

## OUTSIDE THE BOX

## The Decade's Midpoint

In 2005 America's economy grew while Kofi Annan shrank.

BY PETE DU PONT

*Wednesday, December 21, 2005 12:01 a.m.*

North Korea says the Bush administration "is made up of political imbeciles and master hands at faking up lies." The president of Iran says there was no Holocaust, the whole thing was a myth. And Russia continues its return to communism, intending to require all nongovernmental organizations to register with and have their programs approved by the government. From year to year, some things never change.

But there were some significant happenings this year that may change the way the world works. Two thousand five saw a very strong American economy and some real success in the U.S. effort to bring freedom to the people of Iraq and defeat Islamic terrorism. The bad news was a Republican congressional failure to control federal spending and limit the expansion of the federal government, and the United Nations' failure to reform after its participation in the greatest corruption scandal in the history of the modern world.

---

The good news is that the American economy is doing very well: 10 consecutive quarters of 4% annualized economic growth, which helped create 1.8 million new jobs this year and four million

in the past two years. The tax cuts of the Bush administration are one of the reasons for this success, for they stimulate economic growth, and that growth produced a 14.6% increase in federal tax revenues in 2005. Even liberals should be happy, for the percentage of income taxes paid by the top 1% of taxpayers has grown from 19.3% in 1980 (before the Reagan tax cuts) to 27% in 1988 and 34% currently.

The war for freedom in Iraq is progressing too. Iraqis held their third purple-thumb election last week, electing a legislature following a transitional assembly in January and approving their constitution in October. Ten million people voted in an election that even the New York Times called "an overwhelming and heartening triumph." The Iraqi economy is stable and growing. Per capita income is now more than \$1,000, double what it was in 2003; there are 30,000 new businesses. Sixty percent of the U.S. Agency for International Development's business-development grants have gone to women; there are five million new cell phones and hundreds of radio stations, magazines and television stations that did not exist under Saddam Hussein's dictatorship.

We are also slowly succeeding in the war against Islamic terrorism, a global war that al Qaeda terrorists brought to U.S. embassies in Africa, the USS Cole, Bali, Spain, England, Jordan and of course the World Trade Center and the Pentagon. Winning that war and bringing freedom to the people of Iraq are our primary goals, and we are making progress on both fronts. As President Bush said on Sunday evening, we are moving toward "a democratic Iraq that can defend itself, that will never again be a safe haven for terrorists and that will serve as a model for freedom in the Middle East."

Sen. Joe Lieberman expressed the most sensible foreign policy vision within the Democratic Party. He is a believer in freedom and opportunity for all people and the imperative of defending America's safety in a world vulnerable to terrorism. "It is a war between 27 million and 10,000," he wrote, referring to the war in Iraq: "27 million Iraqis who want to live lives of freedom, opportunity, and prosperity, and 10,000 terrorists . . . who know their wretched causes will be set back if Iraq becomes free and modern." Mr. Lieberman added, "The outcome of this war is critically important to the security and freedom of America."

The people of France and the Netherlands get top grades for voting down the nearly incomprehensible European Union constitution. Its adoption would have insured that socialist Europe never recovered from its economic doldrums. Over the past 25 years the European Union has added just four million new jobs while the U.S. has added 57 million. Now there is a better opportunity for European nations to adopt market economies.

And congratulations to Bill Buckley, who in October celebrated the 50th anniversary of the National Review magazine. For half century he has been the intellectual leader of conservative political thought, launching the vision that became America's public policy in the 1980s. Since he infuriated the educational establishment with the publication of "God and Man at Yale" in 1951, Bill has written 4,000 columns, 46 additional books, given thousands of talks, and for thirty-three years was the host of Firing Line. As President Bush said, Bill and his magazine "helped move conservatism from the margins of American society into the Oval office. That's a significant contribution." Indeed it is.

---

Then there are the failing grades of 2005. The Republican Congress--House and Senate--has dismally failed to control the growth of government. Spending has grown 5.6% a year since President Bush took office--about as high as LBJ's spending increases in the 1960s--and domestic spending has grown

7.1% a year. When Bill Clinton was president and Newt Gingrich was House speaker, congressionally approved nondefense spending was \$57 billion *less* than the president requested; under Mr. Bush and Speaker Dennis Hastert it has been \$91 billion *more*.

Republicans have been taking some heat for such big spending increases, so when the House adjourned early Monday morning it had agreed to cut federal spending by about \$40 billion over five years, plus a one-time \$8 billion defense budget cut. It sounds good, but it comes to only a 0.3% reduction in total federal spending, not exactly a significant shift from Republican spending increase policies.

One would think the president would have used his veto power to control the spending surge, but he hasn't used it at all. (The last president to serve a full term without issuing a veto was John Quincy Adams.) For starters he should have vetoed the highway bill, which contained 6,373 pork projects costing \$24 billion.

Senate and House "moderates" are part of the problem too. Maine's Sen. Olympia Snowe opposes extending the tax cuts that have stimulated our economy, and Rhode Island's Sen. Lincoln Chafee opposes oil refinery construction on abandoned military bases (which would increase our fuel supplies) and tax cuts. In the House it is the 25 Republican moderates who have opposed most spending reductions

and tried to block ANWR oil drilling in Alaska.

But the worst failing grade for the year goes to the United Nations and Kofi Annan. Paul Volker's report on the Oil for Food scandal concluded that \$10 billion worth of Iraqi oil was illegally smuggled to adjacent nations; that Saddam Hussein collected \$229 million in bribes from 139 of 248 companies involved in the oil business, and illegal payments from 2,253 out of 3,614 firms providing humanitarian goods to Iraq. So Dennis Kozlowski stole \$600 million from Tyco and got eight to 25 years in jail, while Kofi Annan supervised more than \$10 billion in Oil for Food theft and will stay in his job since, in his own words, "the business of the United Nations is not reform."

---

Walter Cronkite said on Larry King's show last fall that America is "an ignorant nation right now. We're really not capable . . . of making the decisions that have to be made at election time. . . . I don't think we're bright enough to do the job that would preserve our democracy, our republic." Perhaps that explains why the media believe they must be so vehemently critical of everything--they agree with Mr. Cronkite and Michael Moore that the rest of us are just plain dumb.

But Americans are the opposite of dumb; we are succeeding in improving our lives, expanding our economy, and promoting freedom and democracy around the world. We have done well in

2005 and will do even better in  
2006.

So have a good holiday--or better  
still, may I wish you a politically  
incorrect merry Christmas!

*Mr. du Pont, a former governor of Delaware, is chairman of the Dallas-based National Center for Policy Analysis. His column appears once a month.*

*Copyright © 2006 Dow Jones & Company, Inc. All Rights Reserved.*