Behind the Clintonomic Curtain: Examining the Mirage of 1990s Prosperity

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Abstract

The American economy during the Bill Clinton presidency, from 1993 to 2001, is often praised as a time of steady job creation, low inflation, rising productivity, and a surging stock market. Clintonomics, the economic philosophy that is deemed responsible for this 1990s expansion, has ascended in popularity over the past two decades, particularly considering the current state of America's $2 trillion deficit, which was in a surplus during the Clinton years. However, this mirage of a surplus fails to justify the entire narrative. The Clinton administration engaged in what economist Hans Sennholtz considered "the art of fiscal legerdemain," which turns a tax into a benefit and a deficit into a surplus. During this era, a high worker-to-retiree ratio naturally lightened government budget strains and a credit-sourced boom resulted in widespread malinvestment. Under the Austrian business cycle theory, this paper seeks to critically challenge Clintonomics by examining the important economic policies, corporate decisions, and legislative enactments of the Clinton years. I conclude that the economic prosperity of the 1990s occurred despite Clintonomics, not because of it.

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Introduction:

In a U.S. presidential survey by Siena College Research Institute, historians and professors ranked Bill Clinton fifth on his of handling the economy. Clinton is hailed in the Top 5 with legendary figures such as George Washington, Franklin D. Roosevelt, Theodore Roosevelt, and Abraham Lincoln. To understand this perception of Bill Clinton, it is vital to know the background of the “Comeback Kid.”

William Jefferson Clinton was born on August 19, 1946, to a single mother in Hope, Arkansas. The man his mother remarried was a car salesman who was a gambler, an alcoholic, and regularly abused the family. Clinton later graduated from Hot Springs, a public high school where he was an active student leader. Bill Clinton had an upbringing that ordinary Americans could relate to. The sloppy, imperfect, paycheck-to-paycheck lives that are made up of Middle America. Clinton positioned himself as a man of the people, and whether he was a centrist or not, that is what his perception was. Bill Clinton had a charisma that was unmatched in American politics, and he did not carry the baggage from Washington politics.

When Bill Clinton was elected Governor of Arkansas at the age of 32 in 1978, the state government raised less revenue and spent less money per capita than any other U.S. state government. Clinton was the humble hero to save America and put people first. America had fatigue over the Reagan-Bush years and a weakening economy gave Clinton the opportunity to swoop in and get America back on its feet. He defeated the man, George H.W. Bush, who had the best resume in modern political history. Clinton’s New Democrat way was not to give the poor and middle-class a handout, but to give them better opportunities for a hand-up. During his presidential announcement speech, he said “A Clinton Administration won't spend our money on programs that don’t solve problems and a government that doesn't work. I want to reinvent government to make it more efficient and more effective. I want to give citizens more choices in the services they get and empower them to make those choices. That's what we’ve tried to do in Arkansas. We've balanced the budget every year and improved services. We've treated taxpayers like our customers and our bosses because they are.”

There is no balanced budget provision in the U.S. Constitution, so the federal government is not required to have one. Congress has never passed a balanced budget amendment, in part to natural personal interests. It is unpopular to raise taxes or cut social programs, and Congress members want to get re-elected so they kick the can down to the next generation. But the next generation will pay interest on top of the principal fund that is being kicked down the road. There have been balanced budget acts in the past, however they can be waived by a super majority in times of war, national emergency, or recession. These “exceptions” are poorly defined, so they happen very often. Article I, Section 8, Clause 2 of the Constitution grants to the United States Congress the power: “to borrow money on the credit of the United States.” At the time that the Constitution was written, the United States had a significant debt, after the Revolutionary War. Thomas Jefferson wrote in 1798, “I wish it were possible to obtain a single amendment to our Constitution. I would be willing to depend on that alone for the reduction of the administration of our government; I mean an additional article taking from the Federal Government the power of borrowing. I now deny their power to make paper money or anything else a legal tender. I know that to pay all proper expenses within the year would, in a case of war, be hard on us. But not so hard as ten wars instead of one. For wars could be reduced in that proportion; besides that, the State governments would be free to lend their credit in borrowing quotas.”

The United States was not designed to stay in massive debt for extended periods of time, against Jefferson's wishes. The U.S. Constitution does not require Congress to pass a balanced budget, where the projected income to the government through taxes, fees, fines, and other revenues equals the amount proposed to be spent. This has led to deficit spending and the creation of a national debt. Typically, Democrats want to expand programs, but seldomly want to raise taxes, while Republicans want to cut taxes, but seldomly want to cut programs. Much of the deficit debate in American discourse was increased during the stagflation phenomenon during the Carter administration, where inflation and unemployment rose for a lose-lose situation.

Banking, Bailouts, and Bad Bonds:

The Reagan Revolution, starting in 1980, began an era of unprecedented change. After years of growing government bureaucracy, Reagan galvanized those who hated government waste and even government. He uprooted typical political discourse and got right to the issues that Americans wanted to hear. Contrary to his last two years, President Jimmy Carter had a successful first two years in office. The Democrats had done quite well in the 1978 midterms, winning both the House and Senate by big margins. America had grown about 10 million jobs in the four Carter years. But at the end of his term, America had stagflation, an oil shortage, and the Iranian hostage crisis. Trust in government was at an all-time low, and President Ronald Reagan was elected in 1980 on the platform that “the government is the problem.”

By 1980, the U.S. economy which used to be the envy of the world was battling tremendous inflation, high unemployment, and not much growth. Ronald Reagan made it clear that his top priority was the nation’s economy. Reagan’s first economic proposal was the Economic Recovery Tax Act of 1981, which lowered the top marginal tax bracket from 70% to 50% and the lowest bracket from 14% to 11%. The Act slashed estate taxes and trimmed taxes paid by business corporations by $150 billion over a five-year period. The Reagan administration seemed to expect that once this tax cut was in effect, additional revenue would start to fall from the heavens, because of more investment and consumer spending. The argument that these aggressive tax cuts would bring in more money for the government did not hold up. However, more people could retain their own money and spend how they wish, so for conservatives, the loss of tax revenue is not a problem. This would be balanced only if government spending were slashed as well, but that did not happen.

After a loss of tax revenue without program cuts, Reagan backtracked his prior tax cuts with the Tax Equity and Fiscal Responsibility Act of 1982, which undid a third of the initial tax cut. Another bill contrary to his free-market ethos, Reagan instituted a payroll tax increase on Social Security and Medicare hospital insurance in 1983, and another bill the next year was introduced that closed tax loopholes. The Tax Reform Act of 1986 was the top domestic priority of Reagan's second term to simplify the tax code. The act reduced the top tax rate further, from 50% to 28%, and expanded the earned income tax credit, the standard deduction, and the personal exemption. However, the act eliminated many tax deductions for rental housing, individual retirement accounts, and depreciation. The U.S. economy started to soar, in a consumer-driven growth, but this consumer economy was funded by debt.

Reagan significantly increased public expenditures, most notably on military spending to which, spending on the Department of Defense went from 4.9% of GDP and 22.7% of public expenditure in 1980 to 5.8% of GDP and 27.3% of public expenditure in 1988, reaching the highest numbers since the U.S. pulled out of Vietnam in 1973. Although America was recovering from a recession, such massive spending increased the deficit by over $100 billion during the Reagan administration. To cover the federal budget deficits, the U.S. raised the national debt from $997 billion to $2.85 trillion. In an instant, the U.S. went from the world's largest worldwide creditor to the world's largest debtor. Reagan promised to cut the taxes, cut off the life support of the government, and then shrink the government. But it turned out, that neither Reagan, nor the two parties in Congress really wanted to shrink government that much, so the United States began to run structural deficits for the first time in their history. Instead of reducing the size of the federal government, the U.S. stopped paying for it.

During the 1980s, Wall Street's influence on the American economy had grown. Big companies gobbling up little companies and little companies gobbling up big companies was the norm. In 1979, there were 1,500 corporate takeovers, but in 1987, there were 4,000 involving over $200 billion. They were done through a leveraged buyout where the company uses its assets as collateral for a loan. In return, the company issues I.O.U.'s, which carry extremely high interest rates because of how risky the deal is and are called "junk bonds." Savings and loan associations (S&L) who had traditionally invested only in mortgages, were free to invest in anything they wanted. This was after the Depository Institutions Deregulation and Monetary Control Act of 1980, which had been signed by President Carter, and the Garn–St Germain Depository Institutions Act of 1982 signed by Reagan, which deregulated savings and loan associations and allowed banks to provide adjustable-rate mortgage loans.

Between 1982 and 1985, S&L assets grew by 56% (commercial banks grew 24%). Much of the growth was swayed toward smaller institutions which could only attract deposits by offering exceedingly high rates and which could only afford those rates by investing in high-yield, risky investments, and loans. The S&L industry got taken over by entrepreneurs who saw them as stable revenue sources. Eventually, more than 1,000 S&L institutions failed, while the crisis cost a total of $160 billion to taxpayers. On October 19, 1987, the DJIA fell 508 points (22.6%), with worldwide losses estimated at $1.71 trillion. There was a nervous fear that stocks were significantly overvalued and were certain to undergo a correction, due to ongoing U.S. trade and budget deficits, and rising interest rates. The hangover hit hard on Wall Street, as five years of a bull market had been corrected in one day. Americans went from celebrating the Wall Street celebrities to condemning them, very quickly.

Vice President George H. W. Bush was elected president in 1988 and kept the status-quo and take on the Ronald Reagan mantle. Bush was opposed to major defense spending cuts and had pledged to not raise taxes, but he had major difficulties in balancing the budget and ensuring a rebound of the banking sector. In the Omnibus Budget Reconciliation Act of 1990, Bush increased the top statutory tax rate from 28% to 31%, the individual alternative minimum tax rate from 21% to 24%, and additional excise taxes, reneging on a campaign promise of “no new taxes,” to pay down the massive debts. To discontentment of conservatives, they felt that Bush had caved-in to the Democrats and thus, the Act harmed Bush politically.

Americans always vote with their paychecks first. Social policy and foreign policy only matter when the fiscal policy is in control. Although Bush had many great accomplishments in foreign policy, finally ending the Cold War after several decades, and quelling Saddam Hussein’s Iraqi forces, the American economy was in struggling. Bush was a great expert in foreign policy, but he was not a great politician. On October 3, 1991, in Little Rock, Arkansas, Bill Clinton made it official. In declaring his presidency, he cited President Bush as out of touch with rank-and-file Americans, because he favors the rich at the expense of the middle-class. Early on, Bill Clinton proved himself very formidable because he could expose the major vulnerability of George H. W. Bush, which was the economy. While Clinton focused on the economy, the Bush emphasized his foreign policy successes and criticized Clinton's character. Independent candidate Ross Perot emerged as a grassroots candidate with a major platform on improving the economy. Bill Clinton won the election with 43% of the vote, Bush with 37%, and Perot with 19%. In the electoral college however, Clinton won 370-168, while Perot failed to win an electoral vote, with national support spread thin.

The Time to Change America:

Bill Clinton was the first Baby Boomer elected president, and expectations were high. When he came into office, Clinton was met with some terrible news. It turned out that the deficit was much worse than they had originally thought. Clinton was left with major budget deficits left over from the Reagan and Bush administrations to clean up. The fiscal year of 1992 had seen a $290 billion deficit. Clinton promised a middle-class tax cut while on the campaign trail, but he had to backtrack his steps, calling on sacrifice from the "people" and the "government" to fix the deficit. To cut the deficit, Clinton pursued both tax increases and spending cuts. The Republicans after the Carter administration often blamed the "Democrat deficit" on "tax and spend" policies. Clinton nixed this reputation, pursuing deficit reduction as the major economic priority of his first year in office.

Clinton faced an early political setback when revelations caused two of his choices for Attorney General to become derailed, and the World Trade Center bombing, that injured more than a thousand New Yorkers happened the next month. Through it all, Clinton presented his budget plan to Congress, Omnibus Budget Reconciliation Act of 1993 (OBRA–93), within the first one hundred days. He proposed such tax increases and spending reductions, with the goal of cutting the deficit in half by 1997. The bill was something for everyone to hate as the Republicans hated it because it had tax hikes, and it had program cuts, so it was something for the Democrats to hate. All Republicans senators and representatives united in opposition to Clinton's budget, with a minority of Democrats doing the same. It was not enough as Clinton won passage of his bill in the House with 218-216 votes, and in the Senate with a 50–50 tie vote, with Vice President Al Gore breaking the tie.

Provisions:

- Previously, the top individual tax rate of 31% applied to all income over $51,900. The Act created a new bracket of 36% for income above $115,000 and 39.6% for income above $250,000.
- Previously, corporate income above $335,000 was taxed at 34%. The Act created new brackets of 35% for income from $10 million to $15 million, 38% for income from $15 million to $18.33 million, and 35% for income above $18.33 million.
- The 2.9% Medicare tax had previously been capped to apply to the first $135,000 of income. The cap was removed.
- Transportation fuels taxes were raised by 4.3 cents per gallon.
- The portion of Social Security benefits subject to income taxes was raised from 50% to 85%.
- The phaseout of the personal exemption and the limit on itemized deductions were permanently extended.
- The AMT tax rate was increased from 24% to tiered rates of 26% and 28%.
- Part IV Section 14131: Expansion of the Earned Income Tax Credit and added inflation adjustments.
- $255 billion in spending cuts over a five-year period; much of the cuts affected Medicare or the military.

Although the bill passed and it was a victory, it did not get anyone from the other side, and barely gathered enough support within the Democratic party. After 12 years of holding control of the White House, the Republicans viewed the Clinton presidency as illegitimate, and that George H. W. Bush should still be in the West Wing. Disgruntled, they did not want to see Bill Clinton succeed.

Towards the end of the year, Clinton signed the implemented the North American Free Trade Agreement (NAFTA) into law after it was passed by the Senate, 61–38, with Republicans being more supportive of the Act than Democrats. The passage of NAFTA reduced the barriers to trade and investment between the United States, Canada, and Mexico, but its opponents worried that it would cost American jobs. On the campaign trail, NAFTA was hotly debated, with Clinton and Bush supporting it. Ross Perot was against it, citing a “giant sucking sound” of jobs going south to Mexico. Perot believed that workers in industries exposed to trade competition, especially in the manufacturing sector would lose jobs, while Clinton and Bush argued that it would expand those jobs through exports. Business leaders were eager to get behind NAFTA, so they could utilize of Mexico’s cheap labor market, and lack of environmental, workplace safety, anti-trust, and pollution regulations. There was controversy because major politicians of both parties got more campaign contributions from pro-NAFTA major corporations than from anti-NAFTA labor unions, so this was thought of as “buying votes.” Although NAFTA passed, the labor, environment, intellectual property, and anti-dumping laws, made it less attractive to business leaders, but still pro-business legislation.

After a tiring year, Bill Clinton looked to make yet another reform a reality, but instead of welfare, he tried to solve health care first, the great Democratic holy grail. The Clinton health care plan of 1993 was a healthcare reform package that would provide universal health care for all Americans, which was to be a cornerstone of the administration's first-term agenda. It would have an enforced mandate for employers to provide health insurance coverage to all their employees and a “health care security card” to every citizen that would entitle them to medical treatment, including for pre-existing conditions. The plan required each citizen to become enrolled in a qualified health plan on his or her own or through programs mandated to be offered by businesses with more than 5,000 full-time employees, while subsidies were to be provided to those too poor to afford coverage. Extremely expensive, the plan lacked support outside of Clinton’s liberal base, as opposition to the plan was heavy from conservatives, libertarians, and the health insurance industry.

Instead of uniting behind the original proposal, many of the Democrats offered several competing plans of their own, preferring a single-payer healthcare system. The plan was created by First Lady Hillary Clinton's task force in secret, but then sprung it on Congress. The bill was a complex proposal of more than 1,000 pages, overcomplicated with lots of red tape, and Congress got very defensive. Republican Senate Minority Leader Bob Dole said that "the president is asking you to trust the government, more than you trust your doctor, and yourselves?" Although around half of all Americans favored the plan early on, its popularity plummeted, quickly becoming a smoking ruin. Although Bill Clinton had many first-year successes in the eyes of himself, the political landscape after Clinton's first year in office turned sourer. The hype of Clinton, being the political rising star had now faded.

In just two years after Clinton was inaugurated, the Republicans were eager to take back the spotlight through much of 1994. Not even two years since being inaugurated, the Republicans portrayed Clinton as just as every other "tax and spend" liberal and not the "New Democrat" he claimed to be. In Clinton's defense, the OBRA-93 delayed revenue stream meant that he could not claim he had reduced the deficit by the 1994 midterms. Through the Contract with America, a legislative agenda advocated by the Republican Party, written by Congressmen Newt Gingrich and Dick Armey, sought to nationalize the upcoming Congressional election. The contract sought to reduce government size, cut taxes, tort reform, and welfare reform. The plan was a resounding success as through the "Republican Revolution," they gained control of both the House and the Senate starting in January 1995. Republicans had not held the majority in the House for 40 years since the 1952 elections. Since the New Deal Era, Republicans had controlled both House and Senate for only four years. The 1994 midterms resulted in a net gain of 54 seats in the House of Representatives, and a pick-up of eight seats in the Senate for the Republicans.

In the 1995 State of the Union Address, Bill Clinton made it clear that although he was still the President, he would shift back to his centrist stance that he was elected on, after the seismic shift to the right during the midterms. Sensing the new tone of the country, Clinton discussed his proposals of a New Covenant vision for a smaller government and proposing tax reductions. One of the cornerstone goals of the Republicans was a Balanced Budget Amendment to the U.S. Constitution. Immediately after the 104th Congress was in session; a Joint Resolution was proposed that would require a balanced budget unless sanctioned by a two-thirds vote in both houses of Congress. In 1994, the Democrat-controlled Senate had proposed a similar balanced budget amendment, losing by four votes, 63 to 37. The 1995 resolution passed by the House 300-132 but was rejected by the Senate by a single vote, needing two-thirds majority, with 14 Democrats in support, with one Republican opposed, Oregon Republican Senator Mark Hatfield, who viewed the resolution as lacking substance, and instead represented imagery. After the vote, Bill Clinton said that a constitutional measure was not necessary to reduce the deficit, as fiscal policy can be used instead.

Had the Senate approved it, the measure would have gone to the states for ratification by the required three-fourths (38) of state legislatures. The measure could have garnered 70 votes or more in the Senate if the Republicans had added language explicitly barring the use of the Social Security trust fund surplus to help reduce the federal budget deficit. But Republicans refused and lost support of a handful of key Democrats. By the mid-1990s, the Social Security trust fund ran huge surpluses, to ensure available funds for when Baby Boomers retire, that the federal government used to help offset the federal deficit. If the trust fund were taken out of the 1996 budget, the deficit would be $66 billion higher at the time.

Contention then Compromise:

The feeling grew in American politics that the era of bipartisanship was over and finished by the 1990s, and the Republicans did everything in their power to ensure that Bill Clinton would not get a second term. As the previous fiscal year ended on September 30, 1995, Clinton and Congress had not passed a budget. Most Congress members and the House Speaker, Newt

Gingrich, had promised to slow the rate of government spending. This, however, conflicted with Clinton’s objectives for education, the environment, Medicare, and public health, which would get massive cuts. The Republicans not only threatened to block a scheduled reduction Clinton had planned towards premiums within Medicare, but to increase Medicare Part B premiums.

When Clinton refused to cut the budget significantly enough, Gingrich and Republicans threatened to refuse to raise the debt limit, which would have caused the U.S. Treasury to suspend funding other portions of the government to avoid putting the country in default. The first shutdown took place on November 14, 1995, after a continuing resolution issued on the first day of the new fiscal year had expired, and meetings between Democrat and Republican leaders failed to end the deadlock. The effect of the deadlock led to most government departments being closed and 800,000 federal workers were told to go home without pay. At the time, it was the most impactful government shutdown.

Although the shutdown only lasted five days after Congress enacted a temporary spending bill, after further spending bills failed to secure approval, a second shutdown took place. The Republicans proposed a budget proposal which had reductions in Medicare, Medicaid, and farm programs, as well as a $245 billion tax cut. Bill Clinton wanted to keep the funding of those social programs, and he opposed the size of the tax cut saying it would mostly benefit the wealthy. He vetoed the proposal and the government shutdown again. The second shutdown lasted three weeks over the Christmas and holiday season, but fewer departments were closed, and fewer federal workers were furloughed during this period. The Republicans thought that the public would rally to their side, but it turned out that shutting down the government, had left a lot of Americans upset with Congress. The compromised budget cut less from Medicare and Medicaid than the Republican plan and contained a smaller tax cut. Gingrich's political career was harmed by the shutdowns, as he was displayed as a petty cry-baby, and more

Americans blamed Republicans for the shutdown than President Clinton. The Republicans learned that it would be better to govern with Clinton, than try to confront him.

At the 1996 State of the Union address, Clinton declared that "the era of big government is over." One of the biggest joint victories between Congress and Clinton during his first term was the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which implemented major changes to social welfare policy, replacing the Aid to Families with Dependent Children (AFDC) program with the Temporary Assistance for Needy Families (TANF) program. The law enacted a centerpiece of the "Contract with America" and fulfilled Clinton's campaign promise to "end welfare as we know it."

This welfare reform went even further than when President Reagan cut spending for the AFDC program and allowed states to require welfare recipients to participate in workfare programs. Under President Clinton, the AFDC was abolished all together and all welfare recipients had workfare requirements, no matter the state. The poor's overdependence upon public assistance had worsened, as many of those on welfare lost any initiative to find jobs. Those on welfare realized that earning a job would mean incurring childcare, transportation, and clothing costs, in addition to losing benefits. Most often, their new jobs would pay poorly and/or not include health insurance, whereas on welfare they would have been covered by Medicaid. Such "cycle of poverty" removed incentives from getting out of poverty. President Clinton was at first hesitant to the legislation, with it being more conservative than he would have preferred. But having vetoed two earlier welfare proposals from Congress, it was considered a political risk to veto a third bill during a campaign season with welfare reform as a central theme.

Provisions:

- Ending welfare as an entitlement program
- Requiring recipients to begin working after two years of receiving benefits

- Placing a lifetime limit of five years on benefits paid by federal funds
- Aiming to encourage two-parent families and discouraging out-of-wedlock births
- Enhancing enforcement of child support, through the creation of a New Hire Registry where each employer would be required to report all new hires in order to enforce unpaid child support orders
- Requiring state professional and occupational licenses to be withheld from undocumented immigrants

Welfare spending continued to decrease after PRWORA went into effect, while poverty decreased slightly. Through incentivizing more Americans to get back to work, it reduced welfare dependency as earnings went up and welfare went down.

Ahead of the 1996 election, which was heating up, Bill Clinton positioned himself in the political middle through triangulation. He did not want to be portrayed as “soft” or a “bleeding-heart liberal.” The Clinton-Gore ticket adopted a synthesis of neoliberal economic policies with cultural liberalism. Many Liberal Democrats had felt betrayed by Clinton. They believed that he had sold out to the right-wingers and “penny-pinching” conservatives. Still, with the choice between Bill Clinton, and Bob Dole, fellow Democrats did not have anywhere else to go. What Clinton did, to steal away issues from the Republicans had worked. Despite his presidency looking unfavorably just two years prior, Bill Clinton had convincingly won the 1996 presidential election to solidify a second term. However, a coattail effect failed as Republicans gained two seats in the Senate to expand to a 55-45 advantage, and although the Democrats gained two seats in the House, they were still at a 226-207 disadvantage.

On the campaign trail, Dole promised a 15% across-the-board reduction in income tax rates, to which Clinton argued that it would “blow a hole in the deficit,” which had been cut in half during his term. Clinton and Congress wanted to cut the deficit further in his second term, and thus, enacted the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997. The

Balance Budget Act was to result in $160 billion in spending reductions between 1998 and 2002, mostly through Medicare cuts and some from hospital patient payments. However, it spent $24 billion for medical care to millions of children, with a 15-cents-a-pack tax increase on cigarettes to pay for it. It also spent $3 billion to help welfare recipients earn private sector jobs, $1.5 billion in Food Stamp assistance for the unemployed, and $12 billion for health benefits to 350,000 immigrants. The Medicare cuts resulted in beneficiaries paying more for premiums. With the Taxpayer Relief Act, the tax rate on capital gains was lowered to 18%, and a $500 child tax credit was implemented. Some of Clinton's favored policies, including an increase of the federal minimum wage and free prescription drugs to seniors were blocked.

Starting with the 1998 federal budget, the U.S. was in a surplus, way ahead of schedule. By what was requested, the U.S. would have still been in a deficit. However, a $138 billion underestimate in receipts from the Individual income tax helped create the $69 billion surplus. This was an exciting time for President Clinton and Congress, who now had extra money to spend. Although a surplus is a positive, it means that the government took more money than it needed to, away from the people. The Republicans wanted to directly decrease taxes, while Democrats wanted to strengthen Social Security and government services with the extra funds. Even through impeachment controversy, Clinton's high approval ratings steadily increased all through the 1998 midterms, to which the Democrats gained five seats in the House and the Senate was unchanged, despite the six-year itch.

For the first time since before World War II, the international scene was favorable, with relative peace and harmony, compared to most times. Clinton, with little background in foreign affairs as Governor of a landlocked state, concentrated on domestic issues, and wanted to keep defense spending low, to stay fiscally responsible. In his first year in office, he closed almost 130 domestic military bases recommended by an independent commission. Clinton treaded very lightly in international affairs, and even humanitarian missions were problematic. However, the U.S. individually sent attacks in Afghanistan and Sudan during Operation Infinite Reach, which was the largest U.S. action in response to a terrorist attack since the bombing of Libya over a decade earlier. Shortly after the attacks, some in Washington openly questioned Clinton's motives. Many people believed that Clinton was trying to distract Americans with a newsworthy military attack, to distract them from his impeachment trouble. For the remainder of his time in office, he would not authorize attacks unless the information was fully credible, as he anticipated criticism.

For a while, the banking industry had been seeking the repeal of the 1933 Glass–Steagall Act, increasingly so since the 1980s. Glass-Steagall regulated the banking industry and ensured the separation of commercial and investment banking. The new Gramm–Leach–Bliley Act (GLBA) would allow commercial banks, investment banks, securities firms, and insurance companies to consolidate. This would free up banking institutions to consolidate their departments and grow. Supporters of the Act argued that individuals usually put more money into investments when the economy is doing well, while they put most of it into savings when the economy turns bad. With the new Act, they would be able to make both "savings" and "investments" at the same financial institution, which would be able to bring consistency through both good and bad economic times. Opposition was especially from Democrat Representative John Dingell, who feared that the bill would result in an overreliance on banks that are "too big to fail," resulting in eventual government bailouts.

Libertarian Republican Representative Ron Paul also shared this sentiment, voting against the bill for its expansion of the taxpayer liability. The bill passed with bipartisan support, as only a small minority of Democrats voted against the bill with few Republicans. Still, Sections 16 and 21 of Glass-Steagall were not repealed, which was concerned with individual subsidiaries not being able to offer universal banking services. The next year, one of Bill Clinton's last pieces of legislation was the Commodity Futures Modernization Act of 2000 (CFMA), signed into law in December, to address rapid growth in financial derivatives. The Act ensured over-the-counter (OTC) derivatives would be unregulated, repealed the 18-year-old ban on the trading of single stock futures, and allowed investment of customer funds in new types of instruments, such as money market mutual funds.

By the new millennium, China had been one of the world's fastest growing economies and a large trading partner with the U.S. From 1996 to 2001, U.S. imports from China almost doubled from $52 billion to $102 billion. Bill Clinton pushed Congress to approve the U.S.-China trade agreement and China's accession to the World Trade Organization (WTO), saying that more trade with China would advance America's economic interests. America's poor and middle class could buy cheaper products at places like Walmart, who import most of their products from China. This Chinese import competition then encouraged many American manufacturing firms to innovate more to compete with China. This also allowed American companies to distribute products in China without being forced to relocate there, sell through the Chinese government, or transfer valuable technology. The Act still had protective measures on "anti-dumping," intellectual property (IP) protections, human rights, and more, many of which were violated by China, in defiance of WTO rules. In the decades to come, the U.S. would be in a trade deficit with China, importing far more than they export. The U.S. would also lose millions of manufacturing jobs, a part of a sacrifice to lower consumer prices.

After President Bill Clinton's two terms in office finally ended, his understudy, Vice President Al Gore earned the Democratic presidential nomination for the 2000 election and decided to campaign without Clinton. George W. Bush, the son of Clinton's opponent in 1992 was the Republican nominee. Gore and Bush fought over what to do with the $200 billion budget surplus, among other domestic issues. Bush barely won the election by just over 500 votes in the state of Florida, signaling the end of Clintonomics. It is one of the tragedies of the Clinton years, that this period of prosperity and peace had left a more polarized America by the end of the eight years.

The Boom of the New Economy:

During the Clinton administration, 22.9 million jobs were created, more than during the administrations of Ronald Reagan (16.1 million), George H. W. Bush (2.6), and George W. Bush (1.3) combined. The GDP grew an average of 3.9% annually, higher than most modern presidents, and unemployment on his last day in office was low, at 4.2%. Inflation also stayed low. To this day, America has never reached a surplus since the Clinton administration. Nostalgia towards the Bill Clinton economy is often cited with numerous statistical achievements during his presidency.

Below are the budgetary results for President Clinton's two terms in office:

- He had budget surpluses for the fiscal years 1998–2001, the only such years since 1970. Clinton's final four budgets were balanced budgets with surpluses, beginning with the 1997 budget.
- The ratio of debt held by the public to GDP, a primary measure of U.S. federal debt, fell from 47.8% in 1993 to 33.6% by 2000. Debt held by the public was paid down by $453 billion over the 1998-2001 periods, the only time this happened since 1970.
- Federal spending fell from 20.7% GDP in 1993 to 17.6% GDP in 2000, below the historical average (1966 to 2015) of 20.2% GDP.
- Tax revenues rose steadily from 17.0% GDP in 1993 to 20.0% GDP in 2000, well above the historical average of 17.4% GDP.
- Defense spending fell from 4.3% GDP in 1993 to 2.9% GDP by 2000, as the U.S. enjoyed a "peace dividend" in the wake of the fall of the Soviet Union. In dollar terms, defense spending fell from $292B in 1993 to $266B by 1996, then slowly rose to $295 billion by 2000.

- Non-defense discretionary spending fell from 3.6% GDP in 1993 to 3.2% GDP by 2000. In dollar terms, it grew from $248B in 1993 to $343B in 2000; robust economic growth still enabled the ratio to fall relative to GDP.

Labor market:

- Non-farm payrolls increased by 22.7 million from February 1993 to January 2001 (236,000 per month average, the fastest on record for a Presidential tenure) while civilian employment increased by 18.5 million (193,000 per month average).
- The unemployment rate was 7.3% in January 1993, fell steadily to 3.8% by April 2000 and was 4.2% in January 2001 when his second term ended. It was below 5.0% after May 1997.
- Unemployment for African Americans fell from 14.1% in January 1993 to 7.0% in April 2000, the lowest rate on record.
- Unemployment for Hispanics fell from 11.3% in January 1993 to 5.1% in October 2000, the lowest rate on record up to that point.

Households:

- Real median household income increased from $50,725 in 1992 to $57,790 in 2000, a 13.9% increase.
- The poverty rate declined from 15.1% in 1993 to 11.3% in 2000, the largest six-year drop in poverty in nearly 30 years. The number in poverty fell from 39.2 million in 1993 to 31.58 million in 2000, a decline of 7.6 million.
- The homeownership rate reached 67.7% near the end of the Clinton administration, the highest rate on record. In contrast, the homeownership rate fell from 65.6% in the first quarter of 1981 to 63.7% in the first quarter of 1993.
- Clinton worked with the Republican-led Congress to enact welfare reform. As a result, welfare rolls dropped dramatically and were the lowest since 1969. Between January 1993 and September 1999, the number of welfare recipients dropped by 7.5 million (a 53% decline) to 6.6 million. In comparison, between 1981 and 1992, the number of welfare recipients increased by 2.5 million (a 22% increase) to 13.6 million people.

Other achievements:

- NAFTA increased U.S. trade in goods and services with Canada and Mexico from $337 billion in 1993 to $1.2 trillion in 2011.
- Average real GDP growth of 3.8%, compared to average growth of 3.1% from 1970 to 1992. The economy grew every quarter.
- Real GDP per capita increased from about $51,630 in 1992 to $63,780 in 2000 (in 2023 dollars), about 23%, roughly the same as it did from 1981 to 1989 during the Reagan administration.
- Inflation averaged 2.6%, versus 6.1% from 1970 to 1992 and 3.0% in 1992.
- Federal Debt held by the public (as % of GDP) decreased from 62.9% in Q1 1993 to 55.1% in Q1 2001.
- With 22.9 million new jobs, more jobs were created under the Clinton administration than any other President (including future presidents as of 2023).
- 228.9% increase in the Dow Jones Industrial Average over the eight years of the Clinton administration (28.6% per year), the highest of such growth by any president since the Great Depression.

Although these impressive statistics are all true, Bill Clinton was not the sole mastermind behind the success of the U.S. economy in the 1990s. The Silicon Valley high tech boom had much to do with the economic successes of the decade. A mantra of the "new economy" was "faster, better, cheaper." Sand Hill Road became the Wall Street of Silicon Valley, with many new venture capital firms. Holding performance constant, prices of memory chips decreased 40.9% per year from 1974 to 1996, and prices of logic chips decreased by 54.1% per year from 1985 to 1996. In mainframe computers and PCs, logic chips are used for central processing and chips are used for main memory. With cheaper inputs, computer prices fell, but much less rapidly than semiconductor prices. To sell more computers, a demand was needed for what computers could do, and that "do" was filled through the internet. Almost any work or personal task could be done "faster, better, cheaper" through the internet, on a computer.

Growth Rates of Outputs and Inputs (In average annual % rates of growth):

	1990-95		1995-199	
	Prices	Qnty.	Prices	Qnty.
	OUTPUTS			
GROSS DOMESTIC PRODUCT	1.99%	2.36%	1.62%	4.08%
Information Technology	-4.42	12.15	-9.74	20.75
Computers	-15.77	21.71	-32.09	38.87
Software	-1.62	11.86	-2.43	20.80
Communications Equipment	-1.77	7.01	-2.90	11.42
Information Technology Services	-2.95	12.19	-11.76	18.24
Non-Information Technology Investment	2.15	1.22	2.20	4.21
Non-Information Technology Consumption	2.35	2.06	2.31	2.79
	INPUTS			
GROSS DOMESTIC INCOME	2.23%	2.13%	2.36%	3.33%
Information Technology Capital Services	-2.70	11.51	-10.46	19.41
Computer Capital Services	-11.71	20.27	-24.81	36.36
Software Capital Services	-1.83	12.67	-2.04	16.30
Communications Equipment Capital Services	2.18	5.45	-5.90	8.07
Non-Information Technology Capital Services	1.53	1.72	2.48	2.94
Labor Services	3.02	1.70	3.39	2.18

Costs of producing computers had fallen rapidly during the 1990s, causing more sales. In response to the price decreases, more businesses, households, and governments have accumulated computers more rapidly than other forms of capital. Although software prices have decreased slightly, the demand for software to support computers has caused a major quantity increase. In 2023 dollars, the 1984 Apple Macintosh cost $7,390 and the 1998 iMac, with far better capabilities, cost $2,450. The falling prices of computer infrastructure caused falling prices in computers, which spurred the entire information technology (IT) sector on the output of the U.S. economy.

As the internet was commercialized, there was this idea that the internet "could be anything." The outcomes for ecommerce were infinite, as through the internet, it allowed consumers to make choices without gatekeepers making the choices for consumers. By the end of the decade, around 90 million Americans used the Internet, which was 56% of all U.S. adults. While the number of online customers was rising, many online companies made little if any profit. They attracted numerous speculators and corporate buyers, who bought into the hype, purely based on overly optimistic projections. While venture capitalists, startups, and ambitious investors boosted the stock market to unrealistic levels during the dot-com bubble, after the fall came, only the strongest companies of the IT sector came back.

Such great strong companies with innovational prowess were nearly hindered by the Clinton administration. By 1998, Microsoft, an innovative software company, had grown to over $15 billion in sales and its stock had surged over 5,000% in the past eight years. The Department of Justice (DOJ) of Clinton's executive department, headed by Attorney General Janet Reno, opened its own investigation into Microsoft for baseless antitrust charges. Microsoft had risen so quickly and so big, that the Clinton administration assumed unfairness. Microsoft's bundling of Internet Explorer with the Windows operating system was seen as a monopolistic practice. The District Court of D.C. ordered a breakup of Microsoft as the remedy. Microsoft immediately appealed the judgment to the D.C. Circuit Court of Appeals, and after a long trial process, Microsoft eventually reached an agreement with the DOJ to settle the case. The proposed settlement required Microsoft to share its application programming interfaces with third-party companies and other regulations, but it did not prevent Microsoft from tying other software with Windows in the future.

Had the appeal not been granted in the first place, the U.S. would have destroyed one of its most valuable future companies in that instant, through the breakup. The Clinton administration asked an appeals court to uphold the order to split the company in two, but they did not agree. Microsoft continued to rise, increasing its stock value by over 1,700% since the settlement and reached over a $2.75 trillion market cap. Major companies like Google, eBay, Yahoo, and more, were created out of the tech boom during the 1990s, and if Microsoft went down, they may have been next. Even Walmart, which had little to do with the IT sector, grew over 500% in its share price during the last three years of the 1990s, by launching online stores, using data management to store historical sales data, and a proprietary system called Retail Link to revolutionize the inventory process, all of which boosted efficiency. By this time, America was culturally, socially, and financially, dependent on the internet.

Misleading Policy:

Beyond Bill Clinton's charisma, was his ability to weave misleading vocabulary into his speech. He called government spending "investment," taxes "contributions," and raising taxes "deficit reduction."

The free trade expansions and agreements during the Clinton administration were not really "free trade." Genuine free trade does not require a treaty. The truth is, if the U.S. genuinely wanted free trade, all it had to do is to repeal their numerous tariffs, import quotas, and other restrictions on trade. No foreign policy agreement is needed. Genuine free traders look at free trade, domestic or international, through the eyes of the consumer. Exports are used to pay for imports in a free and fair exchange. One of the provisions in NAFTA was to require all the parties to commit not to lower their environmental regulations to gain a commercial advantage. This striped America's ability to eventually roll back or repeal environmental or labor provisions. Although NAFTA was designed to be a partnership between international companies, it became a partnership among governments.

About one year after NAFTA went into effect, Clinton invoked emergency powers, extending $20 billion in loans and guarantees to the Mexican government to reform its economy, after a $50 billion bailout was denied by Congress. At the time, it was largest U.S. bailout of a foreign government. Bill Clinton treaded lightly, still trying to appeal to manufacturing workers in the Rust Belt, but the truth is, it is not the government's job to protect or revive struggling industries. Clinton not only kept but expanded many nontariff barriers, which include anything that gets in the way of the buyer and seller. NAFTA maintained extensive requirements on environmental regulations, Clinton signed many billion-dollar assistance packages that favored the domestic farming industry, the United States–China Relations Act of 2000 restricted an influx of inexpensive Chinese goods to America, and Clinton imposed tariffs on steel imports that exceeded quota, among other semi-protectionist policies.

Welfare reform was not a complete reform, as welfare was ended "as we knew it," but not in its entirety. Still, food stamps, public housing, and Medicaid continue to break the back of the American worker. Welfarism creates a society where citizens do not need to serve others. It makes it possible to live off what other people produce rather than contribute to satisfying the wants of everyone. A true free market ensures that if you want to earn money, you need to create value for others. In America, many welfare problems involve social rot, not unfairness. The average home of a poor American is larger than the home of the average citizen of France, the United Kingdom, or Germany, and with comparably cheap food prices in America, albeit many unhealthy options, it is extremely rare for children to go hungry because their family cannot afford food. This does not mean that the poor are living lavishly, but they are living significantly better than past generations of poor Americans. Behavioral poverty, which is a heartbreaking cycle of unwed childbearing, social dysfunction, and welfare dependency in poor communities is what has plagued welfare. Many of those in poverty continue to struggle with detrimental behavioral and financial decisions. The poor who make smart decisions towards their financial future then get cheated by the non-motivated recipients who spend their welfare checks on non-necessities.

With the GLBA and CFMA, which although were great deregulations, Clinton failed to protect against a potential domestic bailout in the case of a future bank failure. Again, what was worded as "free market" was not even close. These Acts created higher risks, which were justified in spurring economic growth, but only if businesses had full autonomy over the consequences of their actions. Live by the free market, die by the free market. The major problem with government bailouts is not the bailout themselves, but the moral hazard that the bailout leaves. True deregulation means deregulations for all, with the risks and rewards of it. The eventual 2008 bank failure displayed deregulation for the banks, but not for the American taxpayer. One of the reasons that bankers made outrageous loans was because of federal deposit insurance (FDIC). If the loan went well, then the bank would rake in the profit, but if the loan went poorly, then the FDIC, not the bank, would suffer the loss. The S&Ls got into the commercial real estate market and lost their shirt. Across the country, firms were building partially completed housing projects for which there were no buyers.

What happened in 1987 showed foreshadows to 2008. Even in 1998, the fallout of Long-Term Capital Management (LTCM) gave banks the green light to engage in risky business. LTCM was a highly leveraged hedge fund that was initially successful, with annualized returns of around 21% in its first year, 43% in its second year, and 41% in its third year. However, in 1998 it lost $4.6 billion in less than four months due to a combination of high leverage and international investment during the 1997 Asian financial crisis and 1998 Russian financial crisis. It received a $3.6 billion bailout from a group of 14 major banks, in a deal brokered and put together by the Federal Reserve Bank of New York. It was not a government bailout and agreements were not forced upon and were only through willing market participants. However, the Fed's involvement, even if small, would encourage large financial institutions to take on more risk, with the belief that the Federal Reserve would intervene on their behalf in the event of trouble, whether the Fed would act as the broker, or the creditor. The LTCM fund dissolved in early 2000 and was the exception, not the rule, of bank bailouts, which used taxpayer-funded public money.

On the GLBA, Ron Paul said "The growth in money and credit has outpaced both savings and economic growth. These inflationary pressures have been concentrated in asset prices, not consumer price inflation--keeping monetary policy too easy. This increase in asset prices has fueled domestic borrowing and spending. Government policy and the increase in securitization are largely responsible for this bubble. In addition to loose monetary policies by the Federal Reserve, government-sponsored enterprises Fannie Mae and Freddie Mac have contributed to the problem. The fourfold increases in their balance sheets from 1997 to 1998 boosted new home borrowings to more than $1.5 trillion in 1998, two-thirds of which were refinances which put an extra $15,000 in the pockets of consumers on average--and reduce risk for individual institutions while increasing risk for the system as a whole." Paul supported the deregulations, but not the taxpayer liability of the Act, which would encourage investment banks to play risky, instead of merely allowing them.

The notion that investment banks are inherently risky, and allowing them to merge is dangerous, is not true as no successful industry is intentionally suicidal. However, safe government bailouts were part of the banking business model. It was not greed that caused the gambling bankers to be risky, but the government systems with moral hazard, where extremely risky financial positions have nothing to lose for the gambler. While Wall Street was celebrating the decline in government deficits, other debts continued to grow out of control. By 2000, household debt (mainly home mortgages) was growing at an annual rate of 9.25%, and as a share of personal income it now exceeded 103%. Consumer borrowing, especially with credit cards, but also with many other methods, consumers increased their debt from $863 billion in the first quarter of 1994 to $1.5 trillion in the last quarter of 1999. Business debt was soaring at 10.5% and corporate debt of non-financial firms was rising at 12%, the fastest in more than a decade. In short, corporations were going into debt to boost their share prices, as the government would promise a soft landing for all, even with bad business decisions. Margin debt in the stock market grew faster than any other type of credit. It soared by 46% in one year, exceeding $206 billion, which was the highest in U.S. history at the time.

The Surplus Sham:

Bill Clinton's economic policy is highlighted by one figure, that is the federal budget surplus. Liberals often argue that Bill Clinton was responsible for the growth of the 1990s, conservatives often argue that congressional Republicans were responsible for such a growth, and others argue that it was private enterprise who were responsible for such a growth. But the truth is, many of the great economic perceptions in the 1990s did not actually hold up to fact.

It is easy to run a great economy when business is succeeding through innovation, and tax revenue does not have to be spent on major wars. But the truth of it, is that the "surplus" had more to it. The Clinton budgets obscured significant federal expenditures through bookkeeping shams, such as borrowing new money to pay off old loans and calling it "debt reduction." What if a private company, who is facing financial setbacks and significant debts, discreetly secures funds from the bond market to boost its stock values and the bonuses of its executives? Then, management turns around and unabashedly boasts growing profits and surpluses. The numbers look good, and so people continue to invest. Astonishingly, this mirrors the budgetary actions of the Clinton administration, who with brazenness, accumulated substantial budget deficits, driving up the national debt by hundreds of billions of dollars. If a corporate executive engaged in such misleading practices, the Securities and Exchange Commission (SEC), who protects against market manipulation, would undoubtedly intervene with charges. But when the president of the United States does it, a punishment is ignored.

The "surplus" had distracted Americans from the fearful statistics of national debt, which was rising year after year. In 1998, the first year of the surplus, national debt rose to $5.53

trillion, after being $4.41 trillion when Clinton entered office. The debt has risen to $5.7 trillion during his last year in office in 2000. The federal government spent Social Security money and other trust funds which were merely unearned revenue, constituting obligations to future recipients. Yet, the Treasury counted them as revenue towards the federal budget and hailed them for generating the surplus. If a bank entered trust fund deposits as income and profit, it would face criminal charges. There was no question that the Baby Boomers were in their working years during the Clinton administration. In 1995, ages 25-49 made up 38.3% of the U.S. population and 65+ made up 12.8%, by 2020, those figures went to 32.8% and 16.9% respectively. It is projected that by 2060, the gap will tighten even more to 30.8% and 23.6%, which will add massive strains on entitlement programs. To keep Social Security alive when the Baby Boomers retire, the federal government had to run a Social Security surplus, as much of that money would be spent later in the 21st century.

SSA Old-Age, Survivors, and Disability Insurance Trust Funds:

Year	Net yearly incr.	Assets at EOY	Year	Net yearly incr.	Assets at EOY
1993	$46.8B	$378.3B	2013	$32.1B	$2.76T
1994	$58.1B	$436.4B	2014	$25.0B	$2.79T
1995	$59.7B	$496.1B	2015	$23.0B	$2.81T
1996	$70.9B	$567.0B	2016	$35.2B	$2.85T
1997	$88.6B	$655.5B	2017	$44.1B	$2.89T
1998	$106.5B	$762.5B	2018	$3.1B	$2.89T
1999	$133.7B	$896.1B	2019	$2.5B	$2.90T
2000	$153.3B	$1.05T	2020	$10.9B	$2.91T
2001	$163.1B	$1.21T	2021	-$56.3B	$2.85T
2002	$165.4B	$1.38T	2022	-$22.1B	$2.83T

By 2021, the Social Security trust fund began its depletion, as the net yearly increase in the trust fund cannot be maintained as by this point, most of the baby boomers are retiring, putting financial strains on Social Security and Medicare. By 2041, the trust funds will be fully depleted, according to the Social Security Board of Trustees themselves. Trust fund surpluses benefit capital markets by masking the negative effects of government deficits, providing valuable capital when the economy is struggling. However, these surpluses, despite their advantages for the market, functioned as prepaid tax expenses, diminishing the income and living standards of taxpayers. The balances are available to fund future benefit payments and other trust fund expenditures, but only in a bookkeeping sense. They do not consist of real economic assets that can be spent in the future to fund benefits. Instead, they are claims on the Treasury that, when redeemed, will have to be financed by raising taxes, borrowing from the public, or cutting benefits or other expenditures. The existence of large trust fund balances, therefore, does not inherently improve the Government's ability to pay benefits. Social Security was not even a “trust fund,” in the correct sense as there was not a pile of money being accumulated. The money made up of payroll taxes going into Social Security was to be spent. They were spent on benefits and government programs, so that is not a “trust.”

The Treasury's reliance on trust fund revenue is evident in the shift of national debt from the hands of investors to the chest of federal trust funds. Termed “debt reduction” by the Treasury, it was essentially “debt transfer” from bond holders to Social Security claimers. On the books, Clinton used the entire Social Security surplus to reduce the Treasury debt held by the public. This was such “debt shifting,” as the Social Security Administration would lack the funding to pay its claimers if its reserves were spent to pay down the Treasury debt, increasing interest payments payable. The 2001 surplus figure that Bill Clinton left office with was $128 billion. In early 2000, the artificial Wall Street boom boosted capital gains tax receipts. This was bound to end, as in the 2002 figure, a $158 billion deficit had overestimated individual and corporate income tax receipts by $292 billion. Through deception and the government equivalent of corporate accounting fraud, Clinton proved that “a smooth sea never made a skilled sailor.” The 1990s is often remembered as the greatest decade in the history of Wall Street. The proven rules of stock valuation were abandoned for the hopes of unrealistic returns. This New Economy, just like the shams of the "New Age" abandoned all common sense.

With so many variables, judging presidents is an imperfect task as no one has sat in their chair, examined the mail and information that came across their desk, to learn why they made their decisions. So, we only have facts and basic principles of human action. It becomes evident that the economic success of the 1990s was influenced by a combination of factors, including the high technology boom, and globalization, unrelated to who was in Washington. While Clinton's policies played a role, it was more likely that such success of this era happened despite Bill Clinton's presidency, and not because of him. Clintonomics set back the market economy that was, is, and will always be developed by entrepreneurs and innovators. The market will always have the final word.

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