

Letter to the editor

This letter is in response to John Rossomando's column (3/3/94) concerning Reaganomics.

The U.S. economy did grow rapidly under Reagan, but Mr. Rossomando failed to fully explain the reasons for the growth. Reagan's tax decrease was part of the Republican "supply side" strategy. Republicans assumed that taxes were in the "prohibitive" range of the Laffer curve and that, consequently, a tax decrease would actually increase government revenue. Government revenue fell. As a good supply sider, Reagan should have promptly raised taxes in an attempt to reach the optimal level. He didn't.

In reality, Reagan was practicing Keynesian economic theory (that evil theory associated with Democrats). The tax decrease, combined with massive increases in defense spending, resulted in Keynesian deficit spending. This is what really caused the economic growth of the '80s. The only difference is that Reagan incurred deficits that were gargantuan compared to "Liberals" like FDR and LBJ with their "New Deal" and "Great Society" programs. GNP may have doubled in the '80s, but the cost was a national debt that went from 1 trillion to 2 trillion dollars. Under Reaganomics the U.S. went from the world's largest creditor to the world's largest debtor nation, forced to

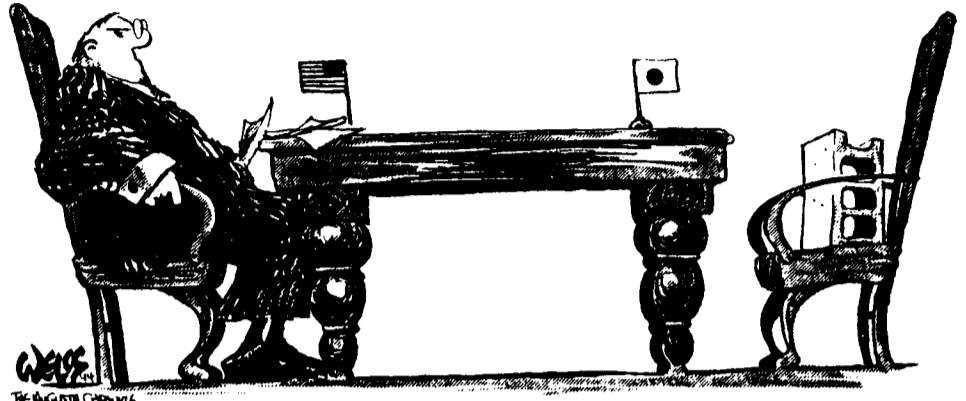
beg for money to finance our debt.

Furthermore, Reagan may have talked about reducing deficits, but his actions didn't show it. Budget deficits did decrease from 1987-1989 as Mr. Rossomando points out, but this was due to a sell off of government assets which increased short term gains but decreased revenue, and therefore increased the national debt in the long run. Also, Reagan may have proposed a balanced budget amendment but Good King Ron NEVER ONCE SUBMITTED A BALANCED BUDGET TO CONGRESS DURING HIS EIGHT YEARS IN OFFICE!

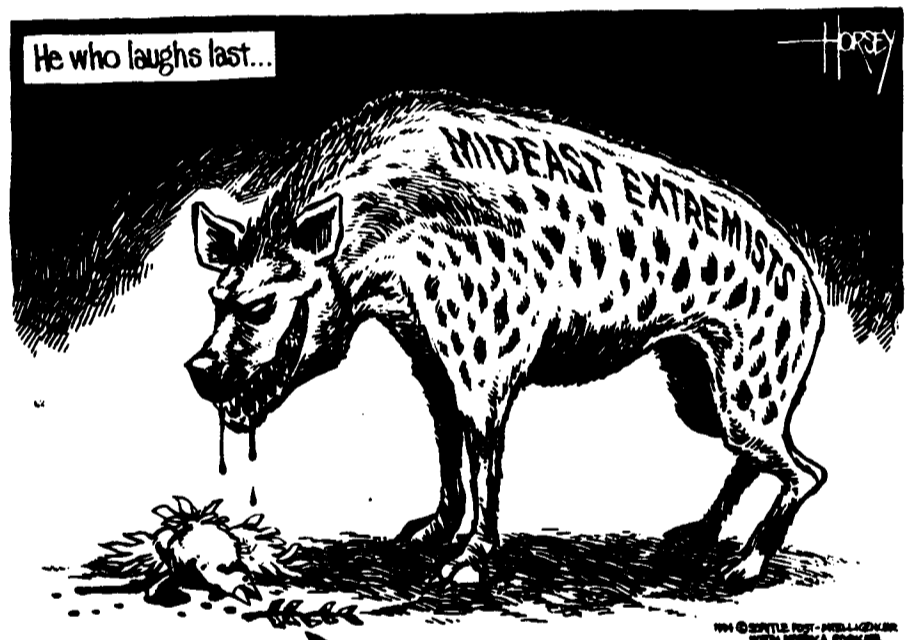
The real Reagan record is one of skyrocketing debt. It should be noted that the last budget surplus occurred in 1969 due to a surtax implemented during President Johnson's (a Democrat) last year in office. This is not to say that Republicans deserve all the blame. Some Democrats, mostly southern, also supported Reaganomics, but the majority of those "evil" Democrats wanted tax increases which would have decreased the debt. Reaganomics led to one hell of a party in the 1980s, but the American public will be paying the bills for many years to come.

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ONE OF MANY SUBSTANTIVE TRADE TALKS WITH THE JAPANESE OVER THE YEARS.



Editorial Cartoons



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