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As a tax exempt foundation, the AEF depends on financial support to do its work. A business reply envelope is enclosed for your convenience in sending a check, if you can, to further our efforts. Thank you.

THE MYTH OF MIRACLE MIKE

by Michael Fumento

He came out of the East. Miracle Mike they called him, father of the Massachusetts Miracle. When he arrived in the statehouse, the Bay State was one of the most heavily taxed, most hostile-to-industry states in the Union. Under his leadership taxes were slashed and the doors thrown open to industry. Unemployment became so low that labor shortages were common in parts of the state and workers began crossing from other states seeking, and often finding, employment. They don't call it Taxachusetts anymore; they call it an American success story. And Governor Dukakis is the man responsible. Yes, yes, it's all true. And Icarus flew with waxen wings until the sun melted them and Athena sprang forth from the rent skull of Zeus.

"...It's not that Dukakis hasn't been heavily involved in the fight to lower taxes and rein in spending, it's that virtually every time he's been on the wrong side."

Like all myths, there is an element of plausibility in that of Miracle Mike. Massachusetts *did* slash its tax rates. It *did* experience a tremendous boom in new industry and employment. Problem is, it happened not *because of* Dukakis's efforts but *in spite* of them.

It's not that Dukakis hasn't been heavily involved in the fight to lower taxes and rein in spending, it's that virtually every time he's been on the wrong side.

The most prominent example was Dukakis's fervent opposition to the Proposition 2 1/2, a 1980 referendum that cut property taxes and curbed future property tax increases to 2.5 percent a year. As one Dukakis advisor put it to the *Boston Globe* in 1986, "Without Proposition 2 1/2 Massachusetts was on its way to becoming a banana republic." Yet six years earlier Dukakis claimed its passage would destroy

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"HOW WE GOT THIS WAY AND WHY WE CAN'T CHANGE"

by Admiral Elliot B. Strauss

Our population numbers a multitude of intelligent and highly educated men and women. There are plenty of Ph.D's, D.Sc.'s, MBA's and others who can solve problems as arcane as the mathematics of landing vehicles on bodies in outer space or as overcoming certain epidemics which have plagued mankind for centuries, yet, for fifty years this same multitude has countenanced, while mildly deploring, the continued spending by government, corporations and individuals of money which each does not possess.

The overspending by corporations and individuals is self correcting by two de-

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The CATO Institute

The CATO Institute was founded in 1977. The Institute conducts public policy research and seeks solutions that are consistent with the traditional American principles of limited government, individual liberty, and peace. The Institute takes its name from Cato's letters, essays read in the American colonies, that played a role in laying the philosophical foundation for the American Revolution. The Institute is committed to reducing the role of government in our lives and throughout our society. It believes that voluntary, private sector solutions to society's social and economic problems are available.

The Atlantic Monthly recently said, "CATO is in the vanguard of market thinking." The welfare state, the value of many business regulations, the ability of the government to spur economic growth, the wisdom of the U.S. role as world policeman is being questioned by many Americans and the Institute is a leading proponent of this public debate.

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