

THE WEEK

401K WARNING

■ "Sacrifice"? "Patriotism"? Don't burn that flag, kid. Someday you may want to wrap yourself in it.

■ So far, only Stage 1 of Reversing the Reagan Revolution has been revealed—the big jump in the top income-tax rate and the new expandable BTU tax on energy. Stage 2 requires \$100 billion or more to provide health care to the uninsured. Sin taxes on alcohol, tobacco, and guns won't cover that. So get braced for the taxation of employer-provided health insurance. Stage 3 will be the taxation of pension contributions as current income. To gear up for this raid on private retirement income, Mr. Clinton has nominated a vociferous advocate of pension taxation, Alicia Munnell, as assistant treasury secretary for economic policy. Her plan is to fund public infrastructure investment by taxing both contributions and the annual earnings of the pension funds as current income. In addition, she wants to confiscate 15 per cent of all existing pension-fund assets to compensate the government for its failure to tax pension income in the past. Mrs. Munnell comes to the Treasury from the Federal Reserve Bank of Boston where she directed flawed studies that damaged the reputation of the bank's research staff. *Forbes* exposed her most famous study, which claimed to prove racial bias in mortgage lending but which had failed to control for credit-worthiness and default rates. The Treasury staff must fear that their reputation will be her next victim.

■ Foes of big government, high taxes, and re-regulation have lost a once-valuable ally. The U.S. Chamber of Commerce has decided to join the Clinton team in extending the size and scope of government. This month, senior vice president William Archey fired chief economist Larry Hunter for signing onto a coalition letter opposing an increase in energy taxes—a longstanding Chamber position reaffirmed by its Tax Policy Committee a few days before the firing. Mr. Hunter's dismissal is only the latest example of the Chamber's defection on key issues. Under Mr. Archey's direction, with the apparent acquiescence of President Richard Leshner, the Chamber has abandoned its traditionally conservative positions on free trade, taxes, health-care mandates, family leave, and school choice. During the presidential campaign Mr. Archey instructed Chamber staff

that criticisms of Clinton-Gore policy proposals would be grounds for dismissal. The Chamber's apostasy, in the name of "being a player" with the current Washington regime, leaves the 600,000-member National Federation of Independent Business as a powerful but lonely voice for small business on Capitol Hill. NFIB's ranks should swell as disillusioned Chamber members recognize their dues are financing the Clinton agenda.

■ President Clinton says that critics of his economic program should "be specific" in identifying areas in which further spending cuts would be merited. In the interest of contributing to the ongoing debate therefore, we recommend that the following expenditure reductions be considered: rural electrification farm-price supports, cotton promotion, National Endowment for the Arts, Commission on Civil Rights Tennessee Valley Authority, International Development Cooperation Agency, Environmental Protection Agency, Small Business Administration, minority business set-asides, Equal Employment Opportunity Commission, Interstate Commerce Commission, Securities and Exchange Commission, Export-Import Bank, Farm Credit Administration, Peace Corps, Railroad Retirement Board, National Labor Relations Board, National Mediation Board, Federal Communications Commission, Federal Election Commission, National Endowment for the Humanities, Government Printing Office, General Services Administration, Office of Technology Assessment, Government Accounting Office, Federal Trade Commission, Federal Labor Relations Authority, Federal Housing Finance Board, Bureau of Indian Affairs, Department of Commerce, Davis-Bacon, Department of Energy, Department of Education, Architect of the



"... so Sleeping Beauty dropped the sexual-harassment charges, and they lived happily ever after."