax-rate cuts comes at a time when the state coffers are awash with tax revenues. Treasurer Malone has estimated the FY 97 surplus to be from \$535 to \$685 million.

Encouraged by new revenues, the legislature is considering ways to spend money on capital projects – money in excess of the extra funds set aside by law in the state's rainy day fund. In fact, state spending over the last eight years has exceeded inflation for the same period. (See "FY '98 state budget: Drumming up spending," *NewsLink*, Spring 97). In late August, House Speaker Thomas Finneran signalled that he would consider a tax-rate cut this fall.

While there is an overarching concern that state government needs the revenue to meet previous spending commitments, the growth in revenues and surpluses are proof that it's time for

a tax cut. A surplus is not a sign of success but rather a sign that government is perpetuating the disincentives created by tax revenues over and above spending.

Resources absorbed into government supported activities — whether it be convention centers, pay raises, the Big Dig or any new-found legislative priority — are resources diverted from other activities that create jobs, raise wages and increase capital spending.

As the debate escalates, some opponents are saying that cutting taxes would be a "mistake" particularly if the state runs into a recession. At that point a governor would, as in 1989, be required to raise taxes to fund "popular" programs such as education reform and the state's contribution to the Central Artery/Tunnel project.

But the real mistake would be to allow state spending to grow at the expense of job creation. A tax-rate cut would expand the economy by creating incentives for employers to create new jobs.

The recent moves to cut the tax rate are an acknowledgment that state government cannot continue to obstruct the potential for a growing Massachusetts economy in good times and bad.

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From the Executive Director

It's billed as the "largest tax cut in 16 years" but the budget and tax-cut bills signed by the President this summer demonstrate that Washington isn't above some false advertising. In terms of tax cuts, 1997 doesn't come close to the dynamic trend-setting tax cut of 1981.

The budget and tax package approved by the Republican-controlled Congress and signed by President Clinton is a cornucopia of targeted tax changes—a \$500 per child credit, education credits for college, a capital gains tax cut, special treatment for home buyers and an increase in the individual exemption for family-owned businesses.

In heralding the agreement, House Speaker Newt Gingrich said the budget and tax bills proved that the Republicans can govern. But govern exactly what? Modifying selected taxpayer behavior? Or punishing frequent flyers, cigarette smokers and others with \$52 billion in increased taxes?

The package pledges to balance the federal budget by 2002 but doesn't eliminate a single government agency. In fact it adds another entitlement, health care for uninsured children, or what the President called the largest expansion in health care for children since Medicaid was enacted more than 30 years ago. Meanwhile, the day of reckoning on Medicare and Social Security was postponed beyond the last ray of today's bipartisan afterglow.

It's advertised as cutting up to \$152 billion in taxes over the same period, but the *Wall Street Journal* rightly observes that the Republican handiwork in tax cutting represents only 1 percent of all federal revenues.

It doesn't touch the taxes that most punish work, savings and investment, namely personal and corporate income tax rates.

Nor does it simplify the tax code. In fact, it goes in the other direction.

"I call it a nightmare," Jack Kemp told the *Washington Post*. "They cut capital gains, but they wouldn't index it. The whole tax code has been made into a worse nightmare than it already was."

Mike Flynn, an economic analyst for the American Legislative Exchange Council, also told the *Post*, "Ninety billion dollars sounds like a lot, but the government will spend over \$8 trillion in that time period. The states passed \$12 billion in tax cuts in the last three years."

Is there any doubt that states are held in higher regard than Washington? The idea of states taking the lead concerns many observers in academia who are used to the ways of big government. In this connection, we take a careful look at a new book, *Disunited States* by John Donahue, which casts some doubts on devolution (see page 7). In the final analysis, we think Donahue

comes down on the wrong side of history, though some of his remarks are worth noting if you really believe in limited government.

Speaking of ALEC, the Beacon Hill Institute was a major player in the national organization's 24th Annual Meeting in New Orleans. At a heavily attended presentation on our tax model, STAMP, we demonstrated how tax law changes affect a state's economy. The majority of state legislators who make up ALEC's membership have known for years that tax cuts create jobs. With STAMP they can now estimate how cuts in income taxes, unemployment taxes and workers' compensation taxes create incentives to create jobs and increase wages.

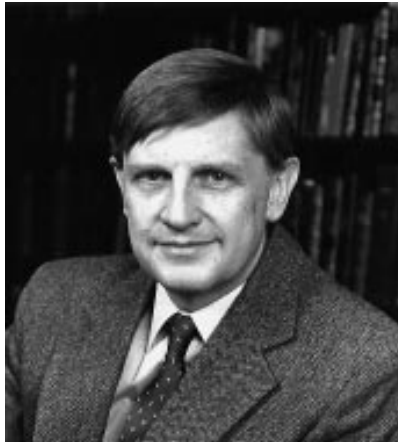
BHI's Compassion Tax Credit was the center of attention at another well-attended panel discussion in New Orleans. Building upon our most recent research on the states, we illustrated how legislators can complement the one-year-old federal welfare reform law with a tax credit that empowers both individuals and nonprofit organizations. We were gratified to see that scores of inquisitive ALEC members came by our new exhibit booth to learn more about BHI.

Nonprofit organizations comprise a growing sector of our economy and they will continue to play a large role in helping the poor. In July we took our message to the professionals who

participated in the 1997 New England Non-profit Exposition at Brandeis University.

A solid think tank always practices what it preaches. And so in the interest of brevity we've streamlined our web site URL to <http://www.beaconhill.org>. It's easier to type than our old one and easier to remember too. It's also updated to include our most recent work and media hits. Take a look and let us know what you think.

David G. Tuerck



NewsLink is published quarterly by the Beacon Hill Institute for Public Policy Research at Suffolk University. The Beacon Hill Institute focuses on federal, state and local economic policies as they affect citizens and businesses, particularly in Massachusetts. The institute uses state-of-the-art statistical, mathematical and econometric methods to provide timely and readable analyses that help voters, policy makers and opinion leaders understand today's leading public policy issues.

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BHI examines the economics of Massachusetts tort law

A major study released by the Beacon Hill Institute in late spring assessed the economic implications of the tort liability system in Massachusetts. *Taxation by Litigation: The Economics of Civil Justice Reform in Massachusetts*, estimated the economic effects that adoption of the Civil Justice Reform Act (S-896) could be expected to exert.

Consider the following examples that illustrate the need for reform:

- A worker gets a putty knife stuck in a wall. Disobeying a work rule requiring him to wear protective glasses, he suffers an eye injury as he is pulling the putty knife out of the wall. He sues the manufacturer of the putty knife and receives \$70,000 in damages.

- A woman purchases a cabinet for her kitchen. She installs the cabinet in drywall, ignoring written instructions admonishing against this. The cabinet falls on her head. She sues the store that sold her the cabinet for damages.

These are examples of individuals suing manufacturers for damages purportedly sustained from the use of their products. Over the last half century there has been a substantial expansion in producers' liability.

This has resulted in a reduction in the capacity of American business to create jobs and capital. Resources that would have gone into productive investment are shifting instead into businesses' efforts to protect themselves against lawsuits.

Tort law plays an essential role in the American civil justice system, but the modern expansive tort law regime has come to impose unnecessary costs, or what BHI calls "tort taxes." Like any other tax, tort taxes penalize business for creating jobs and capital. Several states across the nation have reformed their civil justice systems with an eye toward both competitiveness and fairness. Massachusetts,

however, lags in reforming its tort system.

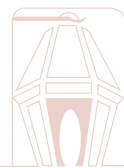
In 1992 (the latest year for which published data are available), Massachusetts tort costs totaled \$4.13 billion, or 2.55 percent of gross state product (GSP), amounting to a tort cost of \$687 for every Massachusetts resident. Assuming that Massachusetts tort costs fall entirely on residents, the average Massachusetts resident incurred 32 percent more in tort costs than the average American. BHI estimates that in 1995, Massachusetts tort costs were \$5.1 billion, or \$833 for every Massachusetts resident, accounting for 2.68 percent of GSP.

If tort reform were measured in terms of tax relief by a market-clearing model such as STAMP, BHI estimates that the Civil Justice Reform Act would add

- 71,649 to 241,224 new jobs;
- \$9.3 billion to \$31.9 billion in new capital;
- \$2.4 billion to \$8.2 billion in new annual payrolls; and,
- \$144.9 million to \$488 million in new annual tax revenues.

By raising the cost of living and by putting upward pressure on prices and state taxes, tort costs diminish Massachusetts' ability to compete for business and workers.

In May, BHI Executive Director David Tuerck testified on behalf of the Civil Justice Reform Act at a hearing of the Massachusetts Joint Committee on the Judiciary. His opinion editorial, "Tort reform needs a fair trial," appeared in the July 3, 1997 edition of the *Boston Globe*.



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An ounce of prevention...is an ounce less production

The proliferation of lawsuits has spawned a new branch of law. "Preventive law" shows companies how to shield themselves against lawsuits whenever possible, and to minimize the impact of legal action, should it occur. "You want to do everything reasonable to avoid litigation because it's costly, time consuming, unproductive and emotional," said Jim Smyton, a small business lawyer in Buffalo, in an interview with *Business First*, a weekly in western New York.

What should a business do? Keep current on revisions to workers' compensation and Family Leave Act regulations. Keep careful written records and whenever possible, communicate in writing. Maintain strong policy and procedure manuals. Be sure to follow them strictly and fairly. Know how to communicate and understand the process of negotiating and drafting contracts. Be certain you have adequate insurance coverage. This may go beyond normal liability and tort coverage and include personal liability coverage for directors and officers. Treat disputes as priorities to be settled through good dispute resolution practices. If you are sued, contact a lawyer immediately. Treat the suit as a business event that may be arbitrated or negotiated.

Good advice? Probably. But it is worth remembering that preventive measures have costs. Money and time spent to avert lawsuits are money and time taken away from production. This is, in the end, another deterrent to job and capital formation. While business might be well advised to adopt a wide range of preventive measures, it is important to understand the economic consequences of the legal environment that makes them necessary.

BHI participates in ALEC meeting

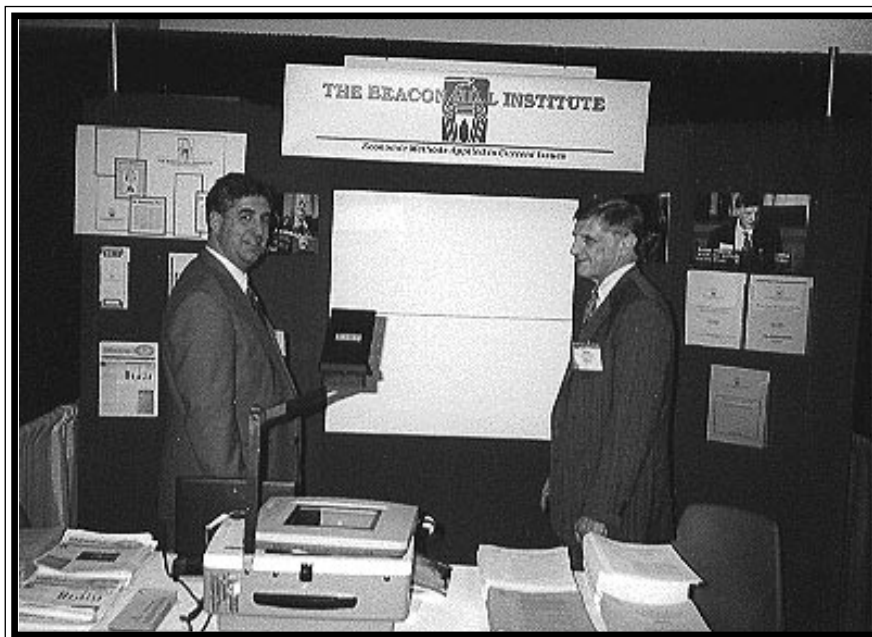
BHI Executive Director David Tuerck spoke at two task force meetings during the Annual Meeting of the American Legislative Exchange Council (ALEC) in New Orleans in August.

Tuerck, who is an advisor to the Health and Human Services Task Force, spoke on behalf of the compassion tax credit and chaired discussion of proposed model legislation that can be used by any state seeking to implement a tax credit for contributions to charitable organizations.

During a meeting of the Tax and Fiscal Policy Task Force, Tuerck presented a description of STAMP, the Beacon Hill Institute's State Tax Analysis Modeling Program. In his remarks, he described the model using examples for Massachusetts and Ohio. However, with enhancements, STAMP can be applied to any state and will show how a proposed tax-law change will affect the economy of that state. STAMP is one of only a few such models in the country.

The Beacon Hill Institute booth in the exhibition hall included interactive powerpoint presentations of both STAMP and the compassion tax credit. It allowed legislators to see how a compassion tax credit could be applied in their state or how STAMP's methodology could be used in their state.

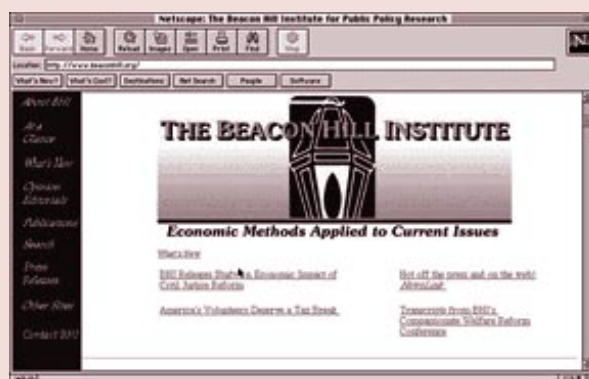
ALEC is the nation's largest bipartisan, individual membership organization, with 3,000 state legislators throughout the country.



Howard Wright, BHI research economist (left), and David Tuerck at the Beacon Hill Institute's exhibit at ALEC's Annual Meeting in New Orleans. BHI presented an interactive multimedia presentation of STAMP and of the compassion tax credit.

ON-LINE SERVICES

BHI's Web site, <http://www.beaconhill.org>, carries digital versions of its published work that can be downloaded in easy-to-use formats.



Father Sirico speaks at Renewal Alliance Lunch

People no longer believe they can get what they need from the state. This, said Father Robert A. Sirico, is positive. When we rely on our own resources, we are innately stronger. When we build upon civic virtue and reinvigorate the sense of responsibility that girds families, we make our society stronger. If we have lost our way, it is because we have lost our sense of community.

Father Sirico, president of the Acton Institute for the Study of Religion and Liberty in Grand Rapids, Michigan, was guest speaker at the June meeting of the Renewal Alliance in Washington, D.C. The lunch, held in the Cannon House Office Building, brought together policymakers, legislative aides and individuals interested in compassionate welfare reform. It was co-hosted by the Beacon Hill Institute and the David R.

Macdonald Foundation.

"Poverty is not an economic problem," Father Sirico said. Alleviating poverty comes from charity that goes to deeper human needs and that is met at the nearest local level possible. Private charities, particularly local organizations, are ideally suited for this and must have a

Alleviating poverty comes from charity that goes to deeper human needs and that is met at the nearest local level possible.

greater role in ending dependency. Local organizations can mimic the community of the family, in which each member is both valued and held accountable. When

people are forgotten, there is a diminution of their moral fiber.

Poverty may not be an economic problem, but a healthy economy is part of the solution. Father Sirico observed that where there is prosperity there are more opportunities for charity. A vibrant economy means more wealth for anti-poverty programs and more opportunity for the middle class to help.

Father Sirico urged allowing people to help alleviate poverty by making it easier for them to contribute to charitable causes. Since an "active charitable sector gets the job done," he urged that we empower charitable organizations through the compassion tax credit.

"People are creative. People are more productive than consumptive" said Father Sirico. We can watch as the welfare state continues to wither away or we can move decisively to support private initiative. It's an obvious choice.

Contributions of all sizes from individuals, foundations and corporations support the Beacon Hill Institute.

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Regionalization: Economies of scale or more of the same?

Saying it marks a new beginning, a legislative commission recently concluded that regionalization would greatly benefit Massachusetts' cities and towns.

In releasing the July report, Thomas M. Menino, mayor of Boston and chairman of the Regionalization Commission, said: "With the legislature considering the abolition of counties, it is time for us to consider the new economic and delivery partnerships that will bring our region into the 21st Century in terms of governance."

The 13-member commission urged the Commonwealth to encourage and examine regional provision of services such as wastewater treatment, ambulance service, cooperative purchasing and professional training programs.

Most significantly, the commission, which represented municipalities from Norfolk, Suffolk, Middlesex and Essex counties, said such voluntary agreements among cities and towns for joint provision of services would save taxpayers money.

But the study is about more than cost-cutting. The commission urged a "Council of Governments" structure to oversee the delivery of services and called for an "economic development forum" to attract business and industry.

The recommendations come as the state legislature is considering the abolition of all county government in Massachusetts. At the close of the most recent legislative session, then Governor William F. Weld signed a measure abol-

ishing Middlesex County. Other county governments are expected to shut down.

Regionalism is not a new idea. Other states delegate more intrastate responsibilities to counties, districts, and sublevel entities than does Massachusetts. However, because of New England's "home rule" tradition, Massachusetts has lagged behind states in other parts of the country in instituting regional solutions to common local problems. This New England tradition respects the autonomous open town meeting form of governance that favors highly local provision of services and accountability. This still holds sway in the public's mind. The commission reports that on the whole Massachusetts citizens think their towns are doing well.

Although the town meeting ideal is strong, the commission noted, "One of the greatest structural impediments to municipal fiscal health is the inefficiency of providing certain municipal services on a small scale. The need to duplicate every essential municipal service and to carry the full cost of service delivery overhead and infrastructure on the budget of every municipality is inherently inefficient." This current division of labor between state and local government cannot meet the challenges of the "new metropolitan reality."

In the context of this "new metropolitan reality," a growing consensus among policymakers, opinion leaders and elected officials stresses regional cooperation. Arguing that political, geographic and infrastructure boundaries do not separate issues and problems, some observers maintain that regionalism is the wave of the future.

University of Minnesota Law Professor Myron Orfield, writing in his new book *Metropolitics*, believes federal withdrawal from

the realm of urban policy requires a better solution. Decline, sprawl and polarization, he says, are problems too large for individual cities and towns. His regional solution calls for – among other things – property tax-base sharing and other redistributive policies to help the poor find job opportunities in the suburbs.

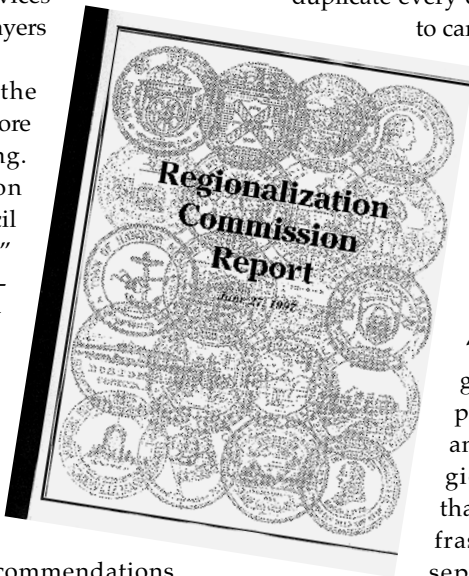
Such far-reaching solutions may be doomed to political failure in the Bay State, where citizens are strongly attached to the concept of local autonomy and where resistance to sharing "urban" problems appears to be strong. Past attempts at regionalization have succeeded because they focused on consolidating functions rather than establishing regional entities or authorities. Most of all they succeeded because they were voluntary.

According to a poll conducted for the commission, voters responded favorably when asked about consolidating services. However, they raised second thoughts when asked about the *concept* of regionalization. Presumably their objections are based upon the fear of establishing another layer of intrusive government that may conflict with autonomy.

As the authors write, "The survey results show that these fears or feelings can be combined to defeat decisively proposals for regionalization." The commission thinks that cooperative efforts can succeed if they are pursued one problem or service at a time.

The commission's thoughtful work is a fair assessment of what can be done to save the taxpayers money while improving the delivery of services.

"The need to duplicate every essential municipal service... is inherently inefficient."



Disassembling devolution

Disunited States: What's at Stake as Washington Fades and the States Take the Lead
by John D. Donahue (Basic Books, 1997)

Reviewed by Frank Conte

As John Donahue observes in the preface to his new book, *Disunited States*, some writers on the topic of public policy capitalize “Federal” but not “state.” Others, perhaps in a nod to the now-diminished Republican Revolution of 1994, prefer to capitalize “State” but not “federal,” wishing the latter would fade away.

An associate professor of public policy at Harvard University’s JFK School of Government, Donahue takes a diplomatic path, choosing to spell both terms in lower case. In doing so, he appears to favor a respectful balance in our democratic republican form of government.

However, Donahue’s Hamiltonian bias for a strong central government betrays his stylistic preference. In short, Donahue thinks the nation is plunging in the wrong direction by shifting responsibilities to the states.

Donahue thinks that devolution warrants more attention than the federal deficit, suggesting that such downshifting “will prove to be a detour, a disappointment, or a misstep toward engaging... fundamental problems.” Few people, save the usual suspects, have thus far accepted Donahue’s thesis.

Proponents of state policy innovation will find much to disagree with in *Disunited States*. But this work has redeeming value. In fact Donahue has produced a remarkably useful work that challenges the principle of state primacy that is ascendant not only among Republican theorists, but also among Clinton’s New Democrats.

But Donahue declares that shifting government downward isn’t likely to save much money. The cost of government would decrease only slightly. Moreover, the proponents of devolution overlook the fact that state and local government employment grew by 150 percent between 1962 and 1995 while federal employment grew by only 15 percent. Spending made possible by state and local governments’ own source revenue now consumes 10 percent of America’s GDP. And while voters like their governments close to the vest and trust their superstar governors more than Congress, their preference isn’t overwhelming enough

to justify historic shifts in economic or social policy. In this context, devolution has the potential to make matters worse, says Donahue.

Donahue’s roster of the shortcomings of devolution chic is lengthy even though it is not always convincing. He anticipates that interstate competition for international capital will rupture state treasuries. He foresees that state-based welfare reform will fail during recessions; this failure will unleash an unnecessary harshness on the poor as legislators with block-grant power will favor highways over the poor. Finally, Donahue warns that the honest graft of K-Street lobbying will subdivide remarkably under 50 state-house domes.

Donahue believes tax incentives and economic warfare between the states place them in the paradox of industrial policy. States will more readily commit the “Type II mistake” of pushing public money where private money would willingly go. Reviewing “nine deals that changed the American auto industry,” Donahue poses the hard questions about the interstate chase for the vanishing smokestack industry and its high-paying manufacturing jobs, the Holy Grail of a changing economy. Is the \$168,000 per job in public resources spent by the state of Alabama to lure Daimler-Benz worth it? All things considered, Donahue thinks the value of tax incentives is still open to debate.

But Donahue’s answer to the endless argument is troubling. In spite of the budding success of the welfare reform act of 1996, he wants federal primacy in antipoverty policy restored. Because of interstate tax competition, which limits their ability to raise taxes, states will not be able to handle the lifelong learning Americans need to adapt to a changing work world. He thinks the federal government should enlarge its role in higher education. And to secure some equity between the states, Donahue revisits the hoary days of revenue sharing, calling for a “subnational tax policy [that is] closely coordinated and fiscal competition [that is] tightly circumscribed.”

To some extent these inelegant solutions

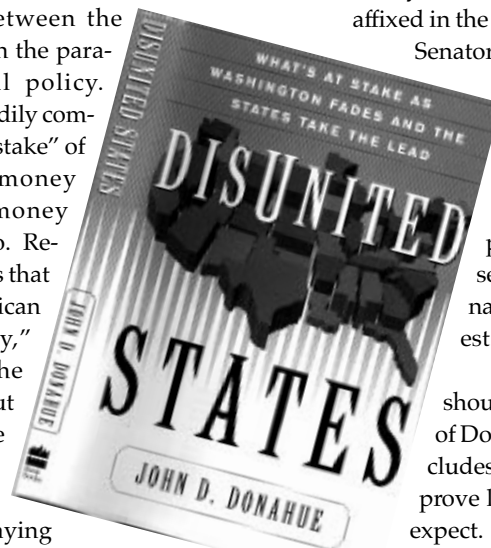
have been tried before. But Donahue’s prescription for curbing the state courtship of capital and the attendant competition treads upon uncharted legal and economic waters. “The best approach,” writes Donahue, “would be through national legislation that alters states’ incentives to offer...inducements or companies’ incentives to accept them.” Donahue is not alone. A growing counterpoint to devolution – the use of the “Commerce Clause” to prod Congress into limiting interstate competition – is gaining intellectual respectability. Just as the devolutionists have affixed in the public mind the image of

Senator Robert Dole brandishing a copy of the Tenth Amendment, the anti-devolutionists seem poised to pull the Commerce Clause out of their pockets to invalidate 50 separate tax policies in the name of the national interest.

Conservatives should welcome some aspects of Donahue’s critique. He concludes, “Devolution is likely to prove less satisfying than many expect. Since it has been justified in terms of improving, not shrinking, government, the ascendancy of the states represents no conclusion to the debate over the public sector’s proper size and scope.”

And, as many students of intergovernmental relations know, state governments cannot solve some problems any better than the federal government. In fact, some problems – such as job training – may be solved by privatization and vouchers, providing what Donahue calls “a far richer menu of reform possibilities” than devolution. In addition, devolution doesn’t let the federal government off the hook; true spending reform means getting a handle on Social Security and Medicare.

Continued on page 8



In Point of Fact

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he message is: Worry about Vancouver not Hong Kong...

"For the most part, the Hong Kong entrepreneurs have gone back. They don't want to pay 50 percent taxes. They don't like the bureaucracy here."

Developer James Speakman quoted in "For Vancouver the Party is Over: Hong Kong Money Is No Longer Acting as a Stimulus," Tasmin Carlisle, *Wall Street Journal*, July 23, 1997.

...And why not? Look at who was a supply sider...

"It is somewhat ironic that Communist China...provides the best evidence of the benefits of a supply-side approach. It's not easy to cut huge chunks out of taxes as Chairman Deng Xiaping did in China. But the results speak for themselves. For the first time in China's history, millions of people have joined the ranks of the middle class and the prospects are bright for hundreds of millions more. The lessons are obvious... It may be worth remembering that all levels of U.S. government – federal, state, and local – only taxed away 10 per-

cent of GDP in 1929; today the figure is around 34 percent. Maybe it's time for more Americans to read the works of Chairman Deng." "The Great Tax Cut of China," Alvin Rabushka, *Wall Street Journal*, August 7, 1997.

The new cyber-optimism – 25 years of prosperity...

"We are watching the beginnings of a global economic boom on a scale never experienced before. We have entered a period of growth that could eventually double the world's economy every dozen years and bring increasing prosperity for – quite literally – billions of people on the planet. We are riding the early waves of a 25-year-run of a greatly expanding economy that will do much to solve seemingly intractable problems like poverty and to ease tensions through the world." "The Long Boom," Peter Schwartz and Peter Leyden, *Wired*, July 1997.

For Dick Gephardt, it's real easy...

"Denunciation of the skewed benefits of tax cuts (toward the rich) is one of Washington's easiest press releases."

"The Search for Fairness: Tax equity is impossible in the current system," Thomas G. Donlan, *Barron's*, July 21, 1997.

continued from page 7

BookMark

As a nation, we engage in this "endless argument" because the national government has failed in many aspects that relate to our lives. Given the reach of the federal Leviathan, citizen preference for state government should come as no surprise. In contrast to Donahue's view, there is much to be said for competitive federalism and for the dynamic system that allows people as consumers of public services to "vote with their feet." This exit option – even though not exercised by all – continues to be a safeguard of liberty in a federalist system.¹

Beyond the idea of "laboratories of democracy," people feel more empowered at the state level. It is there where people can appraise service delivery and it is there – whether through ballot initiatives, referenda, or home rule petitions – that citizens can make a difference to a degree that is nearly impossible in Washington.

¹For a thorough defense of competitive federalism, see James M. Buchanan, "Federalism and Individual Sovereignty," *Cato Journal* Vol. 15, Nos. 2-3 (Fall/Winter 1995/96).

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