This city is now in the midst of a Republican soul search. Republicanus Diagnosticitis tends to flare up in epidemic proportions in years after Republicans have blown presidential elections—1949, 1961, 1965, and 1977. Each time two competing panaceas are advanced to rescue the elephant from a mastodon’s fate.

Republican conservatives have consistently dispensed a prescription for unalloyed economic and social conservatism that would appeal to racially conservative white Democrats and independents. Party progressives and moderates have suggested that the party’s salvation lies in an “open party” strategy. These code words translate roughly in an appeal to racial minorities, youth, and other normally non-Republican groups.

An interesting twist to this debate has been the addition to the progressive camp of Sen. Bob Dole, who has been preaching the “open party” gospel with the fervency of a reformed sinner. Yet, somehow the debate seems to have degenerated to a dialogue of the deaf (without sign language). Both sides to the argument seem to have increasingly weak credentials to support their respective cases. An objective observer would have to conclude that both the Republican Right and the Republican Left (to say nothing of those in between) have lost strength in recent years.

Key to the predicted conservative revival is the South, which was supposed to provide legions of Republican representatives and senators. It is conceivable that after the 1978 elections the only Republican senator from a southern state may be Sen. Howard Baker Jr. of Tennessee, hardly a favorite of the Human Events crowd.

Indeed, in the Senate hard-line conservative representation would be in danger of extinction without representation from small western states. Although able to elect senators and representatives in many of these states, the ruling conservatives have been spectacularly unsuccessful at winning state executive positions. In none of the 17 states west of the Mississippi River which supported Ronald Reagan at the 1978 GOP National Convention is there now a Republican governor.

Yet this electoral impotence of the Republican Right is nothing for progressive Republicans to crow about. Republican big-state governorships—once the pillar of moderate Republican strength—have dwindled to a lonely threesome, Illinois, Ohio, and Michigan. For all their rhetoric about an open party, progressive Republicans are in no more danger than their conservative brethren of being trampled by a rush of eager recruits. The decision of progressive U.S. Rep. Charles Whalen (R-Ohio) not to seek reelection under the threat of a conservative challenge was the latest setback progressives have suffered.

A change in the Republican Party’s fortunes will not result from an ideological tilt (whether more to the right or to the left) nor by press agentry. The Republican Party can hardly hope to match the media manipulation of Jimmy Carter, America’s first McCluhanesque President. Moreover, Carter has effectively preempted the spending issue, which nearly enabled Gerald Ford, despite numerous mistakes and mishaps, to retain the White House. And the GOP can no longer trade on Carter’s implausibility as President as it did in last fall’s campaign. Carter may still seem a little strange, but the public has grown
accustomed to his smile.

A Republican renaissance is possible only if the party is willing to tap into deep concerns in the American electorate and propose solutions which challenge the prevailing establishment orthodoxy. Many of these approaches will draw on values common to both Republican conservatives and progressives. At the same time, the Democratic Party—whether the party of Carter, Kennedy or McGovern—is sufficiently mortaged to certain interest groups to preclude any effective counterstrategy. There are at least four problems of paramount interest to many Americans which Republicans are best able to address:

1) Barriers to youth entry into the labor force. The gut issue with youth in their late teens or early twenties is no longer foreign policy or the draft. It is instead the acquisition of an initial job, a chance to step up onto the first rung of the job ladder. Yet, Democratic policies, shaped in large part by organized labor, have continued to swell youth unemployment to shocking levels. Steady increases in minimum wage levels combined with escalating payroll tax rates have priced many youth out of the job market.

Republicans might explore a number of approaches to facilitate entry of youth into the work force. These could include an exemption from the minimum wage or at least a permissible pay differential for employers hiring such a youth or a job voucher to reimburse the employer for the cost of training a youth on his/her first job. Republicans can look to Western European allies for a number of useful models. Restrictive apprenticeship requirements in labor unions and other artificial barriers to professional entry into the work force are additional barriers whose eradication could be proposed.

2) The breakdown of public education. In many areas of the country, the only things less popular than Haitian are the teachers unions and educational bureaucracies. Yet, these same groups played a vital role in the nomination and election of Jimmy Carter and scores of congressional Democrats. The public increasingly views the educational bureaucracies as ponderous and unproductive and the teachers union as defenders of the rights of the least effective instructors. In many cities the public schools are in a state of lavishly financed collapse.

The weight of incompetent teachers protected by a tenure system rigidly policed by teachers unions together with a huge administrative overhead has vitiated the public schools' effectiveness. Yet the schools continue to consume millions in tax revenues. Increasingly, the middle class—black as well as white—are forced to flee to surrounding suburbs where taxpayer-supported schools still dispense some modicum of education. Once viewed as the most important element of America's melting pot society, public schools in many areas have increasingly become a principal cause of class and racial segregation.

Radical surgery is clearly required if quality, publicly-financed education is again to be widely available. Republicans can begin developing a voucher system to empower parents to secure a decent education for their children without deserting the central city. In addition to pressing for the institution of educational vouchers, Republicans at all levels of government can begin insisting on teacher accountability for pupil performance.

3) The increasing scarcity of home ownership opportunities for many American families. Home ownership is a critical element in most Americans' conception of upward mobility. A dramatic inflation of land and construction costs
has elevated the cost of new homes out of the range of many middle income families. High down payment requirements have had the same effect.

Republicans are particularly well positioned to ameliorate this problem. In many areas of the country, a high percentage of the cost of a home---as much as $10,000 on a $50,000 home---is attributable to wasteful, union-fostered work practices and obsolete building codes. Over a 24-year mortgage, the cost of this waste, including interest, may be $25,000. This is a consumer ripoff far more devastating than most of Ralph Nader's pet concerns.

It seems unlikely that the Democratic Party will lead the fight to reform work practices in the building trades. The GOP has a ready-made building site. In addition to pressing for an overhaul of construction industry work practices, Republicans should press initiatives to facilitate family acquisition of down payment money, such as proposed by Sen. Edward Brooke (R-Mass.) in the Young Family Housing Act.

4) An increasingly hostile climate for small business. A welter of pieces of normally well-intentioned legislation have produced severe strains on small businesses. The unit cost of complying with various regulatory requirements is often much higher for a firm with 25 employees than for one with 250,000 employees. Big business is well represented in Washington. Consumer interests are also heavily represented. And contrary to Ralph Nader's rhetoric, the odd man out is more often the small businessman than the consumer.

Republicans might seriously consider converting the Small Business Administration from its current, relatively ineffective role as a banker of last resort to a role as an advocate and analysis agency. SBA would assess beforehand the impact on small business of all proposed legislation or major executive actions. Financing functions now filled by SBA could be spun off to private sector lenders through the institution of automatic guarantee or interest rate subsidy programs.

A Republican strategy focused around the solution of these problems would appeal to a diverse range of Americans. Some new alliances would be forged quite removed from conventional political wisdom. The educational voucher's appeal would probably be greatest among both blacks and urban white ethnics. In each of these situations, the Republican Party would, as progressives have demanded, be moving in a realistic way to solve urban problems. At the same time, it would be proposing initiatives which could prove acceptable to the great majority of Republican conservatives. Meanwhile, the Democrats would be immobilized by its political alliances with organized labor and the public service bureaucracy and their touching devotion to establishment cant.

RIPON: Update

LAWNERS "When lawyers can advertise, they'll be a lot less lawyers in politics," the head of one of New York City's most prominent law firms said in an interview earlier this year. The heavy participation of lawyers in politics is the function of many factors, only one of which is the "legal" advertising which a successful lawyer-politician receives for his political work. The advertising benefits may be increasingly outweighed by the heavy time demands which municipal and legislative posts place on incumbents. Politics is increasingly a full-time occupation---as Ronald Reagan and Jimmy Carter demonstrated last year. Financial disclosure and conflict of interest legislation may also work to decrease the number of politician-lawyers, while the business of clients
seeking "influence" and the lure of a judicial reward may keep lawyers politicking.

**TENNESSEE** Tennessee Republicans are salivating happily at the possibility that the Tennessee Constitution might be changed in time to allow Gov. Ray Blanton (D) to seek reelection in 1978. A constitutional convention this summer could initiate the change, and Blanton's aides have indicated he might be tempted to run again. The Democratic governor has said he intends to leave public office for business when his term expires. A Blanton candidacy would be doubly desirable as far as the GOP is concerned. First, they think that Blanton's controversial record and personality would be an easy target. Second, a Blanton candidacy would provoke consternation among other ambitious Democrats who are looking at a gubernatorial or senatorial run. Some Blanton backers are already committed to back banker Jake Butcher for governor. House Speaker Ned McWherter is preparing for a gubernatorial race---so seriously that he is divesting himself of his beer distribution business---but might be forced into a race against Sen. Howard Baker Jr. (R). So might Lt. Gov. John Shelton (D). Commissioner of Revenue Jayne Ann Woods (D) indicated earlier this year she might challenge Baker, but now seems to be backing off. Like other top-ranking Tennessee Democrats, she insists that Baker can be beaten. Few seem ready to tackle that challenge personally, however. They seem more concerned that without strong opposition, Baker would be free to campaign extensively for the party's probable candidate for governor, Lamar Alexander. Alexander's chances would undoubtedly be improved if the Democrats return to their old habit of holding large, divisive primaries for the gubernatorial nomination. Other possible candidates include Tennessee Public Service Commissioner Robert N. Clement; his aunt, State Sen. Anna Belle Clement O'Brien; and Nashville Mayor Dick Fulton. GOP State Chairman Tom Beasley is concentrating on legislative races, hoping the Democrats will undo themselves as the top of the ticket.

**MASSACHUSETTS** Whether Joseph Kennedy III is running for state treasurer is a function of what newspaper edition you read. After a big publicity buildup in late spring, there was a backlash, particularly from incumbent State Treasurer Robert Crane who interpreted the nascent Kennedy candidacy as rank ingratitude for his past services to the Kennedy family. While Joe himself says he has too much work at the Kennedy Library, there are other reports that Joe is still in the running for Crane's job. One continuing possibility, according to the Boston Globe's Robert Healy, is that Kennedy could seek the seat of U.S. Rep. James Burke (D) if the incumbent retires for health reasons. That ploy is limited by the ambitions of State Sen. Joseph Timilty, a former candidate for mayor of Boston who has strong links to the Carter Administration. If Crane is the Democratic candidate for state treasurer, he would face a strong progressive Republican challenger, former Department of Community Affairs Commissioner Lewis Crampton.

**KANSAS** Former U.S. Rep. Bill Roy (D) has declared his gubernatorial disinterest and backed House Speaker John Carlin (D). The Roy family may not be completely off the ballot, however. National Democratic Committee woman June Crampton, former Gubernatorial candidate, is being mentioned as a Carlin running mate for lieutenant governor.

**SENATE** There are 15 former governors currently serving in the U.S. Senate. That club could increase considerably if many of the ten governors and former governors currently considering 1978 Senate races win election. Next year's entries could come from New Hampshire, Michigan, Iowa, Montana, New Mexico, Arkansas, Mississippi, Alabama, West Virginia, and Virginia.

**FLORIDA** Former Sen. Edward Gurney (R) is considering a political comeback. Acquitted in two trials for his alleged role in a contractor extortion scheme perpetrated by members of his staff, he accumulated more than $500,000 in legal fees. Still angry at the Justice Department for what he views as its persecution of him, Gurney has dabbled in real estate during his enforced retirement. Now, state and local GOP leaders would like him to run for the 9th C.D. seat being vacated by U.S. Rep. Louis Frey, (R). Frey has announced he will seek the GOP's nomination for governor in 1978. (Frey's only competition is former General Services Administrator Jack Eckerd, a millionaire businessman who was the party's 1974 Senate nominee.) Though Gurney is 63, the GOP is afraid it will lose the seat without a strong nominee.
WASHINGTON WINDOW

Despite the Carter Administration's oft-repeated declarations of political rectitude, the Administration seems knee-deep in a series of questionable transactions that could dwarf the Milk Fund Scandal of 1972. That scandal, one of the least seemly of the various episodes grouped under Watergate, involved the bartering of campaign contributions by dairy interests for Nixon Administration moves to raise dairy price supports.

The Milk Fund Scandal led to the indictment and near political ruin of the most charismatic Treasury secretary since Alexander Hamilton. It also contributed to the Nixon Administration's downfall, although impeachment articles related to the Milk Fund Scandal were dropped from the House Judiciary Committee's report to protect prominent Committee Democrats who had reaped huge contributions from the dairy interests.

The Milk Fund episode may be penny ante politics compared to a scandal enveloping the Carter Administration concerning the obscure issue of "cargo preference." The beneficiaries of the Nixon action to raise price supports included tens of thousands of generally moderate income dairy farmers. President Carter's decision to support cargo preference legislation will benefit a much smaller and much better heeled group, already heavily-subsidized U.S. shipowners and shipbuilders and their allies in the maritime unions.

The cargo preference position recently adopted by Carter would require that between 4.5 and 9.5 percent of foreign oil shipped to the United States come on American flag ships. By some calculations, Carter's decision will cost the American consumer over $7 billion by 1982. Administration economist Jerry Jasinowski, whose weighty credentials include the authorship of the Humphrey-Hawkins bill, insists that Carter's action will cost the American consumer only a little over a billion dollars.

Whatever the dimensions of the ripoff of the American consumer sanctioned by Carter, the only basis for his decision was political—as consumer advocate and former Maritime Administrator Nicholas Johnson has charged. In addition to soaking the American consumer, Carter's decision also has triggered severe apprehensions among our European allies, particularly Great Britain. Along with Scandinavian governments, the British feel the action violates free trade guarantees made by Carter at the recent London Summit Conference.

Underlying the Administration's cargo preference decision is the huge debt Jimmy Carter owes the maritime unions for his election victory. In fact, clandestine actions by the maritime unions may have torpedoed Ford's comeback surge. The chronology of events in the cargo preference story follows this sequence:

* Gerald Ford as House minority leader was the recipient of campaign contributions from two maritime unions, the Seafarers Union and the Marine Engineers Beneficial Association. While a member of Congress, Ford was a consistent supporter of maritime industry causes, including cargo preference.

* In the 1974 congressional elections, the maritime unions shelled out over $1.5 million to candidates sympathetic to their position on cargo preference.

* After Congress had approved cargo preference legislation, President Ford pocket vetoed the bill on December 30, 1974 on grounds that it would prove enormously inflationary.

* In the spring of 1976, Jimmy Carter met privately with Jesse Calhoon, powerful president of the Marine Engineers Beneficial Association. Following the meeting, Carter sent Calhoon a letter endorsing increased subsidies for the U.S. merchant marine and stating that the American fleet "should be manned by civilian seamen trained in industry schools." As Dan Rather pointed out October 3, 1976 on "Sixty Minutes," the interpretation of "industry schools" is union schools, schools like the Calhoon School of Marine Engineering—as opposed to the Merchant Marine Academy. Calhoon's union has, Rather's report suggested, waged a consistent effort to close down the Merchant Marine Academy and to exclude its graduates from jobs on union ships.

* On June 4, 1976, a week and a half after Carter's letter to Calhoon, Carter's campaign received in a single day
a total of $25,000 from maritime officials, nearly all associated with the Maritime Engineers Beneficial Association (MEBA). On June 30, 1976, Jesse Calhoon sponsored a fundraiser for Carter in Washington. Well over $150,000 was raised that day for Carter, by then the near-certain Democratic presidential nominee.

* In the summer of 1976, one or more maritime union informants went to Special Prosecutor Charles Ruff with allegations that Gerald Ford had converted maritime union contributions to his personal use while still a congressman.

* Just as Carter's lead was beginning to disintegrate in the fall, maritime union officials began to leak stories about Ford's problems with the special prosecutor. In late September, press reports about this investigation of Ford placed the President on the defensive and undercut Ford's strongest political advantage, his reputation for personal integrity. One can only speculate as to the political impact of this decelerating force on the Ford campaign, but it may have produced a net shift of 3-4 percent of the November vote.

* Fearing that Carter as President might reverse his campaign position on cargo preference, maritime industry and union officials organized a massive media blitz to plug cargo preference legislation. Hired to direct this advertising was Gerald Rafshoon, who had organized Carter's campaign advertising and who now serves as a private consultant to President Carter.

* In early July of this year, the White House announced Carter's support for cargo preference. The President's decision came over the objection of the State Department, the Defense Department, the Treasury Department, and the Office of Management and Budget.

If these events had revolved around Richard Nixon rather than Jimmy Carter, there is little doubt they would have provoked strong suspicion. Yet, in some ways, the events may be more troubling than those various crimes lumped together as "Watergate." Repugnant as the various Watergate outrages were, they clearly had a very marginal impact on the 1972 election results, most probably shaving Nixon's landslide margin. The spurious charges sent the special prosecutor almost certainly were decisive, on the other hand, in Carter's Electoral College victory and probably were crucial to his popular vote margin as well.

The issue then is whether Gerald Ford was merely the victim of bad timing or of something far more sinister. Several serious questions remain unanswered:

1) In his secret meeting with Calhoon, what if anything did Jimmy Carter promise him in return for MEBA's political support?
2) Did maritime union officials inspire the investigation of Ford by the special prosecutor?
3) If so, did they do this with the knowledge or acquiescence of Carter campaign officials or of Jimmy Carter himself?
4) Was Carter's decision to support cargo preference designed in part to seal the lips of maritime union officials?

It is doubtful if the Justice Department, which has been repoliticized at its top levels since Carter assumed the Presidency, can be expected to pursue this issue with vigor. This subject, far more than the probe of South Korean influence peddling, would seem to warrant the appointment of a special prosecutor. Although the appointment of such an official is not an expedient answer to every case of political malfeasance, it is dictated in this instance by the pervasive impact of the maritime unions within both the executive and legislative branches. Congress' handling of the Korean influence peddling scandal has demonstrated the limitations of any in-House cleaning activity.

Furthermore, public scrutiny of the manipulation of Congress by massive maritime industry campaign contributions would seem long overdue. Even before cargo preference became such a key topic the American taxpayer was being billed for hundreds of millions of dollars annually to subsidize the U.S. merchant marine. Yet, this dollar cost pales beside the perversion of our political process which the industry's practices have fostered.
Republicans expect to win the gubernatorial races in both New Jersey and Virginia this year. In both races, the Democratic candidate is vulnerable to Democratic defections to the GOP. In both races, the GOP candidate is positioned to pick up Democratic defectors. In both races, the Democratic candidate has taken controversial positions. And in both races, the Democratic candidate was an early supporter of Jimmy Carter.

What Jimmy Carter does to return that support may determine the final outcome of these races. Both New Jersey Gov. Brendan Byrne (D) and former Virginia Gov. Henry Howell (D) emerged from their primary victories in June in stronger positions than had been predicted earlier this year. Both had been underdogs---Byrne for imposing an income tax in New Jersey and Howell for his reputation for liberal populism. Howell received a bare majority of the Democratic votes in his primary and Byrne only 30 percent of his.

Both must round up a substantial proportion of their alienated Democratic constituency to win. That's where Jimmy Carter's influence may be decisive. He has already put his imprimatur on Howell, giving him the red carpet rose garden treatment. Carter has been much more circumspect about his association with New Jersey's Byrne. He can hardly forget that voter dissatisfaction with the New Jersey income tax cost him the state's electoral votes last fall. The low estate of Gov. Byrne was satirized by the New York Daily News' John McLaughlin after the primary:

Brendan Byrne won the Democratic nomination because the polls show he is terribly unpopular and that of all the Democratic candidates only he has a solid shot at losing to a Republican in the fall. Democrats like a challenge.

Byrne won only with the judicious use of incumbent political muscle, the withdrawal of former Jersey City Mayor Paul Jordan, and the division of the anti-Byrne vote among nine other Democratic candidates. Byrne came out of the primary swinging, giving one of his best speeches on primary night, and challenging Republican nominee Raymond Bateman to debate him on the state's key issue: extension of the income tax next year. Bateman emerged as the unexpectedly strong victor of the Republican primary. He defeated former Assembly Minority Leader Thomas Kean in a race in which both stressed their opposition to the current income tax. Bateman's ads, including an effective endorsement from U.S. Rep. Millicent Fenwick (R-5), reversed an early lead which Kean's own polls showed he held. Bateman's victory—which relied on organization support—demonstrated the grassroots weakness of the Jersey GOP. The voters that Kean hoped to attract through television advertising never materialized at the polls.

The primary defeat of Byrne's nemesis, State Sen. James Dugan (D), may aid Byrne's political pacification program. He has replaced Dugan as state chairman with Mercer County Democratic Chairman Richard Coffee. Bateman made an effective beginning at revitalizing his party by selecting former Senate candidate David Norcross as the GOP's new state chairman. Like Byrne, Bateman has trouble within his own party. Bergen County in particular is a battleground between warring factions.

New Jersey voters don't like the state's income tax. Byrne's strategy is to convince them there is no alternative. His primary advertisements admitted he made a mistake four years ago when he promised there would be no income tax during his administration. Bateman's goal is to convince the voters that the income tax is both unfair and unnecessary.

Even more than Brendan Byrne's, the personality of Henry Howell will be the focus of the Virginia gubernatorial contest. The animosity Howell can generate was illustrated by an article written by the Richmond News-Leader's Ross McKenzie in the National Review:

Ordinarily, Virginians require a dignified demeanor in their candidates; they have never known anything quite like Howlin' Henry. He is a Lester Maddox with brains, a monumental braggart, a voluble, Falstaffian, carny-caller. He is a smiling, single-issue Naderite who says such things as "Every year, like clockwork, the big utilities try to raise your rates, and every year,
Even before the June 14 primary, supporters of Howell opponent Andrew Miller indicated they might switch to Republican John Dalton if Howell was the Democratic nominee. Howell's problems in forging a unified Democratic slate are helped/hindered by the ideological disposition of his running mates: moderate Charles Robb for lieutenant governor and conservative Edward Lane for attorney general. Despite an acrimonious campaign, Miller and Howell have at least cosmetically reconciled their differences. Remnants of the old Byrd Machine are sure to shift into the Dalton camp regardless of Miller's lead.

Dalton's ticket is rounded out by State Sen. A. Joe Canada for lieutenant governor and State Sen. Marshall Coleman for attorney general. Canada won the GOP nomination through the influence of National Conservative Political Action Committee operatives in Virginia while Coleman won his spot despite the NCPAC group's power at the

While Coleman won his spot, the Virginia Electric and Power Company means: it means Very Expensive Power Company." And apparently he is a member of the Andrew Young school that so enjoys the luxury of contradiction: having taken repeated credit for thwarting Virginia's utilities, Howell declared himself "an ocean of ignorance" on such important matters as, for instance, utility rates.

Both Dalton and Bateman are heirs to the moderate progressive traditions of the GOP in their states. Both have had to move to the right in order to win the nominations of their parties. Both face candidates who were expected to lose the Democratic nomination. And both will have to campaign against their opponent with one eye peeled for Jimmy Carter. As Dalton said recently, "We Virginians think of this as an election for governor, but the national press and the White House will be viewing it as a referendum on the Carter administration. They will be watching to see if Jimmy Carter can get his friend elected governor."

Henry Howell puts it another way: There are people that want to be judges, United States marshal, who want to do a whole lot of things. And they're not going to be going around kicking Henry Howell in the last thirty days and trying to scare people like it was Halloween---the same tactics that they used on Jimmy Carter---because they're going to say: "We better not hit Henry too hard, because even if he doesn't win, Jimmy might ask him who should be the federal judge or who should be postmaster, or who should be whatever Jimmy Carter can do."

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THE RIPON FORUM is published semi-monthly by the Ripon Society, Inc., 800 18th St., N.W., Washington, D.C. 20006. Second class postage rates paid at Washington, D.C. and other mailing offices. Contents are copyrighted & 1976 by the Ripon Society, Inc. Correspondence addressed to the editor is welcomed. (Ripon FORUM, Box 226, Charleston, W. Va. 25304)

In publishing this magazine the Ripon Society seeks to provide a forum for fresh ideas, well-researched proposals and for a spirit of criticism, innovation, and independent thinking within the Republican Party. Articles do not necessarily represent the opinion of the National Governing Board or the Editorial Board of the

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